

# 5. FOUR PUBLIC POLICY RECOMMENDATIONS IN CONNECTION WITH LOCAL GOVERNMENTS

## Introduction

In this chapter we present four public policy recommendations that strengthen the skills of local governments in planning and developing sustainable cities:

- i.* Establishment of national and regional programs for the training, supervision, evaluation and certification of municipal treasurers and urban planners;
- ii.* Development and implementation of a national land-use planning strategy;
- iii.* Integrate a demographic perspective into urban and regional planning; and,
- iv.* Implementation of regional strategies to promote the creation of metropolitan authorities.

Each recommendation includes the background, consequences and foundation of the problem. These recommendations were chosen based on their relevance and feasibility of implementation in Mexico and Latin America in general.

### 1. Establishment of national and regional programs for the training, supervision, evaluation and certification of municipal treasurers and urban planners

#### 1.1. *Institutional capabilities of local governments*

Mexico has experienced a few cases of success; however, urban planning is characterized by inefficient urban infrastructure, inequalities in access to public services, lack of territorial planning, intergovernmental *contradictions and conflicts*, *obsolete and contradictory* legal frameworks, and a centralized financial system with important *political links* at different levels of government (Cabrero, 2005).

The main problems observed in the way local administrations function have to do with the existence of ambiguous and insufficient regulatory frameworks, *obsolete* management systems *and a low level of specialization* among mayors and public officers (Guillen *et al.*, 2007).

In 2005, Cabrero (2005) defined the main administrative weaknesses of Mexican municipalities. Within the regulatory framework, the author was able to identify that, during the first decade of the 21st century, 64% of municipalities lacked a basic regulatory system, 80% did not have rules for planning and definition of actions, 52% did not have provisions to regulate the delivery of public services, and 20% lacked basic strategic planning. Among the merely administrative weaknesses, Cabrero identified that 50% of municipalities did not have administrative areas specialized in expenditures evaluation and oversight, 65% lacked a Human Resources department, 17% did not have a computer for administrative work and most municipalities acknowledged that their actual collection was 75% below reported income. Finally, with regard to specialization levels, the same study identified that 18% of mayors had completed middle or higher education, as well as the fact that 50% of public officers lacked prior experience in public administration.

More recent data (Arellano *et al.*, 2011) shows that the situation among Mexican municipalities has not changed radically in the last decade: only 38% of mayors have a bachelor's degree, 12% have a high-school diploma, 15% completed middle school and 24% finished elementary school. While mayors have little experience in government activities, 50% had a former job in the private sector. In average, heads of area have a primary school education level. Most people work in the areas of security and public services, but are often led by officials with less training. Prevailing personnel hiring schemes create *instability and a high turnover* among civil servants; hence, their actions are improvised.

In 2009, 47% of all municipal workers were non-unionized and only 31% had a contract. The study by Arellano *et al.* also found that there were severe regulation issues: less than 50% of the country's municipalities had essential rules, such as public works, land zoning and land use, participation and planning. In spite of the fact that most municipalities had good governance and police regulations, within city halls and public security areas regulations are no updated. Only one third of the total number of municipalities have some type of partnership with other municipalities or the state government, and such partnerships only exist in traditional areas, like the provision of basic services. Smaller municipalities with higher levels of backwardness are *less likely* to establish partnerships.

The *financial dependency* of local governments has remained at historically high levels. Data available from 2014 shows that local governments do not make the fiscal efforts required to increase their own revenues due to a lack of clarity in the integration and allocation of federal transfers to states and municipalities, as well as from states to municipalities; low local collection levels that strengthen dependency on federal resources; and an inefficient design of local revenue laws and regulations, mainly derived from a lack of awareness of their powers and the public cost resulting from a higher tax collection (World Bank, 2010).

A large number of states fail to collect the main taxes they are supposed to collect, a situation that limits their tax-collection capabilities and reduces their fiscal efforts. In practice, property tax is the only tax collected by a few municipalities. The latter situation is also related to opacity in public resource allocation, which discourages investment and reduces legal certainty for private investment, with heterogeneous and unclear accounting structures that make it difficult to know, with complete certainty, what the final destination of public resources is (World Bank, 2004).

