

Institutional Collective Action and Metropolitan Governance in Latin America: A Theoretical Framework

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Abstract

Metropolitan regions in Latin America (LA) face rapid urban expansion, fragmented authority, overlapping jurisdictions, and limited institutional capacity that challenge their environments, economic development, and social well-being. Regional collective action offers cooperative solutions to accommodate population growth, infrastructure demands, and economic activities while minimizing environmental impacts. Nevertheless, collective action is challenging because of incentives to free ride. The Institutional collective action (ICA) theory of intergovernmental collaboration has been applied in Western contexts, but may be a poor fit to LA because its assumptions don't align with its political, administrative, and socio-economic realities. This article develops a theoretical framework—the LA-ICA Framework—that modifies core ICA concepts to account for high levels of centralization, heterogeneous local capacities, economic inequality, weak professionalization, and the prominent role of national governments. We theorize how collaborative mechanism transaction costs and collaboration risk influence collaborations and identify four ideal-type integration mechanisms that emerge from these constraints. By extending ICA theory to the Latin American context, this article provides a conceptual foundation for analyzing metropolitan governance in the region and guidance for designing collaborative institutions. It contributes to urban planning, governance and public policy by identifying how metropolitan regions in Latin America can address regional urban growth dilemmas.

Keywords

Institutional Collective Action, Metropolitan Governance, Latin America,

 Collaboration Risk, Fragmented Authority, Intergovernmental Relations,
 Regional Governance

1. Introduction

Metropolitan regions across Latin America (LA) are characterized by extensive fragmentation of governmental authority. The 64 metropolitan areas with populations exceeding one million residents encompass more than one thousand municipal governments, each with its own political leadership, administrative structures, and service responsibilities (Nickson, 2023; Ramírez de la Cruz, 2026). Governmental fragmentation in combination with rapid urbanization, demographic pressures, and expanding service demands threaten the sustainability of urban regions and intensify the need for coordinated governance (Castillo, 2025; Trejo Nieto et al., 2018; Rodriguez, 2019), yet institutional arrangements remain poorly equipped to address cross-jurisdictional urban growth challenges the dynamics of urban expansion and its implications for environmental protection, economic development, and social well-being (Castillo, 2025; Ramírez de la Cruz, 2026).

Fragmentation of authority to manage urban growth produces a series of institutional collective action (ICA) dilemmas in which the pursuit of local interests by individual governments leads to collectively suboptimal outcomes for the metropolitan region (Feiock, 2009, 2013). These dilemmas arise both horizontally—among municipalities operating at the same level of government—and vertically, where responsibilities overlap between national, regional, and local authorities. Decisions regarding transportation, land use, environmental management, and infrastructure often generate spillovers that extend beyond municipal boundaries, creating incentives for free-riding, defection, or inaction.

ICA theory provides a powerful lens for understanding these governance failures. Developed primarily in the context of the United States, ICA theory conceptualizes metropolitan governance as a problem of coordinating autonomous actors who face transaction costs, uncertainty, and risks when attempting to collaborate. Mechanisms such as interlocal agreements, regional authorities, and informal networks can mitigate these dilemmas, but their feasibility depends on the costs of decision-making, the degree of autonomy surrendered, and the risks of coordination, division, and defection.

However, the institutional, political, and socio-economic conditions of Latin America differ substantially from those in the United States and Europe (Tavares & Feiock, 2018). Many LA countries exhibit strong centralization, limited local autonomy, uneven administrative capacity, high levels of economic inequality, and political dynamics that shape incentives for collaboration in distinctive ways (Eaton, 2022; Castillo, 2025; Ramírez de la Cruz, 2026). As a result, ICA theory must be adapted to account for these contextual factors.

This article develops a theoretical framework—the LA-ICA Framework—that extends ICA theory to the Latin American context. Drawing on institutional anal-

ysis, transaction cost theory, and the literature on intergovernmental relations, we identify the mechanisms, risks, and structural conditions that shape metropolitan governance in LA. Two types of transaction costs—mechanism costs and collaboration risks—are especially salient in the region and these costs interact with national legal frameworks, local capacities, and socio-economic heterogeneity to shape feasible governance arrangements.

The goal of this article is conceptual rather than empirical. While illustrative examples from Bogotá, Buenos Aires, Monterrey, and Santiago inform the development of the framework (Ramírez de la Cruz, 2026), the primary contribution is theoretical: to articulate a model that explains why certain forms of metropolitan collaboration emerge in Latin America and why others remain unlikely or ineffective. By doing so, we provide a foundation for future empirical research and offer guidance for policymakers seeking to design institutions capable of mitigating fragmentation.

