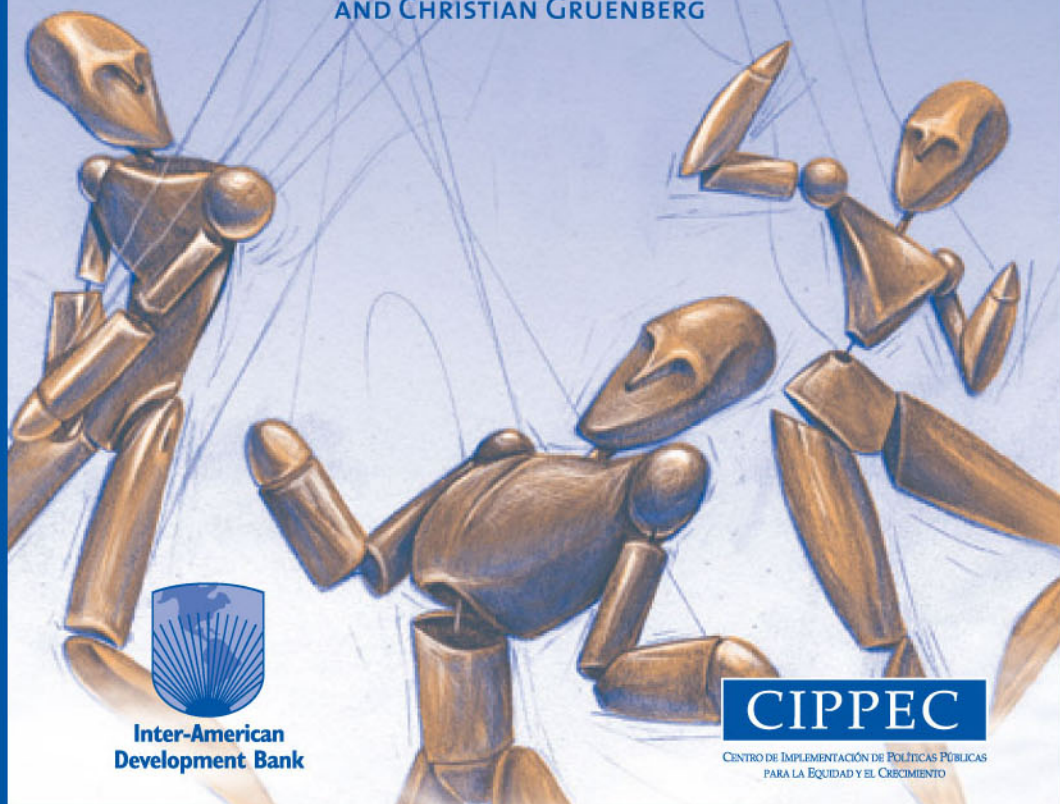




# FIGHTING CLIENTELISM

Transparency and participation in targeted social programs

EDITED BY  
FERNANDO CARRILLO  
AND CHRISTIAN GRUENBERG



Inter-American  
Development Bank

**CIPPEC**

CENTRO DE IMPLEMENTACIÓN DE POLÍTICAS PÚBLICAS  
PARA LA EQUITAD Y EL CRECIMIENTO



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1300 New York Avenue, N.W.  
Washington, D.C. 20577

**Cover illustrated by** Cristian L. Bernardini  
**Graphic Design and Layout by** Patricia Peralta

**Pre-impression:** Duotono

**Printed in:**

Verlap S.A. Producciones Gráficas  
Cte. Spurr 653 - Avellaneda  
Buenos Aires - Argentina

**First impression, April 2006**

**Printed in Argentina**

The findings and conclusions expressed in this paper are entirely those of the authors and should not be attributed in any manner to the IADB or to CIPPEC.

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## ACKNOWLEDGEMENTS

Many people contributed to the production of this book. For overall help, special thanks to Nicolás Ducoté, Susan Rose Ackerman, Judith Tendler, Michael Woolcock, Steve Reifenberg, Juan Lozano, Gustavo Merino, Nancy Truitt, Lisandro Martin, Marijana Trivunovic, Alvaro Ortega, Inese Voika, Frederic Bustello, Maria Emilia Dutto, Paula Savanti and Dan Levi.

