Informal Mechanisms of Metropolitan Governance:

An Application of the Institutional Collective Action Model

Edgar E. Ramírez de la Cruz
Department of Public Administration
Centro de Investigación y Docencia Económicas, A.C.
(Center for Research and Teaching in Economics)
Carretera México Toluca No.3655
Col. Lomas de Santa Fe. C.P. 01210
Tel. 57 27 98 00, ext. 2220
Email: edgar.ramirez@cide.edu

Simon A. Andrew
Department of Public Administration
University of North Texas
Denton, TX 76203-0617
Tel: (940) 565-4982
Email: sandrew@unt.edu

Abstract
This paper builds on the Institutional Collective Action framework, which assumes regional institutions shape metropolitan governance by influencing regional cooperation and coordination. It does this by highlighting the importance of vertical and horizontal governance structures in México where municipal governments can play a central role. We highlight the challenges of establishing regional institutions are less on the creation of an organizational structure but rest on the assumptions on which the organization can facilitate institutional buildings and interactions.
Metropolitan governance—defined loosely as the process of governing the behaviors of human interactions and interdependencies in the context of metropolitan environments (Oakerson, 2004)—is increasingly receiving the attention of policy-makers and scholars in recent years. The general assumption is that, in a highly fragmented regional area, metropolitan governance exists without having to resolve to a consolidated metropolitan structure (De Alba, 2006; Dávila, 2007; Iracheta, 2008, 2009, 2010; Ugalde, 2007; Feiock, 2004; Feiock and Scholz, 2010; Carr and Feiock, 2004). Despite the many forms that the regional institutions can take, which may include a one or two-tier governance systems, they have not been proven to be superior institutional arrangements compared to other forms of coordination mechanisms such as public-private partnerships, regional planning councils, special districts, inter-municipalities agreements, consortium, ad hoc regional committees, or collaborative networks of personnel in delivery public goods (Bird and Slack, 2007; Feiock, 2004; Feiock and Scholz, 2010).

Scholars in the US have argued that metropolitan governance goes beyond the typical notion of a government (Stephens and Wikstrom, 2000). In the last 10 years, Feiock and his associates made a case that metropolitan governance includes various forms of arrangements that are purposely designed by competing actors to mitigate the problems of collective action. The problems—refer to as sources of institutional collective action dilemmas—often create barriers for local governments to voluntarily work together. Known as the Institutional Collective Action (ICA) framework, the study of metropolitan governance should focus on the dilemmas faced by actors when making a choice on governance structure. In other words, it is assumed that, depending on the kind of regional institutions being adopted, decisions made by one agency can be harmful to another in the metropolitan areas given the threats of defection, disputes related to distribution of costs and the division of benefits (Feiock and Scholz, 2010).
The logic of ICA framework is based on theories of institutional analysis, agency theory, and economics-based modeling. It aims to identify mechanisms that can reduce the transaction costs of governing and identifies the incentives of local governments to design a governing structure that allows them to coordinate joint activities at the metropolitan level. Although the mechanisms vary depending on the local autonomy afforded to local governments, the mechanisms can be viewed as a process of developing and maintaining various types of vertical and horizontal governing structures. While the formation of a governing structure may vary from a self-organizing to a hierarchical form of governing, the ICA framework offers theoretical insights to examine the conditions that motivate local governments to design certain forms of regional institutions (Feiock and Scholz, 2010). The framework also layouts the critical questions in order to examine the development of regional institutions emerged from metropolitan governance (Feiock, forthcoming).

