

Governance structures and urban-rural linkages in intermediate cities

Case Study: Cuenca-Ecuador

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Statement of authenticity of material

This thesis contains no material which has been accepted for the award of any other degree or diploma in any institution and to the best of my knowledge and belief, the research contains no material previously published or written by another person, except where due reference has been made in the text of the thesis.

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Abstract

Intermediate cities are an interface that could balance population growth and development of primary urban centers and rural areas. This research examines possible urban-rural linkages by exploring governance structures and their influence on strategic regional planning. The theory about intermediate cities is linked to the case of Cuenca- Ecuador to set the contextual circumstances of urban and rural areas under one municipal administration. The study observes limitations of the current governance structures and indicates that government levels which share responsibilities with the municipality are not strong enough to develop and coordinate comprehensive strategic plans. Thus, intermediate cities have the risk of concentrating population, service provision and resource allocation in their own regions instead of balancing them.

Keywords: secondary cities, hinterland, inter-level coordination, decentralization, Ecuador

List of abbreviations

BCE	Ecuadorian central bank (for the Spanish nomenclature Banco central del Ecuador)
BdE	State bank (for the Spanish nomenclature Banco del Estado)
CELEC-EP	Electric Corporation in Ecuador (for the Spanish nomenclature Corporación Eléctrica del Ecuador, empresa pública)
CIMES	Chair in Intermediate Cities
CREA	Agency for economic transformation of Azuay (for the Spanish nomenclature Centro de Reconversion Económica del Azuay)
CNC	National council of competencies (for the Spanish nomenclature Consejo nacional del competencias)
COOTAD	Organic code for territorial organization, administration and decentralization (for the Spanish nomenclature Código Orgánico de Organización Territorial, Autonomías y Descentralización)
COPFP	Organic code for planning and public finances (for the Spanish nomenclature Código orgánico de planificación y finanzas públicas)
CPV	Population and housing census (for the Spanish nomenclature Censo de población y vivienda)
DGA	Aviation general office (for the Spanish nomenclature Dirección general de aviación)
EDEC-EP	Public Enterprise for economic development in Cuenca (for the Spanish nomenclature Empresa Pública Municipal de Desarrollo Económico de Cuenca)
ETAPA-EP	Public enterprise for telecommunications, drinkable water and sewerage (for the Spanish nomenclature Empresa pública de telecomunicaciones, agua potable, alcantarillado)
ETN	National strategy for the territory (for the Spanish nomenclature Estrategia territorial nacional)
GIZ	German international cooperation agency (for the German nomenclature Gesellschaft für Internationale Zusammenarbeit)
IGM	Geographic Military Institute (for the Spanish nomenclature Instituto geográfico militar)
INEC	National institute for statistics and censuses (for the Spanish nomenclature Instituto nacional de estadísticas y censos)
JPR	Rural parish council (for the Spanish nomenclature Junta parroquial rural)
MF	Ministry of Finance (for the Spanish nomenclature Ministerio de finanzas)
NBI	Unsatisfied Basic Needs (NBI for the Spanish nomenclature Necesidades básica insatisfechas)
NUA	New urban agenda
NUTS	Classification of territorial units for statistics

	(for the French nomenclature d'unités territoriales statistiques)
OCDE	Organisation for Economic Co-operation and Development
PNBV	National Plan for Good Living 2009-2013 (PNBV for the Spanish nomenclature Plan Nacional del Buen Vivir)
PDOT	Local Development plan (for the Spanish nomenclature Plan de desarrollo y ordenamiento territorial)
LOPC	Organic law of citizen participation (for the Spanish nomenclature Ley organica de participacion ciudadana)
SENECYT	Secretariat for Higher Education, Science, Technology and Innovation (for the Spanish nomenclature Secretaría de Educación Superior, Ciencia, Tecnología e Innovación)
SENPLADES	National secretary for planning and development (for the Spanish nomenclature Secretaria nacional de planificación y desarrollo)
SNI	National information system (for the Spanish nomenclature Sistema nacional de información)
SDG	Sustainable development goals
SDG	Sustainable development goals
UCLG/CGLU	United Cities and Local Governments
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNCHS	United nations human settlements program
WB	World Bank

Table of Contents

1.	Chapter 1 Introduction.....	1
2.	Chapter 2 Literature review.....	3
2.1.1.	Intermediate cities.....	3
2.1.2.	Governance and strategic planning	7
2.1.3.	Urban and rural linkages	11
3.	Chapter 3 Research design	17
3.1.	Research questions.....	17
3.2.	Research strategy and methodology.....	17
3.2.1.	Case study selection.....	18
3.2.2.	Case study design	22
3.3.	Data collection	25
3.4.	Risks and limitations	27
4.	Chapter 4 Results and discussion.....	28
4.1.	Cuenca, an intermediate city	28
4.1.1.	Biophysical Environment.....	29
4.1.2.	Socio-demographic	31
4.1.3.	Infrastructure and Connectivity.....	37
4.1.4.	Economic Development	39
4.1.5.	City characteristics and urban-rural linkages	41
4.2.	Governance structures and strategic planning	44
4.2.1.	Regulatory framework	44
4.2.2.	Budget, responsibilities and institutional performance.....	46
4.2.3.	Planning, participation and coordination.....	51
4.2.4.	Political influence and inter-level coordination	54
4.2.5.	Initiatives to improve urban-rural linkages	57
5.	Chapter 5 Conclusions and recommendations	60
	References.....	
	Annexes.....	

List of Figures

Figure 1 Intermediate cities, opportunities and risks	6
Figure 2 Governability elements according to Kooiman et al. 2008.....	10
Figure 3 Municipality dispersion by area (km2) and population, Ecuador 2010.....	19
Figure 4 Public expenditure by local government, Ecuador 2008-2014 (Million and GDP percentage)	20
Figure 5 Municipality dispersion by area (km2) and population excluding extreme cases, Ecuador 2010	21
Figure 6 Proportion of urban-rural population and urban area by canton (population from 100.00 to 500.000), Ecuador 2010 (Percentage)	22
Figure 7 Conceptual areas and variables to define an intermediate city	23
Figure 8 Conceptual areas and variables to define governance structures.....	24
Figure 9 Conceptual areas and variables to define urban-rural linkages.....	25
Figure 10 Stakeholders map for interviews	27
Figure 11 Regional and provincial map and human settlement hierarchy map, Ecuador 2015	28
Figure 12 Land use map, Cuenca 2015	29
Figure 13 Settlement hierarchy map (by population size), Cuenca 2015	32
Figure 14 Population growth rate by parish, Cuenca 1990-2010 (percentage)	33
Figure 15 Basic services provided by governmental level, Cuenca, Azuay and Ecuador 2010 (percentage of houses)	34
Figure 16 Water provision coverage by canton (population 100.00-500.000), Ecuador 2010 (percentage)	35
Figure 17 Sewerage coverage by canton (population 100.00-500.000), Ecuador 2010 (percentage)	35
Figure 18 Remittances vs. municipal income, Cuenca 2011-2016 (USD).....	36
Figure 20 Gross cantonal value by sector, Cuenca 2015 (percentage).....	40
Figure 21 Urban-rural resources, services and flows in Cuenca.....	43
Figure 22 Political hierarchy in Ecuador. Territory – Government level – Example	45
Figure 23 Central government transfers to local governments, Azuay 2007-2015 (USD).....	47
Figure 24 Current local government revenues by category, Azuay 2011-2015 (USD)	48
Figure 25 Current local government revenues by category, Cuenca 2011-2015 (USD)	49
Figure 26 Basic municipal evaluation by canton (population from 100.00 to 500.000), Ecuador 2013-2014 (score).....	50
Figure 27 Basic provincial evaluation by province (the first fifth-ranked), Ecuador 2013-2014 (score)	50
Figure 28 Planning and participation instruments, Ecuador	52
Figure 29 Evolution of participatory budget in rural parishes, Cuenca 2001-2015 (USD).....	58
Figure 30 Participatory budget allocation by rural parish, Cuenca 2015 (USD).....	59

List of Tables

Table 1 Intermediate city characterization by author	5
Table 2 Urban-Rural linkages by author.....	13
Table 3 Proposed Priority Areas in enhancing Urban-Rural Linkages, Habitat III.....	15
Table 4 Political-administrative structure, Ecuador 2010.....	18
Table 5 Urban population and annual rate of change by country, Latin-America 2010 (percentage)	19
Table 6 Institutions and services by governmental level, Ecuador 2015 (Number of institutions)..	37
Table 7 Trade and food supply infrastructure by area, Cuenca 2011 (Number of places).....	38
Table 8 Resume of urban and rural characteristics, Cuenca	42
Table 9 National Plan for Good Living 2013-2017, Objective 1.....	45
Table 10 Local government responsibilities, Ecuador 2008.....	46
Table 11 Main taxes collected by local government level, Ecuador 2008	47
Table 12 Result chain of participatory process of rural parishes in the Cantonal Development Plan. Cuenca 2015	53
Table 13 Local authorities and parties, Cuenca and Azuay 1996-2017	55
Table 14 Suggested elements for the analysis of the urban-rural relations	64

1. Chapter 1 Introduction

The rapid growth of the population in urban centers has raised the question of the sustainability of cities and their relationship with its hinterland. It is generally accepted that a simplistic model that observes urban and rural areas as independent is not appropriate in territorial planning. As an alternative, a governance model should consider relations and possible synergies. Due to the blurred lines between urban and rural territories, it is not possible to divide citizens and policies into two groups. Independently of the place where citizens live, they have the same right to the benefits of urban life. Policies and governance structure promote or constraint the participation of a diversity of territorial stakeholders in the hope of achieving more integral and interactive planning processes.

In the early 1980s, Rondinelli (1982) had already observed the particular combination of urban and rural characteristics that secondary cities have. The author suggested that middle-sized cities should be strengthened to expand the benefits of urbanization and industrialization, and also the opening of potential markets for agricultural products. Tacoli (1998) confirmed that although urban areas have been expanding in population and land area without clear boundaries, studies reveal a persistent dichotomy between urban and rural territories. She explains that the linkages between those areas are defined by flows of people, goods, waste, information and money. Both authors are concerned about the population growth in urban centers and suggest that intermediate cities could balance the population distribution and the territorial development.

Later, the study of Bolay and Rabinovich (2004) observed spatial and demographic criteria are not enough to evaluate the possible risks that intermediate cities face. The authors insist on expanding the indicators and promoting multidimensional decision-making methods that enhance the governance of those territories.

Academic research related to regional development has mainly focused on big areas called global cities, metropolises, megacities, and mega-regions. To tackle the problems of big and growing human agglomerations has been a priority for planners across the world. However, theoretical and empirical approaches related to an intermediate scale need to be done. Contrary to other studies, this study aims at understanding how governance structures in intermediate cities consider urban-rural linkages during planning processes. The research uses a case study in Cuenca-Ecuador to observe how norms, institutions and planning instruments influence urban-rural relations. Qualitative and quantitative data was used to describe the context. Thus, this work provides an overview of the current situation of the municipal government and the planning instruments that the administration is using to link urban and rural areas.

In Ecuador, the relationship between cities and their hinterland is influenced by the urbanization, concentration of population and lack of coordination between sub-national governments. First, there is a rapid urbanization process but also rural depopulation, both threaten the provision of resources to feed the growing urban areas. Second, there is unbalanced development between urban and rural areas. The gap in the provision of services directly affects the quality of life of rural

inhabitants, as well as, their economic development. The concentration of responsibilities and resources in the municipal government provokes that planning processes prioritizes urban requirements to the detriment of regional dynamics. Third, the artificial division of administrative units does not reflect complementary actions, and affects the coordination of government levels in planning processes. Governmental actions are duplicated or omitted, and local administrations compete to assist the most populated areas.

The results indicate that a secondary city has the risk of concentrating population, services and resources when the administrative units of its hinterland are not strong enough to develop comprehensive strategic plans. The municipal administration takes all the planning decisions and prioritizes the urban development. Although the case study of Cuenca shows that the municipality performs better compared with other similar cantonal governments, the results are influenced by the high rate of rural migration to other countries. Remittances are an economic driver in the real estate sector and they increase the capacity of consumption. Also, the current regulatory framework limits urban and rural relations and intergovernmental cooperation. The governmental efforts keep focusing their attention on the urban requirements, and rural parishes participate only in the first phase of planning to voice their requirements in the diagnosis.

The following document will explain the theory, methodology, data and results that the study has. After this introduction, the next chapter will make a review of the relevant literature for the study. Chapter three explains the research design and case study methodology. In chapter four, the results and discussion are presented. Finally, chapter five presents some conclusions and recommendations.

2. Chapter 2 Literature review

2.1.1. Intermediate cities

Due to the growth of the world population in the second part of the twentieth century, space/land/territory and their rational use as a limited resource became of interest for a wider range of researchers. In 1986 the world population was about 4.429 billion, whereas by 2016 the number had almost doubled to 7.442 billion people (World Bank 2017). Human settlements seemed to start changing and growing faster than they used to, but also the concentration of resources started to be polarized in urban centers, which are seen as gates to the globalized world and economic system. The idea of territorial planning as a more comprehensive approach is directly linked to the phenomena of population growth, globalization, and the urbanization process (Knieling 2014).

There are three concerns related to intermediate cities and urban development: (a) the unbalanced development of different territories, (b) the increasing necessity to encourage the flow of resources through better networks, and (c) the environmental deterioration with the consequent loss of natural resources. Due to the ideas proposed by Lubell in Rondinelli (1982), polarized views of huge cities and underdeveloped non-totally-urbanized areas exist. Thus, the concept of regional planning of secondary cities gathered the attention of social investigators and development cooperation professionals. After his work with the international cooperation agency USAID (Rondinelli and Ruddle, 1976), Rondinelli (1982) evoked the necessity of avoiding population concentration by strengthening middle-sized cities. His goal was to expand the benefits of urbanization and industrialization, and also the opening of potential markets for agricultural products. That means a two-way relationship between cities and their surroundings.

While studying the intermediate cities, Rondinelli *et al.* (1983) observed that middle sized cities were a suitable scale to implement decentralization processes were local institutions could improve their financial or managerial functions. Given the national government inflexibility to respond to its responsibilities in the new globalized world, the objective was to reduce its participation. The predisposition to implement policies of decentralization and devolution was the answer to the failure of centralized national systems, which were blamed for being obstacles to trade and the free market (Roberts 2014). In Latin America, these new policies were applied in the beginning of the 1990s in the form of three actions: (a) the privatization of public services, (b) the implementation of adjustment policies, and (c) the reallocation of competencies and budgets at different governmental levels.

To define the concept of intermediate cities, empirical data in developing countries showed that the size of human settlements was related to their complexities, roles, and functions (Rondinelli 1983). Although Rondinelli (1983) recognized that the number of inhabitants does not determine the role of intermediate cities, subsequent studies focused their attention on three elements: First, to find out how to categorize human settlements and urban hierarchy; second, to find the characteristics and functions of each category; and third, to set the importance of intermediate cities and support them.

According to the first element, the problem of a quantitative definition was complex, because each territory showed different attributes in relation to other units or systems. However, the debate about the standardization of sizes and names is solved inside each territory - even large and diverse ones found a way of standardization. For instance, during the process of European integration, normative and analytical regional criteria were successfully introduced in the 1970s to normalized territorial units (NUTS) which were completely adopted in 2003 (Luzon 2014). In addition, the relative size of secondary cities was determined by some researchers. For example, Rondinelli (1983) and Roberts (2014) argued that secondary cities may represent between ten to fifty percent of the population of the largest or primary city in the country excluding the political capital (i.e., between 100.000 and 5 million¹).

The second element is that the concept of a secondary city follows the idea of a primary city that has no limits for its growth. Looking at the concentration of population in urban areas, researchers started to create bigger categories to describe human agglomerations, for example: "megacity" (Kraas *et al.* 2014), "global city" (Sassen 2005) and metropolitan regions (Friedmann 1986). While big urban agglomerations grew very fast, rural territories were abandoned or urbanized. The distribution of the population became unbalanced and the disparity in services provision continues. Brenner (2017) acknowledges urban and rural areas as two indeterminate realities or "black boxes" that need to be redefined and reconnected. For Rondinelli (1986), linkages between secondary cities and their hinterland through a metropolitan-rural interface make possible to de-concentrate urbanization and improve rural economies.

In the course of the globalization process, the function of secondary cities and regions was defined not only by internal but also by external factors (Knieling 2014). One aspect that determined the importance of the area was its ability to interconnect settlements and to develop a network that transcends the local, regional and national administrative boundaries. Therefore, one of the characteristics of secondary cities is their role as a door to the global sphere. Nowadays, urban intermediation is understood as a dynamic concept that represents the interaction between the demographic agglomerations and their environment (Bolay and Rabinovich 2004). In this study, intermediate cities are analyzed concerning their position in the urban hierarchy and the relationship with their hinterland. Thus, the intermediate city is understood as a city that can link systems of services and favor necessary flows for the development of its surroundings. Such connectors can be food, work labor, electric power or capital flows, for example.

The following chart displays the characterization and typification of intermediate cities by three theorists:

¹ UN-Habitat defines a "secondary city" as an urban area generally having a population of between 100,000 and 500,000 (UN-Habitat, 1996:13). This definition is based on a classification of cities developed in the 1950s (Kigsley Davis, 1955 in Roberts, 2014)

Table 1 Intermediate city characterization by author

Author	Recommended Criteria	Observed Characteristics	Growth Factors
Rondinelli 1982	<ul style="list-style-type: none"> Population size and density Physical area and characteristics Proportion of labor force in non-agricultural occupations Mix and diversity of economic activities Relationships with others around. Services for rural and urban areas 	<ul style="list-style-type: none"> Combination of urban and rural social, economic and physical characteristics. Both functions. Economies of commercial and service activities in the small-scale industrial sector. National small share of manufacturing activities and employment Diversity and quality of social services and facilities. 	<ul style="list-style-type: none"> Favorable physical location and natural resources Defensive position and military basis Administrative and political centers Colonization and foreign investments Transportation technology Commerce, trade, and services
Bolay and Rabinovich 2004	Recommended Criteria	Fundamental Dimensions	Types
	<ul style="list-style-type: none"> Surface size and population Location Spatial integration Social and economic structures Relations with other cities Urbanization process Scale: local, regional, national and international 	<ul style="list-style-type: none"> Demographic Economic Political and institutional Services and equipment Environmental and Territorial management Social and Cultural 	<ul style="list-style-type: none"> Regional Service centre Regional capital Economic location Tourist centre Communication hub Metropolitan periphery National/international interface Cities in a conurban area Association of a group of towns Urban region
Roberts 2014	Main Elements	Functions and Attributes	Types
	<ul style="list-style-type: none"> Scope Scale Functions Networks Market/business orientation Social and cultural capital 	<p>Typology of Urban Functions</p> <ul style="list-style-type: none"> Regional market Service centre Regional capital Tourist centre Communication hub Economic location <p>Functional Attributes</p> <ul style="list-style-type: none"> Economic Administrative Logistics Knowledge & learning Cultural & sports 	<ul style="list-style-type: none"> Subnational urban centers of administration, manufacturing, agriculture or resource development. Metropolitan clustered secondary cities, which develop on the periphery of metropolitan or urban regions Corridor secondary cities, which develop as growth poles along major transportation corridors.

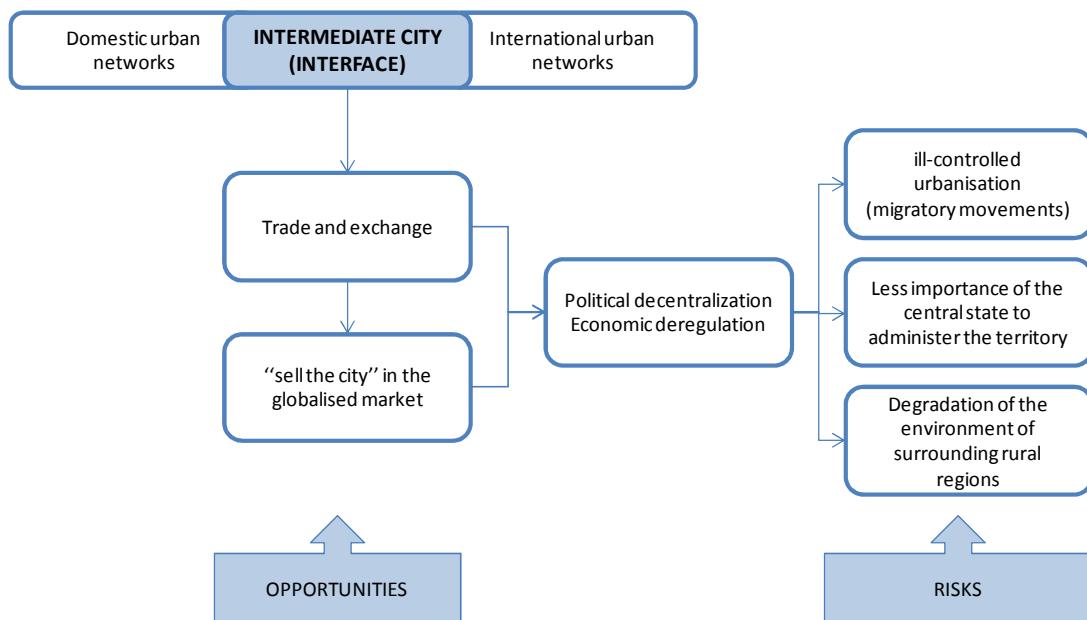
Source: Author based on Rondinelli 1982 1983, Bolay and Rabinovich 2004, Roberts 2014

It his early conceptualization, Rondinelli (1982, 1983) emphasized that next to population size and density, other criteria such as physical conditions and economic activities determine secondary cities. Rondinelli recognized that beyond the conditions that naturally boost secondary cities, commerce, trade and services are important. The relationship with neighboring territories and

urban-rural interaction was observed in secondary cities as a double functionality through the provision of services for both sides as well as through the variety of economic activities.

After their work in Latin America with the International Swiss Cooperation, Bolay and Rabinovich (2004) complemented the concept with a multi-dimensional comprehension. They observed that the role and “personality” of urban agglomerations could be determined by the region where the settlements are located, but also towards the outside world. Since cities have a market role, the authors noticed that intermediate cities face opportunities and risks that affect the rural-urban interface (See Figure 1). Furthermore, the result of their study inspired Bolay and Rabinovich to examine four city cases and propose eleven typologies of urban functions in a multi-scale analysis (See Table 1).

Figure 1 Intermediate cities, opportunities and risks



Source: Author based on [\(Bolay and Rabinovich 2004\)](#)

Likewise, Roberts (2014) conducted two years of work with City Alliance and developed a system of secondary cities, which fall into spatial and economic typologies: (a) sub-national urban centers, (b) metropolitan clusters or (c) corridor cities. Supported by the idea of Friedman (1986), the author visualized the intermediate city with a periphery that generates an economic region. Here, competition and exchange take place to improve global supply chains, especially in rural areas. The analysis of Roberts (2014) was based on information from 15 different countries and was exemplified by other investigations in Asiatic cities (Song 2013 in Roberts 2014). His study was explicitly commissioned to guide possible support policies of international cooperation in secondary cities as sub-national regional hubs. The study of Roberts (2014) suggests that secondary cities become self-sufficient and competitive when the central government implement decentralization policies and promote trade between cities.

From the local government's perspective, the proximity to equipment and basic services in intermediate cities make them attractive for the implementation of other complementary services. For example, the IDB (Interamerican Development Bank) program for Emerging and Sustainable Cities (ESCI) contributes to the characterization of intermediate cities and supports them in three aspects: (a) environmental and climate sustainability, (b) urban sustainability, and (c) fiscal and governance sustainability (Crespo and Puerta 2016). Governments of intermediate cities are supported because they are assumed to have the administrative capacity to conduct projects that require integrated actions at different governmental levels.

The recent report from UCLG (2016), describes the primary concepts and situations of the three main sub-national government levels globally: (a) metropolitan areas, (b) intermediate cities and (c) regions, small cities and rural areas. The report intends to contribute to the NUA (New Urban Agenda)² and SDG (Sustainable Development Goals) implementation through the positive influence of local governments on the planning processes. The report argues that intermediate cities are valuable to reach sustainability goals because they can relieve the population concentration on metropolitan areas, by providing an alternative destination for internal migration." Additionally, intermediate cities can meet some of the needs for city - based services for the small settlements close to them.

The size does not determine the function of a city, but settlements with less population and area are easier to administrate. Given that smaller scales allow faster and homogeneous implementation of urban policies, the thematic conference on intermediate cities during "Habitat III" reports that urbanization without planning provokes urban sprawl where services cannot reach distant areas (United Nations 2015a). Consequently, the report suggested developing compact and diverse models to meet sustainability principles in secondary cities.

The future of intermediate cities is not to grow or become metropolitan areas, but it is to find identities and structures that define them as development hubs (Marais and Davidson 2014). Despite the different characteristics of intermediate cities, there is an agreement about their importance and why governmental policies should support them. In this context, intermediate cities are attractive due to their capacity to generate a regional vision that ensures balance and sustainable development in the territory. The satisfaction of human needs and society are fulfilled and complemented in a system that provides basic, economic, and environmental and social services.