Special thanks are due to Paula Jacobson and Merilee Grindle, who always and unconditionally support this project from the very beginning.

Finally, we would like to thank the participants in the seminar, most of them young students of public policy and social development from Harvard's John F. Kennedy School of Government. We truly hope this book will help them to think about transformative participatory approaches and new ways to access to public information in order to design and implement a new generation of social programs free of clientelism.





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## INTRODUCTION

FERNANDO CARRILLO AND CHRISTIAN GRUENBERG

Over the 1990s in Latin America, targeted social programs became the star mechanism for fighting poverty in the context of the structural adjustment and fiscal discipline characteristic of that decade. By using targeting, social programs can concentrate their budgets on those who need them most. Nevertheless, corruption and political clientelism have proven to diminish the effectiveness of targeted social programs, in some cases even causing their complete failure. One example of an unsuccessful social program is the former Mexican poverty alleviation program PRONASOL, which from 1989 to 1994 spent 1.2 percent of GDP annually supplying water, electricity, nutrition and education to poor people in Mexico. After the program had operated for six years, the only evaluation of it showed that poverty had declined by only 3 percent, against the forecasted 60 percent. The evaluation and further studies showed also that in the context of PRONASOL, public services provision and direct cash subsidies became the currencies of political patronage and clientelism exercised by the party in power at the time, PRI.

In spite of the anticorruption efforts carried out by many Latin American countries during the last decade in order to decrease their high levels of corruption, much theoretical and empirical work on public expenditure patterns still argues that incumbents use social programs to further their political gains. For example, increased social spending is timed to coincide with upcoming elections; social programs are redirected to benefit more areas in which the marginal political gain of expenditures is likely to be largest, differentiating areas or groups on the basis of political reasons rather than poverty reduction criteria.

Now there is clear empirical evidence of the successes of targeted social programs in Brazil, Colombia, Mexico and Nicaragua: increasing school enrollment rates, improved preventive health care and higher household consumption. Paradoxically, or, perhaps, not so, OPORTUNIDADES, the poverty-alleviation program that replaced PRONASOL in Mexico, is considered one of the most successful, having developed the most innovative best practices of all.

What makes a targeted antipoverty program free of clientelism and corruption? What makes these programs work for the vulnerable groups in developing societies? Our aim with this book is to answer these questions by going beyond the traditional explanation about the efficient and optimal allocation of limited resources and by focusing on those institutional conditions

and practices that allow transparency, participation and accountability of targeted social programs.

This book argues that considerations of power and politics must be included in the design, implementation and evaluation of targeted social programs as are efficiency and technical considerations. Understanding and tackling the unequal distribution of power between excluded social groups and those who hold political power is of utmost importance for the effective implementation of any coherent social program. Social programs not only may be vital public policies for poor people otherwise lacking basic living means, but they also constitute a critical vehicle for reinstating the citizenship of marginalized people and groups, because the programs exist to fulfill fundamental rights.

The first chapter offers three different, but complementary, approaches regarding corruption in social programs. Professor Merilee Grindle, from the Kennedy School of Government, Professor Susan Rose Ackerman, from the Law School at Yale University, and Professor Judith Tandler, from the Massachusetts Institute of Technology, discuss the different forms and practices of corruption that are common in social programs, including both *clientelism*, as political corruption, and economic corruption such as *bribery* and *rent-seeking*.

The following chapters illustrate through four distinct cases practical initiatives to address clientelistic manipulation of social programs in Latin America. The first of the cases points out the role consultative citizens' councils played in the Plan Jefes y Jefas de Hogar (Heads of households plan) in Argentina. These councils were easily captured and channeled clientelism, and they even helped to strengthen clientelistic ties. This case clearly exemplifies how the introduction of a participatory approach that does not consider, previous to its implementation, how political power operates within the local communities of the program's beneficiaries risks the program's success.

