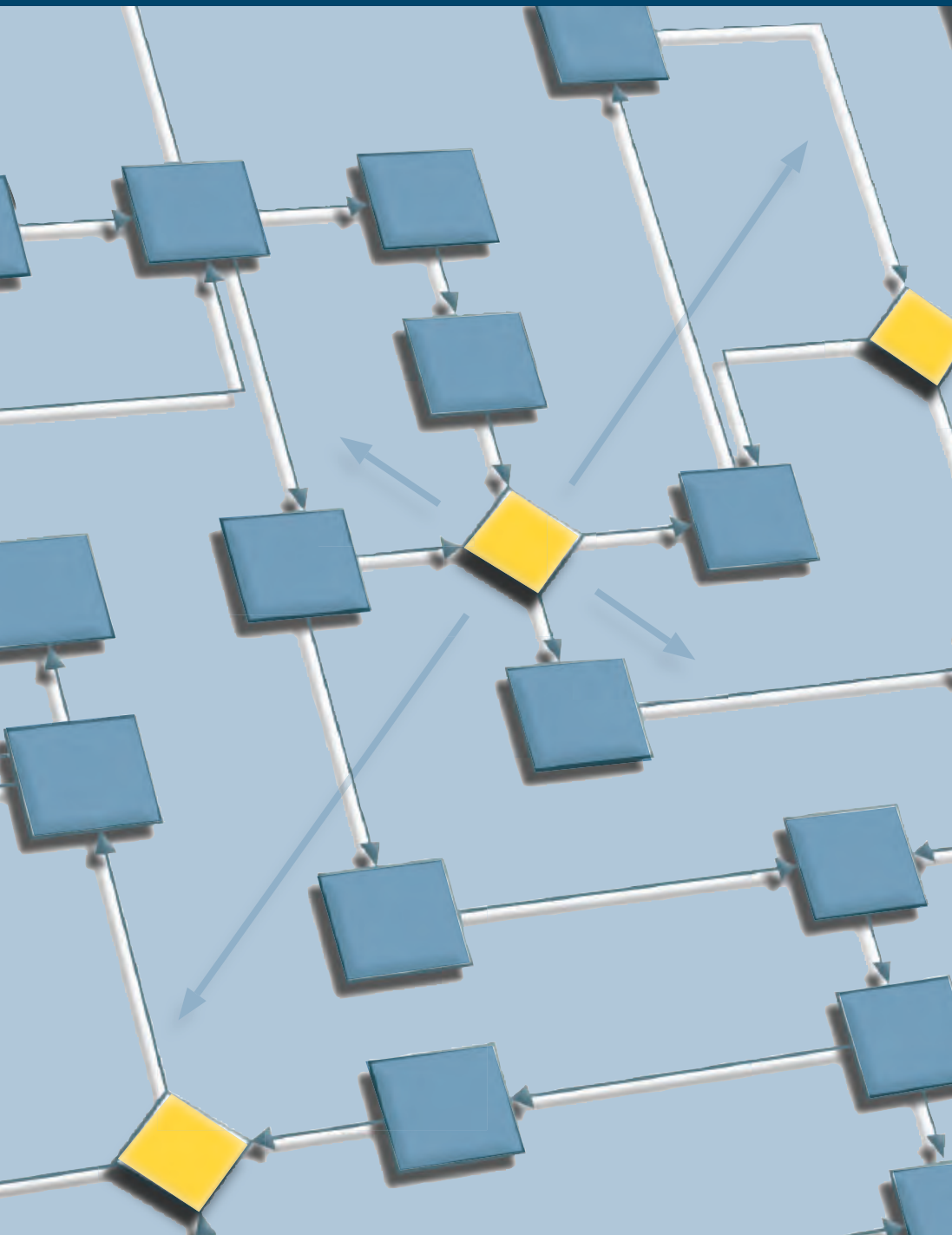


Decentralization and the Challenges to Democratic Governance



SECRETARIAT
FOR
POLITICAL AFFAIRS

DEPARTMENT
OF STATE
MODERNIZATION
AND GOOD
GOVERNANCE



ORGANIZATION
OF AMERICAN
STATES

Publication of the:

Department of State Modernization and Good Governance
Secretariat for Political Affairs
General Secretariat, Organization of American States

Supported by a grant from the
Open Society Institute Foundation

With the collaboration of:

The Inter-American Foundation
The Woodrow Wilson International Center
for Scholars, Mexico Institute

Graphic cover design and layout
Zilyen, Inc.

October, 2008

Copyright ©2008 by OEA/OAS.

All Rights Reserved.

This publication may be reproduced partially or
in its entirety only if the source is clearly indicated.

*The ideas and opinions expressed in these papers are those
of their authors; they do not necessarily reflect the position
of the General Secretariat of the Organization of American
States or of the Organization's Member States*

**General Secretariat of the Organization
of American States**

José Miguel Insulza, Secretary General

Secretariat for Political Affairs

Dante Caputo, Secretary for Political Affairs

**Department of State Modernization
and Good Governance**

Pablo Zúñiga, Director

Anne-Marie Blackman, Senior Specialist
Coordinator of the Decentralization Section

Milagros Freyre, Project Coordinator
Editor of this publication

OAS**Cataloging-in-Publication Data**

Decentralization and the challenges
to democratic governance.
p. : ill. ; cm. (OEA Documentos
Oficiales; OEA Ser.D) (OAS Official
Records Series; OEA Ser.D)

ISBN 978-0-8270-5261-1

1. Democracy – Economic aspects – Latin America.
2. Democracy – Economic Aspects – Caribbean Area.
3. Democracy – Social aspects – Latin America.
4. Democracy – Social aspects – Caribbean Area.
5. Economic policy – Political aspects.
6. Environmental policy. I. Series.

JL960 .E36 D43 2008

OEA/Ser. D/XX SG/SAP/III.7



Decentralization and the Challenges to Democratic Governance

“One of the vital issues for democratic stability in our region is related to democratic governance and the capacity of governments to meet the aspirations of the majority of the population who elected them.”

José Miguel Insulza
Secretary General
Organization of American States

INDEX

Preface.....	1
Local Income Generation, Competitiveness, and Globalization.....	7
Remittances in Latin America and the Caribbean: Their Impact on Local Economies and the Response of Local Governments.....	25
The Environment and Natural Resource Management.....	45
Public Security.....	53
Social Policies and Access to Education, Health, and Poverty Alleviation Programs.....	75
Accountability and the Creation of Public Spaces for Participation at the Local Level.....	95
Biographies of the Researchers.....	112

Preface

Decentralization has been in vogue for many years in the world of public policy. The perspective of the present allows us to conduct a careful assessment of public policies rooted in this idea. As the studies in this publication show, the benefit of decentralization cannot be understood as an axiom, since its effectiveness and contribution to democratic governance must be analyzed on a case-by-case basis.

Beginning in the 1980s, several states in the Americas undertook decentralization projects, transferring functions and responsibilities to local governments. These initiatives promised to improve the state's responsiveness and accountability. However, it is worth asking whether decentralization has lived up to its promise.

The case studies that make up this publication demonstrate clearly that the effectiveness of decentralization policies is drastically reduced if the context of each particular case is not taken into account. The obstacles that stand out in the comparison of particular cases are the significant asymmetries between local governments in terms of their capacity to generate income, stimulate productivity, and administer new functions.

The exercise of policy comparison in this publication shows us clearly that the contribution of decentralization policies to the strengthening of democracy, in other words to the expansion of citizenship in its political, civil, and social aspects, has varied and depends on an appropriate evaluation of each context.

The studies that follow are intended to contribute to an analysis of decentralization policies; kindle a debate on the deficiencies of current processes; and offer tools for policy comparison that are useful for tackling problems in a region with significant and urgent shortcomings of citizenship in its political, civil, and social spheres.

Dante Caputo
Secretary for Political Affairs

PRESENTATION

This publication is a compilation of the six issues papers produced by the project “Decentralization and the Challenges to Democratic Governance.” Through this project, the Department of State Modernization and Good Governance of the Secretariat for Political Affairs explored, and now presents, a panorama of some of the major governance issues in the relationship between decentralization and democratic governance. The papers, written for an audience of policymakers, practitioners, and the general public, examine ways of improving national frameworks for coordination among different levels of government and strategies for addressing asymmetries; they also set out proposals for regional dialogue and specific areas for cooperation on these issues. In a subsequent phase, the Department proposes developing indicators and other tools which could guide governments and policymakers in decision-making on decentralization. This project is intended to contribute to the agenda of the High-Level Inter-American Network on Decentralization, Local Government and Citizen Participation (RIAD) established by the Organization of American States within the process of the Summits of the Americas.

METHODOLOGY

To produce the six studies for discussion and working material, the project examined key areas where decentralization processes are in progress in a large number of countries. The six project researchers who collaborated on the project were at liberty to select the experiences or cases to be analyzed. The areas, which relate to socioeconomic development and accountability through effective public participation, are cross-cutting issues of decentralization. The areas analyzed in the six papers are:

- Local income generation, competitiveness, and globalization
- Impact on local development of remittances from migrants
- The environment and natural resource management
- Social development policies and access to education, health and poverty reduction programs
- Public security
- Accountability and the creation of local spaces for discussion and decision-making

Each paper takes into account key factors of decentralization such as: historical and cultural contexts; the region’s significant levels of poverty, inequality, and income disparity;

decentralization policy frameworks, including fiscal and macroeconomic policies and resource allocation; relationships among levels of government; monitoring, evaluation, and support mechanisms for decentralization; local environments as incubators of social and economic relationships; the situation of vulnerable and excluded social groups; policies on gender equity; and migration and changing demographics. The papers also take into account differences across subregions of the hemisphere, such as size, and experience with decentralizing reforms in both unitary and federal systems.

Other significant developments or factors that were taken into account include: growing urbanization and rural vs. urban contexts; technological advances; effectiveness of present institutions, policies, and tools; impact of Civil Society Organizations (CSOs) and social movements; available research, policy planning and evaluation tools; use of technical assistance, capacity-building, and knowledge-creation methods; the impact and interaction of the range of actors in decentralization; factors for social cohesion; and the creation of social capital and responsible citizenship.

In October 2007, the project organized a technical workshop for the project researchers to exchange views with each other and with technical personnel from different departments of the OAS General Secretariat. A subsequent process of exchange and analysis concluded with the organization on February 28, 2008, of a hemispheric forum, in which the issues papers were presented for discussion among governments, regional stakeholders, and international agencies. This publication and its companion CD have been compiled to disseminate the results of the project and to provide background and working material for policy processes on some of the issues examined.

GENERAL CONCLUSIONS AND RECOMMENDATIONS

The six papers in this publication offer practical recommendations and identify areas for cooperation to be considered by the range of stakeholders in decentralization processes, such as central and local governments, civil society and community organizations, legislators, and regional and international organizations, among others.

Recommendations in the studies vary according to the governance areas examined. However, the following key conclusions are highlighted:

- Weak coordination between central, intermediate, and local governments has an impact on effectiveness and efficiency in formulating and implementing public policy.
- Persistent institutional weakness in local governments, which often lack the technical capacity or trained career personnel to adequately administer, coordinate, and give continuity to local governance processes.
- Inadequate resources, particularly local financial resources, is a chronic situation undermining the ability of local authorities to fulfill an expanding range of functions and responsibilities.

These and other factors identified in the papers often render it difficult for local communities, rural or urban, to generate successfully optimal governance conditions, such as: sustainable sources of employment; business and trade activities that are competitive in the global market; and poverty alleviation programs or others targeted at vulnerable sectors of the population.

Local processes also need to take into account major trends, such as regional integration and globalization – global is now indeed local – and to integrate them into planning, policy, and implementation processes. An example of this is the case of remittances from emigrant populations. Where local alliances and partnerships are formed – as seems to be increasingly necessary – they should aim to be transformative and self-sustaining.

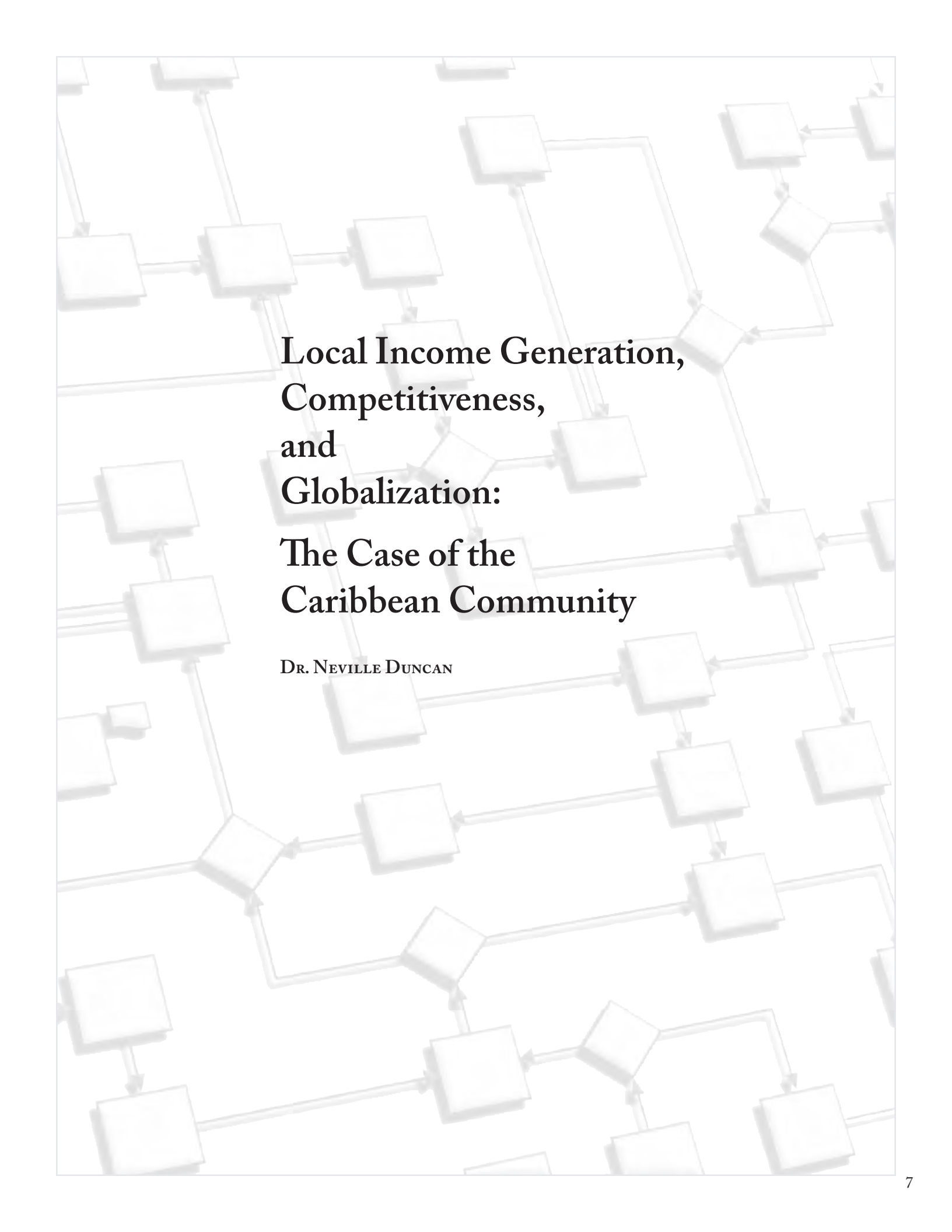
The range of pressing hemispheric challenges that are explored in these studies demands a new perspective on local government. The multifaceted issues faced by local communities demand innovative but appropriate public policy approaches involving a range of local actors and, as necessary, central government support. Key weaknesses identified by the studies indicate the need for concerted strategies in the following aspects:

- Systematic central/local dialogue and policy coordination
- Strengthened local management, with technical support and administrative capacity, and performance indicators
- A self-sustaining financial resource base for decentralized administration

Several studies emphasize that local governance calls for an inter-sectoral, more integral approach to public policy. The different governance areas analyzed in the studies are separate and distinct; nonetheless they are closely linked. For example, social and economic development programs should be sustainable, and firmly rooted in conservation and sound natural resource management. Improved public security should contribute to a secure investment climate and also an enhanced quality of life for citizens. Local governance in

the region should create better conditions for ordinary citizens, facilitating their involvement in decision-making, implementation and monitoring processes, and in the accountable and transparent use of public funds. Modern technological advances, such as E-government tools, should similarly be at the service of the citizen, promoting participation and closer links with authorities and policymakers.

This publication aims to provide useful working material for policymakers, practitioners, and others who contribute, through strengthened local governance, to the preservation and consolidation of the democratic gains of the past few decades.



Local Income Generation, Competitiveness, and Globalization: The Case of the Caribbean Community

DR. NEVILLE DUNCAN

TABLE OF CONTENTS

- INTRODUCTION
- INCOME GENERATION THROUGH JOB CREATION, PROMOTION OF ENTREPRENEURSHIP, AND STATE AND PRIVATE SECTOR FACILITATION IN THE CARIBBEAN
 - 1. The regional labor market benefiting from globalization**
 - 2. Local efforts to boost product development, promote market access, and participate in regional integration processes**
 - **Three Brief Case Studies From Barbados and Dominica**
 - *Barbados Youth Business Trust (BYBT)*
 - *Pinelands Enterprise Facilitation Services (PEFS)*
 - *National Development Foundation of Dominica (NDFD)*
 - 3. The potential or actual contribution of local development to contribute to poverty alleviation, job creation, and wealth creation**
 - 4. Experiences with public/private partnerships for local job creation and training**
 - 5. Problems of small municipalities for economies of scale and effective local development**
- CONCLUSION
- BIBLIOGRAPHY

INTRODUCTION

Participation in the global trading economy provides tremendous opportunities for entrepreneurs and small businesses, provided that international competitiveness can be achieved. When such an opportunity is aligned with the need to generate income at the local level, then it is not merely a strategy of creating the environment for entrepreneurship and for small businesses to flourish through disparate individual effort, but more to promote these activities in declining rural areas, and poverty-stricken inner-cities.

Urbanization rates in the Caribbean Community (CARICOM) are alarming, producing moderately and severely under-utilized schools, farms, post offices, and health facilities, neglected roads, and inadequate water and electricity services. Accompanying this denudation of the countryside, as export agriculture collapses (sugar, bananas, nutmeg, “cash” crops), is the intensification of urban challenges and problems. These include, among others, increasing levels of crime, deterioration of housing, and severe shortages of low-income housing; unsafe buildings vulnerable to floods, earthquakes, sea surges, and hurricanes; tremendous traffic jams; and the pricing down of labor due to oversupply and low-quality skills.

It is to be understood that the generation of income opportunities through entrepreneurship, small business creation, and widened forms of economic activity leading to quality (decent) jobs would constitute only a part of the solution, albeit an important part of it. There is obviously, in urban areas, a proclivity for engaging in a variety of economic activities (informal) as a survival mechanism. Not being in formal economic activity means that informal workers miss being part of:

- National pension schemes
- Access to low income housing
- Health insurance provisions
- Access to legal financial resources such as loans and technical support for small businesses, and other benefits that formal employment brings

This paper considered Caribbean efforts to build upon this situation wherever it exists in the region and to find conversion mechanisms to bring such efforts into the mainstream economy. In CARICOM, efforts towards deepening the integration process through the establishment of a Caribbean Single Market (CSM) and, shortly, the Caribbean Single Market and Economy (CSME), will no doubt provide an important development ladder to the global economy and stimulate access to a variety of technical and financial resources to facilitate this development.

This paper also addresses key issues that practitioners should consider as they seek to improve decentralized government systems or coordination among levels of government with special attention to local income generation. Questions were raised in order to invite reflection and dialogue as well as to lay out feasible strategies for enhancing decentralization.

INCOME GENERATION THROUGH JOB CREATION, PROMOTION OF ENTREPRENEURSHIP, AND STATE AND PRIVATE SECTOR FACILITATION IN THE CARIBBEAN

People most in need of productive jobs with decent pay are disproportionately found in rural areas, and it is also true that the best educated, more adventurous, and more determined residents who could have made a positive difference in their localities have migrated more quickly both to major towns and cities and overseas to the world's major economies. This double blow is exceptionally debilitating to a process that seeks to develop those who have been left behind in rural areas.

Caribbean data show that:

- More people live in poverty in “other towns” and in rural areas than in cities and major towns.
- Jobs available in “other towns” and rural areas are not diverse. People work for less pay (even for similar jobs such as an accounting job in a Parish Council compared to working in central government bureaucracy), and jobs are restricted to a limited range of lowly rewarded skill sets.

Additionally, the jobs that many rural workers can access simply do not pay enough to raise a family, let alone to achieve a decent living. Low population density and lack of basic infrastructure, particularly transportation and communications systems, often hinder economic development efforts that could bring new jobs to rural areas. Financial and technical resources have usually proven to be harder for people to obtain in rural areas. Rural communities are generally geographically or economically isolated; people pay higher prices for goods and services from micro-shops (which have high overhead costs and provide small non-discounted quantities). Residents have to travel long distances to get to health clinics and access medical services (nurses, doctors, and pharmacies), and are generally uninsured or under-insured for health or life coverage.

The social disadvantages of high-poverty areas (whether rural or urban) are varied, although in general people may become poor because of the ups and downs of the national economy; continuous price inflation; job loss; divorce or separation; mounting debt; lack of social protection nets; lack of free clinics; limited access to organizations (public or voluntary) that provide help to those who are in extreme need; inadequacy or absence of public transportation; and the general effect of the rising cost of living on relatively fixed incomes such as pensions and low-wage jobs. Changes in the economy and technology have generally rendered farming, of nearly all traditional types, incapable of producing a living income for such families. An extremely small percentage of rural folk manage to live healthy lives or subsist on traditional farming activities. New and ultra-modern farming activities require education and training, access to loans, and transportation and marketing outlets to sell their products and services.

Many rural residents are discovering that even to own land proves, in the normal situation, to be a frustrating socioeconomic challenge, especially when faced with inequitable land taxes and high levels of praedial larceny, which usually occurs with devastating effect, without legal or insurance redress or state assistance in recovery efforts. In addition, people who are most in need of productive jobs with decent pay are also found in larger towns and cities, having fled crippling conditions in rural areas and small towns or having been born into severely disadvantaged situations in these urban/suburban areas. Every day, major towns and cities in the Caribbean receive new migrants requiring shelter, jobs, food, medical treatment, and schooling/training in a context where access to these facilities is strained or almost nonexistent. Every day, new migrants come into high-crime communities seeking to find a better life and having to face the real survival pressure of engaging

in informal, immoral, and illegal activities in order to survive. Official state agencies, whether aiming to provide welfare or physical security, are often excluded.

Migrants come with no or limited financial resources and have no immediate or extended family or even trustworthy friends to ease the burden and terrors of entry into the urban community. There is no good godfather or godmother or aunt or uncle to perform such a role. While such individuals show incredible creativity and resilience, especially in consort with the pre-existing poor, to eke out a decent existence – such as saving and lending to each other and helping to build shelter for themselves or for others – it is a hard life indeed. There is no joy in agreeing with HABITAT that the poor are currently the single largest producers of shelter in the developing and underdeveloped world. Only in a very few Caribbean states where there is extremely limited access to land (even for illegal occupation and capture) is this not true.

Nevertheless, these producers of shelter do so usually as squatters, without legal title or lease contract with legal owners of urban lands. To the extent that there is access to basic services such as water, electricity, and sanitation services, it is illegal or constitutes a major health threat. No tenure, and limited or no access to basic services for the poor and marginalized, serve to perpetuate social exclusion. In the Caribbean, most of the lands squatted on are lands owned by the state, and some are simply lands abandoned by private owners due to fear of recrimination. State ownership of most of the lands might allow the state the opportunity to regularize and achieve ownership of land already occupied by squatters, if other public common issues are not at stake.

These factors and several others make it extremely difficult in rural and urban areas to successfully engage in sustainable job creation and the stimulation of entrepreneurship linked to competing successfully in the global market. It is exceptionally difficult, but not impossible. The factors to be attacked frontally can be derived mainly from examining the difficulties and obstacles so far. In the initial period it is unrealistic to expect the “market” to provide what is needed, and certainly not through that sector alone.

In order to achieve renewal and recovery in both locations (urban and rural), Caribbean governments and their specialized agencies have to be facilitated in creating new partnerships between local authorities, the private sector, the voluntary sector, international development partners, and central government.

The selection of which individuals in poor areas (rural, suburban, and town/city) need to be considered is a thorny philosophical, political, and social issue. Assuming they can be identified with unerring accuracy (itself a thorny challenge), it is imperative to know which persons in poor areas ought to and should be assisted in these ways. It is both a moral and practical question. The *how* of this issue is a further challenge.

The “poorest of the poor” seem to have the weakest capacity or inclination to benefit from any program that may lead to employment generation and entrepreneurial activity. While not being incapable of direct participation in processes designed to find and implement the best way out of poverty through productive jobs and entrepreneurship, they too tend to be the least likely among the poor and disadvantaged to succeed as a result of these initiatives. They are the least likely through available knowledge and intuition to understand what the overseas market requires and to determine if they could break into that market with their goods and services.

It may often be best to target those poor just above the poorest of the poor (in the bottom two distribution quintiles) who still live in disadvantaged communities and require that as their activities expand, the first choice for apprenticeship, training, and work be given to the poorest among them. There is the added

advantage that such persons may know the poor personally and can persuade them back into job-seeking activities through example.

Indeed, this social learning process has been shown to produce dramatic effects and the “tipping point” on the way back to decent working and living arrangements. The argument is that skills training and capacity-building programs that target the poorest of the poor to meet labor market requirements are not likely to succeed as well as the parallel strategy suggested, nor will entrepreneurship activities succeed exceptionally well among this group of the disadvantaged.

All this represents the initial conceptual basis for the empirical work in identifying what has been occurring in the 15 CARICOM states. These ideas have to be tested, based on the actual Caribbean experiences of job creation and entrepreneurial promotion activities, in terms of:

- The regional labor market benefiting from globalization;
- Local efforts to boost product development, promote market access, and participate in regional integration processes;
- The potential or actual contribution of local development to contribute to poverty alleviation, job creation, and wealth creation;
- Experiences with public/private partnerships for local job creation and training;
- Problems of small municipalities for economies of scale and effective local development.

1. The regional labor market benefiting from globalization

It was adventitious circumstances that led to the export music industry, for example, and not planned induction. Indeed, a significant proportion of those trained in the professions – technical skills, and at secondary and tertiary education levels – migrated, so their skills were hardly exploited in domestic markets.

Richard Bernal asserted that “globalization has reached the point where there is only one reality that matters and that is the global economy, which is well on the way to being a single economic space.”¹ This is a highly controversial position to take, since globalization understood in this way is more of a probabilistic statement about the future than the present. Yet there is merit in his assertion that survival and growth for the states of the Caribbean mean the achievement of competitiveness by Caribbean firms in the production of goods and services both for the world market and the national market. Since European colonization, this has always been the case. Bernal is also correct in stating that “the disadvantage of being a small firm is compounded when small firms are operating in small developing economies.”² All CARICOM firms operating in the national economies of CARICOM member states are not just small. They are minute by comparison with firms in the global marketplace.”

Both sets of comments would put a damper on the expectation of promoting entrepreneurship among the poor and disadvantaged sectors were it not for the fact that, wonder of wonders, largely informally tutored individuals and groups have penetrated the global market in reggae and calypso music and related culture: in

¹ P. 90, Bernal, Richard, “*Nano Firms, Regional Integration and International Competitiveness: The Experience and Dilemma of CSME*”, in Dennis Benn and Kenneth Hall (eds.), *Production Integration in CARICOM: From Theory to Action*. Kingston: Ian Randle Publishers, 2006.

² P.91, *ibid.*

³ P.97, *ibid.*

the arts such as in paintings and carvings, in athletics and sports such as cricket, in educational pursuits (even winning the Nobel Prize on several occasions), and the like. These are not merely the exceptions that prove the rule but point to the wide-openness of the global economy to nontraditional endeavors.

Again, Bernal stated that “competitive advantage is much more likely to occur when the economy is sufficiently large to sustain clusters of firms connected through vertical and horizontal relationships.³ The small size of the economy makes it very unlikely that a cluster of firms or industry of firms will exist, thus compounding the difficulties of doing business in a cost effective manner.” However, it was noted that Walkers Wood Caribbean Foods started as a two-person cooperative which was eventually bought by a small enterprise and is now a nationally owned nano-firm employing over 100 workers and earning 85 percent of its revenues from exports.

2. Local efforts to boost product development, promote market access, and participate in regional integration processes

There was no shortage of efforts to boost product development, identify external market opportunities, and promote market access through national and regional institutions created specifically for such purposes since independence. National industrial development corporations were established, as well as one under the auspices of the CARICOM Secretariat.

Technical vocational programs were established in countries such as Barbados, Trinidad and Tobago, and Jamaica. Indeed, each country followed this pattern. The idea was to produce technically competent workers as well as own-account workers and entrepreneurs. It is interesting how the different models contrasted. For example, the SERVOL approach, based on private initiative, was deemed more valuable than the HEART Trust/NTA model in Jamaica. Yet it is true that each was successful in terms of its own objectives and in the particular societal context. Indeed, the HEART Trust/NTA model has become an important certification instrument for achieving common Caribbean Single Market and Economy (CSME) technical and vocational standards. So it has been consulting with Caribbean ministries of education and institutions in this regard.

SERVOL (Service Volunteered for All)

SERVOL was founded in 1970 and has as its primary focus the empowerment of poor individuals and families in Trinidad and Tobago, as well as assistance to other countries desiring to emulate the SERVOL program. SERVOL is an indigenous nonprofit, nonreligious, and nonpolitical organization which resulted from an initiative started by Fr. Gerard Pantin, a Catholic priest from Trinidad and Tobago, and Wes Hall, a renowned West Indian cricketer. Since its establishment, the organization has had an enormous impact on the theory and practice of helping poor people become self-sufficient in all aspects of their lives.

