

## Decentralization in Argentina: New Approaches to Municipal Governance

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**L**ike a pendulum on an old clock, the relative power of the center —Buenos Aires —vis-à-vis the provinces has been swinging back and forth since the beginning of the Argentine republic. The processes of decentralization and re-centralization have generally mirrored the changing balance of power between the federal capital of Buenos Aires and the provinces. Since the early 1990s, Argentina has entered into a period of considerable decentralization, tied closely to efforts at state reform. Municipalities have come to play an increasingly important role in the provision of basic services and of social welfare and, in the process, are generating new relationships among themselves and with citizens.

The Woodrow Wilson Center and the Latin American office of the International Institute for Environment and Development (IIED-AL) jointly sponsored a meeting in Buenos Aires on November 8-9, 2001 to discuss the new approaches to municipal governance generated by these changes. The meeting brought together mayors, representatives of the federal government, and civil society organizations to discuss three principal trends that are shaping municipal governance in Argentina:

1. New strategies to engage citizens in participatory municipal governance.
2. Innovations in public administration that make municipal government more productive, accountable, and efficient.
3. Alliances among small municipalities that give them a chance to compete economically and to coordinate strategies around shared resources.



Argentine researcher Adriana Clemente presents her views on decentralization during the seminar.

### DECENTRALIZATION IN ARGENTINA: A COMPARATIVE PERSPECTIVE

Norberto Pasos, Argentina's deputy secretary of housing, opened the meeting by emphasizing the importance of municipal governments for generating new relationships between citizens and their government. Until now most decentralization discussions have focused on the role of the provinces, but decentralization should be deepened by strengthening the role of municipalities and increasing their ability to innovate and respond to citizens' demands. Former mayor Raúl Fernández added that Argentina needs a legal framework for municipal autonomy since municipalities are currently governed by provincial laws only.

Ana Hardoy of IIED-AL stated that this forum was intended to spark a frank discussion among mayors, municipal and federal officials, and civil society actors in order to contribute to improved models of municipal governance. Joseph Tulchin of the Woodrow Wilson Center



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stressed that the importance of ascertaining whether decentralization was contributing to new mechanisms for government to share power with society and whether it was helping build the democratic capacity of society.

Catalina Smulovitz argued that decentralization in Argentina has been primarily administrative, with political and fiscal decentralization lagging far behind. She offered a broad overview of the history of decentralization in Argentina, based on the work of her associate Tulia Falleti (see box).

In addition, she observed that decentralization reforms have been primarily motivated by the central government's desire to reduce its size and responsibilities, rather than to improve democratic governance. Decentralization has produced uneven results in Argentina, depending on the widely varying capacities of local governments and civil society across the country. She stressed the importance of a strong regulatory state to oversee a decentralized system of governance and the need to find nuanced ways of decentralizing responsibilities to local governments according to their capacity to assume new functions.

Marcus Andre de Melo, of the Federal University of Pernambuco, described Brazil's experience with decentralization. He observed that Brazil, another country with a long history of oscillating between centralized and decentralized governance, had strengthened state and municipal governments in

the 1980s and 1990s largely as a way to improve democracy. Municipalities have now become "laboratories of social participation." Municipal innovations include participatory budgeting, which give citizens in over a hundred municipalities the final say over public investments, and more than 32,000 local sectoral councils throughout the country which oversee public spending on healthcare, education, and infrastructure.

Andrew Selee of the Wilson Center argued that municipalities throughout Latin America, Asia, and Africa are gaining increasing authority and resources and becoming the locus of participatory governance. In some cases, decentralization has been pursued as a way of improving democratic governance. In others, it has been seen primarily as a way of off-loading responsibilities that the central government no longer wants to perform. These different motivations behind decentralization often produce strikingly different outcomes for democratic governance.

#### MUNICIPAL INNOVATIONS IN PARTICIPATION

Municipalities throughout Argentina have experimented with a wide range of strategies for increasing citizen participation and improving government accountability. María Inés Vollmer, a provincial legislator from Mendoza, described changes that had been made in the social development ministry of the province in order to improve input from society and increase responsiveness. The ministry undertook three interrelated processes: modernization, participation, and decentralization. This involved creating a database of beneficiaries to promote transparency; forming a civil society council to establish channels of communication between the ministry and community groups; and transferring responsibilities to the municipalities, along with the resources for these, calculated according to a uniform formula. Local municipalities were required to create civil society councils as well, and particular attention was paid to training community organizations so that they could take advantage of these new institutional channels.

Miguel Lifschitz, secretary of public services for the city of Rosario, outlined the city's extensive participatory planning process. This involved consultations with a broad cross-section of community

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Decentralization Project Coordinator: Andrew Selee  
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organizations, business associations, NGOs, and political groups. As a result of this process, the city was divided into six districts to allow for more contact between citizens and the government.