From a theoretical perspective, those who employed the ICA framework believe that regional institutions shape metropolitan governance by influencing the costs of regional cooperation and coordination (Feiock, 2004; Feiock and Scholz, 2010; Andrew and Kendra, 2011). The framework also highlights the importance of metropolitan governance where municipal governments play a central role. Recently, scholars testing theories of ICA using social network analysis have argued that the challenges of establishing regional institutions are less on the creation of an organizational structure but rest on the assumptions on which the organization can facilitate institutional buildings and interactions. As part of these processes, there is a need to understand motivations and incentives influencing municipalities to share authority and administrative responsibilities across jurisdictional boundaries.
There are practical reasons to employ the ICA framework to examine confronting local governments in metropolitan areas. Public administrators, planners, and policy makers are constantly finding innovative ways to work together in coordinating, financing projects and public programs, and managing urban growth. Creating innovative regional arrangements, however, requires them to pay attention to formal authorities nested within federal and state statutory frameworks as well as local ordinance, zoning laws, and land-use planning. As public officials continue to work together across political and administrative boundaries, their responsibilities go beyond the provision of urban services. They include creating and fostering employment opportunities, maintaining of infrastructure, and improving the quality of life of their residents. Formal and informal relations also matter in the process of governing. The issues on metropolitan governance have also been examined in terms of competitive advantage of metropolitan areas to attract foreign investors, engine for economic growth, and national pride (Newman and Thornley, 2005). The challenges of designing an effective mechanism have also been linked to environmental degradation, traffic congestion, and sources of unequal development (OECD, 2006).

Empirically, the ICA framework has also been used to identify vertical and horizontal institutions that are instrumental in implementing regional activities (Hawkins and Andrew, 2012). The process of governing can enhance the efficiency of metropolitan governance because they provided mechanisms for local governments to mitigate the costs of cooperation and coordination. The ICA framework has also been applied internationally in South Korea (Park, 2012), Portugal (Tavares and Camoes, 2007), and the European Union (Thurner, 2010).
The main objective of this paper is to briefly review the ICA framework and its application to studying metropolitan governance in México. This paper is organized in the following ways. In the next section, we discuss the ICA framework and its relevance to studying metropolitan governance. The second section describes the collective action problems in the context of Mexican political structure. We also highlight vertical and horizontal governance structures with examples of regional institutions happening in the country. The section, although selective on types of regional arrangements, provides ways to understand challenges confronting municipalities engaging in joint activities. The final section concludes the paper with lessons learned from examples we identified.

**INSTITUTIONAL COLLECTIVE ACTION PROBLEMS: METROPOLITAN GOVERNMENT AND GOVERNANCE**

From the ICA framework, there are at least two dimensions to understand the dilemmas inherent in metropolitan governance. The first is how various municipalities, state and federal agencies as well as organizations from private or non-governmental sectors coordinate their joint activities within a metropolitan area. That is, an organizational structure that requires all parties involved to voluntarily cooperate in order to produce joint outcomes that otherwise would not be possible. To some extent, this is not the most challenging aspect of metropolitan governance. The other challenges are based on the assumptions on which the structure is formalized. Here, the formation of regional institutions, vertically and horizontally, goes beyond the formalized organizational structure; it directs our attention to the importance of institutional building and
challenges inherent in various form of interactions that might have evolved or mandated by higher level governments.

According to Feiock (forthcoming), scholars employing the ICA framework aimed to understand metropolitan governance in terms of (1) collective action arena: the contextual problems or policy dilemmas confronting metropolitan areas, (2) players: the key actors that are directly or indirectly affected by the problems, (3) costs of collective action: the risks faced by competing actors when engaging in collective action or inaction, and (4) incentives and motivation of actors to collectively engage or work independently. The ICA framework assumes that local governments can achieve better joint outcomes if they work together to resolve common problems. Although each local government units act strategically, under certain conditions, they can design mutually agreed sets of mechanism to reduce the costs of cooperation and coordination. However, the decisions to cooperate are often complicated by uncertainties related to defection, division, and cooperation problems.