2.1.2. Governance and strategic planning

Urban studies demand a deep understanding of how different actors are related and what perceptions of their problems, future views, and decision-making processes are like. Territories

² Priorities of the New Urban Agenda: 1. Make local and regional governments stronger and more accountable and give them far-reaching competencies; 2. Harness strategic planning; 3. Renew the social contract, Right to the City; 4. Unlock the potential of local and regional governments; 5. Rethink local financing systems; 6. Improve local and regional governments' risk and crisis-management capacities; 7. Give local and regional governments a seat at the global table

change rapidly, and governance structures that govern systemic relationships inside them need to be flexible, coherent and objective directed. In intermediate cities, the variety of governmental actors in a decision-making process determines the local administrative and technical governance (Bolay *et al.* 2004). In multi-governances, strategic planning need to use institutional frameworks to avoid conflicts, duplication of functions. The way in which governmental, private and social institutions coordinate actions determines balanced public policy implementation in urban and rural areas.

In the 1980s, the term governance was taken from the corporate field and introduced into development studies by the World Bank to criticize the implementation of structural adjustment policies that unnecessarily weaken the state in developing countries (Eagleton-Pierce 2014). The World Bank defined governance as the exercise of political power linked to the economic development in a diverse institution structure (World Bank 1989 in Eagleton-Pierce 2014). According to Eagleton-Pierce (2014) the concept relates political and economic elements and is based on the capitalist rationale of accumulation. Furthermore, governance can be seen as a process, which refers to partnerships to create and implement policies, or as a structure, which refers to institutions, frameworks and rules. Now, the World Bank defines governance as "the manner in which power is exercised in the management of a county's economic and social resources for development" (World Bank 1992).

According to McCann (2017) though the urban governance literature has many different approaches, it was the study of the urban political economy opened the discussion. Harvey (1950) notices that the reduction of time and space in urban centers provokes overaccumulation of capital resulting in crisis. The capital moves in three circuits: a) the circuit of labour, b) the circuit of aids for production and consumption and c) the circuit of development and research. According to Harvey (1950), during the first circuit capitalists increase their productivity based on low wages, then the excess of capital is invested in infrastructure like roads to reduce costs, afterwards the investments are made in technology to improve products and the production process. However, the crisis is caused because the low wages in the first circuit do not allow the inhabitant to buy the production of the city. Thus, planners should balance the needs from laboures, capitalist and landowners to avoid crisis. The concept of urban governance aims to create structures and decision-making processes where stakeholders participate of planning process and a balanced development is achieved. Though the term governance was first used by capitalists, the concept of urban governance has an explanatory power through Marxian political economy. (McCann 2017)

For Swyndedouw (2005), governance is ruling with the government but beyond it. Urban governance attempts state territoriality and broadens to the regional and global level in the economic system (MacLeod 2011; Brenner 2013). Governance is not the same as government because governance includes a multi-level set of relationships that emerge and mutate constantly. Due to the role of intermediate cities, the addition of other agents creates clearer relationships, safer frameworks, and sustainable solutions. Urban governance is related to the reconfiguration of

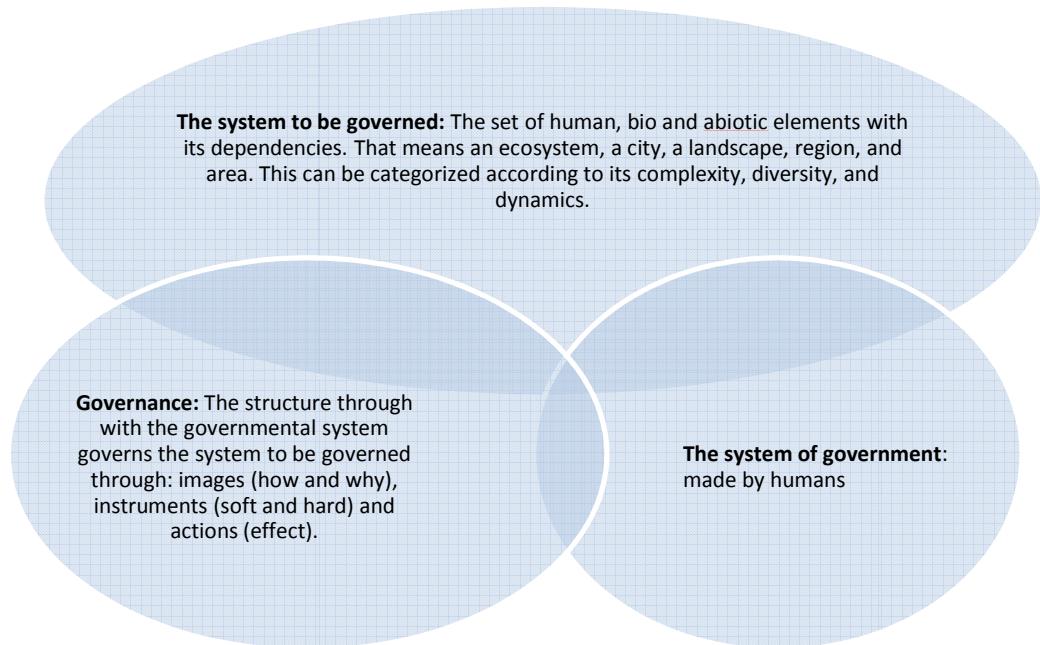
formal urban government institutions to introduce other stakeholders into the management of the city or region

State action leads governance processes to include bottom-up initiatives according to the context, scope, and limits of participation (McCann 2017). Urban governance theory stipulates that the governmental duty is to set rules and local institutions to coordinate and guarantee collective and sustainable construction within the territory (Pierre 2014). For Bolay and Rabinovich (2004) the complexity of decision-making methods between different interest groups must be seen as multidimensional, and includes political/administrative sectors, economic aspects and social impacts. The authors emphasize that good governance as a common perspective between different and discordant interests must have “well-managed proposals” in order to promote civil rights and access to the advantages of urban life.

Territorial policies in intermediate cities pursue balanced development; however, this is tied to actors' interests, institutional frameworks and capacity to answer to external influences. Although social structures and institutions commit to inclusive economic growth, asset distribution and external factors cause unequal development in the territory (Berdegué, Carriazo, et al. 2015). Berdegué, Carriazo, et al. (2015) explains that institutions are the result of strong social structures where stakeholders make important efforts, therefore changing the status quo to benefit new groups can be quite challenging. Governance, as a network, must guarantee that actors in the whole territory are represented, and not invisible. In planning processes, parties are encouraged to dialogue when they have the guarantee that their own interests are going to be discussed. For example, small rural governmental administrations are concerned about intermediate cities near to them, but big administrations are not always interested in negotiating with smaller ones because they do not see any benefit.

From an analytical perspective, governance is a combination of governing efforts, interaction, and networks (Kooiman et al. 2008). According to Kooiman et al. (2005, p. 17 in Kooiman et al. 2008), interactive governance is "the whole of interactions taken to solve societal problems and to create societal opportunities; including the formulation and application of principles guiding those interactions and care for institutions that enable and control them." Interactive governance attempts to tackle obstacles, set objectives and offer a global view of the system. The authors explain that the capacity to develop these interactions is called governability and has three components:

Figure 2 Governability elements according to Kooiman et al. 2008



Source: Author based on (Kooiman et al. 2008)

Kooiman (1993) suggests that there are three types of governance: self-governance, co-governance and hierarchical governance. This study will use the concepts of hierarchical governance which describe top-down relationships in the state. The governability of the system (city) is affected by internal interactions and external influences. Because of the exposure to the globalized world, external forces can be powerful and affect or deteriorate the balance because of the involvement of other new entities from outside its structures. These entities could be, for instance, migratory processes or international cooperation agencies.

Due to the interdependence of societal entities on natural, social, economic and knowledge resources, the system boundaries in urban studies are beyond the city. The materialization of the interests of the stakeholders includes the wishes of the governed system but also of the governors. Territorial plans that are not discussed including other governmental levels and stakeholders can result in unexpected and undesired consequences for the whole structure. Cities are no longer unitary or static phenomena, so a clearer view of transformations and new planning instruments is needed to guide their development (Alessandro and Albrechts 2013). Alessandro and Albrechts (2013) explain that urban life requires short, medium and long-term agendas which care for social and environmental issues in a decentralized context with a variety of situations and actors. Those characteristics justify strategic planning as a more suitable approach to develop methods in decision processes for urban and rural territories.

Strategic planning embraces the diversity of actors and concentrates its efforts on multilevel systems of governance. For Albrechts (2004), horizontal and vertical coordination with multilevel governance is a key feature of having a regional perspective with interdependencies and complex

beneficial realistic plans. Bottom-up and top-down approaches complement the planning process with structural conditions and local characteristics; in that way, links with the macro-structure and the local background can be made (Alessandro and Albrechts 2011). Moreover, different scales allow decision-makers to take advantage of service delivery and production. For example, in a regional view, it is possible to complement the cycles to renew the resources used during the production process. Strategic planning differs from physical space planning because it shares a vision with economic, environmental and social agendas in a way that is sustainable and flexible in the long-term.

The United Nations and the New Urban Agenda calls local governments and particularly intermediate cities to set inter-governmental and regional structures which consider integral strategic plans. Key drivers of actions that arose in conference Habitat III are: (a) to improve state capacities, (b) to strengthen institutions and (c) to develop governance mechanism (United Nations 2015c). International agencies/organizations pay special attention to tackling inequalities across the cities and their surroundings. In the 1990s, agencies promoted decentralization policies that could reduce interventions of the central state, and give space to other stakeholders in the territory. However, the transfer of responsibilities was unsystematic, partial and with scarce resources. Given the characteristics of the previous decentralization processes, a combination of a renewed decentralization and regionalization promotes reorganization of responsibilities and access to resources. The new policy is to build up multi-level governance systems where cooperation, subsidiarity and clear responsibility distribution head policy and management processes (UCLG 2016).

Intermediate cities are incubators of good practices and cooperation spaces. An example is inter-municipal cooperation as a mechanism for small settlements to overcome their limited capacities in service provision. The concept considers important relations between local governments with common aspirations and possible shared operative functions, whose impact depends on the degree of institutionalization (UCLG 2016). Governance in intermediate cities allows building realistic plans with smaller settlements as well as central structures. In the system, secondary cities are governors but also subjects to be governed by the central government, which adds complexity through decentralization policies. Due to their role, intermediate cities are laboratories for governance structures with a diversity of actors.

2.1.3. Urban and rural linkages

Urban- rural boundaries are difficult to define for a number of reasons. Firstly, traditionally urban economic activities are spreading into rural areas and vice versa. The development of urban agriculture is a good example of this. Secondly, the phenomenon of commuting reveals that people work in the city but live in its surroundings. Furthermore, services which were traditionally only available in large population centers are becoming available in rural areas. The statistics from the World Bank (2017) show that 54% of the population is living in consolidated urban areas.

The increase of these agglomerations is explained by three factors: (a) their growth rate, (b) the urbanization of new spaces, and (c) the strong internal migration processes due to

industrialization. Urban areas have been expanding in population and land without boundaries and transitional spaces that are neither rural nor completely urban are developing. Nevertheless, past studies reveal a strong dichotomy that is summarized in two prevalent antagonistic perspectives among researchers: an anti-urban view and a pro-urban view (Tacoli 1998a; Mutizwa-Mangiza 1999).

The anti-urban view sees urbanization as a threat that deteriorates the natural and social environment and should, therefore, be controlled. Rural life is appreciated as a perfect model compared with all the problems that urban concentration had shown (Mutizwa-Mangiza 1999). However the perspective was unsuccessful in observing other empirical features or facets during the urbanization process. Davoudi and Stead (2002) rejected the idealization of rural areas with a British case where underdevelopment in rural areas was underestimated and resulted in lack of services and inequality in those regions. In addition, urbanization and urban migration cause rural gentrification and adverse impacts on the local rural economy (Phillips 1993, Pistre 2011). Investment and policy changes provoke migration to rural places and social displacement of the original inhabitants (Hurley, 2007). The process of migration can be also explained by the argument of Küle (2014) which affirms that humans need connections and isolation as complementary actions, so that rural areas are re-colonized.

The antagonist perspective to the anti-urban is the pro-urban view. The pro-urban view looks at the positive aspects of city development and promotes them as the logical next step towards progress. For Mutizwa-Mangiza (1999), this perspective devises cities as centers of knowledge and innovation that characterize civilization and economic growth. One of the biggest limitations of this explanation is that it does not explain lagged and problematic urban areas such as slums. By contrast, it supports immigration and tries to administrate it for urban proposes without taking other social aspects into account (Davoudi and Stead 2002).

In the light of this contested dichotomy, planners and policymakers reduce their decisions and investments into two general sectors: agriculture and industry. Tacoli (1998b) explains that, on one side, agriculture can provide the necessary surplus for industrial development, while on the other side developed technology is necessary for higher agricultural production. Tacoli cites Lewis (1954) and argues that despite the real difficulties in creating urban jobs, the industry in urban areas welcomes the labor force of rural areas. As a consequence, both systems showed failures that translated into exploitation, informality and poverty.

Despite intense debates, the term “urban” remains poorly defined. For instance, it is not clear where a city ends or what exactly should be named urban. Population size, density, area, employment specialization and land use are important parameters used for a definition. However, the definition varies depending on the country and its context, as well as the governmental approach. Consequently, other concepts such as “peri-urban,” “urban fringe” and “urban continuum” were explored. In Latin America, for instance, many cities grew rapidly and merge with nearby towns. However, studies that simultaneously examine rural and urban transformation are not common. Instead, scholars focus more on three aspects: (a) the underdevelopment of

rural areas, (b) environmental damage and (c) how the globalization process homogenized territories.

Anti-urban and the pro-urban views were not successful at finding links between the urban and the rural because supportive policies for the rural poor and controlling methods for urban immigration were unsuccessful (Steinberg 2014). Steinberg (2014) explains the main reason behind their policy failure was the inability to create multi-functional systems that improve the economic conditions of rural inhabitants and stop the migration to urban centers. Nowadays, the linkages between cities and the hinterland are more evident, yet also diffuse. For example, the difference between the antagonistic perspectives of two areas is difficult to observe in cases of urban agriculture and industrialized production in the hinterland.

The urban-rural linkages are addressed from the flow perspective, which legitimizes the continuum to mobilize important resources such as labor, goods, capital and knowledge (Table 2).

Table 2 Urban-Rural linkages by author

	Flows	Services Urban to Rural
Tacoli 1998	<ul style="list-style-type: none"> • People • Goods • Wastes • Information • Money 	<ul style="list-style-type: none"> • Markets of agricultural products; • Production and distribution centers of goods and services; • Centers for non-agricultural rural job growth and its consolidation; • Attraction centers for rural migrants.
Mutizwa-Mangiza 1999	<ul style="list-style-type: none"> • Economic • Services • Demographic • Environmental • infrastructure 	<ul style="list-style-type: none"> • Secondary and tertiary investment, non-farming income • Retail, commercial, administrative and transport services • Migration • Polluting effects on land, water, and energy, “ecological footprint” (impact) • Infrastructure: transport, electricity, and telecommunication networks
Bellet and Llop; and Pesci in CEPAL 2002	<p>Flows</p> <ul style="list-style-type: none"> • Matter • Energy • Information <p>Other systems:</p> <ul style="list-style-type: none"> • Sanitation • Transport • Capital 	<p>Services Urban to Rural</p> <ul style="list-style-type: none"> • specialized goods and services • greater social, economic and cultural interaction • links to infrastructure networks with regional, national, and international levels • public and government administration services through which local demands and needs can be channeled.

Source: Author based on Tacoli 1998, Mutizwa-Mangiza 1999, Bellet and Llop; and Pesci in CEPAL 2002

The urban-rural linkages are described through functions, flows and interdependencies. In the second half of the twentieth century, territories' differentiation was difficult, and a middle position that overcame traditional dualism was needed. Studies aimed attention at the city-region and intermediate cities, as well as on governmental actions to support them. Berdegué, Bebbington, et al. (2015) comment that the positive influence of urban-rural functions on the social development relies on the structures to relate those areas to integral governmental

strategies. Under those circumstances, nations, regions, local authorities and international cooperation focus their efforts on improving access to infrastructure and services within those territories. Some of these policies use privatization to aim for quality standards but not necessarily equity out from the city boundary.

The urban political ecology perspective argues that cities are related to rural areas due to the world urbanization and the obvious effects of social production (Swyngedouw and Kaika 2014). The concept of urban political ecology was developed in 1990s to relate natural and social problems with the political economy (Swyngedouw and Heynen 2003). Cities are “urban nature” with metabolic processes in environmental, social and political aspects, then nature and urbanities have permanent flows that must complete a cycle in the system (Keil 2005). An “ecological footprint” is generated when the cycle is not completed given discontinuum and territorial fragmentation (Heynen 2014). Furthermore, Harvey (1996) noted that the set of values during exchange is important, but much more revealing is the processes of valuation. In other words, the relevance and treatment of the limited resources in the region or system are determined by three aspects: (a) channels and cycles, (b) valuation and resources, and (c) governance strategies.

However, according to Angelo and Wachsmuth (2015), the promise of urban political ecology has failed to engage with the current phenomena, instead maintaining the usual divergence between nature/society and rural/urban. The authors argue in favor of a real interdisciplinary view in the era of “planetary urbanization³” (Brenner and Schmid 2011). Studies need to focus less on cities and talk more about “urban society” and urbanization as a process (Keil 2005) or historical process (Brenner 2017). Since “urban” is a set of aspects that give identity or a “way of life,” the fusion between urban and rural is obvious (Wirth 1983). For instance, urban or industrialized agriculture are examples of production activities that happen in non-traditional urban or rural spaces, but they are part of the social dynamic and complementary income of producers.

The services that urban and rural areas offer are considered polyfunctional for their use and social validation (Jordan and Simioni 1998). According to classical economic theory, specialization would offer relative advantages, but the difference in terms of trade generates imbalances (Ricardo 1817, Singer 1950, Prebisch 1950). Pesci *et al.* (2007) acknowledges that the strategy for sustainability is to maintain the diversity of natural ecosystems as well as in contemporary urban systems. Nevertheless, the development of the politic-administrative structures defines and limits the actions within boundaries that do not correspond to the human/actors dynamics. There is no standard size or space where the flows, actors, and results complement each other, so the governance structures should be flexible to adapt and govern the relationships within the system.

³ Brenner and Schmid (2011) argues that most societies around the world are predominantly urban. First, the authors argue that due to the capitalism people will keep been attracted by to the cities and the density in urban centers will increment. That is defined as “concentration”. Second, Brenner and Schmid notice that every single space in the world has been affected by urbanization so it is useless to discuss differences between urban and rural areas. The authors conclude that “concentration” creates new urban forms and “extension” invalids the boundaries between urban and rural hinterlands.

Recent literature appeals to improve urban-rural linkages through policy recommendations, but there are still missing structural concepts of approaching territories with shared complementary functions. For the European countries, for instance, Nilson et al. (2014) present four work lines: planning and coordination of transport and land use; urban containment and densification; care of blue and green infrastructure; and defense and promotion of local agriculture. Other authors are focused on leveling the situation of vulnerable groups affected by “urban bias” and the misunderstanding of territorial transformations. Tacoli (2003), for example, emphasizes the importance of income diversification and agricultural intensification. She proposes guaranteeing mobility for commuting and migration purposes. Her recommendations aim to strengthen the different elements of the system: networks, channels, flows, and actors.

In addition, the agenda of international organizations included urban-rural linkages as a strong working line. For example, the OECD (2013) reiterates the importance of rural-urban partnerships for better policy fit, which are appropriate according to scales and general economic development objectives. Moreover, the conference Habitat III prioritized the following action areas to meet SDG Goal 11 Target 11⁴ :

Table 3 Proposed Priority Areas in enhancing Urban-Rural Linkages, Habitat III

- | |
|--|
| 1. Spatial Flows of Products, Services and Information/Expertise Between Urban and Rural Areas |
| 2. Reducing Environmental Impact in Rural-Urban Convergences |
| 3. Urban-Rural Continuum in the face of Conflicts and Disasters |
| 4. Mobility and Migration between Urban and Rural Areas |
| 5. Rural urbanization: the development of small and intermediate towns |
| 6. Territory and Spatial Planning for Balanced Urban and Rural Development |
| 7. Food Security, Systems and a ‘sustainability chain’ for All |
| 8. Enhancing Legislative and Governance and Capacity for Urban-Rural Partnerships |
| 9. Inclusive Investment and Finance in both Urban and Rural Areas |
| 10. A Global Partnership on Promoting Urban-Rural Linkages |

Source: Habitat III issue papers 10 – urban-rural linkages. New York, 31 may 2015

The urbanization of Intermediate cities is described as a positive process, so linkages are essential for the distribution of equal opportunities and benefits. Habitat III called on secondary cities to have an integral role to contribute as “bridge between rural dwellers and urban centers, strengthening the economic opportunities, providing a market and access to basic services.” According to United Nations (2015b), there is a lack of understanding of the dynamics of small and intermediate cities. Therefore the dynamics of urban-rural interactions are misunderstood as well. It is needed to document and spread good examples, tools, and strategies, which can be used in the capacity of development and policy-making in regional strategic planning.

⁴ Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

Planning processes need to overcome the dichotomy of urban-rural areas and talk about diverse, multi-functional territories. Intermediate cities are convenient levels to promote balanced development which integrates the city and its surroundings (urban, peri-urban, rural or a combination). Due to the fact that governance structures in strategic planning processes affect inter-level governmental cooperation efforts, governments should consider collaboration spaces where territorial levels build common agendas and provide services to the whole system.

3. Chapter 3 Research design

3.1. Research questions

Main Question

How far do governance structures of intermediate cities consider urban-rural linkages in strategic planning processes?

Specific Questions:

1. How does international urban theory on **intermediate cities** apply to Cuenca in its Ecuadorian context?
2. How do **governance structures** (institutions, norms, and policies) influence the urban-rural planning processes in the intermediate city of Cuenca?
3. What are the relations between the **urban and the rural territories** observed in planning processes in Cuenca?

3.2. Research strategy and methodology

Due to the relevance of the context, while exploring the relationship between governance structures and urban-rural linkages, this investigation selected a case study research strategy. The topic is defined broadly to cover the contextual circumstances in which urban and rural areas are governed. Geographic, demographic, socio-economic, institutional, and political conditions need to be observed to study the complex system of a city and its surroundings. Possible explanatory variables are included in contextual aspects that cannot be disassociated from the phenomenon. Since the studied events cannot be manipulated as in an experiment, a case study approach is appropriate to explore, describe and attribute causal relationships in this situation. (Yin 1993)

Previous theory and empirical data from multiple sources were analyzed to provide a complete vision of the case. First, the theory helped to identify what is explored, then to limit what is described and finally to find possible explanations for the phenomenon. (Yin 1993) Because detailed, systematized information was not available, the research did depend on institutions and experts as additional data sources for the collection method. Data from national and sub-national governmental levels was collected through interviews, statistics, laws, documentation and news.

To collect sufficient and accessible data, a single case study which shows exemplary outcomes in similar conditions was selected. Due to the fact that the research was developed by one investigator within a limited period, a city in a country where previous knowledge and the required familiarity existed was selected. The selection was done in two stages: country selection and city selection.

3.2.1. Case study selection

Country Selection

Three conditions make Ecuador a suitable case to observe governance structures which determine urban-rural relations in local governments: a) the political-administrative structure at the local level includes rural autonomous units; b) population is concentrated in two primary cities while other municipalities combine urban and rural characteristics, and c) the planning instruments are formulated according to decentralized responsibilities by each governmental level.

Ecuador is a unitary state where a rural autonomous governmental level exists below the municipal government. The rural parish council (JPR, Spanish nomenclature for Junta Parroquial Rural) is one of the unique rural governmental structures in the region. Due to the fact that JPR are not municipal auxiliary administrative organizations but autonomous units, territorial strategic planning shows significant complexity. Since each administrative level contains units from the level below them, superimposed geographical scales are governed simultaneously by four autonomous governmental administrations with different responsibilities. Regional territorial natural dynamics are depending and are affected by administrative boundaries, governance structures and spatial fragmentation.

Table 4 Political-administrative structure, Ecuador 2010

Governmental Level	Territorial Influence	Election by popular Vote	Number of Units	Population Range 2010
National / Central	National	Yes	1	> 14'000.000.000
Region*	Regional	-	-	-
Prefecture	Province	Yes	24	80.000 > 3.700.000
Municipality	Canton**	Yes	221	1.800 > 2.400.000
Rural Parish Council (JPR)	Parish	Yes	984	39 > 160.000

Source: Author based on Constitución de la República 2008, COOTAD 2010. INEC, Census 2010

*Considered by the Constitution but not yet created

**The municipality administrates the canton whose territory includes the city and rural parishes. (For detailed information see Figure 21 and Annex 4)

Municipalities in Ecuador govern in urban areas and also in rural disperse areas. 26% of the territory is urban, and 2 of every 3 Ecuadorians live in a city (INEC, 2010). The country has one of the lowest percentages of urban population in the Andean region but one of the highest (1.90) rates of change in the urban population (United Nations, 2014). Similar characteristics are observed in other small non-federal countries like Bolivia and Paraguay, but in both cases the lowest governmental level is the municipality. In Ecuador, urban settlements are governed by municipal structures which are also responsible for providing services at the parish level in rural areas.