The philosophy underlying SERVOL is based on the premise of “respectful intervention,” which means that no matter how convinced people and organizations are that their ideas on helping poor people are right, they must put aside the cultural arrogance that encourages the belief that they have a monopoly on truth and instead be prepared to listen attentively to the views of the people they are trying to help. Furthermore, they

must not formulate plans and implement programs without the active participation of those they are intended to benefit.

Flowing from this philosophical view, the entire SERVOL program is a process of empowerment: the empowerment, first, of individuals and families, followed by the empowerment of their communities. Some of the defining features of the internationally recognized SERVOL operation are:

- Its programs are aimed at poor and marginalized groups.
- Dropouts from the formal education system form its main clientele.
- It is dedicated to a philosophy of self-support and people empowerment.
- Its programs emphasize the wholeness of the individual by focusing on intra and inter personal relations.
- Home-school relations and community-school relations are important.
- It is flexible and creative in responding to the needs of different communities.

SERVOL, therefore, is a unique conception of alternative education and community development in an integrated framework. In examining any aspect of SERVOL's operations, these defining characteristics are observed in its pattern of implementation.

A number of key features of SERVOL make it a model worthy of replication in developing countries, especially where marginalized groups and large pockets of poverty and unemployment exist:

- Its programs are aimed at poor and marginalized groups. SERVOL has developed key strategies for intervention in poor communities.
- The SERVOL Life Centres incorporate the community both in management and the construction of facilities. This system facilitates community empowerment and self-help.
- Dropouts from the conventional school system form SERVOL's main clientele.
- SERVOL's emphasis on individual development is reflected in the evolution of its Adolescent Development Program (ADP), which deals with personal development issues and has become a compulsory prerequisite for all SERVOL programs.
- SERVOL retains flexibility and creativity in responding to different communities. As a result, the offerings may vary from one Life Centre to another.
- SERVOL does not depend on state support, and programs are basically free to allow easy access by the poor.
- SERVOL encourages departments to sell their services in order to achieve self-sufficiency.

Source: Samuel Lochan, Education and Work Case Studies of Trinidad and Tobago, Jamaica, and Barbados. Kingston, UNESCO Office Kingston, 2000.

HEART Trust/National Training Agency (NTA)

HEART Trust/NTA was established in 1982 by the government of Jamaica and at present is responsible for all non formal training in the Jamaican public sector. It also supervises programs run by other institutions through its Special Projects Division. Currently, HEART Trust/NTA operates seven main types of programs:

1. Academies
2. Special Programs
 - Community-based and others
 - Things Jamaican Ltd. Projects
 - Remedial and Continuing Education Programs
3. Vocational Training Centres
4. Jamaican/German Auto School
5. School Leavers Program
6. Apprenticeship Program
7. Vocational Training Development Division

HEART Trust/NTA, therefore, can be seen as a national model for controlling and managing non formal training. At present Trinidad and Tobago is attempting to set up an NTA to monitor and coordinate all institutions involved in technical/vocational education. CARICOM's regional strategy for technical/vocational education and training (1990) recommended the development of NTAs to member countries. As a model, the HEART Trust/NTA seems to have grown over its 17 years to reach a level of sustainability, and certain key features which promote sustainability need to be highlighted.

First, the organizational structure seems appropriate for the management of the range of programs and responsibilities. The National Council for Technical and Vocational Education and Training (NCTVET) looks after the issue of certification and accreditation and is appropriately staffed for doing so. HEART Trust/NTA's Vocational Training Program Division controls all training programs. The Workforce Improvement Program operates 10 academy and institute programs, and the Training Referral Centre operates 16 vocational sites. HEART Trust/NTA also has a Planning Division which conducts sector studies.

HEART Trust/NTA has a solid revenue base derived through taxation. It is funded by a 3% payroll tax for all firms with a wage bill of more than JA\$14,400 per person per month, and has a Compliance Department which works closely with the Inland Revenue Department. Thus, a fixed source of revenue is guaranteed.

There is a need for continuous self-assessment in such a large organization. Constant evaluation of the quality of training offered and the reach of its program is necessary. Without such evaluation, an organization with such a wide scope of responsibilities could easily become very large and unwieldy with a tendency to self-destruct. Between 1986 and 1992, three or four tracer studies were undertaken, and HEART Trust/NTA appears to be responding to issues such as gender disparities, marginalized groups, modularizing of course offerings, and reaching the disabled. Both the 1996-2000 and 1998-2002 corporate plans developed by HEART Trust/NTA identify key areas for self-improvement.

HEART Trust/NTA has sought to emphasize fundamental skills and positive attitudes in its entry level programs. The emphasis, therefore, is on employability, with the prospective employer being responsible for the final training in the workplace.

The issue of centralization versus decentralization arises in the case of HEART Trust/NTA. If within the whole system of non formal training there are community-based initiatives governed under HEART Trust/NTA, such initiatives may lose their dynamic if control at the center is too strong. A coordinating agency therefore has to balance the need for centralization vis-à-vis the need for autonomy at the level of individual organizations within the system.

HEART Trust/NTA has become increasingly involved with the formal educational system. For example, the institution has participated in a program to have computers in all secondary schools by the year 2000. Some of its Level 1 courses have been introduced in some secondary schools.

As this is a state sector organization which combines different ministries and private sector agencies at the policy level, it is not clear what inputs the private sector makes at the level of program offerings. At times, there are indications that HEART Trust/NTA may not be fully in touch with the needs of employers, which could affect employers' willingness to provide funding.

Source: Samuel Lochan, Education and Work Case Studies of Trinidad and Tobago, Jamaica, and Barbados. Kingston, UNESCO Office Kingston, 2000.

With smaller operations in the Eastern Caribbean states of Barbados and Dominica, microfinance for entrepreneurship has not proved to be transformative or self-sustaining in nature, although much of the experience was positive and worth undertaking. Three brief descriptions are presented below.

Three brief case studies from Barbados and Dominica

Barbados Youth Business Trust (BYBT) is a private sector initiative that provides loans to both start-up and existing businesses operated by youth. The BYBT provides two types of loans: 1) loans less than US\$2,500, which require no collateral or other support, and 2) loans up to US\$12,500, which require the entrepreneur to produce a business plan and undertake to be guided by a mentor. Unlike many multilateral financial institutions (MFIs) in the region, the BYBT, does not always require collateral on its loans and instead operates a system of both character-based and asset-based lending. Between 1997 and 2000, BYBT had disbursed 87 loans, 15 of which had already been repaid by July 1999. The Trust is dependent on charitable donations for its survival.

Pinelands Enterprise Facilitation Services (PEFS) is a division of the Pinelands Creative Workshop (PCW) and operates as a provider of both finance and support services to micro entrepreneurs in Barbados. PEFS's mission is to provide an alternative and innovative approach to financing micro entrepreneurs. Its outstanding loan portfolio (all clients, not just micro entrepreneurs) is approximately US\$124,000, owed by just over 100 clients. The average loan size is less than US\$1,500. With restructuring since January 2000, PEFS has managed to achieve a healthy repayment rate of 88%. Overall, women comprise over 70% of PEFS clients.

The *National Development Foundation of Dominica (NDFD)* is one of many National Development Foundations set up in the Caribbean in the 1980s, with funding from USAID, to provide credit and training to small entrepreneurs. Von Stauffenberg (2000) has noted that of all the institutions in his study, NDFD's management was the most entrepreneurial in its approach to micro financing. Despite this approach, however, NDFD is losing money and suffering severe liquidity constraints. This is mainly due to the fact that the interest rate is too low to cover even operating expenses, and that the Dominican finance market is heavily saturated, constraining the development of NDFD. Since USAID's support halted in the mid-1990s, NDFD's main source of funds is from the European Investment Bank (EIB), the Caribbean Development Bank (CDB), and the International Fund for Agricultural Development (IFAD).

National and regional private sector organizations such as manufacturers' and business associations of both small and large operations were established at the same time in order to promote the interests of members and to stimulate the emergence of local businesses and generate jobs. Investment by Caribbean companies outside the parent country has either saved or created new jobs. Yet, none of this has had a demonstrably transformative effect nor has it reached poor communities at the pace and quantum required.

With the full establishment of the CSME, the intention is to make it lawfully possible for capital, skills, and people to move freely in the region; trade in services to be facilitated; and Caribbean citizens enabled to establish enterprises without let or hindrance in the SME. Owen Arthur⁴ had indicated that a major omission in the CSME was the failure to establish a Regional Fisheries Policy and Regime. Yet, the Caribbean Sea is arguably, as he noted, the most vital component of the single economic space that the CSME is intended to create. There is therefore a crucial need for rules to be created governing access to its resources, and the management of those resources to be devised and implemented. The incorporation of a Regional Fisheries Policy and Regime is important; otherwise we may end up with a Caribbean Sea empty of fish very soon, putting a death knell on the livelihood of thousands of small fisher folk. By adding necessary provisions relating to labor law, property law, and a regime for community transnational enterprises, the CSME may well flourish and provide a more effective base for competing collectively in the global economy. These add up to significant conditions necessary to promote job creation and entrepreneurship in the Caribbean.

3. The potential or actual contribution of local development to contribute to poverty alleviation, job creation, and wealth creation

Expansion of older hotels, the construction of new hotels, and the creation of complementary tourism services have generated several thousands direct and indirect jobs (Jamaica, Antigua and Barbuda, Trinidad and Tobago, Saint Lucia, Saint Kitts and Nevis, Belize, etc.). Cruise ship passenger arrivals have also significantly increased, stimulating therewith a number of small businesses, which in turn provide jobs. As Samuel Lochan indicated:

“Without meaningful diversification, embracing more people in the mainstream of economic life, it would only be possible to provide meaningful employment for some, while significant numbers may only have the option of unemployment or becoming security guards, store attendants, fast food attendants, bellboys, and waitresses. This is the essential challenge of development facing small countries today, in the content of a liberalized world order with some, like the three countries in this monograph (Trinidad and Tobago, Jamaica, and Barbados), retarded by a colonial heritage.”

The challenge for the states and the private sector is to encourage and support the development of quality downstream services offering world market quality and incorporating small businesses and farmers in a network of successful economic activities linked with the industry. Somehow this bonus has not been sufficiently realized. A major reason may be, as Jackie Neblett and Milford B. Green noted:

“Indeed, the structure/organization of Third World tourism, based largely on a core-periphery dependency, tends to render tourism a very questionable development strategy as substantial portions of the economic benefits remain in the metropolitan core or are often repatriated. It is commonly acknowledged that entrepreneurship is a key element in the development process. Greater substantive indigenous entrepreneurship in the tourism industry is likely to bring about more widely dispersed economic benefits, as well as other development benefits such as greater self-

⁴ Prime Minister of Barbados (1994-2008)

reliance, self-confidence, and an increased sense of well-being.” (“Linking development, indigenous entrepreneurship and tourism, with special reference to Barbados”)

The construction of new roads, attracting significant foreign investment, has opened up new areas in countries such as Jamaica, Saint Lucia, Barbados, and Saint Kitts for investment, and has begun to create new towns along the way; however several already existing towns that were bypassed have been losing business and have seen a decline in employment. Hopefully the gains will outstrip the losses, but that has to be demonstrated both in the short and medium term.

While the growth of tourism helped to mitigate the damaging loss of jobs in agriculture, no suitable alternate agricultural activity has yet emerged to dominate this sector and to re-stimulate rural life. There are real opportunities here to introduce modern, environmentally, and health-friendly agriculture which can yield high income for farmers. Building new infrastructure in decaying inner-city areas and declining rural small towns may provide real jobs and economic opportunities for the poor and marginal workers. It is important that the poor are included in the planning and implementation of these projects.

4. Experiences with public/private partnerships for local job creation and training

There have been a number of such efforts throughout the Caribbean. In Jamaica, the recently submitted report on local government envisages a deepening of this infrastructure already established in parishes and a granting of legal and constitutional status to an empowered local government system with substantial autonomy from central government control and management. The case study of the Microenterprise Development Agency (MIDA) in Jamaica is instructive of the considerable challenges that exist in generating entrepreneurship while seeking also to achieve poverty reduction.

5. Problems of small municipalities for economies of scale and effective local development

It has been argued that economies of scale and scope are not possible in small local government jurisdictions and that many Caribbean states with populations of under 200,000 could well do without decentralization and autonomy. Central government is in easy reach. The truth is that there is much to be done at the local level by people in communities and localities that can best be done at this subsidiary level. The effect of the national poverty eradication model was essentially to disempower participation with non-state actors although, paradoxically, it was designed to achieve more effective participation.

CONCLUSION

This paper discussed the need to induce income-generating activities through entrepreneurship, small business creation, and widened economic activity which should privilege declining rural areas and poverty-stricken inner cities. It also argued that informal and/or illegal economic activities are less than ideal. Formality and legality bring exceptionally positive benefits, but these have not been sought by the poor nor induced by the environment provided by the state and non-state sectors with sufficient focus to be transformative and sustaining. The search then is to find mechanisms that can build upon what people already do to survive, if that is legal, or that can make the conversion into formal and legal activity. These are to be found already in some best practices drawn from the Caribbean experiences, and therein we can discover how they may be adapted to the special social and cultural characteristics of each Caribbean state.

This is to be achieved whether or not the state is ultra small in land area and population such as Anguilla or Montserrat, or somewhat larger and more populous, although still a microstate, such as Haiti or Jamaica.

The CSME, the Caribbean Court of Justice, and other institutions and processes of regional integration, if pursued purposefully, can undoubtedly deepen and significantly extend the environmental factors that will induce desirable outcomes. This would become likely if the governmental focus is directed towards achieving equity in benefits accruing to disadvantaged populations in regions within states, as well as, between states that are better off and those that are less so.

Within states, this equity and justice will not occur effectively without an improved system of decentralized government and devolved governance (notwithstanding the temptation of central governments in very small states wanting to dominate in the supposed interest of efficiency and best use of scarce resources). Between states, special compensatory mechanisms to correct for initial job loss due to the competitive advantage of other Caribbean states have already been identified, such as the establishment of a Regional Development Fund to support productive activities that have waned because of the CSME as well as regions within certain states so affected.

It was strongly argued that it was important to privilege inner-city areas and rural disadvantaged locations since they posed the most intransigent set of problems. The most creative and best educated people flee these areas at the earliest possible opportunity, oftentimes forever. An initial list of challenges would include:

- The rise and fall of GDP growth
- Continuous jumps in inflation due mainly to exogenous factors and our taxation systems
- Job loss
- Divorce or separation of married partners and couples
- Mounting national and personal debts
- Lack of free medical clinics and relative inaccessibility where provided
- Limited access to organizations (public and voluntary) that provide financing and technical help to those who are in extreme need
- Inadequacy or absence of public transportation
- The general effect of the rising cost of living for those on relatively fixed incomes such as those on pensions and in low-waged jobs
- The need to regularize land tenure and pursue this process vigorously as a deliberate empowerment strategy
- How to target those who are most in need of job creation, entrepreneurship stimulation, and engagement in new and modern economic activities
- Severely reducing all forms of crime
- Providing relevant training and education for participation in global-centered opportunities
- Reversing the denudation of the countryside of quality persons and of productive activities
- Delivering effective medical, social and essential infrastructure-related services

All these and more challenges have to be simultaneously embraced if a state is to become successful in generating quality employment, entrepreneurship, and widened economic activities within a world that has become more economically interdependent. In several Caribbean states, state agencies have simply been prevented from delivering public goods to communities by resident community-crime bosses who provide these services instead to the disadvantaged in inner-city and rural areas. The recapture of this responsibility by state agencies becomes the overall imperative. Without this achievement of orderliness and legality, life indeed becomes solitary, poor, nasty, brutish, and short, as Hobbes had pointed out very long ago.

So what are the positives on which one can build entrepreneurship efforts and new and widened economic activities to achieve effective job-creation?

- People do spend considerable energy in a vast array of informal, immoral, and illegal activities in order to survive – some in perpetual poverty and insecurity and some in a short span of incredible wealth but also with a short life span. The energy is there to be channeled into orderly and productive activities.
- The poor are the single largest producers of shelter, however pitiful much of this is, and therefore there is a clear drive for self-improvement which can be positively exploited. This kind of activity can produce immense downstream productive activities.
- Agriculture has declined whenever an industry has failed to innovate and apply modern scientific knowledge, and so the response should be to introduce innovations and modernize activities in agriculture and in housing.
- State ownership of most of the lands on which squatters live, produce on, and build shelters should allow the state a more active role in building a more orderly and productive society. Always, however, public common needs and public safety requirements should also be paramount in determining policy and appropriate action, which sometimes may mean forcible removal of persons from areas of threat and danger.
- The creation of jobs and entrepreneurial activities linked to the global economy is exceptionally challenging, but as the Caribbean experience has shown so far, real new opportunities are excitingly possible.
- In the initial period it is indeed unrealistic to expect the “market” to achieve equity and fairness in benefit distribution, but rather than the state going it alone, a partnership with all the critical non-state sectors is imperative.
- The best-practice case studies utilized in this study so far reveal that new partnerships between the state sector, the private sector, labor, and the rest of civil society as well as with internal development partners, while laudable, have not been able to achieve the social and economic transformation required.
- Amid the touted successes of these experiments and processes is the fact that they have not fully answered the question of how the poor in rural and inner-city areas are to be persistently reached and sustained into a real poverty-transcending state of being rather than being dependent on an “endless” series of projects.
- Indeed, as could be deduced, in order to survive, many of these projects had “evolved” into helping those most likely to succeed and when they tried to help the poorest and were lenient in many ways, the state continued to prolong the projects and still did not achieve transformation. It was but a continuation of a new kind of charity!
- Yet it is not a lost cause because the important task is to use what has been good about these projects and programs to create and re-create the needed appropriate institutional bases.

- Notwithstanding that the poorest of the poor are the least likely among the poor and disadvantaged to succeed, as a result of interventionist activities, it is still important to devise ways through education, training, and apprenticeships to link them to regional and global activities.
- One of the case studies selected (SERVOL, Trinidad and Tobago) represented a non-state initiative relying upon external funding, operating in the extremely targeted environment of the poorest of the poor and providing much more than stimulation of economic activity. In this way it is a superior model to more highly touted ones drawn from the global experience because it treats with the mental, cultural, social, systemic, political, and economic conditions of a whole person trying to live a decent and fulfilled life.
- Another case study, that of HEART Trust/NTA, offered an elaborate training and apprenticeship program rescuing those who failed to achieve success after normal schooling. It has now become a Caribbean standard and will also become a successful global model for emulation, just like SERVOL, but from diametrically different approaches. Nevertheless, it has become “successful” because the several years of primary and secondary education have become a colossal failure for large numbers of children leaving school. The real answer is to provide better schools. Of course, no one program is in itself complete yet much has been achieved, nevertheless.
- Other case studies used focused more directly on entrepreneurship and microenterprise creation and provided various modalities of execution:
 - MIDA (Jamaica) provides a focused approach to the development of microenterprises by providing wholesale funds, effective business advisory services, and appropriate training to Approved Lending Agencies (ALAs) through a core team of highly skilled field staff, supported by a network of existing entities in the sector, while ensuring that these activities are carried out in a cost-effective manner.
 - Barbados Youth Business Trust (BYBT) is a private sector initiative that provides loans to both start-up and existing businesses operated by youth.
 - The Pinelands Enterprise Facilitation Services (PEFS) is a division of the Pinelands Creative Workshop (PCW) which operates as a provider of both financial and support services to micro entrepreneurs in Barbados; and
 - The National Development Foundation of Dominica (NDFD) is one of many national development foundations set up in the Caribbean in the 1980s with funding from USAID to provide credit and training to small entrepreneurs.

It was argued that the stimulation of entrepreneurial activity and of productive jobs for the poorest of the poor was not going to be easy even if such processes could be undertaken with them. There was a case study of the National Poverty Eradication Program (NPEP) in Jamaica, which also provides a different kind of model. The implementation of the NPEP involved establishing a multitier organizational structure composed of both governmental and nongovernmental agencies. The governmental agencies included the Special Projects Unit at the Office of the Prime Minister, various central government ministries and departments, the Social Development Commission, the Jamaica Social Investment Fund (JSIF), and local government authorities, among others. The nongovernmental agencies included community-based organizations (CBOs), nongovernmental organizations (NGOs), church groups, labor unions, and international development (bilateral and multilateral donor/lender) agencies. These agencies were to work in partnership, and community participation was to be the real lubricant in facilitating access to the energies and other resources of the poor communities.

As difficult as the situation is, there have been efforts in this area since the 1960s in CARICOM. Drawing lessons from this experience was an important task of this study, and proposals were made to find a better path to achieve success as the discussion developed. It was argued that the stimulation of entrepreneurial activity and of productive jobs for the poorest of the poor was not going to be easy even if such processes could be undertaken with them. A parallel approach was suggested which might lead to better outcomes.

BIBLIOGRAPHY

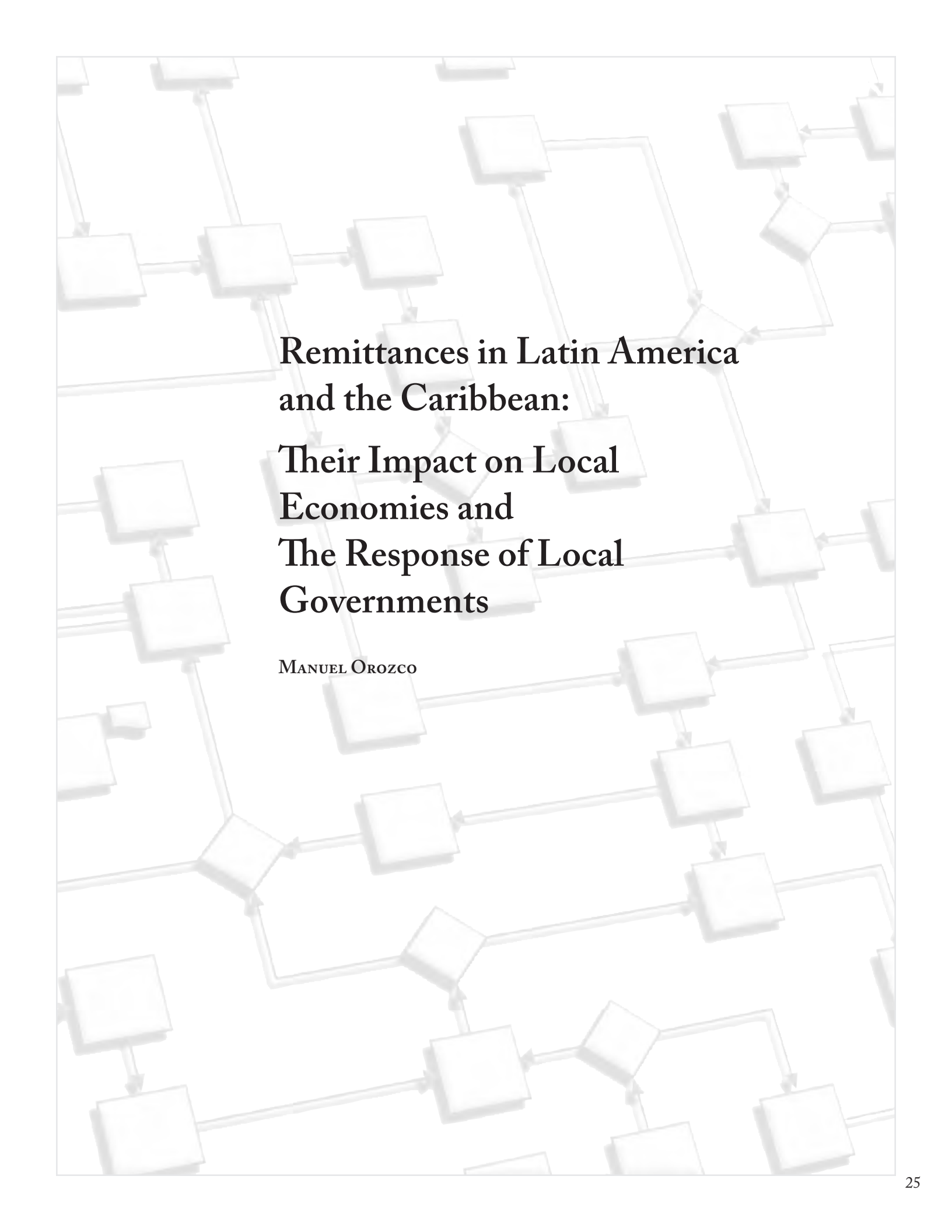
Bernal, Richard. "Nano Firms, Regional Integration and International Competitiveness: The Experience and Dilemma of CSME," in Dennis Benn and Kenneth Hall (eds.), *Production Integration in CARICOM: From Theory to Action*. Kingston: Ian Randle Publishers, 2006.

Lashley, Johnathan, and Karen Lorde. *Microfinanzas en el Caribe: prácticas óptimas*, Washington, BID, 2002.

Lochan, Samuel. *Education and work: case studies of Trinidad and Tobago, Jamaica, and Barbados*. Kingston, UNESCO Office Kingston, 2000.

Neblett, Jackie, and Milford B. Green. "Linking Development, Indigenous Entrepreneurship and Tourism, with Special Reference to Barbados," s. f. Available at <http://www.siu.edu/GEOGRAPHY/ONLINE/neblett.htm>.

Von Stauffenberg, Damian (2000). "Microfinance in the English Speaking Caribbean." Report Prepared for the Caribbean Development Bank, September 2000.



Remittances in Latin America and the Caribbean: Their Impact on Local Economies and The Response of Local Governments

MANUEL OROZCO

TABLE OF CONTENTS

- INTRODUCTION
- REMITTANCES AND THEIR IMPACT ON LATIN AMERICAN ECONOMIES
 - **The direct impact of remittances**
- WHEN THE GLOBAL IS LOCAL
- THE LOCAL ECONOMY AND ITS PRODUCTIVE AND BUSINESS BASE
- NODES OF SUCCESS
- MIGRATION, SOCIAL CAPITAL, AND THE RESPONSE OF LOCAL GOVERNMENTS
 - **The response of local governments**
 - Jerez (Mexico)
 - Suchitoto (El Salvador)
 - Salcajá (Guatemala)
 - May Pen (Jamaica)
 - Catamayo (Ecuador)
- AN URGENCY TO ACT: ACCELERATING INITIATIVES TO LEVERAGE FINANCIAL FLOWS
 - 1. Accelerating financial intermediation projects**
 - 2. Engaging banking institutions**
 - 3. Feasibility investment schemes**
 - 4. Local government participation in a dialogue on development and remittances**
 - 5. Projects on health and education**
 - 6. Financial literacy**
- BIBLIOGRAPHY

INTRODUCTION

This report assesses the intersection of remittances with the local economies of five cities in Latin America and the Caribbean. We explore the extent to which these economies effectively absorb remittances into their productive base and the response of the local governments to these realities. The global is local: remittances go to a myriad of places outside capitals and large cities.

The absorption of remittances into productive activities depends on the structure of the economy in question, the way the supply side responds to the demand of services, and central and local governments' provision of an enabling environment that stimulates economic activity associated with remittance flows. In particular, the effect of the local economy should be strongest in five key areas: finance, education, health, housing, and insurance.

The analysis of five semi-urban communities in Latin America and the Caribbean where migration is either new or longstanding reveals that the local economies are relatively fragile, with high costs of living that hinder remittance recipients' ability to save and mobilize those savings. In each community, we discover that the entrepreneurial class caters little to the demands of remittance recipients. Moreover, we also find that governments and civil society do not provide recipient families with adequate support networks to help them cope with the realities of migration. These findings highlight the imperative urgency of implementing policies leveraging remittances.

REMITTANCES AND THEIR IMPACT ON LATIN AMERICAN ECONOMIES

The realities of migration, significantly spurred on by the economic and political need for survival, lead over time to the creation of transnational families – defined as groups that maintain relationships and connections with home and host societies.⁴ Through crossborder engagements, transnational families engage in a range of activities including but not limited to remittance sending, social networks, economic relationships, cultural practices, and political participation.

Money transfers, tourism, transportation, telecommunication, and nostalgic trade, together known as the 5Ts, have had a significant impact on the economies of these countries and pose important policy questions about the relationship between transnationalism and development.

Currently, a migrant's economic relationship with his or her home country extends to at least four practices that involve spending or investment and that embody the desire for continuity of family life and affirmation of identity: family remittance transfers; demand for services such as telecommunications, consumer goods, and travel; capital investment; and charitable donations to philanthropic organizations that raise funds for the migrant's home community.⁵

⁴ There are a range of definitions of *transnationalism*; for example, “groupings of migrants who participate on a routine basis in a field of relationships, practices and norms that include both places of origin and destination” (Roberts et al., 1999). The trend of ties is spreading everywhere north-south, as well as south-south, with significant regional migration patterns.

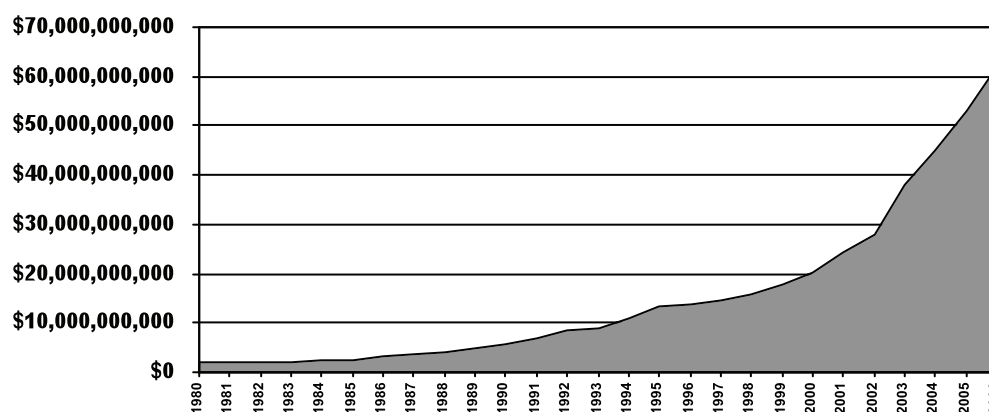
⁵ For an in-depth analysis of the 5Ts, see Manuel Orozco et al., *Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean* (Washington, DC: Institute for the Study of International Migration, Georgetown University, July 2005).