Andrés Borthagaray, the coordinator of strategic planning for the city of Buenos Aires, noted that the city is working to create a system of *comunas* (districts) where city residents can participate actively in the governance of their communities. This will bring together city employees assigned to each district with elected representatives from local communities. The proposal includes a plan to facilitate citizen input into the design and execution of the municipal budget in each district. This is one of the recommendations which has emerged from an extensive municipal planning process and which is on its way to being implemented. Daniel Siciliano, director of decentralization for the city of Buenos Aires, stressed that the government sought citizens' input to change the way business is done in the municipality and the creation of the *comunas* was a fundamental piece of this.

Graciela Cereijo, social development secretary of Reconquista, noted that the municipal administration had sought new approaches for generating citizen input into government policies but had encountered community organizations that were highly unrepresentative and tied to past clientelistic practices. As a result, they created an Inter-Community Consultative Council that includes two representatives from each neighborhood, one who represents the dominant community organization and another who is elected in an open meeting. This served to acknowledge existing civil society organizations, which had legitimacy in some sectors of society, and allow the neighborhoods to develop alternative leaderships if they chose. Such councils have the authority to initiate and approve investment projects in the communities.

Gastón Urquiza of IIED-AL presented an approach for government-civil society partnerships that seeks to create synergies in addressing social development. Government-civil society partnerships on specific development projects help to empower community organizations, to consolidate their institutional structure by giving them the ability to execute projects, and to modify traditional

clientelistic relationships. However, these partnerships need to be temporary and designed with a specific end in mind, otherwise the organizations tend to lose their autonomy.

Ana Cafiero, a researcher with the national Senate, described an extensive study it had carried out in the city and province of Buenos Aires, which found that politicians and citizens were overwhelmingly in favor of greater decentralization, although citizens were frustrated by the overlapping of functions among levels of government. Those interviewed also expressed an interest in further channels of participation in public decisions. Among young people surveyed, an overwhelming majority had participated in some form of associational activity.

Felix Bomborolo of Polea praised the new climate of participatory governance, which has pervaded Argentine society, but he outlined four critical questions that need to be asked to understand the effectiveness of participatory processes. First, who actually participates in these new participatory processes and, therefore, who is empowered to represent the wishes of the citizens? Second, how much capacity do citizens and civil society organizations have to participate in these processes? Third, at what point in the process do citizens have input (in the design of programs or only in the approval of the design)? And fourth, what is the relationship between participatory bodies and actual decision-making structures? Overall, these processes appear to have great symbolic value for equity and may make inroads in undermining clientelistic and vertical practices of the past. However, it is not clear if they are actually helping to improve the inequitable distribution of wealth.

#### INNOVATIONS IN PUBLIC ADMINISTRATION

Citizen participation can help make municipal governments more accountable and effective, but ultimately citizens expect mayors to run an effective administration that generates results in services, investments, and economic development. Several municipalities have experimented with innovative strategies to improve their governments' performance.

Ricardo Sarandría, the mayor of General Roca, described his administration's work to improve tax-



payers' relationships with the municipal government and the transparency of public finances. Among other strategies, he has required his cabinet members to make regular visits to all neighborhoods to talk with citizens, signed agreements with the private sector and the university to carry out joint projects, and mandated public meetings before approving the annual budget. In addition, his administration carried out a public competition for ideas to rehabilitate the downtown area, which had been sorely underutilized.

The mayor of Morón, Martín Sabatelli, described his attempts to create public confidence in the municipal administration after he took over from a previous mayor who had been jailed for corruption. He noted that it was extremely hard to win back people's faith in the government's honesty, but that it was important to begin by making the exercise of public funds transparent and accessible, and to create mechanisms that allow citizens to report corruption. Daniel Peretti, the mayor of Porteña, addressed the need for municipalities to develop private-public partnerships to promote economic production.

Ana Repetto, director of the Redes (Networks) Program of the federal government, outlined her group's work that helps municipalities channel development funds to communities based on a participatory planning mechanism. The program operates by providing training and funds to municipalities that institute development plans in conjunction with a social council that includes representatives from business, unions, NGOs, community organizations, and churches.

#### MUNICIPAL ALLIANCES

Jessica Braver and Daniela Páramo, from the Municipal Matters office of the Interior Ministry, described their work to help municipal officials to navigate the federal bureaucracy. They provide services as needed to municipal governments without signing formal agreements for cooperation, which allows them to bypass political bargaining and achieve concrete results.

Decentralization has created opportunities for local accountability and innovations in public administration, but it has frequently created problems for small municipalities which are too small to

compete effectively in national and international markets. Manuel Sevilla of the World Bank pointed out that municipalities in Argentina have had vastly different experiences with decentralization depending on their size and resource base. In some cases decentralization has improved services, but in others it has had a detrimental effect.

One innovative approach in Argentina has been the formation of municipal alliances which allow small municipalities in a micro-region to coordinate economic development and resource management.

Guillermo Marianachi, secretary general of the Federal Institute for Municipal Matters, described the creation of thirteen "micro-regions" made up of municipalities in a common geographic area. These have been created by a decision of the municipalities themselves, usually within regions that share a common identity. These micro-regions are often formed by governments of different parties. The common motivation is to promote their economic participation in the national and global market, which can only be achieved by scaling up.