The remainder of the article proceeds as follows. Section 2 examines the problem of collective action at an individual and organizational level reviews the ICA framework and its theoretical foundations. Section 3 offers an overview of the ICA theory critically examining the concepts of mechanism, transaction costs and collaboration risk. Section 4 then describes the challenges of ICA in LA through the lens of transaction cost and collaboration risk. This assessment highlights how the nature of institutional problems and actors in LA diverges from the assumptions of conventional ICA theory, identifying the mechanisms and conditions that shape collaboration in the region. Section 5 then offers LA-ICA Framework that modifies ICA to better fit the LA context. Section 6 discusses the implications of this framework for understanding metropolitan governance and designing effective institutions. Section 7 concludes by outlining directions for future research.

2. The Dilemma of Intergovernmental Collective Action

Institutional Collective Action (ICA) theory provides a systematic approach for understanding why local governments in metropolitan regions struggle to coordinate their actions, even when cooperation would yield clear collective benefits. ICA dilemmas arise when fragmented political authority leads multiple jurisdictions to make decisions independently, producing outcomes that are inferior to those that could be achieved through coordinated action (Feiock, 2013). These dilemmas are particularly acute in metropolitan areas, where interdependencies in land use, transportation, environmental management, and infrastructure provision create spillovers that transcend municipal boundaries, threatening sustainability.

In the United States, where ICA theory was developed and applied, local governments possess substantial autonomy, and collaboration typically emerges through voluntary agreements, interlocal contracts, special districts and regional councils of governments. These mechanisms reflect a political culture that values local control and a legal framework that limits the authority of higher-level governments

to impose regional solutions. As a result, ICA theory emphasizes self-organizing governance arrangements that balance autonomy with the need for coordination (Kwon et al., 2014).

However, the assumptions underlying ICA theory do not fully align with the institutional realities of Latin America and many other regions. In many LA countries, local autonomy is limited, national governments play a dominant role in metropolitan affairs, and administrative capacities vary widely across municipalities. These conditions shape the feasibility and effectiveness of different governance mechanisms; thus, modifications of the standard ICA theoretical framework that accounts for the distinctive features of the region are needed.

Before constructing an LA-specific ICA framework, this section identifies the theoretical foundations of ICA theory on which to build, including the logic of individual collective action and the concepts of transaction costs, social embeddedness, and policy instruments, which together explain why collaboration is difficult and how institutions can mitigate collective action dilemmas.

2.1. The Logic of Individual Collective Action

Collective action situations are commonly cast as a prisoner's dilemma game in which players have can collaborate or defect. Although collective benefit is greatest if all collaborate, it is in the individual interests of each player to defect. Since individuals' incentives often do not align with collective interests, preference alignment problems are often rooted in the nature of the good or service and contextual factors (Olson, 1965; Ostrom, 1990). Ostrom (1990) demonstrates how self-governance of common pool resources has the potential to secure joint benefits and sustainable use of natural resources in the face of individual incentives to behave opportunistically.

Ostrom and her colleagues pointed out that individuals, when facing collective action dilemmas, are able to recognize the long-term benefit of collaboration when the "games" are long-term or indefinite. To maximize personal gain, rational individuals in repeated games have the incentives to form collective action relationship and sanction those who do not comply (Ostrom, 1990). Applying insights from behavioral science, Ostrom advanced a second-generation rational choice theory, arguing that a reputation for reciprocity mitigates information uncertainty, allowing higher long-term benefits. Even in finite games, individuals show a significantly higher level of initial collaboration.

The most well-known solution to generate cooperation among individuals is repeated games. In an infinitely repeated game, rational individuals will find it worthwhile to adopt trigger strategies, so called because player *i* cooperates until someone fails to cooperate, which triggers a switch to non-cooperation forever after. But this is somewhat unrealistic because such indefinite interactions are uncommon in the real world. Infinite interactions may be replaced by finitely repeated games.

The geographical immobility and proximity between local governments create

opportunities to establish long-term reciprocities, build reputation and minimize opportunism (Berardo & Scholz, 2010; Gulati, 1995; Uzzi, 1997). Social embeddedness theories provide explanations for the development of successful collective action solutions. The ICA framework builds upon this logic of individual collective action and has provided important new insights to our understanding of governance issues in metropolitan areas and the adoption of collaborative mechanisms to mitigate collective action problems.

2.2. Theoretical Foundations of ICA

ICA theory draws on several strands of scholarship beyond individual collective action that explain the challenges of intergovernmental collective action and the institutional arrangements that can facilitate cooperation. These foundations include transaction cost economics, social local public economics network theory, and the study of policy instruments.