These practices among diasporas are not fungible; rather, they reflect specific needs and priorities among migrants and, as a whole, do not necessarily represent assets in themselves. The consumption of goods and services, for example, is attributed to the needs of daily livelihood. Remittances, on the other hand, are a combination of social protection and stock accumulation. Studies show that, depending on the groups and families, migrants may see a portion of remittances as assets in themselves because they use remittances to invest in their families' material circumstances to transform their lives.⁶ Remittances sent to address educational needs, for example, create such a basis for asset building. Investments in business and real estate and migrants' donations to their local communities are unambiguous, concrete forms of asset accumulation at the individual and community levels.

The direct impact of remittances

The volume of remittance flows to Latin America and the Caribbean has increased to over US\$60 billion in 2006 (see Figure 1). The increase is due to a number of factors, including reactions to economic downturns in Latin America and the Caribbean, strengthened ties between the United States and Latin America, improved competition in money transfers, increases in contact among members of transnational families, and improved accounting of the money received. For example, in 1980 only 17 countries reported flows on remittances; by 2004 the number was 30. Even these figures, reported by Central Banks, are considered to be conservative estimates.

Figure 1: Flow of annual remittances to Latin America and the Caribbean



Source: Central Banks of each country

These flows have had an economic impact in several of these economies. First, the sheer volume has become an important source of foreign savings that help to sustain foreign currency reserves. For example, in many Caribbean and Central American countries, remittances are the most important source of income and exhibit far more stable flows than other factors. Second, remittances respond to macroeconomic shifts, particularly to inflation, thus manifesting countercyclical tendencies. Third, in some countries, particularly in smaller ones, these savings have an effect on the country's growth rate. Fourth, they represent an economic engine attached to an intermediating industry that includes other kinds of services and transactions. Fifth, remittances have a distributive impact in a country's economy.

In the broader Latin American and Caribbean context, remittances are increasingly taking on an important share of the national income. Although they represent only 2 percent of regional gross domestic product (GDP), their impact varies across countries and regions and is greater in smaller economies.

⁶ Susan Pozo and Catalina Amuedo-Dorantes, "Remittances as Insurance: Evidence From Mexican Migrants," *Journal of Population Economics* 19, No. 2 (June 2006): 227–254.

At the national level, such variations are related to GDP – e.g., the change in per capita GDP – as well as to the cost of sending the money. For example, Haiti, Honduras, Nicaragua, El Salvador, and Jamaica are countries where the remittances received represent more than 10% of total GDP. However, not all of these countries are relevant if remittances are measured in per capita terms. Ten countries receive more than US\$100 annually per capita, and these include Mexico, Guatemala, Ecuador, Barbados, and Grenada. These differences are also noted in the average amounts sent, as well as in the relationship between the annual amount sent and per capita income in these countries. The data in Table 1 demonstrate these differences. Although the average amount sent is around \$270 per month, when that figure is compared to per capita GDP, again the results vary. Recipients in Haiti, Honduras, and Bolivia, for example, receive amounts that are nearly three times the per capita GDP. The cost of sending money also varies across countries and may be associated with volume; the lower the volume entering a country, the more expensive the transfer will be.

The differences in these trends are a function of specific country conditions, together with the history of migration. For example, although Central America, the Caribbean, and Mexico have a historical relationship of migration to the United States, each migratory pattern and its subsequent remittance flows respond to the realities of these countries. Thus, Salvadorans and Dominicans may receive relatively similar volumes; however, their migrant populations are different in size, and the timing of flows responds to varying dynamics. In the case of El Salvador, these dynamics include the civil war and its post-conflict process. In the Dominican Republic, migration and remittance patterns correspond to a longer historical tradition, with one reference point being the exiled communities escaping the Trujillo dictatorship.

Table 1: Remittances and key economic indicators

	Remittance transfers				
Country	% GDP	Per capita	Cost	Average transfer	Annual volume
Mexico*	2.98%	187.18	6.0%	351.00	20,034,000,000
Brazil*	1.09%	30.85	8.13%	541.00	5,750,000,000
Colombia*	4.84%	90.48	5.0%	220.00	4,126,000,000
Guatemala*	11.42%	237.54	5.6%	363.00	2,992,770,000
El Salvador*	18.28%	411.31	5.2%	339.00	2,830,200,000
Dominican Republic*	13.35%	271.03	6.4%	176.00	2,410,800,000
Ecuador*	6.01%	136.07	3.9%	293.00	1,800,000,000
Jamaica*	18.33%	622.78	8.2%	209.00	1,651,000,000
Peru*	3.71%	89.21	4.6%	169.00	2,495,000,000
Honduras*	23.09%	244.72	5.8%	225.00	1,762,980,000
Haiti*	34.53%	115.50	6.7%	123.00	985,000,000
Nicaragua*	19.05%	154.91	5.2%	133.00	850,000,000
Paraguay*	8.52%	89.31	9.11%	263.00	550,000,000
Bolivia*	10.17%	93.66	5.6%	235.00	860,000,000
Costa Rica*	2.11%	92.44	9.46%	301.00	400,000,000
Argentina**	0.2%	7	9.02%	212.00	270,000,000

	Remittance transfers				
Country	% GDP	Per capita	Cost	Average transfer	Annual volume
Panama*	1.36%	61.90	10.50%	196.00	200,000,000
Guyana*	36.89%	359.52	10.14%	179.00	270,000,000
Barbados	4.3%	418	11.66%	220.00	113,000,000
Trinidad and Tobago*	0.77%	70.75	10.41%	200.00	92,400,000
Uruguay**	0.3%	71	11.28%	198.00	93,000,000
Belize*	3.77%	148.70	8.78%	220.00	40,150,000
Suriname*	4.20%	122.49	10.17%	220.00	55,000,000
Grenada**	5.2%	220		220.00	23,000,000
Venezuela*	0.11%	4.64	17.10%	138.00	124,000,000
Chile**	0.0%	1	8.90%	279.00	13,000,000
Antigua and Barbuda**	1.5%	140		220.00	11,000,000
Dominica**	1.5%	56		220.00	4,000,000
St. Kitts and Nevis**	1.2%	86		220.00	4,000,000
St. Lucia**	0.6%	25		220.00	4,000,000
St. Vincent and the Grenadines**	0.8%	27		220.00	3,000,000

Note: * 2005; ** 2003.

Source: Central Banks of each country, World Bank Development Indicators, and data collected by the author.

Table 2: Remittances and other indicators

	Rural areas	Female recipients (%)	Female senders (%)	Recipients who spend on health and education (%)	Recipients with bank accounts (%)	Non-recipients with bank accounts (%)	Senders with investments (%)	Recipients with investments (%)
Bolivia		52	71		44	35	4	
Colombia		68	54	84.14	52	45	5	14.5
D. Republic	40	73	45	38.89	66	58	3	21.1
Ecuador	57	74	28	48.01	46	34	1	29.8
El Salvador	39.5	72	46	50	31	19	3	10.6
Guatemala		80	29	59.41	41	17	2	5.1

	Rural areas	Female recipients (%)	Female senders (%)	Recipients who spend on health and education (%)	Recipients with bank accounts (%)	Non-recipients with bank accounts (%)	Senders with investments (%)	Recipients with investments (%)
Guyana	40	71	48	22.8	62		8	11.7
Haiti	54	53	32	86.4	68.4		25.5	17.7
Honduras			37		34	16	4	4
Jamaica			49		65	60	2	
Mexico	45.7	63	17		29	28	2	
Nicaragua	45	72	44	53.92	10	10	3	27
Peru		46			37	35		

Source: Central Banks of each country, World Bank Development Indicators, and data collected by the author.

WHEN THE GLOBAL IS LOCAL

Every dollar remitted goes to a particular location that reflects the interplay between global and local factors. A public policy approach to remittances includes local government involvement and interaction with donors and the central governments. Here we review some of the patterns of remittance routes in many communities, both urban and rural, in Latin America.

Migrants have historically moved to different cities across borders, often responding to transnational social capital networks. Contrary to conventional wisdom on migration and remittances, people come from a myriad of places within their countries of origin. In fact, the largest percentage of money sent to one city is usually close to 20%, with some exceptions. Surveys on remitting migrants show that, on average, only 3 percent of migrants send to one city. Table 3 shows the percentage of migrants who remit to main capitals. With the exception of Managua, the percentages remitting to capitals are relatively small.

Table 3: Remittance transfers from main U.S. cities to selected Latin American capitals

	New York City	Los Angeles	Chicago	Miami	Washington, D.C.
Mexico City	37	16	31		
Guatemala City		24			10
San Salvador		20			
Kingston	20				

	New York City	Los Angeles	Chicago	Miami	Washington, D.C.
Managua				42	
La Paz					6
Bogotá	25				
Santo Domingo	10				

Source: Survey of Latino immigrants administered by Silvestre, 2007.

The case of Salvadoran remittances from Washington, D.C., and Los Angeles provides an example. The destination of remittances differs depending on whether they come from Washington, D.C., or Los Angeles, and depending on how large the concentration of migrants is. For example, 23% of remittances sent to Chalatenango and Usulután, combined, come from Washington, D.C.

Table 4: Number of cities receiving remittances from selected U.S. cities

New York City	Mexico	25
	Dom. Rep.	31
	Jamaica	20
	Colombia	10
Los Angeles	Mexico	70
	El Salvador	27
	Guatemala	35
Chicago	Mexico	19
Washington, D.C.	El Salvador	15
	Bolivia	15
Miami	Nicaragua	22

Source: Survey of Latino immigrants administered by Silvestre, 2007.

The implications of both the spread and concentration of remittance transfers to different cities provide important clues on the extent of the benefits of social capital formation resulting from the places migrants have settled to work and the level of engagement back home. For example, the difference between the amount sent to capitals and main cities (US\$255) and the amount sent to smaller towns (US\$252) is minimal. However, the cost of living in the capitals is generally higher than in other places. Similarly, the difference between the level of engagement in main cities and that in smaller cities is not significantly large, except in places where there is some medium range of engagement. However, as discussed above, the majority of flows go to cities other than the capitals and main cities of each country.

Table 5: Level of engagement and cities

Level of engagement (% of cases)	Main cities	Other cities
No engagement; only remittance transfer	41.3%	56.2%
Low	27.0%	23.4%
Medium	27.1%	18.3%
High	4.7%	2.2%

Source: Transnational Engagement, Orozco 2005.

Again, the effect of remittances in small cities is significant because of questions raised about the capacity of the local economy to absorb these flows and the extent to which local governments respond to the flows.

THE LOCAL ECONOMY AND ITS PRODUCTIVE AND BUSINESS BASE

For a more thorough assessment of this situation, a case study analysis was conducted in five Latin American and Caribbean cities. The selection of cities represents a range of migration experiences. In the cases of Jerez, Zacatecas; Suchitoto, El Salvador; and May Pen, Jamaica, migration has been part of a longstanding pattern dating back at least 30 years. The more recent migrant communities studied include Salcajá, where residents largely started emigrating in the eighties during the civil war in Guatemala, and Catamayo, Loja, Ecuador, where emigration developed in the late nineties as a result of the economic crisis of 2000. Overall, these communities are good examples of places where the following pattern holds: one third of the flow goes to the capital cities, one third to provincial capitals, and one third to semirural or rural communities.

The local economies of these communities are struggling with structural and institutional challenges, as well as with the current demands of the global economy. Productivity is constrained by relatively small labor forces, and subsistence agriculture is still a pattern in these communities. Moreover, in each community there exist only one or two main sources of income, which hampers diversification of sources of growth. Jerez has a mixture of agricultural activity and commerce. Salcajá operates on subsistence agriculture and textile production of garments sold to the regional market. Suchitoto is also agriculturally oriented, focusing on the production of basic staples, together with a small and emerging tourist industry. Catamayo is a bifurcated economy with two enclaves, an airport, and a sugar cane farm, which coexist with local subsistence agriculture and entrepreneurs working in commercial activities. May Pen is the commercial center of a rural area that is also home to large-scale bauxite mining and purification operations. These places are connected to larger urban centers and are economically dependent on them.

Table 6: Basic profile of selected cities

	Jerez, Zacatecas, Mexico	Salcajá, Quetzaltenango, Guatemala	May Pen, Jamaica	Suchitoto, El Salvador	Catamayo, Loja, Ecuador
Population	37,558	14,829	57,332	17,869	27,000
Labor force (%)	41%	37%	N.A.	34%	31%
Population ages 5–19	34.7% (ages 0–14)	36.81% (5,459)	32.3% (18,520)	34% (7 to 18)	30%
Main economic activities (%) – Commerce and services – Agriculture – Manufacturing – Construction	35%; 19%; 13%; 11%;	42%; 4% (excl. subs.) 6%;		15.5%; 52.2%; 7.6%;	39%; 20%; (est.) 8%
Proximity to major urban center	45 kms. to Zacatecas	9 kms. to Quetzaltenango	58 kms. to Kingston	45 kms. to San Salvador	36 kms. to Loja

Source: Orozco, 2006

As these cities operate on low wages and a precarious employment situation, they are unable to compete with other national markets or globally. Wages are often one third or one quarter of the cost of living.

The productive base of the local economies consists of commercial activities, subsistence agriculture, and some artisanal industrial work. The more productive segments are concentrated in economic enclaves – sugar cane production in Catamayo, vegetable production in Suchitoto, and textile and garment manufacturing in Salcajá. However, there has been an overall increase in the number of registered businesses over the past six years.

Table 7: Number of businesses in selected local economies

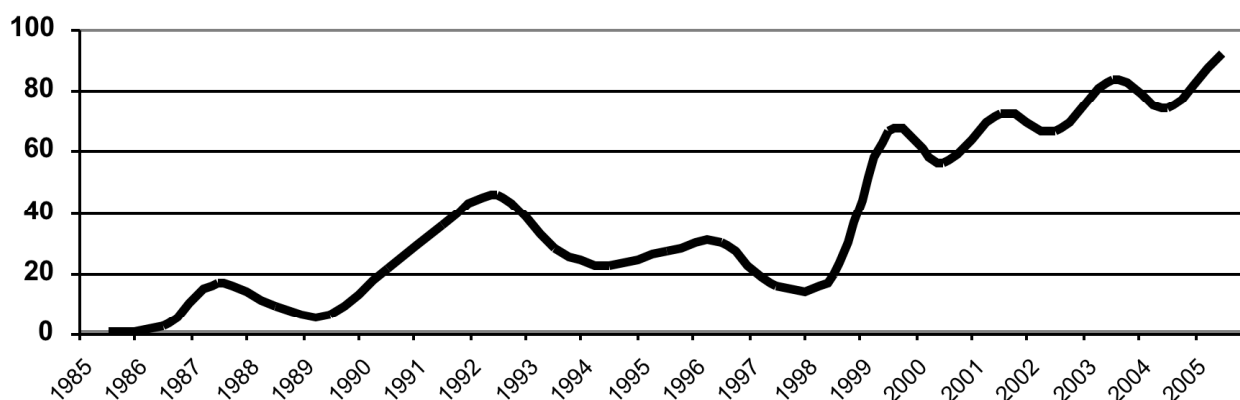
Type	Catamayo	Suchitoto	Jerez	May Pen	Total
Retail Store	18	60	10	126	214
Food Market	57	4	23	30	114
Restaurant	41	36	2	16	95
Professional Services	15	17	13	19	64
Other Commercial Activities	3	39	1	6	49
Other Services		36		91	127
Entertainment	13	13	9	15	50
Transportation		20	5	3	28
Construction and Maintenance	2	11	10	10	33

Type	Catamayo	Suchitoto	Jerez	May Pen	Total
Hardware and Industry warehouses	6	2	11	15	34
Automotive and Repairs	5		11	35	51
Food Manufacturer	4	11	4		19
Gas	7	2	6	4	19
Hotel	13			2	15
Financial	6	1	10	10	27
Furniture	2		5	5	12
Bookstore		4		4	8
Media	1		2	10	13
Other Industrial Activities		3		4	7
Tourism	1			1	2

NOTES OF SUCCESS

Local businesses are generally small outfits unable to grapple with the realities of the global economy and the pressure to increase performance and productivity. However, some businesses and sectors have identified the reality of migration and migrant economic interaction as an important opportunity for revenue and growth. Financial institutions, particularly credit unions, have demonstrated strategic visions of how to leverage remittance funds. Individuals with an understanding of migration and development have also successfully leveraged remittances, and municipal mayors or presidents have identified remittance senders and recipients as part of the growth opportunities for their jurisdiction.

Figure 2: Salcajá: Number of businesses by starting year of operation



In the specific case of financial institutions, credit unions are more oriented towards remittance recipients and have sold financial products and leveraged their funds. This is particularly the case with Salcajá Credit Union and Acoproduzca in Suchitoto (a member of Fedecaces), both of which have developed strategies for

attracting clients and turning them into members. Their banking rates are low but could grow depending on their strategies and efforts. Currently, Salcajá has 1,000 remittance recipient clients, and Acoproduzca has 300. Acoproduzca also attracts savings from remittance recipients who do not pick up their money: In April 2006, the cooperative received US\$20,000 in deposits, the majority of which came from remittance recipients. Banco de Loja in Catamayo is the third major competitor in the local remittance market; it is controlled by two agents and offers financial products to recipients.

Three interesting initiatives were also found outside the realm of financial intermediation – private schools and car distributors in Salcajá and a health clinic in Catamayo. In the case of Salcajá, private schools identified remittance recipients as a target population, and so did recipients who believed that their children would receive a better education in private rather than public schools. Moreover, Guatemalan migrants from Salcajá started small business ventures by bringing used cars into the community and turning their investments into a conglomerate of used-car distributors for Quetzaltenango's province, while promoting partnerships with local entrepreneurs and expanding the availability of lower-cost cars to businesses and individuals. Finally, in Catamayo there is a local private nonprofit health care clinic that serves the community, and many of its patients are the relatives of migrants. The clinic has identified specific problems associated with migration and has established counseling for the residents. The clinic is now seeking to partner with emigrants in Spain to obtain investment in additional health facilities, including a maternity room.

Finally, three out of four mayors are forward-looking individuals who visualize the diasporas as an integral part of the growth of the municipality. They keep in contact with emigrants and their relatives and manifest a desire to develop investment projects with them. Similarly, however, they lack the appropriate tools and know-how to translate their vision into programmatic strategies that would produce business ventures.

MIGRATION, SOCIAL CAPITAL, AND THE RESPONSE OF LOCAL GOVERNMENTS

In addition to facing high costs of living and low availability of adequate services, remittance recipient households also face social pressures relating to prejudices and the lack of support networks to help them improve their condition or to cope with the stress of being transnational families. Women, the majority of remittance recipients and caretakers of the household, often face social stigmas. Moreover, municipal governments are yet to learn how to leverage remittances to better absorb them into the productive base of these local economies.

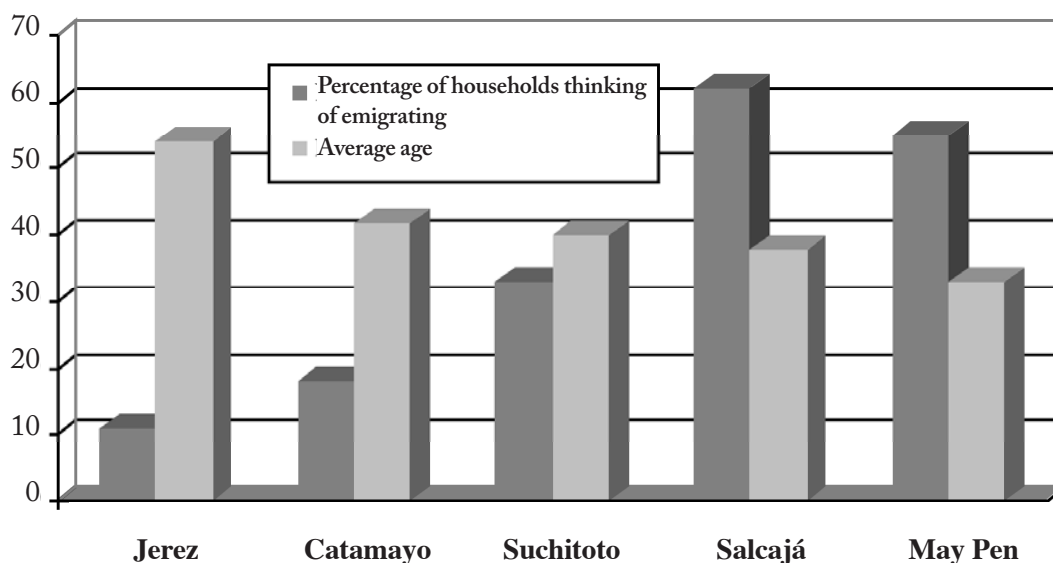
For example, married women with migrant husbands are seen as having been left with the burden of raising a family under the facade of a marriage, because it is said that the husband will eventually find a new partner abroad. In other cases, women who leave are seen as abandoning their children. More importantly, there is a lack of social support networks to provide emotional help to the relatives of migrants as they cope with the strains of separation. We found only one case, a clinic in Catamayo, of an institution that has hired a psychologist to treat children of migrants. In most cases, despite the benefits that communities receive from remittances, prejudice prevails over solidarity.

Faced with factors such as the high cost of living, the existence of few work opportunities in the city, and limited incentives to invest, some members of these households consider leaving; an average of 20% of households stated that one member was planning or thinking of migrating. Those percentages varied depending on places of residence and ages; younger people were more likely to be interested in moving.

The response of local governments

Local governments in Latin America and the Caribbean are only recently becoming aware of the importance of remittance flows and their effects on local economies. Their responses have been generally mixed and predominantly a reaction to specific conditions. We find that local governments face two different stages: first, awareness of the impact of migration and remittances; and second, awareness of the need for practical and technical support to leverage remittance flows and evaluate their performance.

Figure 3: Members of households thinking of emigrating (%)



Source; Orozco, 2006

Mayors and their local governments lack the training and resources to address migration and remittances. In some instances, mayors tend to ignore the flows, and in other cases they pursue ambitious strategies. Their perspectives depend on their personal initiative, their level of exposure to migration and remittances, and a realization of the impact of remittances in the local economy and society.

Jerez, Mexico

Jerez exhibits a paradox regarding local government and remittances. The city is host to large emigration rates and large remittance flows. Moreover, it has benefited from a federal government initiative working with hometown associations (HTA) – known as 3x1 – whereby federal, state, and local governments contribute one dollar for every dollar matched by an HTA. In 2005, the local government had participated and approved 35 basic infrastructure 3x1 projects, and it expanded the initiative to a 4x1 program with the involvement of Western Union. The participation under the 3x1 program has forced the local government to deal with some aspects of the intersection between development and migration. However, the efforts are generally incomplete and often reactive.

In general, the local government and its mayors are keenly aware of the significance of remittance flows and hometown association donations, as well as of diaspora involvement in politics. In fact, in 2004 a Mexican migrant from California, Andrés Bermúdez, returned to Jerez to run for mayor and, taking advantage of electoral reforms allowing the diaspora to participate, was elected to public office. During his term, the

mayor tried to push forward an agenda focusing on local investment in partnership with the Mexican community in California. However, it was soon evident that the local government lacked the resources – both human and financial – to fully engage a strategy aimed at leveraging remittances. For example, the local government lacked a municipal development plan that could integrate remittances into the scheme. It did not integrate all social forces, such as chambers of commerce, civil society groups, producers' associations, financial institutions, migrant associations, and state and federal entities to identify development priorities that correspond with the factors involved in remittances and migration.⁷

The municipal government of Jerez is an example of a local government ready to work but lacking the resources and technical assistance to adapt to the realities of migration and remittances.⁸

Suchitoto, El Salvador

The local government of El Salvador is a more proactive institution. The municipality and the mayor are aware and informed that the local economy coexists with remittances. The local government specifically targeted tourism as a strategic approach to leverage remittance earnings, particularly because in 1997 the Legislative Assembly declared the town a cultural historic site, "Conjunto Histórico de Interés Cultural." This focus led to the government's awareness of the not insignificant number of tourists from the Salvadoran diaspora who were visiting the town.

The local government has interacted with hometown associations operating in the community, particularly with an agency called SALA. SALA coordinated with the local government to invest in supporting the construction of San Juan port, which is a key part of the tourist infrastructure in Suchitoto, and contributed funds to the reconstruction of the church.⁹

Salcajá, Guatemala

The experience of the mayor and municipality of Salcajá is more like that of the municipal government of Jerez. In 2006 a new mayor arrived in Salcajá who was keenly aware of the realities of migration and remittances. However, choosing to be pragmatic and systematic in his administration, he focused his energy on effective tax collection. Although his priority was not remittances, he has maintained a strong relationship with the productive sector as well as with the Cooperativa Salcajá, and he has discussed the ways in which the local government can leverage remittances for local development.

The cooperative has been proactive in motivating the local government and working with the central government to manage government funds used for local productive projects.¹⁰

⁷ Rodolfo García Zamora, "Local Economy and Remittances in Latin America: The Case of Jerez, Zacatecas," report prepared for Manuel Orozco, 2006

⁸ Ibid., 27.

⁹ "Unidos por la Solidaridad" (United for Solidarity) is a co-financing program managed by the Fondo de Inversión Social para el Desarrollo Local (FISDL). Projects are chosen from proposals presented by municipal governments. In this case, SALA's participation in the process helped to ensure the success of the project to be chosen. See www.fisdgob.sv and "Informe sobre desarrollo humano El Salvador 2005: Una mirada al nuevo nosotros. El impacto de las migraciones" (San Salvador: PNUD, 2005).

¹⁰ Virgilio Álvarez Aragón, Julia González Deras, and Cristhians Manolo Castillo, "Remittances and the Service Market: Study on the Case of Salcajá, Quetzaltenango," report prepared for Manuel Orozco, 2006, 37.

May Pen, Jamaica

In contrast with the other cases, the situation in May Pen reflects the neglect of the local government. The “parish council government” recognizes the importance of migration and remittances in the community, but the mayor and “secretary manager” feel unprepared to embark on any activity. Often, these leaders have opinions about recipients of remittances that are based on anecdotal evidence rather than on acceptable data collection. Thus, they lack any systematic policy addressing this reality, beyond the plain recognition that migration and remittances exist in their town.¹¹

Catamayo, Ecuador

As in May Pen, the local government in Catamayo is also apparently at a loss with respect to dealing with migration and remittances. Although 10 percent or more of the municipality’s population is abroad, there is an implicit and often explicit denial of migration. The mayor has little concern for migration, and the government often ignores the social perceptions people have of those who left and of the children who stayed.¹² This is observed, for example, in the fact that the employers’ association and the municipal government do not offer any options or approaches to remittances and ways to leverage their impact or link with the migrant communities abroad – in particular, the migrant community in Spain. In the view of the mayor and his local government, the municipality is not concerned with creating a policy toward migration and transnational families. Despite the fact that Catamayenses in Spain are interested in supporting small projects in their town, the local government feels this is an issue outside its purview and mandate.

AN URGENCY TO ACT: ACCELERATING INITIATIVES TO LEVERAGE FINANCIAL FLOWS

Although not everyone wants to migrate, the combined effects of the cost of living, little economic dynamism, poor business activity, and relatively unprepared local governments create an unsettling environment among people exposed to other realities and opportunities. Neglecting to leverage remittances with development can lead to worsening economic performance. Policies implemented by central governments – with the exception of Mexico – are lacking, and local governments are overwhelmed by their duties and resource scarcity. Although there is a genuine interest in leveraging remittances, the governments lack proper guidance – this is the case in Jerez, Suchitoto, and Salcaja.

The critical point of success in establishing a strategy that modernizes the productive base of the local economy while leveraging resources from migrant foreign savings is the link between feasible investment opportunities, savings creation, local and central government enabling environments, and increased risk propensity among local, national, and transnational entrepreneurs.

We identify six initiatives in which donor activity can be critically important to promote leveraging schemes through remittance funds and migrant capital investment:

- Accelerating financial intermediation projects with credit unions and MFIs (microfinance institutions);
- Engaging banking institutions more actively by identifying their opportunity costs in rural areas;

¹¹ Jill Reifsteck, “Remittances and the Local Economy in May Pen, Jamaica,” report prepared for Manuel Orozco, 2006, 29.

¹² Pilar Egüez and Alberto Acosta, “Local Economy and Remittances in Latin America: The Case of Catamayo, Ecuador,” report prepared for Manuel Orozco, 2006, 26.

- Supporting projects on feasibility investment schemes to develop investment portfolios, including recommendations on business consolidation where microenterprise is ineffective or inefficient;
- Engaging local governments and the private sector to review their role as environment enablers to promote investment and increase productivity;
- Designing projects that include education and health services among a range of services offered by MFIs in cooperation with schools, whether public or private:
 - Education funds, tutoring classes, extracurricular activities, Internet;
 - Health insurance, specialized medicine funds;
 - Definition of goals and standards among community leaders, financial institutions, and local governments for raising educational attainment in the 6th to 12th grades;
- Providing technical assistance on financial and remittance literacy.

Details on initiatives

1. Accelerating financial intermediation projects

These alternative financial institutions have demonstrated a key role in servicing the traditionally unbanked and in transforming remittance clients into clients of other financial services. Support for these financial institutions by governments and donor countries has been low despite MFI efforts to reach out to remittance recipients. The financial assistance that has been granted has typically targeted financial product design, marketing, and technology. Increasing the support and participation of these small financial institutions is of crucial importance to increasing access to financial services and improving financial literacy and assets. Another area of assistance is in supporting savings banks, MFIs, and credit unions to build networks that can allow positive negotiations with remittance transfer companies. In this light, linking banks in the originating countries to microfinance institutions in the destination country is also a winning proposition.

2. Engaging banking institutions

Larger banks that offer remittance services in different cities should be targets for engagement. Access to banking services remains low despite the very high percentage of payments made by banks and the revenues resulting from their services – remittance transfer earnings represent 10 percent or more of their total net income. Efforts should be made to increase opportunities for reinvestment in the community where money is paid. Because of banks' role in distributing remittances, it is particularly important that they move beyond simple remittance payments and offer financial literacy programs aimed at remittance recipients, financial product design or marketing, and modernization of payment systems.

