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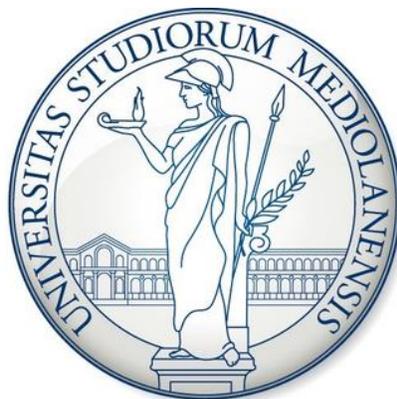
DOCTORAL THESIS

WHEN POLICY MEETS POLITICS:
BORDER DEVELOPMENT AND INTEGRATION IN CENTRAL AMERICA

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ABSTRACT

[English]

This research explores new dynamics of integration in Central America through studying the implementation of cross-border development policies. By implementing development policies at the border level, local communities from different countries engage in new forms of social, political and economic cooperation with each other. Therefore, this research explores the causal conditions that are either necessary or sufficient to create cross-border development policies in Central America. The study included macro and micro context analysis of 20 cities (paired in 10 dyads or cases) across six countries. Furthermore, the research used fuzzy-set Qualitative Comparative Analysis (fs/QCA) in the two-step approach to explain the existence of cross-border development policies. By analyzing cross-border cooperation at two levels, the research found that cross-border policies are created when background contexts (remote conditions) and proximate factors (proximate conditions) interact with each other. Two background or "outcome-enabling" conditions were found in the first-step analysis. Six causal paths were found in the second-step analysis as the result of combining both remote and proximate conditions, complying with the rules of equifinality and conjunctural causation in the two-step approach. The results of the research show that specific political configurations at the macro level are necessary to implement certain types of policies at the border level. This is the area where policy meets politics.

Key words: Integration, Central America, Two-step QCA, Cross-Border Cooperation, Background Context, Proximate Factors.

[Italian]

Questa ricerca esplora nuove dinamiche di integrazione nell'America Centrale attraverso lo studio dell'attuazione delle politiche di sviluppo transfrontaliere. Con l'implementazione delle politiche di sviluppo a livello di frontiera, le comunità locali provenienti da diversi paesi impegnano nuove forme di cooperazione sociale, politica ed economica. Pertanto, questa ricerca esplora le condizioni causali necessarie o sufficienti per creare politiche di sviluppo transfrontaliere nell'America Centrale. Lo studio ha incluso l'analisi di contesto macro e micro di 20 città (accoppiate in 10 diadi o casi) in sei paesi. Inoltre, la ricerca ha utilizzato l'Analisi Comparativa Qualitativa (fs / QCA) a due livelli per spiegare l'esistenza di politiche di sviluppo transfrontaliere. Analizzando la cooperazione transfrontaliera a due livelli, la ricerca ha scoperto che le politiche di frontiera sono create quando i contesti di fondo (condizioni remote) ed i fattori prossimi (condizioni prossime) interagiscono tra di loro. Due contesi di fondo (Background Conditions) sono state trovate nell'analisi del primo livello. Sei percorsi causali sono stati trovati nell'analisi di secondo livello come risultato della combinazione di condizioni remote e prossime, conformi alle regole dell'equifinalità e della causalità congiunturale della fs/QCA. I risultati della ricerca mostrano che sono necessarie specifiche configurazioni politiche a livello macro per implementare determinati tipi di politiche a livello di frontiera. Questa è la zona dove la politica (politics) incontra le politiche pubbliche (policy).

Parole chiavi: *Integrazione, America Centrale, Two-step QCA, Cooperazione Transfrontaliera, Contesti di Fondo, Fattori Prossimi*

ACKNOWLEDGMENTS

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ABBREVIATIONS

AdA	Association Agreements
	(*Acuerdos de Asociación*)
AEC	African Economic Community
ALCA	Free Trade Area of the Americas
	(*Área de Libre Comercio de las Américas*)
AMHON	Municipality Association of Honduras
	(*Asociación de Municipios de Honduras*)
ARENA	National Republican Alliance
	(*Alianza Republicana Nacional*)
ASEAN	Association of Southeast Asian Nations
ASONOG	Nacional Associations of Non-Government Organizations
	(*Asociación Nacional de Organizaciones No Gubernamentales)*
CAC	Central American Agricultural Council
	(*Consejo Agrícola Centroamericano*)
CAN	Andean Community
	(*Comunidad Andina)*
CARICOM	Caribbean Community
CBDP	Cross-Border Development Policies
CERAP	Executive Committee for Reforms of Public Administration
	(*Comité Ejecutivo de Reforma de la Administración Pública*)
CEI	Complete Economic Integration
CET	Common External Tarrif
COCODE	Consulting Committee for Development
	(*Comité Consultivo para el Desarrollo)*
CONPECO	National Coordinator for Disaster Reduction in Guatemala
	(*Coordinadora Nacional para la Reducción de Desastres)*
COMESA	Common Market for Eastern and Southern Africa
CSD	Sectorial Commission for Decentralization
CSI	Compound Socioeconomic Index
	(*Comisión Sectorial para la Decentralización*)
csQCA	Crisp-Set QCA
DSS	Diverse Socioeconomic Status
EAEC	Eurasian Economic Community
EAP	Economically Active Population
ECADERT	Central American Strategy for Local Development
	(*Estrategia Centroamericana de Desarrollo Territorial*)
ECGIR	Central American Strategy for Risk Managment
	(*Estrategia Centroamericana de Gestión Integral de Riesgo*)
ECLAC	Economic Council of Latin America and the Caribbean
ECSC	European Coal and Steel Community
EDL	Elevated Decentralization Level
EEA	European Economic Area

EMU	Economic and Monetary Union
ESCA	Central American Security Strategy (*Estrategia de Seguridad Centroamericana*)
EU	European Union
FMLN	Farabundo Marti Liberation Front (*Frente Farabundo Marti para la Liberación Nacional*)
FOPRODEH	Federation of Private Associations for Development (*Federación de Organizaciones Privadas de Desarrollo*)
FSLN	Sandinista National Liberation Front (*Frente Sandinista de Liberación Nacional*)
Fs/QCA	Fuzzy-set Qualitative Comparative Analysis
FTA	Free Trade Agreements
FTZ	Free Trade Zones
FUNDAECO	Foundation for Ecodevelopment and Conservation (*Fundación para el Ecodesarrollo y la Convervación*)
GATT	General Agreements on Tariff and Trade
GDP	Gross Domestic Product
HDI	Human Development Index
HIS	Horizontally Integrated Spaces
HPI	Homogenous Political Ideology
IICA	Inter-American Institute for Cooperation on Agriculture
IMF	International Monetary Fund
INEC	National Institute of Statistics and Census (*Instituto Nacional de Estadística y Censos*)
INEC-P	National Institute of Statistics and Census of Panama (*Instituto Nacional de Estadística y Censos de Panamá*)
INEG	Guatemalan National Institute of Statistics (*Instituto Nacional de Estadísticas de Guatemala*)
INEH	Honduran National Institute of Statistics (*Instituto Nacional de Estadísticas de Honduras*)
INIDE	National Institute for Development (*Instituto Nacional de Información de Desarrollo*)
MCCA	Central American Common Market (*Mercado Común Centroamericano*)
MFN	Most Favored Nation
NAFTA	North American Free Trade Agreement
NGO	Non-Government Organizations
NTB	Non-Tariff Barriers
MANORPA	Commonwealth of the Municipalities of the North (*Mancomunidad de Municipios del Norte*)
mvQCA	Multi-variate QCA
OAS	Organization of the American States
ODECA	Organization of the Central American States (*Organización de los Estados Centroamericanos*)
OICA	Central American Internacional Office (*Oficina Internacional Centroamericana*)

OMC	Open Method of Coordination
PAECA	Central American Economic Action Program (*Programa de Acción Económica Centroamericana*)
PCARL	Project for the Sustainable Development of the Lempa River
PIECA	Central American Economic Integration Program (*Program de Integración Económica Centroamericana*)
PLH	Liberal Party of Honduras (*Partido Liberal de Honduras*)
PLM	Poverty Line Methodology
PLN	National Liberal Party (*Partido Liberal Nacional*)
PND	National Development Plan (*Plan Nacional de Desarrollo*)
PRESANCA	Regional Program for Food Security (*Programa Regional de Sanidad Alimentaria Centroamericana*)
PRD	Revolutionary Democratic Party (*Partido Revolucionario Democrático*)
PRODERT	Sustainable Rural Development of Fragile Ecological Zones
PTA	Preferential Trading Area
PUSC	Social Christian Unity Party (*Partido Unidad Social Cristiana*)
RCII	Central America Regime for Industries Integration (*Régimen Centroamericano de Integración de Industrias*)
SANU	South American Nations Union
SEGEPLAN	Guatemalan Secretariat of Planning (*Secretaría General de Planificación*)
SICA	Integration System of Central America (*Sistema de Integración Centroamericano*)
SIECA	Secretariat for Economic Integration in Central America (*Secretaría de Integración Económica Centroamericana*)
STP	Shared Territorial Problems
TGIECA	General Treaty of Economic Integration of Central America (*Tratado General de Integración Económica Centroamericana*)
UBNI	Unsatisfied Basic Needs Index (*Índice de Necesidades Básicas Insatisfechas*)
UNDP	United Nations Development Program
WB	World Bank
WTO	World Trade Organization

INTRODUCTION

With the emergence of globalization, many regions in the world have started to open their borders to trade and free commerce. From the creation of the European Union to the establishment of regional economic blocs such as Mercosur, the Association of Southeast Asian Nations (ASEAN), or the North American Free Trade Agreement (NAFTA), nowadays many countries are transforming their political and economic relations with each other. These transformations have changed important concepts in the social sciences, such as state sovereignty, international finance, economic and political integration, international migration, policy analysis, among many others.

In Central America, globalization has also shaped both the way in which the countries relate to each other, and how the process of political and economic integration has unfolded during the last couple of decades. In fact, many of the integration efforts in the region have focused on the creation of supranational institutions similar to the ones generated by the integration model of the European Union. However, many other areas of economic and social development have not been properly addressed by decision-makers in Central America, especially those areas related to local development at the border level. Indeed, cross-border development is a relatively new discipline in the social sciences that focuses on the intersection of the different branches of political science, such as international relations, public policy, and regional studies. Given the importance of social and economic development in Central America within a context of regional integration, this research explores the new perspective of local development through cross-border development policies.

Chapter one presents a complete literature review regarding the central concepts of integration, regionalism, and cross-border relations. This review contains conceptual and theoretical insights about the evolution of the concept of integration over time, and how this evolution has contributed to the elaboration of some theoretical frameworks that are trying to be applied in many regions in the world. Therefore, this review contains three main parts that discuss the key concepts and theories regarding integration. The first part of this chapter gives a review of how the social sciences study the concept of integration. It includes the most relevant definitions, approaches and empirical examples of both economic and political integration. In the economic axis, the most important phases are studied, emphasizing the impact of the European integration

model in the existing literature. In the political axis, the primary schools of thoughts are covered as well, from the functionalist paradigm to the interdependence paradigm, considering all the different reflections and contributions from the classic sociological and political literature. The second part of chapter one studies the evolution of the integration and regionalism, and their impact on the concept of cross-border cooperation between countries. In this part, I explore the developments of the concept of borders and their role in the formation of the national state in the West. Moreover, I also analyze the recent phenomena of border integration within the framework of regionalism, and present the concept of *Horizontally Integrated Spaces* (HIS) as the result of cross-border cooperation or cross-border integration between two or more countries. In the third part of this chapter, I explore the main problems that the literature has found on integration and regionalism. These limitations were summarized in three main areas that the literature needs to address. These problems are a conceptual problem, a theoretical problem, and a methodological problem. The conceptual problem is due to the multiple perspectives and points of views regarding the integration and regionalism phenomena. The theoretical problem relates to the fact that the literature emphasizes mostly on the integration process in Europe, which makes the use of an underlying theory for other integration processes difficult. Finally, the methodological problem includes the dilemma of choosing between a single-case or multi-cases for the analysis, namely, between qualitative or quantitative methods, and the methodological tools used in the different disciplines of the social sciences.

Chapter two focuses on the concept of cross-border cooperation in Central America as a form of integration among the countries. This chapter has three main parts. The first contains a brief historical analysis of the integration process in Central America. The historical perspective allows the know the context, both national and international, in which Central America started its integration process. Second, the perspective of cross-border development is explored, as well as a contrast to the historical and institutional perspective of integration in the region. Here, the concept of *horizontal integration* (cross-border development) and *vertical integration* (formal integration process with supranational institutions) are studied. Also, an analysis of the current status of regional public policies is addressed. For this analysis, a policy typology, proposed by Hellen Wallace (2005), was performed to see the kind of policies that are being currently implemented, and how they contribute to horizontal integration in the region. Since cross-border development is a novel research approach in Central America, it is important to study the development policies at

the border level as means to achieve integration among the countries. Finally, the last part of the chapter introduces the main features of the research: the *explanans* and *explanandum* of the research, the main working hypotheses, the methodological techniques for the data analysis, and the causal conditions for cross-border development in Central America.

Chapter three introduces the methodology used for the data analysis. The method implemented in the research are configurational comparative methods, more specifically, the fuzzy-set Qualitative Comparative Analysis–fs/QCA. Fs/QCA evaluates how the combination of different causal conditions contribute to the generation of a specific outcome. Accordingly, through fs/QCA it was possible to test the main working hypothesis of the research: that a set of causal conditions facilitate the creation of cross-border development policies in Central America (outcome) through economic, social and political cooperation between the local governments at the border zone. Therefore, since fs/QCA is a useful method to determine causal relationships, the phenomenon of regional integration can be explained through the establishment and explanation of causal conditions connected, both theoretically and empirically, to a specific outcome. Considering that the integration process is studied from a policy perspective, this research uses a novel approach to integrate the QCA analysis with policy-analysis methods. More about the methodology is explained in chapter four and chapter five. Regarding the data collection, the study included ten cases, formed by dyads of twenty cities across six countries of Central America. The cases were selected because of three main reasons. The first reason was the geographical proximity of the cities. There were cases that shared the same territorial issues, making cooperation feasible across borders. Geography, therefore, played an important role since it determined the types of policy that are implemented by both cities at the border level. The second reason has to do with the possible variation of institutional elements or causal configurations, such as level of decentralization, financial resources to implement development policies, territorial characteristics of the municipalities, among others. These configurations should trigger mechanisms that create the expected outcome: cross-border development policies among the local cities. The third reason is related to how the functional equivalent paths for the outcome can also trigger the negation of the outcome. Although a negative outcome (cases in which the outcome is not displayed) is not part of the main working hypothesis, negative cases are important to analyze because they can help to understand the dynamics of the policy cycle at the local level, and therefore generate both theoretical and methodological insights about policy analysis. What makes these cases

representative has to do with the socio-economic structures of the cities themselves: they are the largest cities located in the border zones, with similar infrastructure and related problems that border policies try to solve. Further researches shall include more cities in the sample, either to modify or to support the main hypotheses presented in this present research. Finally, the information about the causal conditions of the cases was collected both by primary sources (personal interviews with the mayors of each municipality, planning technicians and experts in local development) and by secondary sources –review of statistical information and studies carried out by think-tanks on local development.

Chapter four goes more into details about the methodology implemented in the research (by introducing the concept of the 'Two-Step Approach' in QCA) and explains the steps taken for the data calibration. About the two-step QCA, it is implemented when dealing with complex causal modeling, in which the causal conditions are too many, or when the level of causal connection vary depending on the cases and the outcome. Therefore, the two-steps fs/QCA engages with the problem of *logical remainders* and *limited diversity* better than the standard one-step QCA by separating the conditions in two categories: remote conditions and proximate conditions. Regarding the calibration of the data from the empirical data collection phase explained in chapter three, seven methodological steps were taken to transform the raw data to the final values of the fuzzy-set membership score. The first step defined the operationalization of the outcome. The second step explained the development of the measurement tools: the interview guidelines. The third step developed the anchor points. The fourth step applied a content analysis to the data collected from the interviews. The fifth step summarized the outputs into codes. The sixth step determined both the fuzzy-set scales and the values of the membership score and, finally, the seventh step gave a fuzzy-set value for each condition and the outcome for each case whenever it occurred. The calibration of the data helped the transformation from qualitative values (interviews) to a data set of quantitative values (numerical fuzzy-set membership scores). The complete data set is included at the end of chapter four, and it includes the values of the 'sub-conditions' for every causal condition.

Chapter five explains the complete procedure for the data analysis, including the performance of the two-step QCA and the interpretation of the results, both methodologically and theoretically. A methodological decision on how to run the two-step QCA (either by choosing the minimum score for each causal condition, or by separating the conditions into remote and

proximate) was made, and the analysis in the two different steps was performed. The first steps consisted in running a QCA analysis only with the remote conditions. The results of the first step were the *outcome-enabling conditions* or background conditions. For the creation of cross-border development policies in Central America, two outcome-enabling conditions were found. The second step of the QCA analysis consisted in running, for every background condition, all the proximate conditions until finding the causal paths for the outcome. Six causal paths were found as the result of combining both remote and proximate conditions, complying with the rules of equifinality and conjunctural causation in the two-step approach. The methodological and theoretical results are explained at the end of the chapter. From a methodological perspective, using the two-step approach helped in reducing the complexity of the model, making the problems of limited diversity easier to handle. From a theoretical perspective, the study supports the idea that *policies* can be created and implemented in specific contexts. In Central America, the *policy-driven* model at the border level contrasts with the *politics-driven* integration model in the region. This relationship between policy and politics, although already covered in the literature of political science, opens new areas of analysis when studying political phenomena at the micro and macro levels. Both the empirical and theoretical results showed that it is indeed possible to create political agreements as a result of implementing certain types of policies in the territory. Likewise, specific political configurations at the macro level are necessary to implement certain types of policies at the local level.

Finally, the conclusion of the research explains the limits of the present study, the lessons learned and the pending issues for future research. From the limitations found in the literature review from the first chapter, to many theoretical and methodological challenges faced during the data analysis, this research was a genuine effort to contribute to an informed debate about the integration process and policy-making in Central America. Its contribution to the scientific community is twofold: first, it sheds light on the dynamics of the policy-process at the micro levels, and how these also affect the political dynamics at the macro-level; and second, it shows how complex social phenomena can be understood and explained using the right methodological tools. If this research does indeed contribute to an understanding of how complex the social and political dynamics regarding regional integration and policy-making are in Central America, then its main objective will have been achieved.

CHAPTER ONE

LITERATURE REVIEW

A. Integration: Definition, Theoretical Approaches, and Empirical Extensions

Integration, in a broader perspective, is a process in which two or more countries decide to improve their relations through common supranational institutions (Dunning & Robson, 1987; Schneider, Johnson, & Wichmann, 1999). Although the nature of the integration covers many topics, it has mostly focused on initiatives regarding economic development and Free Trade Agreements (FTA). The topics that integration has tackled recently, moreover, cover areas such as environmental protection, migration, and security, defined by the interests and needs of the central governments of the countries (Dunning & Robson, 1987; Ethier, 1998; Hurrell, 1995). Regional integration can be achieved in two ways: through supranational institutions or government agreements, or even a combination of both—in a more flexible form (Vayrynen, 2003).

The classical conception of integration focused on promoting free trade by the elimination of trade barriers in a specific region. This idea was developed during the reconstruction of Europe after the Second World War. The key features of the classic model of integration include the creation of a Common Market, the promotion of the *four liberties* (free circulation of people, capital, goods, and services), and also the reduction of further armed conflict among the countries. One of the most clarifying and useful concepts in the integration literature can be found in the work of Ernst Haas. Haas (1971) defines regional integration as the "voluntarily mingle, merge and mix with their neighbors [states] so as to lose the factual attributes of sovereignty while acquiring new techniques for resolving conflicts among themselves." (Haas, 1971, p. 610).

Recent studies show that regional integration increases the connection and organization between the countries of a particular region while still conserving, however, their classic structure of a nation-state (De Lombaerde & Schulz, 2009; Schiff & Winters, 2003). In fact, although regional integration increases the cooperation among countries, not in all cases new supranational organizations are created (Gibb, 2009; Mattli, 1999; Schiff & Winters, 2003).

Despite some details and conceptual corollaries, the literature in integration seems, in fact, to describe the efforts of individual states to create larger areas of political, economic or social influence concerning other external countries. In fact, integration depends on many factors, the most important being perhaps the willingness of the states to share their power, namely, their national sovereignty. In the following section, I will describe the most common types of regional integration and how they differ considering their evolution over time. In doing so, I will offer a description of each type of regional integration model.

1. Political Integration and Economic Integration: Properties, Types and Mechanisms

The crisis of the Second World War and the reconstruction of Europe in its aftermath led to the creation of a new political and international structure worldwide. This new international structure challenged the classical concept of *state formation* inherited by the "Westphalia" concept of sovereignty and state power over the territory (Falk, 2002; Philpott et al., 1999). The first origins of integration in the Western countries started with the promotion of joint economic growth, namely a reconstruction plan for European economies (Pollack, 2008). In the case of Europe, the integration process began with the creation of larger national markets, mainly for trade and investment. The main premise was that the creation of a joint or a common market (or to put together the production drivers of the countries in a common zone) would bring efficiency, productivity, and competitiveness. The advantages of creating a common market, therefore, would not only put pressure on the classic concept of borders and sovereignty but also would create a new idea of a necessary *international order* during the reconstruction process of Europe. (De Lombaerde & Schulz, 2009; Pollack, 2008; Schiff & Winters, 2003; Schmitter, 1970a). This new regional structural order required, as the markets grew bigger, new institutions (supranational institutions) that would give coherence to the process itself.

The scientific literature on supranational integration has since then proliferated in the last decades. In fact, after the formation of the European Union, the academic debate has focused on the creation of supranational institutions as effective models for economic and political integration. Here it is important, I consider, to make a distinction between *types* of integration. In the case of Europe, for example, the literature shows that its integration process was a *sequence* of actions that started from the integration of a particular market niche (Coal and Steel), which became the European Coal and Steel Community (ECSC) and then quickly evolved into other critical areas like atomic energy or agriculture development (Mattli, 1999; Rosamond, 2005). Eventually, the processes required coordination at a higher institutional level, giving then more importance to the creation of supranational institutions (Morgan, 2005).

The European integration model, therefore, started with an *economic* axis and then evolved into a *political* axis. Although these two principal axes are intrinsically merged most of the time, it is important to maintain a theoretical and conceptual difference between the two, for there are

many other integration cases[1] that do not necessarily follow the same sequence as the European one does. Therefore, this literature review distinguishes a *political integration process* and an *economic integration process* as two different processes that could have had similar origins.

a. Economic Integration: Concept, Properties, and Dynamics

The economic axis of integration (or just *economic integration*) refers to the unification of economic policies through the abolition of trade barriers between two or more countries. The term of economic integration itself (as it is currently understood) goes back to the 1930s but was popularized in the post-war period by economist Jacob Viner (Machlup, 1977). In fact, it was not until the 1950s when Viner gave a theoretical framework and pragmatic coherence to the concept, defining and explaining the effects of trade between countries through customs tariffs and, eventually, customs union (Michaely, 1976; Viner, 1999). His work consisted in comparing trade flows between the economies of two states before and after their integration and compared these to other economies that had no forms of integration whatsoever. The work of Viner is considered the modern foundation of economic integration theory by most scholars (Alesina, Spolaore, & Wacziarg, 2000; Wulwick, 1996).

After the creation of the European Communities, the economic integration theory gained relevance, once again, in the academic debate. Bela Balassa (1961) was most succinctly able to formulate a theory of integration that accurately reflected the reality of the economic integration of the European Communities. His central thesis was that as trade among countries increases in a particular region, the barriers to trade between those countries would diminish in time (Balassa, 1961). As Balassa observed in the European economic integration, the freedom of movement of the economic factors in a region across borders will eventually require deeper forms of integration. In other words, as the countries were deepening their commercial trade by integrating their factors of production, the states would also eventually have to combine other areas of their *polities*.

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[1] Most of the scholarship in International Relations, Political Science and Economics use the European Union to explain the evolution of a regional integration process. However, there are many integration models that, although inspired in some ways by the European experience and the literature that it generated, are different in nature and scope. The most important integration models will be explained with more details in the following sections of the present chapter.

The natural result of economic integration was the evolution of economic and political *communities* into economic and political *unions*. The differences between *communities* and *unions* are sometimes omitted in the literature for the sake of simplicity. However, these differences are seen in the many stages of integration in the economic integration theory. Balassa (1961, p. 2) recognizes at least six distinct stages of integration: Preferential Trading Area (PTA), Free Trade Zones (FTZ), Customs Union, Common Market, Economic and Monetary Union (EMU), and Complete Economic Integration (CEI).

i.   Preferential Trading Area

The Preferential Trading Area (PTA) is the first step of the classic economic integration theory. It refers to trading areas or trading regions that have preferential access to certain products (especially original products) between the countries in that region. The preferential access is addressed by reducing tariffs on the products, but without removing them completely. A PTA can be achieved between two or more countries through trade treaties (Balassa, 1961; Viner, 1999). Some scholarship tends to ignore the differences between a PTA and an FTA. However, following the idea that integration is a *sequence* of stages, it is important to keep them separated as two different phases. The PTA will eventually become an FTA, in coordination with the guidelines of the former General Agreement on Tariffs and Trade (GATT)[2].

Since this is the very first step of economic integration, the PTA is the most common example of trade agreements worldwide. They can assume a multilateral form (for example, the North American Free Trade Agreement, NAFTA; the Integration System of Central America, SICA; and the Common Market for Eastern and Southern Africa, COMESA), or a bilateral form (Agreement of the Southeast Asian Nations, ASEAN, and China; or the Association Agreement between the European Union and SICA), depending on the scope of the relations.

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[2] During the GATT period, the tariffs' reduction could be applied to any member of the World Trade Organization (WTO) regardless of their status within any economic bloc. However, with the failure of the Doha Round, the countries then had the right to decide, either bilaterally or multilaterally, to create PTAs or FTAs according to their commercial needs. For more information about Preferential Trade Areas, refer to "Who's Afraid of the WTO?" (Jones, 2011).

ii.   Free Trade Zones

The Free Trade Zones (FTZ) is the second step in the classic economic integration theory. These regions include those member states that have trade agreements (usually any FTA), a reduction of import taxes, and an increase of commerce in goods and services between the members of the trade zone (Balassa, 1961; Michaely, 1976). At this stage of economic integration, the countries of the new economic bloc lack of a Common External Tariff (CET). The absence of a CET means that the countries still have different quotas, and they still have customs, as well as various economic policies toward countries that do not belong to the FTZ. Similarly to the PTA, the FTZ allows for the free circulation to most of the original products of the countries—through the *rules of origin*.

The FTZ is the natural result of an FTA. However, the FTZ entails not only economic agreements but also economic cooperation that usually creates trade blocs, whereas the FTA can be signed bilaterally by third countries, which do not necessarily belong go to the FTZ. Thus, the creation of FTZ has to do with the homogeneity of the countries as well. For example, the tariffs to trade are practically non-existent in industrialized economies. However, when there is a difference in the economic development between countries that belong to the same FTZ, trade barriers become an issue to solve (Frankel, Stein, & Wei, 1995).

The literature in economics, more specifically in macroeconomics and in economic sociology, see the FTZ as a means not only to reduce barriers to trade but also as a way to specialized and promote the division of labor, under the precept of aiming at the *comparative advantages* of the countries (Balassa, 1961). Moreover, the existing literature suggests that in a perfect market (thus, in a market in a state of equilibrium), the supply of the labor force in the market will have a natural tendency to achieve specialization in a specific activity, depending on its comparative advantage compared to others (Manners, 2011). Theoretically, the creation of an FTZ will create an increase in income and wealth of the countries belonging to the zone. The classic theory, however, does not solve the problem of wealth distribution between the countries belonging to the economic bloc. In fact, the contrary may occur: there could be countries that could suffer economic losses due to their *comparative disadvantages* (Manners, 2011). To correct this problem, there are several compensation mechanisms for the country who suffers from inequal wealth distribution, such as monetary or technological transfers from one country to another (Kono, 2007; Ossa, 2011).

iii.   Customs Union

The customs union is the third stage of economic integration. According to Andriamananjara (2011), a customs union is "a form of trade agreement under which certain countries preferentially grant tariff-free market access to each other's imports and agree to apply a common set of external tariffs to imports from the rest of the world." (Andriamananjara, 2011, p. 111).

Customs unions are created by combining an FTZ with a CET, namely, an external trade policy (Goldstein, Rivers, & Tomz, 2007; Ossa, 2011). The ultimate purpose of the customs union is to upgrade the economic efficiency of the FTZ and to deepen the political and cultural relations between the countries. In fact, efforts of economic blocs to achieve economic integration were originated by the desire to create a political union, meaning that the members were willing to concede political autonomy (Corden, 1972; Krueger, 1997; Viner, 1999). Since a significant amount of coordination is required at this stage, and the time to get to a customs union is rather long, just a few countries have achieved it. In fact, according to the existing literature on economic integration, around 85 percent of all integration arrangements consists of FTA, and less than 10 percent consists of customs unions (Ossa, 2011). The reason why countries prefer FTA agreements rather than customs unions may vary.

However, given that regional agreements require more flexibility and speed nowadays, FTAs seem to fit better to the economic and trade needs for many countries (Baldwin, 2006; Mulenga, 2013). In fact, more and more FTAs are focused on markets access, and less in geographical characteristics as the customs union does. Conversely, customs unions require geographical proximity among states, and it requires a lot more time to be created. The most well-known and perhaps successful example of a customs union is the European Union, which has steadily evolved following all the stages of economic integration. Finally, the academic debate agrees that customs unions are no longer common among economic blocs nowadays. However, they still represent an important component for economic integration (Andriamananjara, 2011; Krueger, 1997; Viner, 1999).

iv.   Common Markets, Single Markets, and Unified Markets

The creation of a common market is the fourth stage of economic integration. Although similar in practice, scholars tend to identify three sub-phases of this stage: common markets, single markets and unified markets (Brittan, 1970; Coughenour & Saad, 2004; Friberg, 2003). The common market is the most popular concept to describe the free movement of capital, services, and goods in a specific zone. Formally, all quotas are eliminated at this stage of the economic integration, although some countries could still apply some Non-Tariff Barriers (NTB), like quality standards and import safety procedures (Herrendorf & Teixeira, 2005; Ossa, 2011). The ultimate objective of the common market is to converge the economies of the member states into a single market. The scholarship has recognized the European Economic Community as the first example worldwide of a common market (Coughenour & Saad, 2004; Friberg, 2003; Mattli, 1999).

The second sub-phase is the creation of the single market. The single market in an enhanced version of the common market, allowing the *four liberties* (people, services, capital, and goods) to circulate freely within the borders of the countries belonging to the single market. Here, inner borders and trade barriers are completely removed, and the people from one country can live and work in another country belonging to the single market (Kennedy, 2004; Peck, 2011; Shamir, 2005). Even though a single market might entail an almost complete economic integration, there are still some barriers of economic policy present, like national tax systems, financial services or even transport. To solve these issues, the economic blocs decide to engage in multilateral cooperation treaties, instead of unifying their tax regimes or financial services (Dreger, Kholodilin, Lommatzsch, Slačálek, & Wozniak, 2007).

The third and final sub-phase is the creation of the unified market. The unified market represents the complete removal of barriers to trade. In this stage, the unified market shares similar economic rules among its members. Federations or confederations of states (such as the United States or the European Union) have unified markets since the national markets of every single state are integrated (King, 1982). Despite the level of integration, each state still has control over some of their economic decisions, such as the set of a minimum salary, laws of protection for consumers, environmental law, taxes, etc. Ultimately, as a further coordination happens, these economic decisions of each country will respond to the interests of the economic bloc, the federation or the confederation of states (King, 1982; Mattli, 1999).

The common market can take different forms and dynamics, always depending on the goal of the countries that go through an integration process. After BREXIT,[3] the debates about the different models of common markets within the European Union have drawn the attention of the academia again. Without being fully integrated into the European Union, the case of the United Kingdom seems relevant because it seems to work in the opposite direction of the goals of the Union, and yet it represents a middle-option between the categories of economic integration listed above.

So far, there are at least five trade models that could follow the BREXIT, and that represents a middle way between a common market and an economic and monetary union. These models are i) the Norwegian-style European Economic Area (EEA) agreement, in which a country keeps full access to the European Market, but it must comply the EU regulations and standards; ii) the Turkish-style customs union, in which internal tariff barriers are avoided, with the country adopting many of the EU market regulations. However, the customs union is incomplete, and thus the country is required to implement external tariffs without guaranteed access to third markets; iii) the FTA-based approach, in which a country is free to sign FTAs independently of the relationship with the EU. Under this category tariff barriers are unlikely, but the country will have to agree on common standards and regulation with the Union; iv) the Swiss-style bilateral accords, in which the country and the EU agree on bilateral agreements where the access to the common market can be granted in specific sectors. The country must comply with the regulations in the selected sector, and v) the Most Favored Nation (MFN)-based approach, in which there is no need to agree on either a common standard or regulations, but then the country will have to face the EU's common external tariff (Irwin, 2015).

v.   Economic and Monetary Union

The fifth stage of economic integration is the Economic and Monetary Union (EMU). The EMU goes further than the single market insofar it includes a common currency. The introduction of common currency requires monetary and fiscal policy coordination, usually under the control

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[3] The BREXIT or "British Exit" is the withdrawal of the United Kingdom from the European Union by a referendum held in March 2016. After the results of the referendum, the government of the UK has stated its intention to invoke Article 50 of the Treaty on European Union, and to start the negotiations on the matter of trade and migration as the formal procedure for withdrawing.

of a central bank. The literature refers this stage as one of the most important and difficult to achieve, mainly due to the coordination level required for a complete economic union (Hartzenberg, 2011; Ludema & Wooton, 2000).

The difficulty resides in the fact that fiscal policy is related to the government's national sovereignty, and there is no existing method yet sufficiently to guarantee a perfect fiscal union between nations. Even in the most advanced cases of economic integration like the European Union, the unification of the fiscal policy will still be the next step of a total unification of the national economies. The literature so far points out the challenges that future economic blocs should face regarding fiscal union, namely, the methods of tax consumption and resources redistribution in the face of external trade (EU, 2012; Naylor & Cripps, 1993; Puchala, 1975).

vi.   Complete Economic Integration

The Complete Economic Integration (CEI) is the sixth and final stage of the economic integration theory. At this stage, countries no longer have control of their own fiscal or monetary policy, nor the possibility to influence on their inner economic decisions. Most of the existing literature attributes this stage to federal state systems and not to supranational institutions. The central federal government coordinates the economic policies more efficiently than inter-government agreements (Haas, Mitrany, Van Naters, Beesley, & Borella, 1963; Medrano, 2012; Naylor & Cripps, 1993).

Some scholars consider that the final stage of economic integration is, in fact, political integration. Political integration will be required at this level because each member state is required to have an analogous economic cycle for the whole system to function properly. In other words, to achieve economic and fiscal harmonization policy (the final stages of economic integration), it is required a significant level of central political control by the federal central government. However, this delegation of power is often seen as a loss of state control or national sovereignty to remove disparities and to promote efficiency within the economic bloc (Brou & Ruta, 2011; Manners, 2011; Medrano, 2012).

The rationale of economic integration between countries could vary from region to region. Moreover, what most cases have in common is the expected elevation of the economic productivity, the creation of economies of scale, and the use of the comparative advantages of the

countries (Dunning & Robson, 1987; Schiff & Winters, 2003). As economic integration brings, at least theoretically, economic well-being and economic development in each independent country, many regions in the world have embraced this trend. The most common examples, therefore, of economic integration (either in the first stage of economic integration or the last) are: The ASEAN, the NAFTA, the Central American Common Market (*Mercado Común Centroamericano,* MCCA), the South American Nations Union (SANU, also known as MERCOSUR), the Caribbean Community (CARICOM), the Eurasian Economic Community (EAEC), the European Union, and the African Economic Community (AEC), among others (Frankel et al., 1995; Geda & Kebret, 2007; Martinez-Zarzoso, 2003).

All of these examples of economic blocks belong to different stages in Balassa's economic integration typography. The differences can be identified through the objectives of each economic bloc. For example, while the European Union is working towards a complete economic integration (with the perspective of arriving into a political union), the NAFTA focuses only on trade, putting no importance into the creation of supranational institutions. This dichotomy of whether to achieve supranational integration or not has to do, ultimately, with the political *will* of agreements between the states, or rather with their national interest. In fact, transferring power to supranational institutions could be of national interests to the member states to stabilize their political relations, and to minimize the risk of political instability among their peers (Brou & Ruta, 2011; Moravcsik, 1998).

The will of the central governments or local actors towards greater levels of integration could also, however, represent a problem. One of the major obstacles for economic integration is, for example, the discretion of the local powers, or public and private actors, to preserve control over tax revenues (Haas et al., 1963; Nye, 1968). The fiscal problem through tax revenues is one of the main problems also recognized by the literature in some of the integration attempts in some regions worldwide (Ludema & Wooton, 2000; Medrano, 2012). For example, in the case of Central America (the MCCA) or the Caribbean (the CARICOM), one of the obstacles that both regions have to deal with is the one of tax administration. The crucial question to answer is, ultimately, how the income will be distributed among the countries once the customs union is achieved (Fuentes, 2006; Urrutia, 2011).

b. Political Integration: Concepts, Differences and Main Characteristics

As stated in the last section, the existing literature agrees on the fact that the ultimate stage of the economic integration is the political integration, namely, the creation of supranational institutions. The political axis of integration attempts to address the development of a process that tends to the emergence of a larger political and social space among its participants. In a way, political integration puts more emphasis on the *institutional consequences*—the creation of supranational institutions—of a specific region. Furthermore, political integration sees the need for the creation of an institutional core that would be able to manage the economic, political, social and cultural relationships within and integrated space (Moravcsik, 1998; Orantes, 1981; Schmitter, 1970a). In other words, political integration is seen as the process by which participants (states) transferred to a "more powerful" being (supranational institutions) the loyalties and powers to regulate their relations within a specific political space (Haas & Schmitter, 1964).

Schmitter (1970b) states that the definition of institutional integration requires, eventually, the emergence of an "integrated space." Unlike the classic conception of economic integration explained by Balassa, the "integrated areas" described by Schmitter do not attempt a specification of the stages through which they go through. Rather, they intend that such transfer of authority and powers to supranational institutions happens almost automatically, which creates a growing politicization of the integration process itself (Schmitter, 1970b). Perhaps the most emblematic example of political integration is the European Union. Since its constitutive treaties, the European Integration process has been considered, to some, like a political phenomenon with economic axes (Spolaore, 2013). Some scholarship even goes deeper and far back to the State formation of the European countries, which permitted an easier consolidation of an "integrated" political body (Rokkan, 1969; Thurow, 1949).

The classic theory of political integration has been divided into several paradigms. The literature on integration focuses on four: the functionalist, neo-functionalist, the inter-government, and the interdependence paradigms.

i. Functionalist Paradigm

From a functionalist perspective, David Mitrany defines political integration as the "development of an international community through *functional cooperation* to make war less

possible."[4] (Mitrany, 1962, p.136). The functionalist paradigm does not foresee, as a formal result of government interactions, a functional cooperation between the countries. Instead, the models under this paradigm are based on the political and institutional configuration of a federal organization. Under this approach, the creation of regional groups would change the concept of *nationalism* within the states, but not its nature at the end. Although Mitrany concedes that the functionalistic paradigm is compatible with that of a federal model, it mainly refers to a particular type of government in which the main authority is determined by the technical requirements of the integrated states and legitimized by the capacity they have to fulfill its function.

The central core of the functionalist paradigm is that the organization of the integrated states derived from their function and, therefore, it cannot be pre-established (Taylor, 1968). The functional integration paradigm does not need an institutional framework because the political self-determination of the countries transforms the process into a *functional co-determinant* of the paradigm itself (Taylor, 1990). The final result, if any, would be a form of a complex organizational network in which nations would execute functions of welfare. The origins of the process relied on the possibility of separating the realization of functions of welfare from the traditional state sovereignty. Accordingly, there is a strict division between the *low politics*—the needs and aspirations of the citizens who transfer their trust to the political elites-, and *high politics*—the decision-makers in the central governments that transform those expectations in the form of welfare. This separation process, in Taylor's account, is a learning process: the citizens would be drawn gradually by this cooperative *ethos* created by particular institutions, functionally attracted to the satisfaction of needs of the welfare state and created by the integrated political body (Taylor, 1968).

ii.　　Neo-Functionalist Paradigm

The second classic paradigm of political integration is the neo-functionalist. The neo-functionalism emerges as a corrective response to the insufficiencies of the functionalist approach. The work of the political sociologist Carlos Closa (1994) explains this approach pointing out some crucial differences with the functionalist approach. These differences between the theoretical approaches are many. First, the neo-functionalism rejects the division of *low* and *high* politics

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[4] Italics added.

postulated by the functionalistic approach. The fact that elements of the low politic (such as state sovereignty) could be transferred to the high politics (institutions beyond national borders) eliminates the possibility of a division between the two spheres in the first place. The second difference is the trust that the neo-functionalism puts in the political elites of the supranational institutions rather than the transfer of individual loyalties as a source of the functionalistic approach. This trust in the political elite accounts for the responsibility they have to carry on with the integration process, leaving aside the role of the individuals. The third difference is that the neo-functionalistic paradigm approaches the integration process with a certain automatism, a non-existing characteristic in the functionalism. Finally, neo-functionalism claims that political integration would be ultimately inevitable due to a *spill-over* effect[5] (Closa, 1994). Accordingly, neo-functionalists like Ernst Haas state that while a central government is institutionally and socially *national*, the coherent constitutional form under which the neo-functionalist paradigm could eventually be a unitary model, either a federation or confederation (Haas & Schmitter, 1964; Haas et al., 1963). In fact, the European communities were categorized by neo-functionalists as *supranational communities* (Risse, 2005; Schmitter, 2005). Haas defined *supranational*, in structural terms, as "the existence of governmental authorities closer to the archetype of a federation than to any other international organization that has existed in the past, but still not identical to it." (Haas & Schmitter, 1964, p. 59).

However, the neo-functionalist paradigm received many critics from modern scholarship. The main critic was the fact that neither the functionalist nor the neo-functionalist paradigms could provide a solid argumentation of the phenomenon itself, its causes and the consequences that it entailed regarding the relations between states (Closa, 1994; Nye, 1968; Rosamond, 2005). Therefore, the theorization of the political integration was moved from the area of economics and political science into the arena of international relations. The premise of this shift of disciplines to analyze the phenomenon of integration was that the *community* (or the "integrated space") had to be understood not in its specificity, but rather through concepts applicable to other schemes of relations between states. These concepts include important political features such as the concepts

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[5] Spill-over means, in the framework of an integration process, an expansive effect of integration from some economic sectors to others. In other words, the spill-over effect represents a need that the satisfactory implementation of some policies in one integrated sector would require the integration of other sectors. For example, the establishment of a customs union would require, inevitably, the harmonization of fiscal policies. For more information regarding the spill-over effect in integration processes, refer to: "Ernst Haas and the Legacy of Neo-functionalism." (Schmitter, 2005).

of *regimes* or *systems,* putting, therefore, more emphasis in the discipline of international relations (Closa, 1994). From this shift of "macro-paradigm," two schools of thoughts have emerged: the inter-government and the interdependence paradigms.

iii.   Inter-government Paradigm

Stanley Hoffmann first proposed the inter-government paradigm in the 1960s. Hoffmann argued that the political integration process of the states would reinforce the classic notion of "nation-state," instead of surpassing it (Hoffmann, 1966, 1998). Moreover, he explained that the resistance of the nation-states to create a new form of supranational government through institutions had to do with the political importance of the nation-states themselves. The states should first focus on their domestic priorities and then focus on the compatibility with other nations through cooperation (Hoffmann, 2000). To Hoffmann, the inter-governmental approach should not see political integration as a means for the *community* to achieve a particular objective, but rather as a means for the *member states* to pursue and obtain their individual and separate interests. In other words, the elaboration of any policies within the integrated communities of the states should be seen as an instrument that ought to be appropriated and internalized by the governments to pursue and obtain their national interests (Hoffmann, 2000).

According to this paradigm, the role of supranational institutions would only be, in the best of cases, only to coordinate the policies generated by each member state. Integration would then mean only another form of inter-government cooperation. Some authors even draw an analogy from the famous Clausewitz phrase[6] to state that the common polities created in an integrated space, is the *continuation* of domestic politics by other means (Puchala, 1975). Furthermore, any integration process should be understood as a *decision process* from the member states individually, arguing that the decision-making process as the community as a whole is not coherent with the logic of integration. In fact, some authors claim that it is the other way around: it is the integration process that *follows* the decision-making process of the member states (Closa, 1994; Puchala, 1975).

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[6] "War is merely the continuation of politics by other means." (Howard, 2002).

iv.   Interdependence Paradigm

The instrumentalist view of the integrated community, characterized by the inter-government approach, was contrasted by the analytical concepts proposed by the fourth and last paradigm of the classic theory of integration: the paradigm of interdependency. Hass himself concluded that studying regional integration was no longer intellectually enriching. He argued that the concept of integration was not appropriated to explain why the states decide to collaborate in the elaboration of common policies. Therefore, the theory of integration should be subordinated to the field of international relations, to a more general paradigm of interdependence (Haas et al., 1963; Rosamond, 2005). Under this approach, integration is understood as "institutional processes designed by the governments to adapt to the conditions of interdependence, but this would not lead to a progressive integration as a necessary consequence." (Mattli, 2005, p. 210).

Both the inter-governmental approach and the interdependence approach emphasize the role of national actors, as opposed to the functions of the supranational actors. In fact, the failure of the previous integration models has been thoroughly analyzed by Haas in most of the literature. Haas indeed studied how the *spill-over* effect has been substituted by a new model: the fragmentation of policy coordination. This fragmentation means that the actors would learn how to hinder the integration process (giving some flexibility to the decision-making) and, as a consequence, the result of the integration process itself would become unpredictable (Haas et al., 1963). The main problem with the interdependence paradigm is that it does not take into account the integrated communities as any other international organization. Integration is therefore seen as a relational system between states where they harmonize their interests, reach compromises about their differences and obtain mutual rewards of their interactions (Closa, 1994, p. 11).

c. Integration and the Neo-Institutionalism

The New-Institutionalism is a body of theoretical literature that focuses on the development of institutions, and how they interact with society. The main objective of the neo-institutional approach is to determine how institutions affect the behavior of political, economic and social agents (DiMaggio & Powell, 1983). Within this context, the central purpose of the institutions is to gain legitimacy in front of the institutional environment where they operate.

Over the last couple of decades, the three approaches of institutionalism (sociological, historical and rational choice) have dominated the study of the European Integration by giving important advantages over the classic neo-functionalist and intergovernmental paradigms (Pollack, 2009). Pollack (2009:129) states that during the last thirty years, in fact, all the approaches of the new institutionalism have been used by many scholars of the European integration. Regarding the rational choice institutionalist analysis on the European integration process perhaps the best contribution has been focused on the legislative process of the European Union. Rational choice scholars have devoted many academic productions to the modeling and study of the European Parliament (Pollack, 2009). Moreover, scholars of the historical institutionalism have been studying the aspects of the European integration within a time framework, especially using some analytical tools such as path-dependence, or lock-ins (Pierson, 1996). Finally, the scholarship on sociological institutionalism has focused on the negotiation process between countries that are candidates to enter the European Union, and their ability to compromise to the rules of the Union (Pollack, 2009:138). On his account, Rosamund (2000) states that the interests and even the identities of the institutions under the sociological institutionalism emerge from within the institutions, creating a straightforward connection between both social institutionalism and constructivism.

The different approaches of the new institutionalism have different effects depending on how institutions matter. In other words, each approach takes a specific view on the preferences of each institutional actor. Finally, the use of the neo-institutional approaches within the Social and Political Sciences—and their connection with the European integration process—represent an academic effort to balance the existing behavioral approach regarding regional institutions. Moreover, the neo-institutionalism theory offers new perspectives to understand integration beyond the classical framework of political outputs created by the interaction of the political agent's interests (Rosamund, 2000:114).

d. Different Models of Integration and Literature Divergence

The approach of the existing literature on the topic of integration will depend ultimately on the theoretical framework used in every discipline of the social science, and on the region of the world that it analyses. As seen in the previous sections, the literature in economics, international economics, and international relations are the ones that offer a more substantial theoretical

framework for the integration phenomenon. However, since the process of integration has affected more and more the political influence of the countries in a region and the life of the citizens, other disciplines in social sciences, like political science, sociology, and public administration have taken interest to approach the phenomenon, bringing their own analytical and methodological tools.

In fact, the need to analyze and explain the phenomenon of integration from different disciplines within social sciences has to do with the limitations that the current literature has in explaining the social and political effects of integration. From Vines to Balassa, who focused on the economic effects of integration, to Haas and Hoffman, who were interested in the political effects of integration, the process itself seems to touch the most basic and sensitive component of the modern state. In fact, looking at how the concept of integration has evolved through time, it seems that the transfer of powers and loyalties to common institutions is inevitable under the conception of *classic* integration. However, the result of any integration process is not necessarily the creation of supranational institutions, as in the case of the European Union. In fact, different models of integration have emerged from various regions of the world, influencing contemporaneous scholarships on the different outcomes that the integration models might have depending on the political and economic schemes existing in other regions, especially the ones in Asia, Africa, and Central America. (Bulmer-Thomas, Coatsworth, & Conde, 2006; Domínguez, Bulmer, & Dunkerley, 1999; Schneider et al., 1999). For instance, the integration process in Europe has focused more on the creation of the communities (integration of the factors of production) with the scope of a politically unified body. On the other hand, models like the ASEAN have focused instead on the creation of a regional area for trade, giving little or no importance whatsoever to supranational institutions.

The model of integration in Central America is in part explained by the geopolitical context of the countries. After the civil war of the 1980s, the region tried to find some pragmatic coherence to the process that started in the 1960s with the creation of the common market. However, the process of transferring national sovereignty to supranational institutions has not happened like in the European Union. In fact, cooperation in some areas, such as economy and trade, has been easier to achieve than in others, such as security and foreign policy (Stetz et al., 2011).

The fact that integration in Central America did not come up with the speed and expected automaticity has imposed the need to revise the theory, based mainly on the optimism generated

by the initial success of the economic integration of Western Europe. The relative stagnation of the former case, due to its conceptual void, has come to question also the convenience of conceiving the process of integration from the perspective of an "end," rather than of a "means." (Haas & Schmitter, 1964; Pollack, 2008; Rosamond, 2005). The circumstances, then, have imposed the need to seek a more modest and flexible conception of integration, especially given the impossibility of transcending the classic concept of the "nation-state," which was, and still is in some sense, one of the core concepts in politics.

B. The Local and the Global: New Forms of Integration

1. Regionalism: Definitions, Types and Extensions

The scholarship on integration did not arrive at a solid consensus about the role of economic relations not only within economic blocs but also between economic blocs. Therefore, after the end of the Cold War, and with the consolidation of the European Communities, a new approach to study economic and political relations emerged. New complex economic and political ties were established between many countries and regions worldwide, leaving the main premises of the integration process as formal procedures of relations between states. In fact, the complexity of international relations has made recent scholarship to study political, social and economic phenomena at a multilevel.

The purpose of the section is to provide some theoretical insights to consider the new types of relations between states through a new methodological and conceptual tool known as *regionalism* or *regional studies*. From a broader sense, regionalism brings together a meaning of *identity* of a specific region with the *institutional* expression of that identity in a particular *geographical* zone (Vayrynen, 2003). Borrowing the analytical tools from the discipline of International Relations, regionalism is understood as a part of a broader and more complex international commercial system, sharing similarities with multilateral commercial blocks (Ethier, 1998).

Many scholars agree that the first coherent concept of regionalism is traceable back to the 1960s, with the European communities (De Lombaerde & Schulz, 2009; Mulenga, 2013; Söderbaum, 2003). Although the history of regionalism is hard to define, the literature encompasses the first conceptual approach to the American political scientist Joseph Nye. To Nye, regionalism is the "formation of an interstate association, or grouping on the basis of regions." (Nye, 1968, p. 7). However, other authors like Ernst Haas pointed out the limitations of the concept of regionalism proposed by Nye, especially when it is seen as an initiative of economic growth in the developing world. This critic emerged since many countries of Asia, Africa, and Latin America started to adopt a "development vision" brought by the European integration process and the benefits of the *spill-over* approach in its integration schemes. Moreover, Haas underlined the need conceptually to differentiate the notions of regionalism, regional cooperation or regional organizations, among other conceptual corollaries, for they might entail different things according to the regions in which they are applied (Haas, 1971).

a. Classic Regionalism

The classic regionalism (also known as *old regionalism*) has its origin in the late 1940s, after the Second World War. The concept of regions, as political units of analysis, were gathering importance during the Cold War not only as a geostrategic cleavage of the Superpowers but also because the states within some areas were acquiring self-awareness of the importance of their political, social and economic relations (Fawcett, 1996).

The evolution of the concept continued during the years of the Cold War. The division between East and West and the creation of a bipolar word contributed significantly to the importance of the concept of regions and regionalism. In the case of Western Europe, the influence they had in the past was then limited by the shadow of the influence of the United States and the Soviet Union, making them focus more on their internal integration process (Vayrynen, 2003). Regionalism then took its first empirical appearance with the formation of the European communities. Unlike the classic economic and political integration process, regionalism also put emphasis on the *regional identity* of Europe, and also a certain balance of power among the states of the region. Thus, the main difference between integration (with their economic and political axes) and regionalism (at least in the classic version) is that regionalism did not have a functional approach to the economic and political relations that the classic notion of integration had. Instead, it put more emphasis in the contextual characteristics of the region, and the identity development of the relations between countries (Ethier, 1998; Vayrynen, 2003). The European communities and their relative empirical success regarding economic growth led scholars to consider the future challenges of this new *regional formation* at the international level. Haas pointed out that indeed the challenge would be to give coherence to "various systems of competing and overlapping regional associations" in the international sphere (Haas, 1958, p. 440).

The context of Cold War and other types of concerns (not only economic growth and inner political stability) such as world security, regional defense and even the creation of economies of scales due to the European Common Market, gave critical insights for the development of the scientific literature for regional studies. Some scholars argue that the integration of the local European markets (for the creation of a single market or common market) created problems in the division of labor, insofar it interfered with the military planning for the region defense against external aggressions. (De Lombaerde, 2011; Fligstein, Polyakova, & Sandholtz, 2012). On the

other hand, there is scholarship that justified the engagement into regionalism, either in the form of integration or cooperation, as a necessity of a specific structure of the common market for security reasons (Hettne, 2005; Paasi, 2009; Schiff & Winters, 2003).

As the decades passed, important changes started to occur in the international arena. The increasing *détente* of the Cold War, the independence wave during the 1960s, the success of the European integration process, among other events, created theoretical concerns about the future of regionalism.

b. New Regionalism

After Cold War ended, and as the international system was becoming more politically and economically sophisticated due to globalization, some scholars saw the need to redefine the old concept of regionalism (Francois, van Meijl, & van Tongeren, 2005). In fact, the failure of the Doha Round, the emergence of new economic blocs (NAFTA, ASEAN and many others in Latin America and Africa), and the development of the European Union as a single common market, renewed the academic interests to study the new characteristics of this new form of economic and political cooperation and, sometimes, integration. The academic consensus called it *new regionalism* (Dent, 2008; Devlin, Estevadeordal, & Torrent, 2003; Hettne, 2005; Hettne & Inotai, 1994; Torrent, 2004; Vayrynen, 2003).

In fact, these novel ways of political and economic relations—between different regions—go beyond the classic or standard models of integration or regionalism. According to Ramon Torrent (2003 & 2009), the new regionalism has its origins when combining global factors brought by globalization—i.e., international economic policies—with local factors that take into account the local characteristics of a particular region (Devlin et al., 2003; Ramón Torrent, 2009). Similarly, Christopher Dent (2008) explains *new regionalism* as "structures, processes, and arrangements that are working towards a major coherence within a specific international region regarding economic, political, socio-cultural and security linkages." (Dent, 2008, p. 28). Hence, new regionalism refers to a combination of global-driven forces and local-driven factors that create stronger relations between countries in a specific region. The new regionalism has taken the form, in its first stages, of economic trade between countries of the same region, and in a later stage, between regions across the world.

In a way, the new regionalism seeks to increase the commercial and the human flow in a specific region. This view is interpreted by some authors as an "intentional political process," promoted by each government and driven by analogous interests to achieve the ultimate goal: the development of the region (Fawcett, 2004; Hettne & Inotai, 1994).

Here some differences emerge between the classic conception of economic integration (proposed by Viner or Balassa) and the new regionalism. For instance, the creation of a single common market in one specific region (Central America, Europe or Southeast Asia, for instance) could be seen as an attempt to create an economic integration *within* the regions. However, when the regions begin an economic exchange between (*across*) them (MCCA and ASEAN, for example), we are then dealing with forms of new regionalism. These types of relations mean that there is, in fact, an economic exchange that happens between regions across the world (Dent, 2008). Another difference is that integration would require, eventually, some forms of supranational institutions, whereas the new regionalism is much more flexible, and focuses more on specific areas of economic growth or cooperation in specific issues, such as security or environment.

The new regionalism also makes a conceptual divergence with *regionalization* and, ultimately, with *regionalization policies*. The current literature makes this distinction insofar regionalization can be understood as the natural tendency of the countries to be part of a particular region given the similarities of certain geographical zones (Kim, 2004; Perkmann & Sum, 2002; UGLAND, 2009). The literature also shows some body of work that understands regionalization as a process that divides a political unit (either a federation or a single country) into smaller parts (regions). This process entails, logically, the transfer of power from the central government to the local or smaller regions. In other words, a decentralization phenomenon occurs necessarily in any regionalization process (Falleti, 2005a; Hurrell, 1995; Sbragia, 2008). The new regionalisms work, therefore, as an *umbrella concept,* not only subsuming but also favoring regionalization policies that the states might create to foster their economic and political interconnection.

c. Comparative Regionalism

Tanja Börzel and Thomas Risse (2011 & 2015) compare models of regionalisms and try to derive a theoretical body that would explain why some regionalism process are different from others. This theoretical-driven explanation of "integrated regions" is a new branch of regional studies, and it is known as *comparative regionalism* (Börzel, 2011 & 2015). Börzel and Risse define regionalism as a construction process, oriented by the States, of regional institutions or organizations carried out by at least three States (Börzel & Risse, 2016). When compared to other regional integration processes, the cases of Latin America in general (including Central America) do not seem to follow a clear path to supranational institutions. In other words, the integration processes in Latin America occur without sovereignty secession to supranational entities.

Unlike Europe, the regionalism in Latin America was not originated because of the wars. They were born out of economic growth, and because of the search of political autonomy from the United States and other superpowers (Malamud, 2010; Riggirozzi, 2011). Supranationality has always been in the center of the debate regarding integration processes. The reason why integration in Latin America has been of much academic interest is that supranational organizations never were created, at least not in the same degree as in Europe. The explanations for this are many, but one of the main causes is the political culture, that is to say, the powerful presidential model as a heritage of the United States' political system (Gerston, 2007; King, 1982). Therefore, the existing regional institutions in the case of Latin America have had a *coordinating* role, rather than a supranational government-like role in which the decision-making process is taken in the high political spheres.

Since many of the integration cases in Latin America lack of the supranational institutions, compared regionalism, as a discipline, allows determining the similarities and differences of regional integration processes worldwide—including the classic version of integration and inter-state cooperation in the analysis (Börzel, 2015; Pollack, 2008; Risse, 2005).

2. Integration and Regionalism: The Emergence of Cross-Border Relations

In the previous section, I explained how the end of Cold War and the influence of globalization changed the way the states interacted between each other. These new forms of communication and relations acquired the form of regionalism, as a contrast and even as a natural effect of the

integration process happening in Western Europe. In a sense, globalization empathized the importance of *regions* and their connection within them and between them. Between regions, regionalism has acquired the form of interregional commerce, favoring the exchange of goods and services mainly in the form of trade agreements—for example, trade agreements between the European Union and the MCCA through an Association Agreement (ADA).[7] Within regions, however, the regionalization policies have created an interesting political and economic effect that it is worth exploring, and that represents the central inquiry in this research: cross-border cooperation at the local level.

a. Borders in the Social Sciences: A Mix in the Social Disciplines

Here some concepts, which are directly related to the phenomenon of integration and regionalism, should now be introduced and explored: borders and cross-border development. The first thing to say is that the study of borders and state formation is not considered a novel topic in the fields of sociology, anthropology or political science. In fact, border studies include the juxtaposition and sometimes overlap of many disciplines in humanities. Historically, borders have been the engine of many geopolitical concerns throughout many centuries and many countries because they are closely related to the State formation and their power into a defined territory (Diener & Hagen, 2010). The existing literature divides the studies of State formation into two broad categories: the *early states*, which had no central government, and *modern states*, who had their initial development in Europe in the 17th and 18th century (Barkey, 1991; Cohen, 1984).

According to Peter Taylor (1979), the transformation from *early states* to *modern states* has brought some distinctive characteristics that have broadened the scholarship in political and social studies. These features, among many others, are: i) the creation of borders and the administration of power over the territory inside the borders (also known as *state sovereignty*); ii) the establishment of organized institutions that apply that power over the people who live inside the state; iii) the creation of a "main location" (*a capital*) that embeds the power of the state; and iv) the creation of institutions that guarantee the application of justice in the territory (Taylor, 1979).

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[7]. During a Summit in May of 2010, the countries of Central America finished the last negotiation sessions with the European Union regarding the signature and implementation of an Association Agreement (*Acuerdos de Asociación, AdA*). The document was signed in June 2012 and represented the first agreement in its kind with political, economic and cooperation axes between two regions of the world. For more information about the AdA, refer to: http://eeas.europa.eu/delegations/nicaragua/eu_nicaragua/trade_relation/perspectivas_del_acuerdo/index_es.htm#

The classic literature in State formation, drawn from Max Weber (1946) or Stein Rokkan (1971), accounts for similar characteristics of the modern state. For Weber, the state is the responsible for the legitimate use of power (force) within its territory, being *politics* the means to obtain such power (Weber, 1946/2004). On the other hand, Rokkan created models to explain the state formation with its main political and social characteristics. He identified four thresholds or chronological phases for the formation of the modern European state: legitimation (of the power of the state towards the citizens), incorporation (of the *voices* or organized movements within the state), representation (or democratization) and welfare state (the state at the service of the citizens) (Rokkan, 1973).

Even though it is not clear in the literature when the concept of *borders* was studied as a discipline within the social sciences, it is believed that its historical relevance started in Europe during the 18th century. In fact, Diener and Hagen (2010 & 2012) argue that rivalries among European countries, alongside their colonial expansions, triggered a geopolitical concern about border zones. Exploring its origins, the authors drew a historical line that shows how borders have emerged from the modern notion of nation-states (Diener & Hagen, 2010, 2012).

Although merely theoretical, the authors' work merges both concepts (borders and nation-states) altogether and explain modern bordering practices. As a counter-point, the interests of border studies have shifted, not focusing on borders *per se,* but rather on other areas that are affected by them. For example, Migdal (2004) pays special attention to the local communities and identities that are created around bordering lines. In a way, borders are sometimes seen as the dependent and independent variables from which other phenomena occur (Migdal, 2004).

The most recent breaking point in border studies occurred after the end of the Second World War, from which point scholars started to disassociate the existing overlap in border studies. The influence of capitalism in the late 20th century—and the everlasting apparition of global capitalism in the form of globalization and regionalism—indicated that borders would not have much importance as they did have in the past. First proposed by Kenichi Ohmae (1989), the kind of *borderless world* was the result of "a growing prominence of multinational corporations," which would—thanks to the internet and other technologies—fundamentally transform local societies into a global society (Ohmae, 1989). The work of Ohmae is considered fundamental in political sciences for it opened a new path from which other scholars have upon contributed. Political scientist John Agnew (2009) took Ohmae's original proposition and developed new tools to study

border in a context of globalized societies. He did not focus on the subject of borders as the main units of analysis, but rather on the effects of globalization on policies applied around the borders, mainly for the sake of national security (Agnew, 2009).

In an increasing regionalized context, the possibility of free mobility within a region, as part of human and economic rights over state territorial sovereignty, was introduced in the academic debate (Pécoud & Guchteneire, 2009). The academic pressure to include migration, for example, as a social fact that makes rigid border control outdated is still at hand. The main proponent of this idea was Darshan Vigneswaran. Vigneswaran (2013) argues that migration patterns evolved at the same time with the creation of the modern nation-state. Moreover, the modern notions of citizenship (much less territorial-based as it was in the past) suggest that rigid bordering efforts are likely to be unsuccessful and possibly counterproductive in the construction of a globalized civil society (Vigneswaran, 2013).

However, the limitations and critics of this approach are also found in the literature. Probably the work of Harm De Blij (2009) summarizes the problems with the elimination of borders in the most accurate way. In his book, De Blij (2009) studies how borders continually shape the cultural identity of people. These changes include how borders change (for good or for bad) the living standards of the people, how they improve their mobility, and ultimately, how they enhance or hinder their political participation (De Blij, 2009). Furthermore, Heather *et al.* (2005) argue that borders, even in a context of regionalism and integration, are important because they represent "vehicles for negotiation" between states in subjects such as migration, trade, security or cooperation (Heather & Townsend-Gault, 2005). Kahler and Walter (2006) bring the debate not only in the economic area but also in the international relations discipline, more especially, in conflict resolution studies. They pose the question of whether territorial conflicts will disappear or not under any integration or regionalization approach. For the authors, conflicts will continue to exist and change, acquiring new forms through time (Kahler & Walter, 2006). The same conclusion is reached by scholars such as Mezzadra and Neilson (2012 & 2013), who see the new regionalism and globalization as a "conflict catalyzer" in existing borders. This fact, in time, will even contribute to the reproduction of new frontiers, instead of abolishing the existing ones (Mezzadra & Neilson, 2012, 2013).

In fact, more recent scholarship points out the problems between the need for borders and the regionalization and integration tendencies of the countries in a region. Some researchers (Kennan,

2013; Nalavade, 2011) point out this theoretical dilemma in the form of a paradox. On the one hand, there is a globalized society that demands deeper forms of interconnection and, on the other hand, there are new bordering processes in many regions under the new regionalism. The key point of this new understanding of borders is to see them as *a process* that distinguishes places, countries, and people. Nowadays, borders are seen as social variables affected by the political and economic contexts in which they are analyzed (Ruggie, 1993; Vollaard, 2009).

b. Integration of Border Cities: A New Form of Integration?

As explained before, globalization has eroded the classical concepts of borders as something that differentiates one country from the other. It has brought topics such as international exchanges and regional integration in the political and academic agenda in the recent years. Disciplines such as *International Economics* is new in this sense, and it covers the areas of the literature that have to do with international financial crises, global welfare, and international cooperation that influence, somehow, economic and political phenomena at the state level. Due to the complexity of the economic and political relations of the states due to globalization, it is, in fact, difficult to study simultaneously all the disciplines mentioned previously. Therefore, it is necessary to find explanations to phenomena that are circumscribed within a specific context. As expected, two axiomatically ambiguous terms—borders and integration—seem to collide into this scheme. Should borders prevent or not freedom of movement in a globalized world? Blake (1995) and Albert (1998) agree the question itself is complicated because it tends to be a very *normative* and *teleological* proposal, namely, it will depend on the ultimate purpose on how the states decide to administrate their borders (Albert, 1998; Blake, 1995).