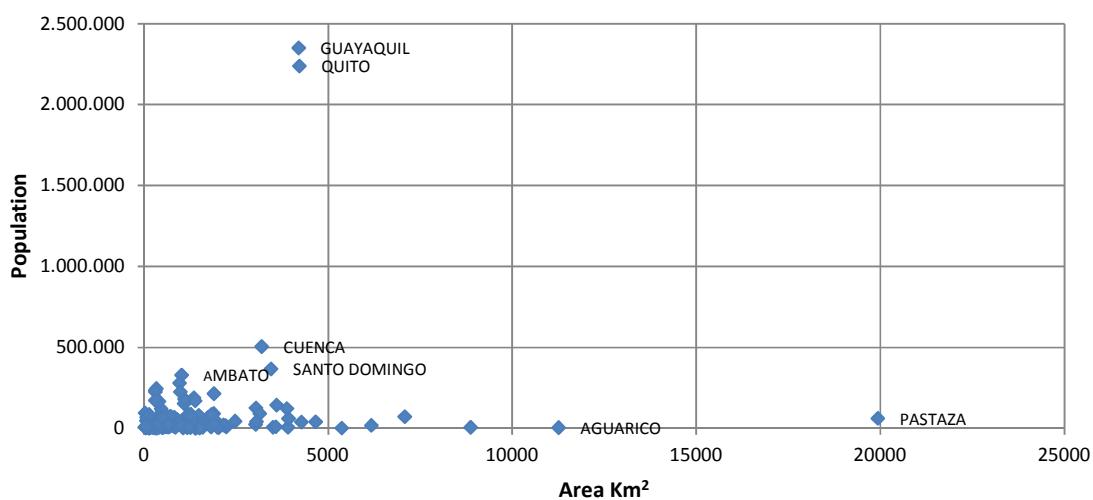
Table 5 Urban population and annual rate of change by country, Latin-America 2010 (percentage)

Country (Government)	Percentage of Population at Mid-Year Residing in Urban (2010)	Average Annual Growth Rate of Urban Population (2010-2015)
Bolivia (Unitary)	66,4	2,26
Paraguay (Unitary)	58,5	2,10
Ecuador (Unitary)	62,7	1,90
Peru (unitary)	76,9	1,69
Colombia (Unitary)	75,0	1,66
Venezuela (Federal)	88,8	1,54
Brazil (Federal)	84,3	1,17
Chile (Unitary)	88,6	1,09
Argentina (Federal)	91,0	1,04
Uruguay (Unitary)	94,4	0,53
South America	82,1	1,32

Source: Author based on United Nations, Department of Economic and Social Affairs, Population Division (2014). World Urbanization Prospects: The 2014 Revision, CD-ROM Edition.

Local government responsibilities in Ecuador are the same despite the heterogeneity of the municipalities. Population distribution is extremely concentrated in two big growth poles. Quito and Guayaquil concentrate 32% of the population, 4.6 million people. The next biggest municipality has 0.5 million people while the smallest has 1,823 people. The size by area shows the same disparities. Five municipalities located in the Amazon region occupied 20% of the national territory while the smallest canton is about 18 km², less than the 0,007%.

Figure 3 Municipality dispersion by area (km²) and population, Ecuador 2010

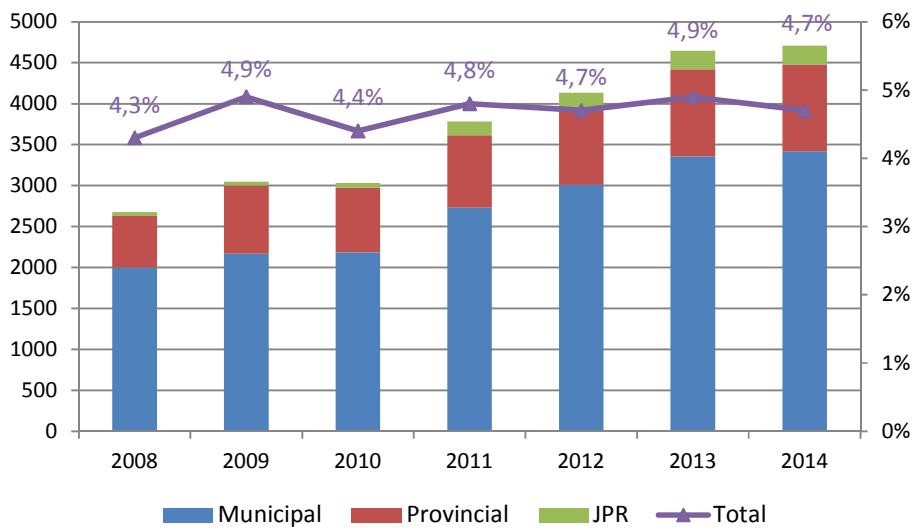


Source: Author based on data from the National Institute of Statistics and Censuses, Ecuador 2010

The central government made efforts to allocate responsibilities and resources at the local level, but an equilibrated multi-level planning process is not clear. Due to vertical fiscal imbalances in Ecuador, source administration depends on high governmental levels. Public expenditure at the

local level is concentrated in municipalities and cities, while rural areas mainly governed by the parish and the provincial levels have few resources. By 2014, more than the 72% of local public expenditure was done at the municipal level.

Figure 4 Public expenditure by local government, Ecuador 2008-2014 (Million and GDP percentage)



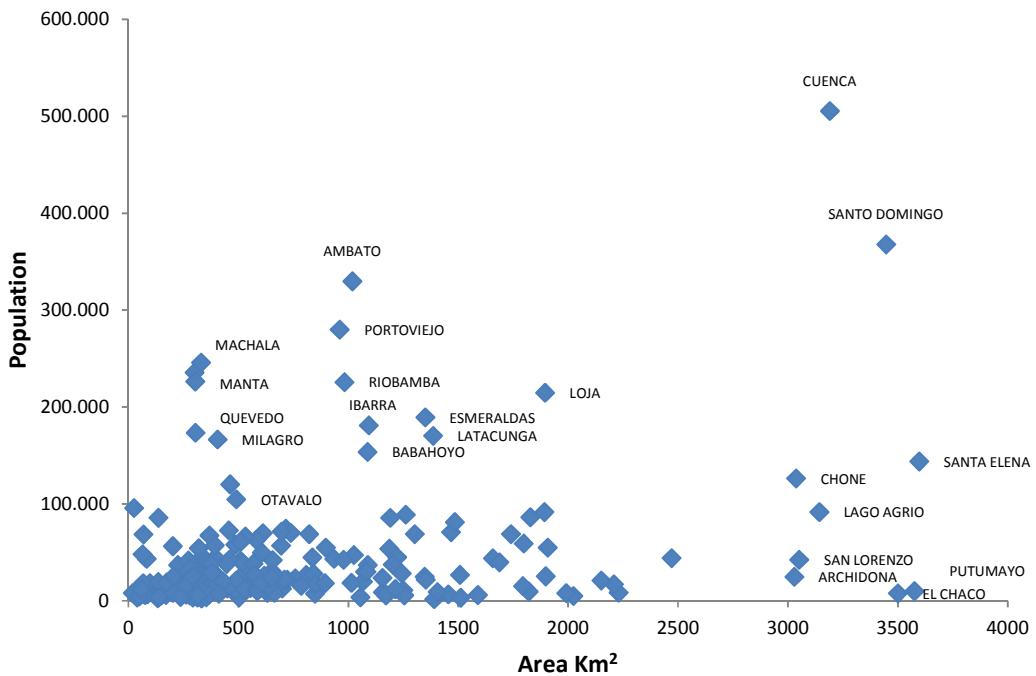
Source: Author based on data from Finance Ministry, Development Bank Ecuador (BdE) and Central Bank Ecuador (BCE) in Díaz Cassou et al. 2016

Canton – City Selection

Given the country selection, the study chose the canton government as the unit of analysis. The municipality includes urban and rural areas under the same governmental level. The canton contains urban as well as rural parishes, and the mayor administers the whole territory through a planning department (See Annex 4). The research observed urban-rural relations and governance structures that dominate at the cantonal level. The study focused on the strategic planning of the administration to find dysfunctionalities beyond the city boundaries. A single sector, program or project was not examined in detail. The study used data from population, size, location and poverty as criteria for the canton-city selection.

A national screening of the basic characteristics of the municipality was made to identify an intermediate city according to its size. Information about the population and area of every unit was taken from the last national census (INEC, 2010). Twelve cantons in which more than the 15% of the national population is concentrated, or which include more than the 1,5% of the national area was excluded as extreme cases in the national context. The results illustrate high territorial and administrative fragmentation. There are 138 cantons with less than 50.000 inhabitants and 1000 km², which is 53% of the municipalities of the country.

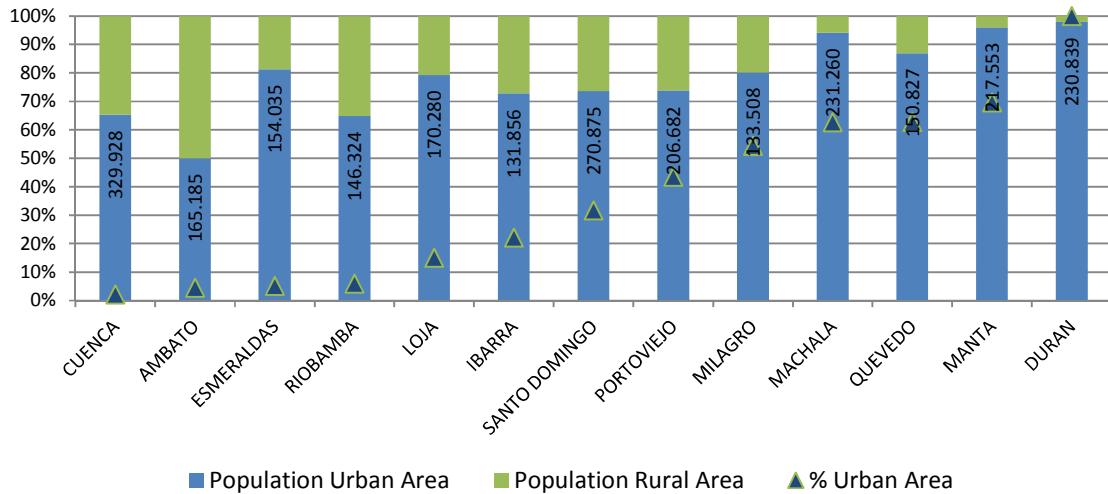
Figure 5 Municipality dispersion by area (km²) and population excluding extreme cases, Ecuador 2010



Source: Author based on data from the National Institute of Statistics and Censuses, Ecuador 2010

To find an adequate case, the study uses information about the main city inside the cantons. Cases which have a population between 100,000 and 500,000 inhabitants were included and organized by the population distribution in urban and rural areas. The range was selected according to literature review and the concept of population size for intermediate cities. In Ecuador, thirteen cities fulfill the population criteria to be considered medium-sized cities. All of them concentrate more than 50% of the population of the canton. However, only three special cases show that the city represents less than 5% of the cantonal territory. Cuenca was the second canton with a lower percentage of urban population in its territory (65%) and the first with the less urban area (2%). The density of Cuenca city is about 45,52 inhabitants per hectare.

Figure 6 Proportion of urban-rural population and urban area by canton (population from 100.00 to 500.000), Ecuador 2010 (Percentage)



Source: Author based on data from the National Institute of Statistics and Censuses, Ecuador 2010

Since Ecuador showed two growth poles, Quito and Guayaquil, this study selected a city that was physically far from them. A farther location prevents the case study from having territorial influence from bigger cities. Due to the size of the country (256.370 Km²), the minimum distance between important settlements is 150 km by road. Cuenca is located 464 km from Quito and 198 km from Guayaquil. Due to its distance from the primary urban centers, Cuenca became a dense, highly populated settlement in the southern region of Ecuador. As the head canton of the province, the city is an administrative and political center and it provides services to the austral region.

Poverty statistics reveal that Cuenca has outstanding results compared with other cantons and cities in Ecuador. Due to the role of the city in the provision of basic services, the indicator used to measure poverty is Poverty by Unsatisfied Basic Needs (NBI for the Spanish nomenclature Necesidades básicas insatisfechas). In 2010, national urban poverty was 54%, while the rural poverty was 89%. Cuenca was the city with the least urban poverty (22%) in the country. In the rural area, Parishes located farther from the city were the poorest, but on average the rural poverty was 73,2%.

3.2.2. Case study design

Since the study was used to understand urban-rural relations in intermediate cities, the case is defined as instrumental. A single case study was used to understand a bigger issue beyond the subject of study (Stake 1995). The fact that the JPR exists as a governmental level in Ecuador is an intrinsic characteristic, but further replications of the case study can be done in other cities in the same country. Collected data was used to explain divergences in the theory of intermediate cities and their role in urban-rural relations. Scope conditions were set to understand the observed outcomes (Levy 2008).

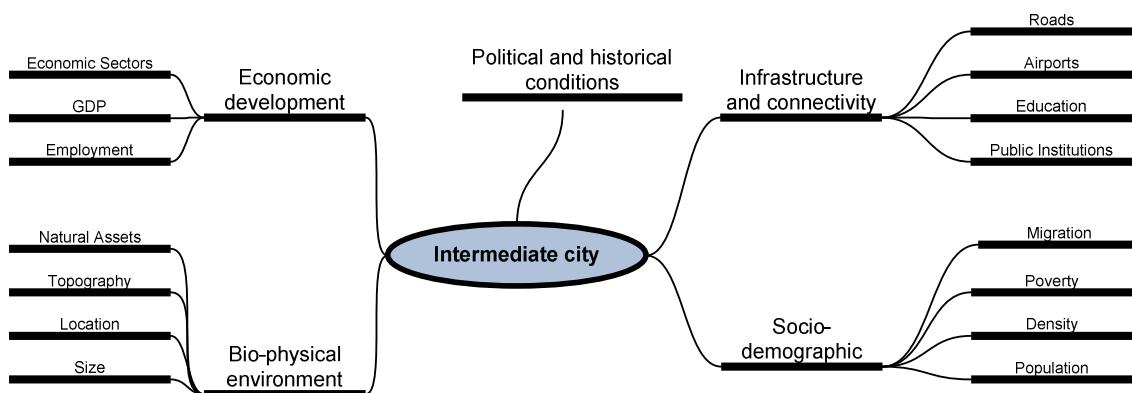
Due to the urban-rural development gap at the municipal administration, three elements were identified and analyzed to develop operational definitions that can explain the causality of the phenomenon: a) Cuenca defined as an intermediate city; b) urban-rural relations inside the canton; and, c) reported governance instruments. The study made only one-time data collection effort because several elements influence the results. Since quantitative data does not describe all the circumstances in the case, the study uses qualitative data and organizes it in a logical sequence (Yin 1984).

Intermediate City

For this study, the intermediate city is understood as secondary city that can link systems of services and favor necessary flows for the development of its surroundings. Complementary territorial functions and roles generate a regional vision and guarantee balanced development. The intermediary city has a combination of urban and rural elements in social, economic and physical aspects. The intermediate city is able to influence roles and functions of smaller administrative units around it.

Variables and indicators from five areas supported the analysis of Cuenca as an intermediate city:

Figure 7 Conceptual areas and variables to define an intermediate city



Source: Author

Different types of intermediate cities exist, so the absence or existence of other variables or areas not considered here did not invalidate the city as intermediate. On the contrary, new or missed variables enrich the concept. For example, the absence of international infrastructure to enhance connectivity furthers the search for other conditions that define the function of the city.

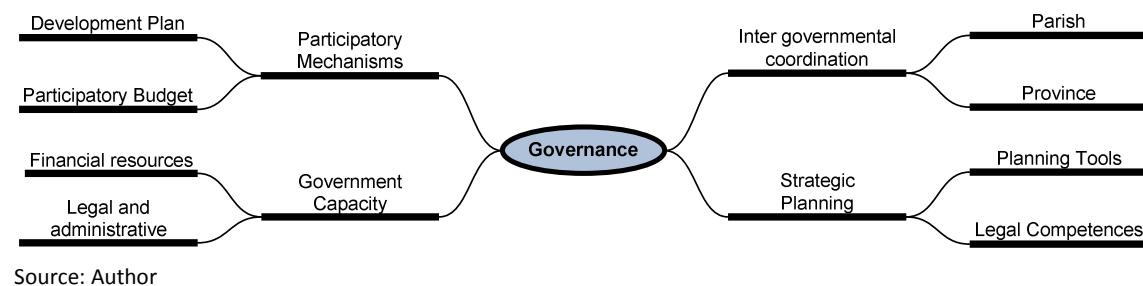
The size of the city allows the local government of an intermediate municipality to have a role in the region and in its hinterland. However, the conditions and ability of an intermediate city did not guarantee that the city's government is willing to make local connections and linkages. For this reason, the case is first analyzed regarding the long-term inflexible conditions (i.e., bio-physical environment, big infrastructures) and then regarding the development of flows and connections (i.e., economic exchange, service provision).

Governance and strategic planning

Governance in strategic planning is understood as the participation of diverse actors and the distribution of decision-making powers in the long-term allocation of resources. Since urban and rural areas can develop complementary functions, the system to be governed is beyond the boundaries of the city. That means that the city is considered as a subsystem of a wider territorial system. Internal and external forces affect the problem-solution approach and generation of opportunities for urban and rural governance. The decision-making processes should include permanent interactive relations which guarantee harmonious results for the whole system (Kooiman et al. 2008). Common aspirations on planning instruments combine institutional frameworks, norms and policies with the interests of diverse actors.

The following variables describe governance structures in this case study:

Figure 8 Conceptual areas and variables to define governance structures



The study used the information available from institutions, norms, and policies in the municipality. Since this study is focused on formal governance structures, the analyzed unit is the canton and its administrative entity, the municipality. From the environmental perspective, natural ecosystems are also good units of analysis, but this study was focused on the administrative aspects of governance, so it was convenient to approach an administrative unit. The coordination between different governmental levels was observed.

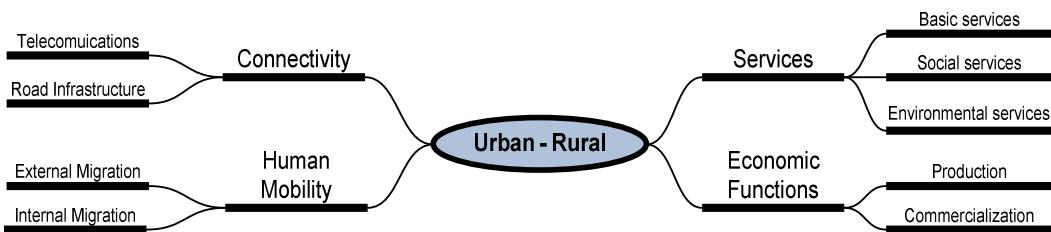
Political visions, planning tools and budget allocations were recognized as elements of governance structures inside the canton. The research digs into the data to find images (visions, knowledge, facts, judgments, and goals) of urban-rural relations in the canton planning instruments (Kooiman et al. 2008). When local governments implement planning instruments, resource allocation promotes actions that might or might not aim for balanced territorial development. Also, the national legal frameworks assign determine local responses and inter-level cooperation. The study analyzes both economic and legal aspects.

Urban-Rural linkages

Urban-rural linkages are understood within a multi-functional system which network enables internal and external flows in order to transform available resources. Relations are determined by interdependence and complementary functions that offer products and services to the population. Resource distribution and territorial aptitudes are combined to complete a cycle of extraction, transformation, use, and disposal. For instance, resources such as land and workforce are transformed by technology and education to provide products and services such as food or skilled labor. The distribution of resources and the location of the means of transformation determine flows, channels and networks in urban-rural relations.

The following variables supported the analysis of this case study:

Figure 9 Conceptual areas and variables to define urban-rural linkages



Source: Author

Because the municipality has administrative influence in the whole canton, the data was disaggregated and analyzed according to the categorization of urban and rural parishes. Cuenca canton has 15 urban parishes that are categorized as one urban node or city; the other 21 parishes are classified as rural and surround the city. The study explored urban-rural disparities in service provision and resource flows in the local context.

The study observed the links between the city and the hinterland. Flows of labor and goods were determined by: a) the basic living conditions and transformation skills, b) the productive qualities of the land , and c) connectivity. Economic statistics described territorial accumulation of products or services with a high value of exchange (secondary and tertiary sector) in the urban node. Since labor is a flexible production input, migration data was also analyzed to understand how it influences urban-rural relations in the canton.

3.3. Data collection

Three kinds of sources provided data for the case study: a) national statistics, b) local planning documents and legal frameworks and, c) interviews with experts. Secondary data vary on date depending on availability, while only one-time data collection effort was done for primary data. On secondary data, reliability was the most important criteria for the collection. Therefore, only official documents and reports were included. In exceptional cases, to get updated information about the circumstantial political situation, newspapers were used.

The main source of information was national demographic, social and economic statistics, which were taken directly from the data basis of the National Institute of Statistics and Census INEC (for the Spanish nomenclature Instituto Nacional de Estadísticas y Censos). The last national census made in 2010 provided acceptable information to make a comparative analysis between different administrative units at the territorial level. The raw data was processed at Redatam +SP and was used comparatively. No forecast was made during the process. Data from the central bank (BCE for the Spanish nomenclature Banco Central del Ecuador) was used to describe general economic statistics, and data from the Ministry of Finance (MF for the Spanish nomenclature Ministerio de Finanzas) and the State Bank (BdE for the Spanish nomenclature Banco del Estado) was used to analyze the local financial situation.

The study used the planning instruments that local governments built to get official information about the current situation and policy proposals. Extra information was taken from international cooperation or specific projects in the canton or region. The study also used national legal frameworks about decentralization of competencies and territorial management. Due to the limitations of information at the parish level, the study focused its attention at the cantonal level and the available information provided by the municipality. The following are the main documents provided by the municipality and taken as main data resources in the study:

- National Plan and Territorial National Strategy
- Planning regional Agenda zone 6 2013-2017
- Azuay Provincial Pluriannual Plan 2014-2019
- Cuenca Cantonal Plan 2011 and 2015 (update)
- Cuenca Strategic Cantonal Agenda 2017-2019
- Cuenca Atlas PDOT Cantonal 2015
- Cuenca Participation Memories, executive resume 2015
- Organic code of territorial order, autonomy and decentralization (COOTAD)

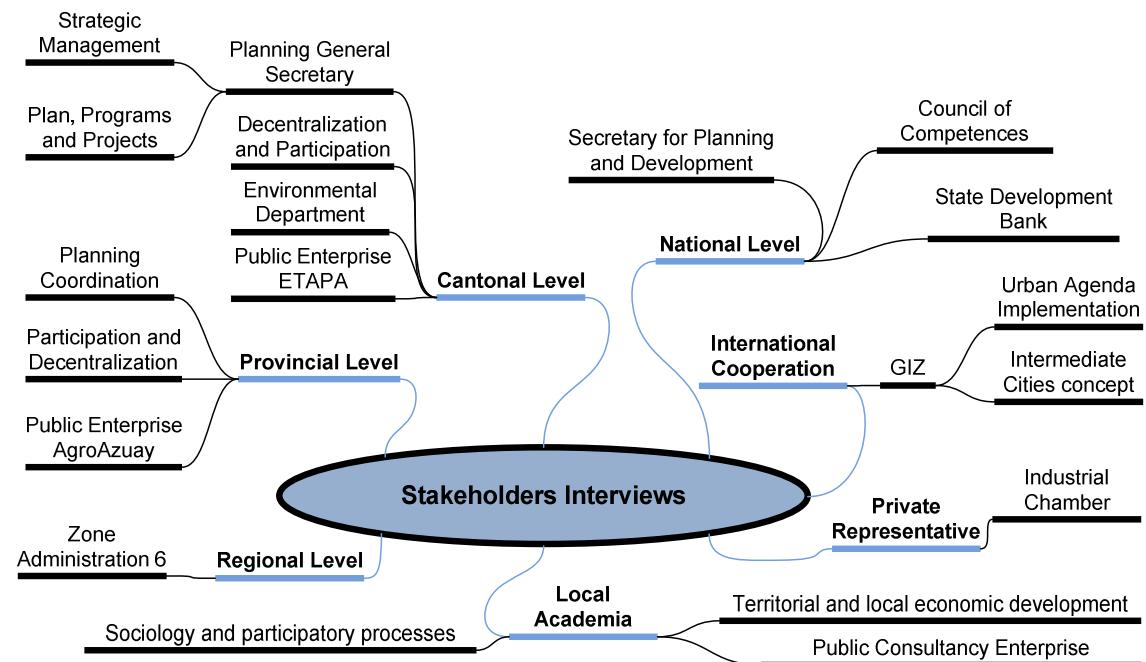
Semi-structured interviews with local experts and officials broadened the knowledge of the context and the topics of interest. The interviews gave the opportunity to have an open-ended discussion where: a) new data sources were suggested, b) non-Previously observed elements were mentioned, and c) data from images of the phenomenon were collected. The goal of the interviews was to understand the perception of expert stakeholders and to have an input of different interpretations of the phenomenon. No positive affirmations were made, but only an exploration of the concepts (For detailed information see Annexes

Annex 11).