3. Feasibility investment schemes

Policy initiatives including local government involvement should also focus on improving opportunities for small-scale investment to create new businesses, thereby responding to the demand by migrants and their families to invest. This means, for example, establishing investment opportunities for remittance recipients to transform subsistence agriculture into commercial farming and encouraging an environment favorable to migrant investing. These enterprises in turn provide further opportunities by promoting migrant investment in tourism and the “nostalgia trade.” Seasonal migrants visit their countries once a year, and many buy goods produced in their home country, which contributes to the growth of small businesses. Governments in the

host and home countries, development agencies, and the private sector could benefit by offering, in the host country, products or services from such businesses in the country of origin. In reaching out to the diaspora, governments target a unique and important source of funds.

The achievement of these goals is contingent on governments' and the private sector's continuation of their work in creating appropriate conditions for a positive investment climate in the country of origin. No effort to promote investment will succeed if the business climate is not investor-friendly.

4. Local government participation in a dialogue on development and remittances

Local governments need to improve their understanding of their position in local governance, migration, and remittances. These institutions need to improve their capacity to enable development and civic participation, including participation of the diaspora. Part of understanding their role includes contributing to removing barriers to entry into a landscape conducive to absorbing remittances and promoting local financial inclusion, local diaspora investment, and civic engagement. Local governments need to coordinate their efforts with their local academic institutions and share knowledge generated about migration and economic development. There is very little connection between these two players, and the lack of communication often leads to tension and adversity over the right policy approaches.

It is essential that important stakeholders, including migrant leaders, participate in such dialogues. Enabling development rather than directly intervening is a key local government activity that brings efficiency and delivery. The faculties and attributes of local government institutions must find their synergy with the process of migration and remittance transfers, in order to identify the appropriate instruments needed to promote development. Learning from the positive experiences of other societies can be very useful.

5. Projects on health and education

Education and health expenses are typical investments in remittance-recipient families. Nonetheless, adequate education and health services are often not well publicized or not available. One way to provide these services is through partnerships between banks, MFIs, and health and education providers that offer financing. For education, this refers to education funds (savings and loans), tutoring, extracurricular activities, and Internet lessons. These types of investments on the part of recipient families will lead to higher educational achievement and continued investment from the person sending money from abroad.

6. Financial literacy

Educating people about finances is a critical step toward development and is important to remittance recipients. Financial and remittance literacy, as well as training in skills acquisition, can reach remittance recipients if established in cooperation with local financial institutions. This technical assistance should consider the financial value of the transfers as a mechanism for building credit and assets and expanding the use of alternative payments through electronic instruments such as debit and credit cards.

BIBLIOGRAPHY

Álvarez Aragón, Virgilio, Julia Gonzáles Deras, and Cristhians Manolo Castillo. "Remittances and the Service Market: Study on the Case of Salcajá, Quetzaltenango." Report prepared for Manuel Orozco, 2006, 37.

Beck, Thorsten, and Augusto de la Torre. "The Basic Analytics of Access to Financial Services." Washington, DC: The World Bank, March 2006.

Egüez, Pilar, and Alberto Acosta. "Local Economy and Remittances in Latin America: The Case of Catamayo, Ecuador." Report prepared for Manuel Orozco, 2006, 26.

Ford Foundation. "Building Assets to Reduce Poverty and Injustice." New York: Ford Foundation, 2004.

Garcia Zamora, Rodolfo. "Local Economy and Remittances in Latin America: The Case of Jerez, Zacatecas." Report prepared for Manuel Orozco, 2006.

Moser, Caroline. "Asset-Based Approaches to Poverty Reduction in a Globalized Context." Background paper for workshop entitled "Asset-Based Approaches to Poverty Reduction in a Globalized Context," Brookings Institution, Washington, DC, June 27–28, 2006.

Orozco, Manuel. "Remittances and the Local Economy in Latin America: Between Hardship and Hope." Washington, DC: Inter-American Development Bank, October 2006.

_____, with Rachel Fedewa. "Regional Integration? Trends and Patterns of Remittance Flows Within South East Asia." Washington, DC: Inter-American Dialogue, August 2005.

_____, et al. "Transnational Engagement, Remittances and Their Relationship to Development in Latin America and the Caribbean." Washington, DC: Institute for the Study of International Migration, Georgetown University, July 2005.

_____. "Diasporas, Development and Transnational Integration: Ghanaians in the U.S., U.K. and Germany." Washington, DC: Institute for the Study of International Migration and Inter-American Dialogue, October 23, 2005.

Peachy, Stephen, and Alan Roe. "Access to Finance – What Does It Mean and How Do Savings Banks Foster Access." Brussels: World Savings Banks Institute and European Savings Banks Group, 2006.

Pozo, Susan, and Catalina Amuedo-Dorantes. "Remittances as Insurance: Evidence From Mexican Migrants," *Journal of Population Economics* 19, No. 2 (June 2006): 227–254.

Ray, Debraj. *Development Economics*. Princeton: Princeton University Press, 1998.

Reifsteck, Jill. "Remittances and the Local Economy in May Pen, Jamaica." Report prepared for Manuel Orozco, 2006, 29.

Roberts, B. R., R. Frank, and F. Lozano-Ascencio. "Transnational Migrant Communities and Mexican Migration to the U.S.," *Ethnic and Racial Studies* 22, No. 2 (March 1999): pages 238–266.

Survey on Latino Remittance Senders. Administered by Silvestre Hispanic Market Research and Services, 2007.

United Nations Development Program. "Human Development Report 2005: International Cooperation at a Crossroads." New York: United Nations Development Program, 2005.



The Environment and Natural Resource Management

SERGIO GALILEA

TABLE OF CONTENTS

- INTRODUCTION
- DECENTRALIZATION PROCESS IN THE AMERICAS
- THE ENVIRONMENT AND NATURAL RESOURCES
- SPECIFIC ASPECTS AND PROPOSALS FOR ACTION

INTRODUCTION

This text is intended to identify the principal problems posed by decentralization processes in terms of the administration, management, control, and replenishment of natural resources in the Americas. It will establish that there are multiple and complex connections between “the question of natural resources” and the various approaches to decentralized public and private management. These point to an escalation of natural phenomena due to greater risks associated with climate change – such as production methods that negatively affect the balance of natural ecosystems – and to insufficiencies in the systematic replenishment of different types of natural resources.

These situations, manifested in different ways within the diverse national realities seen in the Americas, usually exist alongside inadequate decentralization processes that have treated “the nature question” simplistically. Given the importance of our natural ecosystems as key factors in present and future development, emphasis should be placed on different instruments, policies, and programs whose decentralized nature should help secure our resources as the foundation of our future political, social, and productive development.

DECENTRALIZATION PROCESSES IN THE AMERICAS

Characteristics of decentralization processes in the Americas vary, though they focus mainly on the following:

- The transfer of functions and responsibilities from national to subnational bodies, in the context of government administration.
- The strengthening and development of “regional economies,” which specify the existing national development model, recognizing its particular attributes.
- New forms of citizen participation, which improve the democratic governance of society.

These three dimensions of decentralization proposals have lacked any type of integration. We can hypothesize that policy proposals for decentralization have emphasized some of these areas of focus, though in a fragmented manner. In particular, emphasis is given to institutional efforts to modernize public administration and certain proposals to develop regional productivity. The main weaknesses in the Americas have to do with citizen participation proposals, which involve scant public-private integration of efforts. This has led to an inadequate implementation of “decentralization reforms” in the realm of private productive activity, which is as centralized in its decision-making and policy-making as the public administration itself, if not more so.

Thus, the more modern approaches to public administration, the production requirements of economic diversification, and the need to strengthen democratic systems add up to a strong demand for decentralization in the Americas. Depending on its situation, each country treats decentralization differently, whether in terms of one of the areas of emphasis described above or using different institutional and historical frameworks and political, productive, and social characteristics.

Countries organized as federations or groups of states usually place greater emphasis on decentralized frameworks than those organized as unitary states. One can also hypothesize that in small states, such as the nations of the Caribbean, decentralization makes a direct connection between the national and the local, to the detriment of regional categories of intermediate scope.

In the case of each country, one can find different decentralization processes and analyze the consistency between proposed programs, policies, and projects and the “transforming results” obtained. Consequently, different results will be illustrated for the different types of decentralized public policies: those that involve direct public action, public-private associations, and the actions of social organizations. This will establish the frameworks in which innovations in decentralization can be implemented in the case of each country.

THE ENVIRONMENT AND NATURAL RESOURCES

Environmental challenges and natural resource management are an increasingly strategic issue in our countries. Our natural ecosystems are one of the central pillars of development and a key factor of our international presence, diversification of production, and the types of territorial systems that characterize us.

The internationalization of our economies makes natural resources a critical factor in our development, whether through direct exports or, more importantly, in terms of the challenge of increasing the added value of processing the resources. The rising value of raw materials in recent years has accentuated the strategic nature of economic activities linked to natural resources.

Territorial disaggregation in this area is critical and inevitable. Within each country, we see different territories with potentially diverse ecosystems, making it essential that the environment and natural resources be treated within their particular territorial context. The links between decentralization proposals and this subject are obvious, though this has not always been recognized.

This means that in many of our countries, “institutional regions” are not always associated with “natural regions.” It would even be advisable for the disaggregation and identification of regions within the different countries to be correlated with river basins or with natural areas defined by their particular ecosystems. That would introduce a more natural decentralization.

Such an approach should lead to environmental management models that are naturally regional (subnational) and to different forms of association among public and private agencies, as well as to the establishment of specific management approaches involving social participation. Consequently, the environmental dimension is critical to decentralization proposals.

Obviously, this entails a fundamental change in terms of what has been done by the countries of the Americas. This shift in strategic perspective, toward models in which natural ecosystems are more highly valued, has become essential, in the opinion of numerous specialists.

As a primary and essential source of our productive development, natural resources present highly complex issues. Our knowledge about their reality and potential is weak, due to unexplored areas and insufficient data. Some ecosystems have been overused and show signs of severe deterioration; desertification and other such phenomena are serious problems. Conversely, there are better instruments today for identification and diagnosis; soil recovery programs are being implemented; there are more active programs to replenish

resources; and technology is moving forward. In the Americas, our natural ecosystems are an important guarantee of future development, even with the difficulties mentioned.

We should characterize natural resources according to their renewability, their accessibility, their different uses in production, and the important conservation measures they may require. In recent years, the value placed on “commodities” has grown; this allows us to devise better management approaches, examining legislation (patents and other rights of access and use) and restrictions on control of resources (variable bans and restrictions on certain uses, subject to restocking). There is an increasingly strong trend toward establishing “protected areas” and specially designated zones such as nature sanctuaries, which includes the promising development of forms of ecotourism in conservation and research areas.

It is essential, therefore, to study the question of the environment and nature in a decentralization context that recognizes zones (areas, territories, regions); draws upon and improves local and private approaches to public administration that recognize environmental specifics; and generates new means of public-private partnership for action, focusing on citizen participation and social leadership.

Far from proposing that new forms of territorial management be superimposed, we would replace previously established categories, simplifying the institutional framework with a view to an explicit, orderly recognition of natural territorial categories.

SPECIFIC ASPECTS AND PROPOSALS FOR ACTION

In terms of decentralized public administration, we should revive efforts aimed at the following issues, among others:

- Systematic organization and improvement of (usually abundant) environmental laws and regulations, recognizing territorial particularities and means of prevention, oversight, sanctions, and stimulus. Clearly this effort must be local (regional, zonal).
- Decisive action through a delegation of responsibility that gives subnational bodies more important roles in controlling and managing the environment and natural resources.
- An emphasis on ad-hoc institutional approaches in different regions, aimed at scientific and applied research on key resources (mining, fishery, forestry) for future regional development.

For the most part, the transfer of responsibilities to subnational bodies will allow for a growing recognition of the potential for social and productive development found in the different mixes of natural resources. This will also occur with policies for the preservation and development of fragile and valuable ecosystems. It will be essential to begin depositing greater “political trust” in ability of the regions to handle emergencies, as has occurred in response to global warming, in which the local capacity for response is vital in terms of public and private management.

As far as the decentralization aspect of strengthening local economies is concerned, we should consider lines of action such as the following:

- Incentives to public-private partnerships to systematically improve knowledge about specific natural ecosystems, indicating recommended forms of production or protection and defining “project portfolios” that recognize investment initiatives with a strong environmental focus (portfolio of sustainable projects).

- Improvement of systems for environmental classification of investments, in order to ensure mitigation and reparation actions and other forms of environmental controls on productive development, and to ensure that the institutions that define these are regional (decentralized).
- Arbitration within the territory of measures that allow for the “appropriate” coexistence of different production approaches in fragile ecosystems such as seashores and lakefronts. It might be advisable to have mechanisms in place for environmental dispute resolution.
- Establishment of special conservation zones – corresponding to ecosystems that are of special interest or face particular threats – in which only scientific activity and highly regulated tourism are permitted, such as in the case of legislation related to the Antarctic.

A fundamental role will be played by potential development corporations (or similar entities) which, being both public and private, could take on pre-investment efforts, prepare extensive and comprehensive investment portfolios, promote their territories, ensure virtuous ties at the international level, and propose strategic alliances in the political, social, and commercial arena. The promotion and strengthening of “the territories” becomes a political, economic, and social necessity of primary importance.

In the social and participatory dimension of the decentralization process, we envision measures such as the following:

- Promoting broad-ranging educational projects that seek to create a “culture of the environment and nature” over the long term, among new generations, and incorporating workshops and case studies into school curriculums.
- Encouraging forums for the opinions, criticisms, and suggestions of community organizations in these areas, with the growing involvement of the communications media, so as to “empower” citizens.
- Holding consultations or informed referendums on the most controversial topics, encouraging informed participation, and giving environmental laws and regulations broader citizen consent.

The community and organized population becomes an “irreplaceable resource” for creating regional identity, protecting natural ecosystems, and arbitrating actions that favor productive development consistent with the level of resources and their replenishment. Without democratic trust in the organized population, our countries are unlikely to measure up to the critical challenges they face.



Public Security

LUCÍA DAMMERT

TABLE OF CONTENTS

- INTRODUCTION
- PUBLIC SECURITY: CRIME, VIOLENCE, AND IMPUNITY
- SHOULD PUBLIC SECURITY BE DECENTRALIZED?
- THE PROMISE OF LOCAL INVOLVEMENT
 - **The community's role in crime prevention**
- CHALLENGES
- RECOMMENDATIONS TO ADDRESS PUBLIC SECURITY LOCALLY
- ANNEX I
- ANNEX II
- BIBLIOGRAPHY

INTRODUCTION

Rising crime and insecurity are jeopardizing the consolidation of democracy in the region. The state's apparent inability to tackle these problems has led to the emergence of a political and public discourse advocating greater control measures. Many surveys highlight the public's willingness to embrace the use of force and even constraints on individual liberties, as long as they promise greater security.

Within this general framework, numerous questions have been raised about the possibility and need to decentralize public security. In thinking about these questions, first it is necessary to differentiate control policies (e.g., police, judiciary, penitentiary) from prevention policies. Second, the complexity of crime hampers standardized responses because every context and problem requires a specialized response. For example, the rise in organized crime requires comprehensive approaches that extend beyond the national level. Third, the wide range of forms of government organization in Latin America complicates any attempts at generalizations. There are small countries in terms of territory and population, such as Costa Rica and El Salvador, where a wide variety of public safety policies might not be the best option. On the other hand, there are very large countries like Brazil and Mexico whose size requires a very different approach to public security.

Despite these differences, one cross-cutting factor in the region is that all levels of government are under pressure to develop initiatives for crime prevention and even control.

This article discusses the consequences of and opportunities for decentralization of public security policies in Latin America, as well as the need to examine this subject in greater depth. To this end, the article is divided into four sections: the first provides a brief overview of crime in the region. Then, the constraints and potential of decentralization in public security are described. The third section stresses the potential of local government involvement in crime prevention, especially in terms of public participation, and promising initiatives under way. The final section concludes with a general reflection on the challenges of local participation in crime prevention and provides some specific recommendations.

PUBLIC SECURITY: CRIME, VIOLENCE, AND IMPUNITY

Latin America faces severe public security problems that can be described as follows: a steady increase in crime, the use of violence as a mechanism to settle social conflicts, and a crisis in the criminal justice system. Official information ranks the region as the second most violent in the world. High crime rates are not confined to the capital cities, but extend across the countries. Although it is a regional phenomenon, there are clear subregional, national, and local variations in terms of the type and magnitude of crime.

In the subregions, the Southern Cone countries are affected by the rise in property crimes, which in some cases include assault but whose main purpose is generally theft. One exception is Brazil, where the trafficking in arms and drugs has created a spiral of violence rooted in the country's main cities, with record murder rates. The situation of the Andean countries is different, as drug production, especially cocaine, is the backbone of crime. Drug trafficking has thus become a key element in understanding the development

of criminal activities such as kidnapping and arms trafficking. In these countries (except Colombia), the murder rates now reflect the regional average, and property crimes constitute the highest percentage of crime. Colombia is unique in the subregion, not only because of its domestic conflict but also because the principal drug trafficking cartels are based in that country.

In Central America, the public security crisis is concentrated in violence by the so-called *maras* (violent juvenile gangs). These organizations, although not yet well studied, are widely recognized internationally. They combine various criminal activities that coexist in the subregion, including minor crimes and trafficking in persons, drugs, and arms to the United States. Various elements and characteristics of post-war Central America help to interpret the current phenomenon with greater precision. The diversity of the Caribbean countries prevents blanket generalizations. The deterioration of security conditions is clear in the steady rise in murder rates in Jamaica and the Dominican Republic. Furthermore, there is a clear rise in seizures of drugs along the coasts. Finally, Mexico in the past few years has faced a worsening crime situation, which became even more alarming in 2006 when more than 3,000 murders were reported. The mass presence of organized crime is probably the principal characteristic of crime in Mexico, including a substantial increase in violent crime, especially murders.

A second common characteristic of crime in the region is the use of violence to resolve social conflict. Rates of domestic violence illustrate the problem, although this is not the only measure. The rise in mob lynchings and other extrajudicial sanctions are of concern. Also, violence in schools and at sporting events and other social activities reflects the type of relationships individuals form in contemporary society. As a result, the peaceful resolution of conflicts has become one of the principal challenges that Latin American societies must now address.

Third, criminal justice systems have collapsed and enjoy limited public trust and legitimacy. In many countries, there are no integrated systems to coordinate public security policies and initiatives. This lack of coordination has resulted in ineffectiveness and inefficiency. Viewed separately, many institutions have historical legacies that constrain their capacity to act effectively. First, police institutions are distrusted or even feared by citizens, who often believe they are corrupt, inefficient, and abusive. The perception of the justice system is not substantially better. In fact, most citizens of the region believe that justice is inequitable, slow, and even corrupt.

The rise in crime in the major cities of Latin America is an irrefutable fact. Since the early nineties, crime, with a substantial portion of violent crime, has been on the rise. At first, it was thought that crime was mostly perpetrated in large cities, especially capitals, where migration, explosive demographic growth, and deep socioeconomic divides explained its rise. Nevertheless, at present, sharp rises in crime can also be observed in mid-sized cities such as Mendoza (Argentina), Arequipa (Peru), Belo Horizonte (Brazil), and Santa Tecla (El Salvador), among others. Thus, the rise in violence and crime has become a core element of urban life in the region (see Annex I, Chart 1).

Crime has many causes, ranging from personal factors (e.g., drug abuse, dropping out of school, domestic violence) and environmental ones (e.g., overcrowding, absence of open spaces for the public, lack of lighting) to situational factors (e.g., high levels of inequality, a development model marked by exclusion). Literature on the topic has not yet determined the specific importance of each factor or what practices might be effective in curtailing each factor's contribution to the crime problem. Limited knowledge on the contributing factors has led to the implementation of various policies with little impact on the central problems affecting crime rates.

Although violence and crime are objective phenomena occurring in the daily life of the majority of citizens in the region, fear itself, or insecurity, cannot be ignored in examining crime. The autonomous nature of fear of crime, as well as its urban repercussions for public spaces (abandonment) and private spaces (enclosure and segregation), is a reality that highlights the need for a more active role in confronting public perceptions of disorder, mistrust, and – above all – impunity prevailing in the region. This public concern manifests itself in many ways. On the one hand, fear on the part of citizens leads to social protests organized by civil society organizations, especially those working on crime. These organizations have directed various activities, among which the most noteworthy have been the citizen marches held in Mexico City, Buenos Aires, and Quito, whose main appeals are for the government to prevent and control crime. Citizens have also developed personal “self-protection” measures, such as alarms and monitoring systems, protective barriers, and personal arms. To a lesser extent, public participation mechanisms, generally sponsored by the government, are being developed for crime prevention. In addition to these proactive actions that fall within the framework of the rule of law, however, there are negative actions outside legal boundaries such as extrajudicial justice measures, which often are measures of last resort outside the region’s cities.

To tackle the fragile context described, most countries have developed initiatives aimed at improving crime monitoring by increasing the number of police, penal sanctions, and imprisonment, as well as reducing the age of criminal responsibility. All of these initiatives have been shown to have a limited sustained impact on crime. Less emphasis has been placed on prevention that might affect individual factors that contribute to crime or the socioeconomic context that allows for criminal activities. Rehabilitation initiatives, both for drug addiction and other problems, especially those aimed at young lawbreakers or inmates, have been almost completely neglected.

SHOULD PUBLIC SECURITY BE DECENTRALIZED?

The magnitude of public security challenges has led to constant pleas from the public for politicians at all levels of government to take action. Although crime is generally the responsibility of the central government (in centralized countries) or provinces or states (in federal countries), local government is also the target of public pressure because of rising insecurity. Nevertheless, the political debate has focused on the need for progress in decentralizing decisions and policy implementation. In practice, appeals made for the development of decentralized policies are often rhetorical acts aimed at extending the responsibilities for crime without effectively drawing up any tools to allow the process of decentralization to work. Certainly, the priority must be to develop timely responses that can reduce crime and insecurity.

Monopoly over public law and order is one of the pillars of the modern state and determines which institutions are allowed to resort to violence. Government structures in Latin America rely on centralized decision-making, either through national or state police institutions or ministries of the interior in charge of public security. The few countries that have municipal police forces have focused on deterrence and presence rather than crime control. Thus, for example, Brazil’s municipal police force is not allowed to bear arms, and its activities focus on deterring crime through a police presence, rather than on effectively controlling crime. In Peru, the municipal *serenazgo* (night watch) has gradually acquired control capabilities because of the presence of policemen on patrols and because of the right of some members to bear arms. Nevertheless, initiatives to decentralize the decision-making process have not lived up to expectations; on the contrary, they have encountered major barriers erected by the police themselves, especially because police have played an important political and strategic role because of the concentration of the use of force in a few commanding authorities. Even in federal systems, the same centralized decision-making structures are in place that often undermine the capacity of local government to act to improve public security.

Therefore, the question is: should security policies be decentralized? When an international comparison is made, it is clear that effective crime control and prevention initiatives rely on the decentralization of decision-making. Community policing or situational prevention programs to reclaim public spaces can greatly affect public security when they are developed in coordination with and under the leadership of local government. These comparisons also confirm the obstacles encountered in centralized initiatives with limited local support. Despite the above, the threat of corruption has to be taken into consideration, and public security must be taken up with caution because of the dangers stemming from the possible penetration of organized crime in institutional structures. Some Latin American experiences highlight the consequences for local-level institutions that have been undermined by the infiltration of organized crime.

Thus, in most countries, local initiatives have been developed to reduce crime and enhance perceptions of security. As a rule, these initiatives are more closely tied to prevention than to crime control because of legal frameworks that do not facilitate coordination between local government and national or state governments. Paradoxically, even those countries that have federal systems of government and, as a result, higher levels of decentralization show evidence of severe problems when defining the roles and the specific responsibilities of each level of government with respect to public security. Governments that are more complex and organized, especially, show evidence of high penetration of institutions and highly precarious employment situations. Thus, both structures of government in the region, centralized and federal, are riddled with severe problems in fighting crime.

Therefore, there is no single answer to the question raised. The conditions of each country, the crime situation, and the prevailing legal framework, as well as the human and financial resources available to local government, are core elements in defining the need to decentralize public security. Nevertheless, prevention initiatives have the highest potential for local action in virtually all the countries in the region. Public participation initiatives that promote decentralized initiatives linking the needs of the population to specific policies are a key pillar in the establishment of decentralized security policies.

In short, decentralization of security with respect to the decentralization of police institutions involves risks that must be duly examined and considered to avoid any multiplication of duties and decision-making that might make coordinated public security policies unfeasible.

THE PROMISE OF LOCAL INVOLVEMENT

Involvement of local government in crime control has the potential for underscoring the importance of prevention. After the waves of democratization and state decentralization in the eighties, local governments emerged to play an active role in drawing up and implementing public policies. Nevertheless, the very limitations of these processes, along with the shortfall in human and financial resources available and the lack of basic services to cover the population, have delayed the emergence of local government as a genuine actor in public security. Likewise, in most countries of Latin America, local governments have no tradition of dealing with crime. In this regard, local governments focus primarily on topics such as land use, construction, traffic, environmental control, and promotion of commerce and industry. Despite local government's weak historical involvement in public security, the rise in crime and insecurity led to increasing demands for effective local policies. In many cases, appeals made by the public attempt to forge a relationship between civil society and the state in the search for short-, medium-, and long-term policies to improve the quality of life. Despite this interest in multi-sector and cross-cutting policies that include diverse crime control and prevention initiatives, recent experience shows a wide range of initiatives that seem designed to generate publicity and show little coordination with other sectors of the state (Dammert 2001).

Local government must address daily pleas by an insecure public to implement measures to deal with the crime problem. As a rule, there are three kinds of measures: control, prevention, and rehabilitation. In most countries of the region, the first pertains to the nation or its states (in federal systems), and, consequently, space for local intervention is limited. Prevention, however, is a suitable area for local government to intervene and sustain initiatives. Local governments have detailed knowledge about the problems that communities face (e.g., vacant lots, lack of street lighting, high dropout rates, etc.), which ultimately allows them to target initiatives appropriate for their own spaces and implement measures with the community. Likewise, rehabilitation is a task that must be decentralized to ensure greater effectiveness.¹³ Indeed, the three activities must be carried out jointly and in a coordinated fashion. International experience highlights the importance of interrelated control, prevention, and rehabilitation activities, which achieve best results when well coordinated. Thus, for example, the rehabilitation of public spaces in a district that is highly vulnerable to crime requires an increased police presence that encourages local residents to use the spaces, as well as situational prevention initiatives that improve street lighting and the quality of nearby spaces. Finally, community participation makes it possible to detect addiction problems that can be addressed by local stakeholders such as churches.

Many cities have responded to the call for greater police presence by setting up municipal patrol bodies such as Citizen Security (Chile); *Serenazgos*, or night watches (Peru); and the Municipal Guard (Brazil). In some cities, these officers can bear arms as well as arrest suspicious individuals, whereas in others their duties are limited to providing support to deal with public emergencies. These initiatives seem to have limited impact on crime rates; nevertheless, they do have positive repercussions for residents' feelings of insecurity, and the municipality's continuous involvement in these initiatives is noteworthy. In addition, many local governments have set up cooperation mechanisms with national or state police forces where they contribute financial resources or establish institutions in charge of coordinating policies. Crime control duties do not fall under local powers, and therefore in many cases they are provided thanks to the good intentions or interests of the mayor or police representatives.

Economic support from local governments to the police is a double-edged sword because, although it can improve police coverage in a given area, it can also heighten inequalities in the delivery of public services. This situation must be addressed to prevent the concentration of police resources in the municipalities that have the necessary resources to provide greater infrastructure for the police. In any case, if well used, local resources are an important bargaining strategy to secure ongoing collaboration with government actions.

Although local governments encounter major constraints when drafting crime control initiatives, the contrary holds true with respect to prevention. In fact, there is a consensus in the international literature that local governments in particular can best draw up and implement crime prevention initiatives. Direct knowledge about the problems affecting the population is of great use when drafting plans of action aimed at targeted interventions for local areas or populations most in need. As such, local governments can become the dominant players in prevention, as they can combine the need to improve the quality of urban life (e.g., street lighting, public space, transportation) with the needs stemming directly from crime (e.g. prevention of drug use, alcoholism, domestic violence). The costs of these interventions and the expectations of long-term results must be considered from the start and highlight the need for coordination with the national government to support their sustainability. The role that insecurity plays in political rhetoric and on the political agenda may limit these "soft" initiatives or, more broadly, initiatives that do not yield clear results during a given administration. This situation requires a firm commitment by civil society to support measures that do not

¹³ At present, this is an intervention area that has been virtually abandoned by the public sector. The few initiatives that are being developed mainly involve nongovernmental organizations.

lead to immediate results so as to establish mechanisms that guarantee continuity based on participatory assessments and active citizen councils.

Many different types of initiatives have been developed, but all share two core elements. First, these initiatives involve police coordination and increased participation of citizens. It is odd that, although many studies highlight the absence of clear evidence about the impact of community prevention measures on crime, it is precisely these measures that constitute the most common practice in the region. In fact, two of the most noteworthy essays on the topic stress that “there is little sustainable success in these initiatives” (Crawford 1998, p. 155) and that “there are no programs that provide proof of success” (Sherman 2002, p. 12). This situation stems from the lack of clarity about the indicators used to quantify the impact of these same measures; that is, there is no accurate identification of indicators that could be related to the decline of crime, nor are there any related to citizens’ feelings of insecurity, the public distrust of police institutions, or increased public involvement in community actions. The process of “importing” public policies to Latin America has not taken into account this weakness in implementing and assessing initiatives in place in developed countries. Because of this, the same problems, doubts, and ignorance about the impact and usefulness of prevention initiatives still exist.

Secondly, these initiatives are characterized by their partiality, short duration, and, in some cases, disappearance from the political scenario before being completely implemented. Although these initiatives stem from the state’s response to criticism of policing, mistrust about its ability to reduce crime, and even the need to have the community take responsibility for crime, the national plans that are drawn up “more likely constitute operations that have political and electoral purposes” (Rico and Chinchilla 2003, p. 83). The limited planning and evaluation of the initiatives developed, along with insufficient material and human resources, lack of studies on the matter, and limited participation of the population, have led to much criticism about community involvement in crime prevention.

