



Metropolitan Governance and Public-Private Partnerships

A Learning Session

30 September, 2013

Rabat, Morocco

This event is part of

With support from:

**RABAT
2013**
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World Summit
of Local and Regional Leaders
4th UCLG Congress
**IMAGINE SOCIETY,
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United Cities and Local Governments
Cités et Gouvernements Locaux Unis
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metropolis ●

Introduction

The State of São Paulo and UN-Habitat, with support from UCLG, Metropolis and GIZ, are organising a learning event on metropolitan governance and public-private partnerships to be held in Rabat, Morocco on Monday 30 September 2013 as part of UCLG Congress programme.

Target Group

This learning event is designed for **approximately 25 participants** attending the 4th UCLG Congress in Rabat, Morocco. Participants should be senior officials and decisions-makers in national, regional and local governments that deal with metropolitan affairs and/or public-private partnerships in Africa and elsewhere. Participants should be 'change agents' that have or could have a role in rendering metropolitan governance and PPPs more effective and pro-poor in their cities and regions.

Kindly **RSVP** to Mr. Albert Padrós (albert.padros@unhabitat.org) and Ms. Catarina Mastellaró (cmastellaro@gmail.com) **by September 15th**.

Background and Rational

The Need for Flexible and Responsive Metropolitan Governance

In recent years, the process of population concentration in global metropolitan areas has strongly deepened. According to recent studies from UN-Habitat and Metropolis, the population in urban areas will increase in 3.1 billion people between 2007 and 2050, increasing from 3.3 billion in 2007 to 6.4 billion.

Nowadays there are over 1.3 billion people living in cities with more than 1 million inhabitants. Simultaneously, the 200 largest metropolitan areas worldwide concentrate 14% of the world population and generate more than 48% of the global GDP.

The metropolitan governance debate plays a major role in the context of urban growth. The challenges that political leaders and organs of government face are immense and mostly revolve around the need to guarantee service provision, the maintenance and improvement of infrastructures, and the management of the expectations and demands of growing populations.

Overall, the institutional capacity of municipalities, as well as those of the structures designed to handle projects of common interest have proven insufficient to manage the complex range of services and infrastructures that metropolitan areas require.

The financing of investments for services involving more than one municipality is complex and requires better institutional capacity of coordination.

The reduced investment capacity of the municipalities, the need of the states to comply with fiscal discipline, the considerable resources required for transportation and logistics services, drainage and housing, among others, besides the fact that the maturity of such investments exceed government mandates, require an increased involvement of the private sector. It is necessary to present, though, the theme of the emergence of new actors, and of new metropolitan governance, focused not only on institutional structures, but also in the presence of private agents, though sustainable partnerships.

Public-private partnerships can therefore play a critical role in improving metropolitan governance in developing countries, if well designed and managed. However, it is important to note that firstly PPP shall not lead to privatization of public services and are neither the only solution to improved metropolitan governance; horizontal coordination of local authorities or inter-municipal cooperation may be another option with high potential in cities in Africa, Asia and Latin America.



UN-Habitat (2011): Public-Private Partnership in Housing and Urban Development.

The Experience of São Paulo, Brazil, in Development Challenges and PPPs

Brazil has 57 formally created Metropolitan Regions and also three Integrated Regions of Development (RIDES), which assemble 482 cities, or 8.6% of the national total. The population is strongly concentrated in these regions, representing 43% of the total in 2009.

The State of São Paulo has a wide range of spatial forms and distinct scales of urbanization, constituting a very complex urban network. These phenomena are a result of the process of urbanization, internalization of the economic development and population sprawl of the Metropolitan Region of São Paulo, process that have consolidated the so called *São Paulo Macrometropolis*, a region structured under a network of flows and relations that assembles 173 cities with intense functional integration. These cities are located in 200 km radius from the city of São Paulo. It shelters 30 million people, or 73.3% of the population of the State (95% residents in urban areas), 22% of Brazil's total population, and generates 82.5% of the Gross Domestic Product (GDP) of the State of São Paulo and more than one third of the Brazilian GDP.