The most "successful" case so far of *open borders* and *integration* has been widely analyzed in the literature is, again, the European Union (EU). The implementation of a single market in the EU in 1993, namely, the trade of capital, people, services, and goods have been successful in a good part. Moreover, given the fact that over a third of EU citizens live in the border areas[8], the importance to develop cross-border relations seem very important. The EU has design

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[8] According to recent statistics from EUROSTAT, almost a third of the entire European population lives around the border zone. From this percentage, around 80% travel from their home country to the neighbor country. Finally, from those who travel across countries, 55% do it for reasons of tourism, 35% to acquire certain goods and services, and 10% for work reasons. For more information about statistics in the border zones of Europe, refer to: http://ec.europa.eu/eurostat/statistical-atlas/gis/viewer/?year=2015&chapter=02

programs to foster cooperation in the border zone between many countries. The literature in border cooperation shows that the EU see cross-border cooperation as a "natural, necessary, legitimate, and inevitable process to put in common initiative to construct an integrated territory, creating what is known as Historical Euro-regions." (Salgado, 2009, p. 143).

Accordingly, part of the success of the European experience has been due to the *homogeneity* found in several borders. The most relevant examples are the integrated territories belonging in countries like Germany and Holland; Germany and Denmark; Finland, Ireland and North Ireland; Italy and Slovenia; Spain, and France; Switzerland, France, and Germany, among many others. The growing implication of the different actors (stakeholders) from every border side is favoring the creation of networks, and articulating platforms that could contribute to the creation of future political parties, interest groups (unions, private organizations, entrepreneurs, etc.) or social movements—with different interests like ecology, women's rights, etc. These groups, in turn, would be interested in the well-being of the integrated territory. Although some small problems might arise, *de facto,* in the idea of a *single integrated territory* in Europe, the reason why it exists has been clear since the very beginning. Ultimately, the EU wants to become economically and monetarily integrated countries with a single currency and fiscal policy (Spolaore, 2013; Wales & Moffatt, 1988). However, more time will be needed to observe and understand how borders (or the lack of them) will change Europe as a whole.

It is true to say that borders have rarely been considered as the focal point in the literature of economic integration. Tinbergen (1991) points out that most of the attention tends to focus on the macroeconomic side of any economic, monetary and political integration process (Tinbergen, 1991). In economics, the literature usually tends to link borders with tariffs quotas and related customs issues—as their study narrows down to the discussion of free market and protectionism in a context of economic integration. Accordingly, borders are usually seen by some scholarship as "barrier to free trade." (Balassa, 1961; Kindleberger & De Tella, 1982).

This view, however, should be rethought. Seeing borders solely as a barrier to trade in the field of both domestic and international economics is a misunderstanding of the role of borders. In the realm of sociology, anthropology, and political science, borders are more than just barriers to free trade and way more relevant to economic activity than people are willing to accept. Rumley and Minghi (1991) have proven this. They state that the traditional concept of borders "has not attracted any significant attention from other scholars that are not geographers," (Rumley &

Minghi, 1991, p. 7). I, therefore, would agree with the necessity to include and study borders more thoroughly insofar as the economic theory is concerned.

There is an important part of the literature that explains the "impact of borders" on the location of firms in border regions of the country of origin (Bell, Lieber, & Rushton, 1974; Hatton & Williamson, 1994; McCann, 1998). This focus, however, is not made so much for the "integration" between the firms, or between the firms and any other public or private actor. In recent years, most probably inspired by the European common market, the current theoretical concepts of border integration tend to underline the importance of geography, finding a theoretical connection with the approach of regionalism. The works of Ratti (1993), Newman (1998) and Paasi (1998 & 2002) study the transaction costs-based theory and cross-border economic alliances between different countries. They could be referred as the most important work that tries to link economic integration from a transnational perspective (Newman & Paasi, 1998; Anssi Paasi, 1998, 2002).

Perhaps the most interesting analysis of the concept of borders as trade barriers was made by Brocker (1984) in what he called "The Gravity Model." Brocker studied the impact of borders as barriers to commerce in the EU. In his model, he considered as essential variables the costs of covering distances and the cost of crossing into the neighboring country. Brocker found that, in average, the impact of borders in some European countries equaled the effect of 375 kilometers' distance. The existence of borders implies "a reduction of international trade to one-sixth of the value normally expected if the respective trade flows do not have to cross a border," (Houtum, 1998, p. 24). In this view, borders are understood as variables of "distance-cost." The distance-cost variable means, logically, that regions or countries close to each other could, and in fact sometimes are, separated by considerable "economic distances" due to the presence of borders (Anderson, 2011; Anderson & Van Wincoop, 2003; Wong, 2008).

Authors like Giersch (1949 & 1950), Hansen (1977) and McCann (1998) developed the "location theory," of Brocker by explaining the economic consequences of the place of political borders. They found an inverse relationship between the transportation costs of a product, the size of the economies of scale and the location of firms near the border (Giersch, 1949 & 1950; Hansen, 1977). McCann (1998) concluded that the primary economic activities would most of the time be located towards the center (McCann, 1998). State borders tend to cut through traditional market networks, which would then result in economic losses. Moreover, a study conducted by Nuesser

(1985) confirmed that the interaction between two or more cities located on either side of a border is reduced compared to any interaction that exists when no border needs to be crossed. Furthermore, the growth of cities as a result of demographic growth will tend to change the view of how people think about borders.

In the case of Central America, the nature and evolution of borders have been different than other parts of the world. These differences are due mainly to the unique geography and formation of the Nation-States in the region. Connecting both North and South America, and giving the different territorial, social and economic problems that divide the isthmus into two parts (the northern and southern triangles), the study of the borders in Central America offers new theoretical and methodological insights of a new form of integration and cooperation in the region. Studying integration only by means of opening the borders is not only limiting for it ignores other variables in place (like economics, politics, geography, history or sociology) but also it renders its study too minimalistic. To avoid those types of mistakes, and to study these international economic and political interactions on a micro-level, the focus of this research will be not only on the importance of the borders, but also on other conditions such as the existence of development policies, or the economic, political and social status of the bordering cities. These factors, I would assume, will be of great contribution to the theoretical debate about integration in Central America.

In the following part, I present a theoretical proposal regarding the integration process in Central America. For this explanatory proposal, I will focus on the integration process at the micro level (border zone) in the countries of Central America, and I will try to identify which are the causal conditions for a successful integration process at the border level.

3. Horizontal Integration: A New Theoretical Proposal for Cross-Border Relations

As seen in the last sections, the literature in integration, mainly stressed by the work of Bela Balassa, sometimes tends to make a difference between regional cooperation and integration. Most probably in the field of regional studies and international relations, however, there has been an effort to unify both concepts (Harrison & Growe, 2014). The theoretical conflict arises when trying to combine concepts such as state sovereignty and border controls with free trade zones and economic union. Since the research focuses on relations between local communities belonging to different countries, instead of the relations between central governments to supranational

institutions, I propose the concept of cross-border cooperation could be taken as a synonym or best describer of *horizontal integration.*

Given the literature background reviewed so far, it seems that both integration and cross-border cooperation in Central America could be mapped within the literature of regional studies. To support this assumption, I quote Vairynen's (2003) considerations regarding the *conceptual umbrella* of regionalism:

> These forces [of globalization] have redefined the structural and agentive relationships between the global, regional and national context. Moreover, they are leading us to re-examine the theoretical foundations of the study of regionalism. Our regional images are often based on unexamined and outdated metageographical conceptions of the world—a perspective dubbed the "jigsaw-puzzle view" that assumes discrete, sharply bounded, static continental units fit together in an unambiguous way. (p. 25)

Theoretically, the literature supports that the term *regionalism* (either *old* or *new)* is coherent with the possibility of creating (or not) regional institutions between countries that belong to a common geographical region. Wilfred Ethier (1998) argues that the mechanisms to achieve regionalism will depend on the reforms of (small) countries that "link up with large countries in an arrangement characterized by asymmetrical concessions and deep integration." (Ethier, 1998, p. 11). The broad perspective that the concept of regionalism has in social sciences, specifically in disciplines as international economics, international relations and political science, is, therefore, very useful in this research because it tends to be flexible enough to consider both economic integration and cross-border cooperation between countries as part of its field of study.

In an attempt to define what *horizontal integration* is given the body of literature, it is important to address its different theoretical meanings. To begin with, the concept of "horizontal integration" is mainly used in microeconomics and business administration to describe procedures where companies acquire others with similar supply characteristics, either complementary or competitive (Dietzenbacher, Smid, & Volkerink, 2000; Ostroff & Smith, 1992). The goal of horizontal integration is to reduce competition and to create a single supply production by using economies of scale (Raue & Wieland, 2015). In political science and international relations—especially within the integration literature—the term horizontal integration might sound ambiguous or, in the best case, incomplete. As opposite to "vertical integration" (what I call the creation of supranational institutions), horizontal integration aims at having the benefits of a classic

economic integration model (free circulation of goods and services within a specific area, and cooperation across borders) without the necessity of supranational institutions. Thus, this research will try to make a theoretical contribution to the concept of horizontal integration, its use, and application within a specific context.

A similar approach is found in the work of Sotnikov & Kravchenko (2013) who study how the markets in Eastern Europe are starting to integrate with each other at the border level respecting, however, their national identities and each country's singularities. The authors tried to study how the economic integration process has been in places where sovereignty and borders represent important variables in the political life of their societies. They use the concept of cross-border cooperation for this, and it is understood as: "joint action aimed at establishing and deepening the economic, social, scientific, technical, environmental, cultural and other relations between local communities and their representative bodies." (Sotnikov & Kravchenko, 2013, p. 96).

The concept of cross-border cooperation, applied in a context where borders and state sovereignty are still important variables, is to contextualize accurately, in my view, the relevance of cross-border relations in regions where state sovereignty still have a fundamental role in their political life. As a result, each city or local government located at the border level can benefit from the exchange or the "establishment of relations" from each other.

Furthermore, I would also propose that the natural result of the establishment of economic relations through cross-border cooperation can assume the form of a place or a region where these relations can flourish with the help of the actions of the local government or central governments. The actions from either the central government or the local government in the forms of *development policies* can facilitate the creation of this common space where cross-border relations can happen. I would call this space *Horizontally Integrated Space* (HIS)*,* or what in Central America would be known as *Enlarged Markets*[9], borrowing the concept from the economic integration paradigm, and that is also compatible with the concept of regionalism in Central

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[9] Given the theoretical and conceptual void about an HIS in the border zone of Central America, the term "Enlarged Market" is the most coherent concept borrowed from the framework of the economic theory. Despite the fact that it entails, certainly, mostly an economic meaning, the concept of an enlarged market in Central America go beyond the economic axis of the integration process, as it is understood as the place where common policies are applied in a common area.

America. In the following part, I explain how enlarged markets are created, and how horizontal integration contributes to its creation.

a. Horizontal Integration and Enlarged Markets Theory

The concept of Enlarged Markets is traceable to the work of Balassa, and one of the phases of the economic integration process. Given how the process of economic integration in Central America has evolved, the concept of *enlarged markets* has been gravitating around in the economic agenda in Central America for the last couple of decades. The conventional theory of integration, proposed by Balassa and adopted by Central America in the early 1990s on the one hand, and the incentives of economic integration promoted by the benefits of a single market, on the other hand, are ideas that have been developing in Central America for half a century. However, these ideas seem to take rather diverging routes in the present (Cervantes, 2011).

During the early 1990s, the concept of enlarged markets was inevitably linked to trade facilitation.[10] In fact, the gravity model firstly presented by Brook (1984)—which takes borders in a region as a crucial variable to trade—posed a question that many other econometric models, in the case of Central America, have tried to answer: What would the "normal" level and structure of trade be if borders were eliminated? [11] Removing the borders to see if the trade is enhanced could be a useful counterfactual exercise, but it would mean to reduce the concept of economic integration only to commercial trade. This reduction, I believe, is a mistake to avoid. I would suspect that both the context of the region and the application and policies at the local level are crucial to avoid a reductionist view of economic integration—at least at the border level. Moreover, given a historical anachronism between trade and economic integration in Central America,[12] a

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[10] Although we already stated that within the umbrella concept of regionalism trade is only one variable among many, (for it has to do with a wider range of areas like military, environment, security, etc.) it is perhaps the most important of them. Trade facilitation embodied the discussion of regionalism and regionalization policies in many regions of Latin America during the 1990s. For more information, refer to "Doha Development Round Perspectives" (Koopmann, 2006) and "Trade Liberalization in the Doha Development Round" (Francois et al., 2005).

[11] Given the current state of the integration in Central America, studies are being conducted at all the customs in Central America to calculate the *ad valorem* tariffs of having no borders at all. The values of the Gravity model analysis in Central America takes into consideration the geographical distances between the capitals of the countries engaged in integration and the costs of having no customs at the borders. Since this econometric model is still in development, the information regarding trade facilitation can be consulted at the World Bank's data base. For more information, refer to: https://www.datacatalog.worldbank.org/

[12] It was in fact expected that with the creation of a Common Market, economic and political integration would be inevitable. Moreover, effective economic planning was necessary to promote this kind of project. However, due to the

new approach—this time from a policy perspective- is necessary to understand integration means in the region.

In the Case of Central America, sector policies and the enlarged market theory are processes both conceptually and historically inseparable (Nájera & Ordóñez, 2012). In fact, the historical reference from the economic process in Central America can be drawn back to the "Spaak Committee," which established the necessary operating conditions for the viability of the European Common Market in the late 1950s (Haas, 1967). The *Spaak Model* (conceived by the then Belgian Prime Minister, Paul Henry Spaak) fits the role of *common policies application* as a condition of homogeneity of the market and, subsequently, of harmonization of the economic integration process. The most important feature of the *Spaak Model,* therefore, is the definition of the integration process based on shared policy areas. The work of Balassa well systematized this idea of integration and presented in the form of *enlarged markets* or *common markets*. I would then think that it is plausible to review the integration process in Central America emphasizing the role of common policies at the border level. Furthermore, there is a body of literature that puts in evidence how common policies have always been present in both legal instruments (countries legislation) and policy evaluation. These policies can contribute in deepening the integration process in a given region (Goodman, 2010; Heckmann, 2006; Rosenow, 2009; Ruiz-Tagle, 2013).

Unlike the integration process in the European Union (with the creation of free trade zones, common markets, and then a bidding for a political unification), the case of Central American has evolved differently. Moreover, despite that the emphasis on the integration process in Central America has been merely economic, the interrelation between its economic dimension with its social and political dimension (including some topics such as welfare, democracy, and development) has been much more extensive recently. In fact, the inclusion of other sensitive issues besides the economic one has contributed to the theoretical debate on the concept of regionalism in the region. This debate has taken the form of new typologies of Regionalism known as "Open Regionalism,"[13] especially relevant during the 1990s, and then to the New Regionalism, which takes place in the early 2000s.

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context of Cold War, economic planning from the governments was seen as State intervention in the market. Also, the implementation of the common market in Central America brought uneven economic growth to the countries, which led ultimately to war between two nations: El Salvador and Honduras.

[13] The term "Open Regionalism" described the Asia-Pacific economic cooperation and the approach to trade facilitation and liberalization in the late 1980s and 1990s. In Central America, the open regionalism was aggressively introduced with the liberalization measures conducted by the International Monetary Fund (IMF) and the World Bank

b. The Stages and Success Factors of Horizontal Integration

Since borders have had historically different functions in many regions worldwide, the success factors for an effective integration of the border zone or horizontal integration might vary across regions as well. The existing literature that accounts for successful experiences and best practices regarding horizontal integration points to, once more, the European Union. The first cases of successful border cooperation were in the 1950s, around the Rhine Basin (Anderson, O'Dowd, & Wilson, 2003). This process involved the border areas of France, Switzerland, Luxemburg, Belgium, Germany and the Netherlands.

Furthermore, the literature recognizes three different phases or stages to create successful cases of horizontal integration between countries (Anderson et al., 2003; Guo, 2012; Sych, 2012). The first phase is *recognition*. The phase of recognition entails that the lesser developed country has little or no capacity to real cooperation with the neighboring country. Usually, the most developed country offers its assistance to the less developed country to see the feasibility on the development potential of the border zone. In this stage, the network is created among the states that engage into horizontal integration. The second phase is the *social and economic convergence* between the border regions. In this converging phase, the cities begin a planning process to invest in projects that would foster the existing networking between the cities—i.e., transportation, commerce, public infrastructure, etc. The third phase is *common development policies* in the border zone. In this stage, the cities across the borders recognize the type of policies needed to develop the border zone. Usually, these policies are aimed at tackling common problems that the cities might face (for example, regarding border infrastructure to facilitate crossing of people and merchandise) and also direct contact between people and communities across the borders is fostered.

For the European Union, the integration of the border zones has acquired a deep policy dimension, reflecting the goals of the policy processes of the countries. In the case of Central America, accordingly, some independent variables such as the geography and the political ideology of the cities might change the way cooperation is engaged and, ultimately, the types of policies that are implemented in the border zone. In other words, the success of horizontal

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(WB). For more information, see "Open Regionalism in Latin America and the Caribbean" (ECLAC, 1994); "Latin American Regionalism and EU Studies" (Malamud, 2010) "The Rise and Fall of Open Regionalism? Comparative Reflections on Regional Governance in the Southern Cone of Latin America" (Phillips, 2003), and "Region, Region-ness, and Regionalism in Latin America: Towards a New Synthesis" (Riggirozzi, 2011).

integration will depend not only on the implementation of policies at the local level that contributes to solving common problems (which might vary across cases) but also will depend on a serious of conditions that would guarantee homogeneity in the border cities.

Besides the sequences or stages to achieve horizontal integration, some scholarship also accounts for some basic requirements for integrated border areas. These factors are crucial once the integration process has already started between different cities (Birkland, 2011; Niño-Amézquita, 2011).

The first requirement is *permanency*. To achieve integration in a specific region, it is necessary for to the process to be *stable* and *consistent* in time (Blake, 1995). The stability of the process is provided by a common agenda of the cities around the borders, and by the *spill-over* effect that creates a steady expansion with a greater degree of integration among cities. The second requirement is the possibility for the states to have *joint revenues.* This issue will be perhaps the most difficult and sensitive issue for Central America to solve. The joint revenues, in the form of customs duties or tax distribution, would require the existence of a local organization in charge to guarantee the distribution of economic shares between the cities or the member states (Fuentes, 2006). Some regions solve this problem by financial compensations to the member states that do not profit equally from the joint revenues (Haufler, 1998; Haufler & Schjelderup, 2004). Haufler (1998 & 2004) argues that in the presence of any integration process, the distribution of the tax revenue should be accepted by all the countries. In case, however, that one is in disadvantage compared to the others, then compensation mechanisms should work instead by negotiated agreements.[14] The third requirement is the adoption of a *joint decision-making process.* The joint decision-making process relates to the power of the local actors (usually local governments) to hinder or accelerate the integration of the border zones. The capability of the local actors to decide over their process would depend on to the level of autonomy or decentralization that every city has about their respective central government (Antràs & Costinot, 2010).

The fourth requirement is the *coherence* of the process, intended as *policy coherence* on the problems of the borders. The coherence in the design and implementation of the policies is seen as a *catalyzer* that affects the speed of any integration process (Brou & Ruta, 2011; Holod & Reed,

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[14] Although tax compensation is crucial in the process of the classic economic integration theory, it is not the purpose of this chapter to go into details about such mechanisms in the presence of an economic union. For a detail reading and clarifications, refer to "Asymmetric Commodity Tax Competition –Comment on de Crombrugghe and Tulkens" (A. Haufler, 1998) and "A Review of Tax Research" (Hanlon & Heitzman, 2010).

2004; Sachs, Warner, Åslund, & Fischer, 1995). The policies can be both *local* and *regionals,* and the implementation will depend on the capacity of the territory to execute them, the resources they have for the implementation and the external conditions necessary as well (Fischer, 2003; Sabatier, 2012).

The literature seems to suggest that the stages and successful factors for Horizontal Integration will depend on the regions they are applied. However, the literature so far has been built mostly on the experiences (best practices) of the European Union (in the case of formal integration), and ASEAN (in the case of new regionalism). As the cooperation at the border level gets more attention for the academic and scientific inquiry, more cases in other regions of the world will be studied thoroughly. Regarding the factors for successful integration at the border level, the literature has indeed identified some characteristics that can be applied in many regions of the world. In the case of Central America, I would assume that some of the characteristics identified in the literature are applicable as well, especially those concerning policy implementation, and the convergence in the decision-making process of local actors, either public or private.

Since New Regionalism has created this new tendency to focus on the local level, many regions of the world have engaged into micro-relations at the border areas, and Central America is not the exception to this trend. Despite the shared reality of the border cities, the success of any integration process seems quite distant to the near future. Even if this is the case, the cities at the border zone must be aware that the conditions found in their territory, as well as external factors coming from the international context, will have an impact on how the regions engage in any integration or cooperation schemes. So far, the literature must emphasize this aspect when evaluating the success or not of any integration process.

C. Limitation in the Theory: An Open Debate for Future Research

1. Integration and Regionalism: What the Literature Does Not Answer

So far the literature has shown that the integration process either economic, political or both depend on many factors, from a historical dispute over territories to economic well-being. With the implementation of regionalism, cities at the border level with different geography, population, economic performance, political identity, social problems, local market characteristics, infrastructure, etc. have started to engage in various forms of integration. However, even though regionalism has spread in many regions of the world, there is no fundamental or basic agreement in the scholarship regarding a unified concept of regionalism. In other words, there are limitations when comparing the different models of regionalism worldwide because each model has different characteristics. Accordingly, these differences relate to the social, economic and political context of each country.

This section will provide the main problems and weaknesses found in the literature about integration and regionalism. Given the multidisciplinary approach to the topic of integration and regionalism, there are at least three problems related to the literature: a concept problem, which includes the area of studies and the difficulties to conceptualize it; a theory problem, which entails the lack of a consistent theoretical framework and the possibility to apply the theories in other contexts; and a methods problem, which opens the debate of whether the quantitative or qualitative approach is the best to apply for the phenomenon.

a. The Problem with the Concept

The first problem found in the literature is the concept itself. The concepts of "integration," "regionalism," or even "cross-border cooperation" sometimes are too broad. Some scholars have indeed acknowledged that this problem is so keen that the concept itself must be rethought in the area of academic research (De Lombaerde, 2011; Sbragia, 2008).

As the literature proliferated during the 1970s, many scholars debated what kind of integration mattered the most (economic, political, social, cultural, etc.). Therefore, the scholarship proceeded with different approaches of what integration was and why countries should achieve it (Goyal & Staal, 2004; Malamud, 2010; Nye, 1968; Sbragia, 2008). There are no consistent efforts to unify

concepts; in fact, the literature has only produced more corollaries to the terms, creating many epistemological voids. Even if the terms are considered as "umbrella concepts," with multiple definitions, they still need a solid conceptual analysis. The concept of integration, regional studies or cross-border integration should never, therefore, in a rigorous scientific analysis, be taken for granted.

Despite this lack of consensus about the concept, most of the literature has given great importance to definitions of integration and regionalism related to sovereignty, and the states as the main units of analysis. Within this framework, both economic and political integrations are seen as one of many forms of regional organizations. Notwithstanding the fact that regional organizations are the natural result of any integration process, the main claims of this research regarding the conceptual problem are two. The first one is that regional studies should not only be understood regarding macro-state or macro-regional relations, but also as an integration process at the border level, and the second is that not all cross-border relations or regional organizations are the same in every place. Thus, they are not always comparable.

The literature, moreover, divides the integration process into three different levels according to the regions (UGLAND, 2009). The first one is the supranational regions (which involves a group of countries); the second is the subnational regions (different regions within an existing country), and the third is the cross-border regions (defined as the territory that covers two or more countries). The supranational regions are the most common units of analysis in the literature of political science and international relations while the subnational regions are studied more by economics and local politics. Furthermore, globalization has made the boundaries of local and global very dim, creating a new academic debate about the nature of cross-border regions and the relationship between countries within the context of globalization (Perkmann & Sum, 2002; Rosenow, 2009).

In the light of this problem, it would make sense to use the term "horizontal integration" under the umbrella concept of *regionalism* to describe the common processes that cross-border regions engage into. These common processes acquire a pragmatic and contextual meaning depending on the regions—for example in Europe, Asia, Africa or Latin America. These contexts have to do with crucial aspects of the political life of the border zones, like geography, identity, economic well-being, and governance. Ultimately, these are also important features when referring to the states as political units. Confusion in the literature might appear when it relates to the border area as a part of a geographical territory attached to a specific social reality that has state-like properties,

but without being a state per se. Regionalism treats border areas as regions, namely, as areas that might acquire some characteristics of the state, but without being one.

Finally, as said before, the vast majority of studies in integration and regionalism has put more emphasis on macro-regions integration rather than micro-region integration. This tendency has, therefore, overlooked some crucial features when studying integration at the border level, such as the homogeneity or heterogeneity of the bordering cities, among other important things. There might be interesting cases when comparing experiences with other regions worldwide regarding horizontal integration, like the ones in the East and Southeast Asia, Africa, and the Euro-regions in the European Union (Perkmann & Sum, 2002; Sbragia, 2008).

b. The Problem with the Theory

The second problem found in the literature is the one of the lack of a consistent theoretical framework. The existing theories of integration and regional studies are not "competing" theories—insofar they do not try to explain the same phenomenon in different ways. Instead, they seek to analyze and study different aspects of regionalism or integration from a broader perspective. The theoretical problem is similar to the conceptual problem addressed before. Given a conceptual variety of the phenomenon, the theoretical implications for integration are also vast.

The fundamental problem with the theory of integration is that most of the literature has the propensity to use the European integration theory as the basic theory for other integration processes (McLennan, 2003; Peet, 2005; Shohat & Stam, 1994). This *bias* towards European integration or the "western" integration process is somewhat understandable since most of the literature has been produced in the West. The problem with this, however, is that the vision of integration can become misleading, independently of which vision dominates the current paradigm from which the others are analyzed.

This bias is confirmed in the literature when scholars consider their region of study as "special" when they compare it with the European integration theory (De Lombaerde, 2011). To some scholars, this *Eurocentric bias* has "contaminated" the integration debate for many decades (De Lombaerde, 2011; Sbragia, 2008). Even many of the specialists in integration (mainly those in defense of the classic functionalist and neo-functionalist schools) were aware of their bias and tried

to explain the integration phenomenon using the theoretical framework that the European integration theory itself has produced.

The "Europeanization" in the literature has created a difficulty in using a standard theoretical framework for analyzing other models, or to study anything that could be used as a standard definition for "regional integration." As a response to this theoretical problem, there seem to be two recent attitudes that use comparative analysis and that pose themselves as "competing theories" towards the European integration theory. The first proposal tends to elevate the European integration theory as a "ground model," with its rules and variations. The second proposal compares *de facto* many integration models with the European one, and they appear as *informal* (like ASEAN), or *flexible* (like SICA), or *overly political* (like MERCOSUR) (Breslin, Higgott, & Rosamond, 2002, p. 11).

The other alternative available is not using the European model as an analytical tool, but rather focusing on other integration experiences worldwide (De Lombaerde & Schulz, 2009; Kim, 2004). However, even in this perspective, most of the existing studies use the European theoretical model as a comparative model for other parts of the world. As a result, this approach has put the European model, without wanting, as the center of the analysis of any comparative study, creating more fragmentation in the existing academic literature (Breslin et al., 2002).

c. The Problem with the Methods

The third problem with the literature is the empirical methodology to analyze the cases of integration. There seem to be two broad approaches on the methodological issue. The first has to do with the selection of cases (both single and multiple cases), and the other is about the methodological tools that the different fields of social science have to offer to understand the phenomenon.

When it comes to case selection, the options are also two: the first one is to study a single case, usually with an emphasis on the historical perspective of the event and with a strongly qualitative approach. With single-case studies, the researcher goes in depth into a single case, trying to explain phenomena that occur in that case but without being capable of drawing general conclusions about the problem. This type of case selection is most seen in the field of international relations and sociology. The second option is multiple case studies. In a multi-case research, the researcher tries

to find a more general explanation of the phenomenon through quantitative methods. In the topic of integration and regionalism, this method is often used by economists who study the economic impact of trade agreements within a formal integration framework. Between these two ends of the continuum, there is the *comparative case study method*, that uses small numbers of cases compared to the quantitative approach, but more than one case so a comparison between cases can be performed.

The general problem with the case selection is that, as mentioned before, the literature has been monopolized by the European integration model as the main case of regional integration. This fact does not allow to explore and understand integration models outside Europe, making some research questions difficult to answer. Whether to go for a single-case study, or multi-case study, or even a comparative case study will depend on the researcher. However, given the current status of the literature, it becomes difficult for the researcher to choose cases that could be either interesting enough as to develop theoretical advances without necessarily referring to the European experience, or could be comparable to other cases of integration models, or could help develop a general theory of integration applicable to every case (McLennan, 2003).

The second big problem with the methodology is the kind of tools needed (used) to analyze and understand integration and regionalism. One big part of the scholarship sees the European Union as a political entity or political unit that should be studied as a sole political "system" rather than a product of integrated states (Fligstein et al., 2012; Manners, 2011; Nye, 1968). This assumption, however, is methodologically problematic. It is problematic because it assumes that integrated states should be considered as a single unit of analysis or systems, and thus the tools of political science and comparative politics are more useful than the tools provided by international studies or international relations. Most of the methods found in the literature, therefore, are not consistent with neither the scope of the research or with the cases of study.

Therefore, the lack of cases to compare between regions, plus the complexity of the integration phenomena has led most researchers to choose single-case studies (De Lombaerde, Söderbaum, Van Langenhove, & Baert, 2010; Hettne, 2005; Pedersen, 2002). Scholars who choose single-case studies, logically, avoid applying general concepts and hypotheses that can be used in other cases. This tendency has provoked in the academic literature an over-specialization in specific regions rather than cross-regional comparative analyses.

Very recently the scholarship has shifted into more case-study methods. This method seems to be more attractive for social scientists since it allows a "within-case" analysis and process tracing, which place a relevant role to the specific actors and institutional change. Moreover, the reason why the scholarship tends to choose case-study methods is not only because of the complex characteristics of the integration phenomenon but also because of the tradition itself in the methodology used in the fields of international relations or political science. In other disciplines, like economics or international commerce, the use of hypotheses, data sets, and statistical techniques have allowed researchers to give the studies of integration an over-economic profile, leaving aside other important features such as history, culture, and identity.

As a summary, both problems concerning the methods (either the case selection or the tools of analysis) require more attention from the academia. It seems that the atomization of the studies in integration has neglected the possibility to use different tools from different disciplines to study a single phenomenon. It for sure will require more analysis and answers.

CHAPTER TWO

CROSS-BORDER COOPERATION IN CENTRAL AMERICA

A. Integration in Central America: An Introduction

1. Central America and its Historical Context

Borders in Central America have historically exemplified a formal representation of the political and economic power of the State within its territory. They have indeed shaped the political unity of the region through time. In fact, the very first notion of Central America as a single political unit (with no relevant internal borders) goes back after its independence from Spain in 1821, in which period Central America was seen as a political and economic federation (Foster, 2007). The period of the Spanish colony generated a political unit in the region that would last until the countries—due to several endogenous and exogenous problems—were separated and became several political entities somewhat analogous to the current nation-states.[15]

After the dissolution of the Central American Federation, several institutional attempts were considered to reunify the countries. Thus, some of the regional institutional architecture began to appear during this period. The most relevant institutions created, among others, were the Central American Court of Justice in 1902, the Central American International Office (*Oficina Internacional Centroamericana,* OICA) in 1907, and the Organization of the Central American States (*Organización de los Estados Centroamericanos,* ODECA) in 1950.[16] Soon after, an economic integration program in the middle of the 1950s was formulated, acquiring more and more relevance from 1960 to 1990. During this period, a novel model of economic integration was proposed and implemented in the region, and it would represent the first steps of a still-functioning economic integration model to this day.

The modern concept of integration in Central America has, therefore, its most recent reinvention in the early 1990s. After the internal wars in the region during the 1980s, and parallel

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[15] At this point, the reasons for separation of the countries from the federation were many. From an endogenous perspective, the model of federalism or unionism was no longer coherent with the interests of the political elite in the region. Furthermore, from an exogenous perspective, the international context and the exports of Central America's main product to the global market, the aniline dye, collapsed and provoked a financial crisis in the region. Therefore, the modern states of Central America and their borders started to have a definite definition at the end of the 19th century. For more information regarding the postcolonial era in Central America, refer to "The Failure of the Union in Central America, 1824 – 1860" (Karnes, 1982) and "Central America: A Nation Divided" (Woodward, 1976).

[16] For the purpose of the research, the interest to explore the institutional past of Central America should be considered only as anecdotic. Although the region tried to resurrect a federation structure in many occasions throughout its history, the pragmatic implications of such a project were a failure. Furthermore, these attempts to rebuild the Central American Federation created a conceptual confusion with its political integration project. Both political schemes—integration and federalism—were indeed different in nature and scope, and should not be considered as synonyms or equivalents whatsoever.

to the end of the Cold War, the 1990s represented a crucial historical moment for the political, social and economic future of Central America. As globalization and neoliberalism were setting the political and economic international agenda, the immediate conceptual background of economic integration that Central America adopted for the last two decades was the one proposed by the Economic Council of Latin America and the Caribbean (ECLAC): *Open Regionalism*[17] (ECLAC, 1994; Riggirozzi, 2011).

In fact, with the introduction of globalization and economic liberalization, the term *open regionalism* described the trade facilitation and market liberalization promoted by the economic relations mainly between Asia and the Pacific. In the case of Central America, the concept was limited to commercial relationships with international markets and aggressive liberalization and privatization policies conducted by the *Washington Consensus,*[18] the International Monetary Fund (IMF) and the World Bank (WB) (ECLAC, 1994; Malamud, 2010; Phillips, 2003; Riggirozzi, 2011). This new theoretical proposal provided by the ECLAC was indeed adopted by all the countries of Central America in the 1990s. The open regionalism, therefore, became a theoretical benchmark that would explain the loopholes that the integration process in Central America had in the previous years.

The operative definition of integration that Central America had (before the implementation of the open regionalism) was the one created by the Central American Economic Integration Program (*Programa de Integración Económica Centroamericano,* PIECA) in 1958. The PIECA promoted important economic policies or instruments that gave pragmatic coherence to the economic integration process in the years to follow. These policies included the development of the economic infrastructure of the region (mainly the transportation infrastructure), the creation of the Central American Common Market (MCCA), namely, the implementation of a free trade area of the

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[17] The Open Regionalism in Central America was a direct result of the implementation of Central American Economic Action Program (*Programa de Acción Económica Centroamericana,* PAECA) at the end of the 1980s. The PAECA tried to reactivate the Central American Common Market (*Mercado Común Centroamericano,* MCCA) by putting an end to the fiscal incentives, by promoting competitiveness in the national markets, and by removing protection barriers in the national economies. For more information regarding the PAECA, refer to "La Integración Regional en América Latina y en Europa: Objetivos Estratégicos y Refuerzos de las Capacidades de Respuesta" (Pelkmans, Gretschmann, Dror, & Jacqué, 1993; SICA, 1990).

[18] The Washington Consensus was a set of economic policies reform promoted by the IMF, WB and other international financial institutions towards developing countries. The primary goals of the policies were to achieve macroeconomic stabilization, expansion of domestic markets, and economic opening for trade and investment. For more information, refer to "What Washington means by Policy Reform." (Williamson, 2002).

products of origin between the countries, an industrial policy which included the Central American Regime for Industries Integration (*Régimen Centroamericano de Integración de Industrias,* RCII*)* and a policy of fiscal incentives.

The project of the economic integration was made concrete by the Multilateral Treaty of Free Trade and Economic Integration, which would later evolve to the General Treaty of Economic Integration of Central America (*Tratado General de Integración Económica Centroamericana,* TGIECA). The definition of economic integration was then finally formalized and integrated into the TGIECA in 1960 (Cervantes, 2011; ECLAC, 1958; SICA, 2011).

The original economic integration idea promoted by the PIECA, and then formalized by the TGIECA, was, in fact, the one of the MCCA. In a way, the MCCA was theoretically and pragmatically understood as the *equivalent* of the ECSC. The similarities between both markets resided in the sharing of the production chain. Sharing the production chain means, at least theoretically, to put in common not only the production of prime matter, but also the process of transformation of the prime matter, the free transit and commerce of the final product, and the elimination of important trade barriers. Although similar in nature, the differences between the MCCA and the ECSC were also evident. The MCCA could only achieve the integration of consumption, but not the integration of the entire production chain. In other words, the MCCA was only capable and thus restricted to the commerce and circulation of the original products of the countries, but not to their joint production (Cervantes, 2011; Nájera & Ordóñez, 2012; Villalta, 2004).

Within the framework of the *open regionalism,* the idea of free commerce and economic performance started to be relevant in the economic agenda of Central America. In the search to create a more competitive and diversified market towards the world, Central America also adopted the vision of "*competitive advantages,"* promoted by the Harvard Scholar Michael Porter. In fact, this vision of economic integration was institutionalized in the Protocol of Guatemala. The Protocol understood the economic integration in Central America as "a *gradual process* that allows the transformation and modernization of its productive, social and technological structures, raises the *competitiveness* and reaches and efficient and dynamic of Central America in the *international economy."*[19] (SICA, 1993, p. 3).

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[19] Italics added.

The influence of Michael Porter's theory of "comparative advantages" and "competitiveness," in the one hand, and the influence of Bela Balassa's theory of economic integration as *stages* from national markets to complete economic unions, on the other hand, influenced the vision that Central America had of its own economic integration (Harfield, 1998; Stonehouse & Snowdon, 2007). In other words, the model of economic integration of Central America was a mixture of the open regionalism model inspired by the works of Bela Balassa, on the one hand, and the theory of competitiveness proposed by Michael Porter, on the other hand.

However, in the mid-1990s, as the Uruguay Round finished, the regional economic agenda shifted as the world was inclined to achieve the goals of the newly created institution at that time: the World Trade Organization (WTO). The commerce agenda promoted by WTO, thus, put pressure on recently adopted open regionalism model in Central America. In a way, through the Uruguay and Doha Rounds, the United States started to promote the idea of a "global market," and this influence had an impact in Central America. Even though the objectives of the United States to create a consolidated global market did not happen, the countries of Central America put more emphasis to create "smaller"regional economic initiatives in the form of FTAs in a smaller scale (Agnew, 2005; Shaffer, 2005). The Free Trade Area of the Americas (*Área de Libre Comercio de las Américas,* ALCA) is a good example of this new regional tendency.

As the proliferation of FTAs was at its peak, the original theoretical proposal of the ECLAC (to maintain the integration structures of Central America and to prepare the national economies to compete in the international markets) was put aside. In fact, in the early 2000s, there was an important economic shift in the region: the idea of open markets had dramatic social consequences in the developing world, especially in Latin America and Eastern Europe (Abed & Davoodi, 2000; Campos & Kinoshita, 2008; Lastra, 2002). Therefore, a new concept of economic integration began to resonate again in Central America as the neoliberal policies failed to bring the social equality promised in the Washington Consensus. The *open regionalism* of the early nineties, which focused mainly on economic performance, changed into what some authors started calling *new regionalism* by the end of the 20th century.

Although the first coherent proposal or regional studies began in the 1950s and 1960s with the European Communities, what some political scientists call *old regionalism,* the *new regionalism* began in the late 20th century (Ethier, 1998).

The *new regionalism* takes the elements of globalization and the international economy into more concrete areas of specific regions. Vayrynen states:

"These forces [globalization] have redefined the structural and agentive relationships between the global, regional and national context. Moreover, they are leading us to re-examine the theoretical foundations of the study of regionalism. Our regional images are often based on unexamined and outdated metageographical conceptions of the world –a perspective dubbed the 'jigsaw-puzzle' view that assumes discrete, sharply bounded, static continental units fit together in an unambiguous way." (Vayrynen, 2003, p. 25).

David Ley (2007), Mark Salter (2008), and Christopher Dent (2008) continued to shed some light on a theoretical framework that tries to unify a sense of identity of a specific region with the creation of institutions that shape a collective action in society. Moreover, using the globalization of economies and the Asian-Pacific Rim (APR) instead of the European Union as an example of classic (*old*) regionalism, the current literature of the new regionalism explores how a number of states are creating both new types of *internal borders,* such as FTZ, and a new kind of *working class* based on education and skill. Under this approach, the states are not just passive victims of globalization, but actively trying to shape their economic prosperity (Dent, 2008; Ley, 2007; Salter, 2008).

In a sense, Central America has been struggling in these same areas since no coherent concept was adopted after the ECLAC proposal at the beginning of the 1990s. Thus, given the inconclusive integration process in the political and economic agenda of Central America, this research will then analyze how the region engages into novel integration models at the border level through the implementation of cross-border development policies.

I hypothesize that some key conditions, which will be studied in depth in the following sections, present at the border level are necessary to trigger *horizontal integration* in the countries of Central America. The empirical driver and main contribution of this research, therefore, will be to prove that some macro conditions—i.e., political context of the countries—together with specific micro conditions—e.g., territorial problems, or local economic and social development at the local level—could be either necessary or sufficient to create successful cases of cross-border cooperation in Central America.

2. Cross-Border Development and Horizontal Integration

What borders are and how they relate to economic or political integration is not an easy question. Although the concept of borders is not very recent,[20] the literature started paying attention to their importance after the Second World War. As borders began to "open" during the formation of the European Union, paradoxically, many States and new borders were established as the Soviet Union disintegrated in the early 1990s. During this period, globalization and global commerce motivated an academic interest (especially in the field of economics and international relations) in the effect of borders within a frame work of regional integration (Ceglowski, 1998; Yeung, 1998).

In fact, within an integration process, the characteristics of the borders tend to change. The evolution of this change was never unidirectional, but rather flexible and dependent on many factors that shape their nature. Accordingly, the definition of border development is not unique. Due to commercial relations, customs unions, and globalization, there are many possible definitions for border development, each of which depends on the context of their countries. From a policy perspective, the current scientific literature on border development tried to solve this problem through analyzing the impact of different policies in a regionl where borders are crucial variables for the countries (Leibenath, Korcelli-Olejniczak, & Knippschild, 2008; Perkmann & Sum, 2002).

For this research, a theoretical framework was elaborated to explain the conditions for cross-border cooperation in Central America. For this, it is important to start by asserting that any relation created at the border level is mapped into the concept of *regionalism*. Theoretically, the literature states that the term regionalism is consistent with the possibility of creating (or not) regional institutions between countries that belong to a common geographical region. Authors like Wilfred Ethier (1998) and Perkmann and Sum (2002) argue that the mechanisms to achieve integration at the border zone within the framework of regionalism will depend on the actions of the countries that engage in deeper forms of economic, political and social cooperation at the local level. The broad perspective that the concept of regionalism has in social sciences, specifically in the

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[20] Border studies, as a scientific discipline, started from the geopolitical tensions between European countries, their colonial expansion, and many wars during the late 19th and early 20th century. For more information about the historical development of borders, refer to "Imagined, Negotiated, Remembered: Constructing European Borders and Borderlands." (Besier & Stoklosa, 2012).

disciplines of economics, international relations and political science, is, therefore, very useful in this research because it tends to be flexible enough to consider both integration and cross-border cooperation between border cities as part of their fields of study.

In fact, the literature of integration and international relations connect border relations and regionalism. For example, Sotnikov and Kravchenko (2013) define cross-border cooperation as a "joint action aimed at establishing and deepening the economic, social, scientific, technical, environmental, cultural and other relations between local communities and their representative bodies," (Sotnikov & Kravchenko, 2013, p. 96). This definition, although accurate in a general sense, seems very broad to be operationalized properly. In the case of Central America, the definition of Horizontal Integration implies the possibility for local communities around the borders of countries to cooperate (at a first stage) and develop policies that would foster such cooperation into deeper integration, at a later stage. In fact, given the lack of academic consensus in the theories for achieving successful cross-border cooperation, and given the social and economic particularities of the borders in Central America, the concept used to describe Horizontal Integration will have to be narrowed down to some key variables or *condition.* These conditions are, among others, the homogeneity in the political ideology between border cities, or different economic, social and even geographical circumstances that would allow the border cities to generate different types of cross-border development policies.

Using, therefore, the existing literature of border cooperation and regionalism, we can say that Horizontal Integration is the process in which the local actors at the border zone—either public or private, or both—of two or more neighboring countries engage in economic, social and political arrangements. The goal of these arrangements is creating an integrated area in which common policies can be implemented for the development of the local cities.

The proposed definition for Horizontal Integration was based on the works by Perkmann and Sum (2002) and Sotnikov and Kravchenko (2013). So far, and given the multiple possible terms and conditions needed to have successful cross-border relations, the definition applied in the case of Central America will be focused on the most important variables or necessary conditions to achieve integration at the local level. These conditions consist in the political homogeneity between the local governments, economic performance of the cities, common territorial problems that affect the cities, and the social and economic conditions of the people living in the border zone (Perkmann & Sum, 2002; Sotnikov & Kravchenko, 2013).

Since the ultimate objective of horizontal integration would be the creation of a common area where development policies (i.e., environmental policies, security policies, economic policies) are implemented, then the space created as a result would be called, from this moment onward, a *Horizontally Integrated Space* (HIS). In essence, we could define HIS as a cross-border area in which development policies are created and implemented. It is measured by the existence of cross-border development policies, notwithstanding their type but rather their existence and application in a border area with common problems.

Before going any further with the theory-building of horizontal integration, some things must be mentioned regarding the context of the integration process in Central America in general, and why the HIS is a novel approach for the region. First, there is a limited literature in Central America that accounts for cases of cross-border cooperation. Perhaps the most emblematic case could be the one of the Fonseca Gulf, where three countries (Nicaragua, El Salvador, and Honduras) are coordinating efforts with local actors and with the help of international cooperation to create development policies in the common area (Medina, 2013; OEA, 1994; Shelley, 2013). The other emblematic case is between the borders of Guatemala and El Salvador, where the customs union of those two countries was recently formalized and will create a common area of free trade and circulation of goods and people.[21] However, since there are no other emblematic cases of horizontal integration in the region, this research will contribute—within the framework of the new regionalism—to the new debate regarding the importance of integration in the local regions through the development of the border zone (Korybko, 2017).

Second, it is important to keep in mind that Central America already had, and still has, an ongoing integration process that started over fifty years ago. In fact, the classic theory of integration, proposed by Bela Balassa (1961), and the benefits of having a common market are some of the premises that have been in the economic and political agenda of Central America for decades now. During the economic integration process, Central America has indeed borrowed some concepts and terms from the classic theory of economic integration when referring to

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[21] In December 2015, the national parliaments of both countries signed the "Enabling Protocol for Deep Integration Process towards the Free Movement of Goods and Individuals between the Republics of Guatemala and Honduras." This protocol allowed the formalization of the customs union between those two countries, with the possibility to include El Salvador soon after. In June 2017, the protocol was implemented, creating the first customs union in the American hemisphere. For more information, refer to: "Central America celebrates the first Customs Union in the American Continent" Retrieved from: http://www.sieca.int/Noticias/NoticiasMostrar.aspx?SegmentoId=1&NoticiaId=1498 Date of consult: June 28th, 2017.

common spaces where goods, services, capital, and people can circulate with a high, although not complete, level of freedom. Historically, the term used has been the one of *Common Market* or *Enlarged Markets.*[22] Given that the enlarged market has been understood as the possibility of free circulation of the products of origin between the countries of Central America, the necessity of tax harmonization, or border unification through the customs union have always been present. However, specific border cooperation between the cities within the framework of economic integration has been little studied in Central America. Therefore, the HIS is presented as the result of the interaction between cities that are already engaged in an economic integration process. The concept of enlarged markets is, thus, not only compatible with the concept of HIS for the results in both cases are practically the same, but also they are a necessary tool to measure the success of the integration process itself.

Given the fact that regions at the border zone could assume some characteristics of the national states and central governments (i.e., local power over the local territory), the enlarged markets could be understood as the equivalent of a HIS—namely, the result of cross-border cooperation at the border level. In other words, Enlarged Markets and HIS are, ultimately, conceptual equivalents of interactions between countries but with different levels of application. The challenge, in the case of Central America, is to assess, both theoretically and empirically, which conditions could allow for the creation of common areas at the border level where common development policies can be applied.

3. Public Policies in Central America: A Regional or State Approach?

The integration process in Europe has produced a notable influence on many integration processes worldwide. Due to its relative success regarding supranational institutions and regional policy-making, the existing literature tends to use the European integration process as an analytical model to compare with others (Medrano, 2012; Morgan, 2005; Sbragia, 2008). However, little has

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[22] The concept of enlarged markets or common market is present in the literature of economic integration, and it is analyzed and summarized in the work of Balassa (1961). The enlarged market in the case of Central America was originally comparable to the European common market, insofar they both shared, at least theoretically, the notion of a shared production of prime matter. The adoption of the conventional theory of integration in Central America was exclusively seen as Trade Facilitation, giving emphasis to the economic benefits of a common market. For more information about the theory of enlarged markets refer to "The Theory of Economic Integration: An Introduction" (Balassa, 1961), and "The Central American Common Market" (Cervantes, 2011).

been done in understanding the dynamics of regional policy-making in the Central American integration process, especially when comparing the creation and implementation of regional policies with other policy cycles elsewhere. This is a weakness that the scholarship in policy analysis and regional studies still have to address, mainly because it is very difficult to either confirm or refute the effectiveness of the implementation of regional policies in integration processes still in formation, such as the Central American Integration System (SICA).

To begin with, analyzing policies at the regional level is much more complex than analyzing them at the state level. Regional public policies require different implementation mechanisms to understand their full effect on the countries where they are implemented. First, the non-existence of a juridical, political or institutional framework—analogous to those of the national states—makes a successful implementation of regional policies hard to accomplish. Second, the heterogeneity of the states' societies—culturally, economically or politically—within an integration process, also makes the design and implementation of regional policies difficult to perform.

However, due to its history of institutional consolidation and its experience in policy-making, the European integration process still dominates the scholarship in regional public policies. Therefore, the European literature on integration makes it almost obligatory for researchers to compare any policy-making or policy-implementation model at the regional level with that of the European Union (Breslin et al., 2002; Nugent & Paterson, 2003; Rosamond, 2005; Rudolf, 2003; Wallace, 2005; Wallace, Pollack, & Young, 2010).

a. Central America from a Policy Perspective: Old vs. New Regionalism

The Open Regionalism phenomenon—that began in the earlies 1990s—created socio-political institutions at the regional level in Latin America such as the SICA, Andean Community (*Comunidad Andina,* CAN) or the Mercosur. Even though these integration projects did not completely share the objectives of the international agenda of positive integration,[23] they did focus

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[23] In the integration literature, positive integration is defined as "positive values like social protection, and the correction of market failures." (Majone, 2005). In the case of Latin America, positive integration was fostered by international cooperation. The objective was to create international institutions with a certain sectorial reach. Furthermore, it was hoped that this process would encourage the adoption of policies that could face the negative impacts resulting from the enlargement of the market (Caldentey, 2015; Santos & Caldentey, 2014; Scharpf, 1989; Tinbergen, 1991).

on redefining political and institutional structures with sectorial reach, and the necessity to take actions regarding the creation of a regional market. In fact, this is the genesis of regional public policies in the case of Central America. This effort of policy implementation, however, is scarce, and it still lacks a proper conceptualization that defines the nature of the policies and its linkage with the regional objectives of the integration process.

In fact, most of the weaknesses in the application of regional policies have to do with the evolution of open regionalism itself in Central America. In other words, the clash between inter-governance *vis-à-vis* supranational institutions (open regionalism and new regionalism) created a rivalry in the predominance of policy implementation in the region. Even in this context, it has been possible however to create regional public policies from the identification of common problems and interests by the member states. In this sense, Hellen Wallace (2005) has suggested that it is possible to compare regional public policies of different integration processes analytically. In fact, inspired by the classic work of Theodore Lowy on public policy and politics (1972), Wallace distinguishes five different types policy modes in the European Union whose characteristics are also found in the regional public policies in Central American: classical community mode, regulatory mode, distributional mode, policy coordination mode, and the intense trans-governmentalism mode (Lowi, 1972; Santos & Caldentey, 2014; Wallace, 2005).

To systematize the regional policies generated by SICA, three steps were taken: i) the classification of the types of policies according to the policy topology offered by Wallace, ii) the identification of the existing differences between both policy models, and iii) the pointing out of the most important factors from those differences.[24] The starting hypothesis for comparing the policy-making process of both models is that they are, in fact, similar. Caldentey del Pozo & Santos (2014) argue that both integration processes are similar because there is some affinity in the model of governance in both cases, and because SICA was heavily influenced by the European process since its origins (Santos & Caldentey, 2014, p. 4). It is important to note, however, the asymmetry between both cases. While the European Union has a vast literature on regional policies and best

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[24] There is an ongoing debate on whether both models, the SICA and the European Union, are in fact comparable or not. Given that the European model is one of the most successful and leading integration processes worldwide, defenders of the comparative analysis argue that there are analytical and methodological tools generated by the literature of the Euoepan integration model (Caldentey, 2015; Santos & Caldentey, 2014; P. Schmitter, 1970b). Conversely, there is scholarship that argues that both models are just too different to compare and, thus, the integration process in Central America should create its own mechanisms for policy analysis (Dent, 2008; Nájera & Ordóñez, 2012;Torrent, 2009). For the purpose of the research, and due to the lack of methodological tools for regional policy analysis, the methodology proposed by Wallace (2005) was used in the present chapter.

practices for their implementation, the case of Central America is rather the opposite. In fact, most of the regional policies in Central America are still not consolidated properly because it is difficult to determine *ex-ante* the role of the different institutions in the implementation of such policies, or the different levels in the policy design phase. Without a proper competence distribution, it is indeed difficult for the policies to have any positive result—or any result at all.

The following section contemplates the five different modes or variants of policy-making in an integration process, as proposed by Wallace (2005): the classical community mode, the regulatory mode, the distributional mode, the policy coordination mode, and the intensive transgovernmentalism mode. Although Wallace applies these modes in the case of the European Union and its supranational institutions, I would argue that it could also be applied to the case of Central America as a useful analytical tool for the formulation and implementation of regional public policies.

i. Classical Community Mode

The classical community mode mainly refers to policies formulated and implemented at the supranational level. The community mode is highly centralized, in which the state transfers many of its competencies to regional institutions (Wallace, 2005, p. 80). Theoretically, the community mode requires an elevated participation of regional institutions in the design of the policy. Moreover, the stakeholders are integrated into the decision-making process with the characteristic of having their interests aligned with those of the transnational institutions, instead of the national institutions. The classic example of this policy mode is the European Union and its supranational institutions, mainly the European Commission concerning policy-design, policy-brokering and policy execution. The supranational institutions, in the case of the European Union, are the ones that regulate the customs union, the external common tax, as well as the common monetary and commercial policy. For Central America, the General Secretariat of the SICA would assume the role of a supranational institution equivalent to the European Commission, but with limited power whatsoever in the implementation of regional policies. Instead, each subsystem within SICA (political, economic, social, environmental, and cultural) is the one in charge of implementing regional policies, but with limited reach (SICA, 2011).

ii.   The Regulatory Mode

The regulatory mode is a policy procedure that consists in dictating a norm that limits the action for an economic agent of a specific sector (Wallace, 2005, p. 80). The origins of regulatory policies come from the necessity of member states to adapt to the common market and regional economic sectors through global competitiveness. Majone and La Spina (1993) introduced the concept of regulatory states to explain how legal authority or regulations were more effective in achieving stabilization and redistribution in the European integration process (Majone & La Spina, 1993). Regulation has become, ever since, a common practice in the European integration process, with the privatization of public services, and the creation of regulatory authorities that formalize the political relations within policy domains (Lodge, 2007; Majone, 2010).

The regulatory mode relates to two paradigms shifts within the integration theory. The first has to do with the collapse of the *positive integration paradigm*. In other words, the privatization wave of the 1990s put pressure on the concept of Welfare State, creating problems with many social protection policies—i.e., pension policy, education policy, health care policy, etc. The second is the attempt of supranational institutions to influence policy-content, given the institutional void during the implementation of some policies. As a result, the states are usually required to engage in three policy options: privatization policies, the creation of agencies that are responsible for the regulation of the economic integration of private activities, and the regularization of policy domains (Majone, 2005, 2010).

In the Central American integration process, the General Secretariat (SG-SICA) assumes the role of coordinating the different technical secretariats according to the policy sector. Each secretariat assists the member states in the implementation of regional policies according to specific policy sectors. For example, the Secretariat for Economic Integration in Central America (SIECA) is the institution created to assist the implementation of the customs union, or the implementation of the CET. In more advanced integration processes, like the European Union, the regulatory mode allows the European Commission and the European Ministry Council to determine more complex economic policies such as common monetary and fiscal policies.

iii.   The Distributional Mode

The distributional mode is an analytical model used to interpret policy action through which the regional institutions engage in "the allocation of resources of different groups, sectors, regions, and countries, sometimes explicitly and intentionally, and sometimes as a by-product of policy design for other purposes." (Wallace, 2005, p. 82). The rationale behind the allocation of resources is that the concentration of the benefits and the distribution of the costs make the distributional mode very appealing for stakeholders regarding policy design (Wallace, 2005). In the distributional mode, the regional entities design the policies in collaboration with local and national authorities, as well as with the stakeholders. The design of the policies responds to the economic incentives of distribution and must comply with certain conditions. In the case of the European Union, the incentives must be given by the governments of the member states to the local authorities and stakeholders (Wallace et al., 2010). In the case of Central America, the policies were in fact designed with the collaboration of national and local governments. The incentives for the implementation of such policies, however, are not well distributed among the member states. The bottom-up procedure in Central America of transmitting the demands from the stakeholders to the decision-makers is still institutionally weak and, therefore, the issues of the application for and distribution of benefits are still a problem that needs to be solved (Vargas, 2016).

iv.   Policy Coordination Mode

The policy coordination mode is a set of policies that are implemented in coordination with the member states (Wallace, 2005). The member states need to possess the following competencies: They need to be able to complement each other, as well as be able to coordinate different activities required by the policies. This mode was created to manage analogous forms of cooperation and coordination in areas where the competencies were neither exclusive nor shared by the member states. The ultimate objective of the policy coordination mode is to ensure optimal coordination of competencies during the policy implementation phase among the national governments. This approach focuses on the experience of *technical accumulation* by the member states in favor of a sustainable regional development, and on the promotion of modernization and innovation in the implementation of policies (Wallace, 2005, p. 86).

As for its operating system, the policy coordination mode is highly decentralized, and the role of the supranational institutions are limited only to coordinate the implementation of the regional policies through political incentives. This is the most common policy mode in the case of Central America. The roles of the supranational institutions of SICA (the Central American Court and the Central American Parliament) are limited, insofar as the entities in charge of the implementation of the regional policies work on the national and local level. The sectorial level, embodied by the Sectorial Ministry Council, acquires more relevance in this mode, as it is the one that coordinates the implementation of the regional policies in each member state. The ultimate objective is not to establish a joint regulatory framework, but rather to share experiences and to promote best practices among the different states in areas where SICA does not have delegated competencies yet, such as, for example, a regional labor policy (Santos & Caldentey, 2014).

v.   Intense Trans-governmentalism Mode

This last mode is considered the weakest and the most constraining form of policy development (Wallace, 2005). In this mode, the regional institutions are not as involved in the policy-making process as are the national governments. It is the most decentralized policy-making process at the regional level. Some of the scholarship in the Central American Integration process suggest that there is no point in comparing regional policies using *transgovernmentalism* because of its high level of decentralization (Caldentey, 2015; Najera, 2012; Santos & Caldentey, 2014). However, I would argue that this typology is the one that most resembles the Central American model. First, policy implementation (not design) is done at the national and local level, not at the regional level. This is true in the case of Central America. Second, the institutional architecture in the design and implementation is also similar: In the European case, the Council established the general guidelines of the policy, while the Ministry Council is the one which establishes the priorities regarding policy design. By analogy, the Sectorial Ministry Council also designs the policy, leaving the General Secretariat of SICA with a marginal role in the process of design and follow-up. Finally, the role of the national policy-makers is quite elevated in both cases, focusing on national problems rather than regional ones. The typology proposed by Wallace purposely ignores the division of competencies in the vertical integration model, namely, in the classic division between the state and the supranational institution. The division of competencies between the

supranational and the national levels was first identified and broadly covered by the functionalist methodology, where the definition of each competence was a function of the objectives of the constituent treaties of the European Union (Haas & Schmitter, 1964; Rosenow, 2009; Schmitter, 2005). In the case of Central America, although the constituent treaties of the regional institutions specified some competencies regarding policy-making, the specific role of each actor regarding the design and implementation of such policies was never made clear, neither at the national nor the regional level (Vargas, 2016). According to Wallace (2005 & 2010), at least three types of competencies regarding regional policies exist: exclusive competencies, shared competencies and supportive competencies. The exclusive competencies are those in which only a supranational institution (for example, the European Commission) can legislate upon policy sectors, and whose resolutions are legally binding. Within this typology, the member states have limited decision-making power, insofar as these competencies are provided by the Commission. Examples of exclusive competencies are, among others, customs union, monetary policies of the member states and a common commerce policy. In other words, exclusive competencies belong to, according to Wallace's typology, the classic community method. The shared competencies are those in which both the regional and the state members could legislate and adopt binding legal measures for the bloc. The member states will exercise their jurisdiction in every case the supranational institutions do not exercise it. Conversely, the supranational institutions will actively exercise juridical power over some topics when the member states decide not to. Within this category, we can find Wallace's regulatory mode of policies (like environmental policies), or the distributive policies—such as economic, social and territorial cohesion policies, agricultural and fishery policies. The supportive competencies are those in which the supranational institutions coordinate and complement the actions of the member states in a concrete area, notwithstanding the competencies of the member states in such policy areas. Besides these three categories, it might be useful to include a fourth that the typology of Wallace does not include. In this new category, there is no secession of national competencies from regional institutions, but rather a coordination of national policies in the intergovernmental mode (Martinez, 2012). Furthermore, this category could be considered a *policy proxy* for areas like economic policies, labor policies, security policies and foreign policy (Dalmau, 2006; Ortega, 2013).

Table 1 summarizes the categorization of the policy modes proposed by Wallace. This table will provide a comparative tool when analyzing the existing regional policies in Central America.

Table 1

Policy Modes proposed by Hellen Wallace

IMPLEMENTATION MODE	PARTICIPATION OF SUPRANATIONAL INSTITUTIONS	PARTICIPATION OF OTHER AGENTS	FINANCIAL RESOURCES	TYPES OF COMPETENCIES
CLASSIC COMMUNITY	Institutional Process highly hierarchical and centralized	The stakeholders are integrated in the decision-making process	The policies are financed collectively	Exclusive
REGULATORY	Institutional Process not totally centralized	Highly elevated participation from the stakeholders (especially enterprises and lobbyists) and experts.	No.	Shared
DISTRIBUTIONAL	Multi-level institutional process	Moderate participation from the stakeholders, and highly elevated participation from political authorities	Co-financed with the supranational institutions and the national states	Shared
POLICY COORDINATION	Decentralized institutional process	Elevated stakeholder's participation, especially independent experts	Co-financed with the supranational institutions and the national states	Coordinated
INTENSE TRANS-GOVERNMENTALISM	Highly decentralized institutional process	Elevated participation from national policy-makers	National funding	National

Note. Own Elaboration based on Caldentey del Pozo & Santos (2014) and Wallace (2005*)*

a. Regional Policies in SICA

The modern integration process in Central America has two different starting points. The first starting point had its origins in the 1950s, alongside with many other integration or regional initiatives in the region. The second starting point originated after the end of the Cold War, with the new wave of open regionalism in Latin America—with globalization and the proliferation of free trade agreements being the main driving forces in world politics. Probably the most significant effort of integration was the creation of the common market in Central America, originated during the first wave of regionalism in Latin America. However, its success was severely affected by the international commodity crisis during the mid-1970s, and then by the civil wars in Central America in the 1980s. After that period, SICA was formally established in the early 1990s as an effort to *integrate the countries into a social, economic and political unit* (SICA, 1991).

SICA, although defined as a system with community aspirations, has been organized as an intergovernmental structure (Santos & Caldentey, 2014). SICA has five pillars (political, economic, social, cultural and environmental), which grants the whole system a multi-level dimension. Changing from the *old regionalism* paradigm to the *new regionalism* paradigm, however, reformed the course of the integration process, diminishing the political supranational level that was established in the original treaties, and strengthening an economic and commercial agenda through intergovernmental cooperation.

If there are any points of convergence between the European and the Central American models, then these could be found in some institutions with community features, such as a community parliament and a community court of justice. Paradoxically, in the case of Central America, these institutions are the most criticized and, therefore, are the ones that require most reform (Santos & Caldentey, 2014). Not all countries of Central America belong to these institutions as they are, to some governments, not functional and very expensive to maintain.[25] This issue is crucial as the role of these two institutions is relevant, if not definitive, for the integration process in Central America.

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[25] The governments of Costa Rica and Panama have been critical about the roles and functions of the Central American Parliament and the Central American Court of Justice. Costa Rica and Panama do not belong to neither of these regional institutions. For more information, refer to http://www.telemetro.com/nacionales/Costa-Rica-retiro-Panama-Parlacen_0_200079992.html Date of consult: October 9th, 2016.

After several failed reforms, a new regional restructuring proposal was launched in 2010 with the purpose of managing a new strategic agenda for SICA. From this new program, five big operative axes were implemented: Democratic Security, Economic Integration, Social Integration, Prevention of Natural Disasters and Climate Change, and Institutional Strengthening (Monge, 2015). This framework has allowed for the creation of some regional public policies with local impact—such as the Central American Security Strategy, ESCA, or the Regional Program for Food Security, PRESANCA. These regional policies have different scopes and dimensions when compared to similar policies at the national level of each country. Furthermore, they are currently being financed with the help of international cooperation.

Ultimately, SICA not only aims to create regional public goods through regional policies, but also to legitimate its own existence as a viable model for integration in Central America (Santos & Caldentey, 2014). In fact, one of the greatest challenges of the integration process in Central America has been achieving social benefit through the implementation of regional public policies. The following table is an excerpt from a paper published by Caldentey del Pozo and Santos (2014), in which the authors summarize a catalog of regional policies that have been designed and implemented by SICA.