Despite the above constraints, promising experiences (see Annex II) show some key concepts developed in the region. First of all, the importance of dynamic personal and institutional leadership is noteworthy—for example, the position of the mayor, who is involved in drawing up and developing most policies. The cases of Bogotá and Medellín (Colombia), Santa Tecla (El Salvador), Mexico City (Mexico), Peñalolén and Puente Alto (Chile), and Quito and Guayaquil (Ecuador) highlight this type of personal commitment to crime prevention. The emphasis of each city is certainly different: some emphasize the need to address violence and crime on the basis of prevention, whereas others propose policies focused on police capacity-building but with a direct participation that makes it possible to promote and consolidate sustainable interventions. In countries where different political leanings prevail, there are cases where major commitments to public security have been made across party lines, and therefore they do not depend specifically on either left-wing or right-wing ideologies.

A second element for institutional capacity is the possibility for continuities in policymaking. Building a political consensus to sustain the initiatives developed beyond a given administration’s term of office is probably one of the most complex tasks, because of each administration’s desire to leave its own “legacy.” The ability to sustain a similar security policy in the case of Bogotá (Mockus-Peñaloza-Mockus) is something that cannot be easily replicated. Even in administrations where the administrators themselves belong to the same political party, initiatives are constantly being restructured and renamed. As a result, in most cases policies hardly have time to be implemented before they are altered or dismantled altogether. There is no difference between right-wing, left-wing, and centrist administrations in this respect; the entire political spectrum shares this limited ability to acknowledge the essential need for long-term policies.

The third element is the need for modernization and professionalization of the municipal bureaucracy. The recent emergence of this problem is clearly correlated with the absence of trained personnel to address public security and draw up effective, comprehensive policies. This process involves the development of local security assessments and plans as a fundamental tool for the implementation of efficient crime prevention initiatives, as well as the establishment of councils with the participation of municipal players and civil society groups involved in crime prevention. Certainly, it is a slow process that constantly confronts obstacles, but those experiences that have been successful and promising in the region involve changes in the municipal structure, organizational restructuring, and the hiring of specialized staff. Although the concepts of efficient and effective municipal management were first promoted by right-wing governments, the same concepts have been adopted by progressive governments that recognize that the best decision-making requires the efficient use of public funds, as well as the necessary modernization and reorganization of the state bureaucracy.

Another important element is to identify prevention as an educational, methodological, and management mechanism. In Bogotá, for example, initiatives specially aimed at involving the communities in public security issues were created. One of them was the establishment of Public Security Schools, where the community was trained (with support from the metropolitan police) to improve security and peaceful coexistence by improving the behavior of citizens and motivating trained leaders to convince their communities to support authorities in the area of prevention. Likewise, Local Security Fronts were created; these “fronts” are community organizations that bring together residents by block so that they can combat fear, apathy, indifference, and lack of solidarity with respect to violence. Also, in 1999, the implementation of community policing was promoted, aimed at bringing the police closer to the community and promoting a culture of public security in the neighborhood. Finally, in 2001, with support from the Chamber of Commerce of Bogotá, the Safe Zones Program was started to determine the sectors of the city where large numbers of people gather and where there are many shops and stores providing greater opportunities for criminal acts. In these spaces, the collaboration between the police and the organized community was enhanced, and permanent police presence in public spaces ensured.

The importance of local prevention teams is yet another pillar of the initiatives developed in the region, among which the most noteworthy is in the city of Medellín. Although the characteristics of the violence in this city prevent comparison with others in the region, it is interesting to observe that community participation is possible even in contexts where there are high rates of violence. The Safe Community Program in Chile developed a process along these lines, hiring a technical secretary to draft a local assessment and work plan, integrating the community into activities where the implementation was carried out by local governments and administered jointly by the main political coalitions in Chile. In other words, it strives to set up multidisciplinary teams to draw up frameworks of analysis and intervention, taking into account the characteristics of each area.

The community's role in crime prevention

Over the past decades, the world has witnessed a change in the approach to crime prevention. At present, crime control is not viewed as the unique and exclusive task of public institutions set up for this purpose; rather, it has become a task that is scattered and fragmented in the hands of various public institutions, nongovernmental organizations, and the community at large. Thus, the responsibility for the problem of crime has started to shift from the government to the public sector.

At the heart of this change, Crawford (1998) has come upon three concepts on which the principal public policies have been based: *prevention*, *community*, and *partnerships*. These notions are also central to public security policymaking in Latin America, but, despite their importance, they are not clearly defined. This

in turn makes it possible to apply them in a variety of strategies from different social and ideological perspectives. A brief discussion about the principal characteristics of these concepts in public policymaking for crime prevention is presented below.

First of all, *prevention* – defined as policies, measures, and techniques outside the limits of the criminal justice system aimed at reducing the various classes of damages produced by acts defined by the state (Van Dijk 1990) – has been consolidated as an effective and efficient crime reduction strategy. Recognition of the importance of prevention has gone hand in hand with the development of interpretations of criminality that stress risk factors (Dammert 2001, De Roux 1994, Carrión and Concha 1994). Thus, measures that seek to prevent the increase of these factors (e.g., alcohol abuse and carrying arms) are considered to be essential for reducing not only crimes but also citizen insecurity. Nevertheless, as mentioned previously, prevention initiatives are still seen as suspicious by those who stress control as the foundational mechanism for public security policies.

Second, the concept of *community* has become one of the most widely used in public policy. Especially in the area of crime prevention, the interest of the community can be understood on the basis of the many positions that interpret the relationship between crime and community. Thus, for example, consolidation of the community can be construed as a process aimed at reducing both crime and opportunities to commit crime, a defense mechanism against outsiders, or a potential means to set up a homogeneous and therefore safe social space. The broadness of this concept undermines its use in concrete programs, while also hampering the identification and evaluation of the impact it might have on crime reduction. Nevertheless, these weaknesses must not lead us to discount the community's importance and centrality in public policymaking, nor must we ignore the community's profound link with crime prevention.

Finally, *partnership* is presented as a strategy of action necessary to tackle crime. The literature emphasizes the establishment of partnerships between various state agencies (Crawford 1998) and the duties that this partnership might have, while considering its consequences for crime. Likewise, it is also important to analyze the partnership between the community and government institutions in the search for improvements in dealing with crime, and this is how the community can become directly involved in the drafting and development of prevention initiatives. This appeal to the community to participate in prevention activities and the establishment of working partnerships has become especially clear in two government strategies adopted in Latin America and specifically in Chile: police reform and consolidation of opportunities for community participation.

Community participation in policy implementation is not confined to security policies. On the contrary, in Latin America there is considerable experience in community participation in social initiatives in education, health, housing, and other areas. Regrettably, initiatives developed in the area of public security have not been convincing or long-lasting (Rico and Chinchilla 2003).

CHALLENGES

How the state in Latin America tackles public security problems is clearly inadequate. The need for structural reform is evident not only in terms of the institutions in charge of public security but also in terms of drafting and implementing policies. Given these shortcomings, decentralization emerges as an option to increase the efficiency and effectiveness of public security initiatives, as well as to consolidate democratic and comprehensive decision-making. Nevertheless, public security is a special state responsibility in which the

idea of decentralizing the state's monopoly on the use of force, for example, has to be evaluated with special care.

The decentralization of security policies involves redesigning the degrees of autonomy and responsibility of the diverse levels of government. This situation will bring evident benefits in promoting transparency in decision-making, as well as in implementing adequate policies for the specific problems facing the population. Local government, especially, has enormous potential for implementing crime prevention policies, whether on the basis of urban redesign, street lighting, reclaiming public spaces, and other initiatives related to “situational prevention.” Furthermore, it can work through community initiatives that strive to involve civil society actors using effective, focused, and direct mechanisms for local intervention – social prevention programs that mitigate factors contributing to high crime rates. In all of these areas of action, decentralization is a positive process where local government can and must play a lead role.

The tasks of crime control, however, must be examined in each context to identify the validity, viability, and especially the relevance of decentralization. Now this does not involve centralized decision-making processes that do not consider subnational differences. On the contrary, progress should be made with joint and coordinated mechanisms to involve state and local governments and to achieve an important synergy in actions and decision-making. This situation does not necessarily include the decentralization of responsibilities. Public security must be analyzed as a whole in each national context to ensure the drafting of relevant proposals to enable the design and implementation of comprehensive and effective policies that reduce crime.

RECOMMENDATIONS TO ADDRESS PUBLIC SECURITY LOCALLY

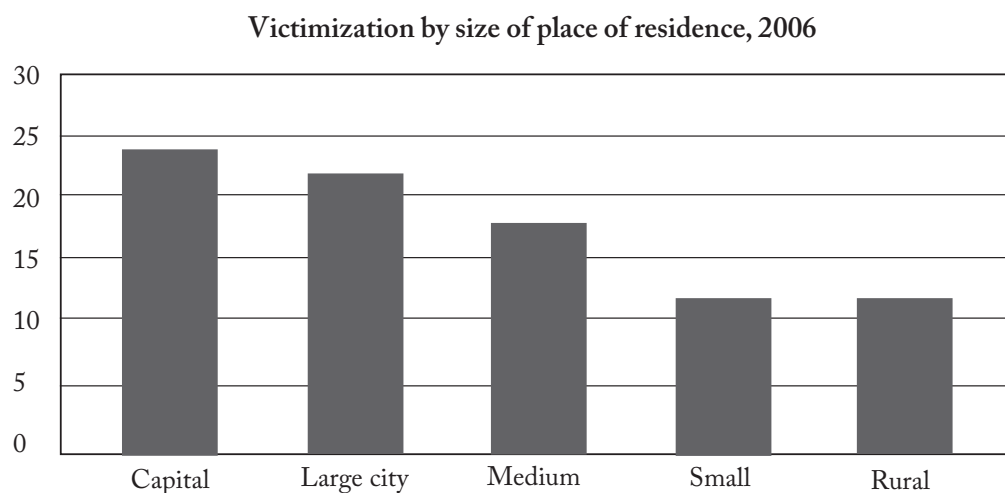
Progress in drawing up tools to enable the design and implementation of local public security policies is one of the region's pending tasks. It is important to take the following steps:

- Modernize municipal bureaucracy: a) development of assessments aimed at identifying the weaknesses of local government and design of institutional capacity-building plans; b) institutional re-engineering: improvement of the organizational structure, processes, and procedures; c) qualified staff: training of officials and recruitment of specialized staff; and d) inter-municipal forums for exchange of experiences.
- Build up the legal framework for coordination between local, state or provincial, and national government.
- Design and implement rehabilitation programs aimed at juvenile offenders, as well as the incarcerated.
- Coordinate control, prevention, and rehabilitation programs and activities to achieve greater effectiveness.
- Draw up appropriate coordination mechanisms with information databases that collaborate among the three levels of government.
- Promote the leadership of mayors in drafting and implementing public security policies, especially those involving prevention and rehabilitation.

- Institutionalize public security policies that have yielded promising results in order to prevent changes of government from altering their basic contours, undermining their effectiveness, or eliminating them altogether.
- Promote the participation of the public in drafting and implementing public security policies and initiatives (for example, initiatives that strengthen the relationship between the police and community).

ANNEX I

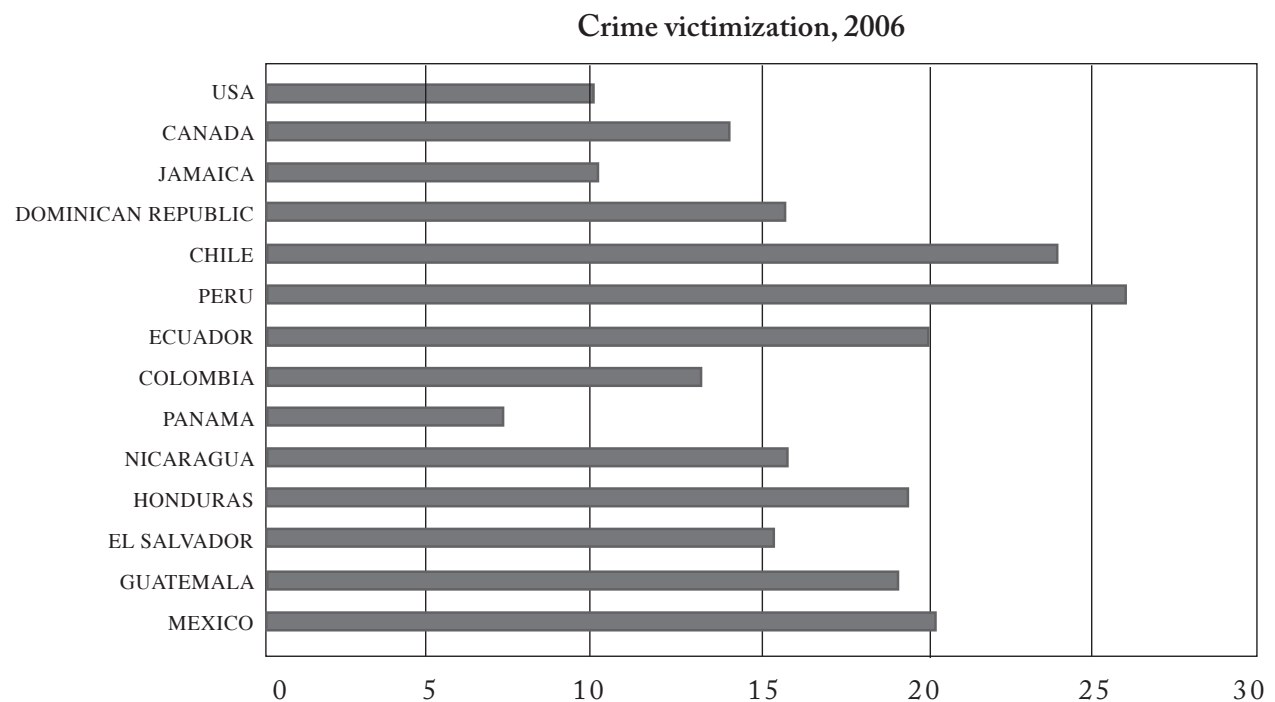
CHART 1



Source: Americas Barometer, 2006, Latin American Public Opinion Project (LAPOP), Vanderbilt University, Nashville, Tennessee.

Chart 1 shows crime victims by decreasing order of size of the town of residence; the data show only slight variations. The results indicate that almost 25% of the residents in the capitals of a large number of countries in the region have been direct victims of crime in the past year.

CHART 2

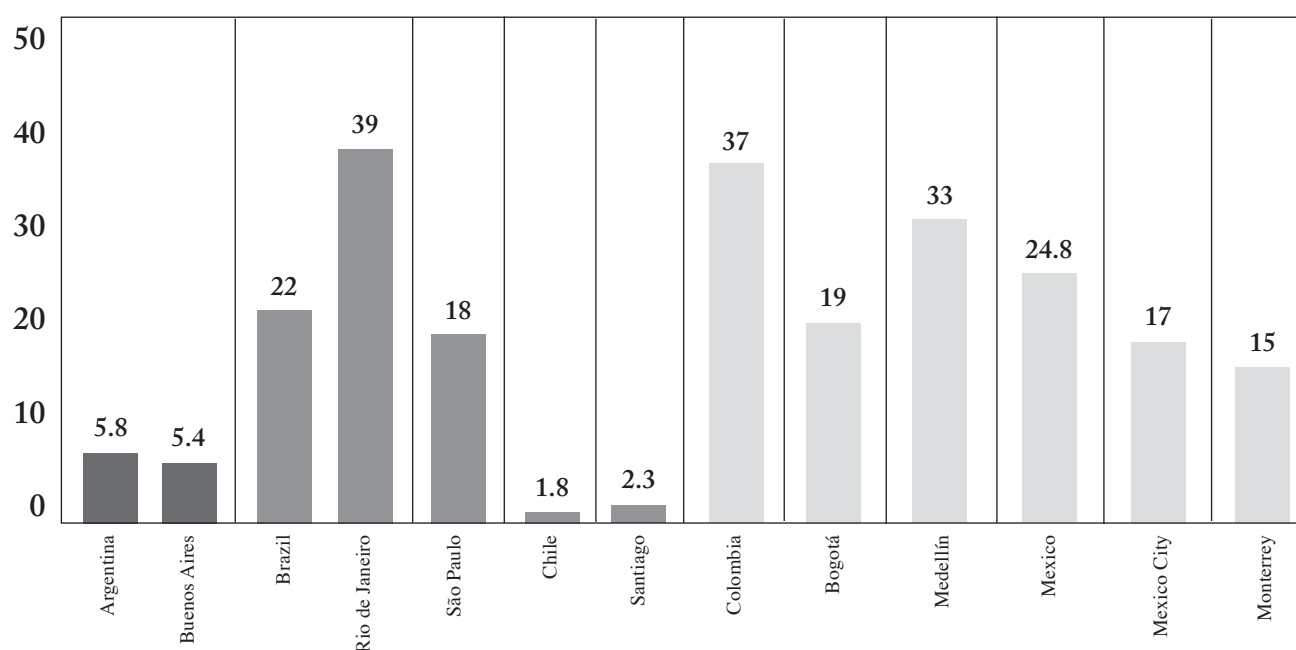


Source: Americas Barometer, 2006, Latin American Public Opinion Project (LAPOP), Vanderbilt University, Nashville, Tennessee.

The cross-cutting nature of crime may conceal an incontrovertible fact: its diversity in terms of intensity and impact. Thus, victimization rates reveal a more complex crime scenario in countries such as Peru and Chile, whereas El Salvador and Colombia fall at the other end of the spectrum.

CHART 3

Homicide rate per 100,000 inhabitants by country and city (reported) in several countries



Source: Original preparation. Official information from 2005 for Argentina, Brazil, and Mexico, and from 2006 for Chile and Colombia.

Now when the phenomenon is examined on the basis of more precise data and violent crimes (murders) are examined, the distribution of crime varies significantly. Thus, Chart 3 shows not only that murder rates reported in Chile are the lowest on the continent, but also that, in some countries, murder rates in the main cities are not necessarily higher than the national average. With regard to the former, countries with low murder rates where a higher percentage of the population reported being victims of “some crime” must address crimes that are less violent, particularly property crimes. All of the above confirms the need for comparative, detailed assessments to prevent erroneous assertions about victims that could lead to ineffective policies. The second fact confirms the dispersion of crime and of the variations in its intensity.

ANNEX II

Initiatives under way: promising experiences

In the 1990s, several community crime prevention initiatives were developed in Latin America. Based on experiences in Europe and the United States, as well as on the call for greater citizen involvement in crime prevention (and in some cases crime control), public actors drew up initiatives similar to those developed in other contexts.

Paradoxically, several studies stress the uncertainty about the impact of this type of initiative on crime. Two of the most noteworthy essays on this topic stress that “there is little sustainable success in these initiatives” (Crawford 1998, p. 155) and that “there are no programs that provide proof of success” (Sherman 2002). This situation arises from the original lack of clarity about the indicators used to quantify the impact of these same measures – that is, there is no accurate identification of variables that could be related to the decline of crime, nor are there any that might capture changes in citizen insecurity, public distrust of police institutions, and/or increased public involvement in community actions. The process of “importing” public policies to Latin America has not taken into account this weakness in the drafting of initiatives first implemented in developed countries. Because of this, the same problems and doubts, as well as ignorance about their impact and usefulness, still remain.

Furthermore, in the context of Latin America, these initiatives are characterized not only by their novelty but also by their partiality, short duration, and in some cases, disappearance from the political scenario before their complete implementation. Although these initiatives stem from the state’s response to criticism of police services, distrust about state efficiency in reducing crime, and even the need to have the community take responsibility for public security, the national plans that are drawn up “more likely constitute operations that have political and electoral purposes” (Rico and Chinchilla 2003, p. 83).

The limited design and evaluation of the initiatives developed, along with insufficient material and human resources, lack of studies on the matter, and limited participation of the population, have led to much criticism about the involvement of the community in crime prevention. Nevertheless, it is necessary to point out that in most countries of the region, consensus about the importance of prevention and community participation has generally been primarily rhetorical. Thus, the main budget resources for public security are aimed at increasing the size of the police force, upgrading penitentiary facilities, or reforming the justice system. Likewise, there are few policy approaches that emphasize prevention as a method recognized as more effective and efficient than control to curtail the rise of violence and crime.

Despite the above, various community prevention experiences in Latin America seem to have exerted a considerable impact on citizen insecurity and, in some cases, on perceptions of the police (Kahn 2002; Dammert 2001). Although the interventions involve almost all the countries in the region and range from neighborhood organization of surveillance committees to social prevention initiatives, they all have one thing in common – the absence of effective assessments about their impact on crime.

Considering the previously defined constraints, examples of interventions that hold promise for the prevention of violence, crime, and fear are provided below. First of all, the city of Bogotá’s success in reducing murder rates and traffic-accident deaths is related to government intervention that stressed prevention as a mechanism for education, methodology, and management.

The Peaceful Coexistence Program in Bogotá

As part of the violence – and crime – reduction program carried out in Bogotá in 1994–2002, initiatives were drawn up to involve communities in the issue of insecurity. One of these initiatives led to the creation of **Public Security Schools**, where the community was trained (with support from the Metropolitan Police) in security and peaceful coexistence to improve the behavior of citizens and motivate trained leaders to convince their communities to support authorities in crime prevention. Likewise, the creation of Local Security Fronts was promoted; these are community organizations that bring together residents by street blocks so that they can combat the fear, apathy, indifference, and lack of solidarity with respect to violence. In 1999, a similar program called **Implementation of the Community Police** was promoted, aimed at bringing the police closer to the community and promoting a culture of public security in the neighborhood. Finally, in 2001, with support from the Chamber of Commerce of Bogotá, the **Safe Zones Program** was started, to determine those sectors of the city where large numbers of people gather and where there are many shops and stores that offer greater opportunities for the perpetration of criminal acts. In these spaces, the collaboration between the police and organized community was enhanced and permanent police presence in public spaces ensured.

Source. Secretariat of the Interior, Office of the Mayor of Bogotá, 2003.

This experience stresses the importance of dynamic personal and institutional leadership, as exemplified by the figure of Mayor Antanas Mockus, who personally headed most of the interventions, participated in policymaking, and was able to draft a discourse that highlighted the need to tackle violence and crime from a different perspective. Likewise, the continuity of policymaking is a central aspect in the search for positive results in the interventions implemented. Ultimately, the need for a certain political consensus about the programs implemented may help to reinforce an image of commitment in the community that is being called on to participate.

At the other end of the spectrum, there is the experience of a nongovernmental organization established for the purpose of improving the quality of life for the most vulnerable groups of Rio de Janeiro. This experience highlights opportunities for collaboration and partnership between the community, its organizations, and the public sector, as well as the importance of social accountability mechanisms on the part of civil society.

Viva Rio, an experience with nongovernmental organizations

This NGO was established in the midst of a wave of tension and an outbreak of violence in the city of Rio de Janeiro. Its principal activities involve young people, considered to be the population group most vulnerable to violence and risk factors. This NGO works in more than 350 favelas (shantytowns) and other low-income communities to tackle violence and social exclusion. Some examples of the projects conducted are described below: **Jardineiros do Bairro** (Neighborhood Gardeners) trains adolescents in gardening, the maintenance of public spaces, special services, and environmental education in neighborhood high schools. **Luta pela Paz** (Fight for Peace) is a boxing academy where youths between 12 and 25 years of age are trained in sports, citizenship values, and the peaceful resolution of conflicts. **Villa-Lobinhos** is a program that provides musical training for talented young musicians who live in low-income neighborhoods. Likewise, Viva Rio is constantly conducting campaigns on violence-related subjects such as **Brasil sem Armas** (Brazil without Arms), which included a series of citizen marches to collect arms, as well as the adoption of laws that limit the right to bear arms.

Source: www.vivario.org.br

A commitment to focusing on young people from low-income urban sectors highlights the target of the interventions and identifies the main factors contributing to the increase in violence and crime. The organization's experience includes various initiatives to address extreme situations for youths without neglecting larger issues at the state and national level. Local work teams for crime prevention are of the utmost importance to the initiative developed in the city of Medellín. Although the characteristics of violence in this city prevent comparison with other contexts in the region, it is interesting to observe that community participation is possible even in contexts of extreme violence.

Neighborhood committees for peaceful coexistence in Medellín

Besieged by violence, the city drew up a strategy that includes enlisting the community through committees to plan, coordinate, manage, and conduct follow-ups to promote peace. In these committees, initiatives were set up to train social promoters and inspectors to train committees that could spearhead efforts in each neighborhood. The structure of the committees consists of one community leader, one inspector (liaison between the community and NGOs), one social promoter (liaison between the community and the municipality), one priest (spiritual support), and a community NGO. In addition to the work carried out in each neighborhood, a network of committees was established to facilitate the exchange of experiences, systematize the information, and coordinate activities between communities.

In addition, a Conflict Mediation and Resolution Center in charge of working with armed groups and conducting campaigns to ban arms was established. Finally, productive support units were set up, aimed at optimizing the allocation of resources between neighborhoods and providing resources to the committed communities that do not have these resources.

Source: Teaching Guide for Municipalities: Preventing Community Delinquency and Violence in the Cities of Latin America. *World Bank*, 2003.

Consolidation of human resources in municipal government is one of the common elements in many of the experiences examined, as in the case of the experience with the committees of Medellín. Another similar experience is the one taking place in the Safe Community Program, carried out in more than 50 communities in the country. This program hires a technical secretary to draw up a local assessment and work plan, integrating the community into these activities. Likewise, this program recognizes the need to allocate public resources to fund community projects.

Safe community program in Chile

This community crime prevention program has various components, including, notably, a local Citizen Security Council. Regarding community participation, the principal mechanism set up for this purpose is the funding of prevention projects proposed, drafted, and implemented by community institutions and organizations (e.g., neighborhood boards, clubs for the elderly, sports clubs, etc.). In each community chosen to participate in the program, an assessment was conducted to identify the needs and priorities for security investments. This effort has been closely linked with situational prevention initiatives (e.g., upgrade, remodeling, appropriation of public spaces, and implementation of neighborhood surveillance mechanisms) and, to a lesser extent, social prevention. The projects are funded for a one-year period, and mechanisms to set up partnerships with public and private organizations are sought to achieve subsequent sustainability.

Source: Ministry of the Interior of Chile, 2004.

The development of local security assessments and plans is the fundamental tool for the implementation of efficient initiatives for the prevention of violence and crime. Nevertheless, in many cases the problem of access to quality information is the principal hurdle that must be overcome by prevention policies, which are often based on interpretative assumptions rather than on analysis of facts. The city of Quito, acknowledging this situation, has established a Security Watch that makes it possible to improve the quality of information and, as a result, the efficiency of the policies drafted.

A review of the many initiatives developed over the past few years in the region indicates that, despite the mentioned conceptual problems, diverse and – in some cases – contradictory public policymaking initiatives that call on citizens to participate have been drawn up and implemented. In this regard, although there is a consensus that participation is crucial for crime and violence prevention, there are different approaches to participation and the role of citizens.

BIBLIOGRAPHY

Carrión, F., and A. Concha (editors). "Ciudad y violencia en América Latina." Quito, Ecuador: Urban Management Program, 1997.

Crawford, A. "The Local Governance of Crime: Appeals to Community and Partnerships." Oxford and London, UK: Clarendon Press, 1997.

_____, "Crime Prevention and Community Safety: Politics, Policies and Practices." London, UK: Longman, 1998.

Dammert, L. "Participación comunitaria en la prevención del delito en América Latina. ¿De qué participación hablamos?" Santiago, Chile: Notebooks of the Development Studies Centre, 2001.

De Roux, G. "Ciudad y violencia en América Latina." In *Ciudad y Violencia en América Latina*, edited by F. Carrión and A. Concha. Quito, Ecuador: Urban Management Program, 1994.

Latin American Public Opinion Project (LAPOP). *Americas Barometer*. Nashville, Tenn.: Vanderbilt University, 2006. Available at <http://sitemason.vanderbilt.edu/lapop>.

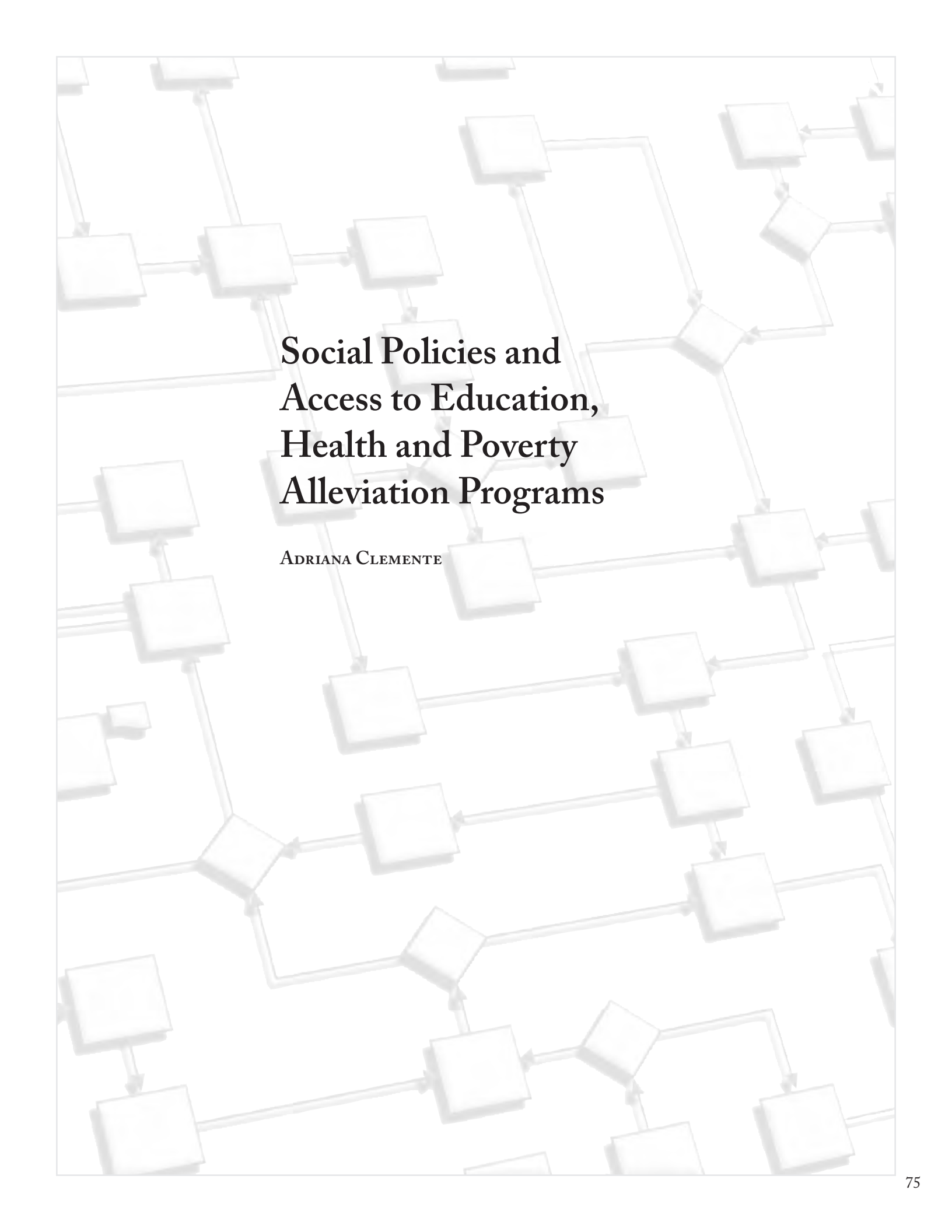
Pontón, Daniel. "Políticas públicas de seguridad ciudadana: El caso de Quito." In *Seguridad Ciudadana: Experiencias y Desafíos*, edited by L. Dammert. Valparaíso, Chile: URBAL Program, 2004.