Transaction cost economics (Williamson, 1981; Brown & Potoski, 2003) explains how uncertainties, information asymmetries, and opportunism increase the costs of negotiating, monitoring, and enforcing agreements. In the context of metropolitan governance, transaction costs arise when local governments attempt to collaborate on shared services or regional policies. These costs influence the choice of governance mechanisms: informal agreements may minimize autonomy loss but increase enforcement risks, while formal institutions reduce uncertainty but require greater commitment.

Social network theory highlights the role of trust, reciprocity, and repeated interactions in facilitating cooperation (Granovetter, 1985; Berardo & Scholz, 2010). Local governments embedded in dense networks of interaction may be more willing to collaborate because long-term relationships reduce the risk of opportunism. In metropolitan regions with strong social capital, informal mechanisms may be sufficient to overcome ICA dilemmas. Conversely, in regions with weak trust or high political polarization, more authoritative mechanisms may be necessary.

The policy tools literature (Salamon & Elliott, 2002; Peters, 2018) identifies a range of instruments—contracts, grants, regulations, and organizational structures—that governments use to achieve policy goals. In metropolitan governance, these tools shape the incentives and constraints facing local governments. For example, interlocal agreements allow municipalities to share services while retaining autonomy, whereas regional authorities centralize decision-making to internalize spillovers. Together, these theoretical foundations explain why ICA dilemmas arise and how institutions can mitigate them.

3. Institutional Collective Action Theory

ICA theory conceptualizes metropolitan governance as a problem of interdependent decision-making among autonomous local governments. Each jurisdiction seeks to maximize its own welfare, but the benefits of cooperation, such as economies of scale, reduced congestion, or improved environmental quality, are shared

regionally. Conversely, the costs of collaboration, including negotiation, monitoring, and enforcement, are borne by individual governments. This asymmetry creates incentives for free-riding, defection, or inaction, resulting in fragmented and inefficient governance.

The ICA framework identifies a range of mechanisms that local governments may use to mitigate these dilemmas. These mechanisms vary along two key dimensions: scope and authoritativeness (Feiock & Scholz, 2010). Scope refers to the breadth of actors and policy functions involved in a collaborative arrangement, ranging from bilateral agreements between two municipalities to multilateral, multifunctional regional institutions. Authoritativeness refers to the degree to which collaboration relies on informal norms versus formal, binding authority. Informal networks and voluntary agreements preserve local autonomy but may lack enforcement capacity, while formal regional authorities can internalize spillovers but require municipalities to cede decision-making power.

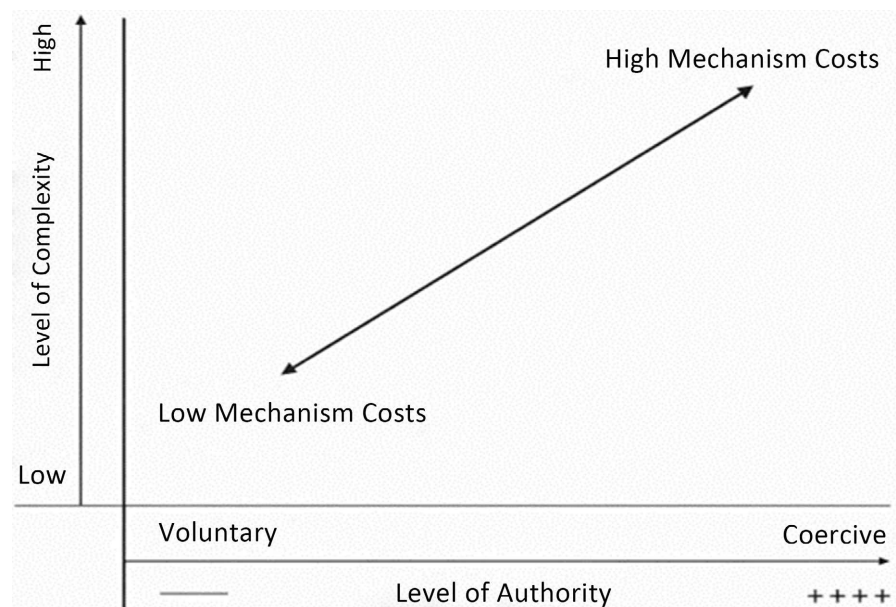


Figure 1. Mechanism costs by levels of complexity and authority.

Figure 1 illustrates how mechanism costs increase as both the complexity of interdependence and the authority of the integration mechanism rise. The vertical axis represents the level of complexity, ranging from low to high, while the horizontal axis represents the level of authority, ranging from voluntary to coercive. The diagonal gradient from the lower-left to the upper-right quadrant conveys the ICA proposition that mechanism costs escalate when actors must coordinate across multiple issues while simultaneously ceding greater autonomy to a shared governance structure.