The second case is evidence of a successful attempt by the national government in Mexico to reform social programs' implementation procedures, counteracting clientelistic practices. The PRONASOL failure was transformed into the OPORTUNIDADES success by the establishment of a clear communication strategy and public information channels accessible to the people of marginalized social groups to whom the social program was directed. The strategy resulted in effective institutional conditions that allowed diminished beneficiaries' engagement in clientelistic practices.

The third and fourth cases give details about two civil-society initiatives that evaluated different aspects of social programs in Guatemala and Ecuador. Both initiatives show the development of a sound methodology to assess the influence of clientelistic practices in targeted social programs. By measuring

transparency, participation and accountability, these civil-society initiatives were able to evaluate social programs' proneness to clientelistic manipulation. The cases of Aliméntate Ecuador (Feed Ecuador) and Ley de Maternidad Gratuita (Maternity for free) also describe the process of making a social accountability agreement with local governments to innovate and reform the participatory components within the programs aimed to reduce clientelism.

Together, all four cases highlight the institutional and political reforms needed to empower those people excluded by poverty in order to enhance their voice and their control over social programs' design and implementation as rights holders, integrating them into the public sphere by encouraging their participation and control over social public expenditure. As a result, this book calls for a thorough analysis of the participatory and social accountability practices that have been developed during the implementation of targeted social programs.

Whereas participation can be an effective tool for empowering excluded people and groups, there is a great deal of international experience and specialized literature on development programs that show the adverse consequences of using participatory rhetoric that deflects attention from the unequal distribution of power in a given community. "Tyranny of participation,"<sup>1</sup> "participation as a passing fad"<sup>2</sup> and "participation as rhetorical make-up"<sup>3</sup> are all expressions that denote a type of approach to citizen participation that is neither authentically democratic nor autonomous, through which clientelism rather than diminishing becomes stronger. Therefore, it is necessary to develop participatory approaches that acknowledge and deal with local power relationships, empowering excluded people and groups while disempowering those who abuse public power.

This book follows from the international seminar "*Corruption as an Impediment to Social Development*" organized by the Inter-American Development Bank, the Mason Program and CIPPEC at Harvard's John F. Kennedy School of Government on 25th February 2005. The seminar was held according to the principles of the last European Union-Latin America and the Caribbean (EU-LAC) Summit, held in Guadalajara, Mexico, in May 2004, paying special attention to one of the key outcomes of the summit: the need to strengthen social cohesion to fight effectively against poverty, inequality and exclusion. We expect to present this book at the next EU-LAC Summit, which will take place in Vienna in May 2006 with the fundamental task of following up the agenda established in Guadalajara. This agenda set clear guidelines to shape policies oriented towards greater social cohesion.

1 Cooke, B. and Y. Kothari. 2001. "Participation, the new tyranny?" Zed Books.

2 Cohen, J. and N. Uphoff. 1980. "Participation's place in rural development: seeking clarity through specificity," World Development.

3 M. Cernea. 1991. "Knowledge from social science for development policies and projects," in M. Cernea (ed.) Putting People First: Sociological Variables in Rural Development, Washington/Oxford: Oxford University Press.





## TOWARDS AN AGENDA FOR UNDERSTANDING THE IMPACT OF CLIENTELISTIC MANIPULATION IN SOCIAL PROGRAMS

VICTORIA PEREYRA IRAOLA

“Is it possible to advance economic, social and cultural rights without addressing the problem of political clientelism in social programs?” The opening question of the International Seminar “*Corruption as an impediment to social development*”, organized by the Inter-American Development Bank, the Kennedy School of Government’s Mason Program and CIPPEC posed a challenging and exciting inquiry to social scholars and practitioners interested in poverty alleviation in developing countries.

While the 1990s exhibited an extraordinary production of papers and studies on social policy reform from a technical point of view, these analysis often disregarded the political implications of reforms. However, studies on the performance and evaluation of social programs have evidenced serious denounces on clientelism and political corruption practices in the distribution of social benefits, seriously attempting with the objectives of poverty alleviation and income distribution of these programs<sup>1</sup>. Today, it has become evident that no informed debate on social policy can be distanced from the political consequences it entails.