Rico, J. M., and L. Chinchilla. "Seguridad Ciudadana en América Latina." Mexico: Siglo XXI, 2003.

Sherman, L. "Trust and Confidence in Criminal Justice." In National Institute of Justice Journal (2002): 22–31, <http://www.ncjrs.gov/pdffiles1/nij/189106-1.pdf>.

Van Dijk, J. "Crime Prevention Policy: Current State and Prospects." In G. Kaiser and H. J. Albrecht, *Crime and Criminal Policy in Europe*, Criminological Research Report 43 (1990): 205–220. Freiburg, Germany: Max Planck Institute.

World Bank. *Guía didáctica para Municipios: Prevención de la delincuencia y la violencia a nivel comunitario en las ciudades de América Latina* (Teaching Guide for Municipalities: Preventing Community Delinquency and Violence in the Cities of Latin America). Washington, DC: World Bank, 2003.



Social Policies and Access to Education, Health and Poverty Alleviation Programs

ADRIANA CLEMENTE

TABLE OF CONTENTS

- INTRODUCTION
- BRIEF INTRODUCTION TO THE STUDY'S FOCUS AND CONTEXT
- DESCRIPTION OF THE SELECTED SECTORS
 - **Education sector**
 - **Health sector**
 - **Poverty alleviation**
 - **Interaction between those involved in the process**
- OVERVIEW OF SUCCESSES AND SHORTCOMINGS
 - **Heterogeneity of the process**
 - **Effects and impacts**
 - **Conditionalities**
 - **Management**
 - **Participation**
- CHALLENGES AND RECOMMENDATIONS
 - **Integration into the system**
 - **Incorporating heterogeneity**
 - **New incentives**
 - **Compensation mechanisms**
 - **Expansion and diversification of a decentralized agenda**
- BIBLIOGRAPHY

ANNEX I. List of programs reviewed

ANNEX II. Poverty reduction programs as % of GDP

INTRODUCTION

This document seeks to provide a general overview of how decentralization in the health, education, and poverty alleviation sectors has affected the evolution of social policies – particularly regarding improvements in the coverage and quality of benefits – and to make recommendations based on an evaluation of this experience.

In order to do this, comparable cases were selected in countries that had already decentralized their social policies to a significant extent, namely Argentina, Brazil, Mexico, and Chile. These countries are broadly comparable in geographical size and, in three out of the four cases, in their systems of (federal) government. The study evaluated the level of coverage of the policies and programs; how long they had been in existence; and the availability of secondary sources (mostly updated external evaluations) in the areas selected. (See Annex I).

This document comprises four sections: i) an introduction on the focus and context for analysis; ii) a brief description of the selected sectors and their development; iii) an overview of successes and shortcomings; and iv) challenges and recommendations.

BRIEF INTRODUCTION TO THE STUDY'S FOCUS AND CONTEXT

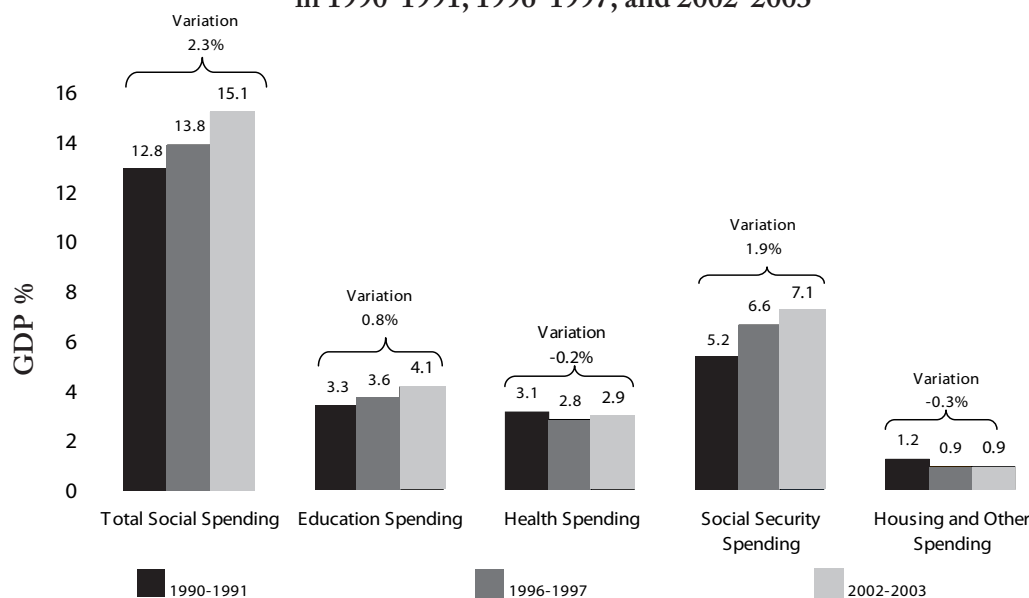
For more than 30 years, national governments in Latin America had undergone many experiences with decentralization at intermediate and municipal levels. It is possible to identify at least three stages in the process of decentralizing social policies: a formation stage (experimental and deconcentrating); a regulatory phase (during which constitutional and legislative reforms are implemented across the board); and an institutional reinforcement phase – said to be the current phase – designed to consolidate achievements and correct mistakes (Clemente, 2005).

To put it briefly, decentralization in Latin America is characterized, *inter alia*, by: i) heterogeneity in the type and extent of decentralization in different countries and even within the same country; ii) the incomplete nature of the process from an institutional, political, or financial point of view; and iii) an absence of objective assessments that take into account the positive impact decentralization may have had on poverty reduction, the main hypothesis driving reforms in this field.

In terms of state reforms, although decentralized social policies accounted for a majority of the innovative and participatory experiences, it must be noted that the most significant reforms were economic (privatizations, reduced spending, greater flexibility in the labor market, etc.). These, by their very nature, had a regressive impact on social and redistribution issues, thus explaining the increase in poverty and inequality at the regional level. In the case of social policies, an added negative effect comes from the cyclical nature of social spending and the seeming contradiction of its recessive behavior in times of crisis (CEPAL, 2007).

At the same time, although over the last decade social spending has improved slightly in education and social security, it has retracted in health, housing, and sanitation (CEPAL, 2007). Both this cyclical nature and the contraction of social spending are elements that play a role in deepening social inequalities.

Evolution of social spending in Latin America and the Caribbean by sector as a percentage of GDP in 1990-1991, 1996-1997, and 2002-2003



Source: CEPAL – Economic Commission for Latin America and the Caribbean, 2005

So-called “new social policies” associated with one or more sectors accompanied state reform and were meant to offset some of its impact. Such policies are justified based on the principle of the state’s subsidiary role in responding to deficiencies in markets, families, or individuals, guided by the need to avoid what in the field of social policy is known as “unacceptable damage” (R. Castel, 1998). This also explains the limited impact of such policies on poverty reduction. At the same time, decentralized social policies have come to be identified, especially at the local level, with greater coordination and democratization among the government, social organizations, and the population, as well as with the broader coverage and accessibility attributed to the reforms.

In order to avoid inconsistent generalizations about the effects of decentralized social policies, we must acknowledge that there are differences in the types and degrees of development in terms of overall well-being in the region. This is correlated with the way in which the countries have or have not introduced reforms in the system and obtained results based on previous stages of progress (Clemente, 2004). The same strategies applied in different contexts yield different results (Acuña, 2007), and thus it is important to regard this report as merely a contribution to the debate and not a reductionist prescription of observations and ideas.

DESCRIPTION OF THE SELECTED SECTORS

Following is a brief description of the decentralization process as seen in the sectors selected for the study: education, health, and poverty alleviation. This description is accompanied by observations on the interaction of the different actors involved in decentralized social policies.

Two avenues were pursued in characterizing these sectors; one had to do with reforms and their legal and normative derivations, and the other with the implementation of decentralized policies and programs. In terms of the reforms, the aspects for comparison were the areas of responsibility that were decentralized, the motivations behind the process, and the degree of institutionalization achieved. At the implementation level, the degree of coverage and accessibility of the selected programs was considered, along with the impact of the results in reducing deficit indicators.

Education sector

Educational reforms have been underway in the countries included in this study since 1978 (Argentina), the early 1980s (Chile, Brazil), and the early 1990s (Mexico). Reform legislation exists in each of the countries, with Brazil and Argentina both completing this process in the early '90s; in Mexico and Chile, meanwhile, devolution was more gradual. In all the countries in this study, the state assumed formal budgetary responsibility for offsetting imbalances in the system. The degrees of decentralization range from scholastic autonomy in Chile, to maintenance and supervision in Mexico and Brazil, to no municipal jurisdiction in Argentina. Based on the studies consulted, we can see that although at the beginning of the process there were significant supply-side deficiencies – both in quality and coverage, as is the case of Mexico and Brazil – the motives driving decentralization of the system had more to do with deconcentrating expenditures and controlling labor disputes than with meeting goals related to the quality of education.

With regard to efforts to enhance participation, in each of the countries there was some room for consensus-building between the different levels of government and actors involved, with Brazil being the most successful in this area. With regard to participatory programs designed to improve educational quality and reduce drop-out rates in the more vulnerable sectors of society, examples were found of programs with varying levels of coverage. All of these were highly targeted, mainly in terms of geographical area, and in each case strategies involved a combination of equipment, improved infrastructure, and teacher training. Coverage of these programs is limited; for example, in three years Mexico's Quality Schools Program (Programa Escuelas de Calidad, or PEC) reached 7.9% of the national total, with 46% of the beneficiary municipalities in the "most disadvantaged" category. The urban/rural ratio is 70/30 respectively (González Sánchez, F. 2006). According to the studies analyzed, schools that participate in programs such as the PEC show improvements on all indicators, although the degree of improvement becomes relative when it is evaluated in the context of the broader regional or national system (Kaufman, R 2005; DINIECE, 2005; IPE, 2005).

In terms of achievements, the studies cite improvements in indicators on literacy, coverage, and accessibility for previously excluded sectors, but problems persist regarding quality and enrollment retention. A decentralized system, which relies heavily on local resources, replicates the inequalities already present in the region and in some cases may exacerbate them. This can be seen in Chile and Argentina, which are both currently recentralizing some reforms to correct the negative effects of the decentralization or deconcentration model.

On the plus side, one result has been a strengthening of educational institutions through supply-side improvements (registration, equipment, strategy adaptations, etc.); in other words, improving supply has had a positive impact on demand. Persistent inequalities are beyond the scope of those executing policy at the local level and require action on the part of central authorities in order to redress local deficits – such as institutional weaknesses and an unfavorable socioeconomic environment – by setting national goals. The elements of the school/community relationship are too insignificant in terms of investment to merit an independent evaluation. Nevertheless, it can be seen that the school acts as a vector between the government and the family/community, and that the greater the poverty, the more it is incumbent upon the school, as an institution, to contain it. Hence the key role of schools in the dynamics of local development.

The case of secondary education, although outside the scope of this report, shows progress not only in enhancing income, but also in encouraging young people to remain in the system. Considering the dearth of policies for young people throughout the region, efforts made by the education sector to reduce school drop-out rates should, despite their minimal impact on budgets, be more highly valued and evaluated with a view to increasing coverage. Experiences that can be cited in this regard include Chile's "High School for

All” Program (Liceo para Todos) and the National Program for Educational Inclusion (Programa Nacional de Inclusión Educativa, PNIE) in Argentina. Both combine scholarship systems with incentives for the educational institution. On a regional level, the OAS Hemispheric Education Program has become a useful instrument for governments to evaluate their strengths and weaknesses compared to other countries in the region.

Health sector

Decentralization reforms in the health sector began in the 1970s, have continued since, and are the subject of successive negotiations between political actors (subnational governments and unions). This process accelerated in the 1990s. One of the policies of Argentina’s military dictatorship in the ’70s was to decentralize the health-care system, which indicates that decentralization and democracy do not always go hand in hand.

As with education, the health sector is regulated by law, and ministerial restructurings result when changes or drastic reductions in responsibilities are made at the central government level. The main recipients of resources were the subnational governments. All the countries in this study have mixed funding systems. Municipalities, for their part, have taken on some of the administration not only of primary health care, in which they already had some experience, but also, to a lesser degree, of the hospital system (A. Idiart, 2006). Spending by subnational governments increased for two reasons: first, due to the level of contributions made by the federal administration (e.g. Argentina, where the national government reduced spending on the health sector by 50% between 1996 and 2004); and second, in order to maintain the same overall level of average expenditures, though with area differences depending on the local or regional counterpart.

The evaluations studied identify improvements in coverage resulting from decentralization (e.g. Chile and Brazil). With regard to motivations, as in the education sector, we also see the deconcentration of both social spending and labor disputes (this aspect is not explicit), which also combine with a regional expansion of the focus on rights to primary health care. As with education, the evaluations are similarly critical of the widening gaps in terms of inequality of supply. This is compounded by shortcomings in coverage and accessibility, a particularly critical aspect with regard to maternal and child health care and nutrition, an area which – despite some positive results related to the decentralization of this sector – continues to see weaknesses in coverage compared to the population as a whole. Accordingly, the more targeted programs have not been as successful as anticipated. Another controversial outcome of targeted decentralization in the health sector has been that jurisdictions with a stronger managerial capacity are more likely to obtain targeted funds and successfully reduce deficits. An evaluation of emergency health programs (Maceira, 2005) establishes that in places where the target population with unmet basic needs is in the majority, it is preferable and more effective to have a universal approach in which those who wish to opt out can do so.

The health sector is an important part of a municipal agenda, with considerable budgetary and political weight. Following the decentralization process, we have observed two interesting phenomena: the emergence of municipalities as influential actors in this sector’s implementation system, and the strengthening of the hospital-centered rationale (Chiara and others, 2007) as a result of budgetary pressures and the potential for the municipality to capture funds by running hospitals.

This is also a sector subject to pressures from the private sector as well as from unions. The private sector’s increased participation in the system may be one of the spillover effects of decentralization, particularly for those countries that already had weak public systems. With regard to participation, although participatory

models are operating in each of the countries studied, it is agreed that the main contribution of such processes is a better match between supply and local needs, and stronger support for municipalities in the competition for funds among different subnational administrations. As a model of social participation, the health councils in Brazil and the voluntary network of health-care workers in Argentina are of particular interest because of the scope and longevity of these programs. With regard to the incidence of participation in health policies, there is agreement that the beneficiaries of the health-care system are short-term actors whose demands arise from their illness, and that grassroots organizations and other types of entities such as Brazil's health centers focus more on the demand for coverage than on the quality of the supply (Heimann, L. and Kayano, J., 2007; Maceira, D., 2007).

This system, which grew out of the way primary health care has traditionally operated, has given rise to and supported networks of health promoters and workers. They and the institutions to which they belong (health centers, first aid centers) work in a context of massive poverty alleviation programs, helping to meet conditionalities with no additional resources. These networks, particularly in the case of health workers, are not valued for the role they play. In some regions, particularly the poorer and more rural ones, health workers are the only accessible part of the health-care system.

Brazil's experience in the area of transfers (from the nation to states and municipalities) is of interest because it categorizes states and establishes rules so that responsibilities and resources can be assigned by the national government according to each state's level of development, whether incipient, partial, or almost complete. It also establishes a per capita basic assistance package (Ugarte, M., 2007). This type of measure reduces the discretionary risk in nation/state/municipality relations that can occur in budget allocations in an area as sensitive as the health sector. In both Brazil and Argentina, it has been observed that participation by municipalities in critical spaces where policy and budgets are discussed at the national level (inter-agency committees in Brazil and the federal health council in Argentina) works in favor of budget allocations from the national government; these, in turn, should be in tune with the epidemiological profiles of each region or micro-region.

Health programs do not incorporate habitat considerations into their strategy, though the sector should capitalize on the mobilizing effect and impact of habitat modifications. In addition, programs that rely on meeting specified conditions in the health sector (such as vaccination efforts) do not always have the equipment needed at the local level to do the work. In some regions, this can lead to the primary health-care system being further weakened and discredited. The hospital system, for its part, must respond not only to the demand left unsatisfied at the grassroots level, but also to demand from a diverse range of sectors that includes, notably, the so-called "new poor" who are excluded from the medical insurance system due to employment crises and state privatization reforms. The medical insurance system, in turn, also reflects the fragmentation brought about by a more flexible but more precarious labor market.

With regard to the issue of accessibility to medication – the main health-related cost for the poor – Argentina's Remediap program has been innovative in proposing free and universal distribution of generic drugs, based on their being provided by both the public and private sectors (Tobar, F., 2004). Another example of improvements in accessibility has been the experience of hospitals that are integrated with traditional medicine (Mexico), which can bring to the table knowledge about popular remedies. Among region-wide efforts, PAHO's Healthy Municipalities, Cities and Communities Program has, with very few resources, created a network of knowledge and resources that has enhanced the effectiveness of municipalities' efforts in primary health care.

Besides high operating costs due to supplies, the health sector also has human-resource requirements that were not envisaged in the reforms. In addition, the trend toward preventive care and community health-care models is not consistent with the technological sophistication available in the private sector. The resulting asymmetries in equipment and quality of services reinforce the trend toward privatization and the consequent increase in the gap between social sectors. That is why it is important to strengthen public health systems and primary health care while at the same time exploring hybrid and inclusive systems, particularly those involving public health and medical insurance systems. Positive developments in this area have been seen in Argentina and Uruguay.

Table 1: Reform process by sector

Scope	Education	Health
Responsibilities	The national state formally assumes responsibilities in the system's budgetary compensation. The degree of decentralization ranges from scholastic autonomy (Brazil and Chile) to no municipal jurisdiction (Argentina).	Management in all cases and primary health care (hospital-based). Mixed funding systems in all cases involving the federal government (more budget transfers).
Processes	Precedents since 1978 (Argentina), the beginning of the '80s (Chile, Brazil), and '90s (Mexico). Laws exist in all the cases studied. Brazil and Argentina were completed at the beginning of the 1990s, Mexico and Chile gradually over the course of two decades.	Progressive and negotiated (accelerated in the 1990s) . Regulated by law (Brazil and Chile) and ministerial restructurings.
Motivations	Deconcentration (of spending and labor conflicts) (-) educational quality	Deconcentration (of expense and labor conflicts) and primary health care (focus on efficiency and rights).
Participatory Procedures	In all the cases studied.	In all the cases studied.

Poverty alleviation

This section examines the links between poverty alleviation and the provision of social services in the areas indicated. It places special emphasis on strategies that, in addition to being focused on particular territories, also seek synergies with the health and education sectors described above.

This group of poverty alleviation programs includes a series of strategies targeting the poorest sectors of society, within a context of structural adjustment and state reform. These strategies, designed to compensate for the omissions and shortcomings of universal policies, established a "best practices" agenda to help homogenize poverty alleviation strategies throughout the region, beginning (among other things) with

funding shared between multilateral development banks and governments. The targeted areas – health, education, disability, children at risk, etc.– have varied greatly, but one constant has been the territorialization of efforts and the joint participation by beneficiaries and those who execute these efforts on a local level. Transfer patterns have ranged from a predominance of indirect transfers (increased social capital) to direct transfers (increased income). Conditional transfer programs related to health (such as healthy-child checkups and vaccinations) and primary education (enrollment and stay-in-school efforts) have had unprecedented success in broadening the coverage of targeted programs. For example, Brazil and Mexico together cover around 16 million people (Oportunidades/Mexico, 5 million, and Bolsa Familia/Brazil, 11.2 million, in 2006). The sums assigned to these programs are not determined by or adapted to the cost of living or prevailing economic conditions in these countries. This explains, in part, the difficulties families have in meeting all the specified conditions and the varying impact the money received has on the household due to differences in the economic, social, and geographical context.

In terms of income transfer policies, we have seen encouraging results from policies designed to provide technical and financial support for beneficiaries of conditional transfer programs to develop productive micro-enterprises. A recent evaluation of the “Manos a la Obra” Plan in Argentina (2007) showed that in 60% of cases, such enterprises proved useful in increasing household income or improving beneficiaries’ employability.

With regard to the specified conditions and their impact, it can be seen that the risk profile and environment of the beneficiary family, the low amount of the transfers, and the proposed requirements are factors that, when combined, become all the more critical the poorer the household. A recent evaluation of the Familias Program in Argentina, which reaches more than 500,000 families, shows that failing to meet the specified conditionalities (vaccination and basic education of younger children) is directly related to the mother’s educational level, a situation that becomes more acute in areas where health and education services are difficult to access.

One positive effect of the conditionalities is the regional coordination among sectors involved in the process; this makes it possible, among other things, to make sector-specific diagnostic studies compatible with each other and to draw up inter-sectorial goals at the local level.

As far as results are concerned, the impact of the program depends on its starting point; thus, the immediate impact of these transfers is greater among poorer families and in countries with less-developed social protection systems, since they achieve a tangible increase in income, as is seen in Brazil and Mexico. At the same time, the greater the poverty level, the less impact these transfers have in terms of the so-called “exit strategy,” which refers to the expectations that such programs will serve as a bridge toward an improved socioeconomic situation.

Interaction between those involved in the process

In terms of interactions stemming from the management model for decentralized social policies, we must first note how the concept of participation is applied for the purposes of this report. We refer to a special type of participation that we call “regulated participation” because it is a strategy envisaged for one or two points in the cycle of a policy or program, the nature and scope of which is defined as part of the program’s design (Clemente, 2004). We also assume that this participation is the result of interactions – both opposition and cooperation – between the actors involved and that such interactions help to determine whether or not this process will enhance democratic governance.

With regard to the impact of social participation on decentralized programs, the cases highlighted in this study show no tangible results that might confirm a relationship between participation and a reduction of poverty indicators. This is particularly the case when the transfer, whether of money or services, does not correspond to the complexity or gravity of the problem being addressed.

We can estimate that the capacities or resources mobilized by participatory programs have no correlation with the opportunity structure available as a general rule. Thus, when the program is withdrawn, it is impossible to maintain the levels of sustainability of the incorporated resources, and this in turn increases beneficiaries' vulnerability. The idea that the structural problems of poverty are transitory and can be eliminated by short-term projects is a fallacy.

Social participation in helping to shape the public agenda and control spending is the most visible redistribution tool that citizens can bring to public policy. Situations in which there are multiple actors, such as councils, forums or roundtables, are those that operate most effectively. Prioritizing problems, designing solutions by consensus, and monitoring public expenditures are exercises in participation which are being used increasingly and systematically in different situations to positive effect (Bombarolo, F. and others, 2006; Irrazabal, I., Clemente, A., 2005). The type of leadership at the municipal government level and the organizational culture of the community are factors that must work together positively to successfully promote nongovernmental involvement in this process of direct participation. It is difficult in these public spaces for participation to operate on a regular basis, and social actors are motivated to participate only at specific points instead of through a sustained effort. Such spaces, by their nature, tend to operate effectively at the distribution stage and to a lesser degree in cost control, but not in other stages of the political cycle of decentralized social policies.

Another positive aspect of the interactions brought about by decentralized policies is the creation of managerial capacity at the municipal government level. Interestingly, as some municipalities (especially medium-sized ones) gained experience in administering decentralized social programs, they began modifying them to fit the needs of their own areas. As part of this adaptation process they learned, with varying degrees of success, how to address problems of poor coverage, restricted focus, and discontinuity in services once the projects had ended. The possibility of success in this adaptation process was subject to two conditions: the municipality's managerial capacity and the taxable capacity at the local level. Thus, the evidence shows that municipalities with greater institutional and financial resources are those that are best positioned to successfully continue and make effective use of national decentralized resources. This trend perpetuates inequalities unless there are compensation mechanisms between regions and municipalities with different capacities.

It is thought that decentralization may be able to replace patronage mechanisms by democratizing the relationships between those who participate in a social policy. In practice, it can be observed that the type of reciprocity emerging from decentralized programs may also give rise to new patronage arrangements due to the need to choose the poor from among the poor, and to depend on beneficiaries' participation (in the form of benefit contributions) for the programs to be implemented. This creates conditions of mutual dependence in which pre-existing asymmetries between providers and beneficiaries persist (Araújo, F. and Bomfin, W., 2006; Hevia de la Jara, 2007).

One negative outcome of participatory processes is the problem of distinguishing between areas of responsibility that correspond to local governments, neighborhood organizations, and NGOs (beneficiaries, funding partners, and co-executors). This leads to a possible dilution of responsibility for results, particularly when these are negative.

Another observation is that decentralized practices – particularly those that rely on beneficiaries' contributions to be able to operate – opened up a new sphere for conflict and negotiation regarding the struggle for control of essential resources such as food, clothing, and medication. In other words, the projects themselves give rise to other types of arrangements and pressure groups. These groups in some cases have emerged as a result of organizing themselves to gain a competitive advantage for scarce resources within the very target group the programs were intended to benefit.

OVERVIEW OF SUCCESSES AND SHORTCOMINGS

Based on the areas briefly described above, this section comments on various implications of decentralization in the area of decentralized social policies.

Heterogeneity of the process

Decentralization of social policy in each country has evolved in line with the stages of the systems that preceded the reforms and with the state's federal or unitary form of organization. In this regard, we see that the less developed the system, the greater the deconcentration toward municipalities; at the same time, federal systems were late in introducing reforms and met with greater resistance from the sector's political and social actors. Experience has also indicated that any shortcomings prior to the reforms, particularly in terms of focus and management, tended to be repeated and in some cases to worsen, as was the case with inequalities, authoritarian leadership, and patronage practices.

Effects and impacts

Changes for the better in the areas of health or education, reflected in some indicators of the countries studied, cannot be explained so much by the decentralization and targeting of these sectors as by the effect of increases in public social spending in the sector, which had an impact on available coverage and quality. Decentralization as a state policy can optimize spending but not replace it.

At the same time, in countries with less-developed systems for social protection, decentralization reforms led to the expansion of some benefits (mainly in health and primary education) as a right available to sectors that until then had not been included due to deficient supply. Unfortunately, the "new" social policies have a restricted concept of social integration; the subsidy operates at a subsistence level and offers services of varying quality which do not help to raise the floor of social rights in an equal fashion.

On the other hand, there are advantages to cases involving geographic targeting for rural populations or prevention of malnutrition in poor communities. When the resources must benefit the majority, geographic targeting designed to offset deficits works effectively in conjunction with a universal transfer model under which people who do not choose to participate can opt out.

Conditionalities

Conditional transfer programs, which triangulate education and health for a population with unmet basic needs, represent progress toward recognizing families' right to a monetary income; at the same time, they act as an incentive to demand basic health and education services. As far as the impact is concerned, because of the small amount involved, the subsidy has not succeeded in changing the condition of poverty, although it does have an effect when it comes to indigence. The tendency when a beneficiary leaves the program is to

explain any shortcomings as the family's responsibility; thus, the state takes no responsibility for the causes that keep the family in poverty or indigence. Cases in which the governments combine these programs with other initiatives designed to increase income or keep children in school had more significant results to show for the beneficiaries. In the most critical cases (i.e. indigence), meeting conditionalities takes institutional and community follow-up and support to address the complexity of these cases that combine multiple risk factors.

Management

Decentralized programs have at least four characteristics, each with different effects depending on the context in which they are operating: i) they become their own complete entities, which can give rise to conflict with staff on the ground and encourage the departure of the better-educated technical staff; ii) they introduce planning and evaluation procedures to the process of public management which can then be applied in other areas and levels of government; iii) they bring together different institutional bureaucracies (the state, multilateral development banks, and NGOs); and iv) they give rise to new relationships and negotiations at different levels of the state apparatus. These relationships, though positive, do not alter pre-existing asymmetries.

Despite the task overload brought about by the process of decentralization and deconcentration, municipal governments and social policy institutions have shown that they have the capacity to operate effectively. The creation of external executing units weakens systems that operate at the local level. Conversely, programs that have support and that strengthen local teams are helping to institutionalize the innovations.

Decentralizing management of municipalities with greater managerial capacity – particularly those that are medium-sized or large – helps (thanks to efforts by the local counterpart) to improve health and education indicators in coverage and access only for the selected group of beneficiaries. If there is a greater deficit, the effect of these results on the general population becomes low to nonexistent.

Participation

Social participation in social policy becomes relevant when it makes it possible to control, correct or alter asymmetrical relationships between actors (state/market/beneficiaries). The problems experienced by some initiatives in attracting local participation can be explained by the lack of results. The role of the municipal government as a promoter, and the existing local culture of participation, may or may not work together to favor participation in the sector. Areas in which there are multiple political and social actors tend to achieve the greatest effects.