3.1. Mechanism Cost

The institutional collective action (ICA) framework provides a taxonomy for un-

derstanding how local governments coordinate their behavior in metropolitan regions and how different integration mechanisms mitigate the problems associated with fragmented authority. Mechanisms for collaboration vary in their complexity—defined by the number of actors and issues involved—and in the degree of authority they require participants to cede. These two dimensions determine the “mechanism costs” that local governments must bear when adopting a particular arrangement (Feiock, 2013). As complexity increases, so do the decision costs associated with searching for information, negotiating, and bargaining (Williamson, 1981). As authority increases, autonomy costs rise because participants must relinquish discretion and invest in monitoring and enforcement (Kim et al., 2022). Informal agreements, such as working groups or information-sharing networks, impose relatively low costs because they are voluntary and flexible, while more formal mechanisms—contracts, joint authorities, or councils of government—require greater sacrifices of autonomy but can reduce uncertainty and better constrain opportunistic behavior.

The ICA framework assumes that actors prefer the mechanism that minimizes transaction costs while still resolving the collective dilemma. However, when collaboration risk is high, more authoritative and encompassing mechanisms may be necessary. These arrangements can reduce behavioral uncertainty and, if successful, may lower collaboration risk over time, enabling less authoritative mechanisms in the future (Andrew et al., 2015; Swann & Kim, 2018).

3.2. Collaboration Risk

Collaboration risk captures the environmental and relational uncertainties that threaten cooperative arrangements. Failure may occur through defection—when participants withhold information, shirk responsibilities, or abandon commitments—or through coordination and division problems, where jurisdictions cannot align their actions or agree on how to distribute costs and benefits. When local officials believe voluntary arrangements are likely to fail, they become more willing to incur the higher mechanism costs associated with authoritative governance structures. Collaboration risk thus functions as a transaction cost: the greater the perceived likelihood and consequences of failure, the more actors are willing to pay for mechanisms that reduce uncertainty (Hansen, Mullin, & Riggs, 2020).

These risks arise from the interaction of three factors: the nature of the problem, the preferences and capacities of the actors, and the institutional context. Even when jurisdictions appear similar, differences in problem structure, preference alignment, or institutional rules can create incentives that impede coordination or make opportunistic behavior advantageous (Feiock, 2013). Such risks generate demand for stronger institutions capable of constraining behavior and stabilizing expectations (Carr & Hawkins, 2013).

Institutions shape collaboration risk by defining the powers and responsibilities of local governments and the venues available for addressing regional issues. Political structures—party systems, electoral rules, and executive arrangements—

shape the information available to decision makers and the incentives they face. Administrative capacity is also critical; jurisdictions with greater professional expertise are better equipped to negotiate, implement, and monitor collaborative arrangements. Power asymmetries further complicate cooperation. When actors possess unequal resources, less powerful jurisdictions may fear exploitation and avoid voluntary agreements (Shrestha & Feiock, 2009). These imbalances influence the institutional designs chosen to mitigate risk (Kim et al., 2022; Shen, 2024). Although higher-level intervention often plays a decisive role in metropolitan governance, ICA typically treats such coercion as exogenous.

The nature of the problem itself affects collaboration risk. When service characteristics are transparent, costs are measurable, and success does not depend on a single actor, collaboration risk is low because informed choices are possible and opportunism is unlikely (Williamson, 1981). Game-theoretic distinctions between coordination and cooperation problems reinforce this logic: coordination problems involve shared goals and little incentive to defect, while cooperation problems involve higher risk because actors may benefit from free riding (Berardo & Scholz, 2010; Feiock & Scholz, 2010).

Finally, the preferences and capacities of the actors shape the likelihood of collaboration failure. Divergent preferences across jurisdictions—rooted in economic, demographic, or ideological differences—signal misaligned goals and increase the potential gains from non-cooperation. Homophily in socioeconomic and political characteristics reduces agency problems and lowers the costs of aggregating preferences. Divergent preferences within jurisdictions can also generate conflict, and partisan competition may produce regime changes that undermine the durability of commitments. Shared political systems and institutional norms can help constrain opportunistic behavior, which is why affluent municipalities often prefer voluntary mechanisms that preserve autonomy and minimize exposure to risk.

Together, these dynamics explain why collaboration risk varies across metropolitan regions and why local governments choose different mechanisms to manage interdependence. When risk is low, simple and voluntary arrangements are sufficient; when risk is high, more authoritative and costly mechanisms become necessary to ensure cooperation.