The seminar hosted by Harvard’s John F. Kennedy School of Government offered a unique opportunity to learn from three different, while complementary, views about corruption in social programs. Professor Merilee Grindle from the Kennedy School of Government, Professor Susan Rose Ackerman, from the Law School at Yale University, and Professor Judith Tendler, from the Massachusetts Institute of Technology discussed the different forms and practices of corruption in social programs, including both *clientelism*, as political corruption, and economic corruption such as *bribery* and *rent-seeking*. The following chapter is based on their presentations and aims to develop an agenda for future discussions and projects in the field.

<sup>1</sup> For further reading on these studies see Schady, Nora. 1998. Seeking Votes: The Political Economy of Expenditures by the Peruvian Social Fund (FONCODES), 1991-95. World Bank and Estevez, Federico, Beatriz Magaloni and Alberto Diaz-Cayeros. 2002. Mexico’s PRONASOL A Portfolio Diversification Model of Electoral Investment. Frontiers in Latin American Political Economy Conference, Stanford University, January 18-19, 2002.

## TARGETED SOCIAL PROGRAMS

Clientelism is not a new phenomena to modern political systems. Also known as the patron-client model of politics, clientelism has permeated contemporary political systems around the world. Described as *pork barrel* spending to refer to publicly funded projects promoted by legislators in the United States to bring money and jobs to their own districts as a political favor to local politicians or named as *caciquismo* to describe local power brokers as cogs in the Mexican party machinery, clientelism does not seem to have eroded with the emergence of democracies in developing countries in the 1980s. On the contrary, a new repertoire of clientelistic practices may be observed across Latin American countries. These practices seem to be increasable connected with targeted social programs and may be associated with the changes exerted in the context and content of social programs during the 1990s.

Two complementary trends may explain the emergence of current clientelistic manipulation of social programs. One relates to the *political context* in which clientelism has evolved, while the second links clientelism with the *content* of implemented social programs. The first trend is related to the changes exerted on the political context in which social programs are implemented. While clientelism at the more general level is regarded as a particularistic exchange of political favors, the distribution of public jobs and the direct purchase of votes for cash have been, historically, its most widespread manifestations<sup>2</sup>. However, recent trends in government reform seem to have considerably lowered incumbent opportunities to use traditional tools to enlist the support of important constituencies. Massive privatization of state-owned enterprises, liberalization of markets, downsize of government bureaucracy, fiscal budget restrains, and slash of subsidies and tariffs have consequently lowered the amount of public resources available for patronage and clientelism. As a result, political parties and individual politicians seem to have fewer resources to distribute on an individual or geographical basis in order to secure electoral support. In this context, targeted social programs would have become one of the most attractive and/or necessary resources for building electoral support by drawing electoral constituencies or punishing the opposition.

From this perspective, the issue of clientelism seems to be deeply entrenched with a basic concept of a democratic state: the search for votes and its effect in the distribution of resources. Merilee Grindle states that the desire to use public funds for political purposes is related to a classical politi-

2 Some relevant papers on this issue are Robinson, James A. and Thierry Verdier. 2003. *The Political Economy of Clientelism*; and Gordin, Jorge 2002. *The political and partisan determinants of patronage in Latin America: 1960-1944: A comparative perspective*. European Journal of Political Research, 41: 513-549.

cal issue that has been used as a definition of the political science discipline: “the question of who gets what, when and how”. In this sense, Grindle argues that the use of social funds for political ends has been a constant across time.<sup>3</sup>

Following Grindle thinking, Judith Tendler raises a controversial statement. She argues that the design and implementation of social programs cannot be isolated from the main key political incentives present in a democratic system. At a project level, in order to have a successful social program, practitioners need to attract the political power and political agenda necessary for implementation without undermining the main objectives of the program. In this sense, the design of social programs needs to address both the social needs of poor people and the political needs of local government majors. Social practitioners should ask themselves whether politicians can be conveyed that a specific social program is politically valuable to them. This involves designing programs that may have some tangible quick results that can be shown during the politician term in public office, while it also pursue longer term goals such as better income distribution.