Despite the high concentration of wealth, *São Paulo* has serious social, urban and environmental problems, such as poverty, exclusion and violence, occupation of risk areas, low quality and low efficiency of public services as transportation, drinkable water and sewage, waste treatment, etc.

Investing in quality of life and improving territorial functions of *São Paulo* mean not only ensuring the cities' development, but also assuring its economic

competitiveness and its role as an economic, social and cultural hub in national and international environment.

The state has substantially increased its investment expenditure in recent years following a serious and consistent fiscal adjustment program pursued since mid-90's. The state's Multi Year Plan 2012-2015 projected investments of around US\$ 65 billion (US\$ 18 billion in mass metropolitan transport and US\$ 5,5 billion in water supply and sanitation) with a PPP potential of US\$ 10 billion.

The state privatized its gas and electricity distribution companies back in the 90s in order to adjust its finances and invest in other areas. It has now established a solid track record in partnerships with the private sector through toll road concessions and other partnerships which include a successful program with non-profit organizations in the health sector.

São Paulo offers many of Brazil's best opportunities but also faces huge urban challenges in its metropolitan area regarding poverty, housing, sanitation and mass transportation policies, which are very relevant for cities in developing countries. This event builds on the current project of the Metropolis Initiative on Metropolitan Governance.

Objective

This event aims at offering a platform for decision-makers from local authorities to share experiences and knowledge on the governance of metropolitan areas and the role that public-private partnerships can play in it.

The objective is to advance this agenda in order to ensure that towns and cities achieve well-structured and sustainable partnerships with the private sector in view of solving their development problems and hence benefit the society as a whole. Inter-municipal cooperation will also be discussed as an alternative mechanism. Specific objective include:

- To develop capacity among participants on enhanced metropolitan governance and PPPs
- To increase the understanding of the governance arrangements and enabling environment (legislation and policy) that allow for more effective and efficient service delivery – PPP's being one possible modality
- To share useful information on these topics and discuss common challenges in managing PPPs through the case studies from *São Paulo*: regulatory frameworks, negotiation of projects, implementing PPPs
- To encourage the sharing of knowledge among participants and stimulate debate on the institutional agreements that are necessary to guarantee the effectiveness and success of metropolitan governance in financing actions that involve more than one municipality
- To debate and identify ways to make existing practices work better for vulnerable communities.

Language

The language of this event is English. Interpretation services will be provided for Portuguese only.

Logistics

As this event will take place the day before the UCLG Congress starts, participants are expected to cover all their travel and accommodation expenses. Tea and coffee will be provided during the event. The organizers thank UCLG for their support and for providing the space for this event.

Location

This learning event will take place **at the National Centre for Scientific and Technical Research (CNRST)**, 3rd floor. Angle avenue Allal El Fassi, avenue des FAR, Quartier Hay Ryad, BP 8027 Nations Unies, 10102 Rabat.

Inquiries

For any inquiries, please contact Ms. Catarina Mastellaro (cmastellaro@gmail.com) or Mr. Albert Padrós (albert.padros@unhabitat.org).

Provisional Programme

This session is co-organised by the State of São Paulo (Brazil) and UN-Habitat. With experts in several areas and working in what is by far the largest portfolio of PPP projects in Brazil, considering both contracts already signed and the pipeline of new projects, a *São Paulo's* team will deliver a high quality peer-to-peer training course based on practical cases from the State and Brazil. This will be complemented by presentations from São Paulo, UN-Habitat and GIZ on metropolitan governance, inter-municipal cooperation and PPPs.

