

Empowering Local Authorities through Intergovernmental Collaborations

The case of Union of Kansai Governments

Tokyo Development Learning Center

Japan Project Brief

Background and Objectives

Local autonomy is guaranteed by the Constitution of Japan, and local governments play an important role to provide public services in consideration of local contexts and needs. However, Japanese administrative systems are quite centralized and standardized by national government in practice. Japan's local governments tend to rely heavily on the national government's direct subsidies and/or large-scale capital projects, and therefore fiscal decentralization is also an issue to ensure local entities take their own initiatives. This centralized governance structure has long been controversial from the standpoints of local autonomy and economic growth. Decentralization has also been discussed in the context of the issue of excessive concentration of financial and human resources and administrative power in the Tokyo Metropolitan Region (TMR), which would lose economic competitiveness of local cities on the domestic and international market and increase national security risks if there was an unexpected breakdown in capital functions. In the face of moves to strengthen local autonomy and administrative decentralization for local revitalization, the national government decided to confer further discretion on local governments and to allow them to establish intergovernmental authorities with limited autonomy rights through the Local Autonomy Act Amendment of 1994.

Kansai is located in the southern-central part of Japan's main island (Figure 1) and forms the second largest economic center of the country. Prefectural and municipal governments in Kansai have been making spontaneous efforts on intergovernmental collaboration for infrastructure planning and institutional development. They have completed several mega-projects, such as Kansai International Airport, Kansai Science City, and Osaka Bay Area Development. Therefore, there has been an increased movement to establish further regional autonomy. In 2003, a study group was started on Kansai's autonomy to seek ways to reform the existing local government system and propel administrative decentralization in the region. The study group has sequentially evolved into a committee, a council, and an organization. Finally, the Union of Kansai Governments (UKG) was established to include seven prefectures in December 2010, as the first regional intergovernmental body consisting of more than two prefectures. Four ordinance-designated cities and Nara prefecture joined the UKG in 2012 and 2015 respectively.

Project Overview

An intergovernmental or regional government body, the so-called "Union", is a special administrative authority consisting of several local governments to ensure the effective and efficient provision of public infrastructure and services. UKG also forms the country's largest

agglomeration in terms of population, territorial size, and gross domestic product. It is comprised of eight prefectural governments (Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama, Tottori, and Tokushima) and four ordinance-designated city governments (Kyoto, Osaka,

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Sakai, and Kobe) (Figure 1). The total area of 34,755 km² accounts for 9% of the national land and accommodates about 22 million

residents (2015¹). The total GDP comes to JPY 82,391 billion (2012²), accounting for 16% of the national economy.