4. Metropolitan Governance in Latin America

Metropolitan governance in Latin America (LA) reflects a dynamic mix of formal and informal institutions through which local governments attempt to address regional problems collectively. The institutional collective action (ICA) framework highlights how collaboration depends on actors' assessments of the benefits, costs, and risks of interjurisdictional cooperation. In LA metropolitan regions, political incentives, administrative capacity, and deep socioeconomic inequalities shape these assessments in distinctive ways.

Regional governance in Bogota, Buenos Aires, Mexico City, Sao Paulo, and San-

tiago exemplifies how, transaction costs and collaboration risks shape the mechanism of collective action. Interviews were conducted with journalists and urban scholars in each of these cities and these insight inform the analysis here (Ramírez de la Cruz, 2026). Below, we discuss how institutions, problems, actors influence regional governance based on the experiences of Latin American cities. We argue that the success of metropolitan ICA efforts is influenced by: the political–institutional arrangements in place governing local autonomy and coordination; the nature of the specific problems recognized and addressed at a regional level; and the incentives of the affected actors to participate in collective action taking into account local power dynamics and the roles of policy entrepreneurs and the barriers to collective action posed by high levels of economic and social inequality.

4.1. Institutions

ICA theory emerged in federal systems where local autonomy is constitutionally protected. In LA, however, both unitary and federal countries exhibit strong central authority. In unitary systems such as Colombia and Chile, national governments can impose uniform regional arrangements that reduce uncertainty and lower coordination costs. In federal systems such as Brazil and Mexico, state governments often assume regional functions and create metropolitan bodies for planning and service delivery.

Across both systems, national and state governments frequently use fiscal tools, especially infrastructure financing, to reduce transaction costs and induce cooperation.

Yet in LA institutional incentives often work against collaboration. Unlike the United States, where fragmented authority and overlapping jurisdictions create incentives for negotiated cooperation, LA electoral systems tend to produce winner-take-all politics. Political misalignment across jurisdictions makes collaboration voluntary, fragile, and easily reversed when partisan control shifts. Without enforceable regional institutions, cities face high risks of policy inconsistency and credit-claiming competition. Local officials may avoid collaboration if rivals are likely to capture political benefits.

Autonomy also functions differently in LA. In many cities, autonomy is not matched with adequate fiscal resources, creating political liability rather than capacity. Weak revenue bases and large informal labor markets, often exceeding 50 percent of employment, undermine incentives to formalize economic activity and reduce the resources available for regional initiatives. These institutional asymmetries concentrate power at higher levels of government, prompting local resistance to national or state intervention through both formal and informal channels.

Local governments thus enter ICA dilemmas with limited authority, fragile institutions, and uneven administrative capacity. Variation in constitutional frameworks, local preferences, and community homophily further increases collaboration risks and transaction costs.

4.2. Problems

The nature of metropolitan problems in LA alters the calculus of ICA. In the classic ICA model, loss of autonomy reduces willingness to collaborate. But autonomy has limited value when cities lack the resources to address problems independently, as is often the case in LA. This is especially true for redistributive services that generate little revenue (Peterson, 1981).

Urban metropolitan regions in the LA like much of the developing world are characterized by rapid population growth. Although intergovernmental collaboration thrived in the US and other countries in the global north during periods of rapid population growth, they did not face the problems of economic and social inequality that challenge many LA countries.

Many metropolitan regions are characterized by massive widespread poverty along with concentrations of wealth in a few jurisdictions. Peripheral urbanization, informal settlements, and uneven access to basic services often generate stark contrasts between central and outlying areas. These disparities not only hinder service delivery but also reinforce the jurisdictional fragmentation with a fragmented political culture, where residents identify more strongly with their immediate locality than with the broader region (Ramírez de la Cruz, 2026). Inequality also increases collaboration risks. Wealthier jurisdictions fear subsidizing poorer neighbors, while poorer jurisdictions distrust regional arrangements that may privilege central cities. Public investments in transportation, housing, and infrastructure often reproduce existing inequalities, further reducing incentives for collective action.

4.3. Actors

In the United States and Europe, strong social capital, civic organizations, and traditions of local autonomy support trust and cooperation. In LA, constant migration and weak regional identity limit public support for metropolitan initiatives. Professional associations and policy entrepreneurs, rather than civic coalitions, often serve as the primary advocates for regional governance. For example, Fundación Metropolitana in Buenos Aires created the Metropolitan Observatory to generate knowledge and promote coordinated planning (Ramírez de la Cruz, 2026).

Political incentives also shape collaboration. Mayors frequently use regional initiatives to build visibility and advance to higher office, aligning ICA participation with personal career goals. At the same time, economic competition and fiscal disparities discourage cooperation. Wealthy municipalities face high collaboration risks in contexts marked by informality, weak rule of law, and expectations of resource sharing. Patronage-based distribution of national funds further erodes incentives for regional coordination.