Time	Agenda items	Resource persons
8.30h-9.00h	Arrival and registration	
9.00h-9.30h	Opening Remarks <i>Alioune Badiane, Director of Programme Division, UN-Habitat</i>	Albert Padrós
9.30h-10:00h	Metropolitan governance, inter-municipal cooperation and PPPs <i>Albert Padrós, UN-Habitat</i> This presentation will introduce the inter-municipal cooperation and PPPs as modalities to improve metropolitan governance.	Albert Padrós
10.00h-10.20h	Metropolitan governance and PPPs as a modality <i>Rovena Negreiros, EMPLASA</i>	Catarina Mastellaro
10.20h-10.35h	Q&A session	Catarina Mastellaro
10:35h-10.45h	Tea / Coffee Break	
10.45h-11.00h	"The GOLD report: Public basic services governance and PPPs" <i>Edgardo Bilsky, Director of Programs and Research, UCLG</i>	Edgardo Bilsky
10.45h-11.30h	Applying PPPs in different contexts: São Paulo's institutional arrangement at the metropolitan level <i>Tomás Bruginski, São Paulo State Partnerships Company</i> This session will evaluate how good laws and regulations, political will and the capacity of public institutions to manage PPPs are critical for the project to succeed. It will present the Brazilian context and focus on the case of São Paulo starting with the Law 11.688 of 19/05/2004 that established the PPP program.	Catarina Mastellaro
11.30h-12.30h	Group discussion: Metropolitan governance arrangements in your country and financial challenges <i>Facilitated by: UN-Habitat</i>	Albert Padrós
12.30h-14.00h	Lunch Break	
14.00h-14.30h	Implementation and financing challenges of PPPs <i>Tomás Bruginski, Director of the São Paulo State Partnerships Company</i> This session will present the main challenges of implementing PPP through examples. It will discuss the right balance between public and private sector and risk sharing, the guarantees needed to make a PPP sustainable, the PPP's impact on public accounting and bad experiences that shall be avoided.	Catarina Mastellaro

14.30h-14.45h	Q&A session	Catarina Mastellaro
14.45h-15.30h	<p>Institutional metropolitan arrangements for PPPs: Designing a PPP in housing, sanitation and transport</p> <p>The case studies* to be analysed are:</p> <ul style="list-style-type: none"> • Housing - <i>Reinaldo Iapequino, Director of Casa Paulista</i> • Sanitation - <i>Gesner Oliveira, former CEO of SABESP/São Paulo State Sanitation Company</i> • Transport - <i>Maria Lucia Camargo, Economic Studies, EEMPLASA</i> <p>This session will analyse not only good, but also bad examples of PPPs and the lessons learned. The topics to be covered are: the need for the PPP; the catalytic initial phase; designing/modelling process; the implementation of the PPP; lessons learned.</p> <p>*see Annex I for more information on the case studies.</p>	Catarina Mastellaro
15.30h-15.45h	Q&A session	Catarina Mastellaro
15.45h-16.00h	Tea / Coffee Break	
16.00h-16.30h	<p>Metropolitan governance and public-private partnerships <i>Carmen Vogt, GIZ</i></p> <p>This presentation will focus on the metropolitan governance challenges and the cross-sectoral “nexus” networks approach.</p>	Carmen Vogt / Alexandra Linden
16.30h-16.45h	Q&A session	Carmen Vogt
16.45h-17.45h	<p>Group discussion: Applicability of Brazil/São Paulo’s good practices in your city and region <i>Facilitated by: UN-Habitat</i></p> <p>This session will discuss in groups the applicability of the São Paulo/Brazilian case in cities in Africa, Asia and Latin America.</p>	Albert Padrós
17.45h-18.00h	<p>Next Steps and Closing remarks <i>Alain Lesaux, Secretary General, Metropolis</i> <i>Rovena Negreiros, EEMPLASA</i> <i>Albert Padrós, UN-Habitat</i></p>	Albert Padrós / Catarina Mastellaro
18.00h-18.15h	Evaluation	
18.30h	End of Event	

ANNEX I: Case Studies

Sanitation – Taiacupeba Water Treatment Station Plant

Expansion of the production system of the Taiacupeba Water Treatment Station Plant in Suzano, which capacity for water production was increased by 50%, from 10 000 l / s to 15 000 l / s.). The work is the result of the first PPP (Public Private Partnership) accomplished by Sabesp, called the Alto Tietê PPP, signed in 2009 with Galvão Engenharia SA and Companhia Águas do Brasil, through a special purpose company that created the Cabspat. The investment was \$ 300 million.