The mayor of San Fernando, Osvaldo Amieiro, described the creation of one of these micro-regions in the northern part of the province of Buenos Aires. Four municipalities, whose mayors belonged to three different parties, came together originally to solve the problem of flooding from a shared river. Since then, however, they have found other common enterprises to undertake together to promote economic growth. The decisions within the micro-region are taken by consensus among the four municipalities.

Eduardo Amadeo of Observatorio Social argued that the micro-regions were a novel strategy to take advantage of social energies by creating new territorial referents. He noted that the micro-region in the north of the province of Buenos Aires had benefited from having mayors of different parties. Once agreements are negotiated among the mayors, the parties in the council tend to support them, since they are the product of a tri-partisan consensus. Creating micro-regions has helped municipalities to take advantage of complementary strengths in the productive process and to compete in the national market more effectively.





## Federalism and Decentralization in Argentina

Comments by Tulia Faletti and Catalina Smulovitz

Like a pendulum on an old clock, the relative power of the center —Buenos Aires— vis-à-vis the provinces has been swinging back and forth since the beginning of the Argentine republic. In their paper, Tulia Faletti, a visiting scholar in international studies at Brown University, and Catalina Smulovitz, professor of political science at Torcuato Di Tella University, Buenos Aires, describe four major stages in the development of Argentine federalism and the emergence of decentralization in the early 1990s. From 1880 onward, two key political institutions—the electoral college vote for the president and federal intervention—especially defined the balance of power between the central government and the provinces. In the presidential race, provinces voted en bloc to enhance their influence on the president while, on the other hand, federal officials intervened as needed to discipline provincial party elites and factions. Argentine presidents are now directly elected, but federal intervention remains a potential enforcement tool.

Contemporary Argentine decentralization can be traced to 1991–1992 and the Menem administration's systematic effort to create a market-based, internationally competitive economy, according to Faletti and Smulovitz. Decentralization was part of the reforms aimed at reducing the role of the state in the economy, changing the nature of state-society relations, and privatizing inefficient public entities. Decentralization began with the transfer of the administration of public services from the national government to the provincial level, the authors point out, a move justified on the grounds that bringing social service delivery closer to the beneficiaries would improve service quality. In fact, however, the reform was the result of the desire to reduce the size of federal services expenditures by transferring them to provincial systems. Much of the decentralization process in Argentina has consequently focused on the Coparticipation Law, negotiations, and disputes related to the level of central-provincial fiscal transfers, or *coparticipaciones*. A central issue has been whether or not the transfers have been sufficient to cover new provincial service responsibilities.

The decentralization of primary and secondary education has given considerable autonomy to the provinces to manage their education systems, Faletti and Smulovitz explain. A number of provinces have improved their education administrations and technical capacity. The health sector has long developed in a decentralized way, so health transfers to the provinces have been relatively small, and the authors do not detect the improvements in management capacity witnessed in education. Faletti and Smulovitz thus conclude that administrative decentralization, as opposed to fiscal or political decentralization, has been the most important in the Argentine case. Governors gained political power in the 1990s because of their new administrative functions; the direct election of senators provided in the 1994 constitutional reform has cut into that power, however. On the fiscal side, the responsibilities of the three levels of government remain confused. It is the bureaucratic and fiscal capacity being developed by the provinces for the management of newly decentralized services that is most significant.



### Conference Agenda

#### Opening

Norberto Pasos – Deputy Secretary of Housing  
Ana Hardoy – IIED-AL  
Joseph Tulchin – Woodrow Wilson Center

#### Decentralization, Civil Society, and Democratic Governance

Andrew Selee – Woodrow Wilson Center  
Marcos Andres de Melo – Universidade Federal de Pernambuco  
Catalina Smulovitz – Universidad di Tella

#### Decentralization and Municipal Autonomy

Raúl Fernández – Independent Expert  
M. Inés Vollmer – Provincial Deputy  
Osvaldo Amieiro – Mayor of San Fernando  
Guillermo Marianachi – IFAM  
Eduardo Amadeo – Observatorio Social

#### Municipal Strengthening and Local Development

Adriana Clemente – IIED-AL  
Daniel Peretti – Mayor of Porteña  
Miguel Lifschitz – Secretary of Public Services, Rosario

Andrés Borthagaray – Strategic Planning Coordinator, Buenos Aires  
Eduardo Resee – UNGS

#### Governance and Local Development

Graciela Cereijo – Social Development Secretary, Reconquista  
Martín Sabbatella – Mayor of Morón  
Emilio Martínez Garbino – Mayor of Gualaguaychú  
Ricardo Sarandría – Mayor of General Roca  
Félix Bombarolo – Polea

#### Municipality and Public Policy

Manuel Sevilla – World Bank  
Ana Cafiero – Senate

#### Policies and Programs to Strengthen Municipalities

Ana Repetto – Social Development Ministry  
Jéssica Braver & Daniela Páramo – Interior Ministry  
David Burín – Trama

#### Closing

Daniel Siciliano – Director of Decentralization, Buenos Aires

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