One of the primary causes of instability of municipal management in Mexico is the fact that, except for two federal states, the administrative terms of municipal presidents, who are appointed via elections, are of three years without the possibility of reelection for consecutive terms. While the legal framework does not ban the continuity of junior officials, who are not appointed via elections, what has historically happened is virtually a full turnover of municipal authorities with every new administration (Guillen *et al.*, 2007).

High personnel turnover prevents the creation of experienced municipal top-level officers with the capacity to engage in the mid-term planning of municipal government initiatives. In addition, Mexico does not have a professional career or certification for municipal officials. This is probably due to the fact that there are no training programs for stable and high-quality municipal officials (*e.g.* career civil servants). There is only one federal body, with limited capacity, that provides training to municipal treasurers (*e.g.* INDETEC), and only a few states have institutions dedicated to training municipal officials in general (*e.g.* IHAEM, in the State of Mexico).<sup>1</sup> Most training courses for municipal officials are sporadic, and no formal training programs exist. There is no evaluation, follow-up and accountability (Graizbord, 2013; Graizbord, 2011).<sup>2</sup>

Notwithstanding the above, there is evidence that a few municipalities in the country, despite economic, legal and administrative limitations, show a high degree of innovation and management capabilities. A good example can be found in the 4,074 cases identified through the Government and Local Management Award granted by the “*Centro de Investigación y Docencia Económicas* (Center for Economic Research and Teaching or CIDE, in Spanish)” during the 2001-2011 period (Carrera, 2015) (see Table 5.1). Such experiences are a clear example that Mexican town halls develop public policies through a broad variety of programs not only linked to the privileges and responsibilities directly granted by the law, but also in areas where the main responsibility belongs to other government spheres, such as health and education.

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<sup>1</sup> INDETEC: Instituto para el Desarrollo Técnico de las Haciendas Públicas (“Institute for the Technical Development of Public Finance”); IHAEM: Instituto Hacendario del Estado de México (“State of Mexico Public Finance Institute”).

<sup>2</sup> El Colegio Mexiquense, A.C., located in the Metropolitan area of Toluca, is one of the few higher education institutions that offer a master’s degree in Municipal Development.

Table 5.1



# MEXICO:

## PROGRAMMES THAT PARTICIPATE IN THE GOVERNMENT AND LOCAL MANAGEMENT AWARD, BY TOPIC (2001-2011)

CLASSIFICATION	NO. OF PROGRAMS	%
TOTAL	4 074	100
SOCIAL POLICY	610	15
ADMINISTRATIVE MODERNIZATION	549	13.5
MUNICIPAL DEVELOPMENT	476	11.7
MUNICIPAL INFRASTRUCTURE	411	10.1
EDUCATION	340	8.4
ENVIRONMENTAL CONSERVATION	303	7.4
PUBLIC SERVICES	300	7.4
PUBLIC HEALTH	285	7
PUBLIC SECURITY	267	6.6
CITIZEN PARTICIPATION	259	6.4
URBAN PLANNING	130	3.2
TRANSPARENCY AND ACCOUNTABILITY	95	2.3

SOURCE: CARRERA AND FERNANDEZ (2015).

In Table 5.1, it is possible to see that the main areas where municipal administrations make efforts to improve are the following: social policy, administrative modernization, municipal development and municipal infrastructure (Carrera and Fernandez 2015). The areas where less improvement is sought are: transparency, citizen participation and planning or evaluation. Only 3.2% of the initiatives submitted were related to urban development.

## 1.2. *Training and certification regional strategy*

An alternative to building the institutional capacities of municipal governments is to establish a selection, training, supervision, evaluation and certification national system for municipal officials more tightly connected to urban planning and municipal and urban development: municipal treasurers and heads of urban planning.