How to examine the contextual problems or policy dilemmas confronting metropolitan areas? Scholars in the field have done this by applying the transaction costs theory to specify the various mechanisms that could be used to resolve a metropolitan problem. The mechanisms are assumed imperfect owing to the costs and tradeoffs of one arrangement over another. Williamson (1975), for example, refers to decisions whether to buy or make as the comparative advantage of governance. For the ICA framework, the theory of transaction costs provides clues on the constraints that various institutional arrangements present themselves to local governments. For example, Feiock and Scholz (2010) examine the dilemmas of hierarchical structure in policy implementation against self-organizing mechanisms from the political and
economic rationale. Andrew and Hawkins (2013) explore the comparative advantages of restrictive and adaptive contracts in multilateral agreements. Others have examined the decisions for local governments to enter into interlocal service agreements (LeRoux et al., 2010; Minkoff, 2012; Kwon et al., 2012) and joint venture agreements (Hawkins and Andrew, 2010). Most of these studies examine the relative costs of governing mechanisms in order to understand why one mechanism is adopted but not the other.

The contextual problems have also been defined in term of uncertainties, i.e., positive or negative externalities of policy outcomes as well as risks of competing actors’ behaviors. Steinacker (2010: 51), for example, argue that metropolitan fragmentation can be examined as “a private marketplace, with all of its corresponding advantages and limitations.” The conventional wisdom suggests that, if local governments compete in term of particular level of taxes for a bundle of goods and services, then urban services can be produced or provided efficiently. But, just as the problems of market competition, fragmentation also leads to market failures, negative externalities, and spillover affecting neighboring jurisdictions. If monitoring and enforcement costs are high, it is uncertain as to how a jurisdiction would act in the future if others were to act independently. In Steinacker’s (2010) argument, she points out that scholars employing the ICA framework tend to identify the contextual problems as functional fragmentation, i.e., diseconomies of scale, negative externalities, and common-pool resource problems. Cooperation may exist; but, because of information asymmetries, the risks of cooperation occurred when the costs of collecting and processing information as well as the ability to negotiate agreements are relatively high.
Scholars interested in the formation of regional entities have also examined regional institutions such as Council of Governments, multilateral agreements creating a regionwide administrative structure, and special taxing districts. While it is unclear whether regional institutions would crowd-out voluntary bilateral cooperation or informal relations, scholars in this line of research highlight that the nature of collective action dilemmas tend to differ from those narrowly defined agreements between two localities (Feiock, forthcoming). While some regional planning authorities are imposed and established through state statutory requirements, administrative guideline, and procedures set by the state or federal government, some arrangements were initiated informally. Regardless how the regional institutions were formed, they suggest various ways that local governments can develop mechanisms to coordinate regionwide policies. Vertical institutional arrangements---such as Council of Governments or regional planning council---are important for part of metropolitan governance if they provide technical guidance and personnel support to local governments.

More recently, scholars have examined regional cooperation using the social network analysis. This line of research has provided insights on the extent to which individual localities have purposely developed and formed cooperative arrangements leading to clustering of intergovernmental and interlocal relations. The intergovernmental and interlocal relations—conceptually defined as contractual or institutional ties---show metropolitan governance emerged through patterns of relational connections that are developed and maintained by local governments.

In order to predict a kind of intergovernmental or interlocal interconnectedness, some scholars defined metropolitan problems in terms of barriers to joint coordination and
cooperation. A few scholars have employed the social network analysis to capture the patterns of institutional ties among general purpose governments (Shrestha, 2010), public safety and emergency management (Andrew, 2009; Andrew and Carr 2013), watershed management (Schneider et al., 2002; Berardo and Scholz, 2010), and economic development (Hawkins and Andrew 2011). For example, local governments are assumed to face coordination problem when they have diverse policy preferences requiring repeated interactions and frequent communication. Under this situation, empirical evidence suggests that a sparsely connected network structure would emerge to resolve metropolitan problems in order to transmit the flow of information. A central authority or “network broker” becomes crucial to coordinate joint activities. Earlier work has found similar patterns (Provan and Milward, 1995). While a vertical governance structure is often shaped by the federal or state statutory framework, it can also be designed by a group of municipalities through self-organizing structure and approved by a higher level government.