Transport – Line 4 Subway

ViaQuatro is a concessionaire belonging to the CCR Group responsible for operating and maintaining the Yellow Line 4 of the São Paulo Subway, which is the first Public-Private Partnership contract signed in the Nation. Line 4 should carry around one million passengers per day, when it becomes fully operational, in 2014. During the 30-year contract, ViaQuatro should spend over US\$ 2 billion for equipment and operating costs. The first investments were made in 2007, purchasing equipment and systems, including trains.

Housing – Casa Paulista

The Government of the State of São Paulo released on April 16, 2012 the first Public-Private Partnership (PPP) for Popular Housing in the Nation. This PPP is performed by the State Secretariat of Housing through Casa Paulista – Paulista Agency for Social Housing, created in September 2011 in order to expand the fundraising and the housing supply of social interest. The purpose of the launching was to invite the private sector to present projects for the offer of 10 thousand housing units – on the plant, completed or reformed – in the center of the State’s capital, a region with a great number of underused properties and idleness in urban infrastructure.

ANNEX II: Team of Experts

Alain Le Saux (Metropolis)

In 1988, Alain Le Saux joined the Secretariat General of Metropolis as Science Director where, until 1998, he played a part in organising and preparing the association's activities: taskforces, technical assistance and training. He has represented Metropolis at all the major UN conferences since the Earth Summit in Rio de Janeiro in 1992, and has contributed to developing the various coordination structures between the World Associations of Cities and Local Authorities (G4, G4+, WACLAC and UCLG). In 1999, he joined the Île-de-France Management Committee as Assistant General Manager for International and European Affairs and, as such, was the Metropolis Regional Secretary for Europe. Head of the Cities Bank project, he was elected Executive Director of the Global Fund for Cities Development in October 2010 and, subsequently appointed Secretary General of Metropolis in September 2011.

Carmen Vogt (GIZ)

Carmen Vogt is Manager of the Sector Project "Sustainable Development of Metropolitan Regions" at the Headquarter of Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) / German Development Cooperation. She has coordinated the development of numerous trainings, new tools and instruments, and participated actively in international conferences and debates. Beside analysis on urbanization and urban / metropolitan development, her expertise and thematic priorities focus on climate friendly urban development, Green Urban Economy and resource efficiency in cities. Carmen Vogt has a long standing experience in international cooperation and was responsible for several GIZ projects in Latin America and other regions in the field of decentralization, urban and municipal development, disaster risk management and environmental management. ***Carmen will present together with her colleague Alexandra Linden the cross-sectoral "nexus" networks as a useful new approach for metropolitan governance.***

Gesner Oliveira (former CEO of SABESP/São Paulo State Sanitation Company)

He was the CEO of Sabesp, the fifth largest water company in the world, from 2007 to 2010 and participated in the Taiaçu Water Treatment PPP conception and implementation. Dr Oliveira received his PhD in Economics from the University of California (Berkeley) and is a professor of Economics at Fundação Getúlio Vargas (São Paulo). His previous positions include being a visiting scholar at Columbia University (2006); deputy secretary for Economic Policy (1993-95), secretary for Economic Surveillance (1995) of the Brazilian Ministry of Finance, and president of CADE, the Brazilian federal antitrust authority (1996-2000). Mr. Oliveira has worked with international organizations such as the World Bank and WTO in several countries. His works include five books; many papers and articles published by Brazilian and international journals; preparation of submissions and building cases; expert witness to CADE and to electricity, telecommunications, sanitation and natural gas regulators, among others; arbitrator in private disputes and testimony on competition issues to the New York Bankruptcy Court. ***Gesner will present the Taiaçupeba case.***

Maria Lucia Camargo Figueiredo (São Paulo State)