Table 2
Regional Policies in Central America

No.	Policy	Typology	Responsible Institution	Management	Year
1	Customs Union	Community Policy	Council of Ministers of Economic Integration (COMIECO)	Secretariat of Economic Integration (SIECA)	1960-2008
2	Aquiculture and Fishery Integration Policy	Regulatory Policy	Council of Ministers of Agriculture, Fishery and Aquiculture	OPESCA	2005
3	Common Market	Regulatory Policy	COMIECO	SIECA	2008
4	Central American Monetary Agreement	Regulatory Policy	COMIECO	SECMA	1999
5	Joint Negotiation for Medicine	Regulatory Policy	Council of Ministers of Health	SECOMISCA	2010

No.	Policy	Typology	Responsible Institution	Management	Year
6	Central American Strategy for Rural Development	Distributive Policy	Council of Ministers of Agriculture, Fishery and Aquiculture	SECAC	2010
7	Central American Security Strategy	Distributive Policy	Council of Ministers of Security and Justice	Secretary General of SICA	2012
8	Central American Agricultural Policy	Coordination of Strategies and Political Initiatives	Council of Ministers of Agriculture, Fishery and Aquiculture	SECAC	2008
9	Regional Agro-Environmental and Health Strategy	Coordination of Strategies and Political Initiatives	Council of Ministers of Environment and Development	Central American General Secretariat of Environment and Development	2008
10	Central American Strategic Social Agenda	Coordination of Strategies and Political Initiatives	Council of Ministers of Social Integration	General Secretariat of Social Integration (SISCA)	2008
11	Central American and Dominican Republic Strategy of Health	Coordination of Strategies and Political Initiatives	Council of Ministers of Health	SECOMISCA	2009
12	Central American Strategy of Human Housing	Coordination of Strategies and Political Initiatives	Council of Ministers of Housing	Central American Council of Human Housing (CCVAH)	2009
13	Regional Strategy for Climate Change	Coordination of Strategies and Political Initiatives	Council of Ministers of Environment and Development	Secretariat of the Central American Council of Environment and Development	2010
14	Regional Strategy of Climate Change	Coordination of Strategies and Political Initiatives	Council of Ministers of Security and Justice	Coordination Center of the Prevention and Attention of Natural Disaster (CEPREDENAC)	2010
15	Central American Strategy of	Coordination of Strategies and Political Initiatives	COMIEO	Regional Center of Promotion of the SME	2012

No.	Policy	Typology	Responsible Institution	Management	Year
	Entrepreneurship (EMPRENDE)				
16	Central American Policy for Cultural Integration	Coordination of Strategies and Political Initiatives	Council of Ministers of Culture	Secretariat of the Central American Education and Cultural Coordination (SECECC)	2012
17	Central American Education Policy	Coordination of Strategies and Political Initiatives	Council of Ministers of Culture	SECECC	2013
18	Regional Policy on Gender Equality	Coordination of Strategies and Political Initiatives	Council of Ministers for Women	General Secretariat of Ministers for Women in Central America	2013
19	Regional Program for Food Security	Coordination of Strategies and Political Initiatives	Council of Ministers of Health	Central American Nutrition Institute (INCAP)	2013

Note. Caldentey del Pozo & Santos, 2014, p. 13

The works of Caldentey del Pozo (2014) and Wallace (2005) regarding regional policies in Central America, and how to categorize them according to the different policy modes using the European Union as a model, represent an important effort to study public policies within different integration processes. Some important premises can be estimated regarding this last point:

1. There are policy modes in both the European and the Central American integration processes that share similar characteristics. The similarities are more evident in the regulatory mode and the coordination mode, and very rare in the rest of the policy modes—especially in the community mode.

2. There are no similarities in the criteria of execution of the policies;

3. The competencies of the policies in the case of Central America are, as currently stated, very vague. This represents a problem of accountability since it is not clear which institutional body is responsible for the implementation of the policies. Sometimes they are the member states, sometimes the regional institutions, sometimes both.

Point number 3 is crucial because there are neither explicit responsibilities for the member states, nor effective control mechanisms for the implementation and follow-up of the policies. This

can even occur in more solid integration systems such as the European Union, but in such cases, this type of problem is solved by the *exclusive and shared competencies* of the regional institutions.

There are in fact cases in which the implementation of policies has generated conflicts in Central America. Furthermore, the regional institutions in charge of solving these conflicts were ignored by the member states.[26]

A novel approach in policy-making and policy implementation at the regional level is the Open Method of Coordination (OMC). The OMC rests on *soft* mechanisms (mainly guidelines, benchmarking or Best Practices) to coordinate policy implementation at the regional level and the national level. Since there is neither coercion nor sanctions by using the OMC, its effectiveness depends mostly on peer pressure insofar as no member state wants to be referred to as incompetent in a given policy sector (Regent, 2003; Szyszczak, 2006). In the case of Central America, the OMC works in phases. First, the Sectorial Ministry Council agrees on policy goals. Second, the member states give the policy guidelines either to the regional institutions or the national ones for their implementation. For example, every time the Central American Agricultural Council (*Consejo Agropecuario Centroamericano, CAC)* designs a regional agricultural policy, they submit the policy either to the other Secretariats of SICA, or to their respective agricultural ministries at the national level for its implementation. Third, specific indicators are set for each level and, finally, the results are monitored and evaluated. However, one important thing to notice is that there is no standardized application procedure of the OMC, meaning that such procedure may differ across policy sectors. For instance, the monitoring reports might vary regarding its time periods, the guidelines may be set either at the supranational level or the council level, or the mechanisms can be strict or flexible (Idema & Kelemen, 2006; Regent, 2003).

Although not found in Wallace's typology, the OMC can be regarded as an intergovernmental policy-making mode. Given the decentralized nature of the OMC, many of the policies designed using this mode could be implemented by the member states, with the technical assistance of the Sectorial Ministry Council or any other technical body within SICA if necessary, leaving the court of justice and the Central American Parliament with a marginal role.

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[26] In 2010, a commercial conflict arose between El Salvador and Costa Rica regarding the interpretation of a Preferential Tariff Treatment (PTT). Costa Rica asked SIECA to solve the conflict, but El Salvador refused to accept the involvement of any regional institution. For more information, refer to http://www.nacion.com/economia/empresarial/Salvador-Sieca-controversia-Costa-Rica_0_1393660769.html and http://www.revistasumma.com/45362/ Visited on October 23rd, 2016.

Regarding the types of competencies, the relevance of the content of the policies is found in the information that is given by the policies themselves. This information facilitates not only the design of the policy but also its execution. In the community mode and regulatory mode, for example, the policies seem to have their competencies implicitly embedded. These are *exclusive* in the community mode and *shared* in the regulatory mode. For the rest of the policies, the type of competencies is not defined. For example, it is not established which institution is responsible, nor it is clear what their responsibilities are.

The other important variable, which is transcendent in every policy, is its funding. Only in the community mode do the policies have subsidiary national funding (Santos & Caldentey, 2014; Wallace, 2005). For the rest of the policies, the funding should, in principle, come from the regional institutions. However, the policy funding is something still open to debate in many integration processes (Campbell, 2002; Fischer, 2003; Wallace, 2005; Wallace et al., 2010).

Some other phases (cycles) of the policy formation at the regional level, such as identification, inclusivity, and participation of the stakeholders are less relevant to this analysis, but paradoxically they are also the ones with a greater level of similarities between both SICA and the European Union integration models. Most of the policies generated by SICA have the *top-down approach*, with some exceptions (the territorial policy, ECADERT; the security policy, ESCA; the environmental policy, ECGIR; and the nutritional policy against extreme poverty, PRESANCA). This means that the participation of the stakeholders and the local governments is extremely relevant in both the European and the Central American integration process, but more attention is placed on the former case rather than the latter.

Perhaps the only common community policy for both the EU and Central America is the one of the customs union, therefore, the one with the focus on economic integration. Moreover, despite the similarities, the common regional policies in the case of Central America lack explicit competencies from the countries and have low capacity of coercion as well (Sauma & Funes, 2011).

Making a distinction between the regional policies from SICA using Wallace´s methodology for every mode, and using Table 2 as the main source of anaysis, the following can be asserted:

a. The regulatory policy mode of SICA contains four policies: regulation of internal markets, the fishery and aquaculture integration policy, the Central American monetary agreement and the joint negotiation for medicine. Besides the already mentioned differences between

the policies from both systems (no explicit competencies, low capacity of coercion and low involvement of local governments), some of the regional policies of Central America have indeed a bottom-up approach. Furthermore, these policies have many levels of inclusivity and participation, such as the regional policy of fishery and aquaculture, or PRESANCA policy.

b. In the distributive mode, there are two regional policies currently present within SICA: ECADERT and ESCA. These policies, however, are different from their European counterparts regarding objectives and characteristics. This comparison could be very controversial. First, although the social transformation processes are more or less clear once the policies are implemented, it is not clear which is the distributive factor that generates the benefits for the stakeholders in the first place. Second, these policies have problems regarding transparency. The issue of transparency is impacted by the amount of funding such policies receive through international cooperation (Morales, 2010; Svenson, 2013). Moreover, the impact of regional policies to stakeholders is usually very limited, and the dependence of fund renewal is usually high. Finally, at least with ECADERT, the multilevel process is stated in the design of the policy, although it is still incipient in its implementation (Mata, 2016). Moreover, most SICA policies—having a top-down approach—do not count on a defined competence regarding the institution in charge of their implementation, nor with sufficient participatory or inclusive levels at their design phase. Therefore, the set of regional policies in Central America have limited benefits, but with the possibility of finding elements that would transform the nature of the policies into a better distributive mode (Santos & Caldentey, 2014).

c. The rest of the policies of SICA fall into the coordination policy mode. However, this is the policy mode that also presents the most problems. The reason why most polices have shown problems regarding their implementation is the lack of funding, even when they did receive financial support during the initial policy design phase (González, 2016 & Pardeiro, 2016). It is indeed debatable whether we should use the term *policy* to the intergovernmental efforts carried by the SICA in the first place, but at least there is an effort by the policy-makers to treat them as such.

B. Defining the *Explanandum* and the *Explanans*

1. Defining the Explanandum

As seen earlier in this chapter, Central America faces an absence of substantial and, above all, functional theoretical models for its integration process. The reasons are many: first, the topic of integration has been seen, in the existing literature, as a viable alternative to conflict resolutions. This, in turn, has expanded the debate towards many other disciplines in the social sciences, such as international relations and sociology. Second, integration takes place in a context of globalization, which demands further research and theoretical debate regarding regional policies. Finally, the topic itself is immersed in a geopolitical context in which the current tendencies are no longer east-west conflicts (similar to the Cold War when the concept was born), but rather are now very complex political-economic relations in particular geographic areas: The Americas, Europe, Africa and Asian.

For this research, the main *explanandum* will be the existence of cross-border development policies, which contribute to the *Horizontal Integration* process at the border level. Since the main concepts of integration has been explored, from the classic version summarized by Balassa (1961) to the implementation of the new regionalism, explained by Ethier (1998), and Perkmann and Sum (2002), the challenge of coherently defining our main *explanandum* is twofold. First, to work with a definition that can be operative and coherent within the reality of Central America, and second, that such a definition can be theoretically explained by the existing literature as well as supported by empirical data.

Using the current literature, especially the works of Perkmann and Sum (2002) and Sotnikov and Kravchenko (2013), I define Horizontal Integration as the process in which the local actors at the border zones—either public or private—of two or more neighboring countries engage in economic, social and political agreements. The main objective of these agreements is creating an integrated area in which common policies can be implemented for the development of the local cities.

I would argue that this is an accurate definition of Horizontal Integration for two reasons. First, it is *teleologically* compatible with the general framework and scopes of the integration process in Central America. This compatibility means that, even at the micro-level, the local cities are looking to improve their well-being through cooperation with each other. Second, it is *conceptually* and

politically compatible with the theory of regionalism insofar as no supranational institutions are either necessary nor requested to engage in cross-border relations.

Indeed, it is important to mention a couple of points related to the outcome, namely, the cross-border development policies in Central America. First, as explained in Chapter 1, cross-border cooperation is explained by the theory of enlarged markets in the literature of integration. Accordingly, cross-border cooperation is often seen as a result of an economic integration process between two or more countries (Balassa, 1961; Brittan, 1970). There is some scholarship, however, that has tried to give the concept of an enlarged market not only an economic meaning but also a broader and more general application. In fact, the idea of an enlarged market was initially understood to encompass regions where common (economic) policies were applied in a common geographical zone across countries (Dunning & Robson, 1987; Nájera & Ordóñez, 2012; Nello, 2010). The original proposal of an enlarged market was the one that Central America adopted during the formation of its economic integration process, focusing on shared areas where development policies, despite their nature, were applicable. At the micro level, the functional equivalent of the enlarged markets could be interpreted as HIS. In other words, once political and economic arrangements are established between communities across countries through cross-border development policies, then a HIS is created.

2. Defining the Explanans

For the creation of cross-border development policies (the outcome) through cross-border cooperation, it is important to identify and define the explanatory conditions or factors which may trigger, enable or hinder them. The academic literature provides different reasons for why cross-border cooperation is in fact attempted. Some scholarship, for example, suggests that countries engage in cooperation for economic reasons, even if the countries are geographically separated from each other (as in the case of the Association of South-East Asian Nations, ASEAN) (Dent, 2008; Murphy & O'Loughlin, 2009). Another scholarship interprets this phenomenon regarding political reasons (in the case of South American Nations Union, SANU, and the North American Free Trade Agreement, NAFTA) or cultural reasons (in the case of the Caribbean Community, CARICOM). This seems to be true even if the countries have economic disparities and do not share common borders (Gómez-Mera, 2008; Martinez-Zarzoso, 2003).

Since the main definition of horizontal integration accounts for *cooperation* at the border level, some things must be said in that respect. First, cooperation is possible under two apparently opposing conditions—homogeneity and heterogeneity concerning the countries' political and socioeconomic conditions—but with different effects. In this sense, homogeneity plays the role of a *catalyzer* in a cooperation scheme: it is easier for border cities to cooperate if they have homogenous conditions, whereas heterogeneity allows spaces for mutual necessity and complementarity. In both cases, therefore, cooperation is always possible. The crucial distinction is that in some conditions (i.e., political ideology) homogeneity plays a more important role than heterogeneity, whereas the opposite happens for other conditions—i.e., socioeconomic status. Since this is an empirical claim, examples of this sort will be explored in the following chapters, where cases of border cities (i.e., Guatemala and Honduras) have socio-economic asymmetries that function as catalyzers for cooperation with each other.

There are other bodies of literature that accounts for the success of cross-border relations where certain conditions of homogeneity exist (Alesina et al., 2000; Frankel et al., 1995; Goodman, 2010; Wales & Moffatt, 1988; Wei & Frankel, 1995). Empirically, there are cases where asymmetries of conditions (socio-economic status) create a specific type of cooperation among border cities (e.g., see Case 1, 2 and 4). Conversely, there are cases where the homogeneity of other conditions (territorial problems like security or environmental issues), allows the creation of different types of cross-development policies (e.g., see Cases 2, 3, 9 and 10). In other words, the type of policies implemented at the local level (either environmental, economic or security policies) might activate different paths towards cross-border cooperation. The application of these policies requires different political agreements (politics) that would foster or hinder the integration process in the region. For instance, the types of agreements that security policies might create at the local level are not the same as those created by environmental policies. In this sense, policies not only meet politics in some specific contexts but also determines it.[27]

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[27] Regional integration has been historically associated as the result of *politics.* This assertion has been confirmed by the scholarship on the topic (Aspinwall, 2002; Hettne, 2005; Holod & Reed, 2004; Pollack, 2008; Riggirozzi, 2011). However, I would argue that, at least at the local level, the role of policies is crucial to an understanding of the mechanisms of political behavior (i.e., cooperation) between local cities across borders. In fact, *policies* turn into *politics* insofar as they can determine how a political agent behaves. This premise, first proposed by Theodore Lowi in 1972, has resonated in the field of policy studies ever since. For more information, refer to (Hill & Hupe, 2002; Lowi, 1972b; May & Jochim, 2013; Nicholson, 2002).

As stated previously, the level of homogeneity of conditions is important for the local cities to determine the *type* of cooperation they will engage in. Being homogenous means, in other words, to also share the same problems. For instance, environmental problems or security problems are common issues in Central America. Therefore, the local governments establish the same or similar policy mechanisms to tackle those problems. In other cases, where asymmetries in the local cities are evident, the type of cooperation seems to be *complementary*. This type of cooperation is possible insofar as one city has certain characteristics that the other city lacks—i.e., people located in the border zones of Nicaragua commute to Costa Rica to work, with a clear need for a policy that regulates the labor forces between countries. Thus, the type of policy determines the type of cooperation.

If cross-border development policies (in 2 or 3 different policy fields) are the main *explanandum*, the asymmetry or homogeneity of the causal conditions that generate cross-border cooperation between local cities could be defined as the *explanans* in the explanatory model discussed above. Furthermore, the outcomes would be measured regarding the existing definition or steps of the policy process, such as agenda-setting and policy initiation; policy-making and policy-design; policy implementation and its outputs, and policy evaluation. In turn, this would be measured on a "scale of completeness" (Anderson, 2006; DeLeon & DeLeon, 2002; Stone, 2008). Fuzzy set Qualitative Comparative Analysis (fsQCA) permits this analytical framework for policy analysis as well, taking into account that the "policy cycle" is much more complex than the sequence explained in the previous section above (Rihoux, Rezsöhazy, & Bol, 2011; Schneider & Wagemann, 2012).

Narrowed down, cross-border development policies then become the outcome (explanandum), and the task resides in identifying the conditions –homogeneous or not- that foster or hinder them (explanans). The policies could be different in nature or type (there might be areas where two different kinds of policies are found), while the causal conditions might not be different. This difference is explained because not all policies have the same degree of effectiveness when the conditions are different, nor do they have an explicit rationale everywhere they are applied. In either case, an analysis of the role of policies could ultimately confirm the hypothesis that *policy* determines *politics* whenever they meet (the types of policies define the logic of political intervention or decision-making) as Lowi suggested, or at least they contribute to the political debate of social phenomena in the field of regional integration.

C. Exploring the Causal Conditions for Cross-Border Development Policies

The type of conditions analyzed in the research aims to identify the level of homogeneity or asymmetry in border cities. These levels of *similarities* can tell whether it is necessary or not to have cooperation among cities, and to which degree. Ultimately, if in fact, border cities cooperate because they possess similarities, this could be an indicator as to whether or not cross-border development policies are generated out of these similarities. Such conditions can then be understood, in the QCA language, as "scope" conditions or "INUS" conditions,[28] because they will assess complex causation by different combinations of causal conditions capable of generating the same outcome (Legewie, 2013; Ragin, 2008a, 2008b; Schneider & Wagemann, 2012). I would argue that the similarities of some conditions could either favor or prevent cross-border cooperation at the local level and, therefore, foster the creation of policies as the outcome. In other words, the main assumption is that if two or more border cities have more or less similar problems (high level of homogeneity), their cooperation will create cross-border development policies. Conversely, if border cities have different (asymmetrical) levels of development, they will be more likely to engage in bi-national cooperation agreements, rather than regional or cross-border development policies.

Before proceeding with an explanation of the causal conditions, a few things must be said to clarify the connection between conditions and the outcome. First, given the nature of conditions, the type of policies and, therefore, the type of cooperation may vary across cases. The variance of the type of cooperation (and level of homogeneity) will depend on both endogenous and exogenous factors that might affect the characteristics of the border cities, and how they relate to their peers. For example, security policies are expected in places where criminality is an issue, whereas environmental regulation policies are expected where pollution is a problem. Cross-border development policies will, therefore, generate agreements (cooperation) in different policy fields.

The second thing to keep in mind is the different top-bottom arrangements at the macro level, that is political arrangements between central governments. In other words, the institutional reforms in a country could either benefit or prevent the cities at the border level from engaging in horizontal integration. For example, after the military *coup* in Honduras in 2008, the borders were

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[28] "**I**nsufficient but **N**ecessary parts of a condition which is itself **U**nnecessary but **S**ufficient." For more information about causal inferences, refer to (Mackie, 1965).

automatically closed, preventing the circulation of people or goods in or out of the country for some days. Conversely, the political agreements between Guatemala and Honduras to create a customs union in 2015 fostered the cooperation between the cities at the border level. In a way, this results in a *political* and *institutional* effect over the policy implementation in the border zone. These arrangements have to do with the possibility that certain policies that are implemented at the central (top) level could have effects or consequences at the border (bottom) level. I would argue that this kind of overlap is precisely the are in which both policies and politics meet. The intersection between the both is relevant because this not only may account for the differences that could be found in the content of the policies, but also it can explain why similar policies could have differing effects depending on their location.

1. **Homogenous Political Ideology (HPI)**

The condition of Homogenous Political Ideology (from herein referred to as HPI) concerns whether or not both governing political parties of the cross-border cities share the same political ideology. Here I would like to emphasize that the existence of homogeneity in and of itself plays a more crucial role than the actual type of political ideology the different local governments share. For instance, it does not matter if the ideology of the parties belongs to the left or the right wing of the political spectrum, the important thing is for both governments to share the same political ideology, be it on the left, right or center. To empirically assess this premise—i.e., prove that homogeneity is more important than the type of ideology—it would be expected to find empirical cases located at both sides of the political spectrum with cross-border development policies. If the outcome is observed in these cases, then this would prove, ultimately, that the type of ideology is irrelevant when engaging in cross-border cooperation. Instead, as postulated earlier, homogeneity of ideology could be credited as being the determinant factor.

To assess the homogeneity of political ideology two things are necessary. The first is to determine that political homogeneity exists between the central government and the local government within the country, and second, that there is homogeneity between the governments at the local level across the borders. In the first case, if within a given country the central government and its local governments share the same ideology, it would be expected that the local governments would receive more assistance from the central government in the area of

development policies, making the achievement of horizontal integration easier. Conversely, if the central government and the local governments do not share the same political ideology, it would still be more important for the local governments of the neighboring countries to have a political affinity, rather than within the same country. Having ideological homogeneity between both central and local governments within the same county can only be seen as a *catalyzer* of the process, making it faster or slower to achieve, but never as a crucial factor for the process itself. In the second case, it is crucial for both cities to share the same political ideology to achieve horizontal integration. Since the integration process is seen, in almost every case, as a *political decision* by either the local or the central government (Goyal & Staal, 2004), sharing the same political ideology seems relevant in the political arrangements between both cities.

The HPI condition will be operationalized by assessing the political ideology each city's local government. This investigation will be done through the use of qualitative methods—semi-structured interviews of the mayors of the cities or people who are politically active within the political party in power. For assigning a value to the subjects' ideological orientation, I will use the methodology suggested by Van Kessel (2015). Here Kessel recommends that, when there is no good theoretical background found for allocating qualitative results, it is best to find a way of grouping the degrees of ideology into varying categories of political affiliation (Kessel, 2015). The categories go from *ideologically identical,* in which scenario the case will be given the value of "1," and *ideologically diverse*, in which the case it will be given the value of "0." To assess each case individually, the regular political spectrum (extreme-left, center-left, center, center-right, extreme-right) will be used to categorize the political affiliation and ideology for each local government (Cavazza, Graziani, Serpe, & Rubichi, 2010; Zhu & Mitra, 2009).[29]

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[29] For the purpose of clarification, I will use the classic categorization for the ideology of political parties. The *political left*, under this categorization, refers to a segment of the political spectrum that gives priority to social equality through means of collective (social) rights, *vis-à-vis* the interests of the individuals. Usually, the political left advocates for a secular, progressive, equal and multicultural society. The *radical left,* instead, questions liberal democracy and the capitalist system. The radical felt is a minority group inside the political left that is usually inspired by Marxist ideology, and is mainly seen in Latin America as being *guerrillas.* On the other side of the political spectrum, there is the *political right,* which is associated with conservative, capitalist and religious positions, or simply those opposed to the political left. The political right usually gives priority in its political agenda to the defense of the territory (in the form of nationalism), or the maintenance of an established social order (status quo). The political right also defends the free market above state interventionism and defends individual rights against collective rights. *The extreme right* refers to a movement or political parties that hold an ultranationalist, xenophobe and authoritarian discourse, with a populist tendency for the maintenance of democratic liberties and institutions. Finally, the *political centers* are knwon as the clusters of political parties or ideologies characterized by a mix of both left and right ideologies, positioning themselves at the center of the political spectrum. Most of the parties located at the center of the political spectrum claim to use representative democracy to operate, and do not identify with a proper ideology because they lack a

2. Diverse Socioeconomic Status (DSS)

A solid academic consensus as to what constitutes a *good* socio-economic status does not yet exist (North, 1994; Porter, 2003; Rao & Holt, 2005). However, some variables are often analyzed by economists, political scientists, and economic sociologists to discover which key factors promote economic and social well-being in a city, country, or region. In fact, a working definition of DSS is needed to describe economic, political and sociocultural aspects of cross-border cooperation.

In a broader sense, socioeconomic status is an economic and sociological index of an economic and social position of a group (a city in this case) concerning others, based on education, occupation, and income (Cowman et al., 2012; Oakes, 2008a). When analyzing the DSS, it is suggested to examine the average household income, the education level of the Economically Active Population (EAP) and their occupation in the market. These variables will help distinguish economic differences is different societies as a whole (Kawachi, Kennedy, Lochner, & Prothrow-Stith, 1997; Oakes, 2008a; Spencer & Castano, 2007).

The socioeconomic status index is usually divided into three categories: High, Middle and Low. They describe the areas into which a family may fall—when compared to other families—or a city—when compared to other cities. When placing a city into these categories, the three sub-variables (occupation, income, and education) can then be assessed (Oakes, 2008b). Statistically, education is a strong predictor for rich cities/countries, and therefore is stressed as being much more important than income and occupation. This predictor, however, will depend on the overall condition of the local city. In poor communities, where basic household needs are a priority, education is then considered the last variable of importance (Barham, Boadway, Marchand, & Pestieau, 1995; Bourguignon & Chakravarty, 2003; Connell, 1994).

The operationalization of each variable goes as follows:

a. Income: Income refers to salaries, rents, wages of any other flow of earnings a person, family or a city (as the average of the citizens) receive (Milanovic, 2006; Oakes, 2008b; Van Parijs, 2004). Usually measured yearly, income represents the ability of a person (or city) to have access to desired resources (Oakes, 2008a). Economists typically divide

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specific dogmatic conceptions of the individual, society or any political order (Blattberg, 2001; Graham, Nosek, & Haidt, 2012; Moffitt & Tormey, 2014).

income into two categories: absolute (a direct relationship between income increase and consumption), and relative (which describes the individual savings and consumption patterns based on a family's income concerning others) (Baliamoune-Lutz, 2009; Gerdtham & Johannesson, 2004; Tsui, 2014). Conversely, income inequality is measured by the Gini coefficient. The logic here is that poor cities focus on solving their immediate material problems and do not accumulate capital that could be passed on to future generations, thus increasing inequality. The opposite happens within richer cities that accumulate wealth while covering their most basic needs at the same time.

b. Education: Education plays a crucial role in income. Statically, earnings increase with each level of education achieved (Card, 1999; Carnevale, Rose, & Cheah, 2011; Restuccia & Urrutia, 2004). The higher the level of education in a city, the better economic performance they have (Benabou, 1993; Neuman, 2005; Wolf, 2004). This relation is because education has an important role in acquiring skills for jobs that, in turn, makes the gap bigger between cities with different socioeconomic status.

c. Occupation: Occupation reflects education required to get a job, and income levels that vary according to different jobs and types of occupations. Occupations will vary according to the economic performance of the city. For example, cities with a higher level of education and income would be expected to have a developed second or third sector of the formal economy, whereas cities whose economic development driver is agriculture, would have very low occupation status, with low income and low education levels. Cities with high economic performance are considered to have high-quality jobs, and rank high in the socioeconomic status classification. Cities with low economic performance have low-quality jobs that are less valued and receive low wages.

The literature accounts for three major uses of socioeconomic status, and the way to measure these depends on their intended use (Oakes, 2008b). The first major use is as an outcome measure;[30] the second is a primary proxy of health measurements,[31] and the third use is for control

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[30] For the outcome measure, it is recommended to use the *Y Equation.* $Y= \alpha + \beta X + \gamma Z + \varepsilon$. In this case, researchers try to estimate the impact of a variable X on the soecioeconomic index.

[31] When it comes to a proxy for health measurements, researchers try to evaluate the relationship β between Y and the variable of interest. In this case, SES is not the outcome, but health is.

variables.[32]

With the definition and measurement of socioeconomic status, it is important now to define how it contributes as a causal condition to the creation of cross-development policies. The first thing to say is that socioeconomic status between cities are usually different, and this difference allows the cities to engage in cooperation. In fact, these socioeconomic differences ought to be significant enough so that people from one city feel the need to commute to the other for a better job opportunity, education or income. In this case, heterogeneity is the key variable to take into consideration. Once the socioeconomic status is measured for each city, a comparison will be made to see how different these are from each other. The second thing to say is that socioeconomic status at the country level (macro level) is different from that at the local level (micro level). The construction of a socioeconomic index at the macro level will depend on the objectives and the comparisons to perform (Gwatkin et al., 2000; Schellenberg, 2003). Problems can be present in both cases. At the macro level, the information is not reliable insofar as it does not reflect the specificities of the local communities, but rather an aggregated mean of the society as a whole. Conversely, the micro level could equally represent a problem insofar as the data could be either incomplete or not updated. Since we are dealing with local communities, Houweling et al. (2003) suggest including items associated with socioeconomic status for those specific locations. These items include surveys or local statistical data found in the national census. For this research, and due to the availability of the information, the latter was used rather than the former.[33] If the socioeconomic status is different between local cities, that is to say, if the socioeconomic status across borders is, in fact, asymmetrical, cross-border cooperation is expected to be present, at least theoretically. The category will be "1" for perfect asymmetry, and "0" for perfect homogeneity.

3. Elevated Decentralization Level (EDL)

Nowadays, Latin America has become one of the most urbanized regions in the world (Bardhan, 2002; UNDP, 1999). In contrast, the region is also one of the most unequal regions in

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[32] Socioeconomic status as control variable helps to estimate the relationship of two variables using the index as Z in the previous Y equation. Unlike the other cases, the index itself is not a variable of interest, but a variable whose net effect seeks to be removed.

[33] National censuses were used to gather information at the local (micro) level. The differences between running in situ surveys *vis-à-vis* local information from national censuses is because in the latter the data has been statistically analyzed, regressions and correlations have been performed, and the data is more reliable over time.

the world with around 40% of its total population living in poverty (Falleti, 2005b; Lu & Wang, 2013). Poverty has created several problems in the region, including low levels of inclusiveness and cohesion, as well as high levels of violence. In the case of Central America, these problems are a serious issue that needs to be addressed in the political agenda of the countries involved (Cajina, 2013).

Local governments in Central America have historical antecedents dating back to the period of Spanish colonial rule. Maintaining the inherited colonial system of centralized rule after gaining independence, the local governments had little or no role to play in the socio-economic development process, or in the decision-making process of governance in the countries. Then in the late 1970s, when Central America faced several civil wars, even more heavily centralized models of governance were installed as a result of these conflicts. These highly centralized models of governance have been operating in Central America ever since (Bossuyt, 2013; Finot, 2005). These state reforms, which also included reforms in the market and society in general, created groups advocating for decentralization as a fundamental component in the modernization of the states (Bossuyt, 2013). When decentralization was therefore introduced in the political agenda of the countries, three different groups saw this phenomenon to advance their own political agendas: Neoliberals, technocrats, and radicals. Neoliberals saw decentralization as a tactic to reduce the size of the state in economic matters. Radicals took advantage of these reforms to break away from the centralized structures of the colonial past. Finallythe technocrats took these state reforms as an opportunity to create more efficiency in service deliveries through *inputs* and *outputs* of citizen participation (Bossuyt, 2013). Although these were the principal promoters of decentralization in Latin America in general, and Central America in particular, other factors contributed to the state reforms in these regions. Urbanization, agricultural reforms, and institutional change—due to several civil wars—contributed positively in deepening the process of decentralization, albeit differently in each country of Central America.

Political decentralization has been associated with "democratization processes" ever since. In the end, the ultimate aim of any decentralization process was to "generate new spaces for citizen participation, tackle problems of fiscal imbalance, and organize the State apparatus at the local or territorial level to implement social policies that would make it possible to address the problem of the social debt." (Finot, 2005, p. 28). Several theories of decentralization were brought up in Latin America. Litvack (1998) and Falleti (2010) have proposed decentralization as a tool to promote

"fiscal federalism" in Latin America. Therefore, political and economic autonomy has become a core issue in the decentralization agenda of the countries. This agenda has focused on the financial capacities of the local governments, and the political management of competencies from the central government to the local ones (Falleti, 2010; Litvack, Ahmad, & Bird, 1998; Samuels & Montero, 2015).

Regarding cross-border cooperation, the level of decentralization in Central America accounts for the degree of autonomy that local government or micro-regions have *vis-à-vis* the central government. In regional studies and international relations, the literature finds the variable of decentralization as a key factor necessary to engage in an integration process at the local level (Enikolopov & Zhuravskaya, 2007; Litvack et al., 1998; Prud'homme, 1995). Decentralization gives local governments more autonomy and the independence to create a stronger connection with their peers at the local level. Thus, the primary assumption here is that local cities with a higher degree of decentralization or autonomy are more likely to engage in cross-border cooperation than those with a strong attachment to their central governments.

The way to assess the level of decentralization of a city from its central government will be through qualitative methods, both through semi-structured interviews with the head or mayor of the local cities and through a legal analysis of public administrations at the local level. To operationalize these conditions, a value of "1" will be given to the cases with a high level of decentralization (fully decentralized), and "0" to the cases having low levels of decentralization (fully centralized). Since the level of decentralization will be assessed individually for each city, the way to give a membership score for each case (two cities conforming a dyad) will be through the arithmetic operation of calculating the mean for both cases.

4. Shared Territorial Problems (STP)

For the local cities to engage in cooperation and create common cross-border development policies, it is necessary for them to also have an important level of homogeneity regarding common problems. If cooperation occurs when the socioeconomic status is different between local cities, it is also possible to have cooperation when two or more border cities decide to solve a common problem together that they could otherwise not solve by themselves.

So far, three main problems have been identified that affect the border zones in Central America, forcing the local communities to engage in cooperation and to create cross-border development policies in different policy sectors. The first problem has to do with severe poverty in the border zones, the second problem is related to security issues (due to organized crime and drug trafficking), and the third problem with risk management and environmental issues (Rizzi et al., 2016).

Regarding the poverty problem, over 1.5 million of people in Central America is estimated to live below the poverty line around the border areas (Brockett, 1998; Cherrett, 2001; Hiatt & Woodworth, 2006). Food safety has become one of the main issues surrounding poverty, which has caused migration, especially from Honduras, El Salvador and Guatemala towards Mexico and the United States (FAO, 2011; International Organization for Migration, 2013; World Food Programme, 2013). Although poverty has multiple causes, the lack of autonomy of the municipalities to manage their own resources, as well as several exogenous problems (droughts, famine, etc.) have contributed greatly to the rise in poverty around many municipalities around the borders. This is a common problem that has gotten the attention of the governments leading to the development of several programs and policies aimed at mitigating the consequences of poverty. More details regarding these efforts will be provided in the following chapter.

When it comes to security, Central America faces several and very complicated difficulties. In several surveys conducted by *Latinobarómetro* (2011 & 2013), *crime* was reported as the main problem in the region above corruption and unemployment (43% in El Salvador, 35% in Guatemala, and 25% in Honduras) (Cossio et al., 2012b; Gerstenbliith, Melgar, & Rossi, 2013). This perception is supported by the fact that homicide rates in Central America are the highest in the world,[34] having on average 63 homicides per 100,000 (UNODC, 2011, 2013). The situation of violence and high crime rates at the borders is no less alarming. Crimes such as people trafficking, drug trafficking and extortion are very common. This situation has become an incentive for the formation of several national, bi national, regional and international initiatives to evaluate risk factors and institute violence prevention programs at the local level. As we will see in the following chapter, many of these efforts have contributed to the creation of regional strategies and policies

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[34] Guatemala, El Salvador and Honduras are ranked as the most violent countries in the world. Gang violence in El Salvador created a homicide rate or 90 per 100,000 in 2015, making it the world's most violent country not at war (Bruneau, 2014).

focused on diminishing the elevated homicide rates, and constructing networking of the police forces across countries (Rizzi et al., 2016).

Finally, the problem of natural disasters and environmental protection is also an issue that requires regional attention at all levels. Disasters are not a novel problem to the region, and they have played an important role in the economic and social development of the countries (Charvériat, 2000). Despite many national and regional efforts to lower the casualties associated with natural disasters, the risk of natural disasters has not diminished. Economic and social costs have in fact risen, and the probability for them to decrease is low as poverty remains constant. Furthermore, demographic growth and migration continue to be a problem in the poorest areas of the region (Hidalgo, Amador, Alfaro, & Quesada, 2013; Karmalkar, Bradley, & Diaz, 2011; Mitsch & Hernandez, 2013). Finally, several studies suggest that due to climate change, the probability of the occurrence of natural disasters will increase, negatively affecting the socioeconomic status of the border cities (Charvériat, 2000). As a response to natural threats, both local and national governments have engaged in policy actions to mitigate the effects of natural disasters, and to prevent further problems whenever they are avoidable.

Regarding the geographic variable as a causal condition for cross-development policies, I would also include some characteristics that are not necessarily related to natural disasters, but rather that constitute an asset for the social and economic development for the local cities. As we will see in the following chapters, there are cases in which cooperation is necessary to protect natural areas located at the borders (case 2, 3 & 9), or where the natural conditions (beaches, natural parks, etc.) have led to the development of a growing infrastructure in tourism.

The following table summarizes the theoretical assumptions and the explanations of the causal conditions. The matrix presented also explores the proper operationalization for each condition and gives theoretical support from the existing literature.

Table 3

Casual Conditions for Cross-Border Cooperation

Causal Conditions	Conceptualization and Theoretical Assumption	Operationalization	Theoretical Support
Homogenous Political Ideology (HPI)	The homogeneity of the political ideology of the local governments will contribute for the cities to engage into stronger arrangements and, therefore, into cross-border cooperation.	Membership score of "1" for ideologically identical cases, and "0" for ideologically diverse cases.	(Goyal & Staal, 2004); (Kessel, 2015); (Cavazza et al., 2010); (Zhu & Mitra, 2009).
Diverse Socioeconomic Status (SES)	The socioeconomic status is the level of interaction of income, education and occupation. Cross-border cooperation is likely to occur when heterogeneity in the SES is present in the cities.	Operationalization of three "sub-conditions," such as income, education and occupation will be performed with local data. Membership score of "1" will be given for cases with high level of heterogeneity in their socioeconomic status, and "0" for low levels of heterogeneity.	(North, 1994); (Porter, 2003); (Rao & Holt, 2005); (Cowman et al., 2012); (Oakes, 2008a); (Kawachi et al., 1997); (Spencer & Castano, 2007); (K. E. Campbell, Marsden, & Hurlbert, 1986); (Barham et al., 1995); (Card, 1999).
Elevated Decentralization Level (EDL)	Decentralization accounts for the degree of autonomy of a local government or region compared to the central government. The theoretical assumption is that the more decentralized the cities, the easier it will be to achieve horizontal integration.	A membership score of "1" will be given to the cases of a high level of decentralization (fully decentralized) and "0" to the cases of a low level of decentralization (fully centralized).	(Bardhan, 2002); (UNDP, 1999); (Falleti, 2005b); (Cajina, 2013); (Bossuyt, 2013); (Finot, 2005); (Litvack et al., 1998); (Samuels & Montero, 2015); (Prud'homme, 1995).

Causal Conditions	Conceptualization and Theoretical Assumption	Operationalization	Theoretical Support
Shared Territorial Problems (STP)	For the local cities to engage into cooperation and create common cross-border development policies, it is necessary for them to have also an important level of homogeneity regarding common problems.	Membership score is set to "1" when the local cities shared a same problem in the territory (either social or environmental), and "0" when there is no common problem in the territory whatsoever.	(Brockett, 1998); (Cherrett, 2001); (Hiatt & Woodworth, 2006); (FAO, 2011); (World Food Programme, 2013); (Cossio et al., 2012a, 2012b); (Gerstenbliith et al., 2013; Rossi, 2015); (Hidalgo et al., 2013); (Karmalkar et al., 2011); (Mitsch & Hernandez, 2013); (Charvériat, 2000).

Note. Own Elaboration (2016)

CHAPTER THREE
THE METHOD AND THE CASES

A. Methodology: Qualitative Comparative Analysis

The method that I will implement for this research will be set-theoretic analysis, more specifically, fuzzy set Qualitative Comparative Analysis (fsQCA). Fundamentally, I will evaluate how the combination and relations between *sets* of conditions contribute to achieving cross-border development policies (the outcome) in Central America. In social sciences, fsQCA is a useful method to determine causal relationships of social phenomena (Elliott, 2006). Accordingly, the phenomenon of regional integration can be explained through the establishment and explanation of causal conditions connected, both theoretically and empirically, to a specific outcome. In QCA, the causal relationships can be determined by the *necessity* and *sufficiency* of causal conditions, assessed by their *kind* (crisp) or *degree* (fuzzy) in each membership score.

Although the quantitative analysis was first considered as the primary method for this research, the reason why fsQCA fits better than a traditional statistical (multivariate) analysis is twofold. The first reason is that the number *n* of cases is not large enough to make the results representative. But even if statistical techniques could be implemented by running correlations between variables, some cases "could be considered error and these cases, in turn, would undermine the correlation between X and Y." (Ragin, 2006, p. 294). Conversely, fsQCA offers causal linking between cases using a set-theoretic reasoning (Ragin, 2006). The second reason is that fsQCA provides a spectrum of an institutional configuration of casual conditions that could trigger our expected outcome. If such configuration is found, this could reveal a high convergence tendency among the border cities in the region. Thus, there could be many ways for conditions to contribute to cross-border cooperation through *functional equivalents* (Fiss, 2007). These functional equivalents permit a given permutation of conditions to explain cross-border cooperation. This last part is fundamental because it will ultimately show whether cooperation can achieve the same objective—border policies—by different means.

FsQCA explores the links of the institutional combinations to the outcome through necessary and sufficient conditions. These links are important for they allow us to know whether certain institutional features are only necessary or only sufficient for the cities of Central America to reach cross-border development. These findings may, in return, be extremely relevant for they will lead to clearer policy-making and decision-making at the central and local government from the perspective of the public administration.

1. Policy Analysis and QCA

According to the existing literature, QCA allows performing policy analysis in any sector at least in five different ways (Berg-schlosser, Meur De, Rihoux, & Ragin, 2008; Rihoux, 2006; Rihoux, Rezsöhazy, & Bol, 2011). First, it is possible to compare policy programs with small *N* or intermediate *N* design, either in cross-national (between countries), within-region (between municipalities), or cross-sector (different policy domains) comparison (Befani, 2013; Hino, 2009; Schneider & Wagemann, 2006). Second, QCA allows testing alternative causal models (i.e., policy intervention) linked to a policy outputs and outcomes (Rihoux et al., 2011). This type of policy analysis through QCA, unlike quantitative analysis, allows the identification of more than one possible path to a policy outcome—that is to say, more than one combination of conditions to the expected result. The mechanism identification is quite useful in every-day-policy-practice. Some studies show that policy effectiveness depends on national settings, as well as sector-related characteristics. These difference of those cultural, administrative or political settings affect the policy implementation schemes (Audretsch, Grimm, & Schuetze, 2009; Rihoux et al., 2011; Wallace, Pollack, & Young, 2010). Third, QCA allows policy analysts to study more carefully policy design. A more detailed study of policy design allows the analysists to see if the conditions (or the combination of conditions) for a specific policy are effective or not. Fourth, QCA assures transparency insofar the method makes the researcher not only to make decisions, but also to justify them. Throughout the whole procedure, many arbitrary situations will be faced by the researcher, in which case theory-informed decisions must be made (Rihoux et al., 2011). Fifth, QCA is quite useful for deeper analysis on existing qualitative studies, or with studies that use quantitative data (Ragin, 2000; Ragin, 2003; Smithson, 2005). Rihoux et al. (2011) identify a sixth benefit of using QCA for policy analysis: "the set relationship nature of QCA is also a core asset for policy-oriented analysis." (p. 17). While most regression analyses produce results regarding predictions or generalizations between at least two variables, QCA gives *deterministic* results through casual connections between conditions and outcomes. These results are at the end similar to the goal-oriented framework of policy analysis. Although QCA is still a novel methodology for studying policies, it contributes to the theoretical and empirical debate of causality, especially in certain domains of the public administration where many factors (both endogenous and exogenous) affect not only the implementation but also the results of the policy in a specific sector.

B. Main Hypothesis

For this research, I will test if every possible *intersection* [35] of the causal conditions—including the negations of such conditions—could be sufficient to trigger the expected outcome. The hypothesis of this project, therefore, is that a *set* or *superset* of causal conditions could facilitate the creation of cross-border development policies at the border level. Furthermore, the combination of these conditions would contribute to foster the economic, social and political cooperation between local governments at the local level.

Theoretically, for two or more countries to engage in integration when there is political affinity between them (Aspinwall, 2002; Fligstein et al., 2012; Moravcsik, 1998), or economic cooperation (Antràs & Costinot, 2010; Balassa, 1961; Mattli, 1999) or both (Dent, 2008; Devlin et al., 2003; Ruiz-Tagle, 2013). Since most of the literature agrees that integration (either political or economic) is an action promoted by the central or local governments, *homogeneity* or *heterogeneity* of conditions between the local cities seems to be a key characteristic that allows local governments to engage in cooperation and, therefore, into the creation of cross-border development policies.

Hence, the main working hypothesis is that similar political ideology, along with similar problems faced by the border cities, high level of decentralization and different socioeconomic status facilitate the cooperation between border cities and the creation of cross-border development policies. The literature on integration suggests that, in most cases, economic and political arrangement are the crucial factors to consider (Balassa, 1961; Haas & Schmitter, 1964). However, at the border level, there are both necessary and sufficient conditions for the existence of policies that facilitate integration locally. Accordingly, the political homogeneity of the governments, together with other conditions like the development of their societies (regarding socioeconomic development), and common problems (like environmental protection, low-security levels or extreme poverty) can also facilitate cooperation. Furthermore, cooperation is easier when the border cities are autonomous in their political decision—when the cities are decentralized from the central government (Bardhan, 2002; Gibb, 2009; Perkmann & Sum, 2002; Terluin, 2003).

Cross-Border Development Policies are therefore created when the homogeneity of the political ideology of the local governments (HPI) is combined with the local cooperation due to

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[35] In set theory, the intersection of two or more sets (in this case, the causal conditions) creates a third set that contains all the elements of one set that *also* belongs to the other. The third set could, therefore, be considered as the combination of the casual conditions. For more information about set interception or set combination, refer to "Elements of Set Theory" (Enderton, 1977), and "Handbook of Set Theory" (Dehornoy, 2010).

different socioeconomic status (DSS) and shared territorial problems (STP), and an elevated decentralization level (EDL).

Represented in Boolean algebra for QCA, the representation of the causal conditions and the outcome goes as follow:

1. If the Casual Conditions (CC) are the interceptions sets of HPI, DSS, STP, and EDL; and
2. if policies are the result of cross-border cooperation created by the CC, then
3. HPI * DSS * STP * EDL → Cross-Border Development Policies (CBDP), where
4. **HPI*DSS*STP*EDL = {CBDP: CBDP∈HPI ∩ CBDP∈DSS ∩ CBDP∈STP ∩ HIS∈EDL}**

The operationalization of the conditions will be performed by evaluating many inter-exchangeable necessary and sufficient conditions in the fuzzy-set Qualitative Comparative Analysis (Hallerberg, 2010; Ragin, 2006; Schneider & Wagemann, 2015). The multiple combinations of conditions (or paths) that trigger the outcome are known as *functional equivalents*, and they are used to develop statements of necessity when no single condition, but rather a combination of them, are necessary for the outcome (Schneider & Wagemann, 2015, p. 74). With the establishment of necessary and sufficient conditions, I will test whether the presence or the absence of cross-border policies is given by the presence or absence of common conditions through the causal combination of configurations.[36]

Ultimately, cross-border cooperation contributes to the creation of emerging micro-regions whose jurisdiction go beyond the power of a single State. These micro-regions can take many forms: ethnic or cultural regions, economic zones, development clusters, cross-border development areas, etc. Thus, the creation of Horizontally Integrated Spaces (HIS) will not only facilitate the cooperation between cities in economic aspects (lowering the transaction costs and making the transfer of goods easier) but also will satisfy the social needs of the people (actors/stakeholders) located at the borders. This last part is the ultimate scope of any integration model (Gualini, 2003; Heckmann, 2006), and this is the reason why integration should be

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[36] Having five or more conditions could lead the model to be "over-specified." If needed, there could be a unification of two causal conditions (*collapse of conditions*) between political ideology and decentralization level. Factually speaking, one can assume that ideologically homogenous governments that engage in any relations or cooperation have some degree of decentralization. For more information about the unification of casual conditions to avoid over-specification, refer to "Unifying Configurational Comparative Methodology: Generalized-Set Qualitative Comparative Analysis." (Thiem, 2014).

understood as a *means* rather than as an end in itself. The right conditions will allow the border regions to create areas or zones where cities will be able to prosper socially and economically.

Cases of integration at the border level vary across regions worldwide, making it difficult to assess if the successful models are replicable in other zones. The literature, in fact, argues that given regions worldwide are different from each other, integration models cannot and will not follow the same successful patterns (De Lombaerde, 2011; Sbragia, 2008). Nonetheless, the causal conditions presented in this research, and that also supported by the literature, are contextually linked to the ongoing integration process in Central America, making horizontal integration not only possible but also viable in the context of globalization and regionalism.

C. Case Study Analysis

1. Knowing the Empirical Environment

Geographically, Central America is a "bridge-like" portion of the American hemisphere that unites the two Americas: North and South America. It includes seven countries in total: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, and Belize. Its combined population was estimated 42.688.190 people in 2014 (CEPAL, 2014). The most significant challenges that region faces nowadays include governability, economic development and citizen security (Barahona, Franco, Alemán, Palma, & Chamorro, 2014). Although the region shares a common political and social history, its institutional and economic development has been different from every country. In topics such as security, democracy status or economic growth, Central America seems to be divided into two distinct zones. The "Northern Triangle," including countries like El Salvador, Guatemala and Honduras; and the "Southern Triangle," which includes Panama, Nicaragua, and Costa Rica respectively. Central America represents a pathway that connects the two Americas, and this geographical characteristic has brought, unfortunately, problems related to illegal activities. Drug traffic, human trafficking, and organized crime were considered one the most important issues in Central America's during the last decade, converting the Northern Triangle in one of the most dangerous zones in the world (Arnson & Olson, 2011). In contrast, the Southern Triangle show good standards of security and economic performance, with consolidated democratic institutions, except Nicaragua (Cajina, 2013).

The following figures show some relevant information regarding political stability and other related variables for good governance in Central America. These are indicators created by the World Bank Group in the last year available (year 2015) and show the performances of the countries in some key institutional aspects. These aspects include voice and accountability, political stability and absence of violence, government effectiveness, the rule of law and control of corruption.

In Figure 1 we see the values in every governability indicator of the countries belonging to the *northern triangle*. The similarities are accentuated in some indicators (like in accountability or regulatory quality) and show some difference in others (the rule of law and corruption). However, the homogeneity is evident in these three cases.
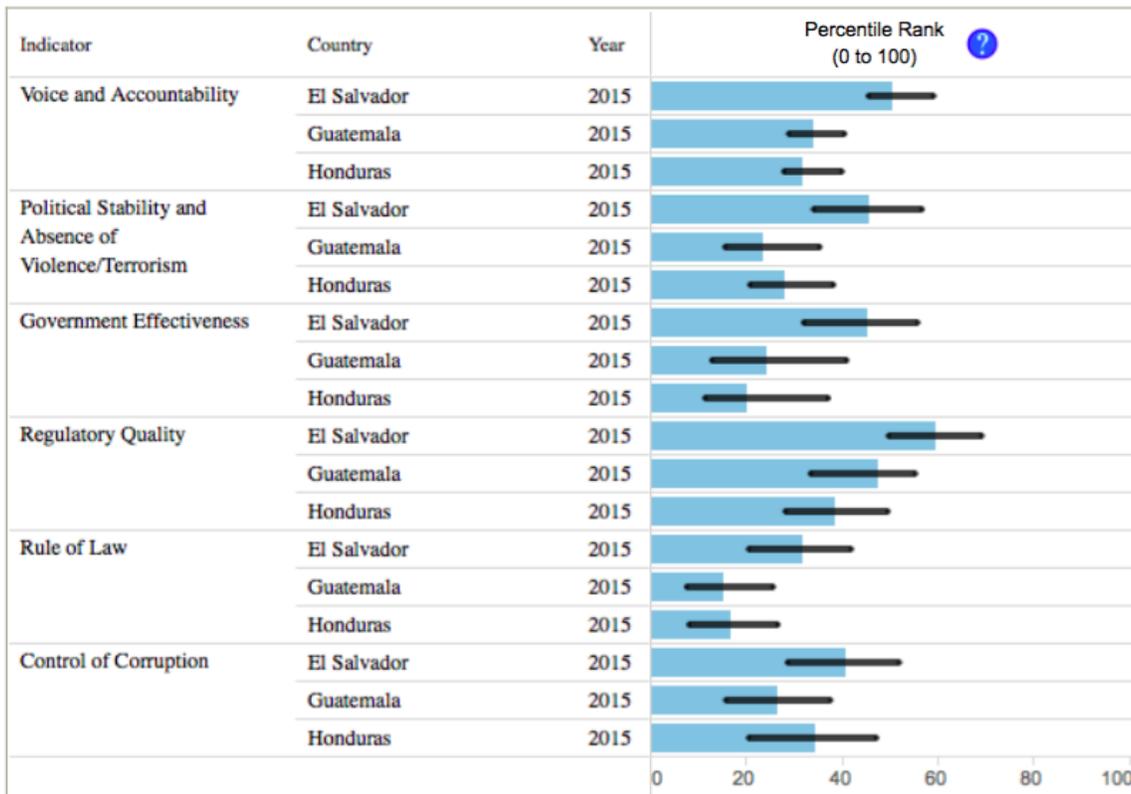
Figure 1. *Governance Index in "Northern Triangle" of Central America. Source: Data was taken from the World Governance Index (WGI). World Bank Group (2015).*

Conversely, in Figure 2 we see a substantial difference in almost every indicator. Countries like Panama and Costa Rica possess the highest ranks concerning democratic performance, control of corruption and the rule of law, *vis-à-vis* the countries represented in the northern triangle. The exception in this cluster of countries is, however, Nicaragua (World Bank, 2014).

Although the reported data accounts for the countries as units of analysis (macro level), the relevant thing to notice is that the differences in the percentage of any indicator among a cluster of countries (that share similarities in their indicators) might not be as important when doing a *cross-case* analysis (i.e., comparing the northern triangle with the southern triangle), but rather when doing a *within-case* analysis—that is, when comparing characteristics in the same cluster of cases. This principle of *homogeneity* can also be explored and studied at the local level. When speaking at the local level, there might be cases in which the outcome might be displayed, not because the people in a group of cases are economically or socially better than the others, but because the cases of that group are *homogenous* in their internal characteristics.

Indicator	Country	Year	Percentile Rank (0 to 100)
Voice and Accountability	Costa Rica	2015	
	Nicaragua	2015	
	Panama	2015	
Political Stability and Absence of Violence/Terrorism	Costa Rica	2015	
	Nicaragua	2015	
	Panama	2015	
Government Effectiveness	Costa Rica	2015	
	Nicaragua	2015	
	Panama	2015	
Regulatory Quality	Costa Rica	2015	
	Nicaragua	2015	
	Panama	2015	
Rule of Law	Costa Rica	2015	
	Nicaragua	2015	
	Panama	2015	
Control of Corruption	Costa Rica	2015	
	Nicaragua	2015	
	Panama	2015	

Figure 2. *Governance Index in "Southern Triangle" of Central America. Source: Data were taken from the World Governance Index (WGI). World Bank Group (2015).*

2. Case Selection

The units of analysis for this research belong to the micro-level: local cities located in the border areas in the six countries of Central America.[37] The total number of cities are twenty (20), paired in ten (10) cases[38] in the whole region. This choice was based on the necessity to gather in-depth insights from the cases while trying to produce some level of generalization and replicability

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[37] In QCA there are three levels of analysis: The micro level, the meso level and the macro level. Moreover, in many QCA analysis, these levels are often interconnected: the cases might belong to the macro level, but the conditions might be operationalized at the meso or the micro level. Conversely, the levels of analysis do not always correspond with the cases under analysis. For example, Rihoux et al. (2011) argue that in cross-national cases, the QCA analysis treat such cases not as countries as full systems but rather as policy programme with national settings (Rihoux et al., 2011).

[38] The cases for this research will be considered as dyads of cities from different countries, instead of an individual city for each case. For example, the bordering cities between Nicaragua (Cárdenas) and Costa Rica (La Cruz) will represent one single case and not two different cases. The comparison between cases using this technique will allow knowing if the common characteristics of those cities are relevant or not when observing the expected outcome.

(Ragin, 2008b; Rihoux et al., 2011). Two countries were selected to gather information at the border areas: Honduras and Costa Rica. The reason for the selection of those two countries is the following:

In the case of Honduras, it is the only country that geographically limits with three other countries in the region: Nicaragua, in the south; El Salvador, in the west, and Guatemala, in the north. It also shares a common Gulf, the Fonseca Gulf, with Nicaragua, and El Salvador, making it the country with the most shared borders in the region (Espach & Haering, 2012).

This geographical fact can give diversity to the cases, testing indeed many of the conditions according to the context of each border. The other reason why Honduras was chosen is that it is the most representative country of the *Northern Triangle* area, giving a sense of homogeneity to its neighboring peer countries. In the case of Costa Rica, it was chosen because it neighbors a country with "good" economic and governability performance, such as Panama, and one with "poor" economic and governability performance, such as Nicaragua. At the local level, this diversity could show the presence or the absence of the outcome in the case of Costa Rica and Panama (since they are politically and economically homogenous), and the presence or absence of the outcome in the case of Nicaragua and Costa Rica—because they are politically and economically heterogeneous. This possibility assesses *homogeneity* as a key characteristic for cross-border cooperation. As for the selection of cases (cities), these were determined by four main reasons: the first reason is that some cities share very similar geographical characteristics. There are some cases (the Fonseca Gulf or the Amistad National Park) in which the territory and its resources are shared by two or even three countries. Geography plays a crucial role in the matter because it determines the political, economic and social context of the area, and determines the kind of policies that would be implemented in the border cities as well (Clemens, 2017).

The second reason is that the characteristics of the towns could maximize the variation of relevant institutional elements or configurations, such as level of decentralization of the border cities of the central government, financial resources at the local level, geographical characteristics of the territory, regional treaties signed by the countries, among others. These configurations should trigger mechanisms that activate the expected results: cross-border development policies among the cities. The third reason is that the functional equivalent paths for the outcome can also trigger the negation of the outcome. Although a negative outcome (or cases in which the outcome is not displayed) is usually not a part of the working hypotheses, it is important to analyze the

negative cases separately anyways. Analyzing negative cases can either help to understand the logic behind the positive cases, or generate interesting theoretical insights on their own (Wagemann & Schneider, 2007). Finally, the fourth reason relates with the logistics of the research. Although a thorough analysis of causal conditions has to include *all* the cities located in the border zone, due to some externalities that could affect the research itself (mainly regarding time and resources), only the most representative cases were selected. What makes these cases representative relates to the socio-economic structures of the cities themselves: they are the largest cities located in the border zones, with similar infrastructure and related problems that border policies try to solve. Further researches shall include more cities in the sample, either to modify or to support the main hypotheses I propose in this present research. Finally, the border zones between Guatemala and Belize will be excluded from the analysis.[39] Figure 3 shows the location of the cities in the border zones of Central America. As a whole, the region shares around nineteen official borders in total,[40] with around forty border cities (Espinoza, 2013). This research, therefore, will study at least half of them of the border cities, allowing for the results to make predictions about the remaining cases.

Figure 3. *Map of Central America with the selected Border Cities. Source: Retrieved from https://www.teachingforchange.org/teacher-resources/central-america-teaching. Date: April 2016*

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[39] Belize is part of the English Commonwealth, as it is a former colony of the British Empire. Belize has the same colonial history with other Anglophone Caribbean countries. Thus, it is ethnical, culturally and historically different from the rest of the countries of Central America. Although it formally belongs to the Integration System in Central America (SICA), the local dynamics of economic development and economic integration has always been different. For more information, refer to "*Central America and the Caribbean, Climate of*" (Taylor & Alfaro, 2005).
[40] For the complete list of borders in Central America, refer to Appendix C.

The advantage of the country selection (Honduras and Costa Rica) as headquarters of the empirical research allows for logistic facilitation regarding mobility and data collection. The fact that Honduras limits with three countries, and has one special case of multi-government management in the Fonseca Gulf, brings diversity to the cases. Accordingly, Costa Rica limits with two countries, which are very heterogeneous in almost every indicator that measures economic, political and social well-being. The expected results for the cases are explained in the following chapter of this document. Table 4 lists the cases (a pair of cities) and other necessary information such as the department, country they belong to, and the name of the border they share.[41]

Table 4

General Information about the Cities under Analysis

Cases	Name of the City	Department	Country	Name of the Border
1	Omoa	Cortez	Honduras	Corinto
	Puerto Barrios	Izabal	Guatemala	Corinto
2	Esquipulas	Chiquimula	Guatemala	Agua Caliente
	Santa Fe	Ocotepeque	Honduras	Agua Caliente
3	Ocotepeque	Ocotepeque	Honduras	El Poy-Ocotepeque
	Citalá	Chalatenango	El Salvador	El Poy-Citalá
4	El Amatillo	La Unión	El Salvador	El Amatillo
	Goascorán	El Valle	Honduras	El Amatillo
5	El Paraíso	El Paraíso	Honduras	El Espino
	Somoto/Dipilto	Nueva Segovia	Nicaragua	El Espino
6	Somotillo	Chinandega	Nicaragua	El Guasaule
	El Triunfo	Choluteca	Honduras	El Guasaule
7	Cárdenas	Rivas	Nicaragua	Peñas Blancas
	La Cruz	Guanacaste	Costa Rica	Peñas Blancas
8	Los Chiles	Alajuela	Costa Rica	Las Tablillas
	San Carlos	Río San Juan	Nicaragua	San Pancho
9	Sixaola	Limón/Talamanca	Costa Rica	Sixaola
	Guabito	Bocas del Toro	Panama	Guabito
10	Sabalito	Puntarena	Costa Rica	Sabalito
	Rio Sereno	Chiriqui	Panama	Río Sereno

Note. Own elaboration (2016)

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[41] The list of the people who were interviewed during the fieldwork can be found in the annex at the end of the document.

3. Causal Conditions for the Cases

a. CASE 1: Omoa (Honduras) & Puerto Barrios (Guatemala)

Table 5
Summary of Data Collection for Case 1: Omoa-Puerto Barrios

ITEMS	DATA
Total Population	149.763 (year 2015)
Average Human Development Index	0,67
Average Demographic/Age Range	0-18 years old: 49,34% 19-64 years old: 46,44% + 65 years old: 4,22%
Average Economic Activities	Primary Sector: 42% Secondary Sector: 25% Tertiary Sector: 33%
Shared Territorial Problems	* Contamination of the river basin between both cities * Illegal trafficking of drugs
Level of Autonomy/Decentralization	MEDIUM - LOW

Note. Own elaboration (2017)

i. Condition 1: Political Ideology

Omoa (Honduras)

The political system of Honduras has been historical of a two-party system (Cuesta, 2007; Taylor, 1996). The two-party system in Honduras began in the early 20th century, and it is characterized as stable and highly institutionalized, although its functioning has been highly criticized as corrupted both in the electorate sphere as well as in the agenda-setting area of public policies (Redondo, 2010; Jones, 2005). The two main parties, the Liberal Party (*Partido Liberal*) and the National Party (*Partido Nacional),* have dominated the political sphere, both in the executive branch as well as the legislative branch—with an elevated alternation in power (Alcántara, Campo, & Ramos, 2002).

The Liberal Party, belonging to the center-left political spectrum, was founded in 1891. It is one of the main political parties in Honduras, sharing a combination of both conservative and progressive ideas. The party is self-identified as central-leftist (Cuesta, 2007). The National Party, belonging to the center-right political spectrum, was founded in 1902. Along with the Liberal

Party, the National Party have shared the government power by alternation with the Liberal Party for over a century in Honduras. Currently, the local government of Omoa belongs to the National Party, as well as the central government. Both the central and the local government belong to the same political party (National Party) and share the same political ideology (Central-right wing). Belonging to the same political party as the central government and, therefore, having the same political ideology, "(…) makes the political relations between the central and the local governments good, and creates synergy in the implementations of projects at the local level." (R. Alvarado, personal interview, September 19th, 2016).

Puerto Barrios (Guatemala)

Guatemala is seen as one of the countries with the most recent democracies in the American hemisphere (NIMD, 2015). One of the many obstacles that the new Guatemalan democracy faces is the lack of institutionalized political parties with a solid political ideology and coherent policy proposals. Instead of a steady increase of citizen participation in political parties, the political representations has decreased insofar the political parties fail to articulate the social demands in the government plans (NIMD, 2015; Ruiz & García, 2003). The current system of political parties in Guatemala is going through a severe legitimacy crisis. The political parties in Guatemala seem to show interest in social problems only during the electoral period. Therefore, this legitimacy crisis has created problems in the political representation of the leaders of the parties, on the one hand, and the political participation from the citizenship, on the other hand (NIMD, 2015).

One of the difficulties that the multiparty political system of Guatemala faces is the ideological position of the political parties. David Easton has studied how the political system works according to the relations between its *inputs* (demand and support) and its outputs (decisions or policies) according to the political system of a country, and the political ideologies of its parties (Easton, 1957, 1965). Accordingly, an effective political system is the one in charge to transform the demands of the people (inputs) into more concrete solutions to the social demands (outputs). However, in the case of Guatemala, ideology lacks in the formation of political parties, making them respond to specific group interests rather than solid ideologies (NIMD, 2015; Ruiz & García, 2003; Sosa, 2011). However, several efforts have been made to try to determine the ideologies of political parties according to their programmatic axes (Alcántara et al., 2002; Sáez, 2004; Sáez & Freidenberg, 2002). These studies show that one of the ways to ideologically identify the political

parties in Guatemala is to analyze their political values regarding some key variables. These variables are economic development, the role of the state in the life of the society, and how parties identify themselves compared to other political parties (NIMD, 2015).

The governing political party in the city of Puerto Barrios is the one called "TODOS." The political party *TODOS* is the result of dissident members of different political parties represented at the National Congress in 2012. Nowadays it represents one of the main opposition forces to the governing political party in Guatemala (Martínez, 2011). Given the history of the multiparty political system of Guatemala, the party *TODOS* originally intended to de-attached the parliament agenda from the classic bigger parties, and to promote projects of national interest from a progressive perspective but with a mild state control. In other words, the party supports the idea of a progressive government with a mild state intervention regarding the economy. The party self-identifies as *center-left* in the political spectrum (NIMD, 2015). The party includes members from all ideologies, from social democrats to liberals, and it defends a social market economy system. The governing political party of Puerto Barrios belongs to the *TODOS* party, antagonizing ideologically with the governing political party of the central government of Guatemala. Since the ideology between the central and the local government is different, the authorities of the local government feel that "the relationship [*between both governments*] has created very little support for the problems of the municipality." (C. Ajuria, personal interview, September 23rd, 2016).

ii.   Condition 2: Socioeconomic Status

Omoa (Honduras)

According to Honduran National Institute of Statistics (2014) from Honduras (*Instituto Nacional de Estadística de Honduras*, INEH), the population of the city of Omoa is around 45.179 people, of which 49,42% are men and 50,57% are women (INEH, 2014). From the total population, 44,68% live in the urban area, and 55,31% live in the rural area of the city. Concerning (permanent) migration, only 2,2% have emigrated to another country. Over 55,44% of the total population are older than 18 years old, 40,26% are of working age, and 4,3% are older than 65 years old. The territorial extension is about 383 km^2 and the density if around 118 habitants/km^2.

Regarding the economic activities and occupation of the city, the distribution is explained in Figure 4, being agriculture, the cattle industry and fishery the most important economic activity of the city (INEH, 2014).