Based on an institutional prioritization, interviews with experts were done at three governmental levels: National/Regional, Provincial, and Municipal administrations. The functional organigram of each institution was analyzed to select the most important units involved in the planning process. The study did not focus its attention on the high authority levels, but on middle-ranking officials. In exceptional cases, technicians were also interviewed. Other experts outside governmental

institutions were interviewed in order to have other points of view. The selection of these specialists was made on the basis of local recommendations and time availability (For detailed information see Annex 3)

Figure 10 Stakeholders map for interviews



Source: Author

3.4. Risks and limitations

To overcome the problem of validity and bias, data collection used multiple resources. Quantitative and qualitative data was collected to enrich the study with different reality perspectives. Since quantitative national data was used, external validity in research design can be probed by replication in other cases in the country (Yin 1984). Reliability in qualitative data collection was guaranteed using the previous knowledge to guide the interviews but not revealing it to the respondents. In addition, one key informant that was not involved in the study but knew about the case was regularly contacted to give feedback on the different stages of the research.

Due to the limitations of time and disaggregated information, three main risks were identified: a) a single-case study does not allow further generalizations, b) due to its classification, information about parishes replicates urban-rural dichotomy, c) not all the quantitative data is reliable and complete. To mitigate the risks, the research scope was limited to the cantonal territory, and national data was used to allow replication in other cities. The urban-rural classification of parishes was taken as the national institute of statistics and legal frameworks in the country recommend. Additionally, only the data that was used in official municipal documents of the current administration was used.

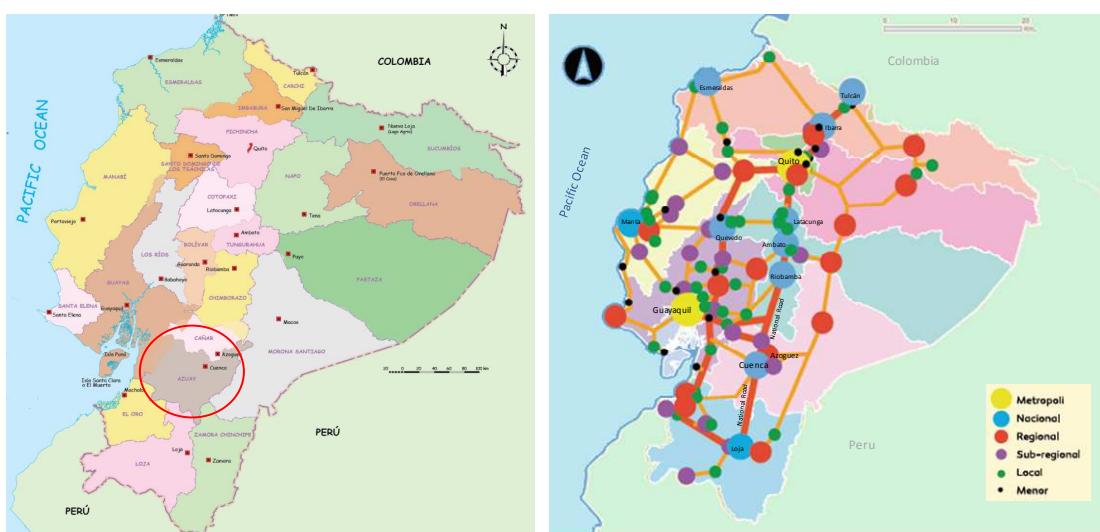
4. Chapter 4 Results and discussion

4.1. Cuenca, an intermediate city

Due to its characteristics, Cuenca has an important role and position in the Ecuadorian system of cities. First, its location and natural resources are favorable for environmental conservation, while the soil and terrain have poor conditions to develop agricultural activities. Second, the city concentrates the population of the canton and the province. Cuenca is a service center for the region, and the provision of services in the surrounding rural areas is relatively good. Third, the road network around the city generates commuting between urban and neighboring rural areas. The road network and air connection with other provinces are limited. Fourth, manufacture production and service provision are the main economic activities. Despite the geographical distance from a natural port, local industries participate on regional and international markets.

Officers from the Municipality and the provincial government observe and plan the city as an intermediate city that is far from the two growth poles of the country, Quito and Guayaquil. Local planners claim that the geographical and political isolation of the austral region developed autonomous behavior and independent planning processes. The planning coordinator of the Municipality refers to the city as an “enclosed city” without easy communication with the main ports or cities (Abad, 2017). “Cuenca get ahead on its own, whether or not there were resources (from the central government),” said Juanita Bersosa (2017) from the regional planning office. The idea of isolation is represented by Andrés Oleas (2017) from the provincial planning department as an “imaginary line that divides the country into two parts.” For him, the southern side is abandoned by the central government, but that situation has motivated the region to develop its own path. From the central government perspective “(Cuenca) is free from the influence that Quito and Guayaquil have.” (Morales, 2017)

Figure 11 Regional and provincial map and human settlement hierarchy map, Ecuador 2015

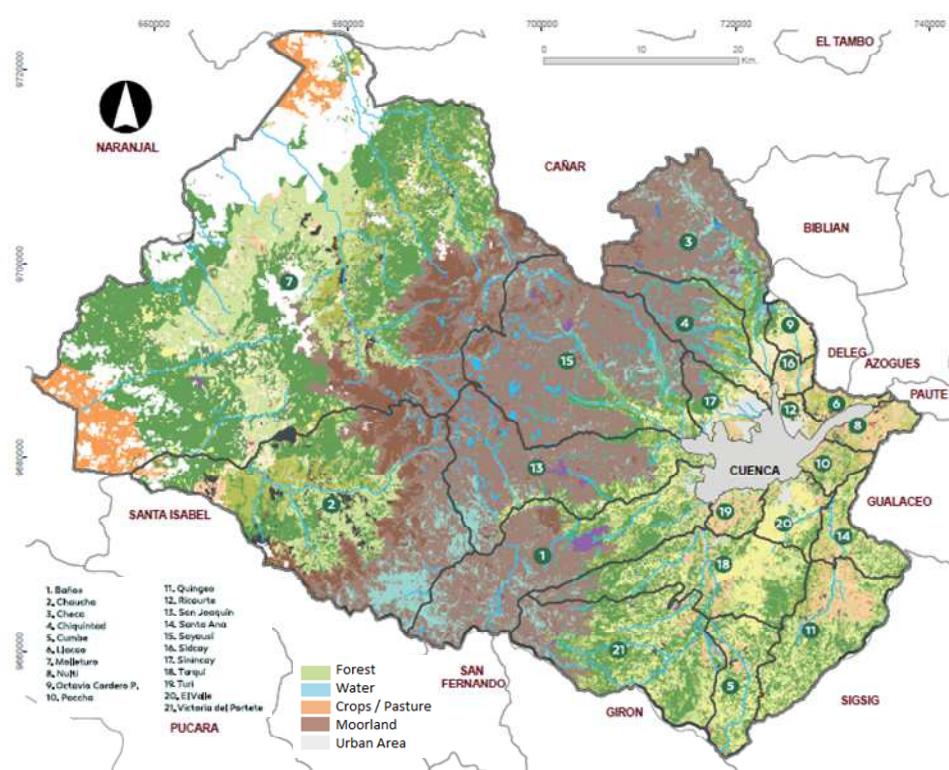


Source: Geographic Military Institute, IGM. 2017. Cuenca cantonal plan, PDOT 2015

4.1.1. Biophysical Environment

The location and natural conditions of the canton determine the position of the main settlements. Cuenca city is located in the canton of the same name in the province of Azuay in the south-central part of Ecuador. The occidental mountain range divides the canton that has an extension of 3665 km² and altitudes from 20 to 4560 meters. Although the wide range of altitudes would be able to produce a variety of agricultural products, the paramo areas represent 43,5% of the total area of the canton, and only 28% of the area has slopes that allow suitable agricultural, livestock or housing use (Municipality of Cuenca 2016). Anthropogenic activities are developed in the rural parishes around the city and the south-west part of the canton. Between 2000 and 2013, human activities used 9,4% more land.

Figure 12 Land use map, Cuenca 2015



Source: Senplades, ETN 2013. Cuenca cantonal Atlas, 2015

Cuenca has strategic national infrastructure and natural resources that influence its planning priorities. First, the canton is inside of the Paute river basin, which has 12 sub-basins that provide plenty of hydrological resources used for human consumption and hydroelectric power infrastructure. The biggest power plant of the country is located 115 km from Cuenca, and it provides 35% of the electric energy in Ecuador (CELEC EP 2017). Andrade (2017), from the Regional Secretary, explains that water resources in the canton are a national asset and this is why the main hydroelectric infrastructure was built in this region. Water projects in Azuay have historical importance since Cuenca was the first city in the country to have a hydroelectric plant.

In the canton also minerals (such as gold and silver) are extracted which generates conflicts between national and local environmental interests. Those activities affect the planning process of rural areas near the city. Currently, there 88 mining licenses and two of them are national projects administered by private companies. Its extension is about 18.214 hectares in total and its location is in the highlands (paramo, natural forest and wetland) very near to the two national natural reserves of the canton. Valarezo (2017) is responsible for the strategic planning department in the municipality and he explains that one of the biggest risks observed while planning the hinterland was the environmental impact. Valarezo affirms that when they made the municipal plan the central government planned strategic projects in fragile ecosystems, but the cantonal council fought against them based on the cantonal plan. He insists that planning is about the balance between technical and strategic issues.

As a consequence, the river and lake system is the main natural asset of the canton. El Cajas (22.586 ha.) and Quimsacocha (3217 ha.) are two important national and international natural reserves located 26 km and 70 km from the city. Both are part of the biosphere system of the massif "El Cajas"⁵ which is a moorland lake system with an important role in water provision and erosion control in the region. In fact, the city has four⁶ important rivers that cross the urban area and have had a great influence on the city's development. Although during the colonial and republic period the city had several floods, currently the water flow has decreased because of anthropogenic interventions in the surrounding of the city. Due to the relationship between water resources and water provision in the canton, the local public enterprise that provides telecommunication, drinking water and sewerage (ETAPA-EP 2017) owns and monitors six natural protected areas (19.734 ha) of 15 in the canton⁷.

Local planners believe that Cuenca's cultural heritage is closely linked to its natural heritage. The National Secretary of Planning has characterized the region as rich in water resources. Oleas (2017) says that while other regions have oil, mineral resources or wood, the main patrimony of the region is water. That is the reason why conservation is their main objective. For the municipal planners, Cuenca's urban development is according to its rivers and its population. In 1999, the city of Cuenca was declared cultural heritage by UNESCO. Since then, tourism has been one of the most important sectors that the municipality wants to foster. For Abad (2017), the linkage between the culture and the environment shapes Cuenca as a really special city.

In conclusion, biophysical conditions characterized the city as an intermediate city. First, the city development was determined by its geographical isolation and distance from the primary cities, Quito and Guayaquil. On the other hand, the region has important natural and strategic resources that motivated the development of the city. Water resources have been identified by national and

⁵ The national park is part of the list RAMSAR (1991) as a wetland of international importance and recognized by UNESCO (2013) as biosphere reserve.

⁶ Tomebamba, Machangara, Tarqui and Yanuncay

⁷ For 2030 the city of Cuenca city will have a demand of 5.959 liters/second. 60% of the water will be provided by Machangara river, 18% from Yanuncay river, 18% from Tomebamba river and 4% from Culebrillas river. (Etapa-EP 2017)

local planners as the most important natural asset in the canton. As a consequence, planning instruments are focused on environmental protection and its link with the cultural heritage.

4.1.2. Socio-demographic

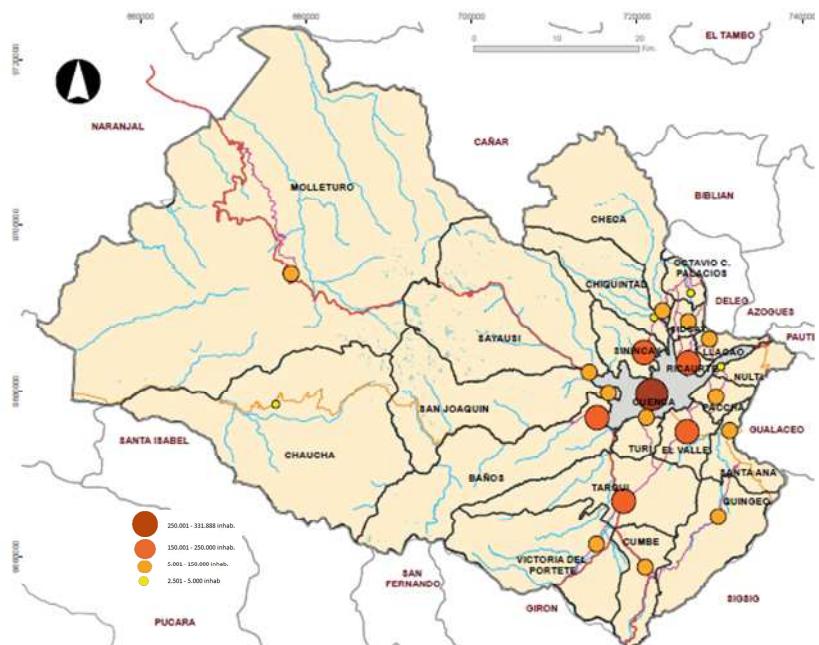
Planners consider that Cuenca's urban management is flexible and less complex due to its small size. Though Cuenca is the third biggest city in the country, it has approximately 2,3% of the national population, and it is seven times smaller than the primary cities, Quito and Guayaquil. According to Santacruz (2017), Cuenca is not a big city, so the problems are less complex to solve. He states that the provision of services gradually grew with the city. Also, the director of the public enterprise of the University of Cuenca argues that due to the size of the city, personal relationships are more important than institutional ones (Idrovo 2017). The Industry Chamber manager, Andrés Robalino (2017), said that personal and family values are closely connected to planning processes because the name of the people who lead is very important. Patricio Carpio (2017), sociologist and professor of local development summarizes:

“Cuenca works between two logics: a cosmopolitan logic that connects the city to the world, and a community logic that promotes the parish spirit. The city has good social cohesion. Population, institutions and authorities are close to each other. It is an environment in which people know each other, and the social conflict is not of high complexity.”

Cuenca replicates the national pattern of population and service concentration with its hinterland. More than 70% of the population of the province lives in Cuenca. The city is located in a valley at the east of the natural reserve “El Cajas,” and it occupies 2% of the cantonal area. The city concentrates 46% of the provincial population and the 66% of the cantonal population. The other 34% is distributed along the rural parishes whose urban centers are located between 5 km and 24 km from the city, except for two that are on the west part of the mountain range. (INEC, 2010) The proximity of the settlements to the city results in the concentration of 82% of the population in 3,6% of the cantonal territory.

The city development influences other cities around, and it represents the region in the national context. Cuenca is the strongest and most populated city in the region. There is not a balance in the population distribution in cities around Cuenca. The next biggest city in the region (150 km around) has less than 50.000 inhabitants, which represents less than 10% of Cuenca's population. For Oleas (2017), the planning director of the province, the province population is represented by the city because Cuenca is the primary city of the southern region. The director of the industrial chamber believes that Cuenca influences other provinces as well. For him, no other capital in the region attracts as many people and resources as Cuenca. (Robalino 2017)

Figure 13 Settlement hierarchy map (by population size), Cuenca 2015



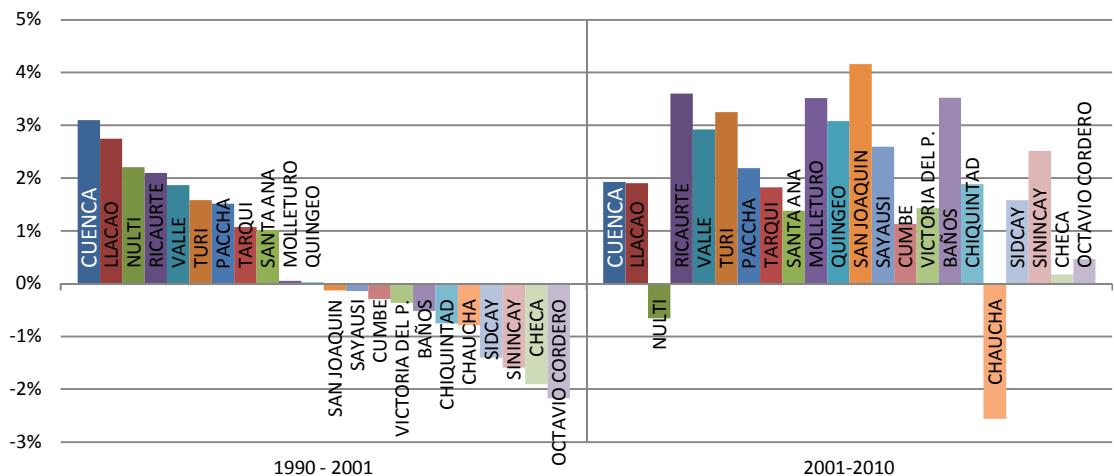
Source: INEC, CPV 2010. Cuenca cantonal Atlas, 2015 (For detailed information see Annex 5)

The location and agglomeration of the main settlements in Cuenca were determined by the concentration of the infrastructure and the road connection with other cities. The city density is 47 inhabitants per hectare while the density in rural parishes varies from 13 (Ricaurte) to 0,4 (Chaucha) inhabitants (INEC 2010). The roads which connect Cuenca with other cities determined the areas of the city expansion. For instance: in the east, the road to Azogues connects the city to the Amazonian region; in the west, the road to Guayaquil connects the city to the coastal region; and, in the south the road connects the city to Loja. Ortiz (2017) and Valarezo (2017) explain that labor force, sellers and buyers come to Cuenca from every part of the country through these connections. The municipal officials note that the contribution of Cuenca to the provincial and national GDP shows the accumulation capital in the city.

The population growth and evolution did not follow an urban densification process, but there is conurbation and urban sprawl in the parishes next to the city. During the last 1990s, the growth rate of Cuenca was 3,10% per annum while other parishes showed a negative growth rate. Between 2001 and 2010, Cuenca reduced its growth rate to 1,93%, and parishes around the city started to grow much faster than the city itself. For instance, Ricaurte, El Valle, Turi, San Joaquín, Sinincay and Baños have a rate growth over 2,5%. Despite their rural classification, those parishes have urban characteristics regarding the type of construction, service provision and economic activities. Ortiz (2017) notes that the parishes located near to the city merge with the city's dynamic. He said, that in some places there is no difference between the urban and rural areas. Cabrera (2017) from the municipal environmental department confirms that the city limit cannot be recognized in urban areas of parishes like Baños, El Valle, San Joaquín and Ricaurte. Abad (2017), explains that the current municipal plan is to expand the city area from 7.500 to 10.000

hectares and increase the densification rate to have 950.000 inhabitants in 2050. The objective of the policy is to limit the population size to under one million and have less anthropogenic activities and environmental impact on the hinterland.

Figure 14 Population growth rate by parish, Cuenca 1990-2010 (percentage)

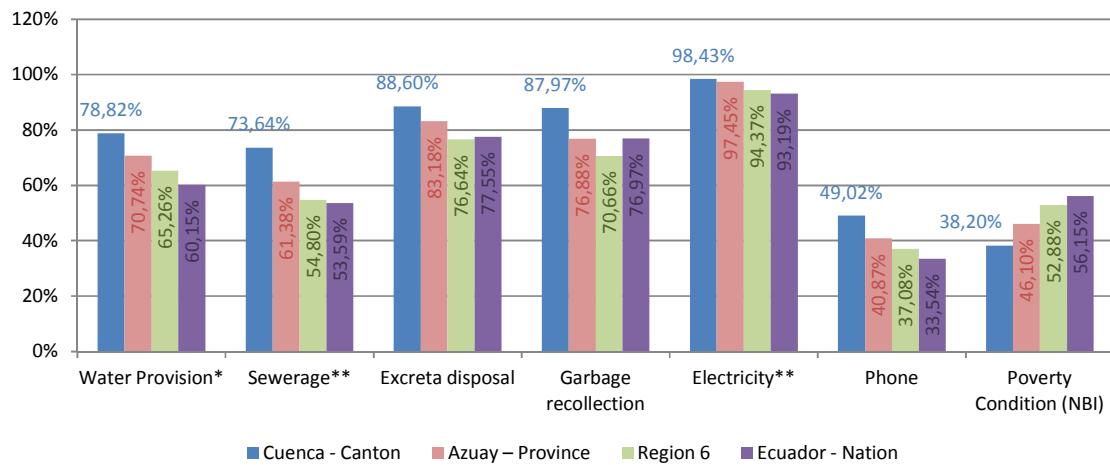


Source: Author based on data from INEC 1990, 2001, 2010. (For detailed information see Annex 5)

Despite the physical conditions, the gap between service provision in urban and rural areas in Cuenca is smaller than the national gap. The 21 rural parishes have 471 dispersed communities where basic service provision is costly and difficult to reach. Nevertheless, Cuenca shows a good provision of services. For example, rural water provision national coverage is 35% while in Cuenca it is 55%. Sewerage services have a 23% of national rural coverage and 33% of cantonal rural coverage (INEC 2010). Municipal officials notice that the coverage of services is one of the highest of the nation and explains that the good management of resources makes Cuenca a national example of good administration. (Balarezo 2017)

On the other hand, provincial planning officials argue that the gap between rural and urban service provision affects migration. The director of the provincial planning department claims that people in rural areas migrate because they do not have enough access to services. He states that the urban-rural relation in the Cuenca and the province is still unfair. (Oleas 2017) The director of the planning department of ETAPA-EP justifies the gap saying that public enterprise is not the only provider. He explains that in rural areas there is a huge number of community providers which have been there for a long time and do not have the same standards as the municipal enterprise. (Santacruz 2017)

Figure 15 Basic services provided by governmental level, Cuenca, Azuay and Ecuador 2010 (percentage of houses)



* Internal pipeline **Public Network

Source: Author based on data from INEC 2010, SNI 2010

Nevertheless, compared with other cantons of similar size population in the country, Cuenca's service coverage is above average. In water provision, Cuenca has the best percentage in urban and in rural areas. The coverage in urban areas is 91% and in rural areas 55%. In other services like sewerage, Cuenca has the fourth best coverage of the country after other important cantons like Ambato and Riobamba. Although these last two cantons are located in the highlands and share similar topographic conditions with Cuenca, their rural sewerage coverage is higher. Cantons located in the coastal region show lower levels of coverage than the ones in highlands. According to Oleas (2017), the communitarian organization of the settlements in the Andean region is positive for planning process and the provision of basic services.