Since 2010 is the Economic Studies Unit Coordinator at EEMPLASA – Metropolitan Agency For Planning in São Paulo State Government, where she is involved in a research of the Investment Capacity Index of São Paulo Municipalities and is the coordinator of a project to develop models of management and financing of metropolitan's interventions, under public-private partnerships. Former Planning and Budget Coordinator for the City of São Paulo (2006-2010) responsible for elaboration of the formal 4 years planning (PPA) and the Budget Guideline Law (LDO). From 1988 to 1989 worked as a professor at the Department of Economics in the Armando Alvares Penteado Foundation. She graduated from Economics at Universidade Estadual de Campinas, 1980; has a Master of Economics at Fundação Getúlio Vargas, 1983 and has over 15 years of experience in the Financial Market as Chief Economist of Sudameris Bank. ***Maria Lúcia will present the PPP for the Subway Line 4 and an overview of the evolution of the PPPs for subway lines in the State.***

Tomás Bruginski de Paula (São Paulo State)

Having worked both at the federal level and at the State of São Paulo Administration, he is currently director of the São Paulo State Partnerships Company since its creation in 2004 with active participation in developing São Paulo PPP Program. He holds a master degree in Economics from the University of Campinas and is specialized in infrastructure and public sector policies financing. **Tomás will present the "Implementation and financing challenges of PPPs" session.**

Reinaldo Iapequino (São Paulo State)

Reinaldo Iapequino is currently the sub secretary for the "Casa Paulista Agency for Social Housing", an agency of the São Paulo State Government Secretariat of Housing, and board member of the São Paulo Real Estate Asset Council. Mr. Iapequino is an economist and lawyer. From 1993 to 2004 he has served as an Advisor at the Dean's Cabinet at Universidade Estadual Paulista (Paulista State University). He was Administrative Manager of the State Funds of Nossa Caixa Desenvolvimento; Chief of Staff and Administrative and Financial Director of IPESP (Pension Institute from São Paulo State). He had also occupied the Direction of Planning and Development of CDHU (Company of Housing and Urban Development). **Reinaldo will present the Casa Paulista case.**

Rovena Negreiros (EMLASA)

Rovena is the Planning Director at Emlasa (the São Paulo State Agency for Metropolitan Planning). She is coordinating the development of a Strategic Plan for the Macro Metropolitan Region for 2040 and is also responsible for the Metropolis Initiative on Metropolitan Governance. She holds a bachelor's degree in Public Law from UFES, Master's degree in Political Science from UFSC, and is a Ph.D candidate in Regional Economics at Institute of Economics of UNICAMP. **Rovena and Joe will introduce the current state of art in metropolitan governance and provide the closing remarks.**

Alioune Badiane (UN-Habitat)

Mr. Badiane is the Director of UN-Habitat's *Programme Division* and former Director of its *Regional Office for Africa and the Arab States*. A senior urban regional planner with extensive working experience in both central and local governments and at international level, he has accumulated twenty-five years of experience in the United Nations as well as in Government (in the Ministries of Economic Planning, Housing, Urban development and Environment, Interior and Decentralization) and has served for seven years as Director of City Planning and later as the Principal Policy Advisor to the mayor of Dakar. For ten years, he served as an elected municipal councilor and Chairman of the planning and environment commission in his hometown of Mecke, Senegal. **Mr. Badiane will provide the opening remarks.**

Albert Padrós (UN-Habitat)

Albert is a Human Settlements Officer at the UN-Habitat's *Local Government and Decentralization Unit* within the *Urban Legislation, Land and Governance Branch* of UN-Habitat. He holds a B.A. on Political Science and Administration from Universitat Autònoma de Barcelona and a Master's degree from l'Institut d'Etudes Politiques de Paris. Albert has worked for the last six years in numerous local development projects in Africa and Latin America and is specialised in urban governance, land governance and ICT-enabled governance. **Albert will present inter-municipal cooperation as an alternative approach for improved metropolitan governance.**