Economic and fiscal dynamics incentive actors' interest in interjurisdictional collaboration. ICA theory recognizes that preference heterogeneity increases collaboration risks, but LA's extreme inequality magnifies these risks far beyond the

levels typically observed in U.S. metropolitan areas. In the US, racial and ethnic differences are primary sources of heterogeneity, but in LA's large metropolitan regions poverty and the stark economic disparities among places sharply escalate collaboration risks. Constituents in affluent jurisdictions often oppose subsidizing poorer areas, raising the political costs of intergovernmental cooperation. As a result, higher-level governments frequently must intervene for collective action to occur.

Although ICA recognizes that differences in preferences across communities can increase actors' risks for collaboration, it does not adequately account for the salience of inequality on actors' incentives to work collectively. In the US, racial and ethnic differences are primary sources of heterogeneity, but in LA's large metropolitan regions poverty and the stark economic disparities among places sharply escalate collaboration risks.

Administrative capacity also shapes collaboration risks. Many metropolitan problems require sophisticated technical solutions, yet administrative capacity varies widely across jurisdictions. Limited numbers of professional public officials hinder coordination among actors who lack shared norms or technical frameworks. Political parties often fill this institutional void, with powerful local officials or party leaders distributing benefits and costs in the absence of formal regional arrangements.

5. The Latin America ICA (LA ICA) Framework

The Institutional Collective Action framework provides a powerful foundation for understanding metropolitan governance, but its original formulation reflects the institutional, political, and administrative context of the United States. Applying ICA theory to Latin America requires adapting its assumptions to account for the region's distinctive governance structures, socio-economic conditions, and political dynamics. The LA-ICA Framework extends ICA theory by incorporating these contextual factors and identifying the mechanisms and risks that shape metropolitan collaboration in the region.

The LA-ICA Framework rests on two central propositions:

1) Mechanism costs—the loss of autonomy and the decision-making costs associated with collaboration are shaped by the degree of centralization and the historical distribution of authority in each country.

2) Collaboration risks—coordination, division, and defection risks—are amplified by socio-economic inequality, administrative heterogeneity, and political volatility.

Together, these factors produce a distinctive pattern of metropolitan governance in Latin America, characterized by a mix of voluntary, delegated, and imposed mechanisms that differ from those commonly observed in North America and Europe.

5.1. Mechanism Costs in the Latin American Context

In ICA theory, mechanism costs refer to the autonomy costs and decision-making

costs associated with different forms of collaboration. In the United States, where local autonomy is constitutionally protected, municipalities are reluctant to cede authority to regional institutions, making voluntary agreements more common than imposed solutions.

In Latin America, however, the historical and constitutional context differs significantly because centralized authority reduces autonomy costs. In many LA countries, local governments have historically operated under strong national or state control. As a result, municipalities may not perceive delegation to a metropolitan authority as a loss of autonomy. Regional institutions created by national governments may be viewed as empowering rather than constraining. In addition, imposed authority may be more politically feasible than in federal systems with strong local autonomy. This contrasts sharply with the U.S. context, where imposed regional governance is politically contentious.

Decision costs rise as the scope of collaboration expands in regard to the number of policy problems addressed by the collaboration mechanism. Unlike the US case, decision costs are shaped more by the number of policies rather than the number of governments. Bilateral agreements are rare. Agreements also tend to be more coercive and authoritative than those of the US. This reflects that authority is more necessary for multilateral mechanisms. Moreover, the imposition of authority is culturally and politically more acceptable in LA. Thus, collaborations and metropolitan governance are possible even in very decentralized political systems. Political, not just economic, interests shape the costs and benefits of cooperation for local actors. Moreover, endogenous institutions are important.

In Latin America, we observe that metropolitan regions often include multiple policies in municipalities with highly unequal capacities. In this context, multilateral agreements require significant coordination across diverse actors. There is also significant technical complexity, especially in transportation, land use, and environmental management. This raises the informational demands of collaboration. These factors increase the likelihood that national governments will intervene to impose coordination mechanisms.

5.2. Collaboration Risk in the Latin American Context

As discussed earlier, collaboration risks are shaped by the nature of the problem, the characteristics of participating jurisdictions, and the institutional environment. In Latin America, these risks are heightened by four factors: high economic inequality, which increases division risks and weak administrative capacity, which increases coordination risks; political volatility, which increases defection risks; and ambiguous legal frameworks, which increase uncertainty. These conditions make voluntary collaboration difficult to sustain and increase reliance on more authoritative mechanisms. The general proposition that is the foundation of our analysis is that the characteristics of governance in Latin America—inequality, administrative heterogeneity, and political volatility—escalate collaboration risks requiring more authoritative and more encompassing mechanism for effective

collaboration.