One example of a successful and political attractive social program can be found in the FONCODES program. At one point, FONCODES was one of the best performing social funds implemented in Peru under the presidency of Fujimori. Between December 1991 and May 1995, FONCODES funded almost 16,000 community-based project for a total budget of about USD 285 million. The program had the stated objectives of generating employment, helping to alleviate poverty and improving access to social services. These social funds were seen as a very political project by Fujimori after a clear decrease of urban votes support in an interim election and the need to attract the rural vote. Studies on the geographical distribution<sup>4</sup> of FONCODES expenditures show how the program was instrumental to securing and attracting electoral support to Fujimori. They demonstrate how FONCODES projects were directed both at poor provinces, as well as provinces in which the marginal political impact of expenditures was likely to be the greatest. Social expenditures channeled through FONCODES were used as a buy-back strategy in a very focused way. But, interesting enough, the FONCODES program was also seen to be quite effective in targeting poor communities. Decisions about FONCODES funding were made on the basis of both political and technical criteria.

3 Examples can be found in Scott, James C. 1969. *Corruption, Machine Politics, and Political Change*. American Political Science Review. Vol. 63 1142-1158 and Escobar, Cristina. 1997. *Clientelismo y protesta social: política campesina en el norte colombiano*. En *¿Favores por votos? Estudios sobre clientelismo político contemporáneo*, compilado por Auyero, Javier.

4 For further reading on this subject, see Schady, Nora. 1998. *Seeking Votes: The Political Economy of Expenditures by the Peruvian Social Fund (FONCODES), 1991-95*. World Bank. Schady uses formal econometric modeling and a rich, highly disaggregate data set to analyze the effect of elections on timing and distribution of expenditures made by the FONCODES between 1991 and 1995.

The second trend explaining current clientelistic practices is related to the content of social programs. During the 90s, different studies argued that the effectiveness and efficiency of social policies needed the replacement of universal social policies for focalized social programs with a higher degree of autonomy and flexibility to avoid many of the institutional constraints and inefficiencies of the public sector in developing countries. In many countries, however, such a high degree of autonomy, flexibility and decentralization made them particularly vulnerable to corruption and political manipulation.

In order to illustrate the accuracy of this second trend, Merilee Grindle analyses two types of programs –**social funds** and **targeted transfers**– looking at the incentives and the opportunities for political manipulation they create. Designed in the 1980s, social investment funds (SFs) have become very popular. They have a focus on the creation and maintenance of social infrastructure, such as schools, clinics, and local hospitals. SFs in Latin America have been seen as temporary antidote to counteract the adverse impact of structural adjustment programs of the poor in various countries. Though SFs vary widely across countries, they share two basic components: their demand-driven and decentralized style. SFs have been praised in terms of rapid rates of disbursement, flexibility and low over-heads- just the opposite of the typical government agency<sup>5</sup>.

Social Funds' prized autonomy and freedom from bureaucratic encumbrances also makes them vulnerable to political meddling. Like all distributive programs that provide numerous individual grants for small projects that are spatially dispersed, the limiting of information and choice at the local level by political actors in determining which communities (or community factions) will receive projects can facilitate the distribution of funds following political criteria<sup>6</sup>.

In terms of new political relations, these funds have created new connections between the central and the local government. Consequently, they have enabled the creation of clientelistic webs formed by a complex interrelation between national and local clientelistic chains. As SFs are exempted from existing formulas for revenue-sharing with local governments, they have granted elected national leaders the advantage of distributing funds in a discretionary manner to some districts and not others, contributing to their suitability for patronage purposes<sup>7</sup>. SFs administration has often involved the National Executive directly implementing projects at the local level, even bypassing state and local governments. This has granted the

5 Tendler, Judith. 1999. *The rise of social funds: what are they a model of?*, MIT/UNDP Decentralization Project, Massachusetts.

6 Tendler, Judith. 1999. *The rise of social funds: what are they a model of?*, MIT/UNDP Decentralization Project, Massachusetts., p. 66.