Figure 16 Water provision coverage by canton (population 100.00-500.000), Ecuador 2010 (percentage)

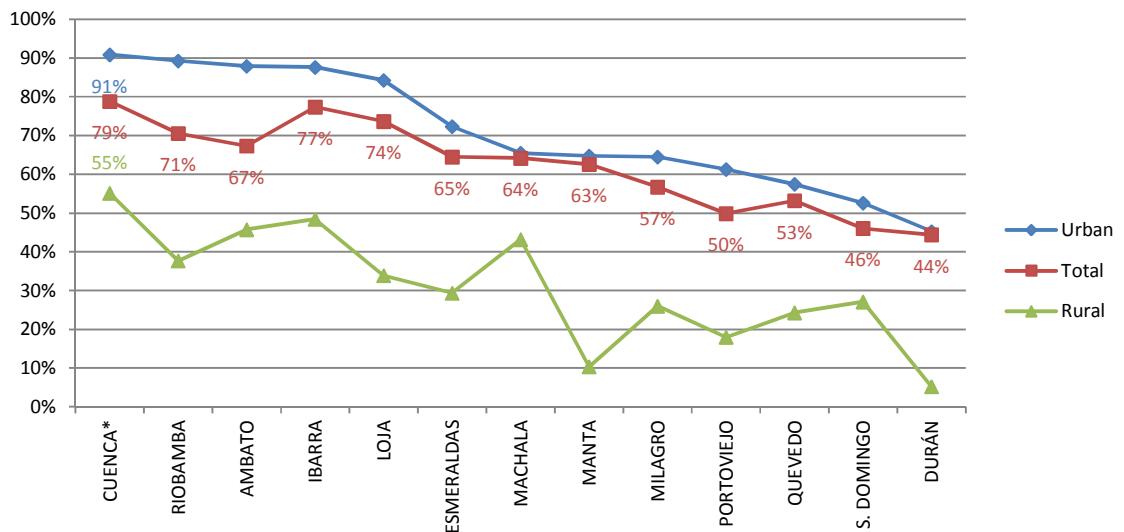
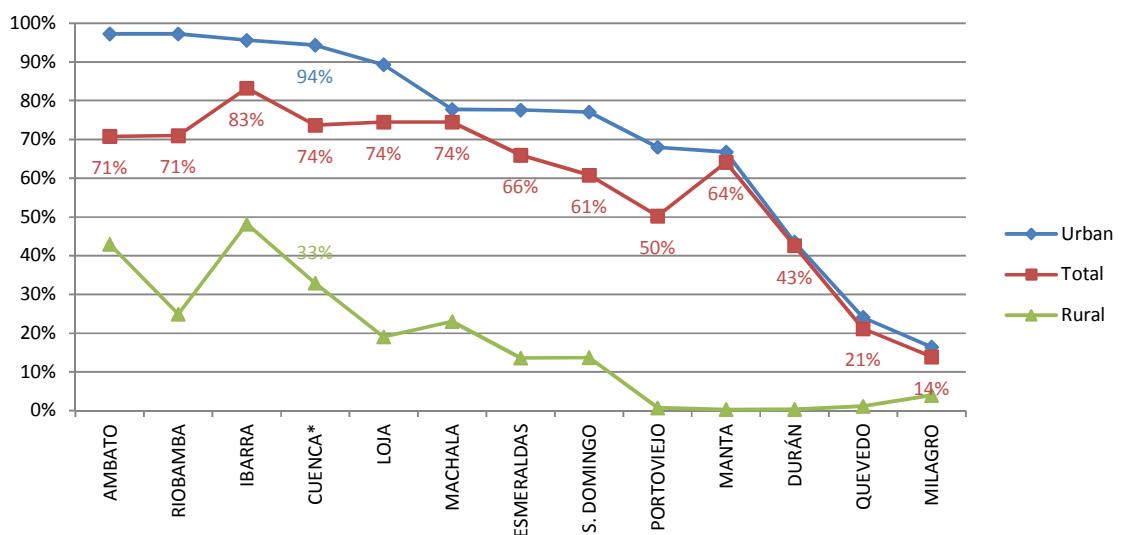


Figure 17 Sewerage coverage by canton (population 100.00-500.000), Ecuador 2010 (percentage)



Source: Author based on data from INEC 2010, SNI 2010

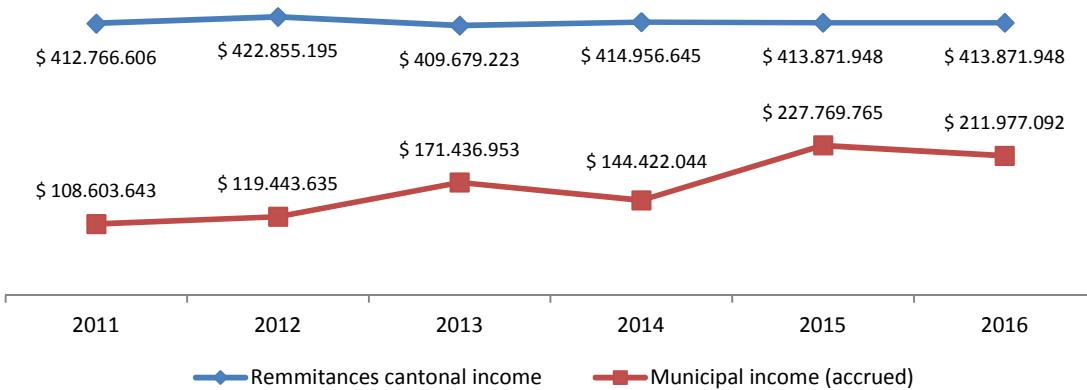
The pattern in Cuenca shows that the canton has better living conditions than the national average, but the farther the settlements are from the city, the more difficult the conditions. There are other indicators of housing, education and social conditions which show gaps between rural and urban areas in Cuenca. In the country, 72,92% of households own their house in the rural areas, while the percentage in urban areas is 58,96%. In Cuenca, the percentage in the rural areas is 70,51% and in urban areas is 45,42%. The percentage of ownership in the rural areas of the canton is higher than in rural areas, but people usually live in overcrowded and poor conditions.

(Municipality of Cuenca 2016) The living conditions in remote locations of the canton result in migration and depopulation.

Internal and external migration has shaped the development of the canton in the last twenty years. There are three types of migration in Cuenca: a), emigration from Cuenca to international destinations; b) internal migration from other urban areas and rural areas; and, c) immigration from other countries to Cuenca.

The canton rate of out-migration is 3,37% and in the rural areas is 3,83%. In parishes like Cumbe, Checa and Octavio Cordero the rate is over 6,56%, and it is associated with poverty conditions and opportunities to study or work. Most of the emigrants travel in their productive period between the age of 25-35. They settle in Spain, Italy and the United States. (INEC 2010) Between 2011 and 2016, Cuenca received 17% of national remittances and 80% of provincial remittances. The yearly amount of remittances is more than 400 million dollars and exceeded the income of the municipal administration three to two times. (BCE 2017) Carpio (2017) explains that migration is caused by the absence of a system of production that includes the rural labor force. He argues that rural migration has to do with urban development because: a) Migration prevented Cuenca from having rings of poverty, b) Remittances were invested in urban housing and very few investments were made in the rural productive sector. c) There is urbanization of the countryside.

Figure 18 Remittances vs. municipal income, Cuenca 2011-2016 (USD)



Source: Author based on data from the Ministry of finance (MF), Ecuadorian Central Bank (BCE)

Moreover, there is internal migration from other urban and rural areas. 24,22% of the resident population of Cuenca came from other cantons in the province (Paute, Sigüiñ, and 15% came from other provinces (Quito, Guayaquil, Machala, Azogues, Cañar, Pasaje, Loja, Saraguro). Due to city specialization in service provision, 73,32% of migrants come from other urban areas to study or work in the sector. On the other hand, Oleas (2017) notes that the rural inhabitants that leave their lands do not necessarily come to Cuenca, but travel to El Oro and Guayas. The rural migrant is skilled in agricultural activities, and they look to work in large agricultural production systems like banana plantations and rice fields.

The city has also been shaped by external immigration that comes from other cities in Canada, Spain, the United States and the neighboring countries. In Cuenca, 9,727 of the population are foreigners, which means 2% of the cantonal population. Between 2009 and 2016, 3000 foreign couples of renters started to live in Cuenca (El Comercio 2016). Three effects resulting from this migration were reported: a) recently, young foreign population has arrived in the city to provide services to other foreign population, b) It has been observed that the provision of services around the city increases land prices and promotes rural gentrification, and c) living costs and prices rose, particularly prices of non-tradable goods that cannot be brought from other regions (Oleas 2017).

To sum up, socio-demographic conditions of Cuenca characterized the city as an intermediate city. The city population is less than 10% of the national population and does not exceed one million inhabitants. Cuenca replicates the pattern of population concentration in its own region. The services provided in Cuenca show smaller gaps between urban and rural areas than in other cities in the country. However, living conditions in rural areas are not as good as in the city. As a consequence there is migration from rural areas to other countries. Migration contributes to maintaining better social indicators, but it affects the rural dynamic. In addition, there is migration from other countries to the city and it alters the local prices and market demands.

4.1.3. Infrastructure and Connectivity

As the capital of the province of Azuay, Cuenca has the role of a regional service center. The public administration and infrastructure located in Cuenca serves 13 other cantons and two neighboring provinces. Azuay, Cañar and Morona Santiago are the three provinces which make part of the administrative region 6. The National Planning Secretary (SENPLADES for the Spanish nomenclature Secretaría Nacional de Planificación y Desarrollo) categorized Cuenca and its conurbation (Rural parishes: Ricaurte, Baños, San Joaquin, Sayausi, Turi and Nulti) as a national node. 3,74% of the national population is concentrated in the area, and it has the function of providing public, commercial, industrial and financial services in the region. All the other cities around are satellites that consider Cuenca a center of services, education, health and employment. (Carpio 2017)

Table 6 Institutions and services by governmental level, Ecuador 2015 (Number of institutions)

Category (Date)	Cuenca - Cantonal	Azuay - Provincial	Region	Ecuador - National
National public offices (2014)	72	90	148	-
Hospital or clinics (2014)	31	38	54	742
Universities (2017)	4	4	7*	55
Financial Institutions (2014)	24	24	24	42

*One branch of the University of Cuenca and another branch of the University of Chimborazo
Source: Author based on data from Senplades, Agenda Zonal 2013, INEC, Health administrative register 2014, Senescyt, web page 2017

The higher equipment deficit is in the parishes located near to the city. The rural parishes nearby grow faster than the others, so they demand more services. For instance, according to the Municipality (2011), the basic infrastructure and equipment for education have a high deficit in Baños, El Valle, Ricaurte, San Joaquin, and Sinincay. In health provision, only El Valle has a deficit of 23,15%. In general, the infrastructure covers the population, and the city is the supply center of

specialized services such as clinics and universities. People located in near cities can make a day-trip to the city and satisfy their necessities.

On the other hand, the infrastructure for food supply, financial and administrative services has a deficit in the rural areas. According to the Municipality of Cuenca (2011), the infrastructure for the food supply of non-perishable goods is concentrated in the city, and there is not general infrastructure in every parish. The population in the rural areas comes to the city to do the majority of trade activities. Sellers illegally occupy the surrounding streets of the main markets in the city. The provincial government claims that the commercialization spaces in the city are not available for local production. Instead, traders from other provinces come to supply the city's demand for primary products (Idrovo 2017). In addition, Bersosa (2017) explains that local production capacity has decreased in Cuenca, so sellers from the north-central region of the country bring agricultural products.

Table 7 Trade and food supply infrastructure by area, Cuenca 2011 (Number of places)

Type		Urban	Rural
Perishable	Wholesale market	1	0
	Retail market	6	2
	Open fair	6	9
	Slaughterhouse	1	0
Non - perishable	Open livestock fair	1	1
	Wholesale market	1	0
	Retail market	4	0
	Open fair	1	0
TOTAL		21	12

Source: Cuenca Municipality, PDOT 2011

The infrastructure for financial and administrative activities does not cover the whole canton or population, but digital solutions from the private and public sector have been implemented to provide services in the further areas. The internet and mobile connection have become a priority over the traditional landline. The Municipal enterprise ETAPA-EP provides telecommunication services in Cuenca. Landline coverage in Cuenca is one of the best in the country, but parishes far from the city show low coverage percentages. For example, Molleturo (89,95%), Quingeo (87,66%) and Chaucha (83,65%)(ETAPA-EP 2017). Despite the landline deficit, the mobile (GSM) and internet (256kbps) services provide coverage of 96% in the populated centers and 85% in the roads. (Municipality of Cuenca 2015) The public enterprise that provides the services expresses their interest in bringing the urban (coverage) rates to the rural zone. Santacruz (2017), points out that they have installed 100 free WiFi zones in all the parishes to reduce the technological gap in rural areas.

The city and canton are connected physically by a road network and a national airport. There is 3740 km of road infrastructure in the canton, 80% of which is on the west side connecting the city to other cities and provinces (Municipality of Cuenca 2015). The mountain range is the major obstacle to the development of this infrastructure. The road hub is the Panamerican road that is a national road and continental system that connects most of the Ecuadorian cities in the highlands

(Valarezo 2017). The high daily mobilization of people between the neighboring rural areas and the city proves that the parishes nearby are commuter towns. The municipality calculates that 60% of the population in the parishes is moving every day to the center of the city because of work or study activities, approximately 90.000 commuters (Municipality of Cuenca 2015).

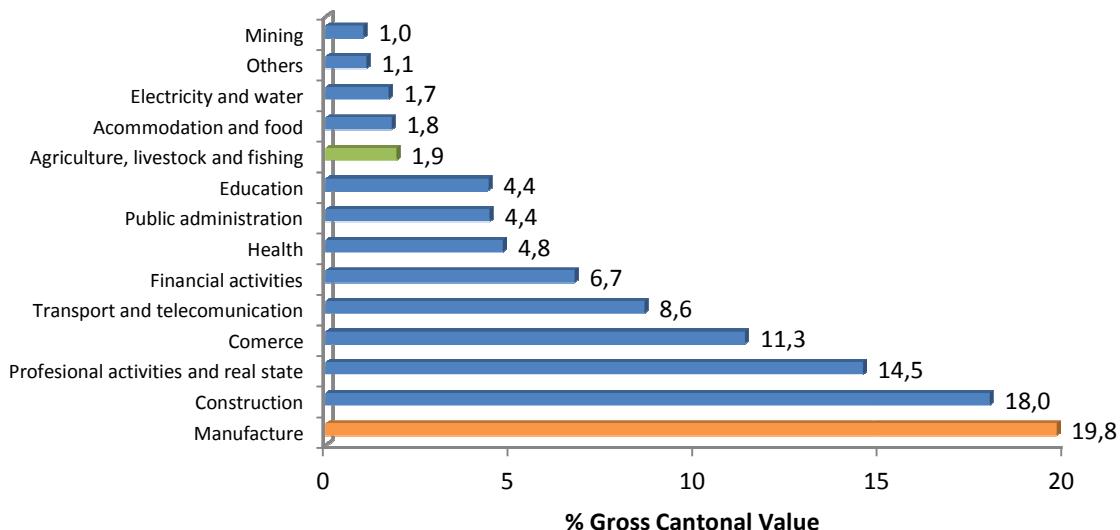
To summarize, Cuenca is a sub-national urban service center whose institutions and infrastructure serve the whole region. On one hand, the city concentrates national public offices, health, educational and financial services. On the other hand, there is an equipment deficit in parishes near to the city due to the population concentration. The urban area works as a market center but its infrastructure is not distributed between the parishes around and does not meet demand. To improve the linkages and reduce gaps the private and the public sector try to offer services through digital solutions in further areas. But currently, the physical connection is the link between the city and its hinterland that means that the only way in which flows move is thought roads.

4.1.4. Economic Development

Geographical isolation, limited agronomic capacity, and a national industrial policy program have been factors to create economic alternatives in the canton. Unlike other areas in the country, land concentration with big landowners - called "latifundios" - was not the main characteristic in Cuenca, instead small or middle-size properties were common (Espinosa and Achig 1989 in Poloni-Simard 2006). As a consequence, during the republic period, other central-Northern provinces like Chimborazo and Tungurahua made a fast connection with the exportation system in the coastal region, Guayaquil, to provide agricultural products to other urban centers. Acosta (2002) observes the relative isolation of the south region until the twentieth century. However, Cuenca developed industrial, manufacturing and handicraft production for the national and international market.

National policies fostered handicraft production and semi-industrial development as economic alternatives to agricultural activities in the Ecuadorian austral region and Cuenca. Two important actions encouraged the economic development: a) the creation of Agency for economic transformation of Azuay Azuay Cañar and Morona Santiago (CREA for the Spanish nomenclature Centro de Reconversion Económica del Azuay) in 1952; and b) the creation of the Industrial Development Law in 1973. Currently economic clusters are: a) Leather and shoe production, b) Textile industry, c) Wood and furniture, e) Tourism, f) Dairy products, g) metal – mechanic industry, h) hats and toquilla straw and i) software development (EDEC EP 2017). The enterprises had three characteristics in Cuenca: a) They were born and kept in the familiar nucleolus, b) they keep the knowledge inherited to make handicrafts, and c) they had an entrepreneur element (Lucas Achig 2005).

Figure 19 Gross cantonal value by sector, Cuenca 2015 (percentage)



Source: Author based on data from Ecuadorian Central Bank, 2015

Because of its natural and physical limitations, Cuenca has developed a strong industrial and service sector that contributes to the national economy. The participation of Azuay in the national economy is around 4%, and it is explained by the provision of services. In Cuenca, the manufacturing industry is the sector that contributes mostly to the gross cantonal value. Activities related to construction, professional activities or real estate had a fast evolution, they grew 53% between 2011 and 2015. Agricultural activities, which are traditionally associated with rural functions, do not contribute substantially to the cantonal economy (BCE 2017). As a consequence the required labor in the city and its surrounding is skilled labor in the secondary and tertiary sector.

Despite the strong identity of Cuenca and the region, local consumption does not correspond to local production. Remittances, dollarization and migration have changed the market behavior in rural and urban areas and inhabitants demand more foreign than local products. (Oleas 2017) Access to international markets modified the correspondence between local consumer expectations and domestic producers. (Bolay 2004) According to Idrovo (2017) and Salazar (2017), even agricultural subsistence production has been weakened, and the productive capacity of Azuay has decreased. "There are only a few prosumers (they produce to consume), and we began to consume products that come from other countries: Peru, Chile, and Colombia," claims Salazar (2017).

According to the municipality (Municipality of Cuenca 2015), the primary sector and agricultural production is affected by low technologization, unpaid family labor, limited technical assistance and lack of suitable agricultural land. In consequence, the production for local supply is not covered by cantonal production. Supply circuits are fed by other provinces such as Imbabura,

Morona Santiago, Cañar, Carchi, and Chimborazo. Chaucha and Molleturo are the parishes with more agricultural production, but they trade their products with other locations outside the province in the coastal area. The road connection of the city with those parishes is not limited as in Cuenca.

The labor in Cuenca is specialized in the tertiary sector and 80% of the LEF (Labor Economic Force) is occupied in providing services (INEC, 2010). Services in Cuenca are related to tourism, software development, construction, telecommunications, electricity and professional services. Tourism has been seen as an important sector in the urban area since UNESCO declared the city world heritage in 1999. But according to Robalino (2017), tourism contributes to 3% of the economy, and what promotes stable welfare and employment in the canton is industry. The link between the rural labor force and other activities rather than agriculture does not consider industry but tourism. Despite the risks of the unstable market of tourism, planners declare to be receptive to the exogenous opportunity (Bolay 2004). For the municipality, the tourists that are attracted by the city can be attracted by natural areas in the surrounding area as well.

In conclusion, functional economic attributes characterized Cuenca as an intermediate city. The city has semi-industrial development combined with handicraft production. The production scale exceeds the regional level and contributes to the national growth. On the other hand, the linkages between the city and the primary sector have not been developed due to land fragmentation, limited technical assistance and a shortage of suitable agriculture land. As a consequence, the local planners attempt to develop urban-rural linkages through the promotion of tourist and cultural activities that integrate environmental and economic objectives.

4.1.5. City characteristics and urban-rural linkages

Urban and rural areas in Cuenca have characteristics and functions that fit with the traditional view of urban and rural areas. There is population concentration in urban areas and physical limitations stop the growth of the city. Also, there are conurbation processes with rural parishes nearby, and sprawl affects the development of the city and its hinterland. Because of the lower land prices, the settlements have been used as dormitories for the labour force that works in the city (Neira 2017). In addition, basic services are better provided in the city than in distant parishes.

Table 8 Resume of urban and rural characteristics, Cuenca

Area	RURAL	URBAN
Bio-physical	Environmental assets: (water sources), low agriculture capacity	Limited area for urban development
Human Settlements	High dispersion, urban heads. Dormitory towns. Services: medium coverage Responsible: communitarian management and municipal corporations	Sprawl, low density. Conurbation Services: good coverage Responsible: municipal corporations
Economic	Primary sector: Subsistence agriculture. Employment: agriculture, handicrafts, self-employment	The tertiary sector is dominant. Service and commercialization center. Employment: Manufacturing, construction, administration, services.
Socio-cultural	Out-migration to other countries	In-migration from other countries and cities
Mobility and connectivity	As far from the city, less connection available.	Road net connected to the national system. National airport is available.
Institutions and participation	High sense of community: Minga Municipal relation with rural parish government.	Low sense of community: payment logic Municipal relation with neighborhoods and civil society organizations.

Source: Author

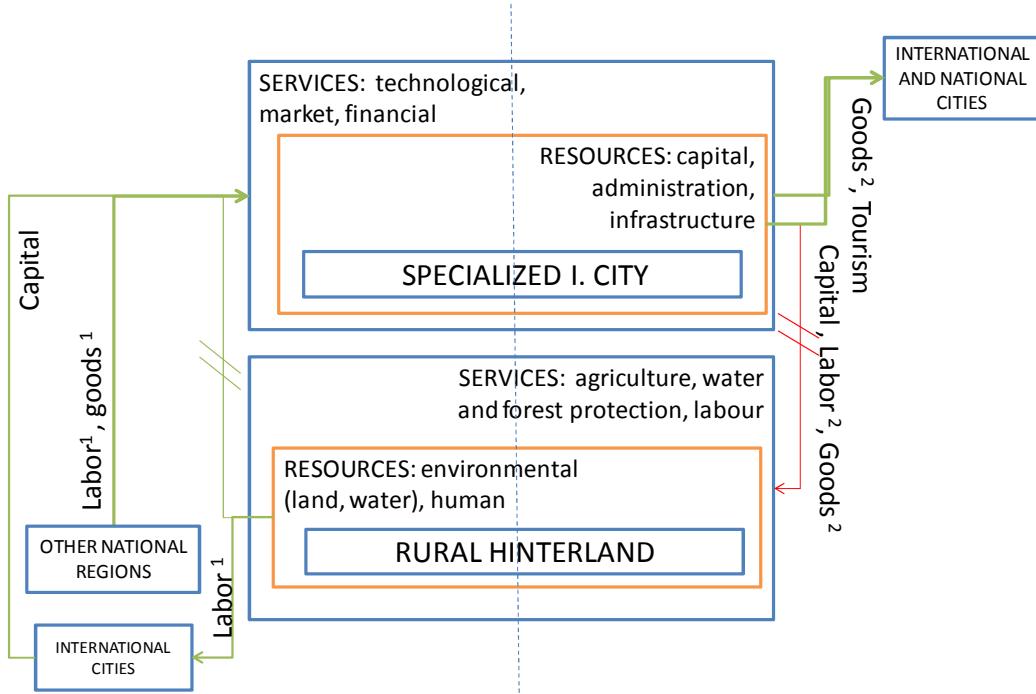
Because of the physical conditions of Cuenca, the municipal authorities prioritize environmental functions over agriculture/food production in its hinterland. Due to the natural assets of the canton, the protection of water resources is a priority for the city (Oleas 2017). Rural areas have subsistence agriculture and do not provide enough food for the city (H. Idrovo 2017). The rural parishes are encouraged by the municipal government to protect natural resources and develop small-scale economic activities that do not affect the environment but allow them to survive. While more than 40% of the population in the city is a private or public employee, inhabitants of the rural parishes far from the city work in conditions of self-employment.

The intermediate city of Cuenca has a role as a regional service center, and its specialization attracts specialized labour work from other cities nearby, but the city has not integrated rural inhabitants to its dynamics. The industrial and service sectors attract people from other cities. Sigüenza (2017) is a specialist in corporate social responsibility and participation and exemplifies the phenomenon saying that most sports teams inside private companies have names that include the name of other cities or provinces. Oleas (2017) also confirms that many public officers working in Cuenca come from other cities and regions. Seven officers interviewed during this work revealed that they come from other urban centers, but they migrated to Cuenca during their university studies and after.

Because of migration networks, Cuenca had a rural exodus to other countries, and the countryside was depopulated. Abad (2017), the planning director of the municipality comments that the city of Cuenca does not have a poverty ring and Carpio (2017) argues that this is because human networks fostered rural emigration to other countries. He states that people who migrated from the rural area to other cities never came back, but their capital resources activate the economic sector in the city. For instance, remittances were used in the real estate market and promote the construction sector in the city and nearby parishes. According to Carpio (2017), rural inhabitants

that migrate never return because their cultural behaviors and social dynamics have completely changed. Now, those real estate investments: a) are used to receive immigrants from other countries in the city, and b) generate rural gentrification in nearby rural areas.

Figure 20 Urban-rural resources, services and flows in Cuenca



Source: Author

Figure 28 shows the basic flows between Cuenca and its hinterland. Both areas have resources that can be transformed into products and services. For that purpose , appropriate conditions need to complement the transformation process. For example, the non-qualified labour (from the hinterland) can be transformed into qualified labour through a training process in universities (in the city). That trained labour force can contribute to the provision of administrative services or technological improvements. Another example is the land (from the hinterland) that combined with technological and financial resources (from the city) can produce agricultural products. Resources circulate through physical channels (road networks) and nonphysical channels (telecommunications and financial networks). Both are relatively guaranteed between Cuenca and its hinterland.

The city of Cuenca concentrates transformation services for tradable products. That means that if grapes want to be transformed into jam, they depend on industrial services and the financial means concentrated in urban areas (H. Idrovo, 2017). The transformation processes that add value to the resources are concentrated in the city. The hinterland offers products of low value-added, and demands products and services with high value added. The exchange terms between the city and its hinterland are unequal, and the local government does not compensate them. The city is

not giving enough technological and financial means to its immediate hinterland to promote transformation processes. The urban function as a marketplace has also been affected by the lack of inter-governmental coordination. Rural areas do not have alternative economic activities and this is related with the migration to other countries.