Four Types of Integration Mechanisms in the LA ICA

By cross-classifying mechanism costs (autonomy loss and decision costs) with collaboration risks, the LA-ICA Framework identifies four ideal-type integration mechanisms that characterize metropolitan governance in Latin America: Multiplex Collective Action which is characterized by expansive scope and low authoritativeness; Targeted Collective Action -which in characterized by narrow scope and low authoritativeness; Imposed District Governance characterized by expansive scope and high authoritativeness; and Imposed Specialized Collaboration which is characterized by narrow scope and high authoritativeness.

Figure 2 classifies Latin American (LA) institutional collective action mitigation strategies according to their associated decision and autonomy costs. The vertical axis represents decision costs, ranging from single-issue (low) to multi-issue (high), while the horizontal axis represents autonomy costs, ranging from voluntary (low) to coercive (high). Four categories of mechanisms occupy the resulting quadrants: targeted collective action (low decision and autonomy costs), multiplex collective action (high decision, low autonomy costs), imposed specialized collaboration (low decision, high autonomy costs), and imposed district governance (high decision and autonomy costs). The diagonal arrow, adapted from -, illustrates how mechanism costs increase as both complexity and authority rise, highlighting the progression from voluntary to imposed forms of metropolitan collaboration.

Decision costs +++ ---	Multi Issue	Multiplex Collective Action	Imposed District Governance
	Single Issue	Targeted Collective Action	Imposed Specialized Collaboration
		Voluntary	Coercive
		--- Autonomy costs +++	

Figure 2. Latin America Mechanism costs by levels of complexity and authority.

Multiplex Collective Action (MCA) mechanisms include a broad expansive scope in terms of the number of actors participating, the number of issues addressed or both. These mechanisms typically involve voluntary collaboration across multiple policy areas. MCA relies on informal networks, shared identity, or strong so-

cial capital MCA is more feasible in regions with administrative capacity and cultural homogeneity.

Targeted Collective Action (TCA) combines narrow issue scope with low authoritativeness. Often TCA is carried out through voluntary collaboration focused on a single issue (e.g., waste management, water supply). TCA has low decision costs which can make these arrangements more common, but it is still vulnerable to defection and capacity constraints.

Imposed District Governance (IDG) combines broad expansive scope with a high level of authoritativeness. This is exemplified by national or state governments creation of metropolitan authorities with broad responsibilities. Such collaboration institutions are common in centralized systems because they reduce coordination and division risks, although they may face legitimacy challenges.

Imposed Specialized Collaboration (ISC) mechanisms are defined as narrow in scope by high in their level of authoritativeness. With ISC, higher-level governments impose coordination for a single service. This reduces defection risk and ensures uniform standards. Thus it is often used when voluntary collaboration fails.

These four mechanisms reflect the interaction between mechanism costs and the enhanced collaboration risks in the Latin American context. They also illustrate why metropolitan governance in the region often relies on hybrid arrangements that combine voluntary and imposed elements.

6. Discussion

The LA ICA Framework provides several advantages over the original ICA model. First, it better accounts for the central role of national governments in metropolitan governance. Second, it incorporates the effects of economic inequality, which are more pronounced in Latin America than in the United States and western Europe. Third, it recognizes the importance of administrative capacity, which varies widely across municipalities. Fourth, it explains why imposed authority is more common and often more effective in the region. This is because of higher transaction cost than other contexts due to enormous inequality, administrative heterogeneity, and political volatility. Moreover, there tends to be greater public acceptance of governmental authority than in the US Canada and western Europe. Fifth, it provides a conceptual stronger theoretical foundation for analyzing the diversity of metropolitan governance arrangements observed across Latin America.

The LA ICA Framework provides a conceptual foundation for understanding why metropolitan governance in Latin America takes the forms that it does and why certain collaborative arrangements succeed while others fail. By integrating mechanism costs, collaboration risks, and contextual factors such as centralization, inequality, and administrative capacity, the framework offers several key insights for scholars and policymakers. By adapting ICA theory to the Latin American context, the LA ICA Framework offers a more accurate and nuanced under-

standing of the institutional dynamics that shape metropolitan collaboration in the region.

6.1. National Governments Play a Structuring Role

Unlike the United States, where local autonomy is constitutionally entrenched and regional governance is largely voluntary, Latin American metropolitan governance is deeply shaped by national and state governments. Central authorities often create metropolitan institutions, mandate coordination in specific policy areas, provide financial resources for regional projects, and define the legal frameworks for intermunicipal collaboration. This top-down role is not merely a legacy of centralization; it is a functional response to high collaboration risks and uneven local capacities. In contexts where voluntary cooperation is unlikely to emerge, national intervention may be the only viable mechanism for internalizing spillovers and ensuring coordinated action.