ECONOMIC ACTIVITIES IN OMOA

Tourism 21%
Households activities 5%
Handcraft Industry 9%
Construction 11%
Commerce 12%
Agriculture, cattle industry and fishery 42%
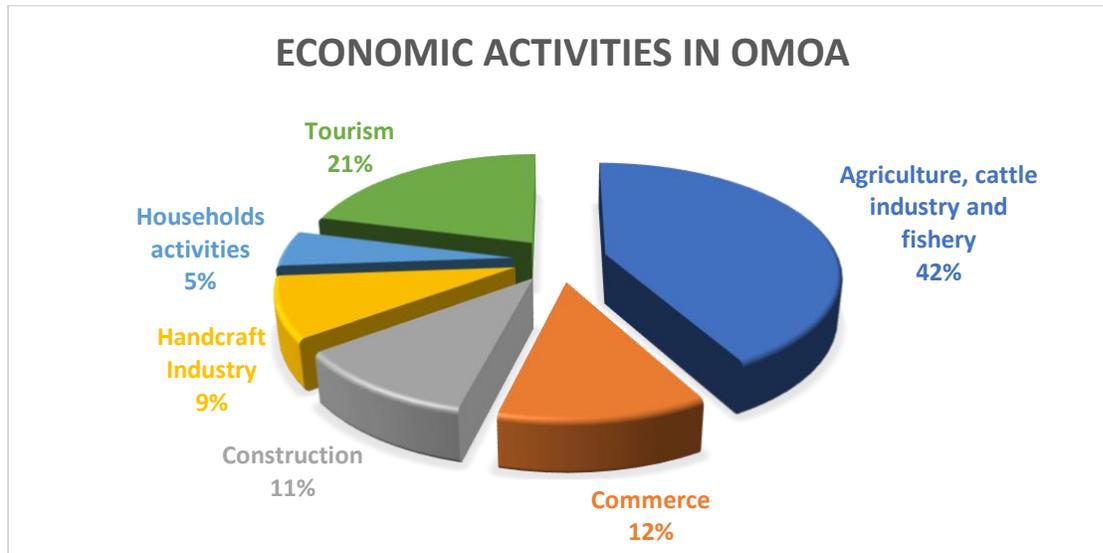
Figure 4. *Economic Activities in Omoa. Source: Own Elaboration with the information of INE (2014).*

Moreover, regarding its economic performance, according to the World Bank (WB), the Gross Domestic Product (GDP) per capita in Honduras is around 2.270 US$ (World Bank, 2016), making it one of the poorest countries in the world (IMF, 2013). Disaggregated statistics of the city of Omoa show that the GDP per Capita is below the national average, making the city more vulnerable to poverty than the rest of the country (SAG, 2005). In fact, reviewing the level of employment of the city, around 12.615 people are formally employed, which represents around 70% of the Economically Active Population (EAP) of the city, and around 27,9% of the total of the population (INEH, 2014). According to the Unsatisfied Basic Needs Index (UBNI), the poverty index is around 53%.[42] In the last ten years, the poverty line has remained almost constant (moving from 51% in 2001 to 53% in 2013), with an increase of around 2% in the index. Extreme Poverty[43]

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[42] For the purpose of this research, poverty will be defined as an economic condition of lacking both money and basic necessities needed to successfully live, such as food, water, education, healthcare, and shelter (Cammack, 2004; Chiappero-Martinetti & Moroni, 2007). The UBNI takes into consideration lack of income security, economic stability and the predictability of means to meet basic needs. Having an income of less than US$ 1.90 per day at the Purchasing Power Parity (PPP) is then considered as living in poverty. For more information, refer to: "World Bank Forecasts Global Poverty to Fall Below 10% for First Time; Major Hurdles Remain in Goal to End Poverty by 2030". www.worldbank.org. Retrieved September 9th, 2016.

[43] Extreme poverty was first defined by the United Nations Development Program (UNDP) in 1995 as the conditions characterized by severe deprivation of basic human needs, including food, water, sanitation facilities, health, shelter, education and information. It does not only depend on income, but access to services as well (United Nations. "Report

in the city, according to the INEH (2005), and using the Poverty Line Methodology (PLM) is around 42%. Despite the fact of poverty in Omoa, "the statistics also show growth, although modest, of economic activity in the territory, mainly due to tourism in the last couple years." (R. Alvarado, personal interview, September 19th, 2016) In fact, as both sides of the border grow in economic and social terms, the touristic offer has been consolidated and diversified due to policies promoted by the local government (SAG, 2005; R. Alvarado, personal interview, September 19th, 2016; M. Castro, personal interview, September 21st, 2016).

The annual budget for 2016 was around 50 million Lempiras[44] (around US$ 2,27 million), having an annual increase of 9% (TSC, 2016). This increase of local budget, at least theoretically, would allow for the local government of Omoa to allocate more resources into solving the problems of the municipality. However, as explained in the following sections, the resource allocation from the general budget into policies implementation has not been efficient, creating some problems in the execution of local development plans. The social development of Omoa is measured by the Human Development Index (HDI) at the local level. The HDI of the Region of Cortez is around 0,709, and Omoa has 0,639, having both the region and city a medium development status. Regarding education indexes, the literacy rate is around 86% and a coverage of primary school of 93%, with an average of 5,6 school years (INEH, 2014).

Puerto Barrios (Guatemala)

According to the Guatemalan National Institute of Statistics (*Instituto Nacional de Estadística de Guatemala*, INEG), the total population of Puerto Barrios was of 104.584 in 2012, of which 49,7% are men and 51,3% are women. The annual accumulative growth of the population has been around 21% in the last seven years—a yearly average of 3 people of every 100. The poverty line in Puerto Barrios is related to the distribution of the population in both the rural and the urban zones. Two people out of ten live under the poverty line in the urban area, whereas in the rural area 4 people out of 10 live in poverty, and 4 out of 100 live in extreme poverty (Fernando & Castro, 2012; Parrilla, Gómez, Monroy, Fuchs, & Sandoval, 2013).

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of the World Summit for Social Development", March 6–12, 1995). Moreover, many economists from the WB have referred of extreme poverty as the earning below the international poverty line of US$ 1,25 per day (Pogge, 2005; Ravallion, 1997, 2003).

[44] For the sake of the analysis, round numbers will be used.

After analyzing the poverty index in both the rural and urban areas, the socio-economic indicators are in fact consistent with the distribution of poverty. Poverty, in general, is duplicated in the rural zone, making the people who live in such zones more vulnerable. The main cause of the high poverty index in the rural area is the wealth distribution between the urban and the rural zones (Fernando & Castro, 2012).

In general terms, the economy of Puerto Barrios has been characterized by a historical developed primary sector based on monoculture (mainly of banana, that represents around 88% of the total agriculture production of the city) and cattle raising (Fernando & Castro, 2012). The secondary sector is very small compared to the primary sector, and the third sector is strong due to the import and export services charged because of the port at the bay side (Mendieta, 2012). In the last year, the city of Puerto Barrios has had a flourishing economic activity, positioning itself as the second most touristic city of the country of Guatemala since 2003 (Mendieta, 2012). The touristic development is very important for the local economy, as Puerto Barrios functions as a touristic destination from other cities.

The population can be grouped in three significant range of age: 43,24% are between 0 and 14 years old; around 52,62% of people are in the range between 15 and 64 years old, and only 4,14% of people are older than 65 years old. The living expectancy is 70 years old. According to the data, more than half of the population is younger than 21 years old, which means that the city ought to implement programs or policies dedicated to foster education, health and technical preparation for the insertion of the economic activities of the city. The HDI index was used to measure the social development of Puerto Barrios at the local level. The HDI of the Region of Izabal for 2010 was 0,699 (a bit lower from the national HDI of 0,702), and the HDI of Puerto Barrios is 0,704 overall, the highest of all the municipalities of the region.[45] Life expectancy is 70 years old, and the literacy rate is 87,5% and a coverage of primary school of 92%, with an average of 5 school years. Puerto Barrios has developed and Integral Development Plan for 20 years (2010-2030), and it belongs to a broader project called: Integral Management of Lands Project. This plan, according to the local authorities, "promotes initiatives of several minor projects that allow the enhancement of development in economic and social terms." (C. Ajuria, personal interview, September 23rd, 2016).

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[45] The City of Puerto Barrios reported for 2012 a health index of 0,752, an education index of 0,729, and income of 0,631, creating an average of 0,704.

iii.   Condition 3: Shared Territorial Problems

Omoa (Honduras)

Borders are geopolitical and economic variables that most of the local governments within a country do not have. For people who live and work in Omoa, borders represent a development catalyzer between Omoa and Puerto Barrios (R. Alvarado, personal interview, September 19th, 2016; H. Alvarado, personal interview, September 20th, 2016). To the local authorities, the city has many potentialities regarding touristic and social development. It has potentiality because of "(…) the possibility of creating agreements between municipalities that would allow a much more fluid transit of people from Guatemala to Honduras and vice versa." (R. Alvarado, personal interview, September 19th, 2016). Conversely, the city also has some issues regarding the pollution of the river basins is originated in Guatemala and that leads to the ocean. In fact, the topic of pollution "is one of the biggest problems the city of Omoa has with its neighboring peer, Puerto Barrios." (M. Castro, personal interview, September 21st, 2016). This environmental issue was created "because many of the municipalities [*around 37 in total*] across Guatemala throw most of their wastes to the river basin, and it has brought the city of Omoa certain complications in the side of Honduras" (G. Cabrera, personal interview, September 22nd, 2016). One of the main problems is that the time length of the pollution has been too long now. According to experts in environment development, "the pollution has been accumulating for years, and it is estimated that over 7 meters of plastic pollution are in the sea reefs." (M. Castro, personal interview, September 21st, 2016). Some organizations in Omoa have engaged in cooperation with organizations from Guatemala, including the National Coordinator for Disaster Reduction in Guatemala (*Coordinadora Nacional para la Reducción de Desastres de Guatemala, CONPECO),* the Foundation for Ecodevelopment and Conservation (*Fundación para el Ecodesarrollo y la Conservacion, FUNDAECO),* The Trinational Alliance for the Conservation of the Gulf of Honduras (*Alianza Trinacional para la conservación del Golfo de Honduras, TRIGOH)*, among many others. The objective of these organizations is to tackle the joint environmental problem between Omoa and Puerto Barrios. However, even though this topic was discussed in a high-level regional forum called COCODE (*Comité Consultivo de Desarrollo)* with the authorities of the region of Izabal (Guatemala), "no clear results were given in terms of joint environmental policies." (M. Castro, personal interview, September 21st, 2016).

Aside from environmental problems, the other issue that Omoa faces is the reception of deported migrants especially from Mexico and the United States. Giving that Omoa is the closest city bordering Guatemala, most of the illegal immigrants that were deported from North America stay in Omoa. The reinsertion of these people to the labor market is also precarious. So far, according to studies carried out by local Non-Government Organizations (NGOs), the local government of Omoa "has created few reinsertion policies, most of them however with poor planning and implementation." (J. Calex, personal interview, September 21st, 2016).

As a response for the STP, the local government has established relations with several NGOs, including the National Association of NGOs (*Asociación Nacional de Organismos No Gubernamentales, ASONOG),* the Red Cross (which takes care of the issue of deported migrants from Mexico and Guatemala), among others. At least once a month, the local government meets these organizations in a summit called *Cabildos Municipales* (Municipal Councils). These events aim to reach a consensus and synergy on the main issues of the municipality of Omoa: illegal activities regarding migration[46] and environment pollution. To this date, however, there is no collaboration agreements or joint policies between both local authorities, or between local governments and NGOs, perhaps except for the Red Cross.[47]

The border between Omoa and Puerto Barrios includes a 10 kilometers' zone where people, originally from both cities, live and work. Most of the people who commute are the ones from Omoa who work in Puerto Barrios, either in the agricultural sector (in banana's plantations), or at the port in Puerto Barrios. Accordingly, almost 15% of the working force of Omoa commute to Puerto Barrios to work (INEH, 2014). Since many families have been living and working around the borders for many years, the local authorities show flexibility to commute from one country to the other. In fact, according to the Mayor of Omoa, "no registration is needed in those cases, but only a proper identification." (R. Alvarado, personal interview, September 19th, 2016)

Although this border represents an important factor in the development dynamics of the territory, it has certain limitations regarding commerce.[48] However, the local authorities do not see this as something negative (J. Calex, personal interview, September 21st, 2016). In fact, the proximity of the cities from the border has made both local governments engage in different types

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[46] Smuggling, drug trafficking and human trafficking.

[47] The Red Cross manages a system of communication between offices across borders. The role of this communication is strictly of coordination since it belongs to one single and bigger organization.

[48] It is illegal to transport cattle through the border, nor to export more than US$ 500,00 in goods.

of alliances (agreements) regarding the type of problems that affect both cities. These alliances, however, "have not yet generated concrete cross-border development policies to tackle the main problems related to pollution and illegal migration." (R. Alvarado, personal interview, September 19th, 2016).

Puerto Barrios (Guatemala)

The local authorities from Puerto Barrios have identified some problems that affect not only the community of Puerto Barrios, but also all the communities close to the Honduran side of the border. The most sensitive problems that both Puerto Barrios and Omoa have (from the perspective of the authorities of Puerto Barrio) are related to human trafficking, illegal migration, security and environmental pollution. According to the local authorities of Puerto Barrios, "there have been reported cases of people trafficking and illegal immigration at the border of Corinto, as well as smuggling of products that should pay taxes at the custom." (C. Ajuria, personal interview, September 22nd, 2016).

One of the many possible solutions has been "to create awareness of the problem to both the people and the central government, so more resources can be allocated to face the issues of the city." (C. Ajuria, personal interview, September 22nd, 2016). Furthermore, another problem—and probably the most delicate—that both municipalities deal with is the pollution of the Motagua River. The Motagua River crosses the country of Guatemala almost entirely and delivers its wastes in the Honduran coasts. However, instead of cooperation at the local level, legal procedures were established against Guatemala. In fact, the government of Honduras is currently considering an international sue against the government of Guatemala.[49] Although this is a problem is managed at the central level, it has many repercussions at the local level. Cooperation has become complicated due to the political tension the river problem has caused in the border. This problem, according to the local authorities, "has affected tourism as well since the average tourist cannot access the places [*bayside*] that are affected by the contaminated areas, despite the efforts of both

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[49] In 2014, the municipality of Omoa with the Ministry of Environment of Honduras started an investigation regarding the pollution created by over 20 local Guatemalan cities at the basin of the Motagua river. Furthermore, in August 2016, the media covered an international sue prepared by the mayor of Omoa in case the government of Guatemala neglected to find a solution for the problem. For more information, refer to http://noticias.com.gt/nacionales/20160831-marn-busca-evitar-honduras-denuncie-guatemala-contaminacion-rio-motagua.html and http://www.prensalibre.com/guatemala/comunitario/contaminacion-de-rio-motagua-origina-reclamo-de-honduras Date of consult: November 21st, 2016.

municipalities to solve the problem and promote policies to foster tourism." (C. Ajuria, personal interview, September 22nd, 2016).

iv.   Condition 4: Decentralization Level

Omoa (Honduras)

The decentralization process in Honduras began in the late 1950s. The existing scholarship usually divides this process into two different phases: i) a functional or formal decentralization phase, comprising the foundation of autonomous and semi-autonomous entities; and ii) a decentralization process that started with the modernization program of the State in the 1990s (Cherrett, 2001). With the emergence of the Presidential Commission on Modernization of the State in 1991, the process of the state formation in Honduras began a new phase in (Garwer & Zelaya, 2014). The municipal strengthening was one of the main axes that were supported by international cooperation from 1991 to 1995 (Garwer & Zelaya, 2014). In 1994, the National Program for Decentralization and Municipal Development was approved by the central government, and many decentralization specialized units were then created to do a follow-up to the whole state modernization phase.

The two phases described previously have a conceptual connection. The connection lies in the fact that decentralization involves the transfer (devolution) of powers (functions) of administrative and economic functions to smaller political units. Therefore, decentralization in Honduras requires a transfer of competencies between organs of the same body, so that a hierarchical subordination is maintained in the decision-making process. Privatization, on the other hand, implies the transfer of responsibilities from the public sphere to the private sphere—where the decision-making process depends on specific interests (Garwer & Zelaya, 2014). Both phases have provided institutional and legal frameworks that show how the decentralization process in Honduras was implemented. In fact, there are several adjustments regarding decentralization that must take place in many areas of the political life of a country: adjustments in political institutions, adjustments in the organizational culture of the state apparatus and its regulatory and operational units; and adjustments in the traditional local governments—which in many cases have underpinned the characteristics of the central government (Garwer & Zelaya, 2014).

The key factor regarding the phases of decentralization is that both the institutions of the State, and citizens in general, had to manage the different types and kinds of competencies of decentralization generated from a general juridical framework. Therefore, the stabilizing functions and minimal redistribution from the central government to the local governments play a key role as a catalyzer of the local group competencies (Garwer & Zelaya, 2014). The proxy from the public administration is, ultimately, a good combination of the powers of the central government and the institutions of the local government. In addition, the application of the administrative principle of "subsidiarity,"—meaning that the central power displays its stabilizing and redistributive functions without damaging the autonomy of the local governments--, does not affect the institutional competencies of the local governments. Instead, it fosters local development (Garwer & Zelaya, 2014). The current legal framework has fundamental elements in the decentralization law, which allows the deployment of local power if applied properly. Accordingly, in July 2015, the National Congress of Honduras approved a new Decentralization Law, whose primary objective was to give local governments more freedom to manage their local resources, and not to depend on the central government to achieve their economic and social development (Garwer & Zelaya, 2014). For the creation of the decentralization law, many organizations were consulted—especially the Municipality Association of Honduras (*Asociación de Municipios de Honduras*, AMHON), and the Federation of Private Associations for Development (*Federación de Organizaciones Privadas de Desarrollo*, FOPRODEH). The law has also been socialized at the national level with the help of the international cooperation. The decentralization law contains 33 articles and, as stated before, its foremost objective is to regulate and promote the process of decentralization as a means of development (Garwer & Zelaya, 2014).

Decentralization is part of the democratization and modernization of the state of Honduras. It has been a process that initiated over 20 years ago, and it is believed as an alternative development of the municipalities of the country. A proper decentralized country ensures the autonomy of the local governments *vis-à-vis* the central government, and it allows the election of local authorities, free administration of resources from the local government, fundraising, a better budget execution, management of public services, and freedom to create their administrative structure. Regarding the attribution given by the law to the local governments, the legal framework provided by the Decentralization law makes the municipality a local development agency. In other words, it gives broad powers for the management of local services, local infrastructure, ecological

protection and promotion, promotion and regulation of commerce, industrial activity, and services, and provides legitimacy and transparency in tendering and contracting (Garwer & Zelaya, 2014).

In the case of Omoa, the decentralization level is low (R. Alvarado, personal interview, September 19th, 2016). The central government takes the most sensitive decisions regarding the development of the city. By law, all the municipalities of Honduras receive 10% of the official national budget due to the decentralization process. Omoa, therefore, has a little less than 3 million US$ of money transfer from the Central Government for 2016, "(…) although the totality of the funds is never fully transferred." (R. Alvarado, personal interview, September 19th, 2016). Aside from the financial resources, which are limited to the territory, the decentralization level is, therefore, low in Omoa, since most of the decisions are taken at the central level, and executed locally.

Puerto Barrios (Guatemala)

Most historians agreed that studying the constitution of the State of Guatemala requires going back to the colonial era. The colonization and the Spaniard domination constituted the roots and the most important basis of the process of the State formation in the case of Guatemala (Beteta & Rubio, 2006a; Grandin, 2005; Maxwell, 2000; Sieder, 2011). The original class domination system in Guatemala has, therefore, its origin in the process of centralization of the land that divided the Guatemalan society into socially different classes: the "conquerors," and the "indigenous." (Beteta & Rubio, 2006b).

It was until the liberal reform, from 1871 until 1944, that the social and economic structure of the State of Guatemala changed. The insertion of Guatemala in the international commerce—and the international division of labor that characterized the beginning of the 20th century—created the existence of the monopolies and enclave economies that still exist nowadays. After the crisis of the production of coffee at the beginning of the 20th century, the balance of power started shifting as a new class emerged from middle-class groups, known as the "petty bourgeoisie" (Beteta & Rubio, 2006b).

With the emergence of new working classes, new bases for the modernization and decentralization of the State of Guatemala were established. The historical background of the decentralization was summarized in an Executive Order of the government after the revolution, and whose main objective was to "decentralize the State powers with a republican principle, and

to give autonomy to the local governments." (Beteta & Rubio, 2006b). With the promulgation of the 1985 Constitution, in the context of democratic transition, a new process of modernization and decentralization of government began. In fact, in 1986 a "National Democratic Project," was implemented by the popularly elected government within the new Constitution. The process of decentralization of the Guatemalan public administration, and the transformation of the State from monopolies to a more decentralized political entity—mainly at the regional and local levels—was a new paradigm of the newly born State of Guatemala after its revolution.

A key element of this process refers to ensuring the economic and political decentralization. According to Constitutional mandate, this process relies on strengthening the local governments through an economic allocation of resources (Beteta & Rubio, 2006b). At least, in theory, the strengthening of the decentralization process allows the municipalities of Guatemala to have access to better quality of goods and services, as well as the promotion of social organization and participation. However, recent efforts of individual governments have started a process of political and administrative decentralization that has been ineffective because of the highly centralized structures of the State, especially the Executive power (Beteta & Rubio, 2006b).

The National Council Systems of Urban and Rural Development

After the revolution of 1944, democracy was seen, at least very briefly, as a collective exercise of social responsibility achieved only by the joint efforts of citizens willing to take care of public resources (Hale, 2002). Thus, social organization and participation were promoted so that different sectors of society would find and maintain spaces of dialogue and concertation regarding common objectives. To promote these spaces, the National Council System of Urban and Rural Development was created, whose pillars are (National Congress of Guatemala, 2002):

a. Rural and urban development;
b. Land use planning;
c. The organization and coordination of public administration, and
d. The participation of civil society.

It is expected that social and institutional development in Guatemala is channeled through these four pillars. In the Councils of Urban and Rural Development many different social and economic groups are represented in the decision-making process: unions, cooperatives, NGOs, associations, political parties and many other state sectors. Moreover, the conditions for union grouping,

particularly those involving agricultural workers were also established. The proposal of the Urban and Rural Development Councils was, however, ineffective regarding the decentralization process because it did not achieve the expected impact. The failure of the Councils was because they were designed in a centralized way. This approach, according to Beteta and Rubio, was purely controlled by the central state, and it did not include a broader political debate with civil society (Beteta & Rubio, 2006b). The decentralization process in Guatemala was, therefore, and paradoxically, carried out with an authoritarian vision of local development. The authoritarian character of the process derived from the continuity of a form of "counter-insurgency state" that kept sensitive areas, such as fiscal or security policies, highly militarized.

Indeed, the inclusion of decentralization reforms in the new Constitution of Guatemala gave political strength to the municipalities—increasing the percentage of tax revenues to the local governments. These constitutional attributions fostered the base of a new decentralization processed in Guatemala. Within this context, decentralization was based on the participation of many sectors of civil society, strengthening the structures of local powers and municipal institutional network. As a result, local people were seen as agents of political participation and became important actors in a process regarding municipal autonomy (Beteta & Rubio, 2006a). Finally, governments from 1995 to 2004 raised in their annual plans specific proposals for decentralization; however, they were not implemented due to legal, political and financial reasons. In the city of Puerto Barrios, decentralization is limited to economic transfers from the central government to the local government, which represents yearly from 8% to 10% of the total local budget of the municipality.

b. CASE 2: Esquipulas (Guatemala) and Santa Fe (Honduras)

Table 6
Summary of Data Collection for Case 2: Esquipulas – Santa Fe

ITEMS	DATA
Total Population	63.050 people (year 2015)
Average Human Development Index	0,63
Average Demographic/Age Range	0-18 years old: 48,92% 19-64 years old: 45,41% + 65 years old: 5,67%
Average Economic Activities	Primary Sector: 50% Secondary Sector: 15% Tertiary Sector: 35%
Shared Territorial Problems	* Illegal trafficking of drugs and people * Lack of social investment from the central government.
Level of Autonomy/Decentralization	MEDIUM-LOW

Note. Own elaboration (2017)

i. Condition 1: Political Ideology

Esquipulas (Guatemala)

The governing political party in Esquipulas in called "PATRIOTA." The *PATRIOTA* party is a neo-conservative political party in Guatemala that was founded in early 2001 by the former president of Guatemala, Otto Perez Molina, and the former vice-president, Roxana Baldetti.[50] Having liberal tendencies in economic matters, the party *PATRIOTA* was the main political force of Guatemala during the presidency of Perez Molina from 2012 to 2015 (Libre, 2015). However, due to several cases of corruption involving the former president and vice-president, [51] the party PATRIOTA has practically disappeared from the political arena of the country, with few exceptions at the local level. Ideologically, the party PATRIOTA maintains a conservative position regarding the role of the State in the economy, giving importance to the private sector in the provision of public services and the financing of political parties. However, it also agrees with the

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[50] For more information about the party PATRIOTA, refer to its main webpage: http://www.partidopatriota.com/?ct=_5&act=9. Accessed: January 17th, 2017

[51] For more information regarding the corruption cases involving high ranked officials from the government of former president Perez Molina, refer to: http://www.insightcrime.org/news-analysis/guatemala-s-government-corruption-scandals-explained. Accessed: January 17th, 2017.

implementation of redistributive policies and the creation of social programs—most common in leftists' parties. Since its existence in the early 2000s, the PATRIOTA party has been present in over 134 local governments through the country, becoming one of the main political forces in Guatemala in the last decade.

The governing political party of Esquipulas maintains close political and ideological relations with the governing political party of the central government, belonging both to the right-wing of the political spectrum (NIMD, 2015, p. 34).

Santa Fe (Honduras)

The governing political party of Santa Fe is the same as the political party of the central government, the *National Party,* belonging to the right wing in the political spectrum. Since both the central and the local government belong to the same political party, and have the same political ideology, "(…) good political relations are maintained between both governments." (I. Ruiz, personal interview, October 11th, 2016). Furthermore, the political ideology of both local border governments (Esquipulas and Santa Fe) are also homogenous (center-right), making a joint implementation of development policies easier to achieve (C. Lapola, personal interview, October 10th, 2016). The main joint policies agreement between both local governments are the ones implemented by the Tri-point project, and the "good relations between the local governments have contributed greatly to the implementation of the program." (C. Lapola, personal interview, October 10th, 2016).

ii.   Condition 2: Socioeconomic Status

Esquipulas (Guatemala)

According to the last official census (2013) made by INEG, the population of the city of Esquipulas was around 57,800 people, being 52% women (around 30,056) and 48% men (27,744) (INEG, 2014). The city has a rural population of around 36% of the total population (20,808 people), having most of the people (64%) living in the urban part of the city. The city of Esquipulas is known for having a relatively large urban part compared with the rural one, making the delivery

of public services accessible for the most of the people.[52] (INEG, 2014). The growth rate of the city is 2,6%, having an estimated projection of 1,383 newborns yearly.

In general, the living conditions of the people from Esquipulas are good compared to other municipalities of Guatemala. The living standards of the municipality have depended on the economic resources generated by the remittances from the United States, religious tourism, and the proximity of the city to the border—facilitating the access of products from El Salvador and Honduras. The poverty rate of the city is around 47,3%, and extreme poverty is 7,66%, one of the lowest of Guatemala (SEGEPLAN, 2007, p. 13)

Although there is no updated information regarding the number of people that work in the different economic sectors in Esquipulas, studies from the Guatemalan Secretariat of Planning (*Secretaría General de Planificación, SEGEPLAN*) indicate that the main economic sectors in Esquipulas are: tourism, commerce, agriculture, and services (SEGEPLAN, 2007, p. 39). Moreover, the INEG estimates that 36% of the total population (20,808) belongs to the EAP. Around 65% (13,525 people) of the EAP are men, and 34% (7,282 people) are women (INEG, 2014). Although it is known that there are over 5,000 businesses in Esquipulas (that include shops, hotels, markets, etc.) the INEG reports that 32% of the EAP are self-employed, 32% work in the private sector, 15% are employers, and 20% are unemployed (INEG, 2014).

In the agricultural sector, the main economic driver comes from the production and commercialization of coffee, using over 70% of the total territory dedicated for agricultural purposes. Besides coffee, Esquipulas also produces tomatoes, chili seeds, corn and beans (INEG, 2014). The agroindustry sector is also focused on the production of coffee, as it is the main product of export to third countries. The productive infrastructure, however, can not only be related to the agricultural productivity, but also to a networking of small industries established in the urban part of the city. In the touristic sector, Esquipulas is visited annually by over a million tourists, mainly from Mexico, the rest of Guatemala, and Central America. Therefore, tourism is the main economic activity of the city, and it is related to the offer of basic services to the tourists (INEG, 2014; SEGEPLAN, 2007).

Regarding education indexes, the city of Esquipulas has a primary education coverage above 90%, although the percentages go down as many students abandon the formal education

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[52] According to the last official census, over 90% of the people who live in the rural zone of Esquipulas has access to electricity and safe water in their homes.

system and prefer to work instead. The illiteracy percentage in Esquipulas is around 23,46%, below the departmental average of 29,73%. However, it is expected that the incidence of emigration—due to the economic dynamism of the city—might have a positive effect on the education and literacy level of the city in the long term (SEGEPLAN, 2007, p. 22).

Santa Fe (Honduras)

The city of Santa Fe is located in the north-west part of Honduras, and it is the closest city in the border zone with Guatemala and Honduras. According to the last official census, the total population of Santa Fe is around 5.250 people; being 2.619 men (49%) and 2.631 women (51%). The 100% of the population lives in the rural area (INEH, 2014). The EAP represents 54,83 % of the total population (2.979 people). People under 18 years old represent 39,5% of the total population (2.076 people), and people over 65 years old represent 5,67% of the total population—around 305 people.

There is no data regarding the specific division of labor in Santa Fe; however, according to the last official census, almost 70% of the working force is dedicated to the agriculture, mainly the cultivation of coffee, corn, cabbage and onion (INEH, 2014). The agroindustry sector is practically non-existent, as many of the products are manufactured in the head city of the department of Ocotepeque. Finally, the tertiary sector is limited to a small percentage of the economic force in the city—less than 10%. In fact, since Santa Fe is located close to Esquipulas and the tripoint (where several ecological reserves and national parks are found), the tertiary sector is mainly focused on providing basic services to tourists that go either Esquipulas or the national parks of the tripoint.

Regarding education and literacy, the illiteracy rate in Santa Fe is one of the highest in the country. This is because all the people of Santa Fe live in the rural area—and most of the schooling system is offered in the urban zones of the department. Moreover, there seems to be a correlation between the aging process and the illiteracy rate: as the average age of the people increases, so does the illiteracy rate. The current illiteracy rate of Santa Fe is around 47,9% (INEH, 2014).

iii.   Condition 3: Shared Territorial Problems

Esquipulas (Guatemala)

The Tripoint

The tripoint is a geographical zone located on the south-west border of Guatemala, the north-west border of Honduras, and the north-east border of El Salvador. For years, and due to its natural resources, the tripoint has been considered as a strategic area of transnational development (CTPT, 2004). Since its origins, the tripoint has represented a unique integration process in Latin America having cross-border cooperation as one of its main development axes. The tripoint zone has represented, ever since, a joint development space for the conservation of shared natural resources, pacification of conflicts in the region, and regional integration.[53]

The first effort of regional integration through cross-border development in the tripoint was made concrete in 1988. In 1992 it was launched a revision of the original project, with emphasis on economic growth, social development and environmental management to achieved sustainability (CTPT, 2004). The development project of the tripoint constituted the first experience of cross-border cooperation in Central America. Many other projects followed this first experience: energy generation projects, projects for the conservation of ecological zones (Sustainable Rural Development of Fragile Ecological Zones of the Trifinio, PRODERT), and the Development Project for the Sustainable Development of the Basin of the Lempa River (PCARL).

The tripoint contains homogenous geographical, social and economic characteristics in the border zone of the three countries. The projects of the tripoint have contributed to produce a "reinforced natural integration, complemented by the activities of commerce, health care, education and tourism promoted by the people who live around the borders." (CTPT, 2004, p. 6).

From an economic perspective, the three countries have offered important touristic attractions located at the joint borders. This joint touristic offer facilitates the creation of a joint space where actual development policies are applied. In Guatemala, the main touristic offer is the Black Christ of the Esquipulas Basilica; in Honduras, the Mayan Ruins of Copan, and in El Salvador, it is the biggest National Park in Central America.

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[53] For more information about the origins of the Tripoint (*Trifinio*) project, refer to: https://www.oas.org/dsd/publications/Unit/oea29s/oea29s.pdf Date of consult: April 3rd, 2017.

Besides representing a cross-border development zone, the tripoint has been considered a unique political and social process in Latin America. It has helped in the pacification and integration process of the "Northern Triangle" of Central America (CTPT, 2004). During the armed conflict in the 1980s, the Organization of the American States (OAS) and the Inter-American Institute for Cooperation on Agriculture (IICA) proposed to the three governments to subscribed an agreement of joint management within the framework of a trans-border cooperation plan. Thus, with the Esquipulas Agreements I and II, the three governments subscribed a Technical Cooperation Agreement to formulate what was known as the "Tripoint Plan." With the help of the OAS and the European Economic Community, financial resources were allocated to fund the project by the end of the 1980s.

In 1992, after four years of its initial implementation, a revision was made to the Tripoint Plan. Although its main objective towards the integration of the region through local development did not change, the experience of the four previous years added new elements for the analysis of the cross-border policy implementation (CTPT, 2004, p. 7). These elements included: sustainable economic development as a key factor, social development, tri-national integration (circulation of people, goods, and services in the tri-point area), and environmental protection.

Although the tripoint project has existed for 20 years now, some shared problems persist at the border level. The main problem identified so far is "extreme poverty (…), linked with the deterioration of renewable natural resources." (C. Lapola, personal interview, October 10th, 2016). In fact, the lack of local investment in development policies has contributed to deepening the problems related to poverty at the border zones. On the one hand, the presence of the central governments, in charge of promoting economic and social development, has not been enough. Therefore, for many years, the concept of border cooperation has not been actively promoted, neither have the aspects related to border development policies. On the other hand, the actions of the local governments regarding technical assistance or institutional capacity to promote local development have been limited. Therefore, the shared cooperation between local and central governments of the three countries have not been enough to promote development in the border area of the tripoint (CTPT, 2004). The fragility of natural resources at the border zone, and how they are used by the people who live around that area, is considered both cause and effect of poverty. Moreover, big deficits in education, access to basic services and communication facilities

are the main factors that perpetuate the circle of poverty and degradation of natural resources within the tripoint.

As a possible solution for the problems shared at the border zone of the tripoint, many development policies have been implemented at the local level. The current policy cycle of the tripoint started in 2015, and it is supposed to end by late 2018. This policy project includes five different micro-programs such as: a program for sustainable coffee harvesting, a program for the conservation of water and rainforests, program for water-shared management in the tripoint zone, program for the development and management of sustainable tourism, and the Mesoamerican agro-environmental program (Trifinio, 2016a). The total budget allocation of this 2015-2018 policy implementation was of US$ 25 million. Around 75% of the total budget comes from international cooperation, and the remaining 25% comes from the local counterparts—both central and local governments (Trifinio, 2016a).

Santa Fe (Honduras)

As stated before, the lack of investment in socioeconomic development has contributed to deepening the territorial problems at the border zone of Santa Fe. Moreover, local governments do not have technical assistance, institutional capacity, nor enough financial resources to promote economic development, protect renewable natural resources and cover basic social needs in the territory. The joint border cooperation and the integrated management with the local governments have also been limited during the last years.

The fragility of natural resources in the tri-point—and the way they are used by local people—have created environmental problems in the border zone. In turn, this has also contributed to the elevated poverty index around the tri-point (CTPT, 2004). In fact, the misuse of the land through non-technical agricultural practices, the overuse of chemicals, and natural disasters are also important causes of the deterioration of the natural resources in Santa Fe. These territorial problems have created elevated costs for the local agriculture due to the low productivity of the land. Moreover, the scarce productivity problem has contributed negatively to the deterioration of the production infrastructure in the tripoint zone and rural poverty.

The non-controlled expansion of the agriculture frontier has also had an impact in the reduction of the forest area. In fact, some studies confirm that the reduction of the forest area has increased over 20% in the last five years (Haselgruber, 2004). The reduction of the forest area, together with

the low utilization of conservation measures for the use of the land—have increased the vulnerability of precious natural resources. As a result, the basin of the Lempa River—which represents a natural border for the communities in all three countries—has been severely contaminated during the last decade.

iv.   Condition 4: Decentralization Level

Esquipulas (Guatemala)

Decentralization is still an important topic in the political agenda of Guatemala. From a theoretical perspective, decentralization should grant political and financial autonomy to the municipalities of Guatemala so they can solve their territorial problems. However, the process of decentralization has only been restricted to monetary transfer from the central government to the local governments. Nowadays, around 10% of the national budget is divided by the number of total municipalities (around 340) of the country. Moreover, according to the local authorities of Esquipulas, "the distribution [*of financial resources*] depends on the amount of local taxes that the municipalities manage to collect. The more money the municipality collects, more money it will receive from the central government." (C. Lapola, personal interview, October 10th, 2016). However, despite the transfer of resources from the central to the local government, the fundings for the local development policies are not enough. In fact, according to the local authorities, "(…), most of the projects regarding local development are not financed by the central government; they are financed either by international cooperation or by the revenues from religious tourism." (E. Recinos, personal interview, October 10th, 2016).

Santa Fe (Honduras)

As in Guatemala, the topic of decentralization in Honduras is considered as an unresolved issue in the public administration of the country. In fact, cities located around the borders have severe limitations with accessing funds to finance their own development policies. Giving that Santa Fe is located in the border zone, the presence of the central State regarding policy implementation is limited. Even though decentralization seeks to enhance autonomy in the administration of resources at the local level, more efforts are needed to accomplish this. Nowadays decentralization is still restricted to transfer of resources annually from the central governments to the local

governments (SEP, 2012). Around US$ 500,000 are being transferred annually from the central government—from which 35% is spent on social projects and the rest in infrastructure (SEFIN, 2017). The role of decentralization in the case of Santa Fe is relevant, insofar as it would contribute to the proper execution and financing of the Tripoint project.

c. CASE 3: Ocotepeque (Honduras) and Citala (El Salvador)

Table 7
Summary of Data Collection for Case 3: Ocotepeque- Citala

ITEMS	DATA
Total Population	26.664 (year 2015)
Average Human Development Index	0,57
Average Demographic/Age Range	0-18 years old: 34,48% 19-64 years old: 57,02% + 65 years old: 8,5%
Average Economic Activities	Primary Sector: 60% Secondary Sector: 30% Tertiary Sector: 10%
Shared Territorial Problems	* Drug trafficking * Lack of social investment from the central government * Contamination of a common river
Level of Autonomy/Decentralization	MEDIUM-LOW

Note. Own elaboration (2017).

i. Condition 1: Political Ideology

Ocotepeque (Honduras)

The governing political party of Ocotepeque is the Liberal Party of Honduras (*Partido Liberal de Honduras, PLH).* As stated earlier in this chapter, the liberal faction in Honduras is part of a historical bipartisanship between the conservatives and the liberals. Contrasting with most of the liberal factions in Latin America, in which ideological divisions were made throughout the 20th century, the case of the liberal party in Honduras is somewhat unique: the PLH remained united in one single political party. Nowadays the PLH is considered as part of the traditional Center-Right political party, although in its foundation it had both conservative and progressive ideologies (Pearson et al., 2007).

Ocotepeque, together with Santa Fe (Honduras), Citala (El Salvador) and Esquipulas (Guatemala), belong to the clusters of municipalities that execute the tripoint project (*Proyecto del Trifinio)*. In fact, since both Citala and Ocotepeque belong to the same political spectrum (center-right), and both actively participate in the implementation of the tri-point project, the local government attribute the good relationships with its peers to "the political synergy created by the historical relations between the cities and the implementation of the tri-point project." (K. Peña, personal interview, October 24th, 2016).

Citalá (El Salvador)

The political history of El Salvador is very similar to the political history of the rest of the countries of Central America. Most of the political ideology of the current parties come both from the liberal reforms at the start of the 20th century in Latin America, and from the ideological battles produced during the Cold War. Being Central America a geostrategic place for the superpowers during the Cold War, the political spectrum for the political parties in El Salvador was developed around two main ideologies: capitalism and communism. Even though El Salvador has many political parties, two are the ones that embody the main ideologies of the post Cold War era in the current political spectrum: The National Republican Alliance (*Alianza Republicana Nacionalista,* ARENA), belonging to the right-wing; and to the Farabundo Marti Liberation Front (*Frente Farabundo Marti para la Liberación Nacional,* FMLN), belonging to the left-wing. This has provoked the political culture of El Salvador to be highly polarized and, therefore, bipartisan (FUSADES, 2009).

ARENA is the political party of the local government of Citalá. It belongs ideologically to the right-wing of the political spectrum. Moreover, the local government of the city of Citalá has belonged historically to the political right-wing, giving a sense of political stability and continuation of the development programs implemented in the past at the local level.

ii. Condition 2: Socioeconomic Status

Ocotepeque (Honduras)

Ocotepeque is located in the heart of a geographical tripoint, between the borders of El Salvador and Guatemala. According to the last official census, the total population of Ocotepeque

is around 22.500 people, of which 53% are women (around 11.925 people) and 47% are men (around 12.825 people) (INEH, 2014). Furthermore, around 55% of total population lives in the urban area (around 12.375 people) and 45% in the rural area (around 10.125 people). The EAP represents around 70% of the total population (15.750 people). Around 20% of the total population (4.500 people) is below 18 years old, and 5% (1.141 people) is above 65 years old.

The main economic activity of Ocotepeque belongs to the primary sector, which employs around 40% of the total of the EAP. The main activities of the primary sector include agriculture, forestry, hunting and fishing. The secondary sector employs roughly 20% of the total amount of the EAP, and the tertiary sector less than 10% (INEH, 2014).

Ocotepeque has one of the highest poverty rates in the whole country. Almost 37% of the total population lives in extreme poverty—namely, with less than one dollar per day. The disaggregated HDI index in the city is 33%, just a few points above the average of the country (28,5%) (INEH, 2014). The city of Ocotepeque has reached important phases regarding local development—mainly through effective decentralization programs from the central government. Regarding the literacy index, the aggregated illiteracy rate of the whole region of Ocotepeque reaches almost 30%, being the 4th highest in the country (INEED, 2008).

Citala (El Salvador)

The city of Citala is located in the northern part of El Salvador, belonging to the geographical tripoint with Honduras and Guatemala. According to the National Institute of Statistics of El Salvador, the total population of Citala is around 4.164 people, of which 47% are men (around 1.964 people) and 53% are women (around 2.200 people). From the total population, 32,75% lives in the urban zone of the city (around 1.368 people) and 67,24% lives in the rural zone (around 2.796 people) (DGEC, 2007a). Regarding the labor force, around 44,04% of the total population (around 1.833 people) belongs to the EAP—in the range between 18 years old and 65 years old; up to 48,96% (around 2.039 people) is younger than 18 years old, and around 7% (around 292 people) is older than 65 years old. Since the percentage of people who are younger than 18 years old is larger than the percentage of people that are old enough to work (EAP), Citala is considered the city with the youngest population of El Salvador (DGEC, 2007a, p. 29). Moreover, according to the national census, around 37,58% of the total population of Citala commutes to the neighbor

city of Ocotepeque to work since Ocotepeque has a more developed labor market than Citala (DGEC, 2007a, p. 209).

Citala is considered one of the cities of El Salvador that receives most remittances from the United States. According to the local authorities, people use the money from the remittances "to foster local businesses, especially in handicraft production." (A. Arteaga, personal interview, October 23rd, 2016). The main economic activity, apart from local handicraft businesses, is agriculture. Regarding education, the total coverage of primary education is up to 69,2%. However, there are important differences in education coverage regarding zones where people live: the coverage of basic (primary) education raises up to 92,1% in the urban zone, and 60,3% in the rural zone. These differences in the coverage make people migrate from the rural areas of Ocotepeque to the urban zone of Citala. The illiteracy rate of the city reaches 25,26%, and it is higher among people above 65 years old (DGEC, 2007a).

iii. Condition 3: Shared Territorial Problems

Ocotepeque (Honduras)

Ocotepeque belongs to a commonwealth of municipalities called: *Mancomunidad Trinacional del Río Lempa* (Lempa River Commonwealth), along with many other municipalities from Guatemala, Honduras and El Salvador. This commonwealth consists of a network of forty-five municipalities whose main objective is "to work together in the implementation of development policies at the border level." (A. Arteaga, personal interview, October 23rd, 2016). Although the commonwealth if formed by forty-five municipalities, only six municipalities[54] (the closest to the borders) are the one who are more actively implementing the tripoint project.

The Commonwealth faces similar territorial problems, mainly those related to extreme poverty, security, and the misuse of natural resources. Illegal migration, drug trafficking and people trafficking are problems that are gaining attention from the local authorities at the border level.

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[54] The six municipalities that are most active in the implementation of the tri-points are Citalá and Metapán, from El Salvador; Ocotepeque and Santa Fe, from Honduras, and Esquipulas and Concepción de Minas, from Guatemala. There are, moreover, other commonwealth networking platforms in which many municipalities share presence with, from which most of them work with development projects and policies at the border level. For more information, refer to http://trinacionalriolempa.org/index.php/getting-started/noticias/171-se-realiza-lanzamiento-de-red-de-mancomunidades-de-la-region-trifinio-el-salvador-guatemala-y-honduras. Date of Consult: April 20th, 2017.

Perhaps the most crucial problem of these communities around the border is extreme poverty. The lack of jobs, as well as the absence of central authorities in the territory, have contributed to the elevated poverty index in the city. Moreover, many of the municipalities located at the border zone lack industries, or any other important job supply. To experts in local development the scarcity of industries in Ocotepeque "has made most of the labor force focus on the primary sector, especially the cultivation of coffee and cattle raising." (K. Peña, personal interview, October 24th, 2016).

Citala (El Salvador)

As part of the Commonwealth community, Citalá shares many of the problems as the rest of the border cities, such as poverty, lack of jobs, illegal trafficking, and exploitation of natural resources. However, a singular problem on the border of El Poy-Citalá is the highly bureaucratic procedures of the customs, especially for commerce. The lack of efficiency in the customs—together with strict opening schedules—have created severe logistic problems in the city of Citala. According to the local authorities, drivers of trucks have to "wait up to three days to cross from one country to the other. This is bad for the city because we [the municipality] do not have enough basic services like public toilets and showers for the drivers" (A. Arteaga, personal interview, October 23rd, 2016). The poor sanitary conditions in Citala have caused many environmental problems in the city. As a result, truck drives often go on strikes to protest against the bureaucratic procedures of the customs, creating more problems in the flow of commerce of the zone. This issue, according to local authorities, "is lived at least once a week, where over 200 trucks are stuck in strikes at the borders." (A. Arteaga, personal interview, October 23rd, 2016).

Although the border is in the tripoint geographical zone, the border strikes seem only to affect the customs of El Salvador and Honduras. Since Guatemala has a faster custom procedure, there seem to be no problems regarding the strikes between Honduras and El Salvador. In fact, Guatemala and Honduras are in the process of opening their borders for the free transit of people and goods, making it the first case of a customs union in Central America.

iv.   Condition 4: Decentralization Level

Ocotepeque (Honduras)

Like in many other municipalities located around the borders, the presence of the central state in Ocotepeque has been, over the years, marginal—specially in the provision of basic services to the people living in the city. However, in 2013 the department of Ocotepeque became the first department in Honduras that has fully decentralized the administration of human and financial resources from the Ministry of Education (Proceso, 2013). The decentralization of human and financial resources in the sector of education means, among other things, that school teachers should not commute to Tegucigalpa anymore to get their paychecks. For the rest of the services, "Ocotepeque still needs to work on its own capacity to manage its main services, including health and other basic needs." (K. Peña, personal interview, October 24th, 2016). However, most of the resources coming from the central government are not enough for the municipality to implement development policies. The annual transfer from the central government represents around 32,18% of the annual municipality budget, and it is mainly used in the infrastructure of the local city (INEH, 2014). As for the financing of the Tripoint project, the municipality of Ocotepeque dedicated around US$ 107 thousand from 2011 to 2016, representing 38,18% of the total investment of the municipality to finance the policy (Trifinio, 2016b).

Citala (El Salvador)

In the case of Citalá, the local government has always shown interest to have more control over their border, "to an extent to follow the steps of Guatemala and Honduras in the process of border opening and customs union." [55] (A. Arteaga, personal interview, October 23rd, 2016). The relations with the closest border city of Honduras, Ocotepeque, has been steady throughout the last decade. In fact, people that live in Ocotepeque tend to go to Citalá to local markets "to buy and sell goods as means for their living." (A. Arteaga, personal interview, October 23rd, 2016).

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[55] By the end of 2015, the national parliaments of Guatemala and Honduras both countries signed the "Enabling Protocol for Deep Integration Process towards the Free Movement of Goods and Individuals between the Republics of Guatemala and Honduras." This protocol allowed the formalization of the customs union between those two countries, with the possibility to include El Salvador soon after. In June 2017, the protocol was implemented, creating the first customs union in the American hemisphere. However, critics have pointed out that this protocol might create two different systems of customs in Central America, going against the original purpose of the Common Market in the region. For more information, refer to: http://www.laprensa.com.ni/2017/03/01/economia/2190659-centroamerica-union-aduanera-dos-velocidades

However, the transit of goods and people is becoming highly bureaucratic over the years due to the costume procedures. As a result, the municipality has requested to the central government, as well as its peer across the border, to create special IDs that would allow people from the city to circulate freely across borders.[56] In the case of Citalá, the request to issue these border-IDs has also been submitted to the tripoint project. The idea is to transform the tripoint in "executive platform from which the initiative of commuting from one country to the other could be implemented." (A. Arteaga, personal interview, October 23rd, 2016).

d. CASE 4: Pasaquina (El Salvador) and Goascoran (Honduras)

Table 8

Summary of Data Collection for Case 4: Pasaquina - Goascoran

ITEMS	DATA
Total Population	31.413 (year 2015)
Average Human Development Index	0,65
Average Demographic/Age Range	0-18 years old: 38,84% 19-64 years old: 56% + 65 years old: 11,16%
Average Economic Activities	Primary Sector: 60,28% Secondary Sector: 21,3% Tertiary Sector: 18,42%
Shared Territorial Problems	* Contamination of the common river basin
Level of Autonomy/Decentralization	MEDIUM-LOW

Note. Own elaboration (2017)

i. Condition 1: Political Ideology

Pasaquina (El Salvador)

The political party of Pasaquina is ARENA. The historical geopolitical importance of the border of El Amatillo, and the border city of Pasaquina, has made that the main ideology of the local political party would be from the right-wing on the political spectrum. Due to the proximity

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[56] There are cities that use a special ID (*Permiso Vecinal*) for people who live around the borders, mainly to commute for working purposes. This ID contemplates a special 72 hours' permission to freely move across the border lines, so people can work, get basic products in the local market of neighbor city, attend school, get health care and have access to local trade. For more information, refer to: http://www.elnuevodiario.com.ni/nacionales/103960-lideres-fronterizos-proponen-convenio-vecinal-cost/

to Honduras and Nicaragua, especially during the years of the civil war in the 1980s, the city of Pasaquina has represented an important place of contention from the propagation of the Marxist revolution that started in Nicaragua in the early 1980s. Therefore, the local party of Pasaquina has had a historical tradition of right-wing political parties that have emerged as an ideological response to the FMLN in El Salvador, and the Sandinista National Liberation Front (*Frente Sandinista de Liberación Nacional,* FSLN) in Nicaragua. Although the local party (ARENA) is different ideologically from the central party (FMLN), the historical presence of ARENA in Pasaquina has allowed certain continuity of some policies in the city, "specially those policies related to the development of the three countries [*Nicaragua, Honduras and El Salvador*]" (J. Ramírez, personal interview, October 26th, 2016).

Goascoran (Honduras)

The political party of Goascoran is the National Party (*Partido Nacional*), belonging to the center-right of the political spectrum. Both the center government and the local government share the same political ideology and belong to the same political party, "making cooperation sometimes easy in programs of commerce and security." (S. Arguete, personal interview, October 26th, 2016). The ideology of the political party of Goascoran is also similar to the ideology of the political party of Pasaquina, belonging both to the center-right political wing. The similarities of the local governments, along with the historical relationship between both cities, "have created the conditions for cooperation in some areas, mainly the one related to protection of the environment and contamination of the river." (S. Arguete, personal interview, October 26th, 2016).

ii. Condition 2: Socioeconomic Status

Pasaquina (El Salvador)

Pasaquina is located in the southeast part of El Salvador, very close to the border of El Amatillo (that connects with Honduras), and the Fonseca Gulf—that is administrated by Honduras, Nicaragua and El Salvador. According to the National Institute of Statistics, the population of Pasaquina for 2015 was around 16.375 people, from which 46,17% are men (around 7.561 people) and 53,82% are women (around 8.724 people). From the total population, only 21,69% (around

3.553 people) live in the urban area, and 78,3% (around 12.822 people) live in the rural area (DGEC, 2007a, p. 6).

Regarding the labor force, over 56% of the total population (around 9.240 people) belong to the EAP (between 18 years old and 65 years old). Up to 32,84% of the population (around 5.378 people) are under 18 years old, and a little over 10,7% (around 1,757 people) are over 65 years old (DGEC, 2007a, p. 102). Furthermore, according to the census, around 12,4% of the population migrate (live and work) in other towns, usually to the United States and San Salvador. In fact, Pasaquina has a positive migration rate due to immigration from Goascoran (more people travel from Goascoran to work and live in Pasaquina than the ones that leave from Pasaquina elsewhere), mainly due to its location concerning the border (DGEC, 2007a, p. 222).

The main economic sector of the city is the primary sector, mainly agriculture and fishery, employing around 61,56% of the total labor force. The second area of economic importance in Pasaquina is the tertiary sector, specifically commerce and transportation, employing around 25,56% of the total labor force. Finally, the secondary sector (mining, industry and construction) employs around 11,87% of the total labor force (DGEC, 2007b, p. 193).

Regarding education, the total coverage of primary education is up to 88,6%, with differences regarding the zones where people live. In the urban zone, the coverage is up to 94,5%, whereas in the rural zone the coverage is 87,2%. Since the basic education coverage in Pasaquina is elevated, there are no incentives for young people to commute go Goascoran.

Goascoran (Honduras)

According to projections of the last demographic census, the total population of Goascoran for 2016 was 15.038 (50,49% are men, and 49,50% are women). Form the total population, 52,11% (around 7.836 people) live in the urban zone, while 47,88% (around 7.201 people) live in the rural zone. Only 2,42% has emigrated to another country (mainly El Salvador and the United States). The EAP represents over 60,53% (around 9.102 people) of the total of the population, while 8,3% (around 1.248 people) are over 65 years old (INEH, 2014).

According to the official census, the main economic activities are mainly focused on the primary sector: 59% of the economy of the city depends on agriculture, the cattle industry and fishery. The rest of the economic activities are divided into the other economic sectors: 7,1% is

dedicated to commerce; 6,9% is dedicated to construction; 4,8% is dedicated to teaching activities; 4,1% is dedicated to the handicraft industry, and 18% is dedicated to other activities (INEH, 2014).

The education coverage is also low in the territory. The coverage for basic (primary) education is up to 80%, being around 60% in the rural zone (INEH, 2014). This deficit is compensated by the commuting of people from Goascoran to the closes city, Pasaquina, to attend to their schooling system.

Finally, according to the UBNI (2013), the poverty index is around 70%, making it one of the poorest municipality in the whole country. The poverty index has been elevated since the last decade, being of 75%, in 2005, and only lowering by 5% in over ten years. The extreme poverty index is around 52% (INEH, 2014).

iii. Condition 3: Shared Territorial Problems

Pasaquina (El Salvador)

The main territorial problems shared by the city of Pasaquina, the border of El Amatillo and the neighboring cities of Honduras are two: the contamination of a common river (River Goascoran), and the illegal extraction of material (mainly sand and stone) near the river basin. These problems create environmental issues for both communities. According to some studies made by the municipalities of both countries, the level of pollution of the river has risen to 60%, making this a joint problem that both countries must solve at the local level (Alfaro, 2014). In fact, according to the mayor of the city of *Concepción de Oriente*, another city located near the border, the problem is that the environmental regulation is not being respected by the local companies that extract rocks and sands from the river (Alfaro, 2014). The poor management of the solid wastes, generated by the commercial activities of the communities that live on the border, is the main cause of the pollution of the river. To face this problem, the municipality has organized intensive cleaning activities at the basin of the river (Mendoza, 2017). The several cleaning campaigns have turned the problem of the pollution of the river into a policy response from the local governments. Moreover, several efforts have been created by the local authorities to provide security at the border for people and the circulation of merchandise (Mendonza, 2017). To achieve it, the local authorities must coordinate actions to create permanent revisions at the food stalls

located near the border. These efforts would be coordinated by the Ministry of Health and the Ministry of Migration from each country.

As a follow-up to the initiative, the border cities started to organize unions that would coordinate the cleaning programs locally. Eventually, it is expected for the unions to become cooperatives in the short term with the help of central government institutions—mainly the National Police, the Ministry of Agriculture, the Ministry of Health, and several NGOs in charge of promoting local development (Mendoza, 2017).

Goascoran (Honduras)

The main territorial problem that Goascaran faces is, as in the city of Pasaquina and El Amatillo in El Salvador, the pollution of the common river. According to the local authorities, the contamination of the river is a problem that has persisted at least for three years, and that affects the local communities around the border (Alfaro, 2014). The contamination of the river has also caused economic and health problems since people cannot longer use the watery resources neither for irrigation, consumption nor fishery. Moreover, it has also affected the cattle industry because of the many diseases due to the pollution of the water sources (Alfaro, 2014).

Besides the use of chemicals in the river, and due to the lack of sanitary conditions in the city, the organic wastes from the people who live around the river banks also create environmental problems around the river. In fact, many families use the river as a place to dispose of their wastes due to the lack of sanitary assistance from the local government (Alfaro, 2014). However, probably the worst territorial problem of Goascoran has been the lack of rain during winter, creating a severe drought for the past couple of years. According to several monitoring reports from the Ministry of Environment and Natural Resources (MARN), the Water Quality Index (WQI)[57] of the border zone is below average, meaning that the quality of the water prevents the development of aquatic life, directing affecting fishery in the local cities (MARN, 2016)

The Goascoran river is the only river in the border area that has the proper conditions to make water available for human consumption. However, the water of the river currently can be used neither for consumption nor irrigation due to its level of contamination. In fact, it does not comply

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[57] The Water Quality Index measures the quality of the water and its potential use from different sources. For more information regarding the monitoring of the water quality, and the WQI, refer to: http://www.snet.gob.sv/ver/hidrologia/monitoreo+hidrologico/

with the quality standards required for consumption or recreational activities (MARN, 2016). The municipality of Goascoran alone has the financial burden to provide clean water to the city since the water from the river cannot be used. According to the local authorities, the city had to create several wells due to the scarcity of potable water, investing over US$ 30 thousand from its annual budget (O. Paz, personal interview, September 30th, 2016).

As a response to this shared problem, the local authorities have formulated policies whose main objective is to eradicate fishery based on chemical products, as well as the illegal exploitation of sand and rock from the river basins. When it comes to pollution, the problem is that people from Goascoran are not respecting the regulations from El Salvador that prohibits the exploitation of sand and rocks from the river basins. This lack of coordination of local laws has made people from Goascoran—where there is no regulation whatsoever about the exploitation of natural resources—to go to the counterpart in El Salvador to exploit sand and rock from the river basins. The joint regulatory policies try to diminish the level of pollution of the river (which is up to 60% of the total watery affluent) by putting fines to people who use chemical products to fish (Alfaro, 2014).

iv. Condition 4: Decentralization Level

Pasaquina (El Salvador)

Due to historical reasons, El Salvador is probably the only country in Central America (besides Panama), that has assumed the most neoliberal approach regarding political and economic structures. The neoliberal focus after the end of the Cold War, adopted as a state ideology, pushed decentralization as a means to create more efficiency in the administration of public services, especially in the developing world.

Therefore, decentralization in El Salvador was seen as a function of the public administration with four big axes: political decentralization, that entails to give more decision-making power to the citizens; territorial decentralization, which means to let the city decide over the development of its own territory; economic decentralization, that entails privatization and deregulation of some of the services provided by the central government, and administrative decentralization, which means to give more financial power to the local government to solve local problems (Sandoval, 2014).

During the administration of the former president Francisco Flores (1999-2004), a decentralization policy was issued, transferring some competencies and resources from the central government to local government and other entities of the public administration. This policy proposed three different modes of application, depending on the characteristics of the territory and the capacity of the local governments to manage resources from the central government. The first was de-concentration, which means to give decision-making capacity to the territories; the second is delegation, which means to transfer functions and resources from the central government to other entities that, although not controlled by the central government, they still have agreements with the government about the management of the resources. Finally, the third mode is devolution, which is a definitive transfer from the central government to the local government in the management of services and resources (Sandoval, 2014).

A special kind of decentralization, as seen in the case of Citalá, is seen in the form of the Commonwealth of the Gulf (*Mancomunidad del Golfo*), where many municipalities from three countries (Nicaragua, El Salvador and Honduras), are organized to execute projects of development at the Fonseca Gulf.[58]

In 2011, over 17 municipalities from Nicaragua, El Salvador and Honduras formed a commonwealth organization called Tri-national Commonwealth of the Fonseca Gulf (*Mancomunidad Trinacional en el Golfo de Fonseca,* Mugolfo*)*. The Commonwealth was created by the municipalities located near the coast of the Gulf with the objective of implementing development policies in the zone (La Prensa, 2011). The development policies that Mugolfo manages several topics, but the main ones are related to environmental protection policies and security policies. However, the centralization level in Nicaragua is so elevated that the municipalities of Nicaragua around the Fonseca Gulf are not actively participating in the Commonwealth (El Salvador, 2016).

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[58] The Fonseca Gulf is an inland archipelago located in the west coast of Central America. It is bordered by El Salvador, Honduras and Nicaragua. It is considered one of the best harbors in the world with an extension of 3.200 km^2. Although the shared coastline of the Gulf has generated tensions and territorial disputes of the countries, several efforts have been made to create a shared control over the Golf, including a resolution from the International Court of Justice (1992) that delegated the control of the Gulf to the three countries, and the creation of development programs executed by the commonwealth of the Gulf. In 2007, the Fonseca Gulf was declared a territory of peace, sustainable development and security by the presidents of Nicaragua, Honduras and El Salvador.

Goascoran (Honduras)

The low decentralization level in Honduras, namely, the limited capacity of the local government to solve local problems and properly manage the resources of the territory, has prevented the municipality to properly address some issues around the border that affects the development of the city. El Amatillo is one of the most important borders between Honduras and El Salvador, and many of its problems are related to illegal trafficking of merchandise, drugs and people. The current conditions of the municipality do not allow for a proper implementation of development policies, relying most of the time on the actions from the central government. With enough resources allocated from the local government, it would be expected that "[*the local government*] would directly take care of the problems at the border level" (S. Arguete, personal interview, October 26th, 2016). The city of Goascoran, along with Pasaquina and many other municipalities, belongs to the Commonwealth of the Fonseca Gulf, Mugolfo. Despite the low decentralization level in Honduras, the commonwealth has been used a platform to execute development policies in the Fonseca Gulf. Most the development areas in the region of the Gulf are now being managed by international cooperation and some NGOs. Since the local government does not have enough resources to manage development policies on its own, fundings from international cooperation have played a vital role in the formation and implementation of development policies. The dependency of international cooperation, in the case of the Mugulf, "is something that the local authorities have been evaluating in the recent years since the central governments are too weak to properly help in the funding of many development initiatives" (S. Arguete, personal interview, October 26th, 2016).

e. **CASE 5: Dipilto (Nicaragua) and El Paraiso (Honduras)**

Table 9

Summary of Data Collection for Case 5 Dipilto – El Paraiso

ITEMS	DATA
Total Population	49.977 (year 2015)
Average Human Development Index	0,635
Average Demographic/Age Range	0-18 years old: 42,48% 19-64 years old: 53,59% + 65 years old: 3,93%
Average Economic Activities	Primary Sector: 45% Secondary Sector: 13% Tertiary Sector: 17% Others: 25%
Shared Territorial Problems	* Floods whenever it rains * Illegal trafficking of goods
Level of Autonomy/Decentralization	LOW

Note. Own elaboration (2017)

i. **Condition 1: Political Ideology**

Dipilto (Nicaragua)

The political party of the municipality of Dipilto is the FSLN, belonging to the Christian-left of the political spectrum. The FSLN led the Nicaraguan revolution in the 1980s, having influences from the Soviet Union and the Cuban revolution during the period of the Cold War. Many aspects of the Sandinista's ideology are similar the ideology of the left-wing parties in Latin America: the appeal to the masses (*populismo*) and anti-imperialism rhetoric (Martí, 2010; Tatar, 2009). However, many important differences make the FSLN party unique in comparison with its peers in Central or Latin America. First, the revolution in the 1980s created a solid political base in the rural regions of the country, and the party has maintained its influence in the rural areas despite being opposition for over 15 years. Second, the FSLN has a strategic union with the Catholic Church in Nicaragua, gaining the sympathy of a high percentage of believers in the country. Third, the FSLN has also established strategic relations with the private sector of Nicaragua, having a strong influence in both the political and economic life of the country (Kampwirth, 2008).

As stated before, the political party of Dipilto is the FSLN, as well as the party of the central government. Belonging both local and central government to the same political party and, therefore, having the same political ideology, the political relations are "very good, and we [*the municipality*] receives support from the central government in our projects of education, security and health" (F. Moncada, personal interview, November 29th, 2016).

El Paraiso (Honduras)

Following the bipartisan system in Honduras, the political party elected in El Triunfo was the Liberal Party, belonging to the central-left in the political spectrum. At the national level, El Triunfo has a contrasting political ideology with the governing party at the central party—the National Party. However, according to the local authorities, the "political relations with the central government have always been fruitful because they help us [*the municipality*] in the problems we might face" (A. Cárcamo, personal interview, November 29th, 2016). At the local level, although both local parties belong to the left side of the political spectrum, it would be expected that the relationship between both municipalities would contribute to the generation of joint development policies. However, according to local authorities from El Paraiso, it has not been the case since "many of the issues that affect the border between Dipilto and El Paraiso are dealt at the central level." (A. Cárcamo, personal interview, November 29th, 2016). The political ideology of the local parties seems to be marginal when it comes to the generation of development policies at the border level. Therefore, many of the problems generated at the borders are dealt directly by the institutions of both central governments regarding the main issues reported by both municipalities: security, health and education.

ii. Condition 2: Socioeconomic Status

Dipilto (Nicaragua)

The border city of Dipilto belongs to the department of Nueva Segovia, where 208.523 people live according to the VIII Census of Population and IV of Housing (INEC, 2005). Dipilto represents around 2,5% (5.207 people) of the total population of Nueva Segovia. Around 2.629 are men (50,48% of the population) and 2.578 are women (49,52% of the population). From the

total population, around 96,58% (5.029 people) live in the rural area, and only 178 people were registered in the urban area (3.42%) (INEC, 2005, p. 4).

Divided by age, around 96,08% of the population is younger than 65 years old. Classified in age groups, people younger than 18 years old represent almost 49,79% of the total population; people between 19 and 65 years old represent 46,28%, and people over 65 years old represent 3,93% (INEC, 2005, p. 20). The EAP includes around 1.648 people, of which 1.592 are occupied (over 90% of the population). Men represent 78,10% of the total EAP, whereas women represent only 21,9% (INEC, 2005, p. 383). The literacy rate of the municipality is around 56,05% (around 2.918 people over six years old), one of the lowest of the country.