On the other hand, if credible commitment is a problem, it has been shown that a highly clustered structure would emerge to facilitate interlocal cooperation (Andrew, 2010). Although the characteristics of goods and services matter in the formation of institutional ties (Andrew 2009), scholars conducting empirical studies using the social network analysis often specified the effects based on a wide range of network measures (i.e., closeness, degree of ties, density etc.). The incentives and motivation for densely clustered intergovernmental and interlocal relations have been attributed to theories developed in the institutional sociology field. For example, following the concepts of social embeddedness and social capital (Granovetter, 1973; Coleman, 1988; Putnam, 2000), a web of interlocal agreements reflect formalized ties that bind local officials and their jurisdictions together (Thurmaier and Wood, 2002). These relations can be
translated to informal interactions when local officials meet regularly to discuss policy preferences and implement joint activities. They generate social asset crucial for solving complex problems confronting local governments (see Hawkins and Andrew, 2010).

Another line of research using network analysis is to examine the interconnectedness of intergovernmental and interlocal relations through overlapping policy arenas. In the context of metropolitan governance, two general propositions have been examined. Local governments with established ties often cooperate in a range of service areas. They also coordinate joint activities in more than one policy area. According to Shrestha and Feiock (2009: 802) interlocal cooperation formed in more than two overlapping service areas “has serious implications for governance and policy. It shifts the governance debate from who governs metropolitan areas (Dahl, 1961) to how are they governed.” While these forms of relations are not uncommon, given the geographical proximity of localities, the motivation to cooperate is often explained by significant level of trust, reciprocity, and opportunities to develop future relations. The authors argued that the presence of multiplexity of service areas highlights the importance of a horizontally fragmented structure in the emergence of metropolitan governance.

From a ICA perspective, a horizontal governance structure formalized through interlocal agreements bring together localities and their public officials that are more closely aligned with localized decision-making authority. While the problems of credible commitment influence the decision of local governments to contribute to the effectiveness of regional institutions, the costs of monitoring are minimized through repeated interaction and reputational effects. The regional institutions also facilitate coordination and cooperation among municipalities, state, and federal agencies. In some cases, community-based organizations and companies from the private sector
are also involved. Vertical regional institutions are also a part of the process of metropolitan governance. For example, institutions operating through vertical regional governance often impose stringent standards and require localities to conform to the specified standards. It provided organizational stability, procedures, and cohesiveness on policies coordination. Compliance with state rules and legal frameworks can force local governments to work closely with higher level governments for technical and planning assistance. Monitoring costs are minimized when local officials rely on higher level governments to impose and enforce regulatory authority.

In the next section, we apply the ICA framework to understand metropolitan governance in Mexico. We then explore regional institutions that have been designed to coordinate joint activities that appear to be routine but yet crucial responsibilities of local governments. The section describes briefly the challenges faced by local governments to work jointly on issues that cut across multiple political and administrative boundaries.

**METROPOLITAN GOVERNANCE AND LOCAL GOVERNMENTS IN MÉXICO**

In México, very little has been done to examine the deliberative process of regional institutions apart from case studies on water resources management (Maganda, 2003; Montero et al., 2006; Tortajada, 2008; Ramírez de la Cruz and Caire, 2009; Wilder, 2010) and comparative analysis in the context of globalization (Rodriguez-Acosta and Rosenbaum, 2005; Ward, Wilson, and Spink, 2010). Although insightful, these studies are mostly descriptive. While the literature has been growing in the last 15 years, most are limited to local governance rather than regional institutions influencing multi-agencies interactions (Wirth, 2006; Sullivan, 2006). Much less have been
done on patterns of intermunicipal or inter-governmental cooperation (Ramírez de la Cruz, 2012). Apart from Ramírez de la Cruz (2012), no empirical study has explored the extent to which cooperation has been established between municipalities. It is also uncertain as to the nature and types of formal agreements among municipalities, i.e., contracts, mutual aid, memoranda of understanding and agreement. Less clear is the process for municipalities to enter into agreements across state boundaries. One of the most recent studies came from a national survey on local governments conducted by the National Survey of Government, Public Safety and Municipal Court (Cabrero and Arellano, 2011) highlighting the aspiration of municipalities with large population size to be self-sufficient in the provision of public services.