This strategy has been tested in Mexico and several Latin American countries with different levels of success. Different authors and specialists had already suggested this strategy. At present there are some initiatives, such as that of the Lincoln Institute of the University of Wisconsin, which is trying to create a *de facto* regional program in this area. The need to strengthen and encourage these types of strategies through national and international agreements and to foster collaboration among national, state and local governments, universities and the private sector is emphasized in this chapter.

National consensus must be reached in order for state and municipal governments to join an initiative and a national agreement, so that local urban policy leaders will have at least a minimum level of training. The existence of a *national certification program for municipal officials* is also necessary. Universities, school consortiums and institutions should play a central role here. A *Latin American program* that certifies municipal officials could create a critical mass of decision-makers on urban and metropolitan affairs to lead the future toward sustainable cities.

The current legal framework needs to change so that the certification process can be implemented through commitments and agreements. In the 1980s, for example, a Fiscal Coordination Law was adopted that allows for state and municipality participation in the national fiscal system, without losing their sovereignty and autonomy.

It is a fact that, considering the predominant political and corruption motivations inside municipal governments (albeit not only on this level of government), political and economic groups and actors that profit from decisions made by local governments would actively oppose this measure. However, from the perspective of sustainable cities and future generations, *the costs of not intervening or allowing existing corruption networks to continue are incalculable* (see the last paragraph in Chapter 2). Hence, municipal strengthening strategies must stem from national (and international) consensus. All the different stakeholders have a role to play in this priority.

As far as contents are concerned, efforts to strengthen municipal governments must include technical assistance and oversight of local management for urban development, including planning instruments, promotion and development instruments, funding instruments, cost and benefit redistribution instruments and instruments for citizen participation.



## 2. National land-use planning strategy

### 2.1. *Factors related to the lack of territorial planning in Mexico*

As revealed by a study of the World Bank (2004), it is appropriate to say that *illegal* land occupation, more specifically urban land, enabled a basically *pacifc transition* between the agrarian Mexico and the *urban* Mexico, allowing communal land owners to generate some kind of economic profit within an urbanization process where their productive capacity in the field was lost or reduced.

However, it is possible to prove that current restrictions to land commercialization in the Mexican law have *increased the price of land* and, therefore, *have limited the offer of accessible land* for the poorest families. The consequences are speculation all over the country, the emergence of a black market that affects the most vulnerable populations and an accelerated reduction of land reserves availability for urban development (Brambila, 2007).

The Mexican government's participation in territorial planning has led to one of the most significant land titling efforts in Latin America, but it still suffers severe limitations. The geographic and demographic analysis on urban growth already presented in previous chapters shows that the social aspect of land tenure regularization has been invalidated. The actions of illegal occupation and later regularization, once again, have political purposes (compared to the 1970s). Inconsistent urban and land-use policies have aggravated the negative externalities associated with urbanization, namely, environmental degradation, urban expansion and areas without access to services.

Forty years of land tenure regularization efforts have produced two *types of speculation* with urban land. The first is *structural speculation*, where urban developers (e.g. builders, constructors) purchase buildings, either directly or indirectly, in an effort to influence urban development policies. Wholesale brokers, who commonly belong to political organizations, ensure the "lawfulness and urban order" of plots and common use land acquisition. The role of these political brokers is that of negotiating with urban and agrarian authorities their full possession or the assignment of common use land to private companies. The second type of speculation is a *circumstantial* one, where individual investors and family members buy and sell their land expecting to benefit from urban growth.

Part of this situation stems from the lack of coordination in the early 21st century between different government levels with regard to urban administration. For example, the law establishes that public services cannot be provided to illegal settlements, although it is common to find that many of them indeed have such services (usually the first is public transportation, managed by the *bus transportation "octopus"* (monopoly), with enormous political power in Mexico).

Government actions aimed at territorial planning focus on *corrective* activities instead of *preventive* ones (and typically immerse in a context of strong complicity). For this reason, conflicts related to the calculation of taxable income, due to the lack of records (titles) and rapid urbanization, are common.