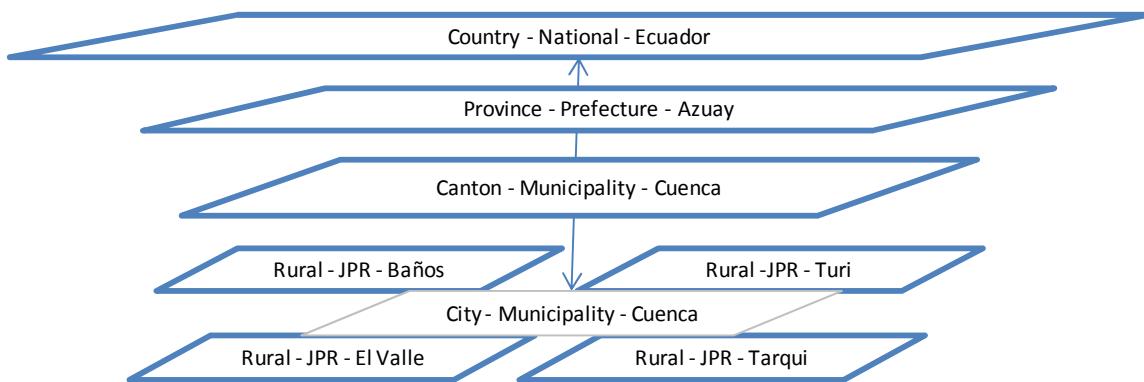
Rural areas in Cuenca have basic services, but they have not developed enough economic activities to support their populations. Planning instruments concentrate their efforts on non-tradable products or services. For example, Abad (2017) emphasizes that the municipal administration plan is to combine natural resources with cultural resources. The plan is to develop tourist activities that attract people to the rural areas. The problem is that tourist activities are very unstable and depend on many other external elements. As Bolay and Rabinovich (2004) state, tourism could be an opportunity but it depends on international markets and the quality of the product. The cantonal plan attempts to generate local regulation to guarantee the quality of tourist services and agro-ecological products, but it is not clear how the population in the hinterland will meet these standards. Given the current conditions it is more likely that new immigrants who come to the city will take this market niche and displace local inhabitants to the less productive areas.

4.2. Governance structures and strategic planning

4.2.1. Regulatory framework

The geographical division and the political structure in Ecuador have defined the relationship between government levels. The country is politically divided into 24 provinces and 221 cantons. Each province has a governor who has authority as a representative of the central government, a prefect, and a provincial council. Each canton has a mayor and a municipal council. Mayors, prefects and municipal councils are elected in a popular election. In 2008, the National Constitution included the rural parish councils (JPR, the Spanish nomenclature for Junta Parroquial Rural) as a governmental level in rural districts. As a governmental level, they are elected in a popular election and receive a budget from the central government to fulfill their responsibilities. However, rural parish councils are limited in their action: a) they do not have any exclusive responsibility; b) they do not have legislative power; and, c) they do not generate their income through fees or taxes.

Figure 21 Political hierarchy in Ecuador. Territory – Government level – Example



*JPR, Rural Parish Council

** Regional government levels are considered in the Constitution, but they have not been created yet. However, the national government has regional administrative offices to organize and implement their policies. They are called Zones.
Source: Author based on Ecuadorian Constitution, 2008

Local government responsibilities are set in the national law and implemented by a territorial strategy. After the last Constitution in 2008, the National Plan for Good Living 2009-2013 (PNBV for the Spanish nomenclature Plan Nacional del Buen Vivir) aimed to redesign the territorial organization and develop a system where local institutions lead policy implementation and planning processes. The National Plan for Good Living 2013-2017 insists on promoting a balanced territorial development through decentralization and deconcentration of responsibilities. That means avoiding concentration of services, resources and population. The strategy fosters a polycentric system of settlements with a service network, which balances development and reduces the gap between rural and urban areas. The plan suggests a) to strengthen the power of the State in smaller territorial unit and governments; and, b) to empower civil society to participate in public governance and collective decision-making processes.

Table 9 National Plan for Good Living 2013-2017, Objective 1

National Plan for Good Living 2013-2017	
Objective 1 To consolidate democratic governance and construct the people's power	
1.1 State presence in the national territory, 1.2 Public service provision 1.3 Institutions for a democratic State 1.4 State's regulatory power. 1.5 Public governance 1.6 Public enterprises as 1.7 Participatory Planning System	1.8 Pluri-national and intercultural State 1.9 Citizen participation in public policy-making. 1.10 Dialogue 1.11 Electoral participation 1.12 Social self-organization 1.13 Transparency and fight against corruption.

Source: Senplades, 2013

The Political Constitution of Ecuador 2008 defines the territorial organization of the country. Chapter IV establishes a regime of competencies or responsibilities that each government level has. The Organic Code of Territorial Organization, Autonomy and Decentralization (COOTAD, the Spanish nomenclature for Código Orgánico de Ordenamiento Territorial, Autonomía y

Descentralización) regulates the local and autonomous management of responsibilities. Also, the National Council for Competencies (CNC Spanish nomenclature for Consejo Nacional de Competencias) works as a technical organization to organize and implement the decentralization process.

The COOTAD distributes at least twenty responsibilities between the local government levels. Local governments have already assumed part of the assigned responsibilities, but the central government transferred others that were new. In some case, different governmental levels work in the same topic and territory but with different tasks. The tasks are related to planning, management, control and regulation. As the table below shows, the municipal government is responsible for providing the main services. The municipality has also regulatory authority, and it can create and use legal instruments to organize urban and rural parishes in the canton.

Table 10 Local government responsibilities, Ecuador 2008

Local Government Level	Main responsibilities and topics
National	Security, justice, international relations, foreign trade, health, education, housing, social security, natural resources, telecommunications, energy resources.
Provincial	Rural roads, productive and agriculture activities, environmental management, irrigation, watersheds management.
Municipal	Transport, urban roads, land management, public services (water and waste management), public infrastructure, cultural and natural heritage, real state cadastres, access and use of water bodies, risk management, exploitation of arid and stony materials, fees and citizen contributions.
Rural Parish	Maintenance of rural roads, promotion of social organization, control of the provision of public services, public infrastructure.

Source: Author based on National Constitution and COOTAD 2008

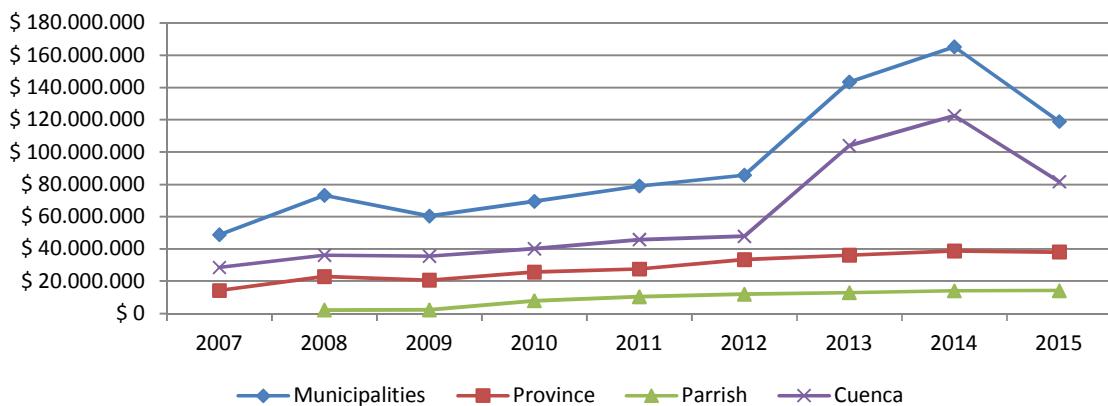
The action of the municipal level is commonly associated with the city and urban areas, while the provincial responsibilities are related to rural areas. The description in the law for each local government responsibility is divided by topic, but it does not provide clarity on how government levels need to coordinate to fulfill integral management of resources in the same territory. For example, the provincial government is in charge of the promotion of production, but the municipality manages the infrastructure for commercialization. The deputy governor of the province in Azuay claims that the association municipality=urban and province=rural has divided the territory and reduced the integral analysis to simple activities. She states that politicians divide the debate and budget allocation into: food, water, soil, forests versus industry, transport, markets (Alvarado 2017). Thus, the strict association between governmental levels and urban or rural areas is problematic because complementary services need to be coordinated to fulfill an integral territorial development.

4.2.2. Budget, responsibilities and institutional performance

Local governments fund their tasks with their income, but mainly with the central government transfer to them. According to the COOTAD (2008), the central government makes three types of transfers to the local governments: a) 21% of the permanent national revenues and 10% of the national non-permanent revenues; b) budget transfer payments to fund new responsibilities; and, c) in some cases, a reparation budget due to the exploitation of non-renewable resources. The

municipality is the local government that receives the most resources from the central government. In Azuay, Cuenca receives between 58% and 72% of the municipal budget of all the municipalities in the province. Additionally, its budget has recently increased due to transfers to fund the implementation of a tramway in the city. This project is focused on the traffic improvements of the urban area of the canton. Cities and particularly Cuenca receive more resources than other governments.

Figure 22 Central government transfers to local governments, Azuay 2007-2015 (USD)



Source: Author based on data from Senplades (2017)

The municipal level has more flexibility than other governmental levels to generate income through taxes, fees and contributions. The income from taxes that the provincial and rural parish government levels have is limited. They can get income from sales taxes or other taxes that the national or municipal level delegates to them, but the collected amount does not give enough independence to take action with their resources. On the other hand, the municipality has legal authority and administrative capacity to create income streams. The following table shows the main taxes and fees that fund local governments in Ecuador:

Table 11 Main taxes collected by local government level, Ecuador 2008

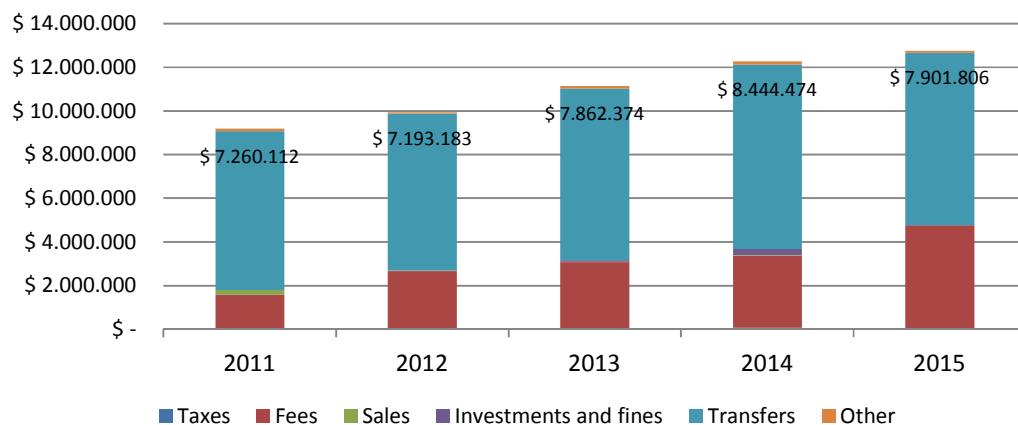
Local Government Level	Main taxes and fees
National	Income tax, added value tax, customs
Provincial	Sales tax
Municipal	Urban property, rural property, sales tax, car circulation tax, patents, public shows, buy and sale profit tax.
Rural Parish	Taxes by delegation

Source: Author based on National Constitution and COOTAD 2008

Compared with the provincial level, the municipality of Cuenca has a diversity of revenues and more resources to assume responsibilities in urban and rural areas. The municipal revenues were five times bigger than the provincial revenues in 2011. In 2015, the relation decreased to one third. For Cuenca, the revenues received from the central government were less than 30% of the total revenues of the canton. On the other hand, the provincial level dependency from the central government transfers is more than 60%. According to the institutional documents, the provincial

government has 556 employees and spends 4.2 million on personnel expenditures. In contrast, the municipality has 1298 employees and spends 10.7 million in personnel expenditures⁸. (MF 2017) That means that the municipal government has more than double the human resources to fulfill their responsibilities.

Figure 23 Current local government revenues by category, Azuay 2011-2015 (USD)

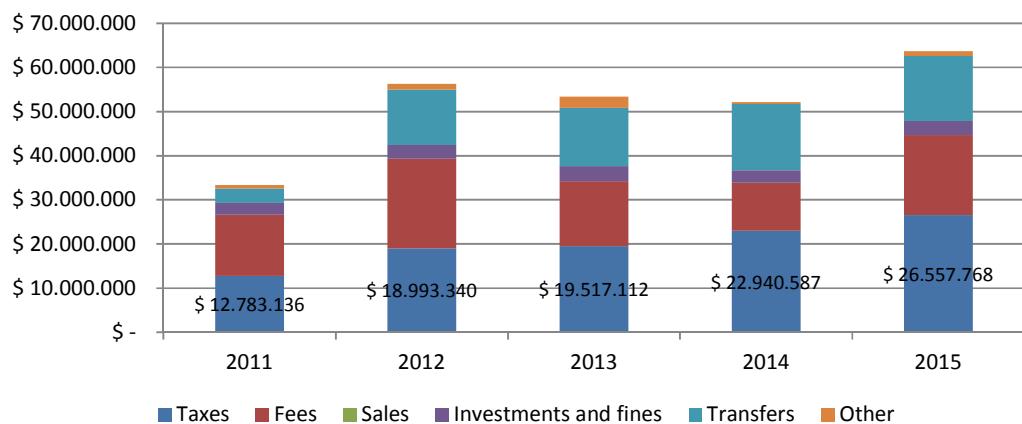


Source: Author based on data from Finance Ministry (MF)

The municipality of Cuenca has local income streams that facilitate planning processes and demonstrate citizen reliance on the local administration. Between 70% and 80% of the revenues of the municipality come from taxes and fees. The main taxes are related to land use and commercial activities, while the main fees and contributions are paid to support paving activities in urbanized areas inside and outside the city. For Abad (2017), planning processes are easier when the institution has an independent income. He states that they are relieved and proud of having a “payment culture” in Cuenca because the citizens demonstrate their commitment to the projects. During the first three months of the year, the citizens have already paid 70% of their responsibilities to the municipality (Abad, 2017).

⁸ The personnel numbers do not include public enterprises associated to the local governments such as ETAPA or AgroAzuay. The expenditure is taken the current expenditure and excludes the investment expenditure.

Figure 24 Current local government revenues by category, Cuenca 2011-2015 (USD)

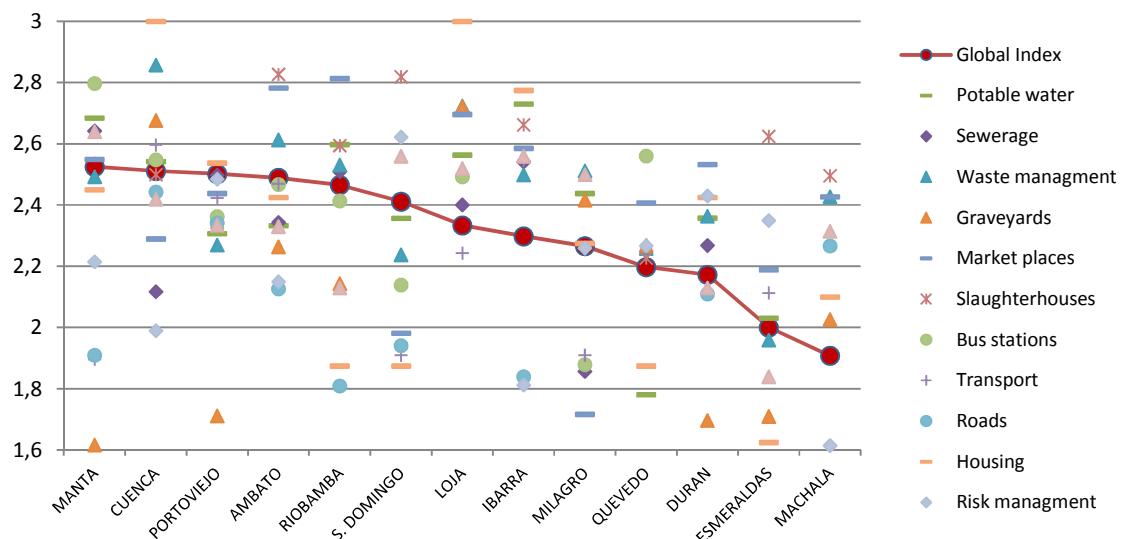


Source: Author based on data from Ministry of Finance (MF)

The budget expenditure of the municipality of Cuenca and the provincial government of Azuay is relatively sustainable and well managed compared with other local governments. According to financial data from the Ministry of Finance (2017), personnel expenditure in the municipality compared with the total expenditure has reduced from 17% to 11% between 2001 and 2015. At the provincial level, this figure is around 10%. Both governmental levels have a good saving capacity (current revenues/current expenditure). For 2015, the rate was 2,68 for the municipality and 1,82 for the provincial. Also, both levels have positive self-sufficiency (current revenues/personnel expenditure). For 2015, the relation was 5,97 for the municipal level and 3,04 for the provincial. According to an evaluation from the State Bank (BdE, 2016), 219 indicators of the internal and external management demonstrate that Cuenca has a high institutional performance and that the municipality fulfills its responsibilities properly. Cuenca is the third best positioned in the ranking, after Quito and Manta.

Despite the institutional performance that the governmental levels have in Cuenca and Azuay, they concentrated the expenditure responsibilities of road infrastructure and transportation facilities. According to the financial data from the Ministry of Finance (2017), in Cuenca and Azuay, more than 80% of the expenditure is investment expenditure. In Cuenca, public works expenditure as part of the investment expenditure has increased from 48% to 76% between 2011 and 2015. In Azuay, this relation was 33% in 2015. Public works expenditure in the Municipality of Cuenca has two main items: a) Urbanization and beautification; and, b) Public transport and road works. These two items represented 70% to 93% in the public works budgets 2011-2015. The provincial government shows the same tendency. In 2015, 100% of public works budget was registered as public transport and road-works expenditure. Thus, both governmental administrations concentrate their budget on public works and road infrastructure.

Figure 25 Basic municipal evaluation by canton (population from 100.00 to 500.000), Ecuador 2013-2014 (score)

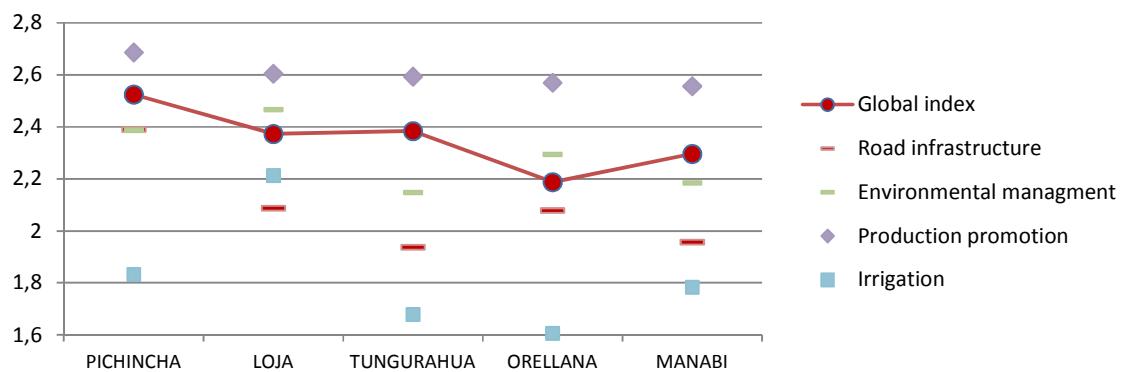


* standardized score from 1 to 3.

Source: Author based on data from State Bank (BdE), 2016

In Cuenca, the municipal responsibilities that are related to food products and their commercialization show lower performance which affects the linkages with food production in rural areas. According to the evaluation from the State Bank (BdE, 2017), the municipality of Cuenca has good service standards in the provision of services of potable water, waste management and transport, but responsibilities related to marketplaces and slaughterhouses show low efficiency. The responsibility to manage the infrastructure for processing and commercialization of food products in urban areas is closely linked with food production in rural areas. The State Bank evaluation states that there are limited participatory planning and low operational self-sufficiency in these responsibilities in Cuenca.

Figure 26 Basic provincial evaluation by province (the first fifth-ranked), Ecuador 2013-2014 (score)



Source: Author based on data from State Bank (BdE), 2016

On the other hand, since the central government decentralized responsibilities like irrigation and production promotion in 2010, the provincial government in Azuay has intensified its work in those areas . The provincial government has created Institutions and regulatory frameworks to implement plans and projects to enhance the food production chains in rural areas. According to the evaluation from the State Bank (BdE, 2016), the productive activities in Azuay are planned with high levels of citizen participation but with limited coordination with other governmental levels. In comparison with other provincial governments that take action in territories with intermediate cities, Azuay has a lower score in production promotion and the highest score in irrigation. The result can be explained due to the importance of water resources in Azuay, and the association of production promotion in the agriculture sector.

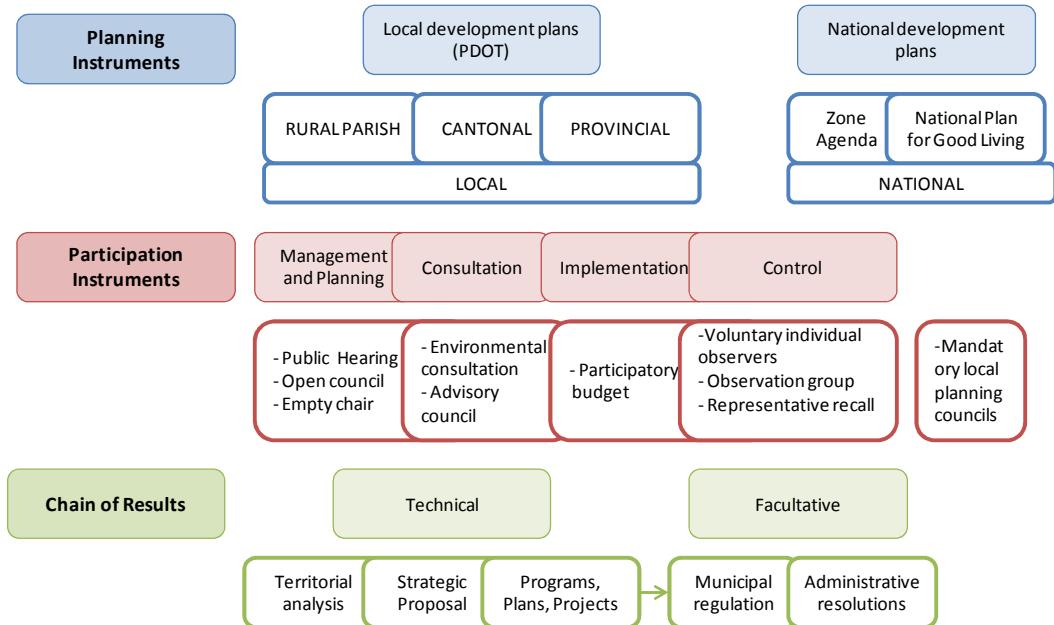
In conclusion, the central government budget allocation and the fiscal independence of the municipal government in Cuenca favor expenditure on responsibilities related to urban areas and road connections. The municipality is able to generate more income than the province due to its legal authority and the responsibilities that the law has assigned to it. Responsibilities that depend on coordination between the provincial level and municipality show a lower performance than the ones that are clearly assigned to one governmental level. Public-works and road infrastructure expenditure is the strongest item at both governmental levels. On the other hand, the performance of the municipality in activities that integrate rural production with the urban market are limited. Physical communication channels in urban and rural areas exist but the functions are not integrated.

4.2.3. Planning, participation and coordination

Besides the institutional performance of local governments to fulfill their responsibilities in urban and rural territories, there are three elements that influence the outcome of planning processes in urban and rural areas in Cuenca: a) the available instruments in the system b) the participation of other actors; and, c) the coordination between different governmental levels in a multi – governance system. The last two elements are also influenced by the political affinity. In Ecuador and Cuenca, the local planning processes prioritize municipal development and responsibilities, and after the rural particularities need to be adjusted by the provincial and rural government.

Since 2010, the production of local planning instruments in Ecuador has been mandatory and leads the municipal guidelines. The basic planning instrument for local governments in Ecuador is the Local Plan for Development, and Territorial Management (PDOT, the Spanish nomenclature for Plan de Desarrollo y Ordenamiento Territorial). The Planning and Public Finance Organic Code (COPFP, the Spanish nomenclature for Código Orgánico de Planificación y Finanzas Públicas) in 2010, it was established that every governmental level must have a PDOT which follows the general lines of the national plan and other local government plans. (COFP, 2010) For instance, the priority is that the national plan gives the general lines to the municipality to build the cantonal plan, then the provincial and parish governments follow the cantonal lines to build their local plans. In consequence, the cantonal plan plays a prime role in the local planning processes.

Figure 27 Planning and participation instruments, Ecuador



Source: Author based on COPFP (2010), COOTAD (2010)

Because most of the cantonal responsibilities are closely linked with the urban areas of the canton, the first planning processes in the territory are related to urban necessities. According to the COFP and the COOTAD (2010), the action framework for the local plans is the list of responsibilities that each governmental level has. Thus, rural and provincial planning processes depend on what the cantonal plan propose first. The representative of the Regional Secretary in Cuenca suggests that development plans are shaped by city development and municipal government. She states that the provincial government and the regional administration have been trying to have a wider view, but there is still much work to do. (Bersosa, 2017)

The local plan in Cuenca was developed and updated with participatory mechanisms, which includes rural participation mainly during the diagnosis phase. The last plan update was made in 2015 and it was divided into three phases: territorial analysis, strategic proposal and management model. Administrative records reveal that the Municipality organized at least eight workshops with 663 participants to update the PDOT between October 2014 and April 2015. During the first phase representatives from rural parishes, social organizations, non-governmental organizations, and citizens were called to set the first demands and necessities. During the second phase representatives from the private, governmental and academic sector were called to coordinate efforts that fulfill the demands. Finally, the validation and presentation of results were done with council members, municipal corporate representatives, social and private organizations (Municipality of Cuenca 2015b). The rural parishes represented the rural inhabitants, and their participation in the cantonal planning was focused on diagnosis rather than the proposal or coordination.