The link between targeting and patronage has been proven. Proposals that seek to overcome this tendency promote the universalization of contributions, the participation of multiple actors, and rules of the game that are disposed towards redistributive processes that contribute to social mobilization and integration.

On the plus side, participatory processes have shown they can: i) generate and renew social and political leadership; ii) increase the coverage and accessibility of the targeted programs; iii) make the best use of scarce resources (which is not the same as overcoming the deficit); and iv) provide more effective governance in situations of social conflict, such as crises, emergencies, and disasters.

CHALLENGES AND RECOMMENDATIONS

This section synthesizes recommendations designed to consolidate the outcomes of decentralized social policies and help guide international aid organizations in the contributions they make to this process.

Integration into the system

Decentralized programs with external support, in the form of technical advice or funding, should establish defined, complementary, and tangible goals that are compatible with the objectives and implementation of central government policies. The creation of new bureaucracies at the local level threatens the sustainability of new projects. When decentralized programs act in an integrated way within the sector, they make it possible to introduce changes and encourage the expansion of the system in terms of its coverage and quality.

Incorporating heterogeneity

It is important to take into account differences between countries and within each country, and encourage the participation of subnational governments in discussing public social spending and in designing and adapting key policies. Such a process should be accompanied and supported by goals for coverage, quality, and accessibility that are derived from a national consensus on desirable standards for the region. Participation by subnational governments should be formal (such as through social policy councils or roundtables) in order to have a redistributive effect, and clear rules of the game should be established in terms of criteria for allocating funds and developing an agenda of problems to be addressed.

Cooperation agencies should examine the contradictions raised when decentralization is promoted through the application of the same formulas and strategies in different countries. Shared goals could include elements to improve the way in which global strategies are adapted. First, baseline studies should be carried out with the technical and political participation of the sectors involved, thus avoiding a reductionist perspective. Second, strategies should take into account the previous experience and knowledge gained by both government and nongovernmental sectors in relevant areas (the increment principle).

New incentives

Policies that strengthen ties between the three levels of government have the greatest impact on the ground. In cases in which countries are federations, incentives should be sought to encourage municipalities – particularly large and medium-sized cities – to continue building managerial capacity and to play their role alongside the central government, not just as executors but also as policymakers in their regions. In the case of small municipalities, incentives should be consistent with policies that strengthen association-building at the micro-regional level; this will help avoid the fragmentation and exacerbation of geographical inequalities. Examples of regional efforts that have fed into and supported national policies include the PAHO Healthy Municipalities, Cities and Communities Program and in the OAS hemispheric Education Program.

Compensation mechanisms

In order to avoid a fragmentation or segmentation of supply, it is necessary to establish public formulas that will buttress policies at every stage and incorporate differences in context and institutions at all levels of policy implementation. Policies with the best results are those that combine the transfer of responsibilities with adequate resources and technical assistance, and apply them to a new economic and institutional context of implementation; thus, it is important to develop cooperative compensation mechanisms among regions and municipalities with a view to producing more homogenous results.

Social programs that depend in part on external funding (debt) reduce their redistributive potential. It would be advantageous for such programs to become part of social security funds, with labor market participation in addition to state funding, leaving external cooperation (particularly multilateral cooperation) to intervene only in the field of investment and innovation.

Expansion and diversification of a decentralized agenda

Municipalities' cumulative experience with regard to decentralized social policies identifies gaps not only on the part of the central government, but also on the part of external cooperation. In terms of gender, problems related to family violence, schooling in rural areas, and the participation of women in the labor market (access, rights, and remuneration) are all among issues that are excluded as a key part of social policies to promote inclusion.

The lack of specific policies for young people with unmet basic needs is another critical issue. Indications from the nongovernmental sector show results in terms of the length of time spent in education (through grants) and subsidized work opportunities for the 18-24-year-old group. Connecting these groups to public and nongovernmental institutions, combined with cultural and recreational strategies, has had a positive impact on the ability to attract and keep young people in such programs.

The health and habitat agenda has not flourished despite studies and experience suggesting the potential positive impact of addressing this area as a public policy issue.

Finally, the relationship between income transfer policies and income generation strategies is a field that has emerged from the employment crisis and one that requires specific policies to ensure that poverty alleviation programs do not compound problems as a result of not addressing the bigger picture, including work and education issues.

In these and other issues that require medium-term planning, investment, and coordination among sectors, the OAS could provide varying types of support. These include research programs to investigate problem areas and the production and dissemination of studies to evaluate the impact of key public policies and financial management initiatives on nongovernmental and multilateral cooperation. It would be desirable for credit organizations to make their areas of focus compatible with regional strategy guidelines followed by governmental and multilateral organizations so that resources deployed by national governments can achieve optimal results. In this context, a new discussion is needed on the role of social policy in development, especially when the prevailing economic model is one that produces poverty and inequality.

BIBLIOGRAPHY

- Acuña, C. "Mirando a la experiencia europea para comprender mejor la latinoamericana: notas comparadas sobre las políticas de modernización estatal." XII CLAD International Congress on State and Public Administration Reform, Santo Domingo, Dominican Republic, Oct. 30-Nov. 2, 2007.
- Araújo Fernandes, A., and W. Bonfim. "La democratización de la gestión municipal en Brasil: un abordaje teórico del objeto." In "Diseño Institucional y participación política experiencias en el Brasil contemporáneo," 2006. Available at <http://bibliotecavirtual.clasco.org.ar/ar/libros/edicion/disenio/araujo.pdf>.
- Bombarolo, F.; E. Iñiguez, and M. Foio. "Aprendizajes y reflexiones sugerentes sobre la participación ciudadana en las políticas públicas." Observatorio Social, Buenos Aires, 2006.
- Bracho González, T. "Evaluación Externa del PEC, ciclo escolar 2006-2007." Centro de Investigación y Docencia Económicas (CIDE), October 2006.
- Carvalho Pinheiro, R., and C. Ishikawa Lariú. "Responsabilização e transparência governamental: o caso do controle social do Programa Bolsa Família" XII CLAD, Santo Domingo, Dominican Republic, Oct. 30-Nov. 2, 2007.
- Castel, R. *La gestión de los riesgos*. Barcelona, Anagrama, 1981.
- Centro de Estudios de Estado y Sociedad-CEDES-WDC, September 2005.
- CEPAL. "Cohesión social. Inclusión y sentido de pertenencia en América Latina y el Caribe," CEPAL / AECEI, 2007.
- Chiara, M.; C. Jiménez, and M. Miraglia. "Relaciones intergubernamentales y política de salud en el nivel local: el caso del subsector público en el Gran Buenos Aires." XII CLAD International Congress on State and Public Administration Reform, Santo Domingo, Dominican Republic, Oct. 30-Nov. 2, 2007.
- Clemente, A. "Desarrollo Local y Ajuste Estructural. Un balance base cero." In: Rofman, A. and Villar A. (comp.). *Desarrollo Local en América Latina*. Espacio Editorial. Argentina, 2006.
- Clemente, A., and C. Smulovitz. "Descentralización, políticas sociales y participación democrática en Argentina," WWC/IIED-AL, Buenos Aires, 2004.
- Clemente, Adriana. "Descentralización y Desarrollo en AL. Las contradicciones de una ecuación incompleta." In Rhi-Sausi, J. L. *El desarrollo local en América Latina. Logros y desafíos para la cooperación europea*, Recal/CeSPI/Nueva Sociedad, Venezuela, 2004.
- Ciudades, municipios y comunidades saludables. OPS (various documents).
- Dirección Nacional de Información y Evaluación de la Calidad Educativa (DINIECE). "Documento de la República Argentina" Proyecto Hemisférico: Elaboración de políticas y estrategias para la prevención del fracaso escolar." Buenos Aires, July 2005. Available at <http://porlainclusionmercosur.edur.ar/documentos/Argentina1.pdf>.

Fernández Gatica I., and C. Serrano. “Los procesos de descentralización y las políticas y programas de reducción de la pobreza,” X CLAD International Congress, 2005.

González Sánchez, F. “Política educativa y desarrollo social en México impacto de la federalización educativa,” XI CLAD International Congress, November 2006.

Guimaraes de Castro, M. H. “Política social en Brasil: continuidades y cambios.” In Seminar on “Brasil y Chile: una mirada hacia América Latina y sus perspectivas” (Brazil and Chile: Latin America and its Outlook), 2006. Mimeo.

Heimann, L., and J. Kayano. “As políticas públicas em saúde e o estado brasileiro,” 2007. Red de Investigación en Sistemas y Servicios de Salud en el Cono Sur de América Latina.

Hemisphere project on education. Various OAS documents. Available at <http://sedi.oas.org>.

Hevia de la Jara, F. “Uso electoral de los programas de transferencia condicionada en México y Brasil ¿sirve de algo la contraloría social?” XII CLAD International Congress on State and Public Administration Reform, Santo Domingo, Dominican Republic, Oct. 30–Nov. 2, 2007.

Idiart, A. “Capacidades institucionales e implementación de programas sociales: las transformaciones de los programas materno infantiles en Argentina en la última década,” XI CLAD International Congress, Guatemala, November 2006.

IDRC/CRDI/ISALUD, “Participación ciudadana en salud en el Mercosur ampliado.” (Chapter on Argentina research document presenting preliminary results), November 2007.

Instituto Internacional de Planeamiento de la Educación - Regional Headquarters, Buenos Aires (IIPE). “Informe de integración de los cuadros de situaciones regionales.” Proyecto Hemisférico: Elaboración de políticas y estrategias para la prevención del fracaso escolar.” Buenos Aires, September 2005. Available at http://porlainclusionmercosur.edur.ar/documentos/IIPE_ProyectoHemisfericoEdicionFinal3.pdf.

Irrarrazaval, I. “Participación ciudadana en programas de reducción de la pobreza en América Latina.” X CLAD International Congress on State and Public Administration Reform, Santiago, Chile, Oct. 18–21, 2005.

Kaufman, R. R., and J. M. Nelson. “Políticas de reforma educativa. Comparación entre países,” PREAL, No. 33, 2005.

Maceira, Daniel. “Actores y referentes en Salud en AL.” IDB Department of Sustainable Development, March 2007.

Maceira, Daniel, and others. Análisis del Programa Remediar. Oficina de Evaluación de Desarrollo (OVE).

Martínez Bordón, A., and T. Bracho González. “Los Consejos de Participación Social en la educación y el Programa Escuelas de Calidad: ¿mecanismos sociales para la rendición de cuentas?” XI CLAD International Congress in Guatemala City, Nov. 7–10, 2006.

Ministerio de Desarrollo Social. Plan Nacional de Desarrollo Local y Economía Social. “Resultados de la evaluación de medio término: plan nacional manos a la obra; estudio cuantitativo,” Buenos Aires, Secretaría de Políticas Sociales y Desarrollo Humano, 2007.

Ruiz U., Catalina, and Marcela Vergara C. “Sistematización de la política chilena: Programa Liceo Para Todos y su línea Planes de Acción.” Proyecto Hemisférico: Elaboración de políticas y estrategias para la prevención del fracaso escolar.” Santiago de Chile, June 2005. Available at <http://porlainclusionmercosur.edur.ar/documentos/Chile.pdf>.

Soberón Acevedo, G., and G. Martínez Narváez. “La descentralización de los servicios de salud en México en la década de los ochenta.” In *Salud Pública de México*, Year/Vol 38, 1996.

Tobar, F. “Políticas para promoción del acceso a medicamentos: el caso del Programa Remediar de Argentina,” Technical note on health discussion 02/2004, Inter-American Development Bank, Washington D.C., January, 2004.

Ugarte, M. “Descentralización de los sistemas de salud. Experiencia comparada.” USAID, Abt, PRAES; March 2007.

Valdés Cuervo, A., and A. Rodríguez Ceballos. “Estudio comparativo de los conocimientos de los alumnos de sexto grado de primaria que estudian o no en escuelas con el Programa Escuelas de Calidad.” In *Revista Iberoamericana de Educación* N° 38/6, 2006.

Westphal, M. F. “O movimento Cidades/Municípios Saudáveis: um compromisso com a qualidade de vida,” *Ciencia & Saúde Coletiva*, 2000.

ANNEX I

List of programs reviewed (by country)

Argentina
Decentralized programs in health, education, and income
Social Educative Program (PSE/1993-99)
(PIE/PROAPS/2004-present)
Remediar (2002-present)
Healthy Municipalities and Communities (2002-present)
Brazil
Fundescola (1998-present)
Bolsa Familia (PBF/2003-present)
Mexico
Oportunidades (1998-present)
Schools of Quality Program (PEC-2001-present)
Chile
900 schools (1999-2003)
Chile Solidario (2002-present)

ANNEX II

Poverty reduction programs as % of GDP

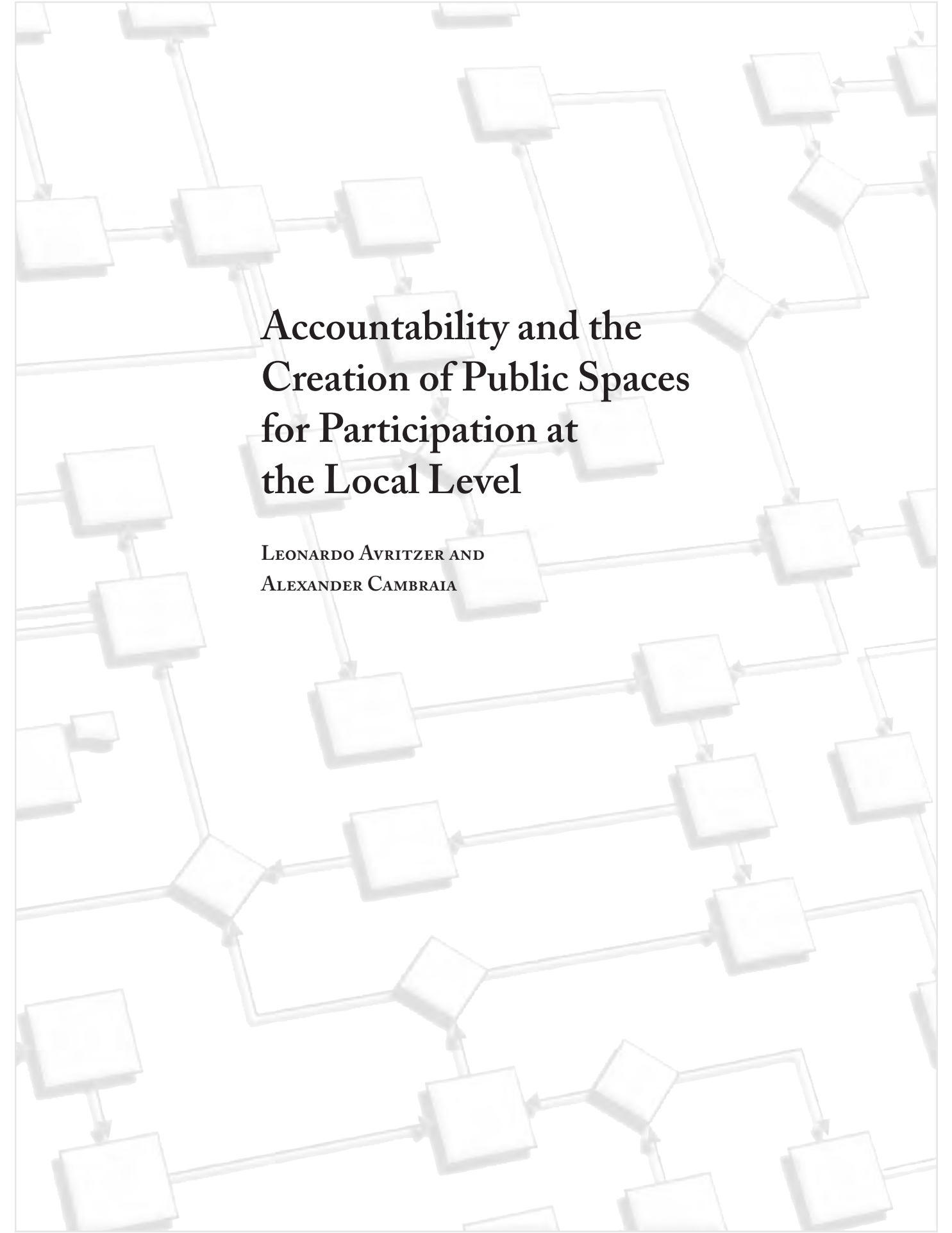
Program	Annual Budget (in US \$ millions)	% GDP
Families – Argentina	1.000	0.55 (2004)
Bolsa Familia – Brazil	3.360	0.28 (2003)
Chile Solidario – Chile	200 (2003-07)	0.10 (2004)
Oportunidades – Mexico	1.86 (2002)	0.32 (2001)

Source: Own calculation based on program reports.

Public social spending in health and education (2002-2003)

Country	Spending as % of GDP	Spending as % of total expenditures	Health % GDP	Education % GDP
Argentina	9.7	14.2	4.4	4.2
Brazil	12.6	8.9	2.9	3.6
Chile	7.6	13.7	2.0	4
Mexico	2.5	14.2	2.4	4.1

Source: CEPAL (2007)



Accountability and the Creation of Public Spaces for Participation at the Local Level

LEONARDO AVRITZER AND
ALEXANDER CAMBRAIA

TABLE OF CONTENTS

- INTRODUCTION
- DEMOCRATIZATION AND DECENTRALIZATION IN LATIN AMERICA
- DEMOCRATIZATION, DECENTRALIZATION, AND PARTICIPATION:
THE CASE OF BRAZIL
 - The origin of participation
- THREE TYPES OF PUBLIC SPACES
- RECOMMENDATIONS FOR THE INTRODUCTION OF PARTICIPATORY
SPACES AND GREATER ACCOUNTABILITY
- BIBLIOGRAPHY

INTRODUCTION

The Latin American tradition of government was, until the mid-1980s, one of centralization. Before 1964, Brazil was an exception, with state governments getting 56% of all levied taxes during the 1950s (Samuels, 2004). However, the authoritarian regime increased the central government's share in the Gross National Product (GNP) as part of a process of political centralization after 1964. Mexico's authoritarian government also began to increase its share of the GNP through the control of oil revenues from the 1970s on. Many other Latin American countries have had a tradition of centralized government, among them Peru and Argentina.

Centralization in Latin America involved not only the reapportionment of fiscal resources but also the weakening of subnational governments and the organization of public services such as the health, education, and pension systems at the central government level. In the case of Brazil, elections for governor were restored in 1982 and for mayor in 1985. Along with the restoration of subnational political autonomy, tax revenues were decentralized throughout the 1980s.¹⁴ Already in 1982, as opposition to authoritarianism strengthened in Brazil, automatic fiscal transfers to states and cities also increased, from 10 to 14% (through the *Fundo de participação dos estados*), and from 10 to 16% (through the *Fundo de participação dos municípios*) (Falleti, 2005).

Democratization in Latin America began in 1983 in Argentina, in 1985 in Brazil, 1990 in Chile, and 2000 in Mexico. Regardless of the way it came about – whether through the collapse of the authoritarian regime, as in Argentina (Stepan, 1996); through a negotiated pact, as in Brazil (Mainwaring, 1996); or through elections, as in Mexico (Olvera, 2003) – democratization led to the revision of old paradigms of policy-making. One of these was the centralization paradigm. Decentralization policies began to be established in most of the countries in the region. In the case of Brazil, decentralization took place mainly through the restoration of elections for subnational governments and the creation of different types of public spaces introduced during the Constituent Assembly (1987-1988). The Constituent Assembly paved the way for the creation of new public spaces by linking stronger subnational politics with the participation of civil society associations in public policies. In many other Latin American countries, decentralization took place through administrative reform of the state (Oxhorn et al., 2004).

At the same time that decentralized public spaces for the implementation of public policies emerged in Brazil and the rest of Latin America, a more informal way of public participation also began to appear. These informal spaces for participation are more related to accountability, that is to say, to public forms of citizen control over acts of the government or the public administration. Accountability in Latin America has involved public campaigns, as in Argentina, or oversight of government action by civil society associations, as in Mexico (Peruzzotti, 2006). Public accountability mechanisms work together with legislative institutions such as parliamentary inquiry commissions and the press, often with successful results.

Many Latin American countries have also seen new forms of participation emerge since democratization. One of the most well known of these is the participatory budgeting process in Brazil. Other examples

¹⁴ Compared to other Latin American countries such as Argentina and Mexico, Brazil can be considered a much more decentralized country.

include a progressive law on citizen participation in Bolivia; an important participatory decentralization process in Uruguay; significant cases of participatory budgeting in Buenos Aires and Rosario, Argentina; and key attempts to introduce participation in Mexico's Federal District.

This paper will have four sections. The first addresses the process of decentralization in Latin America and shows that in order to fully understand its impact we need to separate administrative decentralization from the devolution of power to local public spaces. The second part looks at current participatory processes in Brazil from the perspective of the empowerment of local actors to make deliberative decisions on the distribution of public goods. The third section differentiates current experiences of participation, and the fourth offers recommendations for improving participation and accountability in the region.

DEMOCRATIZATION AND DECENTRALIZATION IN LATIN AMERICA

An understanding of the current state of political-administrative arrangements in the majority of countries may be derived by studying their historical development (Hobbsbawn, 1994). Such arrangements are the result of actions, decision-making, beliefs, values, and specific traditions that constitute the societal milieu. Restricting this array of themes to those related to the political-administrative and economic fields produces interesting results. One of these is the observation that countries that today are considered models of democracy, such as many in Western Europe, come from backgrounds that vary significantly from their current political-economic scenarios. After World War I, it was possible to observe the advent of many authoritarian regimes in this region; social and political instabilities did compel many countries to adopt political systems with dictatorial tendencies and centralized policies. According to Falleti (2005), dictatorial regimes may be viewed through three lenses. The first has to do with the concentration of fiscal-economic power in the central government, which would have involved everything from the sharing of revenues to the destination of investments and public aid, as well as fiscal transfers. The second is the concentration of sociopolitical power; this refers to the weakening of subnational governments in the implementation of national politics, particularly in the composition of specific public offices. The third aspect has to do with administrative concentration, which refers basically to the responsibilities governments are supposed to assume in the management of specific public policies and goals, among other obligations. Thus, Latin American countries, like European countries, have had dictatorships that centralized their political and fiscal policies. It was at the end of this process, during the 1980s, that decentralization and participation emerged as part of the region's politics.

Decentralization is "...a process of state reform composed by a set of public policies that transfers responsibilities, resources, or authority from higher to lower levels of government in the context of a specific type of state" (Falleti, 2005:328). Decentralization policies, as already mentioned, can be characterized by at least three types: administrative, fiscal, and political. However, often just one or two dimensions of decentralization are proposed as policies. If administrative decentralization is not accompanied by fiscal decentralization, the end result is frustration by citizens who will not be able to see the results of decentralization due to the lack of economic resources. Under such a scenario, if fiscal decentralization is not implemented, the subnational unit will remain dependent on the central government in matters related to money for investment. The final result is more work and responsibility, yet with the same resources as before and less political legitimacy. Thus, administrative and fiscal decentralization should be introduced at the same time in order to achieve the key aim, namely political decentralization.

When we compare four Latin American countries – Brazil, Mexico, Colombia, and Argentina – we see these problems emerging, particularly in the context of the reforms that introduced market-oriented

economic policies (Falleti, 2005). In the early stages of these reforms, for example, Argentina and Brazil had the highest share of revenues collected by subnational governments in the region, as well as the highest subnational share of expenditures (responsibilities entrusted to these actors). By the end of the process, despite both countries having had an increase in the latter variable, only Brazil saw an increase in the former (fiscal collection at the subnational level). Argentina actually saw a decrease in its subnational share of revenues. Colombia is an interesting third case; in 1973, 13% of the government's current revenues were transferred to subnational governments, and in 2001 the comparable figure was 50% (Acosta, 2003). However, after 2001 many of the resources previously transferred from the central government were recentralized (through legislative act number 1 and through law 715), and most of the departments' attributions were maintained (Acosta, 2003:11-12). The reasons were both the need to strengthen the central budget and the weakness of democratic political forces at the local level. The three examples above show that we may have three different processes of decentralization: first, one in which there is administrative but not fiscal decentralization; a second in which recentralization follows decentralization; and a third in which decentralization overlaps with the constitution of democratic forms at the local level. This means that decentralization has a local political dimension that cannot be overlooked. In discussing the process of decentralization, it is impossible to exclude the element of participation, as seen in the examples given. This means that any theoretical approach not only should consider government actors as subject to this trend, but should also bear in mind the importance of social actors as strong intervening variables with the capacity not just to influence but even to change the final outcome. In contexts in which participation has traditionally been weak, it is supposed that top-down decentralization may be enhanced, even within democratic countries, especially because of the role played by central elites. In contexts with a strong tradition of participation, however, there should be a bottom-up decentralization that not only entails devolving authority to subnational governments, for example, but also opening spaces in which people can influence the decision-making process even in key sectors, such as health-care policies. We refer to this process as the creation of public spaces for participation. The second section of the paper will use the example of Brazil to illustrate this process.

DEMOCRATIZATION, DECENTRALIZATION, AND PARTICIPATION: THE CASE OF BRAZIL

The origin of participation

Brazil was democratized in 1985. In the 20 years since its democratization, it has gone from being a country with low levels of participation and mobilization to one known for its participatory institutions (Santos, 1998, 2002; Abers, 2000; Avritzer, 2002a; Baiocchi, 2005; Avritzer and Navarro, 2003; Tendler, 1997; Dagnino, 2002). The Constituent Assembly marked the point of departure for building an impressive infrastructure for participatory democracy. The 1988 Constitution was considered conservative at the time of its ratification due to momentary defeats suffered by representatives of civil society and progressive political society on issues such as the duration of President Sarney's mandate and the organization of the political system (Zaverucha, 1998; Whitaker, 1989).

However, a more historical perspective suggests a radically different picture. The Constitution paved the way for important changes in Brazil regarding access to social services and the creation of participatory institutions. The 1988 Constitution has 14 mechanisms that allow for participation, beginning with its article on sovereignty, which allows for a mix of representation and participation (Vitale, 2004). The key participatory articles of the Constitution concern health, social assistance, the environment, and urban organization (Avritzer and Pereira, 2005). These articles marked the starting point for the emergence of

a massive participatory infrastructure in contemporary Brazil that now includes 170 cases of participatory budgeting and many thousands of health councils. The statute of the city, approved in 2001, will certainly add to the existing participatory institutions (there are already hundreds of cases of participatory city master plans).

To understand why these spaces have emerged, we should look to the organization of informal public spaces by Brazilian civil society toward the end of the democratization process. During the work of the Constituent Assembly, Brazilian civil society was energized, and the constitution-drafting format allowed for so-called “popular amendments.” Brazil’s new civil society actors – in particular, urban social movements, health-care and education activists, and environmentalists – were able to propose significant institutional innovations in the areas of urban reorganization, health care, and social assistance directly to the constitutional drafting committee. The Constituent Assembly led to a meaningful expansion of citizen participation in government on several levels. With regard to health care, the Constituent Assembly opted for universal access organized by territory. Health-related posts and preventive medicine were established. In addition, control of health policies would involve the participation of civil society associations. Law 8142, enacted in 1990, introduced health councils nationwide. At the municipal level, Article 29 of the 1988 Brazilian Constitution addressed the organization of municipalities, suggesting that they adopt laws to open access to public decision-making venues. Such laws were to ensure “the cooperation of civic associations in city planning and the possibility of popular initiative in legal projects of interest to the city population.” The 1988 Constitution, known today as the *Constituição Cidadã* or Citizens Constitution, expressed a new pact of political and social inclusion for a democratic Brazil.

The new participatory institutions that emerged from this Constitution have three main characteristics. The first is the incorporation of social actors into the deliberative process in various ways. In the case of participatory budgeting, social actors deliberate directly in assemblies on neighborhood priorities. Health councils and the statute of the city seek to incorporate civil society associations that presumably represent the interests of the urban poor (Houtzager et al., 2003). Thus, among many design alternatives, the one that prevailed saw the state incorporate social actors into joint deliberative institutions.

The second characteristic of new participatory institutions is that they incorporate the poor into their deliberative reasoning. In the case of participatory budgeting, there is what is called an “inversion of priorities” in the distribution of urban infrastructure (Baiocchi, 2005). In the case of health councils, civil society’s priority was preventive medicine at the local level. In both cases, the new institutions are in charge of these policies; thus, they were designed to integrate the demands of poor members of society into the policy-making process.

The third important characteristic of the new participatory models is a process of joint deliberation between the state and civil society or between social actors and the government (Santos, 1998). The decentralization of urban and health policies meant introducing deliberative institutions – participatory budgeting councils and city health councils – at the municipal level. In the case of participatory budgeting in Porto Alegre, the creation of double prerogatives guaranteed that the participatory budgeting council would decide on budget allocation. Thus, both cases involve significant institutional innovation, creating new ways of incorporating social actors into deliberation on public policy. The new models led to real changes in the numbers and social status of participants as well as in who become the beneficiaries of public policies.

Participatory budgeting emerged as a proposal for deliberation in terms of the distribution of public goods at the urban level at the beginning of the democratization process in Porto Alegre (Baierle, 1998; Abers, 2000; Avritzer, 2002b; Silva, 2002). At the start of this process, neighborhood movements created a new umbrella

organization in Porto Alegre, the Union of Neighborhood Associations (UAMPA). It was UAMPA that proposed the participation of the population in regional assemblies in which members of neighborhood associations would decide on budget issues (Avritzer, 2002a). It was UAMPA that rejected the Partido Democrático Trabalhista (PDT) administration's first participatory proposal. It was also members of UAMPA and local neighborhood associations who demanded the redesign of Porto Alegre's administrative districts in order to adapt them to the participatory dynamics of social movements (Avritzer, 2002b). Of the four main institutional innovations introduced by participatory budgeting, two can be traced to civil society associations: i) the idea of a budget that would incorporate the population's ongoing participatory practices; and ii) the idea of a regional deliberation process that would allow the population to express its preferences at the local level. Thus, we can see that the creation of a public space for social action is at the root of important forms of participation that emerged in Brazil in the wake of democratization. Civil society actors at the public level were the authors of the proposal for participation during the Constituent Assembly. Local civil society actors, meanwhile, were the proponents of participatory budgeting in Porto Alegre.