How to examine metropolitan governance in Mexico? From the ICA framework, metropolitan governance can be examined in term of vertical and horizontal governance structures.

**Vertical Governance Structure**

Vertically, collective action problems in metropolitan areas arise when public agencies from various levels of governments are reluctant to work together vertically because of the institutional environment defined in the country's constitution. These problems are exacerbated by the patronage system of intergovernmental coordination, inefficiency in the provision of urban services, and unequal provision of public services, and distribution of financial resources (Dávila, 2007; Dávila et al., 2007). According to Rodríguez (1998), federalism in México is mostly shared rather than separated suggesting decisions are dominated by political leaders in higher offices. The institutional environment is such that municipalities are dependent upon the state government, which in turn relies on the federal government for funding and directives.
While the hierarchical structure works well in a clearly defined policy arena, in some areas such as water resources that cut across state boundaries, the issues on management practices are often politically charged. Subsequently, political conflicts arise leading to policy stalemates hurtful to the constituents living within a metropolitan area.

Another problem related to vertical governance structure is the politically fragmented metropolitan regions. For example, the provision of public services and regional coordination has been difficult to resolve because of population growth extending beyond municipal administrative boundaries (Sullivan, 2006; Perlman and Guadarrama, 2011). The tasks to coordinate joint activities are complicated when attempting to tackling externalities related to traffic congestion, environmental degradation, air and water pollution, poor informal housing settlement, water supplies, and waste management (Dávila, 2007; Dávila, Constantino, and Pérez, 2007, Gutiérrez, 2007). The metropolitan governance approach, especially in Mexico City, that is based on “[c]onsultative bodies have never worked in México” (Ward, 1999: 620). Any effort to establish a coordination mechanism at the metropolitan scale generally failed “for the lack of interest at the higher levels, governor or regent” (Hiernaux-Nicolás, 2004: 73). One solution is to have a single metropolitan government authority (De Alba, 2006; Dávila, 2007; Iracheta, 2008, 2009, 2010; Perlman and Guadarrama, 2011; Ugalde, 2007). Yet, politically, the creation of a single metropolitan authority has proven not to be a feasible option (Rodríguez-Acosta and Rosenbaum, 2005).

The obvious application of vertical governance structure is on the resource management, especially in the area of water resources management. According to Wilder (2010), in the policy arena of water resources management, the Mexican experiences illustrate the difficulties of local
governments to transform regional and national water policies. While the revisions made to the Law of the Nation’s Waters (Ley de Aguas Nacionales, LAN) in 2004 purposely aimed to strengthen the level of participation of local residents and the Water Basin Councils, there has been limited authority vested in the Water Basin Councils. The Councils were perceived to play a minor role in the policy deliberation process, i.e., an advisory body (Wilder, 2010). Take another example, in México City, Tortajada (2008) noted that, beside the large capital investment required to meet demand for water supplies, the barriers to effective provision of water has largely been caused by highly fragmented institutions in the Metropolitan Zone of México City. The inefficient and costly provisions of water supply in the metropolitan areas were mostly due to the “inappropriate management practices, not merely the result of an actual scarcity in water supply” (Tortajada, 2008: 153).