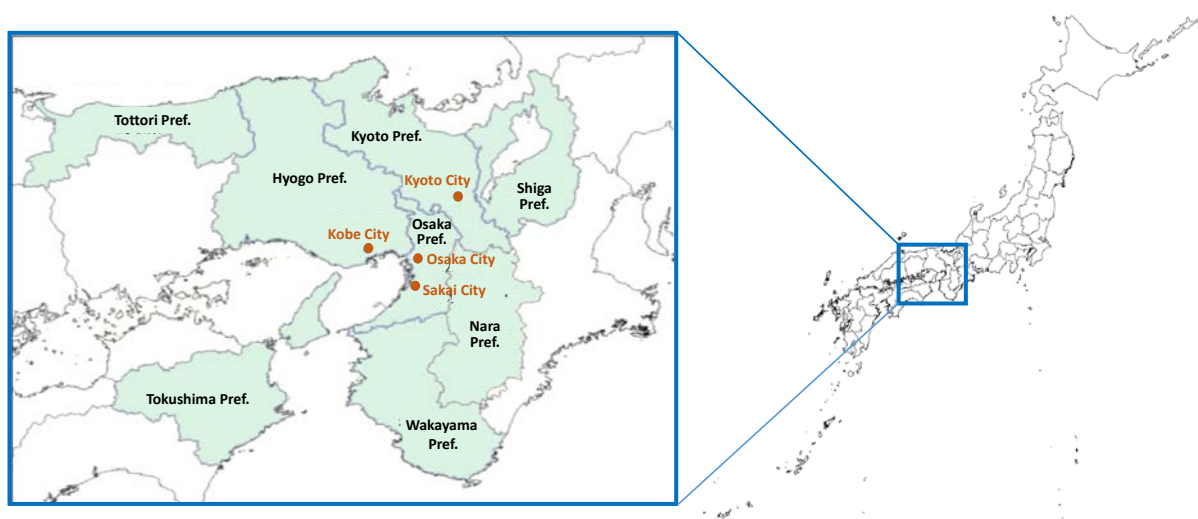


Figure 1: Location of the members of Union of Kansai Governments

Source: Produced by author based on the map in Region-wide Plan of Union of Kansai Governments (Revision) (in Japanese), http://www.kouiki-kansai.jp/data_upload/1461660078.pdf

Autonomy in Seven Administrative Fields

UKG is responsible for policymaking and implementation across jurisdictions of each member government in seven fields, namely disaster prevention; tourism cultural and sports promotion; industrial promotion; medical care; environmental conservation; qualification tests and licensing; and training for officials. This unitary approach enables the member entities to address economic, social, and environmental challenges more efficiently and effectively through development and implementation of regional-wide policies, such as public infrastructure projects and public service programs, while reflecting their local contexts. For example, UKG developed a region-wide safety network system to cope with potential emergencies, such as major earthquakes and pandemic diseases. The network system is supposed to immediately and mutually provide the necessary goods and various kinds of public support for the member jurisdictions. The system is also associated with another medial emergency network that can immediately arrange a helicopter for special and urgent cases.

Institutional Autonomy without Taxation Right

UKG has been given several special autonomous rights in public administration delegated by its members under the Local Autonomy Act. In addition to promoting regional-wide administrative works mentioned before, it can be an administrative body that partially takes over the role of the national administration. UKG constitutes a special coordination body for policymaking that consists of governors and mayors of UKG members and a local assembly of which members are selected from assembly members of each member government for decision-making on important issues. Each member of the Commission is appointed as a commissioner responsible for decision-making and implementation for each administrative field/sub-field of UKG, and field offices are set up under member governments responsible for each field/sub-field. Councils can be also set up to discuss important issues of the region with participation of local stakeholders. This governance system ensures that UKG represents the regional voices. As the right of taxation is not included in the given rights, the

finance of the Union entirely depends on mandatory contributions from the member governments and subsidies from the national government.

Taking Over the Work of National Government Branch Offices

In Japan, ministries set up local branches for the development and maintenance of national infrastructure and services in every prefecture, even if local governments provide or can provide their own administrative work in a similar way. Local governments with good implementation capacity sometimes claim that the central government's direct interventions and resource allocations through those local branches of national government should delegate to local authorities for effective administration and resource allocation. UKG is trying to take over the work of the local branches in Kansai and discuss this issue with the national government, ultimately from 12 systems of 7 ministries. For the moment, UKG is requesting delegation of all the decision-making and administrative power, financial sources, and staff for three local branches, namely the Bureau of Economy and Industry, Regional Development Bureau, and Regional Environmental Office.

Backup of the Functions of the Capital City

Japan has historically concentrated political and economic functions in the Tokyo Metropolitan Region (TMR). Almost all ministries, major companies' headquarters, and millions of related business entities are located in the capital region. The excessive concentration of political and economic activities in TMR is thought to place the entire nation at risk of capital dysfunction if TMR is unexpectedly hit by a national emergency. There has been national discussion on the transfer of all or part of capital functions. UKG suggests that the Kansai region could act as a backup for the capital functions of Tokyo. More specifically, there has been a proposal to

establish a "duo-centric" nation structure by developing a new base of major political and economic institutions in Kansai and gradually redistributing the centralized capital functions to Kansai and across the other regions.