## 2.2. *Recommendations for the territorial planning of urban development*

*Does speculation exist because prices are high or are prices high because speculation exists?* According to urban economics theories, speculation exists because prices are high, and prices are high because the offer of urban land is low (inelastic). Therefore, the main public policy recommendation on regularization is to identify mechanisms that will make the offer of urban land *more elastic*. The second general public policy recommendation is to use regularization as a *policy instrument* for urban development. You will find a description of specific recommendations on both points below.

In order to achieve a larger elasticity in urban land offer, it is important to take legal, economic and institutional aspects into account. With regard to the legal framework, according to both state and federal government *strict regulations*, it is necessary *to transfer* decisions about land use *to municipalities*. It is key to avoid duplication of responsibilities and attributions in the area of land use at different government levels. In order for municipalities to assume their responsibilities on urban development, it is unavoidable that the Federal Government and state governments be effective in the execution of their duties.

Excessive, and often times unnecessary, *regulation has to be reduced* to minimize historic backwardness in collective regularization. Overregulation favors corruption. Another recommendation is to strengthen *conflict resolution* mechanisms, both for groups and individuals, reconciling stakeholders' opposing interests and interests in expropriation processes. Transparency, accountability and social participation are key elements.

*Specific operation rules* must be established for all the institutional aspects related to the agencies in charge of land regularization. Thus, regularization will become an urban and regional planning instrument in the country.

The Commission for the Regularization of Land-Tenure (CORETT), the Mexican institution in charge of this area, can contribute to territorial planning through the promotion and coordination of actions aimed at the creation of the necessary land reserves to fulfill land and urban development requirements.

The regularization of human settlements located on social property or in private possession may be executed in a constructive way, *without having to change the current legal framework*. CORETT has done it with success in a few programs (such as "Suelo Libre" and "Lotes con Traza Urbana"), but this is not done in a systematic or mandatory fashion throughout the country.

For regularization of land-tenure to contribute to urban development and territorial planning in a positive way, it is important to define the powers of administrative units in such a way that organizations have no questions about their own responsibilities regarding the processes for the inclusion or exclusion of plots in urban and regional plans. Another recommendation is to *review the agrarian legislation*, to enable CORETT's participation in preventive inclusion of common and communal lands in urban development.

It becomes paramount to strengthen CORETT's role as a *promoting and coordinating* body for land regulation actions. Thus, CORETT's activities should be executed in coordination with the three levels of government. It is necessary that actions be specifically included in both urban and rural sectoral public policies in order to strengthen the Commission's coordinating capacity.

Mexico must modify and assess its information system on *settlements* by decree so that, in addition to its administrative functions, the progress of regularization throughout national territory can also be assessed or monitored. To develop *integrated information* systems to identify the need for regularization efforts by the different government agencies. Better coordination, unification of criteria, agreement on actions and improved alignment of government actions on behalf of land order throughout the country will be the main benefits.

*Geo-referencing.* At least irregular towns and polygons should be geo-referenced. Urban development plans must have reliable maps that include the geographic location of illegal settlements to guide actions on territorial planning and, thus, anticipate the development of new illegal settlements.

In addition, it is imperative to design efficient data systems and *dynamic databases* that can be managed by local units in order to keep CORETT's list of beneficiaries up-to-date, as well as to keep track of the progress of regularization and territorial planning. For example, the development of an online data system is both feasible and low-cost, and can be shared by both local units and central offices. If online databases are shared, every time a local unit updates its information, data will also be automatically updated at the central level as well. Being able to share databases would also allow for the automatic generation of reports and, thus, the different local offices would be able to track their individual performance and compare it to other local units, but there is more: they would be able to share information and experiences through online (oral or written) communication systems. Different government agencies (the Mexican Institute of Social Security, state healthcare services), civil society organizations, as well as the private sector, are already using such low-cost technologies.<sup>3</sup>

It is important to create local and national institutions to coordinate the land-use management and urban development actions of private, public and social agents. At present, we do not have a *single government institution* in charge of that.

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<sup>3</sup> Perhaps the most successful case of public use of technologies and large online interrelated databases in Mexico is the Ministry of Finance and Public Credit. This proves it is possible to work according to our proposal.