Another set of challenges of collective action rests on how agencies in the regional institutions balance national water policy guidelines, and at the same time, respecting the human interactions, national and state politics, and cultural preferences regarding the management of water resources. Montero et al. (2006) and Ramírez de la Cruz and Caire (2009) have noted that, in the late 1990s, the management of the Ayuquila-Armería River Basin made little progress because few opportunities were given to peasant communities and municipalities to participate in the decision making processes. This was consistent with the observation made by Hearne (2004) and Scott and Banister (2008) on the decentralization and declining power of the federal government in the water management realm. Moreover, the costs of coordinating water resource management were mostly political since federally imposed statutes and regulations in México have traditionally resented by the state level political leaders (Maganda, 2003; Hearne, 2004).
Despite the institutional collective action problems, there have been efforts made at the federal level to encourage effective regional coordination and cooperation through federal financial assistance. For example, known as the Metropolitan Fund under the Secretariat of Finance, it currently aims to promote business enterprise through federal funding, encourage competitive advantages at the regional level, and provides incentives for collaborative efforts across multiple sectors and inter-governmental levels. In 2011, the Mexican lower House of Congress boosted the Metropolitan Fund to over 8 billion pesos for the 2012 budget’s resource allocations. Although the Metropolitan Fund primarily supports large scale capital projects (e.g., communications and transportation projects, water infrastructure for water supply, sewerage, drainage and sanitation systems, metropolitan public safety, civil protection, and acquisition of land reserves and rights of way), the Fund also finances joint activities and regional efforts to protect the environment and promote regional growth and urban development.

The ability of state governments to mediate competing actors to establish mechanisms to share costs of joint implementation were crucial to induce regional cooperation. For example, in the State of Nuevo León, the Water and Drainage Services of Monterrey (SADM) played an important role as the water authority in the Monterrey Metropolitan Area. In 2007, a new tariff agreement on water consumption was signed which maintained the monthly household consumption of water as well as public institutions, commercial, and industrial usage. According to Ramírez de la Cruz (2012), the role played by SADM had been crucial for the water resources management in the region. For example, in 2000, SADM working closely with the commercial sector has developed various programs for the construction of rainwater in high-risk areas within the metropolitan region. In 2004, SADM established the Water Institute of Nuevo Leon to conduct scientific research, develop new technology for exploration, sanitation, and recovery
treatment as well as re-use and water distribution. These types of institutional building have been an important part of metropolitan governance.

Various forms of regional initiative have also been observed. In 2002, the Inter-municipal Initiative for the Integrated Management of the Ayuquila River Basin set up financial incentives through a private fund. The fund was based on contributions made by the state government of Jalisco, the Federal Ministry of Environment and Natural Resources as well as from municipalities in the river basin (Montero et al., 2006). Under the Initiative, the fund aims to finance joint projects and activities of local governments. Other forms of arrangements have also been developed. For example, in the state of Colima, payment mechanisms were designed through the inter-municipal initiative for end-users to consume clean water and secure the flow of water supplies within the Ayuquila river basin (Montero et al., 2006).

**Horizontal Governance Structure**

One of the challenges of maintaining regional institutions in México is that municipal governments need not translate local needs through formal applications for federal funding. They depend on the political clout of their respective mayors to articulate political requests and the governor. Not surprising, therefore, local political culture still played an important role in the formation and maintenance of vertical governance structure. According to Ugalde (2007), municipalities in México have limited resources, technical expertise, and professional capacity to promote the formation of regional institutions. Subsequently, the dominant strategy for municipalities is to rely heavily on their respective state governments for funding and to provide urban services (Sullivan, 2006). The competing interests and policy preference of end-users
often complicates joint efforts. Cabrero and Arellano (2011) point out that there is an “endemic aversion” among municipalities to cooperate with each other.