According to the national poverty index, Nueva Segovia's was classified as the 8th poorest department of Nicaragua (out of 17 departments), with a rate of 41,2% of people who live in poverty, being the national rate of 35,7% (INEC, 2005, p. 21). Moreover, Dipilto reports a poverty index of 35,5%, with 2.347 people (45,07% of the total population) living in extreme poverty. Furthermore, around 2.254 people (43,3% of the total population) live in poverty, and only 605 people (11.63%) do not live in poverty at all (INEC, 2005, p. 23).

El Paraiso (Honduras)

The National Census of Honduras registers almost half a million people living in the department of El Paraiso. The border city, which shares the same name, has a total population of around 44.770 people, of which 49% are men (21.942 people) and 51% are women (27.921 people) (INEH, 2014, p. 94). Around 62,37% live in the urban zone (around 27.921 people) and the remaining 37,63% (around 16.848 people) live in the rural zone. Almost 60,9% of the total population (around 26.365 people) belong to the EAP, being between 15 and 64 years old (INEH, 2014).

Regarding the main economic activities, the primary sector (agriculture, the cattle industry, and finishing) represents around 45% of the total labor force; the secondary sector (manufacturing) represents 13% of the total labor force, and the third sector (commerce) represents around 17,8%. The remaining 19% of the economic activities belong to "others" category. As for the UBNI, there has been a poverty reduction in the last ten years, diminishing from 57,6% in 2001 to 50% in 2013. However, El Paraiso has one of the highest poverty indexes in the department. Around 61,6% of

the total number of houses have at least one unsatisfied basic need, while the country average is around 54,3%.

Regarding the education situation in El Paraiso, the total coverage of primary and secondary education is around 70% in the municipality, one of the lowest of the country (Secretaria de Educación de Honduras, 2010, p. 4). The conditions of the education in El Paraiso reflects the need local investment in more schools and investment in teachers, as reflected in the report of the Secretariat of Education of Honduras (Secretaria de Educación de Honduras, 2010, p. 11).

iii.   Condition 3: Shared Territorial Problems

Dipilto (Nicaragua)

The shared territorial problems between Dipilto and El Triunfo are mainly two: security problems, that concerns mainly the entrance of organized gangs to Nicaragua from Honduras (*Maras*) and general delinquency, and illegal trafficking of goods from both sides. Regarding the security problems, according to the local authorities, "the main issues are illegal immigrants [*mainly from Cuba, Africa, Peru and Haiti*] that pass through this border illegally (…), and prostitution, that mainly affects the girls in the municipality." (F. Moncada, personal interview, November 29th, 2016). To address these issues, the municipality works very closely with the institutions of the central government. For example, the municipality has established close communication with the Police and Army of Nicaragua (and the Central American Security Commission) to control the problem of the gangs, and the Ministry of the Family and the Commissionaire of Women to assist the victims of prostitution.

The other problem that the city faces is the illegal trafficking of products of commerce. The issue regarding illegal trafficking, according to the local authorities from Dipilto, is that "it sometimes represents a means for poor people to live (…) It is like an economic activity for them." (F. Moncada, personal interview, November 29th, 2016). The illegal trafficking implies that people from Honduras bring coffee to sell in the local market, and people from Nicaragua that bring agricultural products to Honduras to work in the coffee plantations. The illegal trafficking brings economic problems to Dipilto on a bigger scale because "[*illegal trafficking*] distorts both quality and the price of our national coffee production since we focus more on quality, and they [*Honduran coffee producers*] focus more on quantity." (F. Moncada, personal interview, November 29th,

2016). According to the local government, this issue is complicated to address since the products they illegal cross over the borders are used as their main economic activity. However, when it comes to bigger quantities of products being illegally crossed over the border, then it is the Army and the Police the institutions in charge to prevent it.

El Paraiso (Honduras)

The authorities from El Paraiso has reported similar problems like the ones reported by their peers in Nicaragua. The problem of security, in the case of El Paraiso, takes the form of "local delinquent bands that pass across [*both*] countries either to smuggle or to provoke problems at smaller towns." (A. Cárcamo, personal interview, November 29th, 2016). The security concerns of El Paraiso also includes the exploitation of children (infant work) near the border because, due to the high poverty levels in the zone, many children are employed to wash the trucks of the drivers every day. Besides the problems of security and illegal trafficking that both Dipilto and El Paraiso have, there is also an environmental issue that affects only El Paraiso: flooding. During the raining season, the raindrops that fall from the ridges located at the borders end up, almost entirely, at the lower side of the city of el Paraiso. According to the local authorities, "(…) the excess of water has provoked floods in the municipality, affecting the plantations of coffee, among other agricultural activities." (A. Cárcamo, personal interview, November 29th, 2016). As a response, the municipality has built small dams that help to store the excess of water after the rains, avoiding floods in the crops of the main agricultural products of the city.

iv.   Condition 4: Decentralization Level

Dipilto (Nicaragua)

In Nicaragua, many efforts have been made to decentralize the management of resources from the central state to local governments. The Nicaraguan decentralization process comes from the need to transform the public administration at both macro and micro levels with the objective of making the provision of basic services more efficient, promoting competitiveness, increasing family income, and improving the life quality of the people of the municipalities (Babini & Sirias, 2012).

The history of decentralization in Nicaragua properly started after the 1990s, with the end of civil wars and the re-structuring of the state and the public administration. After 1995, the process of modernization of the state continued with the creation of the Executive Committee for Reforms of Public Administration (*Comité Ejecutivo de Reforma de la Administración Pública, CERAP),* whose objective was to achieve monetary and exchange rate stability, reduction of the fiscal deficit and modernization within the public sector. In early 2000, the central government linked the process of modernization and decentralization to the National Development Plan (*Plan Nacional de Desarrollo, PND),* fostering the process into a new stage that included the active participation of local actors (Babini & Sirias, 2012, p. 16).

Currently, the process of decentralization in Nicaragua is designed and coordinated by the Sectorial Commission for Decentralization (*Comisión Sectorial para la Decentralización*, CSD), which is a technical office from the Executive Committee of Reforms of the Public Administration. The main objective of the CSD is to offer the right conditions and both a normative and institutional framework that would allow the development of the decentralization process in the public sector of Nicaragua (Cuadra & Montenegro, 2012, p. 39). The policy in Nicaragua focuses decentralization as a political process that would promote new participatory ways for the management of public services to construct new economic, political and cultural frameworks for the development of the territory (Cuadra & Montenegro, 2012, p. 40).

However, after 2006, the decentralization process and the municipal autonomy have suffered important changes. With the return to power of the FSLN, and its gradient influence in the local governments, the decentralization in Nicaragua is going through an "involution" due to the destitution of mayors and local authorities from the central government (Perez, 2010). Moreover, the institutions in charge of decentralization in Nicaragua, created by the CSD, has no longer functioned since the return to power of the FSLN. This means that the central government of Nicaragua has assumed, in a vertical way, the control and management of the local socioeconomic activities. Accordingly, the decentralization policy, created in the early 2000s, has not been applied by the central government because the policy is ideologically averse to the ideology of the FSLN (Perez, 2010).

In the case of Dipilto, the central government plays a major role in the social, economic, cultural and political life of the municipality. The local authorities admit that the major guidelines of governance come from the central government, while the municipality has only the limited

power to attend some minor local problems (F. Moncada, personal interview, November 29th, 2016). Therefore, the decentralization level in Dipilto, despite the existence of the law, is low insofar as the municipality has limited power to decide over the resource management of its own territory.

El Paraiso (Honduras)

The level of decentralization of El Paraiso is measured by two things: first, the capacity that the municipality has regarding association with other municipalities in the country, and the capacity of the municipality to use their resources and execute programs or policies according to its needs. Regarding association capacities, El Paraiso to at least two commonwealths: The Association of Municipalities of Honduras (AMHON), and the Commonwealth of the Municipalities of the North (*Mancomunidad de Municipios del Norte,* MANORPA). Although AMHON represents all the municipalities at the national level (and greatly depends on the financial support from the central government), MANORPA, on the other hand, is a smaller association that depends on the geographic proximity of municipalities located around the border.

Regarding the capacity to execute own resources and apply local policies, MANORPA has a common fund "which is used to execute social projects in over 12 municipalities located around the borders." (A. Cárcamo, personal interview, November 29th, 2016). Regarding the financing of the projects, the municipality of El Paraiso receives annual transfers from the central government (around US$ 60,000 yearly) to fund their local policies. Furthermore, the international cooperation has also financed projects regarding food security (PRESANCA) and water sanitation. In these last cases, the existence of the commonwealth has been of great importance for the implementation of the cross-border development policies in the area of social development.

f. CASE 6: Somotillo (Nicaragua) and El Triunfo (Honduras)

Table 10
Summary of Data Collection for Case 6: Somotillo – El Triunfo

ITEMS	DATA
Total Population	72.700 (year 2015)
Average Human Development Index	0,635
Average Demographic/Age Range	0-18 years old: 45,7% 19-64 years old: 49,88% + 65 years old: 4,41%
Average Economic Activities	Primary Sector: 68% Secondary Sector: 10,4% Tertiary Sector: 9,6% Others: 12%
Shared Territorial Problems	* Illegal trafficking of people * Local prostitution
Level of Autonomy/Decentralization	LOW

Note. Own elaboration (2017).

i. Condition 1: Political Ideology

Somotillo (Nicaragua)

The political ideology of the local party is on the left of the political spectrum. The political party of Somotillo has been, mainly due to historical reasons, the FSLN. The influence of the FSLN in the local political life in the municipality started in the early 1980s when, due to its geographical proximity to the border, the city of Somotillo represented a contention point against the counter-revolutionary guerilla, known as *Los Contras.*[59]

As in the case of Dipilto, the central government plays the most important role in the social, political and economic life of Somotillo. Since the most important customs point in Nicaragua (regarding transit of people and commerce) is in Somotillo—mainly due to the location of the main highway that connects all the countries of Central America—the central government has put particular importance in the development of the city. For the local authorities of Somotillo, since

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[59] The *Contras* were known as various military groups (financially and ideologically funded by the US) that opposed the left-wing socialist FSLN government in Nicaragua from 1979 to 1990. For more information about the civil war in Nicaragua, refer to Feldmann, A. & Maiju, P. (2004). *Reassessing the Causes of Nongovernmental Terrorism in Latin America. Latin American Politics and Society. 46 (2): 101–132.* doi:10.1111/j.1548-2456.2004.tb00277.x.

both local and central governments belong to the same party and political ideology, the coordination between central and local authorities is optimal. However, regarding the relations between both local governments, and the execution of cross-border development policies, the local authorities of Somotillo report that "the local municipality has little resources to engage into a cooperation with El Triunfo [*from Honduras*], and main of the problems are solved from the central level." (I. Cruz, personal interview, November 20th, 2016).

El Triunfo (Honduras)

The political party of El Triunfo is the Liberal Party, belonging to the central-left of the political spectrum. The political party of El Triunfo is opposing, ideologically, to the political party of the central government. In fact, it seems that this divergence in political ideology between the local and central level has provoked some issues in the local level. For example, according to the local government, "(…) in the areas of education and health, we [*local government*] have taken care of most of the expenses of those areas, when it should be the central government the one that is supposed to take care of that… what is worse, the central government is taking away many of our teachers and other social workers from the municipality." (J. Argueñal, personal interview, November 21st, 2016). Regarding the political ideologies at the local level, the case of El Triunfo and Somotillo is the same as the case of Dipilto and El Paraiso, namely, even though both parties belong to the same side of the political spectrum (left wing), there are no political relations or agreements between both parties. The centralization level in Nicaragua "has prevented to deepen many cooperation agreements between the cities (…) Most of the problems are dealt at the central level." (J. Argueñal, personal interview, November 21st, 2016). Moreover, after the incident of the military *coup* from the Honduran army in 2009,[60] the political relations between the local governments were affected ever since, even if they both share the same political affinity.

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[60] In June 2009, in the middle of a political and constitutional crisis, the Honduran Army ousted the former president of Honduras, Manuel Zelaya, following orders from the Honduran Supreme Court. For more information about the Honduran *coup d'état* refer to: Rosenberg, M. (2009). "Honduran troops surround presidential palace". Reuters. Retrieved: March 25th, 2016

ii.   Condition 2: Socioeconomic Status

Somotillo (Nicaragua)

The border city of Somotillo belongs to the department of Chinandega, where the national census registers around 378.970 people. Somotillo makes around 7,66% of the total population of Chinandega, with 29.030 people. From the total population, 14.486 are men—representing 49.9% of the population—and 14.544 are women—representing around 50,10% of the population. Up to 15.740 people live in the rural area of Somotillo, representing 54,22% of the population, and 13.290 people live in the urban area, representing 45,78% of the population (INEC, 2005, p. 5).

Divided by age, 95,59% of the total population is under 65 years old. Classified by age groups, the people who are under 18 years old represent 52,61% of the total population, people between 19 and 65 represent 42,97%, and people over 65 represent around 4,42%. The EAP of Somotillo is around 12.474 people from which 7.715 are occupied (around 61,84%) according to the national census. Divided by gender, 75,13% of the EAP are men (around 9.371 people) and 24,87% (3.102 people) are women (INEC, 2005, p. 396). The literacy rate of Somotillo is 61,77% (around 18.472 people who are older than six years old), one of the lowest of the country.

The national rate of extreme poverty classifies Chinandega as the 10th (out of 17) department with highest poverty index, having an average poverty rate of 36,6% (INEC, 2005, p. 27). Moreover, Somotillo has a poverty rate of 45,5% (10% higher than the national average), having the category of *highly poor city,* with around 2.564 (47%) houses living in extreme poverty (around 15.621 people). Furthermore, 32,2% of the total number of houses live in poverty, and only 22,3% of the total number of houses live in no poverty (INEC, 2005, p. 29).

Finally, as for the people living closer to the border of Guasaule, the index rates were: 21,3% of the population were living in no poverty, around 30% were living in poverty, and 48,7% were living in extreme poverty. El Guasaule has the 20th highest extreme poverty index rate out of the 47 neighbors in Somotillo (INEC, 2005, p. 30).

El Triunfo (Honduras)

The national census of Honduras registered 437.618 people living in the department of Choluteca. The border city of El Triunfo has a population of 43.670 people of which 21.760 are men (49,8%), and 21.910 are women (50,2%). Around 22,62% of the people live in the urban area

of the city, and 33.796 people live in the rural area, representing 77,38% of the total population. Over 24.000 people are over 18 years old, making 54,72% of the total population. Overall, the biggest age percentage of people belong to the EAP, being their ages between 15 and 64, representing around 56,8% of the total population. The literacy rate for people who are 15 and older is 22%, being one of the lowest of the country (INEH, 2014, p. 19).

The main economic activities of El Triunfo are from the primary sector (agriculture, the cattle industry, and fishery), representing around 68% of the total economic activity. The secondary sector (manufacturing and construction) represents around 10,4%, the third sector (commerce) represents 9,6%, and other economic activities represent around 12%. Regarding the UBNI, the poverty index in the city went from 57,6% in 2001 to 61% in 2013, being the 16th highest index in the department. There is at least one unsatisfied basic need in 62.8% of the houses in El Triunfo, above the average by 8% (INEH, 2014, p. 31).

The education coverage (primary and secondary school) in El Triunfo is around 69% according to the data of the coverage rate of the Secretariat of Education. (Secretaría De Educación, 2016, p. 41). The basic education coverage in El Triunfo is one of the lowest in the country, needing more local and central investment according to experts in education that live in the city (J. Argueñal, personal interview, November 21st, 2016).

iii. Condition 3: Shared Territorial Problems

Somotillo (Nicaragua)

The local authorities of Somotillo have reported at least two main problems: the first is related to the illegal trafficking of drugs and people from both sides of the border, and the other problem is related to the prostitution of little girls. Regarding the first problem, illegal trafficking is seen in two different dimensions: trafficking of drugs and people, which is dealt with institutions of the central government, and trafficking of small merchandise, which is dealt directly by the municipality. According to the local authorities, "the illegal trafficking of people and drugs are one of the main issues that affect the border and the city of Somotillo." (E. Real, personal interview, November 21st, 2016). The illegal trafficking of people is also related to the index of violence in the city, since it is "relatively easy for criminals to cross the borders through the blind spots and commit criminal activities, especially burglary and homicide." (I. Cruz, personal

interview, November 20th, 2016). The other type of illegal trafficking is related to small merchandise products for local consumption in the local markets. This represents a problem insofar people smuggle some products illegally (without declaring or paying taxes) to sell them in the local market of Somotillo. Although this generates some income to the municipality, because it stimulates the local commerce-, the central government sees it as a problem because people do not pay taxes on their products.

The second problem is related to the prostitution of little girls in the border. Since the border of El Guasaule is the most important border of Nicaragua (regarding several trucks that cross every day), "many girls from Somotillo are vulnerable to sex tourism from the people who transit through the border, mainly truck drivers." (I. Cruz, personal interview, November 20th, 2016). The problem of prostitution has created a health problem as well, elevating the index of cases of HIV-positive in the territory. This problem creates an extra financial burden for both the territory and the central government insofar they need to allocate more resources to the Ministry of Health to give a proper follow-up to the victims.

El Triunfo (Honduras)

Similar to the case of Somotillo, the local authorities of El Triunfo have also identified the problem of prostitution, traffic of drugs, and a high index of violence as the main problems of the territory. The topic of prostitution is one of the main concerns to the local government insofar as it also represents a financial burden to the local health clinics of El Triunfo. According to head of the department of infections in the main public hospital of El Triunfo, "the cases of HIV has created many problems in the region because it has elevated the rate in the last years (…) the resources of the state are limited, and many of the people that are affected have to go somewhere else to get attention" (J. Galeano, personal interview, November 21st, 2016).

Likewise, the problem of drug trafficking has raised the index of drug consumption in El Triunfo as well. The people from the municipality who is working in the prevention of drug consumption and violence are not enough to address the problem. According to the authorities of the municipality, "even if the Police and the Army try to help us to fight against the delinquency, there is still a problem that affects us all." (J. Argueñal, personal interview, November 21st, 2016).

iv.   Condition 4: Decentralization Level

Somotillo (Nicaragua)

Similar to Dipilto, the management of the city of Somotillo is highly centralized, mainly depending on the central government. The decentralization process is limited to the annual transfer from the central government to the local one. Moreover, the offer of the public services (education, health, security, among others) is exclusively dependent on the institutions of the central government, giving a limited or nonexistent role to the municipality to address issues related to those areas. The management of the customs office equally depends from the central government, meaning that all the taxes collected from the commerce of goods around the border are administrated from the central government. Finally, the centralization of Nicaragua has prevented the participation of the local authorities of Somotillo in meetings with the local government of El Triunfo. Accordingly, many projects that in nature are to be executed by three countries (El Salvador, Honduras, and Nicaragua) "are currently executed by only two, meaning that we [*the local governments*] have to change the nature of the policies to be implemented since Nicaragua is not participating." (J. Argueñal, personal interview, November 21st, 2016).

El Triunfo (Honduras)

Like in Somotillo, all taxes collected by the Honduran side of the border go to the central government, leaving the municipality with no financial resources from the taxes collected at the border. The divergence of ideology from the central and the local parties have accentuated the problems with decentralization too. According to authorities from the local government, "the central government has been creating problems in the areas of education and health. The demand for such services exceeds our capacities and the central government, instead of helping us with more resources, is taking away precious human resources form the territory." (J. Argueñal, personal interview, November 21st, 2016). However, even though there are differences regarding the offer of basic services, the local government still has the autonomy to engage into different local projects with different actors (either local, national or regional). In fact, El Triunfo has implemented other projects of local development that included neighboring municipalities (such as Somotillo); however, given the high centralization level of Nicaragua nowadays, the

participation of the local authorities of Nicaragua (specifically from Somotillo) is not possible without the permission of the central government.

g. CASE 7: San Carlos (Nicaragua) and Los Chiles (Costa Rica)

Table 11
Summary of Data Collection for Case 7: San Carlos – Los Chiles

ITEMS	DATA
Total Population	59.503 (year 2015)
Average Human Development Index	0,631
Average Demographic/Age Range	0-18 years old: 42,96% 19-64 years old: 50% + 65 years old: 7,04%
Average Economic Activities	Primary Sector: 46,9% Secondary Sector: 7,8% Tertiary Sector: 45,3%
Shared Territorial Problems	* Illegal migration * Natural disasters
Level of Autonomy/Decentralization	MEDIUM-LOW

Note. Own elaboration (2017).

i. Condition 1: Political Ideology

San Carlos (Nicaragua)

The governing political party of San Carlos is the FSLN, making their political ideology belong to the left of the political spectrum. The influence of the FSLN in the municipality has been, similarly to their peers in the borders with Honduras, important for historical reasons. During the civil wars, San Carlos represented a contention point between the Nicaraguan army and the *contras,* who were residing back then in the Costa Rican part of the border (Espinoza, 2013). Like in most cases where the FSLN is the governing party at the local level, the central government plays an important role in the social, economic and political development of San Carlos. Until very recently, there has been an investment in the construction of roads that facilitate the transit of people from the border area of the rest of the country, "contributing positively to the general well-being of the city and its people" (E. Vargas, personal interview, December 13th, 2016).

Since both the central and the local government belong to the same political party and share the same ideology, there is good coordination between both levels (macro and micro) in the implementation of development policies. This coordination, however, is limited within the jurisdiction of the municipality since there are no joint policies with the local government of Los Chiles. As the local authorities report, "(…) any agreements made in any area are made at the central level." (E. Vargas, personal interview, December 13th, 2016).

Los Chiles (Costa Rica)

The political party of the Los Chiles is the National Liberal Party (*Partido Liberal Nacional, PLN*) belonging to the center-left of the political spectrum. The PLN was founded in the middle of the 20th century and it is one of the two traditional political parties in Costa Rica. Moreover, it is the oldest official political party to exist after the revolution in 1948 (Sánchez, 2001). The bipartisan system in Costa Rica, composed of the PLN and the Social Christian Unity Party (*Partido de la Unidad Social Cristiana*, PUSC), has given political stability in the country for over twenty years, obtaining over 90% of the votes of the electorate. The PLN is ideologically tuned with the classical social democracy ideology. Namely, it intends to create a welfare state within the framework of a liberal democracy. Both the local city of Los Chiles and the central government belong to the same political party and, therefore, they both have the same political ideology. Having the same ideology as the central level, the implementation of development policies in Los Chiles is well coordinated between levels insofar "the central government takes care of the [*infrastructural*] development of the border zone between the cities of Costa Rica and Nicaragua." (R. Lorilla, personal interview, December 14th, 2016).

ii. Condition 2: Socioeconomic Status

San Carlos

The city of San Carlos is the main city of the deparment of Rio San Juan, located in the south of Nicaragua. According to the National Institute for Development (2004) of Nicaragua (*Instituto Nacional de Información de Desarrollo*, INIDE), the population of San Carlos was around 37.461 people by 2004, having a growth projection up to 46.241 by 2017 and up to 47.672 by 2020. Divided by gender, 51,29% of the total population are men, and 48,71% are women (INIDE, 2008).

Around 42,96% of the total population is younger than age 15, and 57,04% is older than 15 years old. Furthermore, 23,9% of people between ages 14 and 29 in San Carlos are illiterate; being 29,7% men and 28,2% women. Regarding the education index, only 40% of the total population has attended elementary school (19.27% men and 19.83% women). The 7,07% of men and the 8,36% have attended high school education. Regarding the economic activities of San Carlos, 49,81% of men are economically active, whereas only 12.11% of women are economically active. While 32,42% of men over the age of 15 in San Carlos has a permanent job, only 8,83% of women have one. Furthermore, only 2,36% of women have a temporary job, and over 12,13% of men have temporary jobs. Moreover, regarding the economic activities of the population, there are slight changes between sex and the economic sector they work in, as shown in the following figure.

ECONOMIC SECTORS
■ MEN ■ WOMEN

	PRIMARY SECTOR	SECONDARY SECTOR	TERTIARY SECTOR
MEN	6812	640	1529
WOMEN	261	136	1637
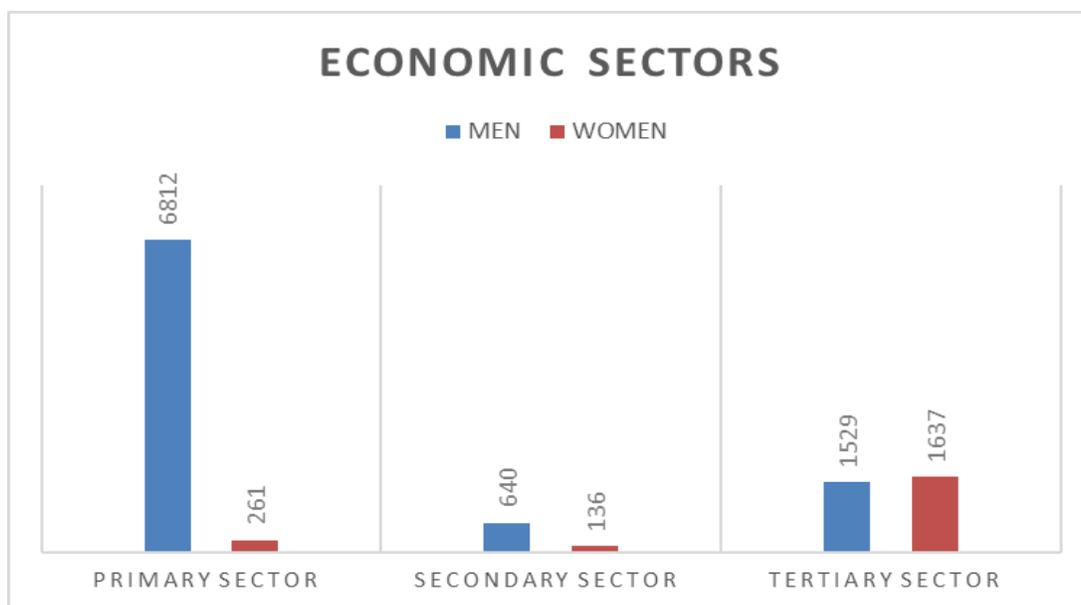
Figure 5. *Economic Sectors of San Carlos. Source: INIDE (2008)*

According to INIDE, San Carlos has around 7,398 occupied households, from which 766 (around 10%) receive international emigrants and 182 receive remittances. Furthermore, the 58,57% of the total households do not have access to electricity, and 58,73% has limited access to clean water. Finally, the poverty index of San Carlos shows that the 21,5% of people are not poor, the 28,5% are not extremely poor, but the 49,9% are extremely poor (INIDE, 2008).

Los Chiles

The city of Los Chiles is a part of the canton of the Alajuela, a province located in the northern part of Costa Rica. The Los Chiles canton has a territorial extension of 535,93 km², and its density is around 24,7 habitants/km^2 (MIDEPLAN, 2017). According to the Costa Rican Canton Human Development Atlas, Los Chiles canton is ranked the last of the 81 Costa Rican cantons based on its HDI (0,617), and second to last on its Material Wellness Index (MWI) which is 0.263 (PNUD & UCR, 2011).

According to the National Institute of Statistics and Census from Costa Rica (*Instituto Nacional de Estadística y Censos,* INEC), the population of the city of Los Chiles is around 13.262 people, of which 50,7% are men and 49,3% are women (INEC, 2012). From the total population, 31,5% lives in the urban area, being 52,8% women, and 47,2% men. The 68,5% of the city's population lives in the rural area of the city (47,7% are women and 52,3% are men). Concerning migration, by 2009 the city's population was integrated by 34.7% of Nicaraguans, 65% of Costa Ricans and 0.16% of people from other nationalities (MIDEPLAN, 2017). There are approximately 3.857 households in Los Chiles, of which 586 are unoccupied, and the average of people residing in each is 4.1 (INEC, 2012).

The city does not have updated studies that reflect the current situation of underemployment and unemployment in the city due to budgetary constraints of the responsible institutions. Moreover, the economic sector of agriculture does not allow for the population living in Los Chiles to emerge economically (MIDEPLAN, 2017). The canton's economic activities are mainly agricultural, although this sector has limitations such as the concentration of land by companies engaged in monoculture and cattle raising. According to the Canton de Los Chiles Local Human Development Plan 2013 – 2023 (*Plan de Desarrollo Humano Local del Cantón de Los Chiles*) the extensive cattle raising impoverishes peasant labor and causes the substitution of basic grains for export crops. Moreover, the development of agricultural technology has reduced the need for the labor force, both in the industry and in the field, causing an increase in unemployment and turning into impoverishment of the Canton's families (MIDEPLAN, 2017).

Los Chiles canton is part of the Huetar Norte Region, which is a socioeconomic region in Costa Rica. This is one of the richest natural resources areas in the country, which favors both developments of agricultural productiveness touristic activities (SEPSA & PROCOMER, 2008).

The following figure shows the productive structure of the socioeconomic region of Huetar North, according to the distribution of the employed population and the branches of economic activities.
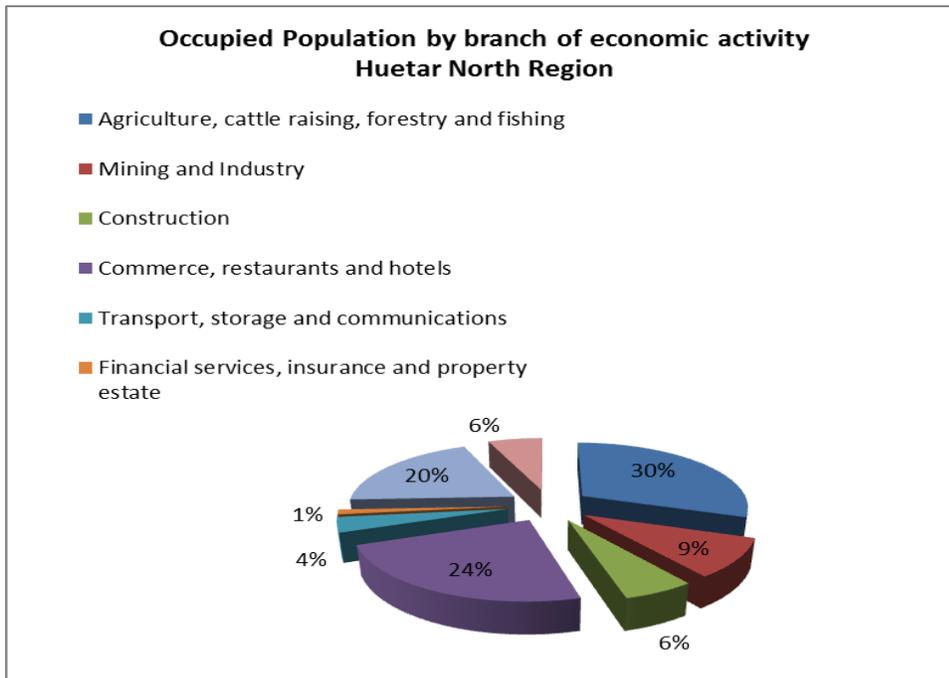
Figure 6. *Occupied Population by Branch of Economic Activity. Source: Own Elaboration with the information of MIDEPLAN (2017)*

Regarding the employment conditions of the people of Los Chiles, the employment rate of the total population is around 46,3%, and the unemployment rate of the city is 4,9%. The 46,9% of the city's working force is in the primary sector, contributing to the overuse the natural resources of the city. The 7,8% of the population works in the secondary sector (producing manufactured good), and at last, the 45,3% works in the tertiary sector—providing many services related to tourism. The percentage of the population economically inactive is 51,3% (INEC, 2012). Finally, regarding education levels, over 80% of the total population have attended and finished the complete schooling system (primary, secondary and technical studies).

iii.   Condition 3: Shared Territorial Problems

San Carlos

Unlike the other borders between Nicaragua and Honduras, the dynamics of the borders between Nicaragua and Costa Rica are different, and so are the problems both countries share. In the case of Los Chiles, the border is new (started functioning in 2015), and therefore the flow of

people and merchandise is relatively low. According to the local authorities of San Carlos, "this [*low flow of people and transit*] is a positive thing that happens because there are no problems related to prostitution and drug trafficking, as it is in other places." (E. Vargas, personal interview, December 13th, 2016). The problems reported by the local authorities of San Carlos are two, one endogenous (about the mobility of the people and merchandise from one country to the other), and one exogenous, that is related to natural disasters that affect both cities. About the problem with mobility, Costa Rica does not belong to the CA-4 agreement, meaning that there are restrictions (visa requirement) to Nicaraguans that intend to cross the border to Costa Rica. Regarding the problems of natural disasters, there are hurricanes or severe floods that affect both municipalities; however, despite the similarities in environmental problems, and even similarities in political ideologies, there is no joint coordination between the municipalities.

Los Chiles

The border of Los Chile is one of the three borders that separates Nicaragua and Costa Rica, and it is the only border that has fewer problems compared to the other two. In fact, from the perspective of Costa Rica, the main territorial problems of San Carlos (mainly drug trafficking, illegal migration and prostitution) do not represent a problem in the border area of Los Chiles. There are, however, few cases of illegal migration, from Nicaraguans that go to Costa Rica to work, but that is not considered a major issue by the local authorities. Accordingly, the only problems reported by the local authorities of Los Chiles are the ones caused by natural disasters (R. Lorilla, personal interview, December 14th, 2016). However, whenever natural disasters occur, the municipality of Los Chiles coordinates emergency policies with the central government to mitigate the problems related to the natural disasters. As reported by both local authorities (San Carlos and Los Chiles), there are no cross-border coordination nor common policies to face shared territorial problems.

iv. Condition 4: Decentralization Level

San Carlos

The decentralization process in San Carlos is like the decentralization process in the rest of municipalities of Nicaragua, especially those who are under the influence of the central

government's political party. The central government has a big role in the local investment of the city, especially in the border zone. The annual transfer from the central government to the local government is around US$ 2 million dollars, which are invested in the remodeling of roads and bridges that connects the border with the rest of the city of San Carlos and smaller towns around. The basic services of education, health and security are provided by the central government, although there are reported cases of people to commute to Los Chiles to have access to education and, above all, the Costa Rican health system (E. Vargas, personal interview, December 13th, 2016).

Los Chiles

Decentralization in countries such as Costa Rica (with small territorial extension, relatively small population and centralized public administration) has been part of an academic debate for years now. The public administration of Costa Rica has been historically highly centralized, in which the central government establishes an integral system that provides basic services to their citizens on multiple levels. Services at the national level are managed by autonomous entities; services such as education, public security and infrastructure are managed by the central government, and local issues, such as commerce regulation and community maintenance are dealt by the local governments (Meono, 2008). However, the presence of the central government in the local decision is still present. According to the local authorities of El Chile, "we [*the municipality*] still do not have full autonomy in our decisions. We still need to comply with many rules and procedures that come from the central government." (R. Lorilla, personal interview, December 14th, 2016).

Costa Rica, like the rest of the country of Central America, has a decentralization law that helps regulate the provision of services throughout different institutions in different levels. Moreover, there are annually transfer from the central government to the local ones. In the case of Los Chiles, local incomes cover the operative costs, such as salaries and administrative costs, while the transfers from the central government are invested in the development of the border, as well as projects regarding the construction of roads (R. Lorilla, personal interview, December 14th, 2016).

h. CASE 8: Cardenas (Nicaragua) and La Cruz (Costa Rica)

Table 12

Summary of Data Collection for Case 8: Cardenas – La Cruz

ITEMS	DATA
Total Population	26.171 (year 2015)
Average Human Development Index	0,619
Average Demographic/Age Range	0-18 years old: 47,79% 19-64 years old: 47,57% + 65 years old: 4,63%
Average Economic Activities	Primary Sector: 65% Secondary Sector: 18% Tertiary Sector: 17%
Shared Territorial Problems	* Illegal migration
Level of Autonomy/Decentralization	MEDIUM-LOW

Note. Own elaboration (2017).

i. Condition 1: Political Ideology

Cárdenas (Nicaragua)

The governing political party in Cardenas is the FSLN, having a political ideology belonging to the left of the political spectrum. Just like the rest of municipalities located within the borders of Honduras and Costa Rica, the central government of Nicaragua oversees the major political decisions in the municipality of Cardenas. Furthermore, for historical reasons, the city of Cárdenas has also a contention point against the *Contras* during the civil wars in the 1980s. The coordination between the local and the central government is optimal insofar as both of them belong to the same political party and political ideology. However, currently at the local level, there is little or no communication with the peer city of La Cruz, despite both share similar political ideology. According to local leaders of Cardenas, "the local government has no authorization to make projects with La Cruz, because everything is dealt with the central government." (R. Torrente, personal interview, December 15th, 2016).

La Cruz (Costa Rica)

The political party of La Cruz is the Social Christian Unity Party (PUSC), belonging the center-right of the political spectrum. The PUSC was founded in the early 1980s, as an opposition

to the National Liberal Party. Moreover, the PUSC was created from a unity coalition of many political parties in Costa Rica: The Christian Democratic Party, the Republican Calderonist Party, the People's Union Party and the Democratic Renovation Party (Alfaro-Redondo & Gómez-Campos, 2012). The political ideology of La Cruz (center-right) is opposing to the political ideology of the governing party in the central government (center-left). Nowadays, despite the differences in ideology, "the coordination between the local party and the central party is efficient, working in development projects for the municipality." (A. Badilla, personal interview, December 15th, 2016). However, even if both La Cruz and Cardenas belong to the same political ideology, there is no communication—much less joint development projects—between municipalities. This lack of coordination is due, among other things, to the tension at the border level due to migration problems, and the historically adverse relations at the central level between both countries.

ii. Condition 2: Socioeconomic Status

Cardenas (Nicaragua)

The border city of Cárdenas belongs to the department of Rivas, where 156.283 people were registered in the VIII Census of Population and IV of Housing 2005. Cardenas has the 4,47% of the total population of Rivas, with 6.990 people living in the city. From the total number of people, 3.619 are men (representing 51,77% of the total population) and 3.371 are women (representing 48,23%). 86,64% of the total population lives in the rural area of Cardenas (around 6.056 people) and 13,36% of the population lives in the urban zone (around 934 people). (INEC, 2005, p. 61).

Divided by age, 96,29% of the population is between the ages of 0-65. Classified in age groups, 52,69% of the total population is younger than 18 years old, around 43,60% is between 20 and 64 years old, and 3,71% of the population is over 65 years old. The EAP of Cardenas is constituted by 2.319 people, from which over 90% is occupied. Moreover, the EAP is divided among 1.1991 men (representing 82,40% of the total EAP), and 408 women (representing 17,60% of the total EAP) (INEC, 2005, p. 424). The illiteracy rate of the city is 72,20% (representing around 85% of the total population over six years old).

According to the rate of extreme poverty, Rivas ranks in number 4 out of the 17 departments in Nicaragua. The rate of poverty is around 26,8%, just below the national average of

35,7% (INIDE, 2014, p. 21). Cardenas is the 83rd city (out of the 132 cities in Nicaragua) with a 40,3% poverty rate, having 3.397 people living in poverty. Furthermore, 37% of the total households lives no extreme poverty, and only 22,8% of the total households are living in no poverty (INIDE, 2014, p. 26).

La Cruz (Costa Rica)

La Cruz belongs to the Province of Guanacaste, with the highest population growth rate in the country for the last ten years. Around 326.953 people live in Guanacaste, from which 19.181 (5,86% of the total population) live in La Cruz. Up to 50,78% of the population are women, and 49,22% of the population are men. From the total population, 12.056 people live in the rural area (62,85%) and 7.125 live in the urban area, making it the 37,15% of the total population (INEC, 2012, p. 71).

Divided by age, 94,95% of the population is younger than 65 years old. Separated in age groups, people under 18 years old represent 42,89% of the total population; people between 19 and 65 represent 51,55% of the total population, and people over 65 years old represent 5,55% of the population (INEC, 2012, p. 56). The literacy rate of La Cruz is 93,77%. Disaggregated by sex, 54.42% of the literate population is composed by women, and 45.58% by men (INEC, 2012, p. 87).

The rate of occupation is 43.7%, from which 37.2% of the population work in the primary sector, 9.5% on the secondary sector and 53.3% work in the tertiary sector. The unemployment rate represents 3.6% of the EAP (INEC, 2012, p. 102). Finally, in the last official census, the poverty index was measured by two different methods: with the Poverty Line and with the Unsatisfied Basic Needs. Using the first method (poverty line), La Cruz has the highest poverty rate in the country with 57,13% of general poverty. Using the second method (Unsatisfied Basic Needs), the poverty rate is around 44,54%. In both cases, however, the poverty of La Cruz is above the national average of Costa Rica (24,6%), being one of the poorest cities in the whole country (INEC, 2012, p. 30).

iii. Condition 3: Shared Territorial Problems

Cárdenas (Nicaragua)

The military presence around the borders between Nicaragua and Costa Rica, according to local experts, "is due to control the drug trafficking, and also because of the recent migration crisis of Cubans that try to cross the border." (R. Torrente, personal interview, December 15th, 2016). Unlike the other borders in Nicaragua, neither illegal trafficking of merchandise, nor drug trafficking, nor prostitution are problems acknowledged by local authorities. However, there have been recent events concerning illegal migrants that have created tensions between the governments of Costa Rica and Nicaragua. These events, in turn, have also created tension in the borders between both countries.[61] The migrant crisis between both countries has had negative repercussions in the local level, creating tensions not only in the borders but also preventing the local governments to engage in joint programs to assist the people trying to go to the United States. So far, only the government of Costa Rica has attended the request of the people who were detained by the authorities from the side of Nicaragua.

La Cruz (Costa Rica)

The problem of illegal immigrants from Haiti and Cuba that are in the borders between Cardenas and La Cruz is considered the main shared territorial issue between both local governments. According to the local authorities of La Cruz, "over 2000 refugees are stuck in the borders between Costa Rica and Nicaragua because Nicaraguans authorities refuse to let them cross to the United States, so the government of Costa Rica took the initiative to create small shelters in La Cruz." (A. Badilla, personal interview, December 15th, 2016).

Moreover, there is also another territorial problem in La Cruz that local authorities are dealing with: drug trafficking. The problem of drug trafficking affects the local people insofar as "drug dealers take advantage of the poverty of the city, which is the 80th of 81 cities in the index of poverty, and use the farms of the labor force of poor people for their illegal activities." (A. Badilla, personal interview, December 15th, 2016). Conversely, whenever there are other types of

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[61] By the end of 2015, hundreds of migrants from Cuba arrived at the borders of Peñas Blancas towards the United States as their destination. However, they were stopped by the Nicaraguan army adducing violetion of the national sovereignty. A regional political crisis and tension was followed by the governments of Nicaragua and Costa Rica afterwards. For more information, refer to: http://www.laprensa.com.ni/2015/11/24/politica/1942099-nicaragua-exige-a-costa-rica-retirar-a-migrantes-cubanos-de-frontera. Date of retrieved: May 9th, 2017.

territorial problems (e.g., natural disasters), everything is taken care from the central government, without neither the assistance nor the coordination between border municipalities.

iv. Condition 4: Decentralization Level

Cárdenas (Nicaragua)

From 1990 to 1995 the relations between both local cities allowed the creation of *twin towns agreements* between La Cruz and Cárdenas. During that period, the local authorities from both municipalities held meetings to discuss development projects from both municipalities. However, due to the high level of centralization, the relations between both local government have grown distant. Local leaders have confirmed the evolution of the relations between both cities and the level of centralization from the part of Nicaragua, conceding that "the higher the centralization, the less autonomy the municipality has to create agreements; in fact, the local government has no permission to engage in anything without the permission of the central government." (R. Torrente, personal interview, December 15th, 2016).

The decentralization in San Carlos is reduced to financial transfer from the central government and tax collection at the local level. Since the taxes collected from the custom go to the central government, the municipality sometimes charges taxes to tourists who visit the city as a way to finance projects of local impact.

La Cruz (Costa Rica)

According to the Costa Rican national legislation (law 9154), there is a taxable income that people pay (around US$ 8,00) whenever they cross the borders either to Nicaragua or Panama. By law, the municipality retains 50% of the total annual amount of money from that special tax (border tax), creating up to US$ 2 million dollars in local income. The income generated by the border tax is used for financing local development policies in La Cruz, "especially those related to the construction of roads, schools and health facilities." (A. Badilla, personal interview, December 15th, 2016). However, the role of the central government in the local decision is still relevant for the development of the city. Like in the rest of the municipalities in Costa Rica, the local incomes manage to cover the operative costs (salaries and administrative fees), while the transfers from the

central government are invested in the development of the border and other needs from the municipality.

i. CASE 9: Sixaola (Costa Rica) and Guabito (Panama)

Table 13
Summary of Data Collection for Case 9: Sixaola – Guabito

ITEMS	DATA
Total Population	19.673 (years 2015)
Average Human Development Index	0,778
Average Demographic/Age Range	0-18 years old: 37,2% 19-64 years old: 58,35% + 65 years old: 4,45%
Average Economic Activities	Primary Sector: 49,7% Secondary Sector: 9,4% Tertiary Sector: 40,9%
Shared Territorial Problems	* Illegal migration * Floods due to natural disasters
Level of Autonomy/Decentralization	MEDIUM - HIGH

Note. Own elaboration (2017).

i. Condition 1: Political Ideology

Sixaola (Costa Rica)

Sixaola is the closest town to the border with Panama. The political party of Sixaola is the PUSC, belonging to the center-right of the political spectrum. Ideologically, the central and the local government belong to different political parties, however, "the relations between both local and central government have been very good in the last years." (J. Jackson, personal interview, January 30th, 2017). Moreover, the political ideology of the political party of the neighboring city, Guabito from Panama, belongs also to the center-right political wing. The political homogeneity, in this case, has allowed the creation of a border community (the Binational Commission for the Sixaola River Basin) between both countries, fostering the implementation of development policies at the local level.

Guabito (Panama)

The political system of Panama is that of a multi-party system. Historically, there has been two traditional political parties in Panama that have run the parliament for many years: The Revolutionary Democratic Party (*Partido Revolucionario Democrático, PRD)* and the Democratic Change (*Cambio Democrático, CD).* As a response, many other smaller parties have created coalitions to counter-balance the power of the two main political parties, creating the third main political force in the country: *Partido Panameñista.* The local governing political party of Guabito (District of Changuinola, province of Bocas del Toro) is from the PRD, being the biggest political party and belonging to the central-left in the political spectrum. Conversely, the governing political party at the central government was the one created by the coalition of smaller parties, *Partido Panameñista*, and it belongs to the right-wing ideology in the political spectrum. Although both local and central political parties belong to different points and ideology in the political spectrum, "the relations between both levels are harmonious, allowing cooperation between [*both*] governments in many sectors." (J. Lopez, personal interview, January 31st, 2017).

ii. Condition 2: Socioeconomic Status

Sixaola (Costa Rica)

According to the INEC, the population of the city of Sixaola is around 8.861 people, of which 51,4% are men and 48,6% are women (INEC, 2012). Its population is divided in 38,7% of the people living in the urban area (from which 48,6% are women and 51,4% are men). The remaining 61,3% of the people live in the rural area (48,6% are women and 51,4% are men). The population can be grouped in three different ranges of age: 37,3% are between 0 and 14 years old; the 59,3% are in the range between 15 and 64 years old, and only 3,4% of the total population is older than 65 years old (Olivera & Sanchez, 2013).

The city of Sixaola is a district of the Talamanca. It has a total area of 172 km^2 and it has a density of 51,58 habitants per km^2 (Olivera & Sanchez, 2013). There are approximately 2.542 households in Sixaola, of which 434 are unoccupied, and the average of people residing in each is 4,2% (INEC, 2012). According to the Costa Rican Canton Human Development Atlas (*Atlas de Desarrollo Humano Cantonal de Costa Rica*), Talamanca canton is ranked as the second poorest

canton in Costa Rica. It is ranked number 76 out 78 on its MWI, which is 0,297 (PNUD & UCR, 2011).

Regarding the city's economic conditions, the rate of total occupied population is around 46,3%, and the unemployment rate of the city is 2,6%. Concerning the occupations rate of the working force in the city, the 66,1% of the people work in the primary sector. Moreover, the 3,9% of the people work in the secondary sector producing manufactured good, and the 30% of the people work in the tertiary sector, mainly providing touristic services. The percentage of the population economically inactive is 48,8% (INEC, 2012).

Regarding education indexes, only 11,3% of the total number of people in the schooling system of the city does not complete the full education cycle. The desertion ratio of the city is one of the highest of the Canton, but still is considered as "low" in the national index (MEP, 2012, p. 85).

Guabito (Panama)

Guabito is a *corregimiento* (district subdivision) in the Changuinola district of the Bocas del Toro, Province of Panamá, and has a territorial extension of 168,8 km². According to statistical projections by the National Institute of Statistics and Census of Panamá (Instituto Nacional de Estadística y Censo, INEC-P), Guabito has a population of 10.812 habitants in 2017 (INEC, 2010). Moreover, 49,6% are women (around 5.362 people from the total population) and 50,4% are men (around 5.449 people).

Divided by age and gender, 36,7% of women in Guabito are younger than 14 years old; around 57,4% of the women are in the age range from 15 to 64 years old, and only 2,8% are older than 65 years. Accordingly, 38,9% of men in Guabito are younger than 14 years old; around 60,3% are between 15 and 64 years old, and 4,1% of the men are older than 65 years of age (INEC, 2010).

Furthermore, according to INEC, by 2020 the 42,1% of the total population of the Bocas del Toro province will live in the urban area, and the 57,9% will live in the rural area. Regarding education indexes of the province, according to the Local Human Development Atlas of Panamá, Bocas del Toro's literacy rate was 87,5% by 2010 and later increased to 89,8% by 2014. Also, the school level was at 8,2 years by 2014. Moreover, the province's Multidimensional Poverty Index is 36%, while its Life Expectancy by 2014 was 73 years old (UNDP, 2015).

Regarding the economic activities of the Province, the 33,3% of EAP is a part of the primary sector (agriculture), the 14,9% is part of the secondary sector (construction), and the 51,9% are part of the tertiary sector (tourism). The economic activities of the province vary from construction to household services and others. Amongst the most popular are wholesale and retail trade (including Free Zones), repair of motor vehicles and motorcycles, followed by Construction and Manufacturing Industries.
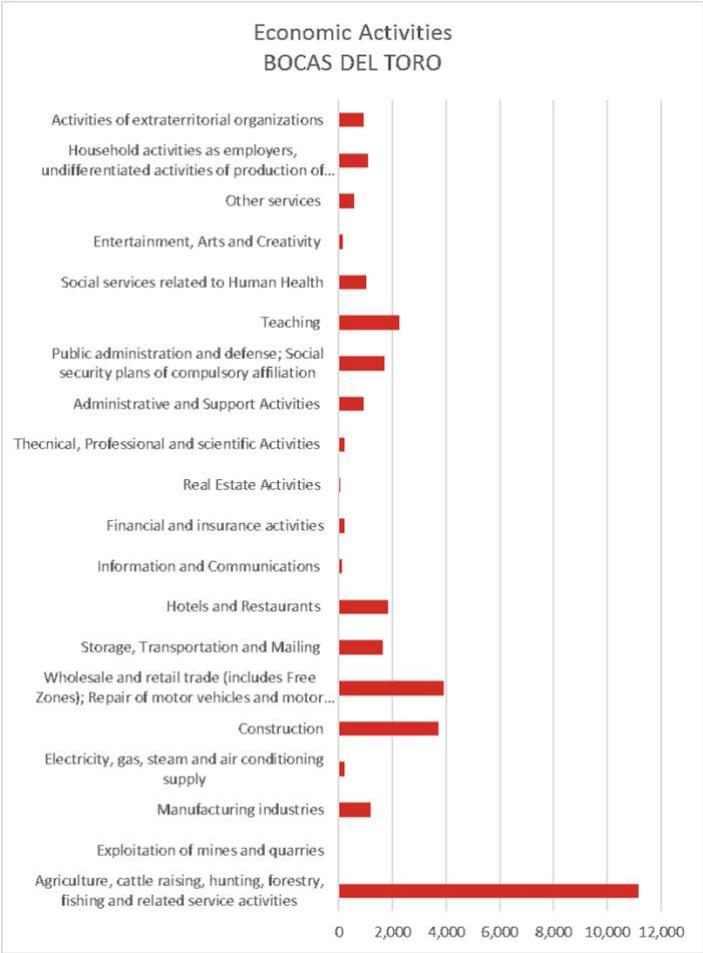
Figure 7. *Economic Activities of Bocas del Toro. Source: Own Elaboration with the information of Contraloría General de la República de Panamá (2017)*

Furthermore, the Guabito *corregimiento* is known for its high migration flows, which have had an increase through the years, fluctuating from year to year.
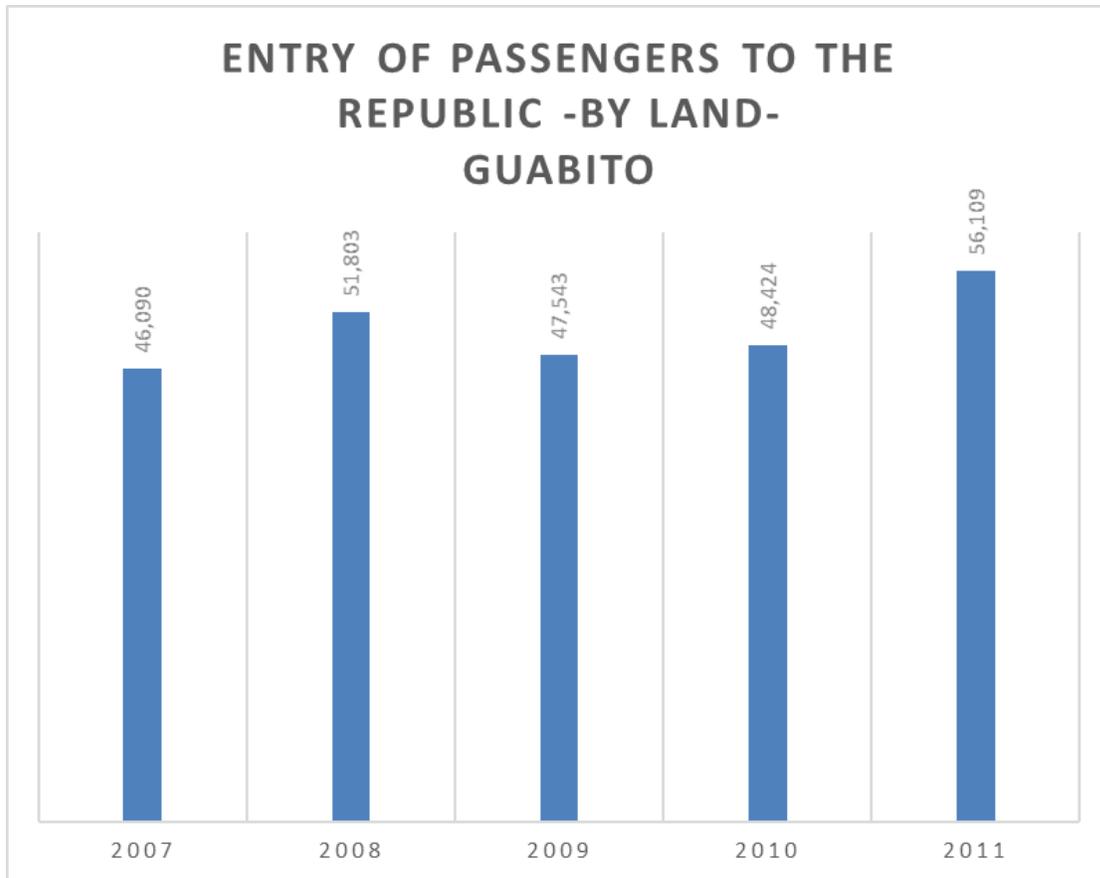
Figure 8. *Entry of passengers to Guabito. Source: Own Elaboration with the information of Contraloría General de la República de Panamá (2017)*

iii. Condition 3: Shared Territorial Problems

Sixaola (Costa Rica)

As in many borders in the Latin America, the border between Costa Rica and Panama suffers from problems related to drug trafficking, prostitution, and criminality. Since they share a natural border formed by a river, "it is then expected to see many problems related to smuggling, drug trafficking and even prostitution." (J. Jackson, personal interview, January 30th, 2017). However, due to a joint program of security developed by the municipalities of Sixaola and Guabito, "the problem of violence and drug trafficking is being mitigated by both local governments." (J. Jackson, personal interview, January 30th, 2017). The main territorial problem both municipalities share is the one created by floods of the river during the raining season. Since it is a recurring problem every year, the local authorities from Sixaola reported that "many of the

families have already adapted to these conditions, otherwise, it would mean for them to constantly relocate their whereabouts." (J. Jackson, personal interview, January 30th, 2017). In the cases of severe floods, the municipality works with the International Red Cross and the Common Commission for Emergency from each municipality, which gives support to each local city. According to local authorities, "the help from the Commission is symbolic enough that both cities celebrate together the International Day for Natural Disasters at the border of both countries." (J. Jackson, personal interview, January 30th, 2017).

Guabito (Panama)

Similar to Sixaola, the city of Guabito shares similar territorial conditions. The most common problems are related to illegal trafficking of products and drugs through the river Sixaola, which divides both countries. From the municipal perspective, the city of Guabito is looking for the implementation of policies that would foster the security of the city and the border. Since cross-border development policies are being implemented by the municipality, the local government aims to create empowerment models at the community levels to improve the results of such policies. With the opening of the borders due to the *Plan Puebla Panama,* there is the risk that the problems of illegal trafficking, drug use and prostitution would increase. To handle this, "the municipality is aiming at fostering the [*local*] education system so children and youngsters can be aware of the dangers of living close to a border." (J. Lopez, personal interview, January 31st, 2017).

The other problem that both municipality faces are floods from the Sixaola river during the rainy season. To solve this, both municipality counts with emergency committees that coordinate, with other local organizations, the management of local disasters whenever they present.

iv. Condition 4: Decentralization Level

Sixaola (Costa Rica)

The topic of decentralization is a debatable topic in States like Costa Rica and Panama—with relatively high efficiency in a centralized public administration, low population and small territory. The decentralization law in Costa Rica allows the border cities to manage the 50% of the taxes collected by people who cross the border. This tax has allowed Sixaola to have resources to create cross-border cooperation policies with the neighboring city. In fact, the municipalities of

Sixaola, from Costa Rica, and Guabito, from Panama, have created a commonwealth community known as the *Binational Commission for the Sixaola River Basin.*[62]

The binational commission is a joint cross-border organization that coordinates efforts of the municipalities to solve common problems. The binational commission works with municipal development plans about the management of wastes from both local cities. Likewise, the municipalities of Sixaola and Talamanca organize monthly workshops of recycling and education campaigns to teach the people of the border cities the importance of a good management of solid wastes. The local authorities of Sixaola and Talamanca acknowledge that the main objective of the commission "is to educate the people of the borders to create sustainability of the environmental development polices because the costs are so elevated that it is hard to finance the policy only by the local resources." (J. Jackson, personal interview, January 30th, 2017).

Guabito (Panama)

The decentralization policy in Panama, apart from promoting autonomy and local power to manage territorial resources at the local level, also seeks to use the highly dynamic economic sectors of Panama (due to the Panama Canal), and transfer the benefits at the local level. Accordingly, according to the local authorities of Guabito, "the existence of modern and dynamic economic sectors in Panama brings extraordinary opportunities to Guabito to integrate development policies to many growing sectors at the local level. The foundation of the social policy is the promotion of sustainable human development, lowering poverty index, integration for excluded social groups and a better distribution of wealth at the local level." (J. Lopez, personal interview, January 31st, 2017).

The binational commission of the Sixaola River Basin also works closely with other state institutions from both countries to engage in policies that address other territorial issues, such as security and cultural integration. Regarding security, the commission is implementing security policies promoted by SICA regarding violence prevention and organized crime. Furthermore, this commission is also working to integrate people scattered on both sides of the border that share a cultural and historical affinity. This is important because, at the local level, there are marginalized groups (mainly African descendent that live in the Caribbean parts of Central America) that are

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[62] For more information about the Binational Commission of the Sixaola River Basin, please refer to: **https://www.iucn.org/node/26159.** Date of access: May 14th, 2017.

not protected by the central states. Instead, the local government, through cross-border development policies, are promoting initiatives that take into consideration cultural integration among minority groups.

j. CASE 10: Sabalito (Costa Rica) and Rio Sereno (Panama)

Table 14
Summary of Data Collection for Case 10: Sabalito – Rio Sereno

ITEMS	DATA
Total Population	17.697
Average Human Development Index	0,737
Average Demographic/Age Range	0-18 years old: 38,7% 19-64 years old: 55,8% + 65 years old: 5,5%
Average Economic Activities	Primary Sector: 52,7% Secondary Sector: 7,8% Tertiary Sector: 39,6%
Shared Territorial Problems	* Illegal migration * Pollution from solid wastes
Level of Autonomy/Decentralization	MEDIUM – HIGH

Note. Own elaboration (2017)

i. Condition 1: Political Ideology

Sabalito (Costa Rica)

Sabalito is the closest border city of Costa Rica with Panama, located in the southwest part of the country around the border of Rio Sereno—in the Pacific coast. The local government, however, is located in San Vito, the main city of the Canton of Coto Brus. The political party of San Vito is the PUSC, belonging to the center-right of the political spectrum. From an ideological perspective, the central and the local government belong to different political parties, but the relations between both levels have always been good.

Something important to notice is that the political ideology of the local political party of the neighboring city, Rio Sereno, is different from the ideology of the political party of Sabalito. Despite the ideological difference from both local governments, "the situation and the relations

between both governments are good. (…) it is one of the best borders in the world due to the great relationships we [*the municipality*] have with the people of Panama." (R. Navarro, personal interview, February 11th, 2017). The good relationships between both local governments are due mainly to the political will of both governments to solve common problems, as well as the good relationships at the central level that allows the implementation of projects between both cities.

Rio Sereno (Panama)

The political party of Rio Sereno is the PRD, the biggest and oldest political party of Panama, belonging to the center-left in the political spectrum. As stated before, the PRD opposes ideologically the political party of the central government, the *Partido Panameñista* (right-wing). However, despite ideological differences, the relations between both the central level and the local level is good. Moreover, the relations between both local levels (Rio Sereno and Sabalito) are optimal, allowing several cross-border agreements to take place between both municipalities. The case of Rio Sereno and Sabalito is unique insofar as both municipalities are different ideologically and yet engage in better cooperation agreements than many other cases with similar political ideology. The quality of the relations is mainly due "to the great relations between both central governments." (R. Navarro, personal interview, February 11th, 2017).

ii. Condition 2: Socioeconomic Status

Sabalito (Costa Rica)

The Sabalito city is a part of the canton of Coto Brus, a larger city located in the province of Puntarenas, located in the southern part of Costa Rica. The Coto Brus canton has a territorial extension of 356.16 km². According to the Costa Rican Canton Human Development Atlas, the Coto Brus canton is ranked 76 out of the 81 Costa Rican cantons based on its HDI (0,669), and ranked number 77 on its MWI (0,309) (PNUD & UCR, 2011).

Moreover, the population of the city of Sabalito is around 10.984 people. The 81,4% of the city's population lives in the rural area of the city (49,8% are women and 50,2% are men). From the total population, 18,6% live in the urban area (52,2% are women and 47,8% are men), and the 81,4% live in the rural area (49,7% are men and 50,3% are women). There are approximately 3.906

households in Los Chiles, of which 823 are unoccupied and the average of people residing in each is 3,6 (INEC, 2012).

Regarding the city's economic conditions, the rate of total occupied population is around 45,0%. Concerning the occupations of the city's working force, the 52,7% works in the primary sector (agriculture), the 7,8% of the population works in the secondary sector (manufacturing), and the 39,6% of the population works in the tertiary sector (services). The percentage of the population economically inactive is 54,2% (INEC, 2012).

Sabalito is one of the poorest cities in Costa Rica. According to the social development index, the city of Sabalito ranks 38,3 in the index, having a "very low" socioeconomic development (E. Morales & Liberoff, 2013, p. 38). Overall, the in the HDI, the city of Sabalito had a rank of 0,737 in the year 2012, having around 60% of its population with over two unsatisfied basic needs.

Rio Sereno (Panama)

According to INEC-P, Rio Sereno had 5.629 habitants in the census of 2010, and a projected population of 6.713 by 2020. In turn, it has an annual population growth of 1,6%. Furthermore, INEC-P projects the population of 47,4% of women and 52,6% of men by 2020. The 38,7% of women in Rio Sereno are younger than 14 years old and the 55,8% of the women are in an age range from 15 to 64 years old; only the 5,5% are older than 65 years. Also, the 35,2% of men in the *corregimiento* are younger than 14 years old and the 58% are between 15 and 64 years old; 6,8% of the men are older than 65 years (INEC, 2010). Furthermore, by 2020 the 59% of the total population of the Chiriquí province will live in the urban area, and the 41% will live in the rural area.

Regarding education indexes of the province, according to the Local Human Development Atlas of Panamá Chiriquí's literacy rate was 94,6% in 2010, decreasing to 87.5% by 2014. Rio Sereno's literacy rate was 89,2% by the year 2000 (UNDP, 2015). Also, Rio Sereno's school level was at 5,1 years by the year 2000, while the Chiriquí province's rate was up to 9,6 years by 2014. Moreover, the province's Multidimensional Poverty Index is 12,3%, while its Life Expectancy by 2010 was 77,4 years and later went up to 78,3 by 2014 (UNDP, 2015).