A territorial planning policy must include, at least, the four following components:

- a. Regularization.* Regularization must have defined goals and timeframes, enabled by the decentralization of regularization efforts. However, plot titling processes must be completed first.
- b. Relocation.* Public and land registries must be unified, updated and linked. Delimitation, updating and registration with the Public Registry of Property are also necessary, as well as the simplification of administrative and legal processes, such as strengthening justice and conflict resolution systems.
- c. Incentives for organized growth.* For urban management to shift toward sustainable cities, housing and land-use systems must be reformed to increase market liquidity, broaden the range of formal housing products, provide basic infrastructure, foster associations between common land owners and urban developers, and expand the low-cost housing market through lower standards of subdivision and programmed urban development processes.
- d. Incentives to remain legal.* The housing market needs to be strengthened through diversified housing systems. An equity market that includes revitalization of central zones,

### **3. Integrate a Demographic Perspective into Urban and Regional Planning**

#### *3.1. Assessment: How is urban and regional planning done in Mexico?*

Urban management decisions have immediate consequences on urban development and the demographic dynamics of urbanization. Several studies (Cabrero, 2005; Graizbord, 2011; Arellano *et al.*, 2011) have demonstrated the *tight relationship* that exists between weak urban management and lack of urban development throughout the national territory.

The absence of urban development planning limits the access of populations living in poverty to employment, work, education and health *opportunities* (Garrocho, 2011). In this regard, the decisions made by local administrations affect children's opportunities for education, employment and job opportunities for youths and health access for all groups, in particular the elderly. The lack of access to basic public services translates into changes in morbidity and mortality patterns, migration and mobility trends, household composition and co-residence patterns, and even in the fertility differentials of various urban groups (World Bank, 2010).

Mexico's failure to conduct urban planning has a *high cost* in terms of generating poverty and areas of insecurity, lack of access to health, education, employment and work for marginal populations.

One of the most troublesome aspects of urban policy is the *complexity, ambiguity* and inaccuracy of the legal framework that is associated to the allocation of urban responsibilities among Mexican government institutions.

Section III, article 115, of the Constitution establishes that: "III. Municipalities, with the support of the states whenever necessary and according to the law, will be in charge of the following public services:

- a) Drinking water and sewage systems,
- b) Public lighting,
- c) Cleaning,
- d) Markets and supply centers,
- e) Cemeteries,
- f) Slaughterhouses,
- g) Streets, parks and gardens,
- h) Public security and traffic, and
- i) Any other services determined by local legislations based on the territorial and socioeconomic conditions of municipalities, as well as their administrative and financial capacity". It is worth mentioning that certain aspects of municipal responsibilities may vary depending on the legal framework of the corresponding state.

The Mexican legal framework assigns municipalities decision-making responsibilities and obligations on *land* use and *location* of urban amenities. The two of them are directly related to urban growth and development. Decisions about the location of *work* and *supply* centers and *housing*, as well as *transportation routes*, have an immediate impact on selective *migration* patterns toward cities and urban *mobility* trends.

However, in Mexico, except for a few central municipalities, most lack *financial, technical and staff capacity*, preventing them from fulfilling the responsibilities established in the legal framework. In addition, there are no agencies or organizations to provide municipalities with *technical assistance* to assess, plan, implement and evaluate public works and urban development in general. Thus, urban planning and public works have depended on *networks of complicity and corruption*, with a trail of impacts on the urban development of municipalities, towns and even the large metropolises in the country.

Consistent with the centralist tradition of the country, most municipalities share a common feature: they have a situation of hierarchical subordination to, and not a *constructive cooperation* with, states. In many states, state governments control highly profitable services, such as water supply and transportation, even when they belong to municipalities.

As a result of a constitutional reform in 1985 aimed at the institutional strengthening of municipalities, the Federal Government decentralized a few urban functions, such as urban planning and some related to housing, health, education, and more recently, security. Nevertheless, the Federal Government still preserves most effective functions (and budgets) of overall policies in the same areas.

This is the reason why we commonly find health and education programs, and even programs against poverty, which *duplicate and triplicate* efforts among the three levels of government. A misled legal framework tied up to operative inefficiency of municipal governments that translates into a lack of urban development throughout the entire country.