The Local governments see the creation of the rural parish at a government level as a positive step in decentralization, but parishes still have weak technical skills to develop plans that complement the municipal work. Abad (2017), explains that despite technical assistance provided by the municipal government to the parishes, only twelve parishes updated their development plans properly. He states that when the parishes were recognized as a governmental level in 2010, the local institutionalism and participatory capacity was improved. Now, the municipality has a permanent and legitimate partner in the rural areas to talk with. Also, Oleas (2017) from the provincial government and Bersosa (2017) from the regional administration agree that creation of a rural government was a good way to promote the participatory planning and the local provision of services. On the other hand, Santillán (2017) from the National Council of Competences believes that having a lower government level is a structural mistake that causes rural carelessness and paternalism. Institutional skills in the rural parishes are not enough to administrate other full responsibilities, but they became key actors in participatory planning processes.

After the municipality made the territorial analysis of the canton, the chain of results did not necessarily follow integral action proposals because the responsibilities of the Municipality are limited. The most common concerns of rural parishes during the participatory process of the cantonal development plan were about the environmental and economic aspects. The capability of the cantonal government to take action on these topics is limited to the provision of basic services, land use management and the promotion of tourist activities. In consequence, the administration decided to redirect the claims of the parishes to an area in which they are legally able to work. For example, one of the main concerns reported in rural parishes was the migration problem as a consequence of unemployment. Since the municipality can only work in areas of tourism, they decided to tackle the unemployment problem with the promotion of tourist services and activities. Although the boundaries between responsibilities should lead to coordination of complementary actions with other governmental levels, it only results in partial plans strictly limited by the law.

Table 12 Result chain of participatory process of rural parishes in the Cantonal Development Plan. Cuenca 2015

Phase / Area	Environmental elements	Economic elements	Others
1. Territorial analysis and concerns	<ul style="list-style-type: none"> - Environmental quality - Water and basins protection - Risk and disaster management 	<ul style="list-style-type: none"> - Friendly environment productive activities. - Job opportunities - Agricultural and tourism activities for small enterprises. 	<ul style="list-style-type: none"> - Service provision - Road maintenance - Inter-institutional coordination - Migration - Nutrition
2. Strategic proposal and Programs	<ul style="list-style-type: none"> - Conservation management - Waste management - Air and water quality - Land use regulation 	<ul style="list-style-type: none"> - Identify agro-industrial potentialities - Promotion of touristic activities - Commercialization areas 	<ul style="list-style-type: none"> - Equipment for urban zone inside the rural parish: children care and sports facilities. - Road connectivity
3. Municipal regulation	<ul style="list-style-type: none"> - Delegation of land use administrative functions. - Payment for environmental services. 	<ul style="list-style-type: none"> - Regulation of agro-ecological production - Standards for touristic service provision 	

Source: Author based on data from Participatory administrative records, 2015. Development plan of the Municipality of Cuenca, update 2015

Coordination with the provincial level during the planning processes in Cuenca is low because politicians saw overlapping responsibilities as a risk. There are no formal functional spaces where the two governmental levels coordinate to generate complementary proposals. Both planning departments report that they have voluntary invited the other governmental level to their planning processes, but both often have conflicts because their responsibilities overlap. (Oleas, 2017) From an integral point of view of territorial planning processes, overlapping responsibilities mean potential links between complementary areas or functions: urban and rural. However, politicians observe overlapping responsibilities as a power conflict that could have electoral effects in the future. The lack of coordination to avoid the direct conflict results in isolated and disconnected actions dominated by the stronger governmental level.

To sum up, the legal and institutional structures influence the strategic planning process and their results. The available legal instruments in Ecuador prioritize the municipal and urban development plans over the other local government plans. Cuenca municipality includes participatory instruments during the planning processes, but rural stakeholders contribute to the plan mainly in the diagnosis phases to set demands and necessities. Also, the municipal relationship with other governmental levels is limited. First, despite the low institutional capacity of rural governments, they became a key actor to formalize the rural inhabitants' representation in the canton. Second, due to the close relationship between provincial responsibilities and rural activities, the lack of coordination between the municipal and provincial government level affects the possible urban-rural links in the territory. Finally, the central government has not reached the goal of creating functional coordination planning spaces but instead has enforced a national planning structure that now wants to include local feedback.

4.2.4. Political influence and inter-level coordination

Political sympathy and partisanship have been key factors in planning processes, vertical distribution of power and inter-level agreements in Cuenca. On the one hand, lasting planning policies were supported by three elements: a) local leaders' reelection; b) the relationship between academia and the public administration; and, c) political sympathy between the government levels. On the other hand, the national policy to formalize participation and planning mechanisms polarized the local government behavior and limited their willingness to cooperate.

Long-term planning processes that last beyond political cycles were possible in Cuenca due to the reelection of local authorities Abad (2017) and Valarezo (2017) from the current municipal administration comment that Cuenca has had good mayors that agreed on keeping and strengthening past planning and participatory instruments. Carpio (2017) reminds that Cordero was a milestone in the municipal administration because he advocated urban planning and participation processes in Cuenca. The municipality had implemented the idea before the national government enforced the national planning structure in 2008. The current mayor, Marcelo Cabrera, was provincial governor between 2000 and 2004 and cooperated at that time with Cordero, the provincial governor. After that, Cabrera was elected as mayor in 2005 and decided to continue Cordero's work. For the next period, he ran for the reelection, but the winner was Paul

Granda, who ran with the party of the central government. In 2014, Cabrera was reelected after his alliance with the province governor, Carrasco.

Table 13 Local authorities and parties, Cuenca and Azuay 1996-2017

PERIOD	MAYOR	POLITICAL PARTY	PROVINCE GOVERNOR	POLITICAL PARTY
1996-2000	Fernando Cordero	Nueva Ciudad Nuevo País Movements	Marcelo Cabrera	Popular Democracy
2000-2005	Fernando Cordero	Nueva Ciudad Nuevo País Movements	Marcelo Cabrera Oswaldo Flores*	Popular Democracy
2005-2009	Marcelo Cabrera	Democratic Left	Paúl Carrasco	Participa Movement
2009-2014	Paúl Granda	País Alliance	Paúl Carrasco	Participa Movement
2014- 2019	Marcelo Cabrera	Igualdad-Participa Movements	Paúl Carrasco	Participa Movement

Source: Author based on data from eltiempo.com.ec, Cuenca, 20 Febrero 2014 "35 años de estabilidad en la Alcaldía"

The close relationship of the local public administration with academia also gave technical support and credibility to the municipal policies. Idrovo (2017), who was the manager of ETAPA EP and now leads the consultancy enterprise of the University of Cuenca, explains that decisions in Cuenca were always taken with technical criteria, support and oversight of the university. He confirms that several public officers were first trained in the local university and then in other countries. For example, Fernando Cordero studied architecture in Cuenca and specialized in Spain. Currently, he gives classes at the local university and is the national superintendent of territorial order. The planning guidelines from Cordero were followed by the next mayors but also spread in his lectures to other local planners from settlements nearby. In consequence, urban and rural smaller administrations around the city recognize Cuenca as a good example of administration and are willing to replicate the case and cooperate with the municipal administration.

Political alliances between parties allowed inter-level cooperative initiatives between the province and the canton to consider urban-rural linkages. One innovative policy implemented in Azuay was the creation of a traffic fee for the maintenance of rural roads. The fee was paid by the car owners and was a requirement to register the car every year. The city with the most cars and fewest rural roads in the province is Cuenca. Nevertheless, Cabrera's previous work in the province chair and his alliance with the province governor made it possible to include Cuenca in the fee collection. First, the resources were managed by the provincial government and promoted the creation of small enterprises that maintained the rural roads. (Toro 2017) After the decentralization process in 2008, the national government designated municipalities as the responsible government level for the traffic of the canton. According to the legal framework that describes the local responsibilities, the payment of the fee was illegal, and now only some municipalities collect it. Cuenca still requires the payment, but the municipality wants to stop the collection because now car owners have decided to register their car in other cities nearby (El Tiempo 2017). The policy that links rural road maintenance with urban traffic was not sustainable in other cantons of the province, but it worked in Cuenca due to the previous political alliances.

Political disputes between the provincial and cantonal level affect the development of complementary and balanced policies in rural and urban areas in Cuenca and its surroundings.

According to Gonzales (2017), politicians use the province governor position as a previous step in their career to becoming mayors. The municipal officer argues that this is one of the reasons why the provincial government focuses its efforts on satisfying the population requirements in urban centers. In 2017, the municipal government proposed to the national assembly that provincial governments should be elected only by rural citizens to avoid responsibilities overlapping. The proposal was criticized by the provincial governors but supported by the rural parishes, which now need to ask for resources to all government levels.

The relationship of rural parishes to other government levels to get resources, implement policies or participate in planning decisions depends on their political affinity. For Santillán (2017) and Bersosa (2017), parishes are still not aware of the responsibilities system, and they do not have the capacity to generate their policies alone. As a result, they demand their requirements from any superior government level available. For Salazar (2017), the rural parishes stimulate cooperation with other governments, but the problem is that they do not have any power to negotiate, so they depend on political alliances. H. Idrovo (2017) stands up for the rural parishes because he considers that the biggest amount of financial resources are generated in the cities but supported by environmental resources that are located in the rural areas. Even if the rural parish has a good relationship with the provincial level, they depend on the city that should foster rural sustainability and compensate the services provided.

Moreover, the strong enforcement of national policies in local governments during the last ten years has limited spontaneous participation and replicated polarized behavior in rural parishes. País Alliance was in power nationally with Rafael Correa from 2006 to 2017. During this period, the National Planning Secretary was created (2007), and a new National Constitution was approved (2008). Rural parishes were recognized as a government level. In 2010, the government enforced a new planning system and decentralization strategy and generated laws to support and regulate the system. Carpio (2017), believes that the central government promoted an exclusionary policy that punished the local administrations that were not aligned. He observes that because of financial dependency, the central government pushed administrations controlled by the opposition to fail. Rural parishes were extremely vulnerable due to their absolute dependence on other government levels.

In conclusion, rural and urban complementary policies depend on the will of the municipal government and its political interests. On one side, due to the relationship between the public administration and academia in Cuenca, long-term strategic plans were based on technical analysis. Also, the reelection of local leaders in the municipality and provincial government gave continuity to planning processes. Ten years ago, the alliances promoted complementary solutions to urban and rural problems and requirements. However, political conflicts between the province and the municipality stopped the dialogue spaces. In consequence, each level prefers to control their actions and their responsibilities and take care of their political capital instead of generating partnerships. In this context, rural governments without an independent budget or any exclusive responsibility depend on their political affinity to develop their policies.

4.2.5. Initiatives to improve urban-rural linkages

Water resources and Environment protection

Urban and rural provision of basic services like waste management and water do not show serious conflicts and respond to environmental and social interests. Basic living conditions in the city and rural areas are good. For example, Robalino (2017) declares that the provision of drinkable water in Cuenca covers almost 100% of the territory. He admits that this percentage is associated with the public enterprise coverage area, but he notes that community organizations manage the provision of water in further areas. The municipal enterprise gives technical assistance and is willing to help them in technical aspects to reach the city standards. Robalino (2017) acknowledges that for sewerage the service provision is more difficult but he guarantees that the water used in the city receives excellent treatment before going to the source. The municipal enterprise is committed to environmental protection, so they manage at least ten environmental programs to support their work.

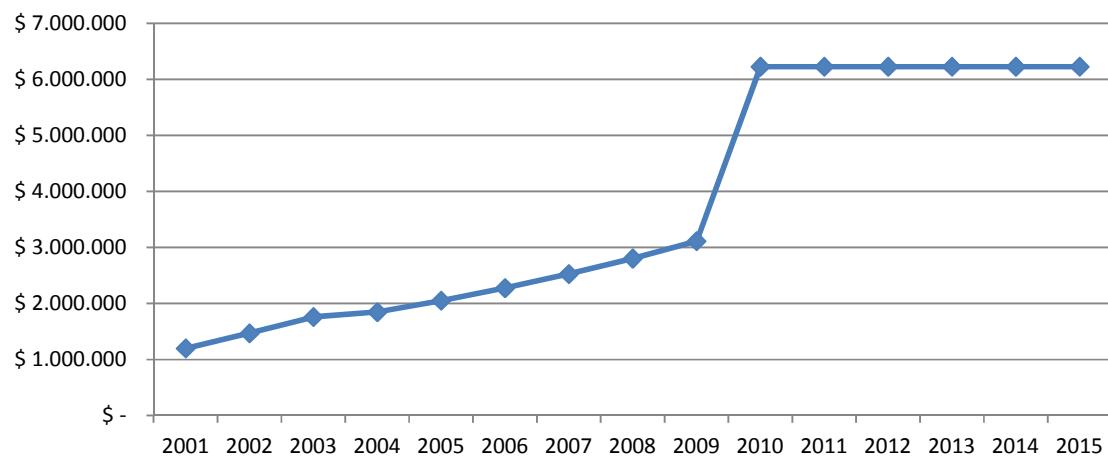
Communitarian Work

Community work helps the implementation of basic and social services in rural areas, while monetary payment is more important in urban areas. Public-works to ensure life conditions in rural areas in Cuenca are held by “minga.” Minga is community level work without any monetary payment. Members of a community contribute with time and labor in order to achieve an improvement for the whole settlement. According to Oleas (2017) and Toro (2017), most provincial projects include “minga.” They say that it is useful because people get involved, and the sustainability of the project is guaranteed Gonzales (2017) comments that the municipality tries to include “minga” as a citizen participation mechanism. However, Robalino (2017) remarks that the rural behavior has changed. He explains that inhabitants with payment capacity do not want to get involved anymore. He says that communities set the standards for the services that they want and ask for a price. Bersosa (2017), confirms that cultural change in urbanized communities makes it more difficult to implement mechanisms like “minga.” Toro (2017) suggests that big cities risk losing community level work and that happens in Cuenca.

Participatory Budget for Rural Parishes

Rural development in Cuenca is also supported by a participatory budget mechanism which has been used by the municipality since 2001. The municipal ordinance to financially assist rural parishes was promoted by the mayor Fernando Cordero in 2001. In 2003, the Municipality of Cuenca promoted the formulation of strategic plans of rural parishes to guide the participatory budget expenditure. In 2008, the mayor Paul Granda made compulsory the implementation of participatory processes for the management of resources in rural parishes. Since then a fixed budget of 6.2 million dollars is distributed between the rural parishes in Cuenca.

Figure 28 Evolution of participatory budget in rural parishes, Cuenca 2001-2015 (USD)



Source: Author based on data from Administrative registers, Municipality of Cuenca

The participatory budget follows specific steps controlled and regulated by the municipality administration. The resources are allocated directly to the rural parishes according to four indicators that are calculated by the municipality: population, development index, territorial equity, and administrative management. The participatory budget phases are:

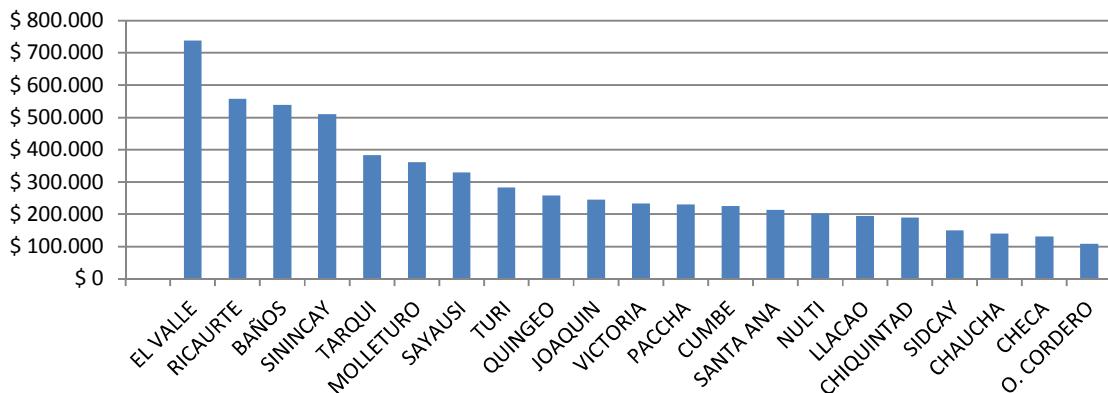
- 1) First, the parish has general assemblies to identify and prioritize requirements for the yearly operative plan.
- 2) Then, the rural parish submits a list of possible co-funding projects to the municipality.
- 3) The municipality analyses the project that concerns its responsibilities and approves the general budget.
- 4) The municipality transfers part of the budget
- 5) The parish government makes payment proofs.
- 6) The municipality transfers the resources that remain to complete the project.

The projects can be implemented by the municipality or by the parish with a formal agreement between the two government levels.

The budget is allocated but not necessarily spent because parishes have problems meeting the municipality requirements. According to the municipal administrative records, no parish was able to receive the budget of 2017 because they had not justified the expenditures of previous years. Parishes like Baños and Pacha are still working on projects that use the budget of 2013. Calle (2017) explains that only eight of 21 parishes are working with the budget of 2016. He thinks that the parish government works as a municipal executive unit but they are still too weak to negotiate as a government level. Moreover, parishes use different streams to implement projects due to the lack of resources. Calle (2017) believes that good intergovernmental agreements can be made to fulfill the requirements of rural areas but not to make linkages with urban areas. He reveals that

the rural participatory budget inside the municipal administration is detached from the urban concerns.

Figure 29 Participatory budget allocation by rural parish, Cuenca 2015 (USD)



Source: Author based on data from Administrative registers, Municipality of Cuenca

Land Use Management in Rural Parishes

In addition to the budget, the municipal administration is willing to give administrative responsibilities of land use management to the rural parishes. According to Abad (2017), rural parishes behave paternalistically with the municipality. He states that the municipality has the responsibilities in rural areas, but rural parishes criticize the work without any commitment to improving their conditions. For that reason, the administration plans to give the land use management responsibility to the parishes, so that they can plan and be co-responsible actors. Santillan (2017) thinks the measure will force the rural parishes to develop administrative skills, but she highlights that the municipal government will always be ultimately responsible for land use management. The National Council of Competence wants to prevent the cantonal government from transferring their duties to the rural government and focus only on city management.

To sum up, budget allocation and administrative responsibilities in rural parishes are not enough to consider urban and rural linkages in the canton. Territorial planners interpret and prioritize local requirements through technical analysis, but governance conditions that consider urban and rural linkages need to reinforce three aspects: a) planning processes should guarantee the representation of diverse stakeholders; b) government levels must articulate their actions to generate synergies between their responsibilities, and c) governance structures should be flexible to allow interaction and feedback. For Bersosa (2017) Cuenca is a strong municipality which has covered all the possible responsibilities, so rural and urban areas will follow its guidelines. However, Gonzales (2017) admits that the municipality should promote an interaction where parts of the resources that are generated in the city go to its hinterland and foster rural development. In conclusion, strategic planning should consider urban-rural linkages that complement economic, not only environmental purposes.

5. Chapter 5 Conclusions and recommendations

This study focused on how governance structures in intermediate cities consider urban and rural relations. In contrast with other studies that have been made, this research observed urban-rural linkages in planning processes that local governments lead. The research linked the theory about secondary cities with the case study to set the contextual circumstances of urban and rural areas under one municipal administration. The work examined norms, institutions and planning instruments to explain how urban and rural areas are governed. As a result, the study provides a broad overview of the current situation of the municipality and the planning mechanisms used to fulfill government responsibilities. By analyzing the main findings, the study contributes to the understanding of the advantages and limitations of the current governance structures in intermediate cities and their rural hinterlands.

The case study methodology gave relevance to the contextual elements and gave enough flexibility to observe the phenomenon from an integral perspective. The research explored the outstanding areas and responsibilities in which the local government is involved rather than a specific program or project. As a consequence, the research was able to make connections between different areas of responsibility. Following the methodology, the study used qualitative and quantitative data to describe the context, make comparisons and define the case. While variables in quantitative data gave an initial overview of the situation, qualitative data was useful to guide the research and establish the elements that build the main concepts. Thus, the combination of different sources of information enriched the study and gave different perspectives on the situation.

The study argues that though the performance of the municipality is better compared with other similar cantonal governments, the concentration of financial resources, and the structure of the regulatory framework limit the strategic territorial planning of local governments. The secondary city has the risk of replicating concentration of population and resources as in a primary city when the administrative units of its rural hinterland are not strong enough to develop complementary strategic plans. Looking into the study, the allocation of responsibilities limits the urban and rural relations and intergovernmental cooperation. Governmental efforts are focused on providing products and services even when those services do not complement the actions of other government levels.

The intermediate city

Looking into the case study of Cuenca, the research found that according to the theory the Ecuadorian city classifies as an intermediate city, but it is about to exceed the population of a middle-sized settlement. Following studies of Rondinelli (1983) and Roberts (2014), secondary cities may have between ten and fifty percent of the population of the largest or primary city in the country excluding the political capital. The population of the city of Cuenca does not exceed 500.000 inhabitants and it has less than 15% of the population of Guayaquil. However, Cuenca is physically distant from Guayaquil and Quito, which are Ecuador's primary cities, and it is the

biggest human settlement in the southern region by far. In fact, Gualaceo, the second biggest settlement in the area has less than 10% of Cuenca's population. As a consequence, it was observed that in contradiction to Rondinelli (1986), the city does not de-concentrate population or improve rural economies through an urban-rural interface. Instead, the city concentrates population and resources.

The city of Cuenca does share the characteristics of an intermediate city, but as a regional political-administrative center, it has lost the mix and diversity of economic activities described by Rondinelli (1982). In comparison with the primary cities in Ecuador, the location of Cuenca results in geographical isolation, which is characterized by natural barriers that have delayed the historical development of the settlement. However, due to the implementation of national policies, the city developed semi-industrial activities which were complemented with the provision of services. Current data reveals that the tertiary sector is the most important in the city and the primary sector is not relevant to the cantonal economy. Thus, the city of Cuenca is specialized as a service provider and does not have a diversity of economic activities that consider urban-rural linkages in the territory.

For the municipality of Cuenca, the relationship between the urban center and its immediate rural hinterland is shaped by an environmental protection function. According to Roberts (2014), intermediary cities have economic, administrative, logistic, knowledge & learning and cultural & sports functions. However, the case of Cuenca reveals that due to strategic water resources, the administration has prioritized the environmental protection of its hinterland. The coverage of basic services in the urban center and nearby parishes is high, but in remote rural areas only half of the inhabitants are covered. Although the municipality has the responsibility of service provision in urban and rural areas, the administration's first concern is the city's provision. The municipality avoids providing services in rural areas where anthropogenic activities affect the environmental function of that territory, which is 78% of the cantonal area (Atlas, 2015). Thus, the municipality is willing to strengthen the physical connection with other urban settlements nearby and provide services for them, but not to develop the cantonal rural hinterlands far from the city.

The Cuenca case study shows that cantons with disproportionately concentrated urban areas could generate a disconnection with their surroundings. The disconnection of rural areas from the urban market affects the economic role played by complementary functions in the primary sector. As Rondinelli (1982) argues, the national policies and incentives in Cuenca helped to expand the benefits of industrialization in the southern region of Ecuador. However, Knieling (2014) notices that functions of secondary cities are defined not only by their relationship with their hinterlands, but also by their position within national and international spheres. While the urban center of Cuenca specializes its economy in the secondary and tertiary sector, the city is willing to generate further external links with other major cities to open markets for industrial production. The same external relations are used to get primary products from other regions, because it is more cost-effective to have external providers than to spend resources in the immediate rural hinterland to develop agricultural production. Thus, the intermediate city growth does not contribute to the territorial development of its rural hinterland but affects it through external competitors.

The study revealed that rural migration to other countries contributes positively to the economic indicators of the canton and the accumulation of capital in the urban center of Cuenca. Harvey (1985) argues that the accumulation of capital in the city restricts the ability of the market to absorb the over-accumulation and the model will face a crisis where consumers (workers that receive low salaries) will not be able to pay for the production. However, in the case of Cuenca local rural labour force have low salaries. But, the rural population migrated to cities in other countries and sent the remittances to Cuenca so they do not have low consumption capacity. First, the income is an economic driver in the real estate sector, second, it increases the capacity of consumption, and third, it increases the prices in the urban center. As a consequence, it was observed that the city concentrates on the infrastructure and the road connection, so that settlements around the city develop dormitory parishes with daily commuting behavior for labor that came from other cities. Tacoli (1998b) argues that urban areas attract rural labour, which causes poverty around the cities and the failure of the system. However, it was observed that Cuenca does not have a poverty ring. The living conditions in the areas near to the city are relatively good and they receive the labor force from other cities nearby not from rural areas.