Regarding the economic activities of the Province, the 20,2% of the EAP belongs to the primary sector, 18,8% belongs to the secondary sector, and 61% belongs to the tertiary sector. Approximately 60% of the EAP is occupied. The economic activities of the province vary from

construction to household services and others. Amongst the most popular are agriculture, cattle raising, hunting, forestry, fishing and related service activities with a 20,7% of the economically active population working in this area. The second most popular activies are wholesales and retail trade (includes Free Zones); repair of motor vehicles and motorcycles with a 19,4% and the 10,6% of the population working in Construction. Moreover, the average annual income per person in Rio Sereno by 2000 was over US$ 10,000 per year. Regarding living conditions, the *corregimiento* has a 47,3% of its total population living in households with acceptable materials, and 86,8% of households have acceptable services (PNUD, 2002).
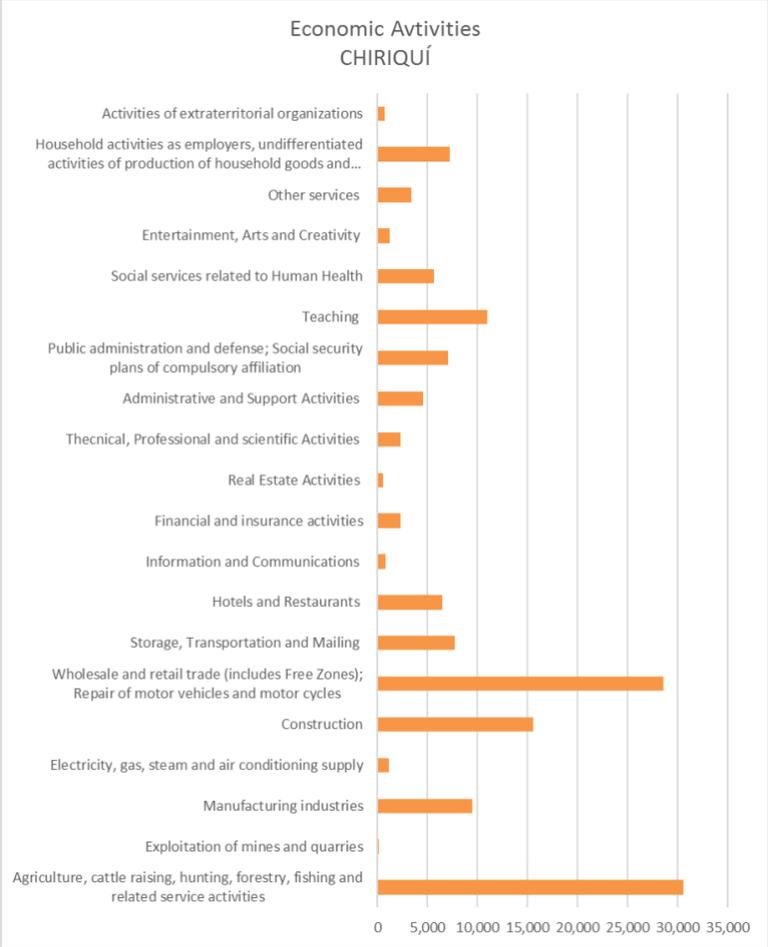
Figure 9. *Economic Activities in Chiriqui. Source: Own Elaboration with the information of Contraloría General de la República de Panamá (2017)*

Furthermore, the Rio Sereno *corregimiento* is known for its high migration flows, which have had an increase through the years, fluctuating from year to year.
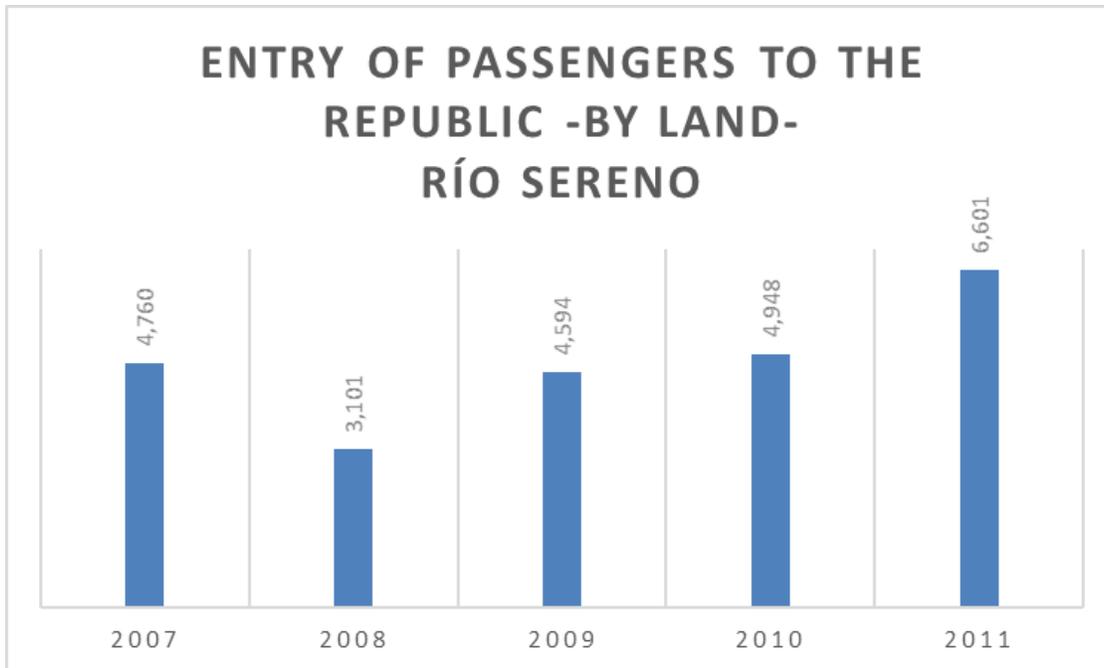
Figure 10. *Entry of Passengers to the Republic of Panama through Rio Sereno. Source: Own Elaboration with the information of Contraloría General de la República de Panamá (2017)*

iii. Condition 3: Shared Territorial Problems

Sabalito (Costa Rica)

The problems reported by the local authorities of Sabalito and San Vito (main municipality of the canton) are mainly two: one regarding illegal migration of people who travel from Panama to Costa Rica to work, and the other related to the management of solid wastes in both municipalities. About the first problem, the local authorities report "from 9.000 to 11.000 people from Panama to Costa Rica that transit illegally through the borders every three months to work in the coffee plantations." (R. Navarro, personal interview, February 11th, 2017). The problem it generates to the municipality is related to providing services to health, education and housing to the vast number of immigrants that work in Costa Rica. The other problem related to both municipalities is the common management of solid wastes, especially when sharing a common river (*Rio Sereno*) between both cities. To solve this problem, both communities engage in common development policies through a binational commission between both cities to solve common problems mainly about environmental problems.

Rio Sereno (Panama)

Apart from the problems of immigrants going from Panama to Costa Rica, and the management of solid wastes from both municipalities that might affect the common river, the municipality of Rio Sereno also deals with territorial problems related to "the lack of a proper delimitation of the limits between both countries." (Rivera, 2017). The Mayor of El Renacimiento (the province from which Rio Sereno belongs to) has stated that there are problems regarding the limits of the territory of Costa Rica, which means that there might be Costa Ricans living illegally in the territory of Panama – specifically in the area of Rio Sereno and other areas around the border.

This problem with the limits of the border has been over ten years between both countries, but it is a problem has been discussed by both local governments. However, until very recently, the local authorities are requesting assistance to the central governments (specifically the Ministries of Foreign Affairs and the Ministries of Administration of the Land from both countries) to redefine the borderline between the countries. Finally, the city of Rio Sereno does not have people (mainly Costa Ricans) living illegally in the territory of Panama (Rivera, 2017).

iv. Condition 4: Decentralization Level

Sabalito (Costa Rica)

The condition of decentralization regarding San Vito and Sabalito is similar to the rest of cities in Costa Rica, insofar as they depend on financial transfers and the provision of basic services (education, security and health) from the central government. Just as the rest of border cities of Costa Rica, the city of Sabalito (municipality of San Vito) gets the 50% of the tax income from people who leave the country (around US$ 2 million yearly), contributing to financing many of the local development projects from the city. The level of municipal autonomy allows the creation of a binational commission between both countries applied at the local level. The commission applies cross border policies related to environment protection (sanitation of water), the treatment of solid wastes, touristic promotion (creation of local handcraft markets), and the transit facilitation of Costa Ricans and Panamanians across the border.

Rio Sereno (Panama)

The case of decentralization in Panama is analogous to the case of Costa Rica for similar reasons: small territorial extension, small population and population density, and an efficient central government regarding public administration. Therefore, decentralization in Panama is seen as an efficient administration of resources by the local government and local relevant actors, with the assistance of the central government. Just as the case of Guabito, the common binational commission between Rio Sereno and Sabalito is the result of a high level of municipal autonomy from the central government. The binational commission is regarded by the local authorities of Rio Sereno (municipality of El Renacimiento) as the product of joint efforts between local governments and central government institutions to solve problems at the local level. The projects that the commission execute (including technical assistance for the environmental issues) are financed by both municipalities, the central government and private institutions (mainly NGOs) located in the territory.

CHAPTER FOUR

DATA ANALYSIS

A. QCA and Data Analysis

1. Introduction to the Two-Step Approach

With QCA it is possible to perform causal analysis at two levels in situations where the conditions are too many for a specific outcome. In these cases, the conditions can be divided into two groups: remote conditions and proximate conditions (Schneider & Wagemann, 2012). Remote and proximate conditions can be characterized by different dimensions. Remote conditions are the ones stable over time, and they are often far from the outcome to be explained. Therefore, remote conditions do not depend much on human behavior and they are usually seen as exogenous factors. On the other hand, proximate conditions vary over time and they can be more easily changed by actors. Both factors, remote and proximate, can be then seen not only concerning space and time, but also regarding the *closeness* to the outcome (Schneider & Wagemann, 2012, p. 253). The advantages of using a two-step approach model are many. For example, the explanation provided by remote conditions offers a very accurate causal depth, but fails to demonstrate the mechanisms that link distance causes to the outcome. Conversely, explanations given by proximate conditions provide causal mechanisms—usually at the micro level. Therefore, a good causal explanation between conditions and outcome consists of creating a balance between remote and proximate conditions, that is, between causal depth and causal mechanisms (Schneider & Wagemann, 2003, 2012).

In principle, to run a two-step QCA, first it is necessary to construct a truth table only with the remote conditions and the outcome. The truth table should be logically minimized, giving a solution term known as *outcome-enabling condition* (Schneider & Wagemann, 2012, p. 254). Because the proximate conditions are not taken into consideration for the first step of the QCA model, the explanatory model will be left under-specified. Hence, the first-step QCA analysis should have low consistency threshold to leave room for improving the explanatory model once the proximate conditions are included in the second-step QCA.

The second-step implies creating truth tables for each *outcome-enabling* condition (from step-one), and then adding the proximate conditions. At this stage, the local minimization of these tables gives then the sufficient path, or paths, towards the outcome. Here the consistency threshold should

be high instead, leaving no room to make assumptions about logical remainders.[63] The ultimate goal of the two-step QCA is to discover the configuration of proximate conditions (micro level) that are linked with remote conditions (macro level) to get the outcome.

For this research, the two-step technique will be performed. First, each causal condition will be separated in different sub-conditions, and then divided into remote or proximate conditions according to their *closeness* to the outcome.[64] The solution for the problems of logical remainders is also explained. Once the *outcome-enabling* conditions have been identified during the first-step, the proximate conditions will be added in the second-step to determine the relation of necessity and sufficiency between each configuration and the outcome. This procedure will help separate the "background" or macro conditions (remote conditions), and "local" (proximate) conditions to get cross-border cooperation policies.

One of the comparative advantages of the two-step approach is that, by disaggregating each condition in smaller parts, or by separating them into two groups, the total logical remainders will be reduced without losing sensitive information about the cases (Schneider & Wagemann, 2006). The reduction of the remainders comes from restricting any of the combination between the remote and the proximate conditions. The possibility to reduce logical remainders will depend, ultimately, on how the division is made between remote and proximate conditions using the existing theoretical knowledge of the conditions and the cases. Even though the two-step QCA approach depends on how the conditions are treated, it still represents a feasible methodological strategy when facing large numbers of conditions, or when the conditions are composed of several elements, measures or sub-conditions.

2. Structuring the Calibration of the Data

Since QCA has been mostly used with macro-level data, there is no clear procedure on how to calibrate data in a fuzzy set scale when analyzing meso or micro levels—especially when

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[63] Schneider and Wagemann (2012) argue that there are many treatments of logical remainders in a two-step QCA. The authors suggest refraining, for example, of logical minimization during step two because crucial information about the cases (qualitative details) might get lost by doing so. Another way is to prevent the use of logical remainders that are implied in remote conditions as counterfactuals to produce intermediate solutions. For more information, refer to "Set-theoretic Methods for the Social Sciences: A guide to Qualitative Comparative Analysis" (Schneider & Wagemann, 2012, p. 254).

[64] The details and theoretical support for the separation of conditions, as well as justification for using the two-step QCA will be dealt in more details in the following sections of the present chapter.

interviews are the primary source of information (Basurto & Speer, 2012; Berg-schlosser et al., 2008; Marx, 2006; Olsen, 2014). For this, I will use the methodology proposed by Basurto and Speer on how to calibrate qualitative data when the cases belong to the meso or micro level (Basurto & Speer, 2012). This methodology allows researchers to transform qualitative data drawn from interviews or other secondary sources (texts, websites, articles, etc.) into fuzzy sets. So far, the problem with the calibration of qualitative data is that the information provided by the research is analyzed in the truth table. Therefore, a process of transformation from the raw data to the crisp or fuzzy-set must be performed. However, until very recently it was not very clear how this procedure of transformation from raw data to fuzzy-set membership scores worked. Thus, the calibration of the membership scores represented a methodological problem that affected the validity and replicability of the results. Since the conversion from qualitative data into a fuzzy set is an important step when studying cases in the micro-level, the method applied in this research seeks to complement the existing calibration techniques for both qualitative and quantitative data as well. First, Ragin suggests that calibration techniques for quantitative data should not be applied to qualitative data insofar the latter needs to be coded before the fuzzy-set values can be determined (Ragin, 2008a). Second, qualitative data drawn from primary sources (interviews) provide better information regarding contextual details of the cases, casual conditions, and outcome than the quantitative data. Finally, the common techniques to quantify the qualitative data (coding interviewees according to a quantifiable scale) is not encouraged for set calibration. The calibration of qualitative data will depend on theoretical background, and not by the numeric representation of the data done arbitrarily (Basurto & Speer, 2012).

The methodology proposed by Basurto and Speer (2012) consists of seven steps, from the preparation of the data collection to the final values of the fuzzy-set. The first step defines the operationalization of the outcome. The second step introduces the development of the measurement tools (interview guidelines). The third step develops the anchor points. Step four applies a content analysis to the data collected from the interviews. The fifth step summarizes the outputs into codes. Step six determines both the fuzzy-set scales and values and, finally, the seventh step gives a fuzzy-set value for each condition and the outcome for each case whenever it occurs.

a. Step 1: Operationalizing the Outcome

Cross-Border Development Policies are the results of cross-border cooperation when the causal conditions are met. The literature supports the idea of policies as the product of political and economic relations between political actors, either at the macro level (Goodman, 2010; Lowi, 1972a; Rosenow, 2009) as well as at the micro level (Heckmann, 2006; Ruiz-Tagle, 2013).

Although there are at least eleven identifiable regional efforts that have been designed to be applied in a context of economic and political integration in Central America,[65] only a few of them can be accounted as development policies. The ones relevant for the present study are those who have a local impact at the border level. Three different categories or policy types were identified as the outcome of the analysis: environmental regulation policies; security policies, and local development policies. The reasons for the selection of these policies are mainly two. The first reason is that the region has dedicated many resources to the development of risk prevention due to climate change, rural development to fight poverty and inequality at the local level, as well as the assistance to foster local security measures due to the elevated levels of violence at the border zones. The second reason is that these policies have been adopted by most of the countries of Central America, with emphasis on the border areas. In fact, these development policies are seen as a response to the vulnerability status that Central America has to natural disasters, and socioeconomic problems (Bruneau, 2014; Hidalgo et al., 2013; Quesada, 2013, 2015).

The first set of policies, environmental regulation policies, are the result of the cities focusing on the prevention of natural disasters at the local level, and on the safeguard of common geographical protected areas. Homogeneity is relevant here because it pushes the local cities to engage in cross-border cooperation and the creation of cross-border development policies. The second set of policies are the ones related to security and violence prevention at the border level. These policies are not related to natural disasters or exogenous factors; rather, they focus on

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[65] In the last decade, Central America has elaborated a more organized development agenda according to the social and economic needs of the region. The most relevant ones are: Regional Policy for the Integration of Fisheries and Aquaculture in Central America (2005-2015); Central American Agricultural Policy—PAC (2008-2017); Regional Agro-Environmental and Health Strategy—ERAS; Central American Strategy for Rural Development Territorial—ECADERT; Strategic Plan of the Council of Ministers of Women; Strategic Plan for Development Sustainable Tourism; Security Strategy and its Development around the international conference of 2011—ESCA; Regional Climate Change Strategy –ERCC; Central American Policy on Comprehensive Risk Management—PCGIR; Social Strategic Agenda and its subsequent restructuring; Regional Strategy for the Promotion of Entrepreneurship in Central America and the Dominican Republic—SICA-EMPRENDE.

endogenous social and economic factors. Since Central America is one of the most dangerous regions in the world regarding violence (Cajina, 2013), certain cross-border policies are necessary to tackle this problem. Many social, political and economic factors have influenced the development of violence in Central America, making both the central and local governments engage actively in solving this issue (Buono, 2007; Jütersonke, Muggah, & Rodgers, 2009; Thies, 2006). Finally, the third set of policies are the ones related to the high level of poverty, social exclusion and economic inequalities in the border areas. Similar social and economic conditions of the cities at the border level should contribute to the implementation of development policies.

The different policy fields (security and violence prevention, poverty and inequality, and environmental regulation) as the outcome of the causal conditions comply with the homogeneity principle. In other words, the presence of similar conditions at the local level will be necessary to assess the actions of local actors to solve common problems.

For the operationalization and measurement of the outcome it will be necessary to use the steps of the policy cycle—agenda-setting and policy initiation; policy-making and policy design (and the choice of policy instrument); policy implementation and its outputs, and policy evaluation—measured as a *scale of completeness* (Anderson, 2006; DeLeon & DeLeon, 2002; Stone, 2008). For this, I will use the systematization presented by Rihoux (2011) that links QCA with the policy process—from agenda-setting and policy initiation to policy evaluation (Rihoux et al., 2011). Moreover, the literature in QCA shows a predominance in two policy domains, which are the ones identified in the cases for this research: socio-economic policies, and environmental policies (Berg-schlosser et al., 2008; Hill & Hupe, 2002; Rihoux et al., 2011).

A successful outcome requires the existence of cross-development policies. These policies, in turn, lead to a successful framework for cross-border cooperation. A proper coding procedure must, therefore, be implemented where a cross-development policy is found, especially because policies are divided into different phases as stated previously. The cases that successfully create a HIS through cross-development policies will rank the highest in their degree of membership in the set, whereas cases where no cross-border policies were found (not even an initiative of policy) will rank the lowest.

At one end of the continuum of the membership score, the cross-border cooperation successfully results in the creation of cross-border development policies and the HIS (Bari, 2015; Faludi, 2013; Gualini, 2003). At the other end, the relations of border cities are fragmented, with

no intention of engaging into cooperation whatsoever. Hence, following the principles of fuzzy-set analysis, the following scores were established to the outcome:

From 0,90 to 0,99: A Horizontally Integrated Space (HIS) is created through the implementation of cross-border development policies, covering all the steps of the policy cycle. The HIS would then emphasize on four types of cohesion (territorial, political, economic and social) between the border cities. While the creation of a HIS can be understood depending on its nature (cross-border cooperation), the types of agreements at the border level can be temporary, or even different depending on the nature of the policies.

From 0,80 to 0,89: Cross-Border Development Policies exist in the territory, and the stage of the policy process reaches the evaluation phase. At this point, cross-border policies were already implemented in the territory, even if they have not gone through a proper evaluation phase. A case receives this score also if the policies, despite their nature, were promoted by local agents (micro level) even if the design of such policies were originated at the central level.

From 0,70 to 0,79: Cross-Border Development Policies reach the stage of implementation, and some outputs can be drawn from them. This score is reserved for those cases that have designed cross-border development policies and that are in the phase of implementation. Accordingly, this score will also be given to those cases whose policies have both enough financial and human resources for their implementation, regardless of other factors for a *good* implementation (efficiency and efficacy indexes, the quality of the policy outputs and outcomes, etc.)

0,60 – 0,69: This score is given to those cases that are engaging into policy-design and policy-making. The score for these cases will be appointed when policies are not fully formed, but at least there are evident efforts from the local communities to engage in cooperation for the solution of common problems. The same rule applies whether the policies are designed at the micro level or the macro level. The relevant issue is for the policies to be implemented at the local level. Accordingly, the bottom-up approach makes more methodological sense when the policy is created according to the reality lived at the local level. A comparison of local *vis-à-vis* macro levels regarding policy-design and policy-making will be explored more in details in the following chapter.

0,51 – 0,59: This score is given to those cases where the agenda-setting and the policy-initiation phases are present at the local level. These are the earliest stages of the policy process that need to be considered as part of the outcome. This score shows that, in their respect degree of membership,

the outcome is barely above the cross-over point, and therefore cross-border development policies are more "in" than "out" in the whole spectrum of cross-border cooperation. However, this is the lowest and the least influential score concerning the policy cycle regarding cross-border cooperation.

Cases with scores below 0,51 will not be considered part of the outcome, as they do not have cross-border development policies at all. However, cases below the cross-over point show the very early stages of the policy formation (establishing the vision, context analysis, problem analysis, etc.) in which a score membership can still be assigned. The reason why these cases do not belong above the cross-over point is that their development policies are not yet fully formed—much less implemented.

The full operationalization of the outcome is performed by a mathematical minimization of the causal conditions through fsQCA, assessing the fuzzy values according to the level or degree of impact for each condition.[66] The following table differentiates the levels of score membership of the outcome directly related to the policy cycle. In the extreme points of the spectrum we find cases with a perfectly formed HIS (with 0,99), and cases where there are no cross-border development policies, but only a preliminary establishment of the vision of the policies that will eventually be implemented (with a range from 0,00 to 0,10).

Table 15
Membership Scores for the Outcome

Score Membership	Matching Policy Cycle as the Outcome	Explanation
0,90 – 0,99	Horizontally Integrated Spaces (HIS)	HIS are created when cross-border development policies are implemented through cross-border cooperation. At this stage, all the steps of the policy process are executed, from the situation analysis to policy evaluation.
0,80 – 0,89	Policy Evaluation	In this stage, cross-border development policies are already implemented, despite the sector or the type of policies. This includes the levels of policy design—i.e., it does no matter

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[66] In policy analysis, especially in policy implementation, it is possible to give a membership score to the primary causal conditions from sub-factors. Assuming that each sub-factor is equally important for the conditions, in this case, policy implementation, the literature suggest giving each sub-factor a membership score individually and then calculate the mean of the sub-factors as the total membership score for the casual conditions. For more information regarding policy analysis and "super conditions," refer to "Controlling Bureaucracies with Fire Alarms: Policy Instruments and Cross-Country Patterns" (Damonte et al., 2014), and Qualitative Comparative Analysis (QCA) in Public Policy Analysis: An Extensive Review (Rihoux et al., 2011).

Score Membership	Matching Policy Cycle as the Outcome	Explanation
		whether the policies were designed at the macro level, as long as the implementation takes place at the border zone.
0,70 – 0,79	Policy Implementation	This membership score entails those cases which are currently implementing cross-border development policies. At this point, policies have financial and human resources for their implementation, and eventual outputs might be generated over time.
0,60 – 0,69	Policy-design and Policy-Making	This membership score represents cases that are not implementing policies, but instead they are in the phase of policy-design. Even though policies are not fully formed, there are efforts coming from the border communities to cooperate so that policies can be created to solve common problems.
0,51 – 0,59	Agenda-Setting and Policy Initiation	This score is for cases with agenda-setting and policy-initiation in their policy cyle. At this stage, common problems are identified and the local or central authorities seek to start the policy creation. Since these are the beginning stages of the policy formation, the lowest score above the cross-over point was assigned.
0,41 – 0,50	Consultation and Strategy for Change	This membership score is for cases that have started a phase of consultation with other relevant actors to start the policy-initiation stage. Since policies have not been formulated yet, a score just below the cross-over point will be assigned to these cases.
0,31 – 0,40	Constrain Assessment	Cases where other types of constrains (social, political, cultural, etc.) are evaluated fall into this membership category. At this point, a common problem has been identified, and the cities look for your resources to initiate the policy-cycle.
0,21 – 0,30	Financial Assessment	Once a problem has been identified, the following step would be to assess financially the costs of the policies. Cases that are evaluating their resources to create a cross-border development policies fall into this membership score.
0,11 – 0,20	Situation Analysis	This membership scores exemplifies cases that are engaging in situation analysis or problem identification as the earliest stage of a policy cycle.
0,00 – 0,10	Establishing the vision	The lowest membership possible is given to the cases that only have identified the problem to solve, with no clear initiative of a policy design.

Note. Own Elaboration (2016)

b. Step 2: Identifying Measures of the Conditions

The second step is to operationalize the theoretical assumptions of the causal conditions—based on the knowledge of the empirical context (Berg-schlosser et al., 2008; Ragin, 2008a). At this point, the measure instruments can change during the process of the data collection as the research progresses. In this case, since the coding comes mostly from qualitative data, the collected information of the context of the cases will help to operationalize the theoretical assumptions of the conditions. The following table explores the measures for each causal condition.

Table 16
List of Measures for each Causal Condition

Conditions	Measures
Homogenous Political Ideology (HPI)	Existence of cooperation between the local parties generated by joint policies
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.
	Assessment if the political ideology of the local parties from both cities belongs to the same or similar point in the political spectrum (left-center-right).
	Existence of cooperation policies between ideologically different parties.
Diverse Socioeconomic Status (DSS)	Existences of different conditions in terms of income.
	Existences of different conditions in terms of occupation.
	Existences of different conditions in terms of education.
Shared Territorial Problems (STP)	Existence of exogenous problems that affect both border cities
	Existence of an endogenous problem in one city on one side of the border that affects the other
	Acknowledgment from the local government of a shared territorial problem
Elevated Decentralization Level (EDL)	Existence of decentralization laws or plans at the local level
	Availability to make own agreements with other entities without the authorization from the Central Government
	Availability of the cities to create local organizations with their peers.

Note. Own Elaboration (2016)

c. Step 3: Developing Anchor Points [67]

For the empirical part of the research, the data was collected through revision of documents regarding border development, and through semi-structured qualitative interviews. For the interviews guidelines, it was necessary to establish the anchor points (full membership, crossover point, and non-membership) of each fuzzy set. The anchor points should be established based on the researchers' knowledge of the theory and the context of the cases (Ragin, 2003). It is, in fact, difficult to assign a value or anchor points to qualitative data, but this problem is not exclusive to fsQCA insofar as the mechanisms for data collection for quantitative methods (questionnaires) could also be problematic as well. The establishment of anchor points is easier in cases where there is an academic consensus (establishing the poverty line, for example), rather than cases where fsQCA analyses have seldom been performed (i.e., policy formation and policy analysis at the local level).

Although the calibration of the anchor values might change depending on the nature of the research, the development of anchor points is crucial for controlling whether the answer of the respondents is detailed enough for measuring the fuzzy-set values of the cases during the interview. The following table shows the development of the anchor points.

Table 17
Development of Anchor Points

Condition 1: Homogenous Political Ideology	
Measure	**Anchor Points**
Existence of cooperation between the local parties generated by joint policies	**0:** The agreements between political parties do not depend on the type of policy at the border level.
	0,5: The type of policies generates agreements in few areas among the parties at the border level.
	1: The type of policies does generate agreements in many areas among the parties at the border level.
The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	**0:** The political ideology of both central governments is not relevant for cooperation.
	0,5: The political ideology of the central government is the opposite as the one of the neighboring country, making cooperation difficult in some areas.

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[67] A semi-structured questionnaire to collect the qualitative data was elaborated from the development of anchor points. For more information, refer to the Appendix B.

	1: The political ideology of the central government is the same as the one of the neighboring country, facilitating cooperation among countries.
Assessment if the political ideology of the local parties from both cities belongs to the same or similar point in the political spectrum (left-center-right).	**0:** The political ideology of the local government is the opposite as the one of the neighboring country
	0,5: The political ideologies of both parties are similar in some areas, and contrasting in others.
	1: The political ideology of the local government is the same as the one of the neighboring country
Existence of cooperation policies between ideologically different parties.	**0:** The policy sector does not influence at all the political agreements between political parties
	0,5: The policy sector allows only parties with similar ideology to cooperate
	1: The policy sector allows parties with different ideology to cooperate.

Condition 2: Diverse Socioeconomic Status (DSS)	
Measure	**Anchor Points**
Existences of different conditions in terms of income.	**0:** Income in both local cities is the same, therefore there is no need to establish cooperation or for people to commute.
	0,5: Income in both local cities is different, but there is no enough incentives to cooperate or for people to commute to the other city.
	1: Income in both local cities is very different, creating incentives to create cooperation or for people to commute from one city to the other.
Existences of different conditions in terms of occupation.	**0:** Occupation sector in both local cities is the same, therefore there is no need to establish cooperation or for people to commute.
	0,5: Occupation in both local cities is different, but there is no enough incentives to cooperate or for people to commute to the other city.
	1: Occupation in both local cities is very different, creating incentives to create cooperation or for people to commute from one city to the other.
Existences of different conditions in terms of education.	**0:** Education in both local cities is the same, therefore there is no need to establish cooperation or for people to commute.
	0,5: Education in both local cities is different, but there is no enough incentives to cooperate or for people to commute to the other city.
	1: Education in both local cities is very different, creating incentives to create cooperation or for people to commute from one city to the other.

Condition 3: Shared Territorial Problems (STP)	
Existence of exogenous problems that affect both border cities	**0:** The presence of exogenous problems does not affect the local cities at the border zone.
	0,5: The presence of exogenous problems affects more one city than the other.
	1: Both local cities suffer from the same exogenous problem at the same level.
Existence of an endogenous problem in one city on one side of the border that affects the other	**0:** The presence of endogenous problems in one city does not affect the other local cities.
	0,5: The presence of endogenous problems affects partially the other city.
	1: The presence of endogenous problems fully affects the other city.
Acknowledgment from the local government of a shared territorial problem	**0:** There is no acknowledgment from the local governments of a shared territorial problem.
	0,5: There is a partial acknowledgment from the local governments of shared territorial problems.
	1: There is full acknowledgment from the local governments of a shared territorial problem.
Condition 4: Elevated Decentralization Level (EDL)	
Existence of decentralization laws or plans at the local level	**0:** There are no laws whatsoever about decentralization of local governments *vis-à-vis* the central governments.
	0,5: Although there is no decentralization law, at least it is in creation process.
	1: There are decentralization laws of local governments *vis-à-vis* the central governments.
Availability to make own agreements with other entities without the authorization from the Central Government	**0:** There are no agreements between local governments
	0,5: There are some agreements between local governments, at least in one common topic
	1: There are several agreements in several topics between the local governments.
Availability of the cities to create local organizations with their peers.	**0:** There is no availability for the cities to create local organizations with their peers.
	0,5: The local organization at the border level apply policies at least in one sector.
	1: There are local organizations at the border level apply policies in more than one sector.

Note. Own Elaboration (2016).

d. Step 4: Interview Coding

Once that the anchor points have been elaborated for every casual condition, a content analysis is necessary to code some of the outputs. Coding is important at this stage to capture very important elements of the cases' narrative that could create a *pattern* or *connections* when clustered together[68] (Saldana, 2012). For the research, a list of codes was created based on the list of measures of the conditions stated in step 2. Additional coding was added every time the interviewees added a relevant information regarding the original conditions. *In vivo* coding was suggested every time this occurred (Saldana, 2009, 2012).

e. Step 5: Summarizing the Interview Data to Qualitative Classifications

The coding of the interviews in step 4 was helpful to match output codes with the raw qualitative data. Once executed, the next step would be to summarize the most important element of the qualitative data. Basurto and Speer (2012) suggest extracting interview quotations at least in three different ways. The following table shows the data review.

Table 18
Summarizing Qualitative Data for each Case

Logic of Review	Tasks	Output
For each code review data from all cases and all interviewees	Questions: * Is there sufficient reliable information for all cases? * Is there sufficient variation across cases? * Do I need to add this code as a measure to the list?	Final list of measures of conditions and outcome.
For each code review data from all cases sorted by interviewee group	Bias check due to: * Relation with other actors * Social Position * Level of education * Other factors	List of systematic biases in responses of interviewee groups for each code
For each code review data from all interviewees sorted by case	Summarize quotations for each code within each case. If there are contradictions, solve by: * Systematic biases in responses * Consistency of answers	Table with measured values for all cases

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[68] Emphasis added.

	* Common interview problems * Secondary data	

Note. Taken from Basurto & Speer (2012, p. 164)

The first row of the matrix helps to check if there is enough information on the respective measure for all cases. Moreover, once the availability of reliable information is confirmed, then it is suggested to see if there is enough variation across cases for each measure and in which degree. When there is no sufficient data on one specific measure, or the information was not reliable at all, then the measure was dropped. As a result, a final list of measures for the causal conditions is drawn.

The second row is to separate the quotations for each code from the type of interviewee. This is helpful for it establishes filters against biases in the responses of certain types of respondents. For example, locals whose main economic activities are related to commerce at the border zone will not criticize the lack of border control as much as the victims of people trafficking would. Being aware of these details is crucial insofar as the interviews quotations can be summarized with the same code for each case. For example, from the coding named "border problems" I summarized all the quotes from the mayor, civil society representative, technicians, NGOs, etc. to create a voice for each measure. The literature calls it "Qualitative Classification" (Adcock & Collier, 2001). The third row summarizes the information of the interviewees in a single statement that best describes the case. Reducing the data is a necessary step to lessen the complexity of the gathered information. Since qualitative classifications do not reflect in details the interpretations of the concepts among the interviewees, it is suggested to add supportive narrative for the cases as a complement to the QCA analysis. Contradictory information given by the interviewees in the data collection is also possible. To solve this quandary, the literature suggests using the acquire knowledge of the cases, context and data, and then to weight the differences for the measures of interest (Basurto & Speer, 2012, p. 165).

f.   Step 6: Determining the Precision of Fuzzy-Sets and Defining their Values

At this point, it is important to settle the degrees of the fuzzy sets, and to determine their values within the qualitative classification. For this research, the extent of precision of the fuzzy set was based on the level of detail of the gathered data. Thus, four fuzzy-set values were established: fully

out (0); more out than in (0,33); more in than out (0,67); and fully in (1). More precise fuzzy set scales can be used only when more in-depth qualitative research is carried out (Berg-schlosser et al., 2008). Ragin (2003 & 2008) suggests defining the fuzzy-set scores depending on the theoretical knowledge of the cases and their context (Ragin, 2003, 2008a). Ultimately, a correct use of the values of a fuzzy-set scale can be useful for the further theoretical development of the explanatory model (Mahoney & Goerts, 2006).

In the research, the theoretical framework reveals the important elements that constitute every casual condition for cross-border cooperation. For the first condition, Homogenous Political Ideology, one of the essential elements is "homogeneity," that is, the level with relationships of the local governments depends on how similar they are to each other. For the second condition, Diverse Socioeconomic Status, the essential element is the asymmetry of the cities. In other words, cooperation is expected when the cities have different socioeconomic conditions insofar as they have something to exchange or cooperate about. For the third condition, Shared Territorial Problems, the essential element is "acknowledgment," meaning that cooperation will be possible if both local governments realize that there is a common problem that needs to be treated through a policy approach. Finally, for the fourth and last condition, Elevated Levels of Decentralization, the key element is "autonomy." The underlying assumption is that cooperation will be easier if the cities are autonomous in their local decisions.

After the main elements have been pinned down from the theory, the theoretical paradigm of the cases also needs to be addressed. In the fuzzy-set value scale, the value of "1" will be given to an imaginary case among the existing cases. This does not mean, however, that this ideal case will embody, within the qualitative classification, as the best *empirical* case, but rather as the best *possible* case in the context of the research (Basurto & Speer, 2012; Ragin, 2000). For instance, for the measure "the political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation," the value of 1 was calibrated to the context of the national political reality of the countries—where highly ideological political parties at the local level allows cooperation of some sort to happen. Therefore, every time political ideology plays an important role for local cities to engage in cooperation, the corresponded fuzzy-set value will be of 1, even though there will be cases where the role of political ideology would be very low or nonexistent. The same rule applies to determine the minimum value of the fuzzy set, 0. However, if there are cases that can not be represented within the fuzzy-set, the literature suggests going to

the theoretical concepts rather than the context of the case (Basurto & Speer, 2012, p. 166). Looking at the theoretical concepts helps to narrow down some main features of the conditions so a "0" value in the fuzzy set can be appointed when necessary. For instance, when political ideology plays no role whatsoever in cross-border cooperation, then the value of the fuzzy set is 0.

Table 20 shows the definition of the fuzzy set values for every measure of each causal condition. Finally, a possible way to re-calibrate the fuzzy-set values is to relabel the concept either of the causal condition or the outcome.

Table 19
Defining Fuzzy Set Values

Condition	Measures	Fuzzy-set Value Definitions
Homogenous Political Ideology (HPI)	Existence of cooperation between the local parties generated by joint policies	**0:** The policies do not create agreements in any of the political ideologies. **0,33:** The policies generate agreements between the political parties in at least 1 area. **0,67:** The policies generate agreements between the political parties in at least 2 areas. **1:** The policies generate agreements between the political parties in more than 2 areas
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	**0:** Different ideologies between both counties affect negatively cross-border cooperation. **0,33:** Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. **0,67:** Similar ideologies between both countries help the creation of cooperation in at least 1 area. **1:** Similar ideologies between both countries promote the cooperation in more than 1 area.
	Assessment if the political ideology of the local parties from both cities belongs to the same or similar point in the political spectrum (left-center-right).	**0:** The political ideologies in the local governments prevent cooperation between both cities. **0,33:** The political ideology allows cooperation between both cities, but in only 1 sector

Condition	Measures	Fuzzy-set Value Definitions
		0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. **1:** The political ideology allows cooperation between both cities in more than 2 sectors.
	Existence of cooperation policies between ideologically different parties.	**0:** The type of policies does not have any effect on the political relations of the local parties **0,33:** The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology **0,67:** The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology **1:** The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.
Diverse Socioeconomic Status (DSS)	Existences of different conditions in terms of income.	**0:** The level of income is the same in both local cities. There are no incentives to commute **0,33:** The level of income is different, but not enough for the people to commute **0,67:** The level of income is different enough for the people to commute. **1:** The level of income is very different. There are many incentives to commute.
	Existences of different conditions in terms of occupation.	**0:** Occupation levels are similar. There is no need of labor force to commute from one city to the other. **0,33:** Occupation levels are similar, and there is little incentive of commuting from a border city to the other. **0,67:** Occupation levels are different, and there are many incentive for people to commute from a border city to the other.

Condition	Measures	Fuzzy-set Value Definitions
		1: One city attracts a lot of labor force from the other city. The economic development is very different.
	Existences of different conditions in terms of education.	**0:** The educational offer and thus, the education levels, are similar. There are no incentives to commute. **0,33:** The educational offer and education levels are different, but not enough for the people to commute. **0,67:** The educational offer and education levels are different enough for the people to commute. **1:** The educational offer and education levels are very different. There are many incentives to commute.
Shared Territorial Problems (STP)	Existence of exogenous problems that affect both border cities	**0:** There are no exogenous common problems at the border level. **0,33:** There is at least 1 exogenous common problems at the border level. **0,67:** There is at least 2 exogenous problems at the border level **1:** There are more than 2 exogenous problems at the border level
	Existence of an endogenous problem in one side of the border that affects the other side.	**0:** The existence of an endogenous problem does not affect the other city at all. **0,33:** The existence of endogenous problems in one city affects the other city in 1 sector. **0,67:** The existence of endogenous problems in one city affects the other city in at least 2 sectors **1:** The existence of endogenous problems in one city affects the other city in more than 2 sectors.
	Acknowledgment from the local government of a shared territorial problem.	**0:** There are no joint meetings between border cities to address the shared territorial problem

Condition	Measures	Fuzzy-set Value Definitions
		0,33: There is at least 1 meeting per year between border cities to address the shared territorial problem **0,67:** There is at least 2 meetings per year between border cities to address the shared territorial problem **1:** There are more than 2 meetings per year between border cities to address the shared territorial problems.
Elevated Decentralization Level (EDL)	Existence of decentralization laws or plans at the local level	**0:** There are no national laws or plans that promote decentralization. **0,33:** There are national laws or decentralization plans, but they are not being implemented. **0,67:** There are laws or decentralization plans, but they are partially implemented. **1:** There are laws or decentralization plan that are being fully implemented by the local governments.
	Availability to make own agreements with other entities without the authorization from the Central Government	**0:** The high centralization level prevents the border governments to make agreements with each other. **0,33:** The centralization level allows the border governments to make agreements, but only in one specific areas **0,67:** The centralization level allows the border governments to make agreements in at least two areas. **1:** The centralization level does not prevent the border governments to make agreements in many areas with each other at all.
	Availability of the cities to create local organizations with their peers.	**0:** There are no local organizations created at the border level. **0,33:** There are local organizations that group border cities and apply at least 1 development policy. **0,66:** There are local organizations that group border cities and apply at least 2 development policies

Condition	Measures	Fuzzy-set Value Definitions
		1: There are local organizations that group border cities and apply more than 2 development policies.

Note. Own Elaboration (2016)

g. Step 7: Assigning and Revising Fuzzy-Set Values

After the definition of the fuzzy-set, the qualitative classification (step 5) need to be matched with the fuzzy-set values (step 6). Revising and adjusting the fuzzy-set values for the cases contribute to strengthening the dialogue between the theoretical support of the cases, with the empirical evidence found *in situ*. Moreover, when performing comparisons of measures across all cases, one can assess if the values of the fuzzy set between the cases fitting the theoretical framework show differences, and if the data collected through the interviews are calibrated correctly in the fuzzy-set score. If inconsistencies are found, one should go back to the qualitative classifications (step 5) and review the interview data for either biased or incomplete information that could be affecting the results. Once done, then adjustments must be performed in determining the values of the fuzzy scale (step 6) to see if the new values reflect both the theoretical concept and if they are properly calibrated to the empirical reality of the cases.

This step of re-calibration is important because it raises awareness of aspects that perhaps were neglected or overlooked while defining the fuzzy-set values. However, this does not mean that the calibration and re-calibration processes could not alter the data to demonstrate a path of causality between the conditions and the outcome. In fact, the processes of calibration and re-calibration are useful to check whether the data is coherent with the theory, that the fuzzy-set values are well summarized depending on the data collected from the cases, and that both the outcome and conditions are properly measured. However, the main problem one can encounter in the calibration process is when the fuzzy-set scores in all cases are below 0,5. This happens when there are no empirical instances of the proposed configuration of conditions. Therefore, many rows in the truth table remain empty (Legewie, 2013; Ragin & Sonnett, 2004; Schneider & Wagemann, 2015). The problem of logical remainders can be explained due to a poorly calibrated data set, or problems in the specifications of the explanatory model. In either case, these methodological problems remain open to revision in the scholarship of configurational methods (Ragin, 2000).

3. Calibrating the Fuzzy-Set Values for all the Cases

In the tables below the match between the qualitative classification and the fuzzy set values for all cases is shown. An explanation of the assigned fuzzy-set value is also offered in the last column.

Table 20

Fuzzy-set Values for Condition 1

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 1: Omoa- Puerto Barrios	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0,33:** There is a local policy that jointly treats the contamination of a river, creating agreement in that area. There are agreements in other areas (such as tourism), but they are not formalized as policies.
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0,67:** Both central and local governments belong to the right-wing in the political spectrum, promoting cooperation mainly in the areas of environment and commerce.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0,33:** The political ideology of both cities allows cooperation, but only in the environmental sector.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology	**0,67:** The type of policy applied in the environmental sector creates cooperation between both political parties.

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	
Case 2: Esquipulas - Santa Fe	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0,67:** The agreements generated include two areas: tourism and environmental protection programs.
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**1:** Both the central governments of Honduras and Guatemala belong to the right wing in the political spectrum, promoting cooperation in several areas, including commerce, security and environment.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0,67:** Both parties at the local level belong to the center-right ideology, and cooperate in the sector of tourism and environment.

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**0,33:** The types of policies implemented at the border level (mainly environmental) make the cooperation easier between both parties.
Case 3: Ocotepeque - Citala	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0,67:** The agreements generated between the local political parties include two areas: tourism and environmental protection programs.
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0,33:** The difference of political ideologies of the central governments (El Salvador belongs to the left wing, whereas Honduras belong to the right wing), is not determinant for cooperation at the local
	The political ideology of the local parties (either in a left-center-right political	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector	**0,67:** Both parties belong to the center-right ideology, and the cooperation is mainly in

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CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	spectrum) allows for cross-border cooperation.		0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	the sectors of tourism and environment.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**0,33:** The types of policies implemented by both parties (mainly environmental) make the cooperation easier between both local parties. .
Case 4: Amatillo - Goascoran	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0,67:** The development policies applied in the zone have generated agreements in 2 areas: environment (due to the contamination of the river) and tourism (due to the tripoint project).
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**1:** Both central governments belong to the right political wing, promoting cooperation mainly in the areas of security, commerce and environment at the border level.

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0,67:** Both parties belong to the center-right ideology, and cooperate in the sector of tourism and environment.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**0,67:** The types of policies implemented at the border zone has created cooperation in environmental protection.
Case 5: El Paraiso - Dipilto	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0:** There are incipient efforts of collaboration between local governments. However, there are no agreements between the local governments despite the similarities in political ideology.
	The political ideology of the central government party (left-center-right) is the	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation.	**0:** The ideologies between both central governments are different (Nicaragua belongs to the left, and Honduras to

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	same as the political ideology of the neighboring country.		0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	the right), having a negative impact for cross-border cooperation.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0:** Although the political ideology of the local government is similar (both belong to the left of the political spectrum), there are no cooperation agreements between the border cities.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**0:** Since there are no policies between the local governments, no cooperation in neither development area is established.
Case 6: Somotillo – El Triunfo	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas.	**0,33:** A common policy (in phase of early implementation) created agreements between local governments in the sector of security, more specifically, violence prevention.

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: The policies generate agreements between the political parties in more than 2 areas	
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0,33:** Although both central governments belong to different ideologies, there is a common policy that is trying to be implemented at the local level.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0,33:** Since both local governments share the same ideology (center-left), it facilitates the implementation of the common development policy.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**0,33:** The common security policy makes cooperation easier in violence prevention and fight against organized crime.
Case 7: Cardenas – La Cruz	Existence of cooperation between the local parties	Policies create agreements	0: The policies do not create agreements in any of the political ideologies.	**0,33:** The limited commuting policy (*permiso vicinal*) generates an agreement

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	generated by joint policies.	between political parties	0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	between both governments regarding circulation of people.
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0:** Both central governments have different political ideology, creating difficulties in the creation of border cooperation.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0:** There is no cooperation policies between the local parties despite similarities in the political ideology.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology	**0:** There is no cooperation between political parties in none of the development sectors of border zone.

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	
Case 8: Los Chiles – San Carlos	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0,33:** There is a commuting policy that allows people to transit for a limited time across borders. It creates political agreements regarding circulation of people in parties of contrasting ideology.
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0:** The central governments of both countries have different political ideology (Nicaragua belongs to the Left, and Costa Rica to the Right), making cooperation difficult in some areas at the border level.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	**0,33:** The great number of workers from Nicaragua to Costa Rica has made the local government with similar ideology to cooperate in flexibility of movement, but only form local people.
	Existence of cooperation policies	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties	**0,33:** The commuting policy has made easier the cooperation between local

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	between ideologically different parties.		0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	governments, but with limited range of action.
Case 9: Sixaola - Guabito	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**1:** The existing development policies generate agreements in at least three areas: security, tourism, and environmental protection
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0,67:** Both central governments belong to the same political ideology, promoting cooperation in areas such as security and tourism.
	The political ideology of the local parties (either in a left-center-right political spectrum) allows for cross-border cooperation.	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities. 0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors.	**1:** The ideology of the local governments, although different, allows cooperation at the local level. The contrast in ideology allows diversity in the sectors of cooperation.

CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: The political ideology allows cooperation between both cities in more than 2 sectors.	
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**1:** The existing policies create cooperation in many areas (mainly tourism and commerce) between the local cities, despite the difference of ideologies.
Case 10: Sabalito – Rio Sereno	Existence of cooperation between the local parties generated by joint policies.	Policies create agreements between political parties	0: The policies do not create agreements in any of the political ideologies. 0,33: The policies generate agreements between the political parties in at least 1 area. 0,67: The policies generate agreements between the political parties in at least 2 areas. 1: The policies generate agreements between the political parties in more than 2 areas	**0,67:** The existing policies at the border zone generate agreements in two mean areas: environmental protection and transit of people.
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.	Agreements at the Central level	0: Different ideologies between both counties affect negatively cross-border cooperation. 0,33: Divergence or similarities in ideologies between both countries are not determinant cooperation at the border level. 0,67: Similar ideologies between both countries help the creation of cooperation in at least 1 area. 1: Similar ideologies between both countries promote the cooperation in more than 1 area.	**0,67:** Both central governments share the same political ideology and promote cooperation in more than 1 area, specifically commercial, security and tourism.
	The political ideology of the local parties (either in a left-center-	Local politics allows cooperation	0: The political ideologies in the local governments prevent cooperation between both cities.	**0,67:** The political ideology allows cooperation at least in

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CAUSAL CONDITION 1: HOMOGENOUS POLITICAL IDEOLOGY				
Cases	Measures	Qualitative Classification	Fuzzy-Set Value Definition	Assigned Fuzzy-Set Value
	right political spectrum) allows for cross-border cooperation.		0,33: The political ideology allows cooperation between both cities, but in only 1 sector 0,67: The political ideology allows cooperation between both cities, in at least 2 sectors. 1: The political ideology allows cooperation between both cities in more than 2 sectors.	2 sectors: environment and migration.
	Existence of cooperation policies between ideologically different parties.	Local policies allow cooperation	0: The type of policies does not have any effect on the political relations of the local parties 0,33: The type of policies creates cooperation in at least 1 area with parties sharing the same political ideology 0,67: The type of policies creates cooperation in at least 1 areas with the parties sharing different political ideology 1: The type of policies creates cooperation in more than 1 area with parties sharing different political ideology.	**1:** The existing policies fosters cooperation in at least 2 areas despite the ideological differences of the parties.

Note. Own Elaboration (2017)

Table 21

Fuzzy-set Values for Condition 2

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 1: Omoa- Puerto Barrios	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**0,67:** The level of income is greater in Puerto Barrios than in Omoa, making people commute to work from one place to the other.
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,33:** Most part of the commuting is for economic reasons. The education offer is not as different as to make people study in the neighboring country.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**0,67:** Puerto Barrios has many more incentives (having a port to the Caribbean) for people to Omoa to commute and work there.

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CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 2: Esquipulas - Santa Fe	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**1:** There is an important difference in income between Esquipulas and Santa Fe. Esquipulas is one of the richest municipalities in Guatemala, whereas Santa Fe is one of the poorest in Honduras.
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** The education offer in Santa Fe is very limited (especially in the secondary and tertiary education level), creating incentives to commute to from Santa Fe to Esquipulas.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**1:** Since most of the economic activities in Santa Fe is related to agriculture, many people commute to Esquipulas to work, whose economic development is concentrated in the service/touristic sector.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 3: Ocotepeque - Citala	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**0,67:** The differences of income create incentives to commute from Ocotepeque to Citala, especially due to a developing touristic sector in the city of Citala and other towns close to the border
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** The difference in education coverage of the cities make people from the city of Ocotepeque to commute to Citala.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**0,33:** The occupation levels in both cities are very similar—mostly focused on the primary sector. There are no big incentives to commute from one city to the other due to the similarities of both sectors.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 4: Amatillo - Goascoran	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**0,67:** Being Pasaquina more developed economically than Goascoran, people from Goascoran commute to Pasaquina to work**.**
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** The education coverage of Pasaquina is higher than the education coverage from Goascoran. People from Goascoran commute to due to the education quality in Pasaquina.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**0,67:** The economic drivers of each city are different enough for people from Goascoran to commute to Pasaquina. The second and tertiary economic sectors are more developed than in Pasaquina than in Goascoran

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 5: El Paraiso - Dipilto	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**0,67:** The level of income of Dipilto is inferior to the one of El Paraiso, making Nicaraguans commute to Honduras for better wages.
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** Education and health services in Nicaragua are better perceived by both municipalities. People of Honduras commute to Nicaragua.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**0,33:** Both economic activities are very similar in both territories (coffee production). People from Nicaragua commute to Honduras because of the paying conditions.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 6: Somotillo – El Triunfo	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**0,33:** The wages in both local cities are similar, therefore there is no incentive for people to commute and work in the main economic activities of both cities.
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,33:** The education offer and education levels in both countries are similar. It does not create incentives to commute.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**0,67:** The occupation level is different in both cities. People travel from El Triunfo to Somotillo to sell their products in the local market.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 7: Cardenas – La Cruz	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**1:** The level of income and wages is clearly different between both countries. People from Nicaragua commute to Costa Rica to work.
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** The level of education is different between both cities. Nicaraguans commute to Costa Rica for education and health services.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**1:** The job offer is different in both cities. People from Nicaragua covers the offer of jobs in Costa Rica, specially the agricultural area.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 8: Los Chiles – San Carlos	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**1:** The wages between cities are different enough for people from Nicaragua to commute to Costa Rica to work.
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** The education offer is different between cities. Nicaraguans go to Costa Rica due to the quality standards of the education and health systems in Costa Rica.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**1:** Job offers in Costa Rica are higher than in Nicaragua. Nicaraguans commute to Costa Rica to work.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 9: Sixaola - Guabito	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**0,67:** Although the wages of Costa Rica and Panama are similar, economic incentives are enough for people from Panama to commute to Costa Rica to work
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,33:** Education levels between Costa Rica and Panama show some mild differences, but not big enough for people from either country to commute.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**0,67:** Occupation levels are different from both countries. People from Panama commute to work to Costa Rica.

CAUSAL CONDITION 2: DIVERSE SOCIOECONOMIC STATUS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 10: Sabalito – Rio Sereno	Existences of different conditions in terms of income.	Competitive wages	0: The level of income is the same in both local cities. There are no incentives to commute 0,33: The level of income is different, but not enough for the people to commute 0,67: The level of income is different enough for the people to commute. 1: The level of income is very different. There are many incentives to commute.	**1:** The local income is very different between Panama and Costa Rica. People from Panama commute to work to Costa Rica
	Existences of different conditions in terms of education.	Education access and cost	0: The educational offer and the education levels are similar. There are no incentives to commute. 0,33: The educational offer and the education levels are different, but not enough for the people to commute. 0,67: The educational offer and the education levels are different enough for people to commute. 1: The educational offer and the education levels are very different. There are many incentives to commute.	**0,67:** Educational offer and levels are better in Costa Rica. People from Panama commute to Costa Rica.
	Existences of different conditions in terms of occupation.	Job offers in both cities	0: Occupation levels are similar. There is no need of the labor force to commute from one city to the other. 0,33: Occupation levels are similar, and there is little incentive of commuting from a border city to the other. 0,67: Occupation levels are different, and there are many incentive for people to commute from a border city to the other. 1: One city attracts a lot of labor force from the other city. The economic development is very different.	**1:** Due to the job offer and wages in Costa Rica, people from Panama have incentives to commute and work in Costa Rica.

Note. Own Elaboration (2017)

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Table 22

Fuzzy-set Values for Condition 3

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 1: Omoa-Puerto Barrios	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0,67:** The problem of the contamination of the river, and the problem of migration from Guatemala to Honduras are exogenous problems at the border level.
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,33:** The main endogenous problem from one city to the other is illegal trafficking of drugs,
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**0,67:** Due to the problem of the contamination of the river, both local authorities meet at least twice a year to determine actions to solve the problem
Case 2:	Existence of exogenous problems	Common crises in the borders	0: There are no exogenous common problems at the border level.	**0,67:** The main exogenous problems that affect both

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Esquipulas - Santa Fe	that affect both border cities		0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	Esquipulas and Santa Fe are illegal trafficking and lack of social investment from the central government.
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,67:** The misuse of the natural resources, due to lack of technical assistance, and an elevated poverty index (mainly in Santa Fe), have affected two main development sectors: the economic and the environmental sectors
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**0,67:** Since both cities belong to the tripoint area, the authorities from the local governments meet at least twice a year.
Case 3: Ocotepeque - Citala	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level.	**0,67:** The main exogenous problems that affect both Ocotepeque and Citala are drug trafficking (that goes to Mexico and the US), and lack of social investment from the central government.

			CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS	
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: There are more than 2 exogenous problems at the border level.	
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**1:** The high poverty index in Ocotepeque, and the highly bureaucratic procedures at the costumes in Citala have affected the cities in two important sectors: the economic and the environmental sectors due to the misuse of natural resources.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**1:** Both Citala and Ocotepeque belong to the tripoint area. More than 2 meetings per year are scheduled between both local communities.
Case 4: Amatillo - Goascoran	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0,33:** Both cities have reported problems of contamination in the common river, which affects the economy and health of the people who live around the river basin.

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,33:** Pollution of solid wastes from the city of Amatillo creates environmental problems in the city of Goascoran.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**0,67:** Due to the problem of the contamination of the river, and many other joint projects of the Fonseca Gulf tripoint, there are at least two meetings between the local authorities of the cities.
Case 5: El Paraiso - Dipilto	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0:33:** During the raining season, and due to the geographic characteristics of the zone, floods provoke damage in the agriculture development of both cities.
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors	**0:33:** There are people from Honduras that go to Nicaragua to have access to health care services. This creates a financial burden in

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	the health system of Nicaragua.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**0:** Although both cities share territorial problems, there are no meetings between local governments.
Case 6: Somotillo – El Triunfo	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0,67:** The main exogenous problems that affect both cities are the illegal trafficking of people who cross the border from Nicaragua to Honduras, and the illegal traffic of merchandise from Honduras to Nicaragua.
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,67:** Prostitution, as well as drug trafficking and drug use in both cities are the main endogenous problems between both cities.
	Acknowledgement from the local	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems	**0:** There are no meetings between local governments to deal with local problems.

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
	government of a shared territorial problem.		0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	
Case 7: Cardenas – La Cruz	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0,33:** The main exogenous problems that affects both cities are natural disasters, mainly floods provoked by hurricanes during the winter season.
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,33:** The main endogenous problems are related to illegal migration of workers from Nicaragua to Costa Rica, affecting mainly the labor market of the border city of Costa Rica.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems	**0:** There are no meetings between local governments to address issues at the border.

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	
Case 8: Los Chiles – San Carlos	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0,67:** The biggest exogenous problem is the presence of migrants (from the Caribbean, South America and Africa) that try to pass through Central America to the United States.
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,67:** The endogenous problems related to the borders are the illegal migration from Nicaragua to Costa Rica, which affect the local labor market, and the high rate of insecurity regarding organized crime.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**0:** There are no meetings between local governments to work on the common issues at the border level

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 9: Sixaola - Guabito	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level. 1: There are more than 2 exogenous problems at the border level.	**0,33:** One common problem reported by the local governments of both countries is realted to floods of the river in the raining seasons. It affects negatively the people who live by the river basin
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,33:** The main endogenous problem are many workers from Panama to Costa Rica, affecting the local labor market.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**1:** Since there is a binational commission between both local governments, there are meetings that happen at least four times per year (once every three months).
Case 10: Sabalito – Rio Sereno	Existence of exogenous problems that affect both border cities	Common crises in the borders	0: There are no exogenous common problems at the border level. 0,33: There is at least 1 exogenous common problems at the border level. 0,67: There is at least 2 exogenous problems at the border level.	**0,33:** The main exogenous problem is related to solid wastes that contaminates the river at the border zone .

CAUSAL CONDITION 3: SHARED TERRITORIAL PROBLEMS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
			1: There are more than 2 exogenous problems at the border level.	
	Existence of an endogenous problem in one side of the border that affects the other side.	Border as a container/catalyzer of problems	0: The existence of an endogenous problem does not affect the other city at all. 0,33: The existence of endogenous problems in one city affects the other city in 1 sector. 0,67: The existence of endogenous problems in one city affects the other city in at least 2 sectors 1: The existence of endogenous problems in one city affects the other city in more than 2 sectors	**0,67:** The common problems reported by the local authorities are migration of workers from Panama to Costa Rica, affecting the local labor market, and people who requested asylum and seek to go the United States illegally.
	Acknowledgement from the local government of a shared territorial problem.	Political engagement	0: There are no joint meetings between border cities to address the shared territorial problems 0,33: There is at least 1 meeting per year between border cities to address the shared territorial problems 0,67: There is at least 2 meetings per year between border cities to address the shared territorial problems 1: There are more than 2 meetings per year between border cities to address the shared territorial problems.	**1:** Both local governments meet at least three times per year.

Note. Own Elaboration (2017)

Table 23

Fuzzy-set Values for Condition 4

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 1: Omoa- Puerto Barrios	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0,67:** There is room for the implementation of local projects. There are decentralization plans in the community.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,33:** Agreements are possible, but they are limited in specific sectors.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**0,33:** Both communities belong to a commonwealth that implements policies or programs about tourism and local development.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 2: Esquipulas - Santa Fe	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0,67:** There are decentralization laws in both countries. Furthermore, there is financial assistance from the central governments to support the tripoint project
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,67:** Despite the level of centralization, there is still room for agreements at the local level between the border cities.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**1:** The geographical proximity between the three countries (Guatemala, Honduras and El Salvador) has fostered the creation of a local commonwealth known as the *Mancomunidad Nacional Fronteriza Rio Lempa,* which executes many development policies in several areas.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 3: Ocotepeque - Citala	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0,67:** There are decentralization laws in both countries. Furthermore, Ocotepeque has fully decentralized its education sector, and there is financial assistance from the central governments to support micro projects at the tripoint.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,67:** Despite that there is a highly centralization level in El Salvador and Honduras, it allows local governments to create agreements in certain areas, such as tourism and environmental protection.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**1:** The geographical proximity between the three borders have created the local commonwealth known as the *Mancomunidad Nacional Fronteriza Rio Lempa,* which executes many development policies in Ocotepeque and Citala belong to.

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CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 4: Amatillo - Goascoran	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0,67:** Decentralization plans do exist due to the joint programs of the Fonseca Gulf, but there is still a high dependence of the cities to the central government.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,33:** The centralization level for both countries allow them to cooperate in specific areas, such as environmental protection and tourism.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**1:** The existence of a common gulf (Fonseca Gulf) has contributed to the formation of a commonwealth between Honduras and El Salvador for the protection of the Gulf and the promotion of joint economic activities for the people who live around it.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 5: El Paraiso - Dipilto	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0:** The cities are highly centralized both in the making and implementation of local projects.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,33:** The agreements at the local are very limited. The restrictions are elevated from the central government.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**0:** There are no local organizations that work with the local governments in the implementation of local development projects.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 6: Somotillo – El Triunfo	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0:** The existence of laws of decentralization are not implemented at the local level.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,33:** The highly centralized level in Nicaragua allows local governments to make agreements in few areas, mainly environmental protection.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**0:** There are no cross-border organizations created at the local level.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 7: Cardenas – La Cruz	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0:** There are no decentralization projects implemented from the side of Nicaragua.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,33:** There are few agreements between local government regarding circulation of people who live around the border.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**0:** The level of centralization prevents the creation of local organizations around the border.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 8: Los Chiles – San Carlos	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**0:** Centralization from the central government of Nicaragua prevents the execution of plans at the local level.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,33:** Cooperation is limited between both local governments, except for areas such as the circulation of people who live in around the border.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**0:** The level of centralization in Nicaragua prevents the creation of organizations at the local level.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 9: Sixaola - Guabito	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**1:** There are decentralization laws in both countries, and they implemented at the local level.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,67:** Centralization from the central government is low, allowing local governments to engage into agreements to solve local problems.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**1:** Decentralization allows the creation of joint organization. In this case the organization is the Binational Commission for the Sixaola River Basin.

CAUSAL CONDITION 4: ELEVATED DECENTRALIZATION LEVELS				
Cases	**Measures**	**Qualitative Classification**	**Fuzzy-Set Value Definition**	**Assigned Fuzzy-Set Value**
Case 10: Sabalito – Rio Sereno	Existence of decentralization laws or plans at the local level	Municipal autonomy	0: There are no national laws or plans that promote decentralization. 0,33: There are national laws or decentralization plans, but they are not being implemented. 0,67: There are laws or decentralization plans, but they are partially implemented. 1: There are laws or decentralization plan that are fully implemented by the local governments.	**1:** The decentralization laws in both countries are implemented at the local level.
	Availability to make own agreements with other entities without the authorization from the Central Government	Local government vs. central government	0: The centralization level prevents the border governments to make agreements with each other. 0,33: The centralization level allows the border governments to make agreements, but only in specific areas 0,67: The centralization level allows the border governments to make agreements in a couple of areas. 1: The centralization level does not prevent the border governments to make agreements in many areas with each other at all	**0,67:** The decentralization level allows the creation of joint agreement between local governments.
	Availability of the cities to create local organizations with their peers.	Local organizations	0: There are no local organizations created at the border level. 0,33: There are local organizations that help the local governments in the implementation of at least 1 development policy. 0,67: There are local organizations that help the local governments in the implementation of at least 2 development policies. 1: There are local organizations that help the local governments in the implementation of more than 2 development policies.	**1:** Centralization allows the creation of local organizations. In the case of Rio Sereno and Sabalito they have created a binational commission in charge of solving common local problems.

Note. Own Elaboration (2017)

Table 24

Calibration of Sub-conditions for Condition 1 - Homogenous Political Ideology (HPI)

CASES	CONDITION 1: Homogenous Political Ideology (HPI)			
	Policy and Agreements	**Macro Politics**	**Micro Politics**	**Policy and Ideology**
Case 1	0,33	0,67	0,33	0,67
Case 2	0,67	1	0,67	0,33
Case 3	0,67	0,33	0,67	0,33
Case 4	0,67	1	0,67	0,67
Case 5	0	0	0	0
Case 6	0,33	0,33	0,33	0,33
Case 7	0,33	0	0	0
Case 8	0,33	0	0,33	0,33
Case 9	1	0,67	1	1
Case 10	0,67	0,67	0,67	1

Note. Own Elaboration (2017)

Table 25

Calibration of Sub-conditions for Condition 2 - Diverse Socioeconomic Status (DSS)

CASES	CONDITION 2: Diverse Socioeconomic Status (DSS)		
	Income	**Education**	**Occupation**
Case 1	0,67	0,33	0,67
Case 2	1	0,67	1
Case 3	0,67	0,67	0,33
Case 4	0,67	0,67	0,67
Case 5	0,67	0,67	0,33
Case 6	0,33	0,33	0,67
Case 7	1	0,67	1
Case 8	1	0,67	1
Case 9	0,67	0,33	0,67
Case 10	1	0,67	1

Note. Own Elaboration (2017)

Table 26

Calibration of Sub-conditions for Condition 3 - Shared Territorial Problem (STP)

CASES	CONDITION 3: Shared Territorial Problems (STP)		
	Exogenous Problems	**Endogenous Problems**	**Acknowledgment and Engagement**
Case 1	0,67	0,33	0,67
Case 2	0,67	0,67	0,67
Case 3	0,67	1	1
Case 4	0,33	0,33	0,67
Case 5	0,33	0,33	0
Case 6	0,67	0,67	0
Case 7	0,33	0,33	0
Case 8	0,67	0,67	0
Case 9	0,33	0,33	1
Case 10	0,33	0,67	1

Note. Own Elaboration (2017)

Table 27

Calibration of Sub-conditions for Condition 4 - Elevated Decentralization Level (EDL)

CASES	CONDITION 4: Elevated Decentralization Level (EDL)		
	Decentralization Law	**Relations of the micro and macro level**	**Local Organizations**
Case 1	0,67	0,33	0,33
Case 2	0,67	0,67	1
Case 3	0,67	0,67	1
Case 4	0,67	0,33	1
Case 5	0	0,33	0
Case 6	0	0,33	0
Case 7	0	0,33	0
Case 8	0	0,33	0
Case 9	1	0,67	1
Case 10	1	0,67	1

Note. *Own Elaboration (2017)*

CHAPTER FIVE
RESULTS AND DISCUSSION

A. The Two-step QCA

1. Dealing with Logical Remainders and Limited Diversity

When analyzing social phenomena most of the empirical observations tend to group in clusters with certain characteristics, and are narrow in their variations. This is a common problem in Comparative Methods known as *limited diversity* (Ragin, 1987, p. 106). Limited diversity is seen in the empty rows of the truth table in QCA, meaning that there are possible logical configurations for the causal conditions but with no empirical cases contained in the dataset. Probably the most important issue when dealing with QCA analyses—especially in models with many causal conditions—is the presence of such empty rows, known as *logical remainders*. As a response, Wagemann and Schneider created a two-step approach[69] that would reduce the number of logical remainders by dividing the QCA analysis in two separate moments (Schneider & Wagemann, 2003; 2006; 2012).