Another problem is related to the uncertainties caused by Constitutions on mayor’s term in office. The costs associated with the “changing of the guards” and policy continuity created an institutional environment where elected officials and their appointed personnel have little incentive to initiate new policy and cooperate with other jurisdictions. Local elected officials are limited to a three year term, too short a period to successfully implement an effective public program. Policy entrepreneurs faced a constant threat of being replaced, which explains their reluctant to sustain the policy momentum (Wilder, 2010). Under these circumstances, defection from cooperation is the dominant strategy because, as new administrators are appointed by newly elected officials, previous projects will be left incomplete or abandon. Cabredo-Mendoza (2000) pointed out that the institutionalization of policy innovation in México is not an inevitable process. Local elected officials are rarely perceived as the catalyst of “institutional builders.” They champion their own policy preferences rather than continue to institutionalize innovative policy introduced by their predecessors.

In spite of the argument that local governments were generally reluctant to cooperate with other municipalities (Cabrero and Arellano, 2011), the work that was conducted by Ramírez de la Cruz (2012) suggest otherwise. Utilizing seven databases maintained at CIDE between 2001 and 2007, he identified 40 intermunicipal cooperation practices. The patterns of intermunicipal cooperation, summarized in Table 4, suggest that a larger percentage of arrangements was found in functional areas such as economic development (22.5%), followed by garbage collection, waste disposal, and landfill (17.5%). His study provides the first glance at
the extent to which collaborative programs and institutions were created by two or more municipalities. Another important work on local government practices is the Local Government and Management Award (PGyGL), which seeks to document and disseminate information on innovative practices of municipal management in México (Cabrero 2002). Although it gives out three awards annually to municipal governments since 2001, the selection criteria do not include programs or innovative practices that involved intermunicipal cooperation. Since its inception, only one municipality (El limon, Jalisco) clearly won the award featuring intermunicipal cooperation.

[Table 1 about here]

There have been successful cases of intermunicipal cooperation. For example the Intermunicipal Tierra Caliente in the state of Michoacán began in 2003, where Carácuar, Nocupetaro, Tiquicheo and Tzitzio come together to address the issues related to solid waste and improvement for waste collection. Another important horizontal cooperation can be found in Cotija (Michoacán) on the promotion of religious tourism when an agreement was established with Tingüindín, Peribán, and Los Reyes. While the idea was originally initiated by the previous administration, the agreement was ratified by the new municipal authorities. Some agreements were initiated and promoted by a single municipality, suggesting collaboration among municipalities need not mandated by higher levels government. For example, the City of Cuernavaca Morelos promoted the creation of the Association of Municipal Health united (AMUPS), which calls for representatives from 33 municipalities into a single operating entity on public health promotion and prevention. The collaboration involves the Ministry of Health
and the State Legislature through forums and regular meetings as well as provides training and technical support for public health officials.

The establishment of formal agreements between two or more jurisdictions goes beyond a simple documentation of authority informing municipalities on what need to be done and when. The coordinating structure emerged through the governing process does not function automatically but depends on the willingness of personnel and agency representatives to contribute, adjust, and modify their behaviors. The agreement allows agencies to benefits from organizational flexibility and recognizes the limitations of the structure to response to changing economic circumstances. The challenges of designing a horizontal governance structure is how to balance local growth to resolve local concerns and, at the same time, maintaining the structure and cohesiveness of the organizational structure.

There are several factors explaining the motivation for public officials to enter into intermunicipal agreements in the provision of public services. First, the democratization and competitiveness of the plural parties system created pressure for elected and appointed officials to behave responsively toward their constituent as well as their political party (Cleary, 2007). While the re-election clause may deny them to seek reelection, they do have to gain and maintain good reputation within their political party if they are aspire to get elected (or appointed) for different elective office in the future. The greater the pressure to perform and incentive to claim credit for innovative projects, the likelihood for local leaders to work together with other localities are highly probable. However, the challenge in coordinating an agreement lies in identifying the appropriate partners involved and how particular joint activities are to be undertaken. This requires frequent communication to reduce information asymmetries.
Second, administratively, there has been a stronger move on the appointment of public administrators based on qualifications and merit. While the patronage system still visible in some states, the trend is moving towards the continuation service for senior officers at the state or municipal levels (Ward and Rodriquez, 1999). Local governments are being expected by the growing middle class to do more with less. If intermunicipal cooperation can bring greater performance to local jurisdictions, experimentations with intermunicipal agreements can be expected to increase. Moreover, a successful agreement can be used as a stepping stone for future career advancement in larger municipalities or state level positions. Through the implementation of formalized agreements, horizontal relations are developed and maintained over time. These relations help to gain confident and give meaningful interactions among public officials. Field observations suggest that local administrators in México often rely on interpersonal and informal relations to increase resources from adjacent municipalities. The interactions also help with predicting future behaviors and build trust and norms of reciprocity among the administrators.