Project Impacts

Economic Impact:

By integrating administrative offices in several fields (e.g., medical care, qualification/licensing/training, environmental conservation, and disaster prevention), UKG can provide public services in a more efficient and effective manner over the region. For example, sharing helicopters for emergency medical service (EMS) reduces the financial burden of local governments to manage this kind of service individually. UKG also promotes technical exchange among businesses and research institutes of local governments through its website and removes any additional fees when a company uses the technology developed by an institute located in other prefectures/municipalities as a part of technical support to small and medium-sized companies. Such administrative consolidations are critical, particularly for small jurisdictions in Japan's shrinking rural areas. In addition, by developing region-wide plans, the Union can accelerate economic and industrial activities and region-wide infrastructure development in a local context. For instance, the plans and related programs effectively support small and medium-sized enterprises and enhance local networks for homegrown technologies and professionals.

Social Impact:

The region-wide administrative collaboration improves the performance of local public services such as emergency medical services and regional disaster risk reduction. UKG also contributed to united actions to support recovery and reconstruction to other regions that worked very effectively by allocating specific roles to its members. Such unitary management more easily identifies challenges and solutions through an exchange of ideas



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beyond original administrative borders. Replication of good policies or competition of policies and practices among member entities also has a positive impact, such as control of hazardous drugs³”.

Environmental Impact:

The union developed a comprehensive plan for environmental protection activities in Kansai. This intergovernmental coordination is supposed to embody more effective environmental resource management in an integrated manner. Furthermore, the union launched several new programs to promote environmental conservation, such as providing incentives to citizens who contributed to saving energy, promoting the use of electric vehicles, and educating citizens on how to reduce GHG emissions.

Lessons Learned

The entire area of Kansai constitutes one of the largest economic units in the world. To accelerate growth as a mega-regional economic body that also brings provision of better public services, local governments have been taking progressive approaches to expand their autonomy. Key lessons from UKG are summarized below:

Intergovernmental Collaboration to Manage Region-wide Infrastructure:

The national government, in general, plays a central role in developing and managing large-scale infrastructure, such as rivers works, arterial roads, or national parks. Although the delivery of contemporary infrastructure increasingly requires localized knowledge, business partnerships, and social involvement, there has traditionally been a lack of institutional capacity building to cope with region-wide matters between national-local entities. Thus, an intergovernmental body beyond administrative boundaries like UKG is

set to become more important to ensure multi-stakeholder participation in planning and managing complex and expensive projects on the basis of locally-rooted research, and consensus-based decision-making.

Future Challenges

While establishing an intergovernmental body with autonomous rights is a new practice to Japan, national government over the decades has been discussing whether to reform or restructure the existing prefectural system to give greater autonomy to each region. However, from a territorial development perspective, too much administrative decentralization has the potential risk of increasing disparity between regions by diminishing the national government’s control to redistribute the wealth from rich to poor regions. Additionally, the issue of jurisdictional fragmentation is likely to hamper local tax reforms, intergovernmental resource allocations, and smooth delivery of projects. Weak financial independency is also a challenge for an enhanced function of a regional-wide government body. Therefore, it is crucial for political leaders and general citizens to break up self-interested bureaucratic structures and establish an open-ended decision-making culture through institutional reform and capacity building practices for both administrative efficiency and social well-being.

¹ Statistics Bureau, Ministry of Internal Affairs and Communication. Statistics Japan.
<http://www.stat.go.jp/data/nihon/02.htm>

² Cabinet Office. Annual Report on Prefectural Account for Fiscal 2012.
http://www.esri.cao.go.jp/jp/sna/sonota/kenmin/kenmin_top.html

³ The news article on April 1, 2015 of Nikkei Shimbun.
<http://www.nikkei.com/article/DGXLZO85120130R00C15A4962M00/>

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