The immediate causes of the institutional incompetence of municipal governments to conduct and execute urban planning relate both to the legal and fiscal framework and the nature of municipal management in Mexico.

To what extent do local governments have the *effective capacity* to execute the necessary urban planning that is necessary to face urbanization and metropolization processes? What are the overall institutional capacities of local governments in Mexico? What *legal and financial instruments* do municipal governments really have and how do they use them? What *capacities* do municipal governments need to develop competitive metropolitan areas (between municipalities)?

Finally, can local governments *lead urban development* in the cities and metropolises of the country? Considering the distinct competencies on different government levels (municipal, state and federal): Is it possible to attain urban development in democracy or does urban development require some degree of *centralization* when it comes to decision-making? These are just a few questions that demand an answer. In the following section, we present and discuss *the main challenges* faced by municipal governments when it comes to leading urban development. We will review a few success cases and analyze the legal and fiscal framework that regulates municipal activities; we will also make reference to a couple of *windows of opportunity* to strengthen municipal management in Mexico; however, such experiences are equally applicable to several Latin American countries.

As shown in previous chapters, numerous municipal governments in Mexico are incapable of urban planning, generating *incalculable costs* for future generations. Missing urban development throughout the country has stemmed from the lack of coordination between the different government levels, and the corresponding economic and social costs are yet to be estimated.

The paradox is that municipal governments do have instruments to mitigate the impact of urban growth on future generations; that is, *to build sustainable cities today* but, in general, they don't use them at all or don't use them in the appropriate way. Public management instruments must be used to encourage urban development (and, thus, increase access to opportunities) including: local public finance, control of land-use, design of public services and a legal framework that regulates local public administration, as well as urban, metropolitan and regional development.

### 3.2. *Urban planning with a demographic perspective*

Many initiatives in Mexico and Latin America have sought to incorporate a *demographic perspective* to regional and urban planning. Noticeably, the United Nations Population Fund developed a manual and decided to test it in Mexico and Colombia. It is important to offer continuity and to expand these initiatives to provide a demographic approach to urban planning.

The demographic approach involves taking into consideration not only population growth trends, but composition and geographic distribution as well. Among other aspects, a demographic perspective for *sustainable urban planning* must consider population aging and access to opportunities for youths and women (particularly if their situation is vulnerable). The leading principle of the demographic approach is the fact that the urban structure, access to public services and the geographic distribution of social and economic opportunities are mechanisms for the *redistribution of benefits and burdens* derived from living as a society, enabling the reduction of inequality.

The primary responsibility of municipal governments is to accomplish the effective construction of a strong and competitive institutional and economical local environment and to ensure wellbeing among the population through inclusive public services.

A demographic perspective in regional planning requires taking into consideration the volume or size of local populations and the pace at which they grow, in addition to their structure, distribution and mobility (*v.g. market studies*). The same approach simultaneously takes into account the demographic, environmental, social and economic dynamics of local populations.

This demographic perspective of planning is important, because it seeks to focus planning priorities on the quality of life of the population and ensures coherence between the objectives of plans and the guarantee of rights, the reduction of inequalities and the inclusion of vulnerable or disadvantaged groups. In other words, with this approach, it is possible to *calculate the human cost* of urban policy decision-making based on political interests or corruption.

The demographic perspective enables the anticipation of needs by analyzing the trends in demographic dynamics (*e.g. demand*); it assists municipalities in defining policies, programs and actions that are required to address such needs and to ensure the rights of present and future generations (*v.g. supply*).

A demographic perspective also enables the assessment of progress in terms of fulfillment of needs. Thus, it is possible to implement corrective actions so public actions can be adapted to the ever-changing needs of the population.