In fact, the separation of the analysis into a two-step QCA (dividing the causal conditions into *proximate* and *remote*) makes the problem of limited diversity easier to solve. Since conditions will be treated separately, the following sections are dedicated to determining the possible number of logical remainders (z) according to the number of conditions for each step of the analysis. Because $z_{max}=2^k-1$, where *k* is the number of causal conditions, then the total number of logical remainders will increase *exponentially* as the number of causal conditions increase.[70] Given that there are four causal conditions for the existence of cross-border cooperation policies (or *super-conditions,* considering that each condition has three or even four sub-conditions) there are three possible ways to deal with the logical remainders. The first option studies with the possibility of choosing an aggregation rule—i.e., either the maximum, the minimum or the average—to calculate the final membership score of the conditions. The second option focuses on the separation of conditions into proximate and remote, and the third option analyzes the possibility of collapsing conditions and performing a two-step QCA procedure. The third option was chosen because it is a combination of the first two. In other words, the third option includes the reduction of conditions

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[69] The two-step QCA was originally inspired by the political scientist Herbert Kitschelt and his idea about *deep* and *shallow* explanations for the fall of communism. For more information, refer to Kitschelt, 1999; 2003.

[70] By general practice, the way to calculate the total number of possible combinations of causal conditions for the outcome is 2^k. Since at least one of the total possible combinations should be empirically observed, the highest number of logical remainders is set to 2^k-1.

by distinguishing between remote and proximate conditions, on the one hand, and the calculation of the membership score by using the minimum aggregation rule due to the nature ("AND") of the conjunction of the conditions on the other hand. The effect and the theoretical possibilities of each option is discussed in the following section.

a. Option 1: Choosing the Minimum or Maximum Score for each Condition

The literature in QCA suggests calculating a case's membership score by taking the *minimum, the average or the maximum value*[71] of the case's membership across the combination (conjunctions) of sets (Ragin, 2000, pp. 321–28; Goertz, 2006, pp. 135-42). The general rule of the criteria of selection is usually to take the maximum value in the "OR" (+) conjunction, and the minimum in the "AND" (*) conjunction of sets when the elements are present in the configuration.

Regarding the minimum aggregation rule, just as in crisp sets, fuzzy sets use the principle of the "weakest link in the chain" when dealing with the "AND" logical operator (Schneider & Wagemann, 2012, p. 44). However, the minimum aggregation rule is considered by some as counterintuitive, as it goes again the practice of data aggregation in social sciences, where the average is taken instead of the minimum (Goertz, 2006). The logic of using the average instead of the minimum is that average scores give high values as a counterbalance to the lower ones. However, the problem with using the average is that it could create stress in (or even go against) the theoretical background of the research. Moreover, taking the minimum aggregation rule may lead to overlooking valuable information (qualitative richness) of the cases. For example, Table 28 shows the calibration for every condition from the empirical data collection. Although the values of each indicator are part of the analysis because they are a constitutive concept for every condition, by choosing the minimum aggregation rule (colors in red) they would not inform the actual case value for the membership score of each condition.

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[71] For more information about the criteria regarding the measures of the membership (aggregation by the average, maximum or minimum), please refer to Ragin (2000:321-28); Goertz (2006:135-42) and Schneider & Wagemann, (2012:44-45)

Table 28

Chosen Values using the Minimum Aggregation Rule

CASES	Homogeneous Political Ideology				Diverse Socioeconomic Status			Shared Territorial Problems			Elevated Decentralization Level		
	P&A[i]	MaP[ii]	MiP[iii]	P&I[iv]	In[v]	Edu[vi]	Occ[vii]	ExP[viii]	EnP[ix]	A&E[x]	DL[xi]	Rel[xii]	LO[xiii]
Case 1	0,33	0,67	0,33	0,67	0,67	0,33	0,67	0,67	0,33	0,67	0,67	0,33	0,33
Case 2	0,67	1	0,67	0,33	1	0,67	1	0,67	0,67	0,67	0,67	0,67	1
Case 3	0,67	0,33	0,67	0,33	0,67	0,67	0,33	0,67	1	1	0,67	0,67	1
Case 4	0,67	1	0,67	0,67	0,67	0,67	0,67	0,33	0,33	0,67	0,67	0,33	1
Case 5	0	0	0	0	0,67	0,67	0,33	0,33	0,33	0	0	0,33	0
Case 6	0,33	0,33	0,33	0,33	0,33	0,33	0,67	0,67	0,67	0	0	0,33	0
Case 7	0,33	0	0	0	1	0,67	1	0,33	0,33	0	0	0,33	0
Case 8	0,33	0	0,33	0,33	1	0,67	1	0,67	0,67	0	0	0,33	0
Case 9	1	0,67	1	1	0,67	0,33	0,67	0,33	0,33	1	1	0,67	1
Case 10	0,67	0,67	0,67	1	1	0,67	1	0,33	0,67	1	1	0,67	1

Note. Own Elaboration based on the empirical data (see Chapter 4)

The minimum aggregation principle is often used to find a consistent relationship in the membership scores of the causal conditions. The logic behind is the following: the lower the membership score of a condition, the higher the membership score of that condition in the "Y" axis. Using the minimum aggregation rule, the membership scores before the QCA analysis will look like the following table:

Table 29
Calibration of Causal Conditions by the Minimum Aggregation Rule

CASES	CAUSAL CONDITIONS				OUTCOME
	HPI	DSS	STP	EDL	(Y)
Case 1	0,33	0,33	0,33	0,33	
Case 2	0,33	0,67	0,67	0,67	
Case 3	0,33	0,33	0,67	0,67	
Case 4	0,67	0,67	0,33	0,33	
Case 5	0	0,33	0	0	
Case 6	0,33	0,33	0	0	
Case 7	0	0,67	0	0	
Case 8	0	0,67	0	0	
Case 9	0,67	0,33	0,33	0,67	
Case 10	0,67	0,67	0,33	0,67	

Note. Own Elaboration based on the empirical data (see Chapter 4)

At first glimpse, the results in Table 29 might be considered *too weak* to create cross-border cooperation policies had we use the minimum aggregation rule. In fact, using aggregation rules in theoretical models could lead to some important qualitative differences from a set-theoretical perspective. Let's take case 2, the *Trifinio* case, as an example. Using the average (0,6675) for the first condition, cases like this will be classified as "more in than out" in the homogeneous political ideologies between the local political parties. By the minimum aggregation rule (0,33), instead, they are classified as "more out than in," contradicting the empirical findings of such case. This would make cross-border cooperation—at least theoretically—harder to achieve. Accordingly, choosing the maximum score—instead of the minimum—leads to similar results: loss of valuable data that render some cases unique in the analysis, and a distortion of the theoretical assumptions of the cases *vis-à-vis* the empirical findings. Table 30 shows the values not chosen in the indicators for every case had the maximum value for each condition been taken.

Table 30

Chosen Values using the Maximum Aggregation Rule

CASES	Homogeneous Political Ideology				Diverse Socioeconomic Status			Shared Territorial Problems			Elevated Decentralization Level		
	P&A	MaP	MiP	P&I	In	Edu	Occ	ExP	EnP	A&E	DL	Rel	LO
Case 1	0,33	0,67	0,33	0,67	0,67	0,33	0,67	0,67	0,33	0,67	0,67	0,33	0,33
Case 2	0,67	1	0,67	0,33	1	0,67	1	0,67	0,67	0,67	0,67	0,67	1
Case 3	0,67	0,33	0,67	0,33	0,67	0,67	0,33	0,67	1	1	0,67	0,67	1
Case 4	0,67	1	0,67	0,67	0,67	0,67	0,67	0,33	0,33	0,67	0,67	0,33	1
Case 5	0	0	0	0	0,67	0,67	0,33	0,33	0,33	0	0	0,33	0
Case 6	0,33	0,33	0,33	0,33	0,33	0,33	0,67	0,67	0,67	0	0	0,33	0
Case 7	0,33	0	0	0	1	0,67	1	0,33	0,33	0	0	0,33	0
Case 8	0,33	0	0,33	0,33	1	0,67	1	0,67	0,67	0	0	0,33	0
Case 9	1	0,67	1	1	0,67	0,33	0,67	0,33	0,33	1	1	0,67	1
Case 10	0,67	0,67	0,67	1	1	0,67	1	0,33	0,67	1	1	0,67	1

Note. Own Elaboration based on the empirical data (see Chapter 4)

With the maximum aggregation rule, the membership scores before the QCA analysis will look like the following table:

Table 31
Calibration of Causal Conditions by the Maximum Aggregation Rule

CASES	CAUSAL CONDITIONS				OUTCOME
	HPI	DSS	STP	EDL	(Y)
Case 1	0,67	0,67	0,67	0,67	
Case 2	1	1	0,67	1	
Case 3	0,67	0,67	1	1	
Case 4	1	0,67	0,67	1	
Case 5	0	0,67	0,33	0,33	
Case 6	0,33	0,67	0,67	0,33	
Case 7	0,33	1	0,33	0,33	
Case 8	0,33	1	0,67	0,33	
Case 9	1	0,67	1	1	
Case 10	1	1	1	1	

Note. Own Elaboration based on the empirical data (see Chapter 4)

As stated before, taking the maximum values of each condition as shown in Table 31, assuming therefore that the logical conjunction is "OR" (+) instead of "AND" (*), creates an empirical distortion in the data set that also contradicts the theoretical expectations of the model. This can be asserted, for example, by analyzing cases 6 and 8. The scores of some conditions (such as DSS and STP) are relatively high, and yet empirically no cross-border development policies were found in those cases.

Finally, the different aggregation principles can lead to important qualitative differences in the membership scores. Either the minimum, maximum, or average aggregation principle will only make sense depending on the definition of the concept to be measured (Schneider & Wagemann, 2012, p. 45).

b. Option 2: Separating Sub-conditions into Proximate and Remote Conditions

The key feature of running a two-step QCA, giving a large number of causal conditions or sub-conditions, is to separate them into remote and proximate conditions. First, it is necessary to go back to the equation for determining logical remainders $z_{max}=2^k-1$; second, we have to split k into two (where $k=k_1+k_2$), making the total of logical remainders (z_{max}) consistently lower.[72]

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[72] The numbers assigned for k_1 and k_2 are theoretically driven. Ideally, both k_1 and k_2 should be as equal as possible, meaning that k_1 and k_2 should be k/2.

However, before determining the maximum number of logical remainders, it is important first to separate the conditions into proximate and remote within the original *super-conditions*.[73] The way to separate them is to determine their *remoteness* or *proximity* respectively to the outcome. Remote conditions, as stated before, are stable over time, they are causally far from the outcome, and they cannot be manipulated by the actors. Conversely, proximate conditions change over time, they are space-sensitive, they can be manipulated by actors and, finally, they are very close to the outcome (Mannewitz, 2011; Schneider & Wagemann, 2012).

It is not easy to determine whether a condition is remote or proximate, without examining first its impact on the outcome (causal importance), or its contextual characteristics. Thus, it is possible that one causal condition could be considered as a remote condition in one research, and as a proximate condition in another. Therefore, grouping remote and proximate conditions may depend on the nature of the research, and on the theoretical-informed decisions made by the researcher. Ultimately, the difference between both groups will rely on how far or close the conditions are to the outcome.

The first step in the two-step approach is to analyze only the remote conditions. As a result, *outcome-enabling conditions* will be identified, determining the background context for the outcome to appear. To be included in the reduction process, the causal configuration should capture at least one case and the consistency value in the first step should be set rather low.[74] At this stage, it is not a problem for the consistency value to be low because the first-step only seeks to reduce the complexity of the model and display specific contexts (outcome-enabling conditions), and not the outcome. In the second-step, however, consistency will be higher because it will specify the explanatory path for the outcome.

The second-step entails performing many QCAs to find a combination (or many) of proximate conditions that lead to the outcome given the contextual factors found in the first-step. Therefore,

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[73] The original causal conditions for cross-border cooperation are four: HPI, DSS, STP and EDL. However, each casual condition has sub-conditions that need to be separated for the two-step QCA analysis. Hence, HPI has four sub-conditions, and the rest (DSS, STP, and EDL) have three each. For more information about the super-conditions and sub-conditions, please refer to Tables 25-28.

[74] In standard crisp-set QCA (csQCA) or multi-variate QCA (mvQCA), the consistency of sufficient conditions determines the number of cases that display a certain condition and the outcome in relation to all the cases where such condition is present. The consistency value goes from 0 (where cases that do not display the sufficient condition neither display the outcome) to 1 (where all the cases that show the sufficient condition also show the outcome). It is a usual practice to set the consistency threshold in the first step QCA at 0,7. The relevant element for the consistency value of the sufficient condition X in the fsQCA is the sum of the X-values to be higher than the Y-values ($\Sigma X > \Sigma Y$) (Mannewitz, 2011; Schneider & Wagemann, 2007).

the number of second-step analyses should be conducted depending on the numbers of remote conditions. These analyses, however, should not be performed for all cases, but only for those who exhibit the outcome-enabling condition. In the second step QCA, it is suggested to use a consistency threshold of 0,8 or 0,9 to achieve highly consistent solutions (Grofman & Schneider, 2009). In this final part, excluding underlying assumptions on logical remainders could lead to a conservative approach in handling limited diversity, resulting in a highly complex but very consistent solution.

Distinction Criteria: Causal Depth and Causal Adequacy

Giving that the distinction between remote and proximate conditions is, among other things, determined by their *closeness* to the observed outcome, some important criteria need to be explained. Mannewitz (2011, p. 8) suggests answering key questions to decide whether a condition is proximate or remote to the expected outcome. The questions are:

1. Are the conditions stable over time and are they temporally distant from the outcome?
2. Are the conditions spatially distant from the outcome?
3. Can the variables be manipulated by the involved actors?

The dimensions presented by Mannewitz, (temporal, causal and spatial distance between conditions and outcome, also suggested by Wagemann and Schneider) can be, however, seem confusing because the *remoteness* and *proximity* features are mixed in the questions. What if, for example, the actors could manipulate conditions in the past but not in the present? Or what if there are conditions that cannot be manipulated by the actors (like geography) but are close to the outcome in space and time?

Leaving open questions like these, or not having a clear-cut in the distinction between proximate and remote conditions, can indeed represent a problem. First, the classification influences the number of logical remainders and the quality of the causal explanation of the outcome; and second, the classification of conditions may lead to different *middle-range theories.*[75] In other words, conditions such as similar political ideology between local parties, for

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[75] Middle-range theories denote the relations between causal conditions and outcome that are embedded in space and time (Merton, 1957; Esser, 2002). The scope conditions need to be part of the hypothesis, and therefore they are not just variables that are controlled for like in most quantitative analyses. Moreover, middle-range theories are considered building rocks for the development of more general theories applicable in other disciplines. This is because the scope of middle-range theories is not limited in certain areas of studies (political science or sociology), but can also refer to policy studies or even political economy, among other disciplines within social sciences (Hall & Soskice, 2001).

example, can be the cause of cross-border development policies in some cases, whereas in other cases it could be just the context in which the policies are created. For this, the following section will determine how to separate the sub-conditions into proximate and remote according to their closeness to the outcome, and their depth in the causal explanation.

Causal Depth

Herbert Kitschelt (1999; 2003) uses the terms *depth* and *shallowness* to distinguish the remote and proximate conditions according to their *temporal* distance to the outcome. Accordingly, *deep* explanations are considered temporally stable, whereas *shallow* explanations change continuously over time. Indeed, the difference between deep and shallow goes beyond temporal stability, and rather focuses the *causal depth* for the expected outcome. In the two-step framework, certain outcomes are the effect of deep factors that interact with proximate ones. The result is a balance between shallow and deep explanatory factors. The two-step QCA, accordingly, explains better the *chain of causation*, organized around variables that have different levels of causal depth (Kitschelt, 1999; Mannewitz, 2011). Whether a condition is considered deep or shallow depends on whether the causal mechanism (remote condition) is needed to explain the outcome.

Causal Adequacy

The distinction of conditions between remote and proximate can also be made according to their origin in the *explanandum* or the actions of the agents involved. In this case, causal adequacy is important to determine if the outcome is a result of the context (external) or actions (internal). Causal adequacy offers a path of explanation that differentiates between internal and external factors for a specific result. Unlike the criterion of causal depth, the internal and external factors in the criterion of causal adequacy are seen as rather rivaling (Mannewitz, 2011). This procedure seems to be useful to explain important singular events. In fact, both Mannewitz (2011) and Kitschelt (1999) argue that events (outcomes) can be explained by structural (deep) and causal mechanisms (shallow) that tell how actors engage with those conditions: "Timing, sequence, and vagaries of social interaction shape the processes and events no casually deep theory can capture." (Kitschelt, 1999, p. 22). In other words, even the distinction between deep and shallow conditions seems to be limited because it does not tackle the *uniqueness* of some events. Causal adequacy (or

internality and *externality*) answers questions such as: "Who initiated what" and "Who answered to this situation in what choice?" (Mannewitz, 2011, p. 10).

So far, there are many distinctive criteria to determine the proximity or remoteness of conditions in the two-step approach—i.e., causal depth and causal adequacy. These two elements frequently represent the main criteria used in two-level theories (Frietzsche, 2010; Kitschelt, 1999; 2993; Linz & Stepan, 1996; Lipset & Rokkan, 1967; Mannewitz, 2010; Steglich, 2010).

Notwithstanding the type of criteria used to separate the conditions into proximate and remote, they all pay attention to three key factors that help the researcher make a justified distinction. These factors are stability over time (both causal depth and adequacy), the capacity to directly affect the outcome (causal depth), and the capacity of being affected by actors (causal adequacy). Considering these three elements, Table 33 analyzes each causal condition *vis-à-vis* each distinction criteria to separate them afterward into remote and proximate conditions.

Table 32
Distinction Criteria Test on the Causal Conditions

Casual Conditions	Sub conditions	Distinction Criteria*		
		Stability over time	Close to the Outcome	Manipulated by Agents
Homogeneous Political Ideology (HPI)	Existence of cooperation between the local parties generated by joint policies.	NO	YES	YES
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country	YES	NO	NO
	Assessment if the political ideology of the local parties from both cities belongs to the same or similar point in the political spectrum (left-center-right)	NO	YES	YES
	Existence of cooperation policies between ideologically different parties.	NO	YES	YES

Casual Conditions	Sub conditions	Distinction Criteria*		
		Stability over time	Close to the Outcome	Manipulated by Agents
Diverse Socioeconomic Status (DSS)	Existence of different conditions in terms of income	YES	NO	NO
	Existence of different conditions in terms of occupation	YES	NO	NO
	Existence of different conditions in terms of education	YES	NO	NO
Shared Territorial Problems (STP)	Existence of exogenous problems that affect both border cities.	YES	NO	NO
	Existence of an endogenous problem in one side of the border that affects the other side	NO	YES	YES
	Acknowledgment from the local government of a shared territorial problem	NO	YES	YES
Elevated Decentralization Level (EDL)	Existence of decentralization laws or plans at the local level	YES	NO	NO
	Availability to make own agreements with other entities without the authorization from the Central Government	NO	YES	YES
	Availability of the cities to create local organizations with their peers.	NO	YES	YES

Note: For the conditions to be considered as 'remote' it is necessary for them to be stable over time [answer 1=(Y)ES]; causally far from the outcome [answer 2=(N)O], not be manipulated by agents [answer 3=(N)O)]. Conversely, 'proximate' conditions are not stable over time (A_1=N); they are close to the outcome (A_2=Y), and they can be manipulated by agents (A_3=Y). Own elaboration (2017).

As stated before, the main distinction criteria between remote and proximate will depend on temporal, spatial and causal features. Please notice the logical consistency of the causal depth and adequacy when creating the distinctions between conditions. Consider the following:

    a. If a condition is stable over time (A_1=Y) it means that it cannot be subject of manipulation by the agents because the agents cannot change the nature of the condition (if A_1=Y, then A_3=N);

b. If a condition is stable over time ($A_1=Y$), it also means that it is located spatially far from the outcome because time-stable conditions are usually considered the background for the *conjunctural causation* of the outcome[76] (if $A_1=Y$, then $A_2=N$), and

c. If a condition is close to the outcome in the causal chain ($A_2=Y$) it means that it can be manipulated by the agents insofar their actions will contribute to the creation of the outcome once the background conditions are in place (if $A_2=Y$, then $A_3=Y$).

The classification of the conditions, answering the question of temporal, spatial and causal features in the most rigorous way, is also consistent with the empirical data.[77] Since the research about cross-border development policies is theory-driven, it is therefore important to test all the conditions with the distinction criteria for proximity and remoteness. Thus, once the distinction criteria have been applied for every (sub)causal condition, it is then necessary to distinguish which of them is remote, and which of them is proximate. The following table divides the total number of super-conditions (4) into the sub-conditions (13 in total), and allocates them to the group of proximate and remote conditions.

Table 33
Proximate and Remote Conditions

Casual Conditions	Sub conditions	Remote Conditions*	Proximate Conditions**
Homogeneous Political Ideology (HPI)	Existence of cooperation between the local parties generated by joint policies.		X
	The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country	X	
	Assessment if the political ideology of the local parties from both cities belongs to the same or similar point in the political spectrum (left-center-right)		X
	Existence of cooperation policies between ideologically different parties.		X

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[76] Conjunctural causation is when a causal condition (usually remote condition) exerts its effect only in combination with other causal condition (proximate condition) achieving *equifinality*—the possibility to have the same outcome from combining different causal conditions (Schneider & Wagemann, 2003).

[77] For detailed information about the empirical cases, please refer to chapter 3 and chapter 4.

Casual Conditions	Sub conditions	Remote Conditions*	Proximate Conditions**
Diverse Socioeconomic Status (DSS)	Existence of different conditions in terms of income	X	
	Existence of different conditions in terms of occupation	X	
	Existence of different conditions in terms of education	X	
Shared Territorial Problems (STP)	Existence of exogenous problems that affect both border cities.	X	
	Existence of an endogenous problem in one side of the border that affects the other side		X
	Acknowledgment from the local government of a shared territorial problem		X
Elevated Decentralization Level (EDL)	Existence of decentralization laws or plans at the local level	X	
	Availability to make own agreements with other entities without the authorization from the Central Government		X
	Availability of the cities to create local organizations with their peers.		X

Note. Own elaboration (2017)

* Total of Remote Conditions = 6

** Total of Proximate Conditions = 7

Up to this point, the total number of conditions for the two-step QCA will be thirteen (13), separated in six (6) remote conditions and seven (7) proximate conditions. If a one-step QCA is performed, then the maximum number of logical remainders would be (2^{13}-1=8.191). Conversely, if two analytical steps containing 6 and 7 variables each are performed, then the calculation of the number for logical remainders goes as follow:

$$(2^{k/2-0.5}) + (2^{k/2+0.5}) - 2;$$
$$(2^{(13/2)-0.5}) + (2^{(13/2)+0.5}) - 2 = (2^6) + (2^7) - 2 = 64+128-2= 190.$$

However, even if we separate the total conditions in a two-step QCA, and even if 190 logical remainders are way less than 8.191 (representing only 2,31%), there would still be a lot of logical remainders (and counterfactuals) to deal with. Even if reducing 13 conditions into two groups (6 remote conditions and 7 proximate conditions) is better than to run a QCA model with 13 causal conditions, the total of logical remainders in a standard two-step QCA is still big.

Splitting the causal conditions into two groups does not reduce the number of logical remainders enough to deal properly with the counterfactuals of the model. Collapsing or merging conditions, and then performing a two-step QCA seems to be the best solution to reduce the logical remainders of the model as much as possible.

c. Option 3: Collapsing Conditions and Running a Two-step QCA

Collapsing or merging conditions is a useful way to create less complex analytical models in QCA (Damonte, Dunlop, & Radaelli, 2014; Ragin & Rihoux, 2004). Before merging the sub-conditions of the theoretical model, a review of each condition was necessary to assess the causal connection of each sub-condition within each group. For example, the condition DSS has three elements: income, occupation and education. Since DSS is a constructed index with a high level of correlation between its components (In, Edu, and Occ), the three sub-conditions were merged as a Compound Socioeconomic Index (CSI). A similar procedure was done for the sub-conditions of "Agreements in Policies"—which includes the combination of 'P&A' and 'P&I'; "Local Polity and endogenous problems"—which includes the combination of 'EnP' and 'A&E', and "Agreements with Local Organizations"—which includes the combination of 'Rel' and 'LO'). For these collapsed conditions, given that the theoretical background of the model requires each of the components for the causal condition—using the logical conjunction 'AND' (*)—the minimum value was taken according to the Minimum Aggregation Rule.

Separating the existing sub-conditions into remote and proximate conditions, and collapsing them into compound conditions according to their theoretical and causal connection within each group, make the number of logical remainders manageable for the analytical model. The following table shows the reduction of conditions from 13 to a total of 8, respecting their original distribution as seen in Table 34.

Table 34

Proximate and Remote after Collapsing Super-conditions

Casual Conditions	Collapsed Conditions	Remote Conditions*	Proximate Conditions**
Homogeneous Political Ideology (HPI)	Homogeneous Macro Politics (MaP)	X	
	Homogeneous Micro Politics (MiP)		X
	Agreement in Policies (P&A*P&I)		X
Diverse Socioeconomic Status (DSS)	Compound Socioeconomic Index (In*Edu*Occ)	X	
Shared Territorial Problems (STP)	Exogenous Territorial Problems (ExP)	X	
	Local Polity and endogenous problems (EnP*A&E)		X
Elevated Decentralization Level (EDL)	Agreements with Local Organizations (Rel*LO)		X
	Decentralization Laws or Plans (DL)	X	

Note. Own elaboration (2017)

* Total of Remote Conditions = 4

** Total of Proximate Conditions = 4

Having now 8 casual conditions (not uncommon in social sciences), we can find the total of logical remainders (z_{max}). The calculation goes as follow:

$$2^{k/2} – 1 + 2^{k/2} – 1 = 2 * 2^{k/2} – 2; \ 2^4 – 1 + 2^4 – 1 = 30.$$

Even in the worst case, re-organizing the eight causal conditions in a non-symmetric way (divided into 2 and 6, for example), the maximum number of Z_{max} becomes: $2^2 – 1 + 2^6 – 1 = 66$. The following figure shows how the two-step QCA affects the number of logical remainders.
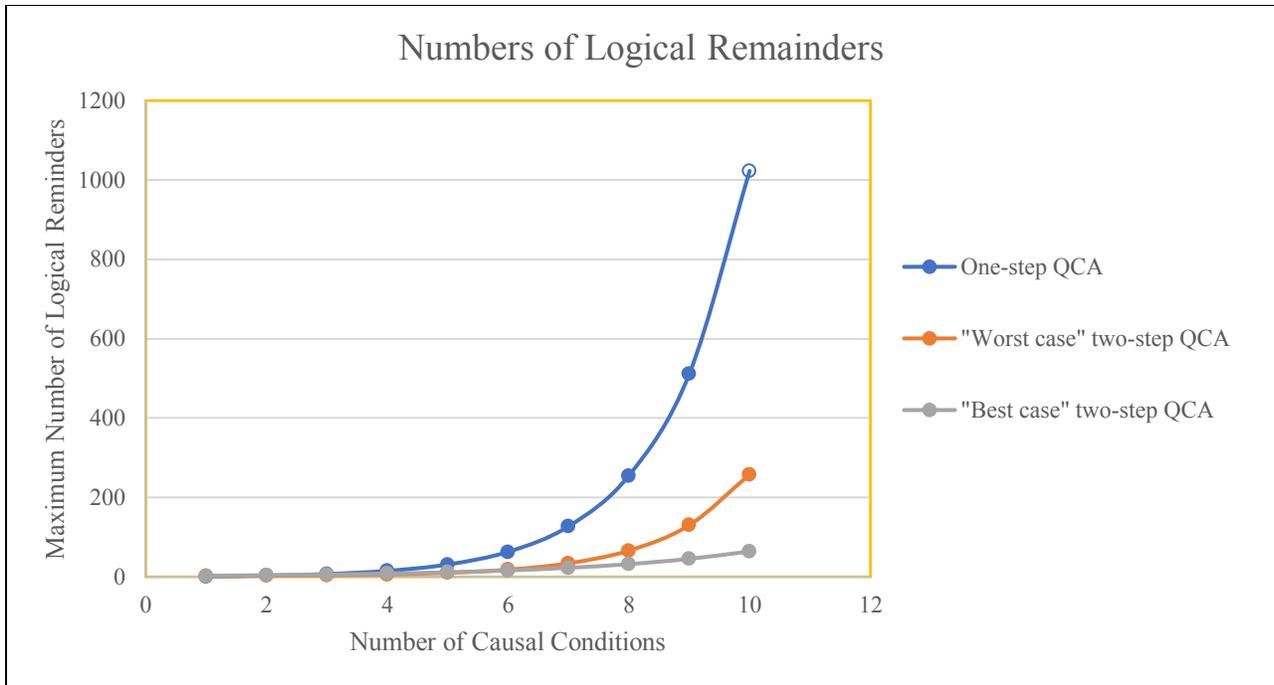
Figure 11. *Number of Logical Remainders in the One-step and the Two-step QCA. Source: Own elaboration (2017)*

The upper blue line shows the maximum number of logical remainders in a one-step QCA. The equation of this function is $Z_{max}= 2^k-1$. The middle orange line represents the maximum of logical remainders in a two-step QCA if and only if one category (either remote or proximate) contains two conditions, and the other contains the rest. This is also known as the "worst case," where $2^2 - 1 + 2^{k-2} - 1 = 2 + 2^{k-2}$. Finally, the lowest gray line represents the maximum number of logical remainders also in a two-step approach, where the conditions are equally distributed among categories. Here, the "best scenario" is $2^{k/2} - 1 + 2^{k/2} - 1 = 2*2^{k/2} - 2$ in the case of even number of conditions, and $2^{k/2-0,5} - 1 + 2^{k/2+0,5} - 1 = 2^{k/2-0,5} + 2^{k/2+0,5} - 2$ in the case of odd number of conditions. Figure 11 shows how the two-step QCA, after reducing the total number of conditions from 13 to 8, helps to find a solution for the problems of limited diversity: it reduces the number of logical remainders and increases the chance of making solid inferences from the empirical findings.

B. Application of the Two-step fs/QCA in Cross-Border Development Policies (CBDP)

1. The Outcome and the Proximate and Remote Conditions

The existence of Cross-Border Development Policies (CBDP) at the local level is considered as the outcome of the QCA analysis.[78] The stages of the policy-cyle for the CBDP were measured using the data collected during the empirical phase of the research—data collected in 20 border cities paired in 10 dyads (cases) across six countries. Based on the empirical data, the following table presents the membership scores in the fuzzy set for CBDP.

Table 35
Membership in Fuzzy-set "Cross-Border Development Policies"

Case Number	Name of the Cities	Name of the Countries	Fuzzy Membership in CBDP
Case 2	Esquipulas – Santa Fe	Honduras - Guatemala	0,9
Case 10	Sabalito – Rio Sereno	Costa Rica - Panama	0,9
Case 9	Sixaola – Guabito	Costa Rica - Panama	0,8
Case 4	Amatillo – Goascoran	Honduras – El Salvador	0,7
Case 1	Omoa – Puerto Barrios	Honduras - Guatemala	0,6
Case 3	Ocotepeque – Citala	Honduras – El Salvador	0,6
Case 6	Somotillo – El Triunfo	Nicaragua - Honduras	0,3
Case 5	El Paraiso – Dipilto	Nicaragua - Honduras	0,2
Case 7	Cardenas – La Cruz	Nicaragua – Costa Rica	0,1
Case 8	Los Chiles – San Carlos	Nicaragua – Costa Rica	0,1

Note. Own elaboration (2017)

Table 35 shows 6 out of 10 cases that are more in than out of the set of cross-border development policies. Among the cases with high membership (>0,7), we find cases (2, 4, 9 and 10) with similar political ideology among both local and central level, and with similar territorial issues. Cases above the cross-over point and below the cases with the highest membership score (cases 1 and 3) are the ones with common territorial problems and politically and socially homogeneous. Cases below the cross-over point (cases 5, 6, 7, and 8) are the ones with different political ideology both at the local and central level, and with social and economic heterogeneity.[79]

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[78] For more information about the outcome, refer to Chapter 4, pp. 182-186
[79] For more detailed information on the structure of the data and additional descriptive findings, refer to Chapter 4, pp. 199-239.

Analyzing the model from the outcome to the conditions, the remote conditions used are the ones reported in table 35: Homogeneous Macro-Politics (MaP), Compound Socioeconomic Index (CSI), Exogenous Territorial Problems (ExP) and Decentralization Laws (DL). These four conditions summarize the socioeconomic, territorial and macro political characteristics of the cities in relation to their respective countries. The proximate factors for the CBDP, on the other hand, are the Homogeneous Micro-Politics (MiP), Agreement in Local Policies (AP), the cooperation of the local governments in joint territorial problems (CTP), and the freedom of the local governments to cooperate with other local entities independently from the central government (ReLO).

2. Revising Working Hypothesis and the Explanatory Model

It is expected for local actors to cooperate (and therefore create cross-border development policies) if both the social and political context meet with the local reality of the border cities. Thus, the following analysis is guided by the general expectation that CBDP are implemented if the type of configurational relations between local agents fits the structural context in which they are embedded. Theoretically, one way of framing the existence of CBDP is to look at the degree to which both—local *polity* and structural context—facilitate cooperation between border cities. For this, a revision of the theoretical expectations and the explanatory model is needed. The following truth table shows the theoretical expectation of the causal model with the original causal conditions.

Table 36
Theoretical Expectations for Cross-Border Development Policies

Homogeneous Political Ideology	Diverse Socioeconomic Status	Shared Territorial Problems	Elevated Decentralization Level	Outcome (Theoretical Expectations)
1	1	1	1	1
1	1	1	0	1
1	1	0	1	1
1	1	0	0	0
1	0	1	1	1
1	0	1	0	0
1	0	0	1	1
1	0	0	0	1
0	1	1	1	1
0	1	1	0	-
0	1	0	1	0
0	1	0	0	0

Homogeneous Political Ideology	Diverse Socioeconomic Status	Shared Territorial Problems	Elevated Decentralization Level	Outcome (Theoretical Expectations)
0	0	1	1	0
0	0	1	0	0
0	0	0	1	0
0	0	0	0	0

Note. Own elaboration (2017)

The initial working hypothesis consists of the four main conditions: HPI, DSS, STP, and EDL. The combined presence of such conditions is expected for the outcome to occur. For each causal condition, the theory suggests the following working hypotheses: i) *Homogeneous Political Ideology* of the central and local governments will contribute for the cities to engage in stronger arrangements and, therefore, into cross-border cooperation (Cavazza et al., 2010; Goyal & Staal, 2004; Kessel, 2015; Zhu & Mitra, 2009); ii) The socioeconomic status is the level of interaction of income, education, and occupation. Cross-border cooperation is likely to occur when heterogeneity (difference) in the *Socioeconomic Status* is present between the cities (Barham et al., 1995; Card, 1999; North, 1994; Oakes, 2008a; Porter, 2003; Rao & Holt, 2005; Spencer & Castano, 2007); iii) For the local cities to engage in cooperation and create common cross-border development policies, it is necessary for them to share *similar territorial problems* (Brockett, 1998; Cherrett, 2001; Cossio et al., 2012b; Hiatt & Woodworth, 2006; Mitsch & Hernandez, 2013), and iv) Decentralization accounts for the degree of autonomy of a local government or region compared to the central government. The theoretical assumption is that the more decentralized the cities, the easier it will be to implement cross-border development policies (Bardhan, 2002; Cajina, 2013; Falleti, 2005a; Finot, 2005; UNDP, 1999).

Within the integration literature, the problem of causation between remote factors and cross-border development policies is frequently encountered. For example, it is expected that political homogeneity between central governments create the right conditions for them to cooperate, either in the central or the local level and, thus, engage in the formulation of cooperation policies (Goyal & Staal, 2004; Kessel, 2015). Other scholars focus on the socioeconomic levels, or even in the similarities of the territory when dealing with local cooperation (Brockett, 1998; Cherrett, 2001; Hiatt & Woodworth, 2006).

In fact, I would argue that the existence of cross-border policies (outcome) depends on the macro social and political context in which they are implemented. Therefore, whether CBDP is

fostered by proximate factors, such as similar political ideology of the local parties, or agreements of the policy sector at the local level, or engagements of the local polity regarding common territorial problems, or creation of local organizations, will depend mainly on the presence (or absence) of external (remote) characteristics—such as homogeneous political ideology at the central level, level of socioeconomic development of the population, the geographical characteristics of the territory, and the existence of decentralization laws.

The theoretical expectations about the sufficient paths towards CBDP—when combining the macro context with local factors—can be summarized in the following figure.

THEORETICAL EXPECTATIONS		CONTEXT CREATES:		
		Political Engagement	NEUTRAL	Not Political Engagement
LOCAL FACTORS ARE:	Policy-Driven	I Sufficient Combination (Presence of CBDP)		II NOT Sufficient Combination (Absence of CBDP)
	NEUTRAL			
	Not Policy-Driven	III NOT Sufficient Combination (Absence of CBDP)		IV NOT Sufficient Combination (Absence of CBDP)

Figure 12. *Theoretical Expectations of Background Context (remote conditions) and Local Factors (proximate conditions) in the creation of Cross-Border Development Policies. Source: Own elaboration (2017).*

Figure 12 identifies nine possible causal combinations (including four types of different quadrants) where the creation (or not) of Cross-Border Development Policies is possible considering the background context and the local factors. The first thing to say about this figure is that it represents a complex casual statement very common in many QCA analyses. This is because the same causal conditions (local factors) are also expected to have the opposite effect on CBDP (absence of development policies) depending on the presence or absence of other factors (background contexts). Quadrant I, for example, offers a sufficient combination to create CBDP because the context creates political engagement at the macro level, and the local factors enable the creation of policies (policy-driven factors) at the local level. Quadrant II shows no possibility to create CBDP because the background context does not allow any political engagement in the policy implementation, even though there are policy-driven factors at the local level. The same

occurs, but in an inverted way, in quadrant III: although the context allows the creation of policies, if the local factors are not policy-driven then there will be no CBDP. Quadrant IV shows a complete absence of both political engagement and policy-driven local factors, preventing the existence of CBDP. Finally, the *neutral* category is a combination of both remote and proximate conditions for each category, where CBDP can be created depending on the background context or the local factors for each causal combination. There could be, for example, cases with sufficient combination for CBDP with a "neutral background context," but with policy-driven local factors. Conversely, there could be cases where "neutral local factors" are in place, and which the presence or absence of political engagement will be decisive for the existence or not of CBDP. Therefore, the expectation that CBDP are created if the local factors fit the macro socio-political context would prove the *equifinality* and *conjunctural causation* of the explanatory model—i.e., different combination of causal conditions can trigger the same outcome.

Within the literature of policy analysis and integration, the scholarship is lacking more theoretical and conceptual progress to formulate and test hypotheses that could be generalizable.[80] The idea proposed throughout this research—merging contextualized integration processes with generalizable causal conditions—is a response to many of the existing theoretical gaps. Therefore, this QCA analysis can be placed somewhere in the center of a spectrum where both ends are either highly parsimonious at one end (with no clear temporal or spatial scope conditions), and highly complex at the other end (aimed at understanding single cases located in specific space and time). This is where the literature recognizes the importance of middle-range theories.

3. Step one: Searching for CBDP—Enhancing Remote Conditions

The first step of the two-step QCA is to analyze *only* the remote conditions. For this, the model for the sufficiency step is the following:

$$MaP * CSI * ExP * DL \leq CBDP;$$

where $\leq$ indicates that the remote causal conditions denote a subset of the outcome. In general, the claim of this model is that the cases that display *all* of this enhancing remote conditions

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[80] For more information about the limitation on the literature about integration, please refer to Chapter 1, pp. 43-48.

should have cross-border development policies. The objective of the first step, however, is to reduce the complexity of the original statement. Table 37 shows the data collected empirically but only for the remote conditions.[81]

Table 37
Membership in Fuzzy-set of Remote Conditions

CASES	Remote Conditions for Cross Border Development Policies (CBDP)			
	MaP	CSI	ExP	DL
C_1: Omoa - Puerto Barrios	0,67	0,33	0,67	0,67
C_2: Esquipulas - Santa Fe	1	0,67	0,67	0,67
C_3: Ocotepeque – Citala	0,33	0,33	0,67	0,67
C_4: Amatillo - Goascoran	1	0,67	0,33	0,67
C_5: El Paraiso - Dipilto	0	0,33	0,33	0
C_6: Somotillo – El Triunfo	0,33	0,33	0,67	0
C_7: Cardenas – La Cruz	0	0,67	0,33	0
C_8: Los Chiles – San Carlos	0	0,67	0,67	0
C_9: Sixaola - Guabito	0,67	0,33	0,33	1
C_{10}: Sabalito – Rio Sereno	0,67	0,67	0,33	1

Note. Own elaboration (2017)

The question now is to determine the different combinations of conditions that fit the information reported in the data, and which of those combinations pass the consistency test (set at 0,7) for the second-step QCA. The following table shows the fs/QCA analysis test for the remote conditions.

Table 38
Consistency test of Remote Conditions for CBDP

	Conditions				Outcome			
Configuration	MaP	CSI	ExP	DL	CBDP	Consistency	Number	Cases
1	1	1	0	1	1	1	2	C_4 & C_{10}
2	1	0	1	1	1	1	1	C_9
3	1	1	1	1	1	1	1	C_2
4	1	0	1	1	1	0,969828	1	C_1
5	0	0	1	1	1	0,957831	1	C_3
6	0	0	0	0	0	0,586207	1	C_5
7	0	1	0	0	0	0,586207	1	C_7
8	0	0	1	0	0	0,586207	1	C_6

[81] The complete data set can be found in the annex of the chapter.

	Conditions				Outcome			
Configuration	MaP	CSI	ExP	DL	CBDP	Consistency	Number	Cases
9	0	1	1	0	0	0,586207	1	C_8
…		…			?	…	…	…
16							0	

Three important pieces of information are presented for the four remote conditions. The first thing is the column of consistency values.[82] The second is the total number of cases that show the outcome—only 6 out of 10 have a membership score higher than 0,5. Finally, the third thing is the column of the outcome (CBDP) that shows the combination of causal conditions that passes the *sufficiency criteria* (0,7 as the threshold for consistency) and that contains observable cases—membership score higher than 0,5. If the mentioned circumstances are met, then the combinations of remote conditions pass the consistency test, meaning that there are sufficient conditions for the outcome CBDP—or, at least, for the outcome-enabling conditions of the first step. In other words, the column "CBDP" shows which of the causal combinations generate the outcome (1, rows #1-5, 6 cases), and which ones do not (0, rows #6-9, 4 cases). The rest of rows (#10-16) are the logical remainders of the truth table, where logical combinations are possible but with no observable cases. The column "cases" show which cases present the outcome and which do not.

The 10 cases can be organized into 9 out of 16 possible logical combinations. It means that the explanatory model for the remote conditions has 7 logical remainders—e.g., a combination of conditions for which there is no observable evidence (rows #10-16). The treatment of these logical remainders (by simplifying assumptions) will influence the obtained results.

The common features for cross-border development policies (CBDP=1) vary across cases. Table 38 reveals that most groups with cross-border development policies include cities with autonomous decision-making from the central level (DL), macro-political affinity with the local party (MaP), and common territorial problems (ExP). In fact, Table 38 is a representation of a dichotomous truth table drawn from a fuzzy set membership. It is, however, necessary to apply the right procedure for logical reduction of the complexity of the model—which is at the end the main

---

[82] 'Consistency' measures the degree to which a relation of necessity and sufficiency between a causal condition (or a combination of conditions) can lead to the outcome (Ragin, 2006). In other words, consistency represents the extent to which a causal combination includes the outcome within a specific data set.

objective of the first step QCA. To reduce the complexity of the outcome-enabling conditions, the *Quine-McClusky algorithm*[83] was used (Ragin, 1987).

For the analysis, the rows with the outcome whose value equals 1 are set to be "true," and the values of 0 are set to be "false." Logical reminders will be set to "don't care." In other words, what the software is doing is minimizing the logical combination on the positive outcome (CBDP=1) because we are looking for those combinations that will facilitate the creation of cooperation policies.[84] Figure 13 shows the result of the fs/QCA truth table using the Quine-McCluskey algorithm for the remote conditions.

```
**********************
*TRUTH TABLE ANALYSIS*
**********************

File:  /Users/johnathanordonez/Desktop/Chapters Ph.D. Thesis/Data Set/Remote Conditions
.csv
Model: CBDP = f(MaP, CSI, ExP, DL)
Algorithm: Quine-McCluskey

--- TRUTH TABLE SOLUTION ---
Assumptions:
                  raw         unique
                coverage     coverage      consistency
                ----------   ----------   ----------
MaP*DL          0.694231     0.261539      0.980978
~CSI*ExP*DL     0.484615     0.0519231     0.947368
solution coverage: 0.746154
solution consistency: 0.965174



Cases with greater than 0.5 membership in term MaP*DL: Case1:Omoa-PuertoBarrios
(0.67,0.6),
  Case2:Esquipulas-SantaFe (0.67,0.9), Case4:Amatillo-Goascoran (0.67,0.7),
Case9:Sixaola-Guabito (0.67,0.8),
  Case10:Sabalito-RioSereno (0.67,0.9)
Cases with greater than 0.5 membership in term ~CSI*ExP*DL: Case1:Omoa-PuertoBarrios
(0.67,0.6),
  Case3:Ocotepeque-Citala (0.67,0.6)
```

Figure 13. *Truth Table Analysis of Remote Conditions. Source: Own Elaboration (2017)*

---

[83] The *Quine-McCluskey algorithm* was first developed by the philosopher Willard Quine and the electric engineer Edward McCluskey, and it is a method utilized for the minimization of Boolean functions. The Quine-McCluskey algorithm gives a deterministic path to find the *prime implicants* of the model, and to determine the necessity of sufficiency of such implicants in the Boolean function.

[84] It is important to note, nonetheless, that it is possible with fs/QCA to specify the non-occurrence of the outcome as an outcome itself. In other words, however counter-intuitive it might be, the explanation of the occurrence of a phenomenon does not necessarily mean the explanation for its non-occurrence. For more information, refer to Lieberson, 1985.

A previous analysis to test the consistency and coverage for every single remote condition was performed as well.[85] The solution of the truth table analysis is presented with a consistency threshold higher than 0,8—as established in the first step QCA.

Setting all logical reminders in the computation procedure to "don't care" will lead to the most parsimonious solution. The problem with leaving the parsimonious solution in the first step is that *less specific accounts* for the outcome will be generated. This under-specification is not necessarily bad since the main assumption with the two-step QCA is that neither remote nor proximate conditions *alone* will provide a suitable explanation of why the outcome occurs. In fact, in the first step of the analysis, there is a strong connection between the consistency and complexity of the explanatory model: the less complex the solution, the less consistent it is.[86]

Since some degree of inconsistency is expected to be found in the first step of the two-step QCA, it does not necessarily need to have a perfect fit to the data presented. Only after the proximate conditions are added into the model during the second step, then the result can be sufficiently consistent. Therefore, as Schneider and Wagemann stated: "proximate factors [*conditions*] increase the consistency of the solution terms by making the conjunctural solution more specific, theoretically complex and thus empirically consistent." (Schneider & Wagemann, 2006, p. 30)

The analysis of the remote conditions leads to the following outcome-enabling solutions:

$$DL * (MaP + \sim CSI * ExP) \rightarrow CBDP$$

There are two different background contexts in which the creation of cross-border development policies is more likely to happen: i) either by political agreements between governments of two countries at the central level (MaP), combined with decentralized relations between the central and local level (DL); or ii) by similarities in the socioeconomic status (~CIS), the existence of exogenous territorial problems (ExP), combined with decentralized relations between the central and the local level (DL). There are, moreover, two important things to notice:

---

[85] To see the consistency values for each remote condition, please refer to Appendix D.

[86] The logical behind the connection between complexity and consistency is straightforward. Schneider and Wagemann (2006) argue that to calculate the membership of a case of a combination of conditions (i.e., ABC), the minimum of its membership over the individual condition must be taken. Thus, the membership in ABC over all cases will be lower than the membership over all cases in A, B, or C, or any multivariate combination of these. Addition conditions to any conjunctural solution lowers the membership in that solution.

first, there is at least one single condition (DL) necessary for the creation of border policies; and second, the remote conditions not used in the first context (CSI and ExP), as well as in the second context (MaP) could be considered as *logically redundant* when representing the data using the sufficiency parameters used above.[87]

There are two clusters of cases that belong to each background condition. Cases 1, 2, 4, 9 and 10 belong to first configuration (MaP*DL), while cases 1 and 3 belong to the second configuration (DL*ExP*~CSI). The clusters of the first configuration have similar background characteristics: ideologically homogenous central governments with active decentralization plans. The existence of such decentralization plans has allowed the formation of many commonwealth communities that located around the border zones of these cities. The clusters of the second configuration have similar socioeconomic conditions, exogenous territorial problems, and decentralization plans. Sharing territorial problems for these cases represents an important factor to implement cooperation projects among the border communities.

Another way to see the relationship between the cases and the causal configurations is through the XY plot. Using the XY plot, we can see how the remote configurations meet the criteria of sufficiency or necessity for the outcome. If the cases fall above the main diagonal ($Y \leq X$), the conditions are sufficient for the outcome; conversely, if the fall below the main diagonal ($X \leq Y$), the conditions are necessary for the outcome (Ragin, 2006, 2008; Wagemann & Schneider, 2007). Also, the XY plot is useful to see coverage: the further the cases are from the diagonal, the lower the coverage is for those cases (Ragin, 2008, p. 60).

Figure 14 shows where the cases are distributed in the X-Y axes depending on the causal conditions found in the first configuration (MaP*DL). Notice that all cases fall in the upper part of the diagram, showing that the conditions are sufficient for the occurrence of the outcome. However, cases where the outcome is not present (5,6,7 and 8) fall in the Y ax, meaning that the membership score of the causal conditions for those cases where not sufficient for the occurrence of the outcome.

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[87] It is important to remember that fs/QCA presents a reduced version of the complexity of the data set. In fact, the representation of the data could change according to the test parameters. Had I chosen the settings of the non-existing cases to "false" instead of "don't care," the software would have not simulated the outcome values for the non-existing cases and, therefore, the result would have been different. For more information about test parameters and data representation, refer to (Saldana, 2009; Schneider & Wagemann, 2007).
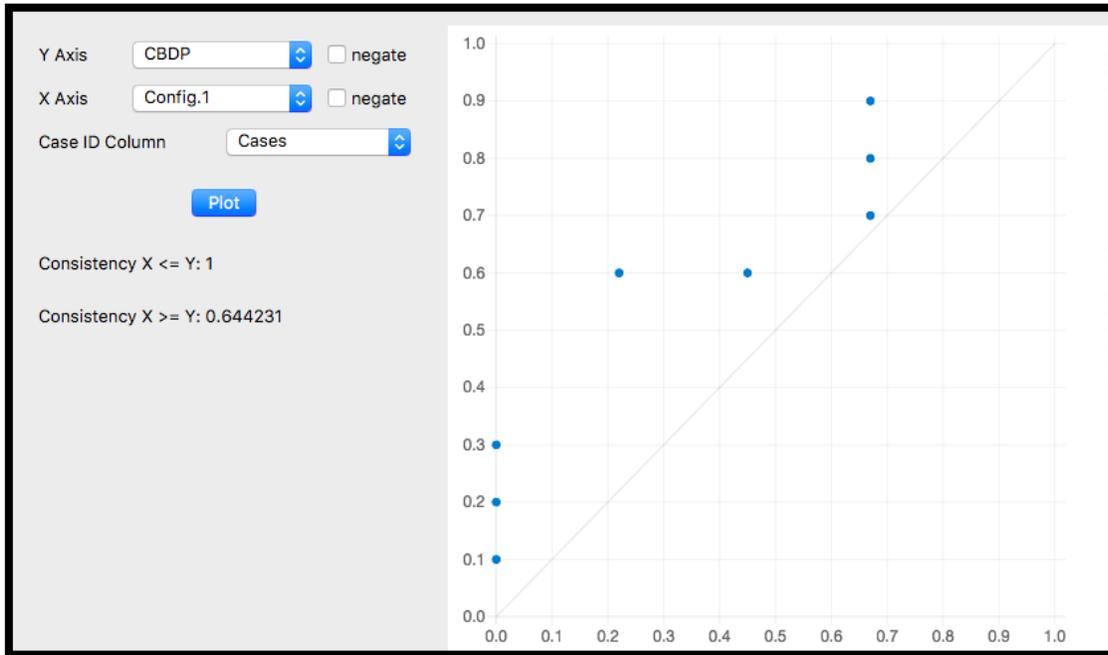
Figure 14. *X-Y Plot for the First Configuration: MaP*DL. Source: Own Elaboration (2017).*
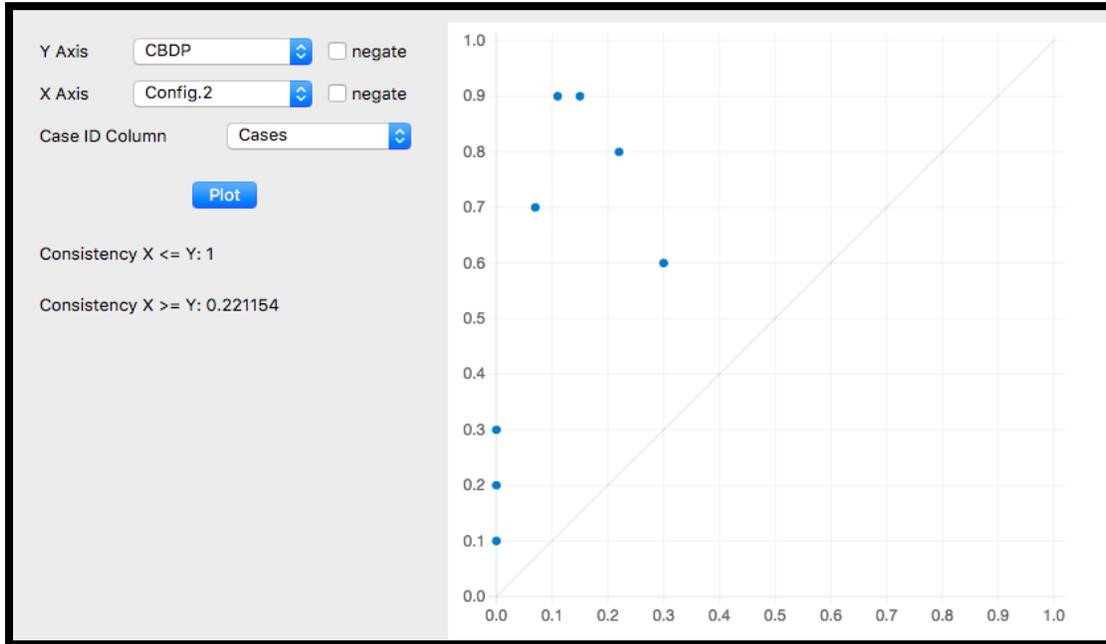
Figure 15. *X-Y Plot for the second configuration: DL*ExP*~CSI. Source: Own Elaboration (2017).*

Accordingly, Figure 15 shows the distribution of cases *vis-à-vis* the remote conditions for the second configuration (DL*MaP*~CSI). Like the previous figure, all the cases for the second configuration are also displayed in the upper part of the diagram, showing a membership score consistently higher than the membership score of the causal combination. Likewise, the cases that do not have any membership score in causal conditions do not display the outcome, and they all fall in the Y ax of the diagram.

The consistency value of the context "MaP*DL" is 0,98, and for "~CIS*ExP*DL" is 0,94.[88] Although the consistency values of the remote contexts seem very high for the first step, these results by themselves could be seen, paradoxically, as inconclusive. This is perfectly understandable under the logic of the two-step approach. In fact, the two remote context terms represent the logically minimized data, allowing the inclusion of the proximate conditions to generate a better (if not perfect) fit of the model to the data set.

4. Step two: Searching for CBDP with Different Background Conditions

Once determined the background context in which cross-border development policies seem likely to be implemented, the second analytical step of the two-step is to find the combination of proximate conditions *within* the two-different context of CBDP. Each analysis of proximate conditions within the background context will contain five causal conditions—one remote condition plus the four proximate conditions. The standards for passing the sufficiency test will be the same as the ones used for the remote conditions.[89] In this case, however, the logical remainders will be treated differently from the first step. In the fs/QCA software, they are set to 'false' instead of 'Don't care,' meaning that no simplifying assumptions are allowed on the logical remainders.

Setting the logical remainders to 'false' is considered the most conservative solution for the simplifying assumptions, and it is the set-up that leads to the most complex results (Schneider & Wagemann, 2006, p. 32). Since both consistency and complexity are directly related, the higher

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[88] The tables of the consistency values for the remote solutions and for every remote condition are presented in the annex of the chapter.

[89] For each of the $2^{(1+4)}$ combination the threshold will be a consistency value of 0,7 and a membership score higher than 0,5 in at least one case. In other words, combinations with the passing criteria of consistency ($> 0,7$) and empirical existence ($> 0.,5$) will be considered as *sufficient causes* for CBDP. In these cases, the outcome value will be assigned to 1. Combinations that are inconsistent ($< 0,7$) but that exist ($> 0,5$) will be considered *insufficient causes* for the CBDP, and the outcome will be set to 0. Combinations that are logically possible (membership $> 0,5$) but with no observable case will be treated as logical remainders.

the consistency, the higher the complexity of the solutions. Since the results of the first step are meant to be incomplete, the results of the second step are expected to obtain the most consistent solutions by combining the proximate conditions with the background settings. For the second step of the fs/QCA analysis, therefore, the complexity of the causal configurations will be reduced to the theoretical knowledge of the conditions and on the empirical information of the cases, instead of any computer-induced command on simplifying assumptions. In other words, easy-counterfactual were used to find the sufficient conjunction between remote and proximate conditions (Ragin & Sonnett, 2004).

a. CBDP and the First Background Configuration (MaP*DL)

One of the background settings for the existence of cross-border development policies, found in the first solution of the first-step QCA, are governments with similar political ideology at the central level (MaP) with decentralized laws or plans acting at the local level (DL). The literature in political science identifies this type of governance model as partially decentralized in some policy areas, with the capacity to actively intervene in the polity of the local level (Cherrett, 2001; Faguet, 2004; Litvack et al., 1998).

From this first result, many conclusions can be drawn. First, the chances of creating border development policies in centralized countries with different ideological positions are minimal. Second, although the combination 'MaP*DL' represents a fostering context for the presence of CBDP, it might not be needed in all cases for successful CBDP (because it is not usually necessary in all the existent cases), and it alone will not be enough to constitute a sufficient context for the CBDP—because it is not usually sufficient either. Therefore, this first result is an example of a complex causal statement that includes conjunctural causation and equifinality. Finally, after analyzing the empirical data, we can see that in five cases it is usually sufficient to have ideologically similar governments with decentralization laws as a background context for CBDP, whereas in the other five cases it does not make any difference.

To run the remote-proximate analysis, a data set must be created for each distant condition.[90] At this point, however, two different options are available: The first option is the run the second-

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[90] Schneider and Wagemann (2006) suggest adding the remote condition to the data set of the proximate conditions. In this case, the condition 'MaP*DL' is called "Config. 1."

step QCA with all the cases of the model, and the second option is the run the second-step QCA only with the cases that show a positive outcome for each background condition.[91] The differences between both options are compared and were used as *robustness parameters* for the findings. The discussion is found later in this chapter.

Figure 16 shows the results of the fs/QCA truth table for the proximate conditions in conjunction with the first background context for only the cases who displayed the outcome during the first-step analysis. The complex solution is presented with the most rigid consistency parameter (>0,85), as established in the standard QCA analysis. The solution displays as follows:

```
***********************
*TRUTH TABLE ANALYSIS*
***********************

File:  /Users/johnathanordonez/Desktop/Final Data Sets/Cluster/First +
Proximate_Cluster.csv
Model: CBDP = f(Config.1, MiP, P&A*P&I, Enp*A&E, Rel*LO)
Algorithm: Quine-McCluskey

--- COMPLEX SOLUTION ---
                                     raw          unique
                                  coverage      coverage     consistency
                                 ----------    ----------    ----------
Config.1*~P&A*P&I*~Enp*A&E*~Rel*LO  0.889744     0.0692308     0.942935
MiP*~P&A*P&I*Enp*A&E*Rel*LO         0.889744     0.0692308     0.865337
Config.1*MiP*P&A*P&I*Rel*LO         0.820513     0             0.958084
solution coverage: 0.958974
solution consistency: 0.85977


Cases with greater than 0.5 membership in term Config.1*~P&A*P&I*~Enp*A&E*~Rel*LO: Case1
(0.67,0.6),
   Case2 (0.67,0.8), Case4 (0.67,0.6), Case9 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term MiP*~P&A*P&I*Enp*A&E*Rel*LO: Case9
(1,0.6),
   Case2 (0.67,0.8), Case3 (0.67,0.6), Case4 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term Config.1*MiP*P&A*P&I*Rel*LO: Case2
(0.67,0.8),
   Case4 (0.67,0.6), Case9 (0.67,0.6), Case10 (0.67,0.7)
```

Figure 16. *Truth Table Analysis of the first Background Condition (Config. 1) and the Proximate Conditions. Source: Own Elaboration (2017)*

As stated before, setting all logical reminders in the computation procedure to "false" will lead to the highest consistency value. However, the price to pay is that the highest consistency value

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[91] Given that the two-step analysis is not a standard practice in QCA, there is no consensus in the literature whether to include all the cases or only the cluster of cases with a positive outcome during the second-step analysis. The existing protocols for the second-step QCA suggest using all the cases through the entire procedure; however, the two-steps QCA does admit adjustment of procedures according to the needs of the model. For more information about the templates for the two-steps QCA, refer to (Schneider, 2009).

also produces the most complex solution. For the second-step, the complexity will be reduced by the theoretical knowledge of the conditions and the cases through easy-counterfactuals.

i. Simplifying Assumptions for the First Background Context

So far, the first-step QCA showed that it is possible to create cross-border policies in the proper background settings. However, it could well be possible to have such policies *without* the remote conditions, or without any conditions that could theoretically be necessary or sufficient for the outcome. This is where counterfactuals play a major role in tackling logical remainders in the second step QCA. In a broader sense, a counterfactual is an event that occurs, or could occur, and that is contrary to the facts or state or the world (Ferrario, 2001; Menzies, 2009). In set theory analysis and causation theory, a counterfactual is an event, action or phenomenon that *could happen* in the absence of a previous cause (Ragin & Sonnett, 2004).

In fs/QCA, it is suggested to use *simplifying assumptions* to analyze counterfactuals, for they explain how a given condition or configuration might or might not be causally related to the outcome (Ragin, 2008a, p. 145). In fact, simplifying assumptions are based on counterfactuals, namely, in events that could have happened or observed if and only if a specific causal condition would have been different. This possibility allows the theorization of whether or not a given configuration of causal conditions (absent in the data set) could show (or not) the expected outcome (Legewie, 2013). To evaluate whether simplifying assumptions could be useful or not in the second step, a consistent theoretical background of how the conditions relate to the outcome should be carefully elaborated. For this, Ragin and Sonnett (2004) use the concept of *easy and difficult counterfactuals,*[92] namely, thought experiments used to see whether empirical or theoretical knowledge give a clear explanation on how conditions contribute to the outcome (Ragin & Sonnett, 2004).

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[92] Ragin and Sonnett (2004) make a distinction between *easy* counterfactuals and *difficult* counterfactuals. The difference between the two counterfactuals depends on the state of the theories that connects the causal conditions with the outcome. Therefore, if the researcher can establish a connection to the existing body of literature about a causal condition that can contribute or not to the outcome, then we are dealing with an *easy* counterfactual. Conversely, if the researcher cannot infer giving the existing knowledge or literature whether the presence or the absence of a condition contributes or not to the outcome, then we are in the presence of a *difficult* counterfactual. For more information about easy and difficult counterfactual, please refer to "Between Complexity and Parsimony: Limited Diversity, Counterfactual Cases, and Comparative Analysis." (Ragin & Sonnett, 2004).

For the second-step, easy counterfactuals were used to deal with limited diversity. In other words, the presence or absence of a specific condition, given the existing knowledge of the phenomenon, could be considered unnecessary, because it would "merely add a redundant cause to a configuration which is already known to lead to the outcome." (Ragin & Sonnett, 2004, p. 10). This is exactly why easy counterfactuals are compatibles with simplifying assumptions. Although the use of counterfactuals is important, the methodological concern must be much more pragmatic.

For the *easy* counterfactual to work, the search for strong causal links will be theory-driven. The theoretical argument so far is that remote conditions, together with proximate ones, are needed to create cross-border development policies. Since little attention has been paid to combinational complexity, the solution proposed here is to study each causal condition as an independent cause of the outcome. Since the causal conditions for the outcome of this research are drawn from a theoretical perspective, fs/QCA emphasizes on the *degree* and the combinatorial possibility to achieve the outcome—even if there is no causal combination whatsoever between the conditions. In this case, this research considers the possibility that each condition, only by itself, can produce the outcome.

The following figure shows the analysis of consistency of each independent causal condition (both present and absent) and the combination of conditions with the highest consistency value.

```
Analysis of Necessary Conditions

Outcome variable: CBDP

Conditions tested:
            Consistency      Coverage
Config.1    0.889744         0.942935
~Config.1   0.576923         0.969828
MiP         0.889744         0.865337
~MiP        0.492308         0.964824
P&A*P&I     0.664103         0.866221
~P&A*P&I    0.717949         0.930233
Enp*A&E     0.666667         0.866667
~Enp*A&E    0.630769         0.820000
Rel*LO      0.820513         0.958084
~Rel*LO     0.646154         0.947368


Analysis of Necessary Conditions

Outcome variable: CBDP

Conditions tested:
                                 Consistency      Coverage
Config.1+MiP+P&A*P&I+Enp*A&E     0.958974         0.799145
```

Figure 17. *Consistency Test of Causal Conditions for the First Background Setting. Source: Own Elaboration (2017).*

Regarding the configurations, the methodological question remains: Can every single cause generate the outcome, or is a combination of causal conditions required? Figure 17 shows the conditions that are required for the outcome to be present. Notice that the conditions alone are not sufficient to produce CBDP. These results are consistent with the theoretical expectations of the research—that a combination of remote and proximate conditions is necessary for the outcome. Using both the consistency values of the conditions (drawn from the data set of the empirical cases) and the *easy-counterfactual* analysis, that is, theory-driven knowledge of the connection between the outcome and the causal conditions, we can arrive at a well-balanced solution between the most complex and the most parsimonious results. For the first solution, the conjunctural causation for CBDP is a combination of: Ideologically homogeneous governments with decentralized relations (Config. 1) as the background condition (remote condition), with homogeneous political ideology at the local level (MiP), and both the existence and acknowledgment of endogenous problems of the local cities (EnP*A&E). This is also the most consistent solution to the explanatory model with the highest value in the consistency score (>0,9).

b. CBDP and the Second Background Configuration (~CSI*ExP*DL)

The second background setting found in the analysis of the first-step QCA were governments that are economically and socially homogeneous (~CSI), with similar territorial problems (ExP) and with decentralized relations with the local governments or local organizations (DL). The governance model of this type of political administration is typical in countries where local cities have an elevated share of autonomy to create either local organizations or joint policies to tackle common exogenous territorial problems (Basurto, 2013; Trivelli, Yancari, & De los Ríos, 2009).