The roles of UAMPA and the local Partido dos Trabalhadores (PT) exemplify the role of public spaces in the emergence of participatory institutions. Participatory budgeting was not the result of a proposal made by a political actor; rather, it was the result of multiple actors' initiatives. UAMPA deserves credit for the emergence of the format, which became merged with other initiatives and ideas. However, its proposed design would never have worked because it was too anti-state. The local PT, on the other hand, proposed a popular council format that would never have been accepted by the City Council. Integrating regional assemblies with a council was a good solution for both the neighborhood association actors and the PT, incorporating proposals from both.

The emergence of health councils provides a similar example of social action in the public space leading to participatory institutions. Indeed, health movements became the most widespread participatory institutions in democratic Brazil. They are even more the product of civil society organizations than is the case with participatory budgeting. The health movement had two main participants: the sanitary movement (Arouca, 2003) and the popular movement for the improvement of health conditions that emerged in São Paulo during the late 1970s (Sader, 1988; Doimo, 2003). The format of health councils emerged in the eastern district of São Paulo at the beginning of the democratization process.¹⁵ At that time, the Catholic Church in São Paulo (Casanova, 1994; Doimo, 2004) was sponsoring the organization of the urban poor. The format of the councils emerged in São Paulo's São Mateus and São Miguel Paulista regions in one of the early mobilizations of the democratization process. The population wanted to control the quality of health services in the region but lacked the means of doing so. It discovered an existing local law on councils in São Paulo and demanded its implementation. In 1979, 8,146 people participated in an election for councilors in eastern São Paulo (Sader, 1988: 276). However, the council format that emerged after the mobilizations in the eastern district of São Paulo did not incorporate, at that point, the recognition by the state of a joint deliberative format. It would take two additional forums – the VIII National Health Conference and the Constituent Assembly – for the health movement to arrive at that format. The popular health movement and the sanitary movement joined forces during the VIII National Health Conference, where the agenda for the Constituent Assembly was established. The popular health movement demanded a state-run health system but was defeated by *sanitaristas* and politicians linked to the health movement who advocated a mixed

¹⁵ Different types of councils have a long history in Brazil's institutional life. Institutions with the participation of civil society actors have been called councils since at least the 1930s, when Minister of Culture Vargas created the Council for the Preservation of Historic Landmarks. During the 1950s, a council for scientific research (CNPQ) was also created. Though the Brazilian legal system is far from consistent, it seems that a type of council appeared before 1988, whenever representatives of society were incorporated into administrative institutions.

system that became the most popular proposal for the Constituent Assembly. This mixed system preserved the idea of local councils with community participation. Thus, as in the case of participatory budgeting, the institutional format that gradually emerged for the health councils was similarly one of shared participation, due to the actions of different social actors with different concerns. The popular health movement linked the councils to participation, and the *sanitaristas* introduced the state into the participatory equation.

The popular amendment on health was presented at the national Constituent Assembly by representatives of both the popular health movement and the sanitary movement (Whitaker, 1989; Rodrigues and Zauli, 2002; Avritzer, 2005). These movements also lobbied hard for the incorporation of participatory mechanisms into the drafting of infra-constitutional legislation. Thus, among the four main institutional mechanisms introduced in the area of health, civil society played a key role in two: i) the idea of deliberation among state and civil society actors; and ii) the idea of incorporating regional representatives into health councils. The role of political society in the emergence and implementation of health-related participatory institutions is different than in the case of participatory budgeting. The approval of participatory legislation on health required a broader political coalition. The Brazilian Communist Party played a role in this process at least as large as that of the PT, due to the historical leadership of Sergio Arouca in this process (Oda, 2000; Escorel, 1998). Arouca organized the VIII National Health Conference while in the Health Ministry, and the conference produced a well-organized civil and political society lobby to act at the Constituent Assembly. The PT joined the coalition of forces proposing participation during the Constituent Assembly, giving up on its proposal of a nationally unified health-care system (Pereira, 1996).

This broad coalition of civil and political society prevailed on the key elements of the new legislation in Congress despite the health sector's strong conservative lobby. Since the legislative approval of participation by civil society associations, local administrations in more than 98% of Brazilian cities have health councils today.¹⁶ Nevertheless, the effectiveness of the participatory arrangement, even in the case of cities with a well-organized civil society, depended on the willingness of the local administration to transfer prerogatives to the participatory institutions. Political society's role in the implementation of participatory institutions in the area of health has been the following: i) proposing a mixed format between private and public services, and adapting the councils to the new format; ii) negotiating the extinction of the INAMPS system, which was a segmented form of access to health care based on inclusion in the formal labor market (Arretche, 2004); and iii) last, but not least, guaranteeing the participatory format when Minister of Health Collor wanted to dismantle it (Pereira, 1996).

THREE TYPES OF PUBLIC SPACES

The development of different forms of participation in Brazil is directly linked to the development of three types of public spaces.

The first is what we call "informal public spaces for the control of government decisions." These informal spaces have been created by NGOs, social movements concerned with oversight over government actions, and opposition members of parliament. Participation in public policies and control of government actions have both emerged as issues in this type of public space. Movements that have been generated in these spaces include the National Forum for Urban Reform (Forum Nacional pela Reforma Urbana, FNRU), the

¹⁶ This data is provided by the Brazilian Census Bureau, or IBGE, but must be viewed cautiously. IBGE asks city administrations if the city has an active council, and all cities with such legislation respond in the affirmative. However, not all legalized councils are active. See Tatagiba, 2002.

Movement for Ethics in Politics, the National Front for the Defense of Children and Teenagers (Frente Nacional para a Defesa das Crianças e dos Adolescentes), and the National Front for Political Reform. The main characteristic of these spaces is that they are articulated outside government but deal with issues of concern to government, such as urban reform, teenage rights, or political reform. They may or may not involve members of parliament. Such movements launch public campaigns to achieve their aims, which may be related to public policies as well as to administrative practices.

A second type of space is the hybrid public institution in charge of public policies. In the case of Brazil, during the constitutional reform process new institutions emerged in the areas of health, social assistance, and the environment, as well as policies related to children and adolescents. We call these institutions “policy councils.” They are local institutions made up of both civil society and state actors. They usually involve parity of representation and have two principles of membership: state actors are determined through an administrative process, and civil society actors are elected by their representatives through some kind of informal process. The end result is a public space for interaction between civil society and the state on public policy issues. This space can determine the nature of a specific public policy as well as changes in the coverage of public policy beneficiaries. It also brings transparency to the decision-making process surrounding a specific public policy. In the case of health in Brazil, members of health councils must approve the finances of any local administrative branch.

Third, participatory processes undertaken by governments have led to the creation of public spaces in the area of “participatory budgeting.” This is an open process of decision-making by the population on budget priorities, launched by local government in Brazil as well as in other parts of Latin America. Participatory budgeting differs from hybrid institutions because the participatory process is concentrated entirely in the hands of the citizenry and civil society actors. The results of the participatory process are later negotiated with state actors. Participatory budgeting also involves an accountability process, because after the deliberation there is the need to exercise control over implementation. In most cases, participatory budgeting involves the formation of a committee in charge of controlling the implementation of decisions. Cases of participatory budgeting exist today in Brazil (some 174 examples) (Avritzer, 2006), as well as in Buenos Aires, Montevideo, and Peru.

When we analyze the types of spaces for public participation that have arisen in Latin American countries in the last 15 years, we can differentiate them according to their effectiveness in three key areas: controlling government, democratizing government, and providing the poor with access to public goods. The table below, systematizes the role of the public space in each of these areas.

Types of public spaces	Informal	Hybrid	Bottom-up
Capacity to control government	Dependent on degree of mobilization. Very effective in cases of high mobilization.	High and institutional. Effectiveness depends on degree of civil society organization.	Mixed, dependent on degree of mobilization. Effectiveness hinges on civil society organization and state willingness to implement deliberations.
Capacity to democratize government	Low, due to its extra-institutional aspect.	High, due to its institutional dimension.	Mixed, depending on government willingness to implement decisions.

Types of public spaces	Informal	Hybrid	Bottom-up
Capacity to generate inclusive public policies	Informal institutions do not generate public policy.	Mixed, depending on civil society organization. May be higher when civil society and state interact well.	Very high when civil society and state interact well.

It is important to determine the conditions for success in each context. Informal public spaces for accountability are very effective in cases of high mobilization. Impeachment processes in Brazil, Venezuela, and Ecuador are a good example of this capacity, which is ex-post in nature. The *cacerolazo* in Argentina also appears to be a good example of informal mobilization. However, in the Latin American cases of informal public spaces for mobilization, we do not see an ex-post capacity to democratize government. These public spaces seem to play a different role, one of exacting punishment on bad government without being able to influence the formation of a new government. The best example of this is the Argentine motto coined during the *cacerolazo*: “*que se vayan todos*” (essentially, “get rid of them all”). In the end, Peronistas with very traditional practices of governance stayed.

A second case for evaluating the success of public spaces involves the councils’ capacity to establish control over government actions. There are few comparative works on the effectiveness of councils in Brazil (Avritzer, 2007); however, the work available shows that their performance varies according to the degree of civil society organization and its interaction with political actors. When civil society is strong, councils tend to be effective in their capacity to make public policies more democratic and inclusive. In this sense, hybrid institutions have a stronger capacity to democratize government than informal institutions. This follows directly from the institutional dimension of these hybrid institutions. The fact that decisions are mandatory gives them the capacity to sanction noncompliance and to establish a long-lasting democratizing effect.

The third example of public spaces involves participatory budgeting. It is the most democratic and accountable of the types of participation available, but it is also the most dependent on the willingness of government. Participatory budgeting is a bottom-up, open-entry institution with a high degree of mobilization of social actors in the public space. The process is always initiated from within the political system, and a strong civil society is needed for the public space to be effective. Participatory budgeting is the most democratizing type of public space when all the conditions are in place (Baicocchi, 2005). However, these conditions are very rarely present.

RECOMMENDATIONS FOR THE INTRODUCTION OF PARTICIPATORY SPACES AND GREATER ACCOUNTABILITY

Based on the descriptions of the three types of public spaces for participation, we will propose policy recommendations to improve the formation of such spaces in the Americas. It is important to bear in mind that public spaces do not emerge automatically from top-down policies, as the Brazilian examples from this study make clear. However, policy recommendations can help facilitate the emergence of such spaces.

1. The first recommendation is to increase access to public information. Government information on public policies and administrative decision-making is a critical tool in the hands of civil society. Civil society actors can start to interact with government when they have access to such information as how

much will be spent on social policies, what cuts will be targeted in budget negotiations, or what priorities will be established for public works. This type of information tends to reach civil society actors late in the process, and it should be made available as early as possible. It is also recommended that, in any interaction between civil society actors and the state, information be made accessible well in advance and civil society actors be allowed to propose items on the agenda for negotiations. This is an important feature to make state-civil society interaction a two-way process.

2. It is common for governments across Latin America to agree to the formation of public spaces for participation without actually implementing them. Legislation is introduced regarding participation and accountability, but nothing happens in cases of noncompliance. In such cases, sanctions should be introduced. There are two kinds of sanctions, the first being monetary; such measures have worked very well in the Brazilian health system. Cities that fail to submit their accounts to the health councils have federal transfers of health resources suspended. Other kinds of sanctions can be implemented, though these are symbolic. For example, a list of nonparticipatory or nonaccountable cities may be viewed as a negative incentive that cities or governments seek to avoid.
3. International institutions may take actions to review and provide assistance with regulating legislation concerning the rights to assemble and to communicate. It is critical that actions that may lead to the creation of new public spaces not be thwarted by inadequate legislation. Many Latin American countries still have significant limitations to the registration of voluntary associations. In some cases, such associations need to be registered with the state (Mexico, for instance); in others, they cannot be branches of major international organizations without the authorization of the Ministry of Justice (Brazil, for instance). It is important that associational life be completely deregulated so that it is no longer dependent on the state, as has up to now been the Latin American tradition.
4. Key public policies in areas such as health, education, social assistance, urban policies, and water management should require the creation of participatory committees that monitor actions taken by government. This is a trend that already exists in many Latin American countries. In the case of Brazil, health councils are in charge of supervising the accounts of municipal health authorities. In Brazil, urban policies for cities larger than 20,000 people must be ratified in public hearings. Public hearings also exist in Bogotá and in Mexico City (Myers and Dietz, 2002). Public joint deliberation takes place in cities in Brazil such as Porto Alegre, Belo Horizonte, and Recife, and in cities in Argentina, including Rosario and Buenos Aires (Peruzzotti, 2007). Thus, the recommendation is to strengthen existing types of public participation, principally in two ways. The first is by expanding the issues to be considered by institutions for public participation. In some Latin American countries, very few issues fall within the purview of these institutions. Budgetary issues, in particular, are outside the scope of civil society organizations. If these institutions are disempowered, social actors engaged in the process are likely to shun participation. Secondly, participatory institutions should be made more deliberative. There are still many cases in which participatory institutions are merely consultative and their recommendations are not fully taken into account by governments. Finally, governments should have accountability mechanisms that show how civil society recommendations were incorporated into public policies; in cases where recommendations were not incorporated, an explanation should be provided.
5. International institutions and governments should provide incentives to increase the number of nongovernmental organizations concerned with participation. NGOs can play a positive role in initiatives to create new public spaces. These spaces need to be autonomous, and it is nearly impossible to create them through social engineering. What international institutions and governments could do is to generate positive conditions for the creation of such spaces through two types of incentives. The

first is the provision of financial resources for the formation of civil society organizations where these do not exist. For example, if there are not enough self-help organizations in a country, there should be monetary incentives for their formation. If there are not enough environmental organizations, incentives should be provided to increase their numbers. It is very important that financial incentives to create civil society associations not be linked to any mechanisms that may lead to their control. The associations should be free to carry out their role without intervention by financial sponsors. The second incentive is to establish a benchmark for positive participation experiences at the local level. Information on such experiences should be accessible to social and political actors across the region. Efforts to exchange and implement experiences could help increase public spaces for participation.

6. A sixth recommendation would be to adopt incentives for the creation of a public inventory of participatory cities or states. This could provide a positive impetus for the introduction of participatory policies and the creation of local public spaces. The more accountable and participatory a country or a city, the greater its qualification for resources from financial institutions. Accountable and participatory states and cities should pre-qualify for many programs offered by international agencies and institutions. They should also be allowed to integrate their participatory practices, in line with their own dynamics, into programs sponsored by these agencies, thus expanding the local dynamics for public participation.

This list is by no means exhaustive, but it may constitute a first step toward a more democratic and accountable politics. Latin America has traveled a long road from authoritarianism to democratization. That road has transformed a cultural tradition that was not participatory or horizontal into one that is more democratic. This is why we are seeing so many cases of participation in the region today. This trend may be advanced by introducing a set of new practices that may help to promote more positive experiences, in addition to those already taking place in the region. It is up to social actors, state agents, and international institutions to do their part to help accomplish this important task.

BIBLIOGRAPHY

- Abers, Rebecca N. 2000. *Inventing Local Democracy: Grassroots Politics in Brazil*. Boulder: Lynne Rienner Publishers.
- Acosta, A. 2003. "The Dilemma of Decentralization in Colombia." Econpapers.
- Arouca, Sergio. 2003. *O dilema preventista: contribuições e crítica da medicina preventiva*. São Paulo: Editora UNESP; Rio de Janeiro: Editora FIOCRUZ, 268 pp.
- Arretche, Marta. 2004. "Toward a Unified and more Equitable System: Health Reform in Brazil." In Kaufman, Robert and Nelson, Joan. (eds.). *Crucial Needs, Weak Incentives*. Washington/Baltimore/London, p. 155-188.
- Avritzer, Leonard. 2002a. *Democracy and the Public Space in Latin America*. Princeton: Princeton University Press, 205 pp.
- Avritzer, Leonardo. 2002b. "Orçamento Participativo: as experiências de Porto Alegre e Belo Horizonte." In Dagnino, Evelina (ed.). *Sociedade civil e espaços públicos no Brasil*. São Paulo: Paz e Terra.
- Avritzer, Leonardo. 2005. "El ascenso del Partido de los Trabajadores en Brasil: la democracia y la distribución participativas como alternativas al neoliberalismo." In Garavito, César A. Rodriguez; Patrick S. Barrett, and Daniel. Chavez (ed.). *La nueva izquierda en América Latina: sus orígenes y trayectoria futura*. Bogotá, v.1, pp. 1-460.
- Avritzer, Leonardo. 2006. "New Public Spheres in Brazil." In *International Journal of Urban Regional Research*.
- Avritzer, Leonardo. 2007. "A Participação Social no Nordeste." Belo Horizonte. Editora da UFMG.
- Avritzer, Leonardo, and Zander Navarro (eds.). 2003. *A Inovação Democrática no Brasil*. São Paulo: Cortez Editora, pp. 13-60.
- Avritzer, Leonardo, and Maria de Lourdes Dolabela Pereira, 2005. *Democracia, participação e instituições híbridas*. Teoria & Sociedade (UFMG), Belo Horizonte, pp. 16-41.
- Baierle, S.G. 1998. "The Explosion of Experience: The Emergence of a New Ethical-Political Principle in Popular Movements in Porto Alegre, Brazil." In Alvarez, S. E. (ed.); Dagnino, E. (ed.); Escobar, A. (ed.). *Cultures of Politics/Politics of Cultures: Re-Visioning Latin American Social Movements*. 1st ed. Boulder, Colorado, USA: Westview Press.
- Baiocchi, Gianpaolo. 2005. *Militants and Citizens: The Politics of Participation in Porto Alegre*. Stanford, University Press, 224 pp.
- Bebbington, A., G. Delamaza, R Villar. 2006. "El desarrollo de base y los espacios públicos de concertación local en América Latina." Debate Agrario, 2006
- Casanova, José. 1994. *Public Religions in the Modern World*. Chicago: University of Chicago Press.

- Dagnino, Evelina (ed.). 2002. *Sociedade civil e espaços públicos no Brasil*. São Paulo: Paz e Terra/ Unicamp. 364 pp.
- Doimo, Ana Maria. 2004. "Pluralidade religiosa à brasileira, associativismo e movimentos sociais em São Paulo." In Avritzer, Leonardo (ed.). *A participação em São Paulo*. São Paulo: Editora UNESP, p. 123-196.
- Doimo, Ana Maria, and Marta Maria Assumpção Rodrigues, 2003. "A formulação da nova política de saúde no Brasil em tempos de democratização: entre uma conduta estadista e uma concepção societal da atuação política." *Política & Sociedade*, Florianópolis, Santa Catarina, v. 1, n. 3, p. 95-115.
- Escorel, Sarah. 1998. "Reviravolta na saúde: origem e articulação do movimento Sanitário." Rio de Janeiro: Editora FIOCRUZ.
- Faletti, Tulia. 2005. "A Sequential Theory of Decentralization: Latin American Cases in Comparative Perspective." *American Political Science Review*. Vol. 99, No. 3, August, p. 327-346.
- Hobsbawm, Eric J. 1994. *The Age of Extremes: A History of the World, 1914-1991*. Vintage. 672 pp.
- Houtzager, Peter P.; Adrián Gurza Lavalle, and Amab Acharya. "Who Participates. Civil Society and the New Democratic Politics in Sao Paulo," Brasil, Brighton, Institute of Development Studies, University of Sussex.
- Mainwaring, Scott, and Timothy Scully. "La construcción de instituciones democráticas. Sistemas de partidos en América Latina." Santiago de Chile, CIEPLAN, 1996.
- Myers, David J., and Henry A. Dietz. 2002. *Capital City Politics in Latin America: Democratization and Empowerment*. Boulder, Colo.: Lynne Rienner.
- Oda, Leila Macedo (ed.). 2000. "Análise de riscos em laboratórios de saúde pública no Brasil." *Cadernos de Saúde Pública - ENSP/FIOCRUZ*, Rio de Janeiro.
- Olvera, Alberto (ed.). 2003. *Sociedad civil, gobernabilidad y democratización en América Latina: México*. Universidad Veracruzana/FCE, Mexico.
- Oxhorn, Philip; Joseph S. Tulchin, and Andrew D. Selee (eds.). 2004. *Decentralization, Democratic Governance, and Civil Society in Comparative Perspective*. Baltimore, MD: The Johns Hopkins University Press.
- Pereira, Carlos. 1996. "A Política Pública como Caixa de Pandora: organização de interesses, processo decisório e efeitos perversos na Reforma Sanitária Brasileira -1985-1989." *Dados*, Vol. 39, No. 3.
- Peruzzotti, Enrique. 2007. "The Politics of Institutional Innovation. The Implementation of Participatory Budgeting in the City of Buenos Aires." Paper "Seminário Internacional Arranjos Participativos no Mercosul," organized by Projeto Democracia Participativa, Departamento de Ciência Política, UFMG.
- Rodrigues, Marta Maria Assumpção, and Eduardo Meira Zauli, 2002. "Presidentes e congresso nacional no processo decisório da política de saúde no Brasil democrático (1985-1998)." *Dados-Revista de Ciências Sociais*, Rio de Janeiro, Vol. 45, No. 3, p. 387-429.

Sader, Eder. 1988. *Quando novos personagens entraram em cena: experiências, falas e lutas dos trabalhadores da Grande São Paulo, 1970-1980*. Rio de Janeiro: Paz e Terra, 327 pp.

Samuels, David. 2004. "The Political Logic of Decentralization in Brazil." In *Decentralization and Democracy in Latin America*, edited by A. P. Montero and D. J. Samuels. Notre Dame, IN: University of Notre Dame Press, 67-93.

Santos, Boaventura de Sousa. 1998. "Participatory Budgeting in Porto Alegre: Toward a Redistributive Democracy." *Politics and Society*, 4: p. 461-510.

Santos, Boaventura de Sousa. 2002. "Orçamento Participativo em Porto Alegre: para uma democracia distributiva." In Santos, Boaventura de Sousa. *Democratizar Democracia*. Rio de Janeiro: Civilização Brasileira, p. 455-559.

Silva, Marcelo Kunrath. 2002. *Cidadania e exclusão*. Porto Alegre: Editora da Universidade Federal do Rio Grande do Sul.

Stepan, Alfred, and Juan J. Linz, 1996. *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe*. The Johns Hopkins University Press.

Tatagiba, Luciana. 2002. "Os Conselhos Gestores e a democratização das políticas públicas no Brasil." In Dagnino, Evelina. (ed.). *Sociedade civil e espaços públicos no Brasil*. São Paulo: Paz e Terra.

Tendler, Judith. 1997. *Good Government in the Tropics*. The Johns Hopkins University Press.

Vitale, Denise. 2004. "Democracia semi-direta no Brasil pós-1988: a experiência do Orçamento Participativo" (Tese de Doutorado). Faculdade de Direito. Departamento de Filosofia e Teoria Geral do Direito. Universidade de São Paulo (USP).

Whitaker, Francisco, et al. 1989. *Cidadão Constituinte: a saga das emendas populares*. Rio de Janeiro: Paz.

Zaverucha, Jorge. 1998. "A Constituição Brasileira de 1988 e seu Legado Autoritário: formalizando a democracia mas retirando sua essência." In: Zaverucha, Jorge (ed.). *Democracia e Instituições Políticas Brasileiras no final do século XX*. Recife: Bagaço, p.113-148.

Decentralization and the Challenges to Democratic Governance



José Miguel Insulza,
Secretary General,
Organization of American States (OAS)



José Miguel Insulza and Ambassador José Enrique
Castillo Barrantes, Permanent Representative, Permanent
Mission of Costa Rica to the OAS



Pablo Zúñiga,
Director, Department of State Modernization
and Governance,
Organization of American States (OAS)



Dante Caputo,
Secretary for Political Affairs,
Organization of American States (OAS)



Hemispheric forum on “Decentralization and the Challenges to Democratic Governance”

Anne Marie Blackman,
Principal Specialist,
Department of State
Modernization and
Governance, Organization of
American States (OAS)



Technical workshop with researchers



Hemispheric forum on “Decentralization and the Challenges to Democratic Governance”

Milagros Freyre,
Project Coordinator,
“Decentralization and the
Challenges to Democratic
Governance”



Biographies of the Researchers

Manuel Orozco

Manuel Orozco is director of remittances and development at the Inter-American Dialogue, conducting policy analysis and advocacy on issues relating to global flows of remittances. He also heads the Central America program. In 2004 and 2005 he coordinated a grant project funded by the Multilateral Investment Fund of the Inter-American Development Bank and the International Fund for Agricultural Development of the United Nations to leverage remittance transfers. He has conducted extensive research on remittances, migration, and development worldwide. Some of his most recent publications include book and articles, among them: "Making the Most of Family Remittances," Second Report of the Inter-American Dialogue Task Force on Remittances, May 2007; "Migrant Foreign Savings and Asset Accumulation," in *Reducing Global Poverty: The Case for Asset Accumulation*, edited by Caroline O.N. Moser. Washington, DC: Brookings, 2007; "Central American Diasporas and Hometown Associations," in *Diasporas and Development*, edited by Barbara J. Merz, Lincoln C. Chen, and Peter F. Geithner. Cambridge: Harvard University Press, 2007; with Katy Jacob and Jennifer Tescher, "Card-Based Remittances: A Closer Look at Supply and Demand," The Center for Financial Services Innovation, Chicago, IL: February 2007.

Professor Neville C. Duncan, Ph.D.

Professor Duncan holds: B.Sc. Economics & M.Sc. Government degrees from the University of the West Indies, and a Ph.D. from Manchester University, England. He is currently professor in Caribbean Policy Studies and the Director of the Sir Arthur Lewis Institute of Social and Economic Studies (ISES), UWI, Jamaica. A political scientist, he has researched and published on Caribbean government and politics, political economy, poverty, community empowerment, and nongovernmental organizations, and on issues of international relations. He is the author/editor of 9 books or monographs, 10 reports, 70-plus academic articles, other published research, and hundreds of papers and manuscripts. He has undertaken considerable scholarly work in governance, poverty, and community development and has had important consultancies with IDB, World Bank, OAS, UNDP, UNICEF, ECLAC/CDCC, DFID, CARICOM, OXFAM, and NGOs, among others.

Sergio Galilea

Sergio Galilea (1948, Puerto Mont, Chile) holds degrees as an industrial civil engineer (1970) and master in urban and regional planning (1971). He was recently appointed as a mayor of Región de los Lagos (Puerto Mont). He has been a professor at the Catholic University of Chile since 1985, and the executive director of the project Ciudad Parque Bicentenario. He has occupied several public positions, among them: Minister of National Properties/Goods (1999-2000); Mayor of the Metropolitan Region of Santiago (2000-2001); Sub Secretary of Housing and Urbanism (1994-1996), Sub Secretary of the Presidency (1996-1999), and the Director of National Highway Administration (2003-2005). He was Chief of the Magister in Human Establishment and Environment of the Instituto de Estudios Urbanos y Territoriales (Chile). He has had consultancies with CEPAL, Ilpes, Unicef and Habitat of United Nations. He is also a consultant in environment, housing, and territorial ordering in several Latin American countries.

Lucía Dammert

She is a Sociology Ph.D candidate at Leiden University, Netherland. She has been working in academic institutions in the United States and Argentina, and currently is the Director of the Security and Citizenship Program in FLACSO Chile. She has published articles and books about community participation, public security, and urban topics in national and international magazines, among them: “Citizen Security’s Perspectives and Dilemma in Latin America” (FLACSO Ecuador, 2007); and “Violence and Security: Challenges for Citizens” (FLACSO Chile, 2007). In the public management field she participated in citizen security programs in several countries of the region; worked as an adviser in the Interior Ministry in Argentina and Chile, and also as an adviser for the Public Security Secretary in Mexico. She is an expert adviser in citizen security for the network 14 of the URB-AL at the European Commission.

Adriana R. Clemente

She graduated in social labor and is a specialist in social policies. She is a professor and researcher for the University of Buenos Aires (UBA); director of career in social labor (2000-04); and a research member for the Environment and Development International Institute-Latin America (IIED-AL). She is a co-director of the magazine Environment and Urbanization (IIED-AL) and coordinator of Urban Poverty Area (IIED-AL). She was a coordinator of the strengthening institution alliance against poverty Program in Latin America (FORTAL 2002-2004). As a researcher for IIED-AL, in the last 10 years she has participated as a director in several programs (research and management) related to the urban problem and local decentralization, with emphasis in habitat topics, poverty, and citizen participation. She is the author of several books and articles, among them: “Decentralization of social policy and democratic participation in Argentina.” IIED-AL/WWC. (2004); “Consultative Council and Participatory Democracy in Argentina” (2005 CENOC/IIED-AL); “Poverty, Development and Multiactoral Alliance, Balance and Perspectives.” (Comp. Ed. IIED-AL. 2005); “Decentralization and Social Expenditure at the Municipal Level in Argentina.” In Decentralization and Democratic Governance in Latin America, edited by Joseph S. Tulchin and Andrew Selee, Woodrow Wilson Center (2005); “Decentralization and development in Latin America. The contractions of an incomplete equation.” In José Luis Rhi-Sause (comp.) and Territory, Emergency and Social Intervention in Argentina (editor) (2006).

Professor Leonardo Avritzer

Leonardo Avritzer is professor at the federal university of Minas Gerais, Brazil. He is also the chair of PRODEP, a think tank on political participation in Brazil and the Mercosur. He is the author of many books on participation in both English and Portuguese, among them “Democracy and the Public Space in Latin America” published by Princeton University Press and “A Moralidade da Democracia,” which received the award for best book of the year in the social sciences in Brazil. He has been a visiting fellow at many institutions, among them the Massachusetts Institute of Technology, Woodrow Wilson International Center for Scholar and the University of São Paulo.



ORGANIZATION OF AMERICAN STATES

1889 F STREET, NW

WASHINGTON, DC 20006

WWW.OAS.ORG



Printed on environmentally friendly Paper