## 4. Implement Regional Strategies to Promote the Creation of Metropolitan Authorities<sup>4</sup>

### 4.1. Current situation

To what extent are local governments capable of creating the urban planning that is necessary to face urbanization and metropolization processes? Municipalities, which are considered by the Mexican constitution of 1917 as the basic unit of territorial government, have always played a strategic political and cultural role; despite that situation, there have been historical institutional and financial weaknesses. Ever since the early 21st century, municipalities in metropolitan areas have concentrated more than 50% of the total population and almost 80% of the country's Gross Domestic Product (see Chapters 1 and 3). However, the local authorities of metropolitan areas face several challenges. Except for a few experiences, municipalities lack the economic, financial, and even technical capacity for government decision-making that allow for the planning and optimization of urban development and the reduction of the economic and environmental costs (present and future) of their own decisions.

The debt capacity of municipalities is limited because their main sources of revenue consist of conditioned federal transfers in a context where public expenditures are decentralized; at the same time, tax collection continues to be centralized by the Federal Government. The municipal tax collection capacity is minimum. They also lack sufficient administrative capacity to *mobilize actors* in their own jurisdiction and to control urban growth within the context of a “culture of unlawfulness” that puts participative planning and decision-making at risk (see Chapter 2). Last but not least, they must address the poor urban population that is continuously growing in illegal settlements, incapable of paying their growing demand for public services.

Regardless of their geographic, demographic or economic size, municipalities located in the largest metropolitan areas of Mexico focus their efforts on two key objectives: building a *strong and competitive economic environment* and improving the wellbeing of the population through *service provision*. That is how they intend to provide economic opportunities for development and to improve their own income generation capacity to face the demands posed by demographic growth and the ever-changing population structure.

Demographic changes and the expansion of urban land have forced local authorities to deal with matters beyond their geographic borders, such as fresh water supply, drainage, transport routes and basic services, like solid waste treatment, among others. The main problem regarding geographic limits is that, by constitutional mandate, municipalities are free and sovereign; hence, *cooperation* among municipalities is not contemplated in the legal framework. It is a major *legal constraint* for the creation of *metropolitan authorities* (transportation, for example), because their authority would be above the municipalities.

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4 Boris Graizbord (2008), “El gobierno de las zonas metropolitanas en México: de la teoría a la práctica”, in Raoul Blindenbacher and Chandra Pasma (comps.), *Diálogos sobre gobierno local y zonas metropolitanas en países federales*, Colección de cuadernos, Volumen 6, Forum of Federations.



A few “good practices” do stand out amidst such a major limitation. The combination of efforts between the three levels of government has occasionally led to the creation of coordinating metropolitan organizations, with one or many specific goals. Commissions for the metropolitan area of Mexico City, which has been in operation for two decades, are a good example. León and Silao are good examples of municipalities where two towns from the dynamic Bajío Region have responded to urban and industrial growth pressures with cooperation initiatives among municipalities. Another example is the effort to consolidate a competitive metropolitan economy, led by politically aware and sensitive mayors, in the municipalities of two states belonging to the La Laguna metropolitan region, in response to the stagnation of the *maquila* sector.

#### 4.2. Metropolitan authorities?

As can be seen in the previous examples, the growing interest in the creation of new *metropolitan cooperation* bodies, and the strengthening of already existing ones, are implicit in the “development between municipalities” proposal set forward by the federal authorities in charge of enforcing laws and regulations regarding current urban development. However, these initiatives are still emerging and *it is necessary to foster* institutional metropolitan agreements for management and administration throughout the 59 metropolitan areas of the country.

However, municipal governments face *three dilemmas* in front of such possibility. The *first dilemma* is: To what extent can the municipality *delegate authority* in an external municipality (in the present and in the future)? This question is important because the constitutional mandate of municipalities is to regulate the goods and services of the local population and not those of the urban population settled in adjacent or neighboring municipalities. In regards to such dilemma, it is necessary to strengthen the capacities of municipal governments to calculate the present and future costs and benefits of decisions on growth and urban development. Urban decisions are currently made by municipal governments (according to the law) by calculating both the costs and benefits of investment, for example, in infrastructure, for the present population in the municipality, without considering future populations and the environmental and territorial impact on broader land units. Calculations and decisions made by local governments would be *completely different* if future costs and impact on different scales were taken into account (environmental, economic and of any kind) in government actions.