6.2. Economic Inequality Limits Voluntary Collaboration

High levels of socio-economic inequality across municipalities create divergent preferences for public services and differing abilities to contribute to regional initiatives. Wealthier jurisdictions may resist collaboration if they perceive that they will subsidize poorer neighbors, while poorer jurisdictions may lack the administrative or fiscal capacity to participate effectively.

As a result, targeted voluntary agreements are more feasible than broad, multi-lateral arrangements. Also, redistributive policies are politically contentious at the metropolitan scale. In addition, external subsidies from national governments are often necessary to overcome division risks. This dynamic helps explain why metropolitan governance in Latin America frequently relies on imposed or delegated mechanisms rather than voluntary regionalism.

6.3. Administrative Capacity Shapes Feasible Governance Mechanisms

Variation in administrative capacity across municipalities increases coordination and defection risks. Municipalities with limited professional staff may struggle to engage in complex negotiations or implement collaborative policies, creating asymmetries that undermine cooperation. The LA-ICA Framework suggests that high-capacity municipalities may lead regional initiatives but cannot sustain them alone. Conversely, low-capacity municipalities require technical assistance and institutional support. Moreover, regional or national agencies may be necessary to provide expertise and reduce uncertainty. This insight underscores the importance of capacity-building programs and technical support for local governments.

Because neither purely voluntary nor purely imposed mechanisms are sufficient to address metropolitan challenges, hybrid arrangements often emerge. These may include: voluntary agreements supported by national funding; regional authorities with mixed representation; informal networks embedded within formal

institutions and contractual arrangements backed by regulatory oversight. Hybrid mechanisms such as these allow actors to balance autonomy with coordination, reduce collaboration risks, and adapt to changing political and administrative conditions.

6.4. Institutional Design Must Account for Collaboration Risk

We have demonstrated that collaboration risks are more diverse and more severe in the LA context. Thus, our LA-ICA Framework highlights the need for institutional designs that explicitly address coordination, division, and defection risks. Based on the analysis above we surmise that effective metropolitan governance will be dependent on for institutional design factors. First, clear rules for cost-sharing and benefit distribution are necessary to overcome division risks. Second, effective monitoring and enforcement mechanisms need to be put into place to reduce defection risk. Third, information-sharing platforms to reduce can reduce information costs and mitigate coordination failures. Fourth, Stable funding sources are necessary to reduce uncertainty and to ensure long-term viability. We contend that Institutions for regional collaboration that fail to address these risks are unlikely to sustain collaboration over time.

7. Conclusion

Metropolitan governance in Latin America is shaped by a complex interplay of fragmented authority, socio-economic inequality, administrative heterogeneity, and political dynamics. These conditions generate institutional collective action dilemmas that impede coordinated responses to regional challenges. While ICA theory provides a valuable framework for understanding these dilemmas, its original formulation must be adapted to account for the distinctive institutional and socio-political context of Latin America.

The LA-ICA Framework developed in this article extends ICA theory by incorporating two key dimensions—mechanism costs and collaboration risks—and situating them within the region’s historical and constitutional structures. By identifying four ideal-type integration mechanisms and explaining the conditions under which each is likely to emerge, the framework provides a conceptual foundation for analyzing metropolitan governance in Latin America.

This theoretical contribution has several implications. First, it highlights the central role of national governments in structuring metropolitan governance, particularly in contexts where voluntary collaboration is unlikely to emerge. Second, it underscores the importance of addressing socio-economic inequality and administrative capacity as barriers to collaboration. Third, it suggests that hybrid governance arrangements—combining voluntary and imposed elements—are often the most feasible and effective mechanisms for mitigating ICA dilemmas in the region.

Future research should apply the LA-ICA Framework to empirical cases across Latin America to assess its explanatory power and refine its propositions. Comparative studies could examine how variations in legal frameworks, political insti-

tutions, and socio-economic conditions shape the emergence and effectiveness of different governance mechanisms. Additionally, research should explore how metropolitan institutions evolve over time and how political leadership, social capital, and civic engagement influence collaboration dynamics.

By adapting ICA theory to the Latin American context, this article contributes to a more nuanced understanding of metropolitan governance in the region and offers guidance for designing institutions capable of addressing the challenges of fragmented authority. As urbanization continues to reshape Latin America's metropolitan landscapes, the need for effective, coordinated governance will only grow more urgent.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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