CONCLUSION

The ICA framework has received considerable attention in recent years. It has provides scholars with theoretical framework to understand the dilemmas facing local governments when engaging in collective action. It integrates a large volume of literature that examines the policy debate related to metropolitan governance structure, i.e., centralized versus decentralized metropolitan regions. It has recently employed sophisticated methodological technique in social network analysis to examine interconnectedness and intergovernmental as well as interlocal relations. Vertical and horizontal relations have also been emphasized to understand the patterns of
regional cooperation that emerged through the process of metropolitan governance depicts by highly fragmented regions.

What can we learn from the ICA framework when examining metropolitan governance in México? First, owing to the local government reforms in the 1980s and 1990s, municipalities are currently engaging in joint activities at the metropolitan level through ad hoc arrangements. Despite pessimism expressed by some scholars (Cabrero and Arellano, 2011), joint planning and intermunicipal coordination are already happening across the country on policy areas such as water resources management and public services such as health, public work, and poverty alleviation programs. The examples we presented show that it is possible for municipalities to design and organize joint activities through a variety of regional institutions without having to resolve to a single metropolitan government. While most arrangements tend to be based on specific functional services, they are flexible enough to allow municipalities to adjust and align policy preferences to meet common problems.

Second, vertical and horizontal institutional arrangements at the regional level can be effective with the technical and personnel support of the federal and state governments. While some of these arrangements have been formed through administrative guideline and procedures set by the state or federal government, some arrangements were initiated informally. Some rules were formalized through state resolutions. Although the rules provide structure and reduce political uncertainties, they also influence the stability in policy coordination. Regardless of how these arrangements were formed, they suggest various ways that regional institutions have evolved and functioned. They are alternative models in governing metropolitan areas
highlighting the importance of horizontal integration and self-organization in facilitating the metropolitan governance in México.

Third, providing appropriate incentive in terms of financial resources not only increases the likelihood that intermunicipal collaboration is sustained over time, it also provides a degree of legitimacy and credibility to the joint efforts. In some instance, parties to an agreement developed acceptable mechanisms to raise financial resources or service charge, fee payments, or tariffs on water consumption that are agreeable to all parties involved. In the area of water resource management, for example, legal and procedural oversights fall on the shoulder of the state and federal governments as third party enforcer. In other instances, discussion and bargaining over policy options are made among representatives from municipalities, state, and federal agencies belonging to the governing board.
REFERENCES


## Table 1
**Intermunicipal Cooperation (2001-2007)**

<table>
<thead>
<tr>
<th>Functional Areas</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garbage collection, waste disposal &amp; landfill</td>
<td>7</td>
<td>17.5</td>
</tr>
<tr>
<td>Economic development</td>
<td>9</td>
<td>22.5</td>
</tr>
<tr>
<td>Public safety</td>
<td>6</td>
<td>15.0</td>
</tr>
<tr>
<td>Natural resource management</td>
<td>5</td>
<td>12.5</td>
</tr>
<tr>
<td>Land use planning</td>
<td>6</td>
<td>15.0</td>
</tr>
<tr>
<td>Public health</td>
<td>3</td>
<td>7.5</td>
</tr>
<tr>
<td>Public infrastructure</td>
<td>4</td>
<td>10.0</td>
</tr>
</tbody>
</table>

Source: Ramírez de la Cruz (2012)