Conversely, the possibility to create border development policies in cities where no local organizations are present—or where the geographical characteristics of the area do not represent a problem of the border cities—is low. The similarities in socioeconomic status might run counter-intuitive to the general idea of cooperation—that a difference in economic development is necessary for two or more cities to cooperate. However, this is not a problem of calibration of the data but rather the nature of cooperation between cities. In fact, there are areas of cooperation (such as environmental policies) that require some specific types of conditions (like decentralization of use of local resources) than others (different economic conditions) to be implemented. Since the

literature on cross-border cooperation allows the creation of policies independently of the economic status of the cities, the results need to be compared with the characteristics of the cases. In fact, the first-step QCA analysis showed that having similar socioeconomic development, with similar problems and existing local organizations in the territory are necessary background conditions for the creation of cross-border policies. Just like the first background condition, the combination '~CSI*ExP*DL' might not be needed in all cases for successful CBDP, although it represents a fostering context for the presence of development policies. This, again, highlights the complexity of the causal statement that includes equifinality and conjunctural causation.

A new remote condition for this type of governance model (decentralized, with homogenous economic performance and with similar territorial problems) was created ("Config. 2") and added into to the data set to run the fs/QCA analysis. Figure 18 shows the solutions of the fs/QCA truth table for the proximate conditions in conjunction with the second background context.[93]

```
**********************
*TRUTH TABLE ANALYSIS*
**********************

File:   /Users/johnathanordonez/Desktop/Final Data Sets/Cluster/Second + Proximate
Conditions_Cluster.csv
Model: CBDP = f(Config.2, MiP, P&A*P&I, EnP*A&E, REL&LO)
Algorithm: Quine-McCluskey

--- COMPLEX SOLUTION ---
                                        raw         unique
                                        coverage    coverage    consistency
                                        ----------  ----------  ----------
~Config.2*MiP*P&A*P&I*REL&LO            0.733333    0.225641    0.953333
Config.2*~MiP*~P&A*P&I*~EnP*A&E*~REL&LO 0.407692    0.0692308   0.957831
Config.2*MiP*~P&A*P&I*EnP*A&E*REL&LO    0.664103    0.15641     0.973684
solution coverage: 0.958974
solution consistency: 0.930348


Cases with greater than 0.5 membership in term ~Config.2*MiP*P&A*P&I*REL&LO:
Case4:Amatillo-Goascoran (0.67,0.6),
  Case9:Sixaola-Guabito (0.67,0.6), Case10:Sabalito-RioSereno (0.67,0.7)
Cases with greater than 0.5 membership in term Config.2*~MiP*~P&A*P&I*~EnP*A&E*~REL&LO:
Case1:Omoa-PuertoBarrios (0.67,0.6)
Cases with greater than 0.5 membership in term Config.2*MiP*~P&A*P&I*EnP*A&E*REL&LO:
Case2:Esquipulas-SantaFe (0.67,0.8),
  Case3:Ocotepeque-Citala (0.67,0.6)
```

Figure 18. *Truth Table Analysis of the second Background Condition (Config. 2) and the Proximate Conditions. Source: Own Elaboration (2017).*

The most complex solution (after setting all logical reminders in the computation procedure to "false") led to the highest possible consistency value for this solution, although it does not admit

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[93] Just like the previous solution, the results are presented with the highest consistency parameter (>0,9) and only for the cases who displayed the outcome during the first-step analysis.

any simplifying assumptions. As in the previous part for the second-step fs/QCA, the complexity will be reduced by the theoretical knowledge of the conditions and the cases through easy-counterfactuals.

i. Simplifying Assumptions for the Second Background Context

Figure 19 demonstrates that cross-border cooperation policies can be created in at least two conjunctural ways. The presence of cross-border development policies in some cases (despite the absence of some conditions), and the absence of the outcome (in the presence of other causal conditions) assert that some proximate conditions could be, in fact, both necessary and sufficient for the outcome. For the use of easy-counterfactual, a review of the literature regarding governments with local power and cross-border development policies was necessary. Cases where the background condition (Config. 2), or where the role of the local political party (MiP), or the existence of local organizations (REL&LO) are absent (with a value of '0' in the truth table) were used as counterfactuals to reduce the logical remainders.[94]

```
Analysis of Necessary Conditions

Outcome variable: CBDP

Conditions tested:
            Consistency      Coverage
Config.2    0.733333         0.953333
~Config.2   0.733333         0.953333
MiP         0.897436         0.806452
~MiP        0.407692         0.957831
P&A*P&I     0.733333         0.858859
~P&A*P&I    0.648718         0.947566
EnP*A&E     0.751282         0.879880
~EnP*A&E    0.630769         0.921348
REL&LO      0.889744         0.942935
~REL&LO     0.576923         0.969828


Analysis of Necessary Conditions

Outcome variable: CBDP

Conditions tested:
                             Consistency    Coverage
Config.2+MiP+P&A*P&I+REL&LO  0.966667       0.805556
```

Figure 19. *Consistency Test of Causal Conditions for the Second Background Setting. Source: Own Elaboration (2017).*

---

[94] Since the complex solution in the second-step QCA does not admit simplifying assumptions (at least not automatically generated by the fs/QCA software), the prime implicants in the parsimonious solutions, and the existing theoretical knowledge of the cases (with the use of easy-counterfactuals) were chosen to reduce the complexity of the model.

It is theoretically known that cases, where cross-border cooperation policies are implemented, have local political engagement from the local parties, and local organizations that facilitate the cooperation between cities (Stephen, 2012; Sych, 2012). This is possible in countries with homogeneous macro conditions where there is some degree of autonomy of the local governments from the central ones (Bahl & Linn, 1994; Faguet, 2004). However, since this research considers the possibility that each condition can produce the outcome, a consistency test was performed for each causal condition, both present and absent. As expected, each condition in Figure 21 shows low consistency values, meaning that they are not able to produce, at least not by themselves, the creation of CBDP. However, the interaction between the remote condition 'Config. 2' and the proximate conditions supported by the literature gave a consistency value higher than 0,9, and a less complex solution.

For the second solution, the conjunctural causation of CBDP is a combination of: socioeconomic homogenous cities, with decentralized relations and the existences of exogenous territorial problems (Config. 2) as a background condition (remote condition), with similar ideological position in the local political parties (MiP) and the existence of (or the possibility to create) local organizations at the local level to engage in common problems (REL&LO). This combination shows a balance between complexity and consistency, being less complex and yet the most consistent solution to the explanatory model with the highest value in the consistency score (>0,9).

a. Robustness Parameters of the Explanatory Models

In most quantitative analyses, the concept of *robustness* is unchallenged. The findings in multivariate regressions are considered *robust* when the significance and the strength of the coefficient remain the same after changing the model specifications. In QCA, the solutions can be considered robust if there are no crucial differences neither between necessary and sufficient conditions nor between the consistency and coverage values when the specification of the model changes. As a standard practice, there are at least two ways in QCA to determine the robustness of the findings: the set-relational status of the configuration and differences in the parameters of fit (Schneider & Wagemann, 2012, p. 286). Moreover, due to the previously mentioned changes in the specification of the model, many important decisions were confronted that would significantly

alter the solutions while performing the QCA analysis. Dropping and adding conditions or cases, changing the threshold for calibration, or altering the consistency values might alter the results of the analysis and, therefore, their final interpretation. For the two-step analysis, similar decisions were made. Differences in results while dropping or adding cases in the second-step analysis, for example, could reveal weaknesses in the specification of the model and, therefore, little robustness of the results. Given that the first step solution showed two different background contexts, the second-step analysis could have been performed i) either with all the cases, or ii) only with the cluster of cases that showed the outcome for the background conditions in the first step. Both options were performed and compared as a robustness test of the explanatory model. If big differences regarding the solution, consistency or coverage are found between these two options, the results will show little robustness. Conversely, if the parameters of the comparison are similar, then the results can be considered robust.

As Figure 20 shows, using all cases in the first background configuration (MaP*DL) shows three different solutions—with the lowest consistency score in the configuration where the background condition is absent. This makes theoretical sense, meaning that cross-border policies are harder to be implemented where the background context is absent. However, the fact that there are cases that require the absence of a background configuration does not prove contradictions in the model or errors in the calibration of the cases, but rather equifinality of the results, because the background condition was not needed in all cases for successful CBDP.

```
*********************
*TRUTH TABLE ANALYSIS*
*********************

File:   /Users/johnathanordonez/Desktop/Final Data Sets/All/First + Proximate.csv
Model: CBDP = f(Config.1, MiP, P&A*P&I, Enp*A&E, Rel*LO)
Algorithm: Quine-McCluskey

--- COMPLEX SOLUTION ---
                                        raw        unique
                                     coverage    coverage    consistency
                                    ----------  ----------  ----------
Config.1*~P&A*P&I*~Enp*A&E*~Rel*LO   0.788637    0.0613636   0.942935
MiP*~P&A*P&I*Enp*A&E*Rel*LO          0.856818    0.129545    0.80728
Config.1*MiP*P&A*P&I*Rel*LO          0.727273    0           0.958084
solution coverage: 0.918182
solution consistency: 0.806387


Cases with greater than 0.5 membership in term Config.1*~P&A*P&I*~Enp*A&E*~Rel*LO: Case1
(0.67,0.6),
   Case2 (0.67,0.8), Case4 (0.67,0.6), Case9 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term MiP*~P&A*P&I*Enp*A&E*Rel*LO: Case9
(1,0.6),
   Case2 (0.67,0.8), Case3 (0.67,0.6), Case4 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term Config.1*MiP*P&A*P&I*Rel*LO: Case2
(0.67,0.8),
   Case4 (0.67,0.6), Case9 (0.67,0.6), Case10 (0.67,0.7)
```

Figure 20. *Solution for the First Background Configuration using all Cases. Source: Own Elaboration (2017)*

Using only the cluster of cases where the outcome is present in the first background configuration does create some differences *vis-à-vis* analyzing with all cases. However, these differences in the solution do not demand sensitive changes in the interpretation of the results. Figure 21 shows the truth table solution with the cases with the positive outcome in the first background condition. Notice that the configurations of the solutions remain the same, only with a small variation in the consistency and coverage in every solution. Dropping cases before running the analysis makes the solution more consistent because the effects of the configuration are not applied in all cases—much less in those where the outcome was not present during the first-step analysis.

```
************************
*TRUTH TABLE ANALYSIS*
************************

File:  /Users/johnathanordonez/Desktop/Final Data Sets/Cluster/First +
Proximate_Cluster.csv
Model: CBDP = f(Config.1, MiP, P&A*P&I, Enp*A&E, Rel*LO)
Algorithm: Quine-McCluskey

--- COMPLEX SOLUTION ---
                                   raw         unique
                                coverage     coverage    consistency
                                ----------   ----------   ----------
Config.1*~P&A*P&I*~Enp*A&E*~Rel*LO   0.889744     0.0692308    0.942935
MiP*~P&A*P&I*Enp*A&E*Rel*LO          0.889744     0.0692308    0.865337
Config.1*MiP*P&A*P&I*Rel*LO          0.820513     0            0.958084
solution coverage: 0.958974
solution consistency: 0.85977


Cases with greater than 0.5 membership in term Config.1*~P&A*P&I*~Enp*A&E*~Rel*LO: Case1
(0.67,0.6),
   Case2 (0.67,0.8), Case4 (0.67,0.6), Case9 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term MiP*~P&A*P&I*Enp*A&E*Rel*LO: Case9
(1,0.6),
   Case2 (0.67,0.8), Case3 (0.67,0.6), Case4 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term Config.1*MiP*P&A*P&I*Rel*LO: Case2
(0.67,0.8),
   Case4 (0.67,0.6), Case9 (0.67,0.6), Case10 (0.67,0.7)
```

Figure 21. *Solution for the First Background Configuration using only Cases with the Background Condition. Source: Own Elaboration (2017).*

Likewise, the same principle applies for the solutions of the second background configuration. Figure 22 illustrates the results of the second configuration (~CSI*ExP*DL) using all cases in the analysis. Three solutions are shown with their respective consistency and coverage values, one of them having the negation of the background configuration (~Config. 2). Similar to the first background solution (in which the first background configuration was absent in one of the solution), the second background solutions might seem, at first glance, as a contradiction in the specification of the model. However, the existence of cases within this configuration means that these cases require either the absence or negation of this specific context for the existence of a specific type of CBDP.

```
**********************
*TRUTH TABLE ANALYSIS*
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File:  /Users/johnathanordonez/Desktop/Final Data Sets/All/Second + Proximate
Conditions.csv
Model: CBDP = f(Config.2, MiP, P&A*P&I, EnP*A&E, DL&LO)
Algorithm: Quine-McCluskey

--- COMPLEX SOLUTION ---
                                     raw        unique
                                   coverage    coverage    consistency
                                   ----------  ----------  ----------
~Config.2*MiP*P&A*P&I*DL&LO           0.65        0.2        0.953333
Config.2*~MiP*~P&A*P&I*~EnP*A&E*~DL&LO 0.361364   0.0613636   0.957831
Config.2*MiP*~P&A*P&I*EnP*A&E*DL&LO   0.588636    0.138636    0.973684
solution coverage: 0.85
solution consistency: 0.930348



Cases with greater than 0.5 membership in term ~Config.2*MiP*P&A*P&I*DL&LO:
Case4:Amatillo-Goascoran (0.67,0.6),
  Case9:Sixaola-Guabito (0.67,0.6), Case10:Sabalito-RioSereno (0.67,0.7)
Cases with greater than 0.5 membership in term Config.2*~MiP*~P&A*P&I*~EnP*A&E*~DL&LO:
Case1:Omoa-PuertoBarrios (0.67,0.6)
Cases with greater than 0.5 membership in term Config.2*MiP*~P&A*P&I*EnP*A&E*DL&LO:
Case2:Esquipulas-SantaFe (0.67,0.8),
  Case3:Ocotepeque-Citala (0.67,0.6)
```

Figure 22. *Solution for the Second Background Configuration using all Cases. Source: Own Elaboration (2017)*

However, dropping cases where the outcome is not present in the second configuration changes the values of the coverage, but not the values of the consistency. In fact, dropping a case that is not covered by the solution (for example, a case whose membership score for the outcome is greater than the membership score in the solution term) increases the values of the coverage. This procedure leaves the consistency without any important change (Schneider & Wagemann, 2012, p. 293).

It is worth mentioning that changes in the set relation of the solutions cannot be anticipated beforehand when dropping or adding cases in the second-step analysis. Therefore, it is important always to run robustness test for the solutions to make sure that the results are consistent despite changes or modifications in the explanatory model. Figure 23 shows the second background configuration only with the cases with the positive outcome in the second background condition.

```
**********************
*TRUTH TABLE ANALYSIS*
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File:  /Users/johnathanordonez/Desktop/Final Data Sets/Cluster/Second + Proximate
Conditions_Cluster.csv
Model: CBDP = f(Config.2, MiP, P&A*P&I, EnP*A&E, REL&LO)
Algorithm: Quine-McCluskey

--- COMPLEX SOLUTION ---
                                        raw         unique
                                        coverage    coverage    consistency
                                        ----------  ----------  ----------
~Config.2*MiP*P&A*P&I*REL&LO            0.733333    0.225641    0.953333
Config.2*~MiP*~P&A*P&I*~EnP*A&E*~REL&LO 0.407692    0.0692308   0.957831
Config.2*MiP*~P&A*P&I*EnP*A&E*REL&LO    0.664103    0.15641     0.973684
solution coverage: 0.958974
solution consistency: 0.930348



Cases with greater than 0.5 membership in term ~Config.2*MiP*P&A*P&I*REL&LO:
Case4:Amatillo-Goascoran (0.67,0.6),
  Case9:Sixaola-Guabito (0.67,0.6), Case10:Sabalito-RioSereno (0.67,0.7)
Cases with greater than 0.5 membership in term Config.2*~MiP*~P&A*P&I*~EnP*A&E*~REL&LO:
Case1:Omoa-PuertoBarrios (0.67,0.6)
Cases with greater than 0.5 membership in term Config.2*MiP*~P&A*P&I*EnP*A&E*REL&LO:
Case2:Esquipulas-SantaFe (0.67,0.8),
  Case3:Ocotepeque-Citala (0.67,0.6)
```

Figure 23. *Solution for the Second Background Configuration using only Cases with the Background Condition. Source: Own Elaboration (2017)*

Although dropping cases raises the value of the coverage solution, the configuration of the solutions remains the same. In fact, the difference between both analytical paths does not require important changes in the interpretation of the results. Finally, since it is difficult to predict how adding or dropping cases might affect the final solution, it is important to notice how the inclusion or exclusion of cases might change the raw consistency during analyzing the truth table. This means that dropping or adding cases might affect the logical minimization, or transform logical remainders in rows with observed empirical cases. In either case, since there is no general practice about the robustness test for the second-step QCA, the decision to include or exclude cases must always be both theoretically-driven and should respond to the results of the first-step analysis.

C. Findings and Discussion of Results

1. Methodological Interpretation of the Results

Using the two-step QCA we found that cross-border development policies can be explained by six different remote-proximate configurations (three configurations for each remote condition), each of which applies to different subset of cases: For the first background condition (Config. 1) the results were (with a consistency and coverage > 0,85):

1. Config. 1 * ~ (P&A*P&I) * ~ (EnP*A&E) * ~ (REL&LO) +
2. MiP * ~ (P&A*P&I) * (EnP*A&E) * (REL&LO) +
3. Config. 1 * MiP * (P&A*P&I) * (REL&LO) → **CBDP;**

For the second background condition (Config. 2) the results were (with a consistency and coverage > 0,9):

4. ~ Config. 2 * MiP * (P&A*P&I) * (REL&LO) +
5. Config. 2 * ~ MiP * ~ (P&A*P&I) * ~ (EnP*A&E) * ~ (REL&LO) +
6. Config. 2 * MiP * ~ (P&A*P&I) * (EnP*A&E) * (REL&LO) → **CBDP**

Seen in a different way, the following table provides the summary of sufficient conjunctions between remote context and proximate conditions that lead to CBDP.

Table 39
Sufficient Paths Towards Cross-Border Development Policies

Number of Causal Paths	Remote Context	Proximate Conditions	Consistency	# Cases	Name of the Cases
(p1)	Config. 1	~ (P&A*P&I) * ~ (EnP*A&E) * ~ (REL&LO)	0,9429	5	Case 1: HN-GT Case 2: HN-GT Case 4: HN-SV Case 9: CR-PN Case 10: CR-PN
(p2)	-	MiP * ~ (P&A*P&I) * (EnP*A&E) * (REL&LO)	0,8653	5	Case 2: HN-GT Case 3: HN-SV Case 4: HN-SV Case 9: CR-PN Case 10: CR-PN
(p3)	Config. 1	MiP * (P&A*P&I) * (REL&LO)	0,9580	4	Case 2: HN-GT Case 4: HN-SV Case 9: CR-PN Case 10: CR-PN

Number of Causal Paths	Remote Context	Proximate Conditions	Consistency	# Cases	Name of the Cases
(p4)	~ Config. 2	MiP * (P&A*P&I) * (REL&LO)	0,9533	3	Case 4: HN-SV Case 9: CR-PN Case 10: CR-PN
(p5)	Config. 2	~ MiP * ~ (P&A*P&I) * ~ (EnP*A&E) * ~ (REL&LO)	0,9578	1	Case 1: HN-GT
(p6)	Config. 2	MiP * ~ (P&A*P&I) * (EnP*A&E) * (REL&LO)	0,9736	2	Case 2: HN-GT Case 3: HN-SV

Note. Own Elaboration (2017).

The outcome of the two-step QCA analysis relates to the view that horizontal integration through cross-border policies depends on many factors characterized by conjunctural causation. In fact, Table 39 demonstrates that the combination of factors, or many causal paths, produce CBDP, instead of single conditions alone. The results lead to equifinality—namely, not one single causal path in all reported cases. The effectiveness of the QCA analysis relies on the theoretical sense we can make of the results obtained. The complexity of the results presented throughout this research goes beyond the ones produced either by single-case qualitative analysis, or either by regression analyses in quantitative studies.

Many questions, however, remain open on how to reduce complex causation in general. Moreover, there has been a recent debate about how the final solutions of the QCA analysis (complex, intermediate or parsimonious) can infer causal statements. Although the debate is still open about the validity of results depending on the solutions the researcher decides to take, it seems that the only solution that admits valid causal claims is the parsimonious solution (Baumgartner, 2015; Thiem, 2016a; Thiem, 2016b; Thiem, 2017; Damonte, 2017; Baumgartner & Thiem, 2017). The reason why the parsimonious solution is the only valid for causal statements is that the relations of necessity and sufficiency are monotonic (Baumgartner, 2015). For example, if A is sufficient for Y, and AB is also sufficient, then B (as any other causal condition) is irrelevant for the outcome. Furthermore, if we have limited empirical observations in which some conditions are absent (i.e., A*B*C and ~A*B*~C), then we will have to use counterfactual analysis since we do not have any empirical information in the data set on what happens under the logically possible combinations of A*~B and ~A*~B. This procedure will influence the minimization rules (in the form of a solution type) to derive the outcome (Berg-schlosser et al., 2008; Ragin, 2008a).

The complex solution in the previous example is AB → Y (the presence of A and B is necessary and sufficient for Y). The complex solution tells us that the condition B cannot be ignored. Since there is no data on what happens when B is not present, it is safe to assume that B matters, and therefore we should keep it as part of the final solution. However, leaving B as part of the solution could be misleading since we already stated that B was irrelevant earlier in the example. On the other hand, the parsimonious solution is A → Y (the presence of A is necessary and sufficient for Y). This solution has eliminated B, making irrelevant for the causal explanation.

Regarding the protocols of the two-step QCA on which solution to use, Schneider and Wagemann (2006) suggest using the parsimonious solution in the first step—leaving the model under-specified for further analysis during the second-step. Accordingly, the conservative solution is suggested in the second-step to underline the role that both the remote context and the proximate factors have for the observance of the outcome. Given that the parsimonious solution is the one that delivers causal inferences for explanatory models, the second-step analysis was performed searching for the parsimonious solution in both background contexts.

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**********************
*TRUTH TABLE ANALYSIS*
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File:  /Users/johnathanordonez/Desktop/Final Data Sets/All/First + Proximate.csv
Model: CBDP = f(Config.1, MiP, P&A*P&I, Enp*A&E, Rel*LO)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
                raw          unique
              coverage     coverage     consistency
              ----------   ----------   ----------
Config.1      0.788637     0.0613636    0.942935
MiP           0.856818     0.129545     0.80728
solution coverage: 0.918182
solution consistency: 0.806387



Cases with greater than 0.5 membership in term Config.1: Case1 (0.67,0.6),
   Case2 (0.67,0.8), Case4 (0.67,0.6), Case9 (0.67,0.6),
   Case10 (0.67,0.7)
Cases with greater than 0.5 membership in term MiP: Case9 (1,0.6),
   Case2 (0.67,0.8), Case3 (0.67,0.6), Case4 (0.67,0.6),
   Case10 (0.67,0.7)
```

Figure 24. *Parsimonious Solution for the First Background Configuration. Source: Own Elaboration (2017)*

Figure 24 shows the parsimonious solution for the first background configuration. Notice that from all five conditions (one background condition plus four proximate factors), only two are necessary and sufficient for the outcome: Configuration 1 and MiP. The parsimonious solution,

therefore, tells us that for every possible configuration in the first background conditions, either "Configuration 1" or "MiP" must always be present for the outcome to occur. These are known as the "INUS" conditions or the *prime implicants* of the model.

The INUS conditions offer a causal explanation for the outcome. For the first background configuration, as shown in Table 39, it is necessary to have "config. 1" for cross-border policies to be implemented. In the configurations in which the background context is absent (see *p2* in Table 39), the other INUS condition (MiP) is present. It means that in the absence of the outcome, homogenous political ideology at the local level is necessary and sufficient for the cross-border policies to be implemented. This complies with the homogeneity principle described earlier in this research.

Accordingly, Figure 25 shows the parsimonious solution for the second background configuration. Notice that, similarly to the first background configuration, the second background configuration has two necessary and sufficient conditions for the outcome as well. This time, however, the INUS condition for the second background configuration is "REL&LO" instead of "MiP" as in the first configuration.

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**********************
*TRUTH TABLE ANALYSIS*
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File:  /Users/johnathanordonez/Desktop/Final Data Sets/All/Second + Proximate
Conditions.csv
Model: CBDP = f(Config.2, MiP, P&A*P&I, EnP*A&E, REL&LO)
Algorithm: Quine-McCluskey

--- PARSIMONIOUS SOLUTION ---
                raw         unique
              coverage    coverage    consistency
              ----------  ----------  ----------
Config.2      0.65        0.0613636   0.953333
REL&LO        0.788637    0.2         0.942935
solution coverage: 0.85
solution consistency: 0.930348



Cases with greater than 0.5 membership in term Config.2: Case1:Omoa-PuertoBarrios
(0.67,0.6),
  Case2:Esquipulas-SantaFe (0.67,0.8), Case3:Ocotepeque-Citala (0.67,0.6)
Cases with greater than 0.5 membership in term REL&LO: Case2:Esquipulas-SantaFe
(0.67,0.8),
  Case3:Ocotepeque-Citala (0.67,0.6), Case4:Amatillo-Goascoran (0.67,0.6), Case9:Sixaola-
Guabito (0.67,0.6),
  Case10:Sabalito-RioSereno (0.67,0.7)
```

Figure 25. *Parsimonious Solution for the Second Background Configuration. Source: Own Elaboration (2017)*

The presence of "REL&LO" means that for the second background configuration it is needed the presence of local organizations and agreements (policy coordination) between the local and the central level. In fact, in the configurations where "config. 2" is either absent or negated (see *p4* in Table 39), the presence of "REL&LO" is enough to trigger the outcome.

The causality issue regarding the QCA analysis, as stated earlier, relates to the type of solution applied in the analysis. In complex causal statements, as presented in the two-step QCA, it is indeed difficult to formulate causal inferences—at least as it is usually done in the standard practice of QCA. Therefore, scholars suggest using the parsimonious solution because of the straightforward connection that the solution has with causality (Baumgartner, 2015; Damonte, 2017; Baumgartner & Thiem, 2017). In fact, conditions in a specific solution can be eliminated when they keep no relationship of sufficiency and necessity with the outcome. However, since the two-step QCA requires the complex solution to underline the importance of the remote and proximate conditions, the causality principle could have been overlooked. To correct this, and to find the causal connection between conditions and outcome, the second-step was performed paying attention to the parsimonious solutions. Therefore, after re-running the models in the second step, we found that two conditions are both necessary and sufficient for each background configuration—MiP for the first configuration, and REL&LO for the second configuration. These results show that political homogeneity and local organizations are needed to create cross-border development policies in Central America.

Regarding this point, the literature in political science accounts for different types of integration models depending on the theoretical expectations of the research, and on the characteristics reported in both steps of the fs/QCA. Furthermore, to get six causal configurations, several simplifying assumptions and counterfactuals had to be used throughout the whole analytical procedure.[95] Had that not been the case, instead, analyzing 13 different independent causal conditions in one step would have produced over 8.000 logical remainders. In fact, the results of one-step QCA would have contributed to a less theory-driven analysis and, therefore, to

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[95] The fs/QCA software uses the Quine-McClusky algorithm by default for logical minimizations. This procedure admits the use of counterfactual reasoning to deal with the logical remainders in the truth table. However, since more attention has been drawn recently to the use of the parsimonious solution for causal statements, it has been suggested to use Coincidence Analysis (CNA) instead of the Quine-McClusky algorithm. The CAN adds, by default, the parsimonious configuration in any solution. For more information about the debate of causality and types of solution, refer to (Baumgartner, 2015; Damonte, 2017; Baumgartner & Thiem, 2017).

less reliability in the final solution. Conversely, working with a two-step fs/QCA analysis, by dividing the conditions into proximate and remote, and then by merging the conditions to reduce the complexity of the causal model, contributed to a more simplified and yet theory-consistent explanation of cross-border cooperation in Central America.

2. Theoretical Interpretation of the Results

Earlier in this chapter (see Figure 12) it was stated that cross-border development policies depended on the right combination of macro conditions in which to implement them. The remote conditions produced politically engaged or politically disengaged central governments as the background context, whereas the proximate conditions produced policy-driven or not policy-driven local factors. Now that we have the results of the empirical analysis, the theoretical interpretations can be now contested in the light of such results.

First, regarding context conditions (background settings), it can be stated that governments with similar political ideology (MaP) and with decentralized relations with the local governments (DL) are necessary for the creation of cross-border development policies. These types of governments are usually decentralized in some policy areas such as environment and local development, but they could have the capacity to influence—either socially, politically or economically—the polity at the local level in other types of policy areas, such as security. The existing literature supports this claim (Cherrett, 2001; Faguet, 2004; Litvack et al., 1998). Conversely, the chances of creating border development policies in highly centralized countries with different ideological positions, although possible, remains minimal.

Also in the context conditions, governments with homogeneous socioeconomic status (~CSI), with similar territorial problems (ExP) and with decentralized relations with the local governments (DL) also offer the right background conditions for the existence of border development policies. The existing literature recognizes these types of models as governments with a relatively elevated share of autonomy to create either local organizations or joint policies to tackle common exogenous territorial problems (Xavier Basurto, 2013; Trivelli et al., 2009). In this case, political engagement of the central government remains minimal since the level of autonomy at the local level allows the local governments to actively engage in the policy-cycle without much assistance from the central government. The results presented after the empirical analysis fit the theoretical

model that both remote conditions ae necessary to either implement or prevent cross-border development policies across cities.

For the configuration of proximate conditions, in the category of policy-driven local factors, we find two combinations. The first combination contains local governments with a similar ideology of the local political parties (MiP), with substantial agreements in many policy areas (P&A*P&I), and with local organizations that operate with some degree of autonomy at the local level (REL&LO). The configuration for this policy-driven category is MiP*(P&A*P&I)*(REL&LO).

One of the most important findings in the empirical analysis is that the policy agreements generated by the CBDP transcend the traditional partisan categorization of left and right wing insofar the types of policies create arrangements in different dimensions of competition from the local political parties at the border level. For instance, cases 9 and 10 implement various types of policies which create agreements in the political parties despite their ideological position. Thus, the joint environmental or touristic policies between both cities have created agreements that transcend the political views of the traditional (and historical) left/right political parties (Jackson, 2017; Lopez, 2017; Navarro, 2017). These are cases in which the policy implementation transcends the regular *politics* (political behavior based on political ideology) of the local government. This does not happen, however, with other types of policy areas (like security policies), in which the traditional partisan division of left and right (or, in other words, the *politics* of the local government) have predominance over the policy sector (Jackson, 2017). This is also true in cases where there are no cross-border development policies at all.[96]

The second configuration of the first category has similar elements of the first configuration: local governments with similar political ideology (MiP), and the existence of local organizations at the local level (REL*LO). Moreover, two important elements are also found in this configuration: the presence of endogenous territorial problems (EnP*A&E), and the absence of agreements between the types of policy implemented by the local parties [~(P&A*P&I)]. The configuration for this policy-driven category is MiP * ~(P&A*P&I) * (EnP*A&E) * (REL&LO). Five cases fall into the first category of policy-driven local factors: two cases belong to the local

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[96] Cases 5, 6, 7 and 8 reported the absence of CBDP. This is mainly due to the difference of ideology of the central government concerning the other central governments, and the high level of centralization that prevented local governments to engage into local policies. In these cases, the *politics* of the central and local government had predominance over the policy sector at the border level.

commonwealth known as *El Trifinio* (cases 2 and 3)*,* one case belongs to the Commonwealth of the Fonseca Gulf (case 4), and the remaining two belong to the most developed countries in Central America (cases 9 and 10). Despite the economic and political differences between the countries from which these cases belong to,[97] the identified cases have at least two main features in common: similar political ideology at the local level (MiP) and the existence of local organizations and decentralization laws (REL&LO). These common local characteristics can be then combined with specific factors, either the acknowledgment of territorial problems [(EnP*A&E)], or partisan agreements by policy area [(P&A*P&I)], or by acknowledging territorial problems without policy agreements between the local parties [~(P&A*P&I)*(EnP*A&E)]. In sum, the combined causal path for the policy-driven factors rests as follow:

$$MiP * (REL\&LO) * [(P\&A*P\&I) + \sim(P\&A*P\&I)*(EnP*A\&E)]$$

The second category are neutral policy-driven factors. We find three combinations within this category. First, a combination of local governments with no policy agreements between parties [~(P&A*P&I)], nor acknowledgment of territorial problems [~(EnP*A&E)], nor the existence of local organizations [~(REL&LO)]. The configuration of this category is [~(P&A*P&I) *~(EnP*A&E) *~(REL&LO)]. It could seem counterintuitive for cases to have CBDP in the absence of most of the proximate factors. However, notice that the cases in which this configuration is present (cases 1, 2, 4, 9 and 10) have ideologically homogeneous governments. In other words, it is sufficient for these cases to have ideologically homogeneous and politically engaged central governments for the existence of CBDP. The second configuration is a superset of the first configuration, meaning that only one condition is added: ~MiP. Only one case (case 1) is found in this configuration. The analysis here is that not even homogeneity in the political ideology of the local parties is needed to create CBDP. The background configuration alone seems to be sufficient for the appearance of the outcome. Finally, the third combination of the neutral policy-driven factors consists of a combination of homogeneous political ideology at the local level (MiP), with the acknowledgement of territorial problems, (EnP*A&E), the existence of local organizations (REL&LO), but with no area of further political agreements despite the ideological

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[97] For more information about the macro characteristics of the countries of Central America, refer to Chapter 3, pp. 97-102.

homogeneity of the local parties [~(P&A*P&I)]. The configuration for this category is [MiP *~(P&A*P&I) *(EnP*A&E) *(REL&LO)]. The cases belonging to this category (cases 2 and 3) are part of *El Trifinio* commonwealth and other environmentally protected areas. For the combination *(p6)*, the central governments have a more decentralized approach towards the cities in cases 2 and 3, specifically in environmental and development policies. However, the central governments hold a more neutral approach (or no approach at all, as seen in *p2*) for other types of policy areas, such as security policies.

The third and last category are the not-policy-driven local factors. There are no observed combinations under this category. Although not empirically observed, this category clusters cases with no spaces of political agreements between the local parties and the central governments, and with no organizations at the local level.

Figure 26 shows the results of the fs/QCA analyses based on the theoretical expectations explained above. The nine cells of the cross-tabulation separate the causal paths in the intersection between the remote and the proximate of the two-step analysis. The three columns describe the remote conditions regarding *political engagement* from the central governments (engaged=Configuration1; disengaged=Configuration 2; and neutral = ~Configurations or no contexts at all). Accordingly, the three rows show the different types of approach regarding policy factors (policy-driven factors, not policy-driven factors, and neutral factors).

			Context Creates Central Governments to be:		
			Politically Engaged	NEUTRAL	Not Politically Engaged
			Configuration 1 (MaP*DL)	~Config. 2 /no con	Configuration 2 (~CIS*ExP*DL)
Local Factors Are:	Policy-Driven	MiP * (P&A*P&I) * (REL&LO) MiP * ~ (P&A*P&I) * (EnP*A&E) * (REL&LO) MiP * (P&A*P&I) * (REL&LO)	*(p3)*	*(p2)* *(p4)*	
	NEUTRAL	~(P&A*P&I)*~(EnP*A&E)*~(REL&LO) MiP * ~ (P&A*P&I) * (EnP*A&E)*(REL&LO) ~MiP*~(P&A*P&I)*~(EnP*A&E)*~(REL&LO)	*(p1)*		*(p6)* *(p5)*
	Not Policy-Driven	N/A			

Figure 26. *Empirical Findings of Background Context (remote conditions) and Local Factors (proximate conditions) in the Creation of CBDP.*
Source: Own Elaboration (2017).

Figure 26 follows the same logic as Figure 14. However, all the inputs in Figure 28 (p1-p6) indicate all the sufficient causal paths for cross-border development policies that have been calculated during the two-step fs/QCA analysis displayed in Table 39. The general expectation was that the combination of causal conditions—i.e., a combination of background settings and proximate factors—creates cross-border development policies in Central America. More specifically, these policies are created if the presence (or absence) of policy-driven factors at the local level (proximate conditions) interact with specific background settings (political engagement of the central governments) at the macro level (remote conditions). Notice that the analysis does not display any sufficient path for CBDP that combines: i) political disengagement from the central government with both (policy-driven and not-policy-driven) local factors, or ii) political engagement with not-policy-driven local factors. In fact, quadrants 2, 3 and 4 remained empty. Moreover, the interaction between the political background settings (*politics*) and the policy sector of the CBDP (*policy*) in the cases studied throughout this research put forward important evidence regarding the space in which politics meet policies.

3. Empirical Interpretation of the Results

As stated earlier in the research, horizontal integration was the result of the application of cross-border development policies in the cities located around the borders. This *policy-driven* model contrasts with the existent *politics-driven* integration model in the region, in which supranational institutions are created by agreements between the central governments. The relation between policy and politics is not new in the academic debate. Lowi (1972, p. 299) has argued that policy determines politics in individual policy types, like labor market, age pension, environmental policies or migration policies. His original thesis was related to policy mechanisms or types (distributive, redistributive and regulatory) and intended to answer the question: What does policy making depend on? Lowi intended to answer that question by analyzing the content of the policies and the kind of problems associated with them.

Likewise, the types of cross-border development policies in Central America imply specific outcomes, and these, at the same time, create specific responses to the political debate regarding decision-making and implementation. This goes according to Lowi's idea of how policies can determine politics: "It is not the actual outcomes but the expectations as to what the outcomes can

be that shape the issue and determine their politics" (Lowi, 1972, p. 707). This notion leads to the policy arenas or political spaces where policies determine conflict or consensus in the local polity. It is crucial to remember, however, that just because some policy areas can shape the political arrangement in some local governments, does not mean that the background setting should not be considered. In fact, what the empirical analysis of the data also show is that policies cannot be considered separately from their historical and institutional contexts in which they are applied. The context always matters.

From the analytical perspective, the fs/QCA results show that CBDP could transcend the traditional partisan categorization of left and right wing, at least at the local level. Cases 9 and 10 are empirical proofs that the policy sector could create political arrangements at the local level, despite the ideological position of the parties. In these cases, "(…) even if the ideology of the [*local*] governments are the same, political ideology is a variable that has little effect on the dynamics of policy implementation at the border level." (R. Lorilla, personal interview, December 14th, 2016). The same happens in cases 2, 3 and 4, in the joint development zone and commonwealth known as *El Trifinio*. Given that *El Trifinio* is in a geographical tri-point between El Salvador, Guatemala, and Honduras, many cross-border development policies are implemented in the common areas, especially environmental and development policies. These cases deserve special attention because, as Figure 28 shows, these cases have cross-border policies in the presence of both background configuration. This is not a flaw in the explanatory model, nor an error in the calibration of the data set, but rather a way to see what factors are needed for each type of cross-border development policies. Hence, while environmental or touristic policies are implemented in cases where the central government is not politically engaged (cases 1, 2 and 3), security policies are implemented with an elevated presence of the central government (cases 2, 4, 9 and 10). What the two-step fs/QCA demonstrates, therefore, are the different configuration paths for the different policy types.

However, not all policy sectors create the same effect on the political agreements at the local level. For instance, from the three existing policy types in cross-border cooperation in Central America (environmental/tourist policies, security policies, and development/poverty policies), only the environmental/touristic sector seems to create political agreements at the local level. These types of policies have transcended the views of the traditional left-right political parties, creating a shared responsibility of the social actors at the local level for the protection of the

environment. These cases are found in the causal path #3 and #4 (*p3* and *p4*, in Table 39) and have the presence, therefore, of the condition of agreements between policy and ideology ('PA&PI'). Notice, however, that the same cases (4, 9 and 10) also present causal paths (*p2*) where the condition 'PA&PI' is absent. The absence of the condition 'PA&PI' means that there are other policy sectors (such as security), in which the traditional partisan division of left and right, or the main political ideology of the central government, have predominance over the local policy types.[98]

Moreover, cases 2 and 3 present different causal paths according to the nature of the policy they implement. As mentioned above, cases 2 and 3 belong to *El Trifinio* commonwealth where many border policies are implemented. Although this joint area implements several policies, the reach of each policy arena (and the political arrangement they create both at the local and central level) is different. Like cases 9 and 10, the territories located within the *Trifinio* implement development policies against poverty. The implementation of these policies mainly depends on the intervention of the central government, rather than the political arrangement at the local level. Ideologically political homogeneity is therefore needed to implement policies related to development or poverty. This can be contested in the causal paths #3 and #6 (*p3* and *p6)* where the central governments are politically disengaged in the implementation of some policies, such as environmental policies (background setting 'Config. 2'), and engaged in the implementation of others, such as security or migration policies (background setting 'Config. 1'). In fact, policy types like security (although important in the region) do not necessarily create consensus at the local political level [~(P&A*P&I)], even if the cities have some degree of autonomy to implement different kinds of policies. This is shown in the causal path # 6 (*p6*).

It is important to notice that these two clusters of cases also belong to different sub-regions, with a different index of political, social and economic development. Cases 2 and 3 belong to the *northern triangle* of Central America (Guatemala, El Salvador, and Honduras), whereas cases 9 and 10 belong to the *southern triangle* of Central America: Panama and Costa Rica. The similarities of these cases regarding policy-making and policy-implementation, despite the

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[98] The issue of security in Central America (due to the problem of drug trafficking from South America towards the United States) is a very sensitive topic to the central governments, in which State policy are implemented according to the national agendas of each country. Therefore, the politics of the central government have more predominance to the local policies in areas such as drug trafficking, illegal migration, or any other topic related to State security. For more information, refer to (Cajina, 2013).

differences at the macro level, show that the combination of some local factors—with right macro context—can contribute either to the presence or absence of border policies across regions. These results represent important theoretical and methodological contributions to both the integration and policy literature.

Finally, the two-step fs/QCA was a useful tool for the formulation and testing of complex hypotheses on the creation of CBDP. As noted in the last part of this chapter, the results have many methodological, theoretical and empirical implications. In contrast to the existing literature on integration, the findings of this research lead to new ways to understanding and studying integration in Central America, this time from the policy perspective. In fact, analyzing the factors that foster the creation and implementation of cross-border development policies will allow decision-makers and policy-makers, both at the central level and at the local level, to have more analytical tools during the policy-making cycle.

CONCLUSIONS

A. On the Status of the Integration Process in Central America

Over the past couple of decades, the phenomena of integration, regionalism, and cross-border relations have called the attention of the social sciences and the academic inquiry in general. In fact, many disciplines such as comparative politics, international relations, sociology, political science, economics, among others, have tried to study the effect of integration on the relations between the states, societies, and people. The topics of integration and regionalism have shown many ways in which different states can engage in different types of political, economic, social or cultural relations. The academic literature presented in this research has focused both on the economic side of integration (addressing the main phases of the economic integration process), and the political side of integration—focusing on the different integration paradigms having the European experience as the main theoretical model.

After the creation of the WTO, many integration processes have focused on the economic relations within specific regions. However, these types of relations within and between regions have included, in a short period, other areas that were almost exclusive competencies of the national states—i.e., human rights, migration, security and environmental issues. With globalization, the inclusion of other topics in the integration processes, besides the economic performance of the countries, became almost inevitable. This new form of state relations, studied in the literature as New Regionalism, focuses on how global issues have local consequences—turning the attention of the scientific inquiry to a more local approach.

In fact, although Central America has engaged in the process of economic and political integration, cross-border cooperation is still an area to explore more in depth. Unfortunately, the problem to study the integration process in Central America seems to be twofold: academic and political. Regarding the academic problem, the proliferation of the academic literature in the past fifty years has made the integration process difficult to track in a linear way. In fact, the theory of integration has several conceptual, theoretical and methodological fragmentations that vary from region to region. Moreover, the lack of consensus between scholars from their various theoretical standpoints—especially those who specialized in the integration process of the European Union—has made the study of integration from a "standard" perspective very problematic.

Regarding the political problem, the different economic and political agenda of the governments—together with many other exogenous factors—have made the topic of integration secondary in Central America. Moreover, many years of integration attempts have generated a complex regional bureaucracy that has been criticized for its lack of operativeness. Managing the integration process requires, as an essential condition, to reorganize the complex and heterogeneous institutional network into better and more efficient operational levels.

As I have argued throughout this research, the integration process in Central America has faced several institutional changes in the last decades. These changes have affected the way the countries relate to each other, not only at the institutional level but also at the local level. Regarding this last part, cross-border cooperation was presented as a novel and complementary approach to the existing integration efforts in Central America.

B. On the Theoretical Insights of Cross-Border Development Policies

Cross-border development is a relatively new discipline in the social sciences. Given its importance and novelty—and its connection with the efforts of integration in the region—this research studied this new perspective of local development in Central America.

The perspective of cross-border development was initially explored as an alternative to the historical and institutional integration paradigms in the region. Here, the concepts of *horizontal integration* (cross-border development) and *Vertical Integration* (formal integration process with supranational institutions) were studied. Since horizontal integration is the result of the interaction of local actors through the implementation of border policies, the main objective of this research was to assess if a combination of casual conditions—both at the macro and the micro levels— contributed to the generation of cross-border development policies.

Regarding the theoretical expectations of the research, two key features are relevant to notice: First, given the nature of conditions and the types of policies, it was part of the theoretical expectations of the research that type of cooperation could vary across cases. The variance of the type of cooperation depended on both endogenous and exogenous factors that affected the characteristics of the border cities, and how they relate to their peers. For example, the existence of security policies was expected in places where criminality is an issue, whereas environmental regulation policies were present where pollution is a problem. Cross-border development policies,

therefore, generated agreements (cooperation) in different policy fields depending on the nature of the policies and the configuration of the background conditions.

The second thing to keep in mind are the different top-bottom arrangements at the macro level or political arrangements between central governments. In other words, the institutional configuration of a country (separated in the theoretical division of *politically engaged* or *politically disengaged*) created conditions to either foster or prevent the cities at the border level from engaging in cross-border cooperation. The 'macro' characteristics of the States in Central America (ideologically homogeneous or locally decentralized) correspond to a *political* and *institutional* effect over the policy-implementation in the border zone. These arrangements relate with the possibility that certain characteristics of the central (top) level could have effects or consequences at the border (bottom) level. This kind of *overlap* is the area where both *policies* and *politics* meet. The intersection between both spheres is relevant because it would not only explain the differences found in the content of the policies, but also it can give explanations on why similar policies could have a different effect in different places.

C. On the Methodological Insights of the Two-Step QCA

The theoretical argument of this research was framed as causal statements using necessary and sufficient conditions for a specific outcome. Fs/QCA was the chosen methodological tool for studying complex causal theories with a middle-size number of cases. Given the theoretical complexity of the causes for cross-border development policies, the two-step fs/QCA (organized in remote and proximate conditions) was adopted to reduce both complexities of the model, and to tackle the problem of limited diversity. The advantages of using the two-step approach were many. First, it helped to create middle-range theories. In other words, it established a relation between the causal conditions and the outcome in a specific space-time framework. Second, it reduced drastically the number of logical remainders. Finding a solution to the problem of limited diversity allowed the research to follow a theory-driven approach which, combined with easy counterfactuals, could solve the problems of logical remainders. Finally, the two-step fs/QCA helped in analyzing hypotheses which operate at two different levels: background contexts and local operating factors. The comparative advantage in using fs/QCA is that the results of the analysis fit with the basic structures of hypotheses conceived in the macro-micro levels.

The empirical application of the two-step fs/QCA entailed analyzing the causes for cross-border development policies in twenty border cities, organized in 10 dyads of cities (10 cases) in all six countries of Central America. The design of the first step allowed the discovery of the background settings that enable the creation of CBDP. The conditions discovered during the first step are known as *outcome-enabling* conditions. Moreover, during the first-step, some computational criteria were performed to obtain less-complex causal statements on the outcome-enabling conditions. This analytical procedure is normal since the right specification of the model was performed during the second step. The second step added the proximate factors with the results of the first-step (background settings), along with the standard QCA parameters.

The results of the analysis showed what kinds of proximate and remote conditions are needed to create cross-border cooperation. In fact, at least six causal paths were found to create cross-border development policies in Central America. These policies are created when the presence (or absence) of policy-driven factors at the local level (proximate conditions) interact with specific background settings (political engagement of the central governments) at the macro level (remote conditions). In other words, cross-border development policies will not be created if there is political disengagement from the central government combined with either policy-driven or not policy-driven factors. Moreover, the interaction between the political background settings (*politics*) and the policy sector of the CBDP (*policy*) in the cases studied throughout this research put forward important evidence regarding the space in which politics and policies meet. Finally, the fact that there are several paths to create CBDP demonstrate conjunctural causation and equifinalty, making the two-step fs/QCA into a valuable methodological resource to analyze complex social phenomena.

However, many methodological issues were faced with the two-step QCA procedure. The main problems were related to the selection of cases in the second-step (which was considered as a robustness test of the model), and the final solution of the analysis (which was included to test the causal path of the explanatory model). Regarding the selection of cases, including all the cases in the second-step *vis-à-vis* including only the cases with a positive outcome created a small variation in the consistency results of the truth table. However, these variations were not big enough to make the model inconsistent. Rather, they showed that the effect of the proximate conditions is higher when narrowed only to the cases with the positive outcome. Regarding the final solution of the analysis, to this date, there is an ongoing debate about which of the three solutions (parsimonious,

intermediate or complex) is the valid solution of a standard QCA practice. Although many have argued that any solution is equally valid depending on the specification of the model, the parsimonious solutions is the only one that admits causal inferences. Accordingly, the parsimonious solution was also considered in the second-step to identify the INUS conditions of the explanatory model. Both background contexts (Config. 1 and Config. 2), and conditions related to the homogeneity of the local parties (MiP), and the existence of local organizations (REL&LO) explain the causal connection between the conditions and the outcome.

Giving that the two-step QCA is not yet a standardized practice in the configurational methods, further methodological insights will be necessary to enrich the procedure, and to improve the analytical results of the solutions as well.

D. Limits of the Research, Lessons Learned, and Pending Issues

The present research constituted an effort to analyze development policies—their creation and implementation—at the border level in Central America. However, several limitations were faced while conducting the research, from the theoretical background in the literature review to the data collection for the cases.

The first limitation found was in the literature review. Most of the literature regarding integration, both at the macro and micro level, has been influenced by the integration process of the European Union. Furthermore, it is sometimes problematic to find the perfect match between a theoretical and empirical explanation of cases that belong to different integration or cooperation schemes. Therefore, it is important to remember the multidisciplinary nature of this research, and the usefulness of its findings in many theoretical frameworks of the social sciences, such as International Relations, Political Science and Policy Studies.

The second main challenge was the number of cases. The number "*N*" of cases was not large enough to make the results representative compared to other studies, but it was large enough to create generalizations about the dynamics of policy implementation in Central America. The advantage of using QCA is that it tackles middle-size "n." More cases could and should be included in future studies to make the results more representative. However, even if this study used middle-size "*Ns*," the cases included in the research showed both positive and negative outcome,

presenting empirical diversity that contributed to the theory-building of the integration process in Central America.

The third challenge was related to the data collection for the cases. The problem here was twofold: first, the availability of local authorities to participate in the study, either at the political level or the technical level. For this, many interviews were made to secondary sources (relevant actors in the territory) to get the information needed. The second problem was regarding the statistical information of the border cities: economic performance, social development, etc. The most updated statistical information was used from the national census for each country. However, there were some cases in which the information with neither available (at least at the micro level), nor updated or standardized relative to the other cases. To solve this problem, several independent studies about economic and social well-being at the local level were used, elaborated by regional entities and independent think tanks.

The fourth challenge was a methodological one. The methods for the data analysis (fsQCA in two steps) brought some technical difficulties. These difficulties were related to many factors, from the type of data brought into the software to the type of calibration performed to operationalize the conditions. These problems rose some conceptual issues (in the form of contradictions found in the Venn Diagram, or the specification problem, accounted from the ratio between cases and conditions) to technical problems that were dealt with in the truth table (limited diversity, logical remainders, etc.) To solve these problems, it was necessary to go back to the theory-building phase and to redefine the scope condition and the calibration method. The literature is still limited to some methodological issues of the two-step QCA, and many ways to improve the procedure are forthcoming.

Finally, the fifth challenge was related to time constraint and other exogenous factors not strictly related to the research design. For example, although policy creation and implementation were covered in this research, little attention was paid to policy evaluation and policy results regarding outputs and outcomes. This is due to the timing in which the policies were applied: many of the policies were either in the process of formulation, or in the first phases of implementation when this research was conducted. In other words, although this research paid close attention to the causes of cross-border development policies, further analysis is needed to study the real impact of such policies in the regions where they are applied, especially in the cooperation areas generated by such policies.

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APPENDICES

APPENDIX A: List of Interviewed People during the Field Work in Central America

NAME	POSITION	DATE OF THE INTERVIEW	CITY/COUNTRY
AJURIA, C.	Planning Technician	September 23rd, 2016	Puerto Barrios – Guatemala
ALVARADO, R.	Mayor of the Municipality of Omoa	September 19th, 2016	Omoa – Honduras
ALVARADO, H.	Expert in Local Governance	September 20th, 2016	Omoa - Honduras
ARGUEÑAL, J.	Municipal advisor of the Mayor	November 21st, 2016	El Triunfo - Honduras
ARGUETE, S.	Municipal advisor of the Mayor	October 26th, 2016	Goascoran – Honduras
ARTEAGA, A.	Risk Manager and Municipal Official	October 26th, 2016	Citala – El Salvador
BADILLA, A.	Counselor and Assistant of the Mayor	December 15th, 2016	La Cruz – Costa Rica
CABRERA, G.	Expert in Local Governance	September 22nd, 2016	Omoa - Honduras
CALEX, J.	Expert in Local Governance	Septembre 21st, 2016	Omoa – Honduras
CÁRCAMO, A.	Technical Assistant in Environmental Development	September 21st, 2016	Omoa – Honduras
CASTRO, M.	Environmental Technical Expert.	September 21st, 2016	Omoa – Honduras
CRUZ, M.	Environmental Technical Expert.	September 21st, 2016	Omoa – Honduras
GALEANO, J.	Head of the Department of Infections	November 21st, 2016	El Triunfo – Honduras
JACKSON, J.	Technician of Planning	January 30th, 2017	Bri Bri – Costa Rica
LAPOLA, C.	Mayor of the city of Esquipulas	October 10th, 2016	Esquipulas - Guatemala
LORILLA, R.	Technician of Planning	December 14th, 2016	Los Chiles – Costa Rica
LOPEZ, J.	Technician of Planning	January 31st, 2017	Guabito – Panama
NAVARRO, R.	Mayor of San Vito	February 11th, 2017	San Vito – Costa Rica
MONCADA, F.	Mayor Deputy of Dipilto	November 29th, 2016	Dipilto – Nicaragua
PAZ, O.	Mayor of the Municipality of Goascoran	September 30th, 2016	Goascoran – Honduras
RAMIREZ, J.	Technician of Planning	October 26th, 2016	Pasaquina – El Salvador
REAL, E.	Technician of Planning	November 21st, 2016	Somotillo - Nicaragua

NAME	POSITION	DATE OF THE INTERVIEW	CITY/COUNTRY
RECINOS, E.	Technician of Planning	October 11th, 2016	Esquipulas - Guatemala
RUIZ, I.	Mayor of the Municipality of Santa Fe	October 11th, 2016	Santa Fe – Honduras
TORRENTE, R.	Expert in Local Development	December 15th, 2016	Cardenas – Nicaragua
VARGAS, E.	Technician of Planning	December 13th, 2016	San Carlos – Nicaragua

APPENDIX B: Questionnaire for the data collection

Note: Semi-structured interviews were conducted with the mayor of the cities, local leaders, NGOs representatives, and experts in integration processes and development. Here is the interview elaboration guideline.

<table>
<tr><td colspan="3">Condition 1: Homogenous Political Identity</td></tr>
<tr><td colspan="3">Main Question: How can political ideology in the local governments promote cross-border cooperation?</td></tr>
<tr><td>Measure</td><td>Sub-question</td><td>Specific Question</td></tr>
<tr><td>Assessment if the political ideology of the local parties from both cities belong to the same or similar point in the political spectrum (left-center-right)</td><td>Is the same or similar ideology important for the governments to work together?</td><td>If yes, how so?</td></tr>
<tr><td>The political ideology of the central government party (left-center-right) is the same as the political ideology of the neighboring country.</td><td>How are the central government relations in general?</td><td>Are there any issues from the governments of both countries that are translated into the borders?</td></tr>
<tr><td>The type of policy sector allows local parties with heterogeneous political ideology to work together/cooperate.</td><td>Is it easier for the local governments to cooperate if they had the same/different ideology?</td><td>How has been the historical relations between local governments?</td></tr>
<tr><td>Assessment if the type of policies implemented creates agreements in different dimensions of competition from the local political parties at the border level.</td><td>Does the policy implemented generate any kind of political agreements between the parties?</td><td>If so, what kind of agreements? In what areas?</td></tr>
<tr><td colspan="3">Condition 2: Diverse Socioeconomic Status</td></tr>
<tr><td colspan="3">Main Question: Do socioeconomic differences between the cities pushes support cross-border cooperation?</td></tr>
<tr><td>Existences of different conditions in terms of income.</td><td>What are the local wages in the city?</td><td>If there are differences of wages, does that represent a positive factor for people to commute?</td></tr>
<tr><td>Existences of different conditions in terms of education</td><td>What is the average level of education of the city?</td><td>Are there any schools/colleges around that make people commute to?</td></tr>
<tr><td>Existences of different conditions in terms of occupation</td><td>What are the main economic development drivers of the city?</td><td>How do the economic performance of the local cities contribute to cooperation between them? Are there any areas of economic cooperation?</td></tr>
<tr><td colspan="3">Condition 3: Shared Territorial Problems</td></tr>
</table>

Main Question: How important are common problems for the creation of development policies?		
Existence of exogenous problems that affect both border cities	What common problems do the local cities have?	Are they anyway to solve them together?
Existence of an endogenous problem in one side of the border that affects the other side.	Are there single problems of one city that affects the other?	If so, are there any common measurements to solve them?
Acknowledgement from the local government of a shared territorial problem.	Do the local governments discuss common issues in the municipal council?	If so, how frequent do they discuss about common issues?
Condition 4: Elevated Decentralization Levels		
Main Question: Do autonomy play a key role in the generation of cross-border development policies?		
Measure	**Sub-question**	**Specific Question**
Existence of decentralization laws or plans at the local level	How is the decentralization status of the local city?	If there are problems, what is the nature of those problems?
Availability to make own agreements with other entities without the authorization from the Central Government	How autonomous are the municipalities to create agreements with other cities/entities?	Is centralization a problem for cross-border cooperation?
Availability of the cities to create local organizations with their peers.	Does decentralization allow the creation of local organizations at the border level?	If so, can these organizations create and execute cross-border policies?

APPENDIX C: Complete list of terrestrial borders in Central America

Country	Name of the Borders	Country it borders with
El Salvador	Pedro de Alvarado – La Hachadura	Guatemala
	Valle Nuevo – Las Chinamas	Guatemala
	San Cristobal – San Cristobal	Guatemala
	Ermita - Anguiatú	Guatemala
	EL Poy Citalá – El Poy Ocotepeque	Honduras
	Pasamonos – La Concorida	Honduras
	El Amatillo – El Amatillo	Honduras
Guatemala	Agua Caliente – Agua Caliente	Honduras
	El Florido – El Florido	Honduras
	Corinto - Corinto	Honduras
Honduras	El Guasaule – El Guasaule	Nicaragua
	La Fraternindad – El Espino	Nicaragua
	Las Manos – Las Manos	Nicaragua
	Trojes - Teotecacinte	Nicaragua
Nicaragua	Samos – Peñas Blancas	Costa Rica
	San Pancho – Las Tablillas	Costa Rica
Costa Rica	Paso Canoas – Paso Canoas	Panama
	Sabalito – Rio Sereno	Panama
	Sixaola – Guabito	Panama

APPENDIX D: Consistency and Coverage Values for each Remote Condition

```
Analysis of Necessary Conditions

Outcome variable: CBDP

Conditions tested:
        Consistency    Coverage
MaP     0.801923       0.892934
~MaP    0.440385       0.429644
CSI     0.711538       0.740000
~CSI    0.684615       0.712000
ExP     0.684615       0.712000
~ExP    0.711538       0.740000
DL      0.815385       0.905983
~DL     0.388462       0.379699
************************
SUBSET/SUPERSET ANALYSIS
************************

Outcome: CBDP

                                raw
                    consistency coverage      combined
                    ----------- -----------   ----------
MaP*CSI*ExP*DL      1.000000    0.446154      0.664599
MaP*CSI*ExP         0.988679    0.503846      0.706263
CSI*ExP*DL          1.000000    0.446154      0.664599
MaP*ExP*DL          0.973684    0.498077      0.702208
MaP*CSI*DL          1.000000    0.576923      0.755747
MaP*ExP             0.966555    0.555769      0.741762
MaP*CSI             0.990991    0.634615      0.792634
CSI*ExP             0.758794    0.580769      0.628429
ExP*DL              0.953333    0.550000      0.734166
CSI*DL              1.000000    0.576923      0.755747
MaP*DL              0.980978    0.694231      0.829029
CSI                 0.740000    0.711538      0.669529
ExP                 0.712000    0.684615      0.608023
MaP                 0.892934    0.801923      0.872827
DL                  0.905983    0.815385      0.884742
```

APPENDIX E: Consistency Values for the Remote Solutions and for every Single Remote Condition

```
Analysis of Necessary Conditions

Outcome variable: CBDP

Conditions tested:
            Consistency     Coverage
MaP+DL       0.923077       0.846561
~CSI+ExP+DL  0.950000       0.703704
************************
SUBSET/SUPERSET ANALYSIS
************************

Outcome: CBDP

                      raw
           consistency  coverage    combined
           -----------  ----------  ----------
MaP*DL      0.980978     0.694231    0.829029
MaP         0.892934     0.801923    0.872827
DL          0.905983     0.815385    0.884742
************************
SUBSET/SUPERSET ANALYSIS
************************

Outcome: CBDP

                       raw
            consistency  coverage     combined
            -----------  ----------   ----------
~CSI*ExP*DL  0.947368     0.484615     0.689147
~CSI*ExP     0.745370     0.619231     0.629530
~CSI*DL      0.953333     0.550000     0.734166
ExP*DL       0.953333     0.550000     0.734166
~CSI         0.712000     0.684615     0.608023
ExP          0.712000     0.684615     0.608023
DL           0.905983     0.815385     0.884742
```

APPENDIX F: Complete Data Set

CASES	CONDITION 1: Homogeneous Political Ideology (HPI)			
	Policy and Agreements	Macro Politics	Micro Politics	Policy and Ideology
C_1: Omoa - Puerto Barrios	0,33	0,67	0,33	0,67
C_2: Esquipulas - Santa Fe	0,67	1	0,67	0,33
C_3: Ocotepeque – Citala	0,67	0,33	0,67	0,33
C_4: Amatillo - Goascoran	0,67	1	0,67	0,67
C_5: El Paraiso - Dipilto	0	0	0	0
C_6: Somotillo – El Triunfo	0,33	0,33	0,33	0,33
C_7: Cardenas – La Cruz	0,33	0	0	0
C_8: Los Chiles – San Carlos	0,33	0	0,33	0,33
C_9: Sixaola - Guabito	1	0,67	1	1
C_{10}: Sabalito – Rio Sereno	0,67	0,67	0,67	1

CASES	CONDITION 2: Diverse Socioeconomic Status (DSS)		
	Income	Education	Occupation
C_1: Omoa - Puerto Barrios	0,67	0,33	0,67
C_2: Esquipulas - Santa Fe	1	0,67	1
C_3: Ocotepeque – Citala	0,67	0,67	0,33
C_4: Amatillo - Goascoran	0,67	0,67	0,67
C_5: El Paraiso - Dipilto	0,67	0,67	0,33
C_6: Somotillo – El Triunfo	0,33	0,33	0,67
C_7: Cardenas – La Cruz	1	0,67	1
C_8: Los Chiles – San Carlos	1	0,67	1
C_9: Sixaola - Guabito	0,67	0,33	0,67
C_{10}: Sabalito – Rio Sereno	1	0,67	1

CASES	CONDITION 3: Shared Territorial Problems (STP)		
	Exogenous Problems	Endogenous Problems	Acknowledgment and Engagement
C_1: Omoa - Puerto Barrios	0,67	0,33	0,67
C_2: Esquipulas - Santa Fe	0,67	0,67	0,67
C_3: Ocotepeque – Citala	0,67	1	1
C_4: Amatillo - Goascoran	0,33	0,33	0,67
C_5: El Paraiso - Dipilto	0,33	0,33	0
C_6: Somotillo – El Triunfo	0,67	0,67	0
C_7: Cardenas – La Cruz	0,33	0,33	0
C_8: Los Chiles – San Carlos	0,67	0,67	0
C_9: Sixaola - Guabito	0,33	0,33	1
C_{10}: Sabalito – Rio Sereno	0,33	0,67	1

CASES	CONDITION 4: Elevated Decentralization Level (EDL)

	Decentralization Law	Relations of the micro and macro level	Local Organizations
C_1: Omoa - Puerto Barrios	0,67	0,67	0,33
C_2: Esquipulas - Santa Fe	0,67	0,67	1
C_3: Ocotepeque – Citala	0,67	0,67	1
C_4: Amatillo - Goascoran	0,67	0,67	1
C_5: El Paraiso - Dipilto	0	0	0
C_6: Somotillo – El Triunfo	0	0	0
C_7: Cardenas – La Cruz	0	0	0
C_8: Los Chiles – San Carlos	0	0	0
C_9: Sixaola - Guabito	1	1	1
C_{10}: Sabalito – Rio Sereno	1	1	1

CASES	Remote Conditions for Cross Border Development Policies (CBDP)			
	MaP	CSI	ExP	REL
C_1: Omoa - Puerto Barrios	0.67	0.33	0.67	0.67
C_2: Esquipulas - Santa Fe	1	0.67	0.67	0.67
C_3: Ocotepeque – Citala	0.33	0.33	0.67	0.67
C_4: Amatillo - Goascoran	1	0.67	0.33	0.67
C_5: El Paraiso - Dipilto	0	0.33	0.33	0
C_6: Somotillo – El Triunfo	0.33	0.33	0.67	0
C_7: Cardenas – La Cruz	0	0.67	0.33	0
C_8: Los Chiles – San Carlos	0	0.67	0.67	0
C_9: Sixaola - Guabito	0.67	0.33	0.33	1
C_{10}: Sabalito – Rio Sereno	0.67	0.67	0.33	1

CASES	Proximate Conditions for Cross Border Development Policies (CBDP)			
	MiP	P&A*P&I	EnP*A&E	REL*LO
C_1: Omoa - Puerto Barrios	0.33	0.33	0.33	0.33
C_2: Esquipulas - Santa Fe	0.67	0.33	0.67	0.67
C_3: Ocotepeque – Citala	0.67	0.33	1	0.67
C_4: Amatillo - Goascoran	0.67	0.67	0.33	0.33
C_5: El Paraiso - Dipilto	0	0	0	0
C_6: Somotillo – El Triunfo	0.33	0.33	0	0
C_7: Cardenas – La Cruz	0	0	0	0
C_8: Los Chiles – San Carlos	0.33	0.33	0	0
C_9: Sixaola - Guabito	1	1	0.33	0.67
C_{10}: Sabalito – Rio Sereno	0.67	0.67	0.67	0.67

End notes.

[i] Policy and Agreements
[ii] Macro Politics
[iii] Micro Politics
[iv] Policy and Ideology
[v] Income
[vi] Education
[vii] Occupation
[viii] Exogenous Problems
[ix] Endogenous Problems
[x] Acknowledgment and Engagement
[xi] Decentralization Law
[xii] Local relations w/o Central Government
[xiii] Local Organizations