The *second dilemma* is: How to develop *competitive* metropolitan areas and achieve an equal and efficient distribution of services among the population of the city at the same time? The fact that a government model that could be applied in all of the metropolitan areas of the country does not exist is commonly accepted, but it is also accepted that higher government units have a role to play when it comes to the control of air pollution, water supply and drainage systems, mass transportation systems and income redistribution to increase the fiscal capacity of the lowest income communities. Nevertheless, many would be in favor of the advantages of a group of differentiated local governments, instead of a centralized and bureaucratic metropolitan government that encompasses an entire area instead of a metropolitan zone. They think that if every government level is autonomous within its own area of competence, political spaces will open, as well as a new opportunity for *cooperation*, instead of *competition* (or *cooperative competition*: Garrocho, 2015). Decentralization, in terms of the participation of multiple local governments in just one metropolitan area, can also be an *efficient and effective* structure that will add more services and fulfill the needs of different consumers just as a heterogeneous demand.

The *third dilemma* is: How to achieve coordination not only between municipalities but also between the different levels of government, including state and federal governments? Municipalities, however, are not specifically urban types of governments, because their jurisdictions and responsibilities include both rural and urban areas. Usually, the geo-political jurisdiction does not match urbanized land, because municipal demarcation was pretty much created in the early 20th century (due to historic reasons that are just irrelevant now). As a matter of fact, *as a rule of thumb*, the expansion of cities and metropolises goes beyond the political-administrative demarcation of municipalities which, in practical terms, makes the establishment of territorial planning and urban development programs more difficult. The fact is that municipalities have set themselves as the historic foundation of the country's territorial organization. Nevertheless, in institutional terms, urban development management and territorial planning are *concurring responsibilities of the three levels of government*.

While conflicts of land and conflicts in terms responsibilities and duties in intergovernmental coordination exist almost naturally in any federal system, the Mexican case is pretty unique. Regulations not only exist in every single level of government, but laws, plans and programs are not necessarily coordinated and negotiated and, in many cases, contradict each other.

In a complex and uncertain environment, such as the metropolitan area of Mexico City, with its more than 20 million people, and other two metropolitan areas in the country within the five-million inhabitant range, standardization and a distant administration can lead to inefficiencies and cause some areas and population groups to lack proper services, or the location of services to make them too expensive to use or, in extreme cases, impossible to use.<sup>5</sup> Some may argue that local authorities will always have the chance of benefiting without further effort and refrain from providing social assistance to the poor in the form of public services, but others will admit that providing certain services would be more efficient if a central form of organization was used on *large scale*. In addition, local authorities always respond to the pressures of the demand, and seldom promote development in an active way or in compliance with quality standards, due to limited financial management and human resources. This being the case, is there a chance that everybody is better off with a centralized regime?

In terms of *administrative federalism*, the alternative between a completely centralized or decentralized allocation of powers and the issue of which population and which citizens must be grouped to provide a collective good, has not yet been sorted out in Mexico. A legal framework is required to *distribute responsibilities in terms of functions*: the central government could control the legislation, while the other levels of government could become managers and administrators of service provision. However, it seems that local governments in Mexico have an additional burden in terms of providing basic public services to the population within their jurisdiction: become spokespersons of the country's economic development policy and the national strategy for climate change adaptation. In other words, to become *transmission belts* from the global to the local.

The recent interest in the impacts of climate change and the active role the Mexican Government intends to play may perhaps also require an effort to build awareness of the fact that environmental topics are characterized by their multisectoral and interdependent nature, and that, therefore, they not only involve global and national environments, but reach the local sphere as well.

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<sup>5</sup> Si el servicio es gratuito en el punto de oferta, el costo más tangible de utilizar un servicio o adquirir un bien es el costo de trasladarse al punto de oferta: el costo de transporte. El costo de transporte determina quién utiliza qué servicio y con qué oportunidad y frecuencia. Por eso, la localización de las oportunidades urbanas y el diseño del transporte son políticas de redistribución de beneficios y cargas entre la sociedad (véase Capítulo 2).