The evidence shows that strategic planning instruments and policies in Cuenca aim to link rural and urban areas through tourist activities. Due to the importance of environmental protection in the canton, the city has an interest in connecting the cultural and natural heritage to promote the tourist sector. However, this study notes in good agreement with Bolay and Rabinovich (2004) that the market for tourism is a risky market for Cuenca due to its instability, high-quality requirements and dependence on external factors. The same risks are even more dangerous for rural areas that do not have other permanent income streams and do not reach the high requirements that the international tourism market demands. Thus, it is probable that local policies will eventually benefit external capitals that stimulate rural gentrification and shift the rural population to low profit economic sectors.

According to the recommendations from UCGL (2016) and the United Nations (2015), intermediate cities are promising territories to develop sustainable urban models that receive internal migration and balance the population distribution in the country. The results of this study suggest that the size of the city allows the local government of an intermediate municipality to have a direct link with its hinterland. However, it does not guarantee that the city is willing to make local connections and linkages with its immediate rural areas. It was observed that the rationale of giving more resources to a middle-sized city like Cuenca, which has a much bigger population than the settlement nearby, further concentrates the resources and keeps unbalanced distribution of population. The case study concludes that Intermediate cities may have the risk of replicating concentration of population and resources in their region. As a consequence, a possible distortion in the strategic planning and implementation of projects may prioritize the urban center and neglect the development of rural hinterland.

Governance structures

The study reveals that governance structures do influence the urban-rural planning processes in Cuenca. The responsibilities and resources of the governmental institutions that work at the cantonal level influence rural-urban linkages. An examination of the current legal frameworks, planning instruments, participatory mechanisms and the political situation gave the case study complete vision of the influence that these elements have on urban-rural relations.

For Albrechts (2004), a regional perspective with interdependencies and complex, beneficial, and realistic plans requires horizontal and vertical coordination with multilevel governance. In Cuenca, the new Constitution set a list of competencies that the local government needs to develop to provide products and services, but products and services are not identified to consider linkages in the production chain. For instance, protection of water resources could be related to irrigation services, which is logically related to the promotion of agricultural activities, which must be associated with commercialization activities and market infrastructure. All of these activities are the responsibility of different government levels, and they need to be implemented in the same territory. Although UCLG (2016) suggests that clear distribution of responsibilities between government levels leads to good policy and management processes, the artificial division of responsibilities in Ecuadorian law had a negative impact in the vertical coordination of planning processes.

As far as planning the implementation of responsibilities is concerned, the regulatory framework prioritizes the municipal level planning over other governments. The issue is that most of the municipal activities are related to urban interventions, so the planning chain of the territory prioritizes urban responsibilities over others. For (UCLG 2016), partnerships between local governments with common aspirations and possible shared operative functions promote the replication of good practices. However, the concept does not consider possible cooperation between governmental levels that have different aspirations and capacities and govern the same territory. In that case, the success of the relationship depends on the degree of institutionalization, and rural parishes in Cuenca do not have enough capacities to develop plans and negotiate them with the municipality. The data in Cuenca reveals that participatory planning processes successfully acknowledged the demands of rural areas and the possible links with urban settlements. However, those basic demands did not develop into coordinated integral actions between the government levels. In the best case, the requirements were adapted to fit in with municipal competencies, so that some budget could be allocated to fulfill the demands of citizens.

The study confirms that the limitation of the budget for provinces and parishes restricts the development of the rural sector. The association of the provincial and parish governments with responsibilities in rural areas affects the implementation of programs that improve rural areas. Budget allocation and possible income streams are concentrated in urban areas and municipalities. As a result, governments in rural parishes of Cuenca prefer to make investments in public works and roads that connect the population with the urban center and its services. Along the same lines, the municipal government also spent its budget primarily in urban areas. The data

reveals that the country has urban-centric planning and budget allocation. The main concern of local governments in Cuenca is how to connect urban areas, but there are not major concerns about the flows that are going to use these channels. Therefore, complementary to Tacoli (2003) and Harvey (1996), this study suggests that the analysis of the urban-rural relations should observe the following elements:

Table 14 Suggested elements for the analysis of the urban-rural relations

Element	Questions	Example
Resources	What does the territory offer? First input	Labour, capital
Channels	How is going to be moved?	Roads, airports, telecommunication
Transformation	How is it going to be transformed? (Combination with additional inputs) Where are these inputs located?	Technology, knowledge
Product or service	Where is the market of this product/service located? Is this product and input in other value chain?	Skilled labour
Governance strategies	How are the transformation means distributed in the territory? How are the products/services valued?	Distribution and value

Source: Author

Although Tacoli (2003) proposes guaranteeing mobility for commuting and migration, this study argues that local policies should guarantee the channels but also the transformation means for inputs and the allocation of products into the market. Planning and decision-making processes should particularly consider the allocation of financial resources and transformation means.

Furthermore, Bolay *et al.* (2014) notice that the variety of actors in a decision-making process in intermediate cities determines the local administrative and technical governance. However, the study shows that the re-election of local leaders provides a permanent group of actors, and their political alliances favored long-term planning processes that integrate urban and rural demands. Concerning the local administrative governance, it was observed that the political sympathy and partisanship play a fundamental role in inter-level cooperation. In the case of Cuenca, the municipality is always able to decide and give strategic planning guidelines for urban and rural territories, therefore, a reduced number of actors in the administration favored the implementation of long-term plans. Concerning technical governance, the relationship between the academic sector and public policies has guaranteed reliability and credibility of policies that result from planning processes. Recently, the administrative and technical governance was affected by the influence of the national government which polarized the political positions and took part in the interaction in favor of the municipality.

According to Berdegué, Carriazo, et al. (2015), changing the status quo of institutions is difficult due to the investment that stakeholders have made in them. However, in the case of Cuenca it was observed that the national decentralization policy implemented in 2008 changed the regulatory framework for local governments and affected previous collaborative actions between them. As an example, the study observed an inter-governmental agreement that transferred

municipal resources that were obtained from car registration to the provincial government for the maintenance of rural roads. The instrument, called “Solidarity fee”, considered urban and rural linkages and it was made possible due to a previous political agreement. The fee was used to create small enterprises and maintain road infrastructure in rural areas. However, the sustainability of the initiative failed as soon as the political alliance terminated and the national government declared it illegal with the new legal framework. According to national law, the fee could not be paid by urban users if the service of maintenance was performed in rural areas. Now, overlapping responsibilities is seen as a risk and no coordination spaces are considered.

During the research, some specific planning instruments and participation mechanisms that aim to include the participation of rural parishes were observed. According to Kooiman *et al.* (2005, p. 17 in Kooiman *et al.* 2008), governance is the combination of efforts, interactions and networks. The municipal administration in Cuenca reported efforts to include different stakeholders in its planning processes; however interaction with rural parishes allowed them to identify problems but not to create opportunities. For instance, the municipality has been working with a participatory budget for rural parishes. Despite its reputation and long history, the administrative registers proved that the implementation has failed. The parishes do not fulfill the municipal requirements and have significant delays in the budget execution. Due to the lack of resources in rural areas, the participatory budget strategy is combined with community work. However, the contributions are still made in specific operational phases of the projects. The study has not observed stronger engagement of rural communities in the strategic planning phase. Rural stakeholders contribute by voicing their necessities in the diagnosis phases of local plans, but further interaction has not been observed.

Following Brenner and Schmid (2011), it is difficult to see the city limits, and clear boundaries between urban and rural countryside do not exist. In Cuenca, the municipal administration is responsible for a canton including urban and rural parishes. Though the city has official limits established by the municipal land use authority, the limit with the rural parishes nearby is not clear. However, the administration insists on keeping the limits and promoting the densification of the consolidated area. The indicators of coverage of basic services in the city are high, and the municipality does not have an interest in classifying the rural parishes nearby as urban. Instead, the administration plans to delegate the responsibility for land use administration to rural parishes. On the one hand, this could be a good example of power-sharing, but on the other hand, the risk is that the municipality, from the moment of the delegation onwards, ignores its responsibility in rural areas. In such a case, the national government should take care of the issue because the municipality and parishes are responsible for the whole territory, not for the city or the countryside.

The study concludes that inter-level governance structures influence the outcome of the strategic planning process and balanced territorial development because the system to be governed by a municipality goes beyond the boundaries of the city. The formal and strict allocation of responsibilities at different governmental levels discourages the city's role in the neighboring rural areas and limits its actions to the provision of basic services. Some examples of attempts to share

established linkages in the governance of urban and rural territories were observed. However, inter-dependencies were broken due to population concentration, resource allocation and the actors' interests. For intermediate cities, the artificial political and administrative division limits do not benefit integral and collective actions with the surroundings.

Recommendations

Looking at the case study, the data collected and its relationship to the theory, the following recommendations are addressed to the actors that are involved in governance structures in intermediate cities and their rural hinterlands.

Stakeholders in vertical relationship of governance:

a) Central government and regional government

- The priority of planning instruments to generate regional strategic planning should be reconsidered, so that the municipal government does not concentrate its efforts only in consolidated urban areas. That means, territorial planning should be an interactive process with various phases of discussion where the cantonal plan collects concerns of rural and urban parishes and vice versa. Following on, the provincial plan is fed by cantonal instruments, but it also establishes general lines to generate complementary actions between the main city and other smaller ones.
- The distribution of financial resources needs to prioritize the delegation of tax and fee collection instead of direct transfers, particularly at the provincial and parish level. The collection and allocation of the tax income should consider the taxable event but also the effects that it has in other territories. For instance, if citizens generate pollution because of the use of vehicles, the income from a tax related to this event would be allocated to protect natural areas nearby.
- The reclassification of settlements in Ecuador is complex; however the distribution of responsibilities between different government levels should be made according to the hierarchy of the settlements and capacities of the government level. The municipalities in Ecuador are heterogeneous and should not all have the same responsibilities. In the case of Cuenca, the area of influence of the city government includes more than the cantonal territory, but its actions are limited by the scope of its responsibilities. Cuenca should be aware of and responsible for the effects of its action.
- The law should reformulate the responsibilities assigned to rural parishes and clarify how these will be coordinated with the municipal and the provincial levels. Rural parishes should have a voice but also vote in the cantonal planning processes. This should not depend on the willingness of the municipality. Additionally, the government levels should have similar capacities and negotiation tools, so that the interest of the majority of the stakeholders is represented in the process.

- Decentralization processes and delegation of responsibilities should take care of creating coordination spaces where the different government levels discuss and harmonize territorial actions. That means that there should be formal, regular and mandatory meetings between different government levels.
- The association between urban responsibilities and municipal responsibilities should be avoided in any legal framework. The local government is called upon to govern the city inside a larger system with rural and urban interdependencies. So, the overlapping of responsibilities should be seen as an opportunity to strengthen urban and rural relationships. To consider the proposal of municipal governments to reform the law so that the provincial governor will be elected by inhabitants of rural parishes will increase the gaps between rural and urban areas.
- The information of local planning instruments should be open and free.

b) Municipality

- Consider that the development of other growth poles around is helpful to balance the population distribution. In this regard, the hinterland depends on the provision of basic services but also depends on the development of highly valued economic activities that guarantee the quality of life of rural inhabitants. For instance, the municipality should promote the local production of primary products and protect them from external competitors.
- The boundaries between the city and some parishes cannot be observed, so be transparent with the local indicators and develop reports that include those rural parishes nearby the city. That is, for example, reports of drinkable water coverage that includes dormitories settlements. The planning processes should not be restricted by the artificial administrative boundaries.
- Participatory processes should be interactive and include further phases that are not only the identification of problems. Also, the mechanism used in rural areas to involve inhabitants in projects thought communitarian, Minga, could also be used in urban areas to avoid the payment rationale and promote citizen responsibilities.
- Urban-rural linkages should integrate diverse economic activities. Small-scale tourist activities could help to protect the natural and cultural heritage while generating an extra income in the rural area. However, the tourist market depends on external elements that make it unstable and unpredictable. Also, incentives in rural areas should guarantee the benefit of the local population and avoid possible gentrification.

c) Provincial government

- Budget allocation in roads facilitates the flow between urban and rural areas. However the investments in transformation and production processes should also be made. That is, for

example, to promote the flow of knowledge and technology to improve labour skills in rural areas.

- Partnerships between intermediate settlements should be considered at the regional level to create good-practice communities.
- Due to the importance of remittances, the income could be redirected to the productive sector instead of real estate. That is, to create programs where migrants could invest their money in rural development.

d) Parish government

- Focus your attention on the resources and transformation means that add value to products. Prioritize the channels to attract other inputs that consider the transformation of resources. When there is a valuable product, the market and the consumers create the channels to get it.
- Improve the institutional capacities and administrative skills, so that long-term investments could be implemented and monitored.

Stakeholders in horizontal relationship of governance:

e) Planners

- Intermediate cities should be studied and observed by the size of the primary city, but also taking into account the size of other settlements in its area of influence. The potential risk of overlooking this aspect is that the city applies functions that are more primary city like, which concentrate population and resources to the detriment of territorial balance. Intermediate cities are not the panacea to solve the concentration of population and resources problem.

f) Local academia

- Include interdisciplinary perspectives while analyzing the territorial planning. Though territorial and urban planning studies have been associated with architects, including other professions is a good way to avoid thinking that urban planning is only related to infrastructure.

g) Private sector: Industries, commerce, tourism

- Promote the creation of organizations founded by diverse stakeholders, and not only from the governmental sector, to voice the interests of the private sector.

h) International cooperation

- Avoid creating programs and projects that only support governments of intermediate cities that already show good administrative capacity to conduct projects. Instead, support other

governments and stakeholders that negotiate with intermediary cities and participate in an interactive governance system.

Further Studies

Due to the time and resource limitation of this study, only one case study was selected. To improve the external validity, it is recommended to do a replication study in other similar cases. Additionally, interesting results that complement the study can be obtained through further investigation that includes data collection at micro scale administrative levels, especially the rural parish government. Further works may eventually lead to describe intermediate cities, their role of intermediation, and how this role considers urban and rural linkages as dynamic systems. Additionally, good practices of governance structures that balance the development of rural and urban areas can be analyzed in other contexts.

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Annexes

Annex 1 interview procedure

The interview procedure followed a protocol of three steps: meeting preparation, interview and closing. First, a list of contacts with detailed information was prepared. The assistants of the possible interviewees were contacted and the names, positions and functions of the units were confirmed. A tentative appointment was requested, and immediately an e-mail with the detailed information was sent to the official and his assistant. A confirmation answer by mail or phone was received for each interview.

To avoid the loss of information and give freedom to the expert, the verbal interviews were recorded. A semi-structured questionnaire with subjects that were selected beforehand according to the literature review was applied. The questionnaire had a general script and three main topics with the key questions to be asked (Annex 2). In line with the official responsibilities, the level of questions varied between the following: organization, territorial general, territorial specific, normative and policy, governance structures. For this research method the reliability was after validity, so it was possible to improvise follow-up questions, probe responses and explore areas of interest that emerge (Arksey and Knight 1999). To avoid bias problems, the initial information given to the interviewee was basic and not further knowledge was provided unless the respondent referred to elements of his knowledge.

In the closing stage, documented data was collected. First, a copy of the documents that were mentioned during the interview was collected and fast checked. Then, the written notes made during the interview were reviewed, and additional comments were added. Next, to keep contact in case of additional requirements, all the interviewees were thanked for their collaboration by e-mail. Finally, all the recordings were transcribed, carefully read and thematic-coded. Codes helped to list concepts and group them into categories according to the topics that were discussed during the interviews. The goal was not to make general statements but to explore the meaning of the key concepts and the elements used and considered by the experts to describe them (Yin 1984).

The data was used to describe, compare and define the case. First, variables in existing quantitative data were combined to describe the case and understand the context and current situation. Because the study was looking for territorial gaps, comparisons were made at the municipal and parish level. Administrative units were also analyzed in the national territorial context to observe concentration of population, services and resources. Moreover, available time series were used to identify and confirm tendencies related to the phenomenon. Then, variables in qualitative data were used to define the case and set the elements that shape the main concepts. Qualitative and quantitative data contributed to answering the same question.

Because of the complexity of the topic, qualitative data resources were used to guide the research and find quantitative sources that confirm the statements made during the interviews. National and local data help to achieve completeness along the study (Jick 1979). Three different results were obtained from the combination: convergences, differences, new elements. Convergences were important for confirmation processes that support and strengthen the concepts, while

differences were analyzed to outline possible elements that were not recognized previously (Arksey and Knight 1999). Additionally, it was considered that divergences can be explained by data measurement methods. The general strategy was to rely on theoretical propositions and develop a case description with variables that have a cause-effect relationship and explain the phenomenon (Yin 1984).

Annex 2 Interview questionnaire

NAME:		ISSUED DATE:	
INSTITUTION:		CONTACT INFORMATION:	
POSITION:			

1. Intermediate cities

- a. Do you consider Cuenca as an intermediate city? Why? What are your roles/functions that it plays as an intermediate city?
- b. What factors (historical, geographical, and political) have determined the conformation of Cuenca as the city it is today?
- c. What is the vision? How Cuenca-Region does looks like?

2. Urban-Rural Links

- a. What are the most promoted activities (Agricultural products, industry) in the city and the countryside?
- b. What are the most important aspects (infrastructure, services, knowledge, technology) which consider relations between the city and the countryside?
- c. What strategies are used to promote development across the whole territory?

3. Governance Processes and Strategy Planning

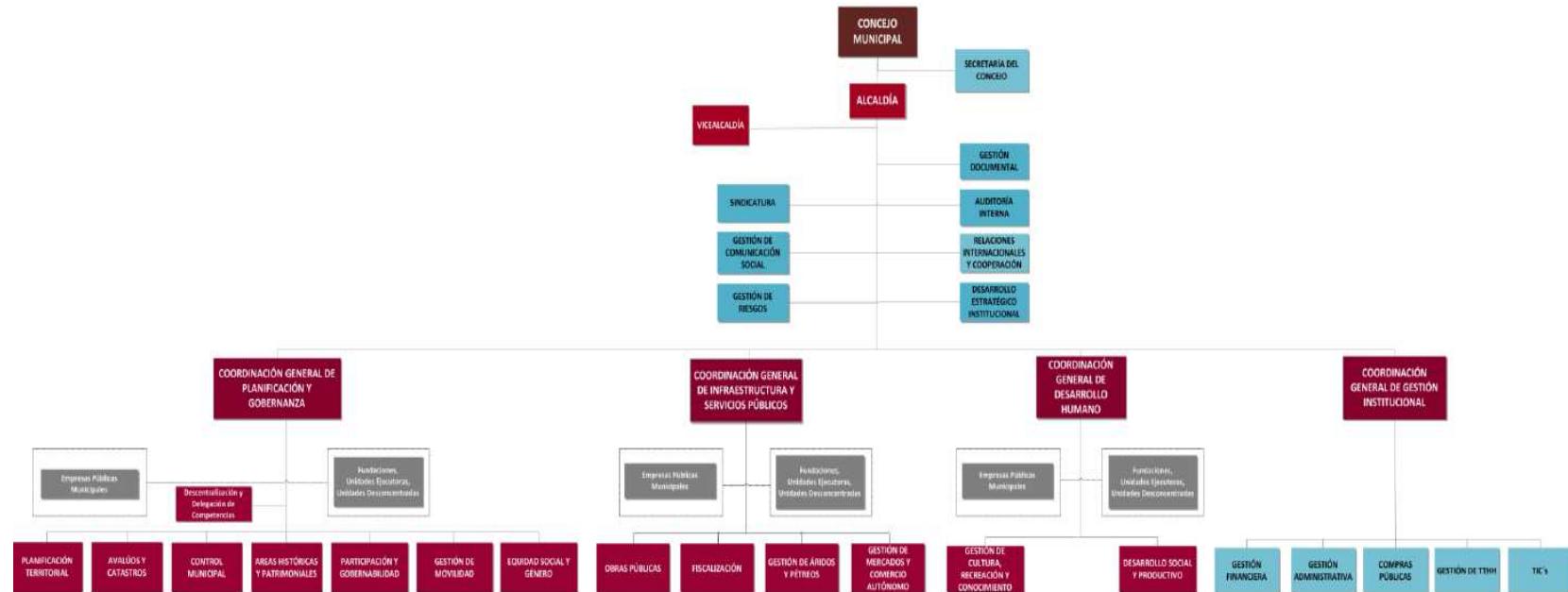
- a. What are the planning tools used in planning processes?
- b. What are the meeting instances or how are the criteria collected?
- c. How are the actors represented? How do they reach agreements?
- c. What is the more conflictive aspect during these processes?

Annex 3 List of Interviewees by institution and position

	INTERVIEWEES	INSTITUTION	POSITION
1	Diego Idrovo	UCuenca Consultancy Public Enterprise	General Manager
2	Andrés Oleas	Province Government, Azuay	Planning Coordinator
3	Yulli Toro	Province Government, Azuay	Director of Participation and Decentralization
4	Pablo Abad	Municipal Government, Cuenca	Planning General Secretary
5	Andrés Robalino	Industry Chamber	Executive Director
6	Juanita Bersosa Jorge Andrade	Regional Government, Austro Zone 6	Regional Secretary
7	Neila Cabrera	Province Government, Azuay	Environmental Department
8	Cecilia Salazar	University of Cuenca	Sociologist Professor, specialized in participatory processes
9	Patricio Carpio	University of Cuenca	Economics Professor, Ofis consultancy
10	Iván González	Municipal Government, Cuenca	Director Decentralization and Participation. Urban and Rural
11	Eduardo Idrovo	AgroAzuay Public Enterprise	General Manger
12	Adrian Calle	Municipal Government, Cuenca	Expert in Decentralization and Participation. Urban and Rural
13	Paul Ortiz	Municipal Government, Cuenca	Director of Plan, Programs and Projects
14	Esteban Balarezo	Municipal Government, Cuenca	Coordinator Canton Strategic Management
15	Ramiro Santacruz	ETAPA Public Enterprise	Planning Department Manager
16	Lorena Santillán	National Council of Competences	General Technical Coordinator
17	José Morales	Deutsche Gesellschaft fur Internationale Zusammenarbeit	Urban Agenda – Good Government
18	Alexandra Velasco	Deutsche Gesellschaft fur Internationale Zusammenarbeit	Cuenca Mobility – Good Government
19	Paola Oña	National Secretary for Planning and Development	Director of Competences Transfer in Decentralization
20	Soraya Jarrín	State Development Bank	Technical Assistance Manager



Annex 4 Organization chart – Municipality of Cuenca



Source: www.cuenca.gov.ec

Annex 5 Population growth and density by parish, Cuenca 1990-2001-2010

Parish	Population 1990	Population 2001	Population 2010	Area (Km)	Density 2010 (inhabitant/km)	Growth Rate 1990 - 2001	Growth Rate 2001-2010
CUENCA (City)	198.390	278.995	331.888	70,59	4701,63	3,10%	1,93%
BAÑOS	12.984	12.271	16.851	326,71	51,58	-0,51%	3,52%
CUMBE	5.173	5.010	5.546	70,84	78,29	-0,29%	1,13%
CHAUCHA	1.780	1.633	1.297	313,31	4,14	-0,78%	-2,56%
CHECA (JIDCAY)	3.326	2.698	2.741	62,81	43,64	-1,90%	0,18%
CHIQUINTAD	4.425	4.073	4.826	92,90	51,95	-0,75%	1,88%
LLACAO	3.326	4.501	5.342	17,84	299,44	2,75%	1,90%
MOLLETURO	5.193	5.221	7.166	976,70	7,34	0,05%	3,52%
NULTI	3.601	4.589	4.324	31,08	139,12	2,20%	-0,66%
OCTAVIO CORDERO P.	2.767	2.178	2.271	20,52	110,67	-2,18%	0,46%
PACCHA	4.496	5.311	6.467	25,71	251,54	1,51%	2,19%
QUINGEO	5.633	5.646	7.450	116,59	63,90	0,02%	3,08%
RICAURTE	11.119	14.006	19.361	14,00	1382,93	2,10%	3,60%
SAN JOAQUIN	5.197	5.126	7.455	189,17	39,41	-0,13%	4,16%
SANTA ANA	4.237	4.739	5.366	44,47	120,67	1,02%	1,38%
SAYAUSI	6.743	6.643	8.392	365,75	22,94	-0,14%	2,60%
SIDCAY	4.012	3.439	3.964	17,08	232,08	-1,40%	1,58%
SININCAY	15.069	12.650	15.859	24,66	643,11	-1,59%	2,51%
TARQUI	7.910	8.902	10.490	137,87	76,09	1,07%	1,82%
TURI	5.625	6.692	8.964	26,82	334,23	1,58%	3,25%
VALLE	15.214	18.692	24.314	43,05	564,79	1,87%	2,92%
VICTORIA DEL PORTETE	4.808	4.617	5.251	202,07	25,99	-0,37%	1,43%
TOTAL (Canton Cuenca)	331.028	417.632	505.585	3.191	158,46		

Source: INEC, 1990, 2001, 2010