7 Tendler, Judith. 2000. *Chapter 14: Why Are Social Funds So Popular?*

national level a direct link with local communities giving more access to information on the distribution of votes. This may provide national politicians with greater capacity to target local communities that are either very supportive (as a reward) or that might become supportive (as an incentive). Evidence of this strategy in the 90s can be drawn from the implementation of the PRONASOL, in México, and the FONCODES, in Perú<sup>8</sup>.

SFs implemented and administrated by local governments also raise interesting opportunities for clientelistic abuse. Decentralization of social funds entailed a process through which the central government transferred responsibilities and political power to the local governments, granting them with administrative independence and political legitimacy. One of the explicit objectives of the decentralization processes was said to be the optimization of efficiency and effectiveness of public disbursement taking into account local communities specificities. However, the autonomy and flexible administration of these funds by local politicians have made them more sensitive to manipulation for electoral ends. Local politicians have evidenced, for instance, that building local infrastructure in their municipalities can help secure electoral base. In this sense, SFs decentralization may be used to manipulate the allocation of resources and selection of priorities following political criteria over technical rationality. This may contribute to the strengthening of local bosses electoral stakes providing them with more independence from national leadership and national political parties.

The second type of programs presented by Grindle is based on targeted needs, such as **cash transfers** or smart cards. Cash transfer and conditional transfer programs involve the direct transfer of cash to poor households. These programs are often targeted to specific groups –the elderly, children, the malnourished, pregnant women, single parents, the disabled, or the very poor. In recent years –primarily in Latin America but also elsewhere– “conditional transfers” have tied benefits (usually cash and nutrition supplements) to one or more of the following requirements: children’s high attendance rates at school; pregnant women’s, infants’, and young children’s participation in preventive health care; and mothers’ attendance at health and nutrition workshops. One of the earliest examples of this type of programs was the Bolsa Escola programme in Brazil which started in 1995. In 2003, it was integrated into the broader Bolsa Familia programme which, by early 2005, was reaching 6.6 million families. It provides between US\$0.45 and US\$2.85 a day to households with children aged between six and fifteen, on condition that they attend 85% of classes. However, families without children who live in extreme poverty are also eligible for benefits. Other examples include the

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8 Estevez, Federico, Beatriz Magaloni and Alberto Diaz-Cayeros. 2002. *Mexico’s PRONASOL A Portfolio Diversification Model of Electoral Investment*.

Red de Protección in Nicaragua and the Cash for Education programme in Bangladesh, which provides a transfer of around US\$0.43 a day for each household and reaches 2.4 million children<sup>9</sup>. In Argentina, the Program Jefes y Jefas de Hogar was set with an annual budget of \$3,500 million targeting almost 2 million unemployed parents and granting them an approximate monthly cash transfer of USD 50<sup>10</sup>.

Social programs based on targeted needs, such as cash transfers or vouchers, pose different incentives than those of social funds. While they are more susceptible to close monitoring, they tend to lend quite nicely for good evaluation. From the perspective of access, there might be less opportunities for political manipulation as long as those at the national level can ensure a close monitoring of criteria application. However, given a lack or deficit of an efficient monitoring from the central government, cash transfers can offer a wide portfolio of opportunities for clientelistic manipulation<sup>11</sup>.

Furthermore, targeted needs are very sensitive to open up for other kinds of corruption, such as fraud and bribery. Based on a widely elaborated typology of bribery and corruption practices, Susan Rose Ackerman described some corruption practices applicable to social programs. The first type deals with the *criteria and selection* of beneficiaries of a program. A program that has a relatively large number of people that may be qualified, but a scarce budget to be distributed, may be creating incentives for public officials to ask for special favors in order to grant program benefits. These may include political favors, including the support in political campaigns and electoral ballots, and can make the program very susceptible to clientelistic manipulation. An example for Latin America can be found in the distribution of the Plan Jefes y Jefas de Hogar in Argentina, where the amount of funds for distribution was clearly below the number of beneficiaries qualified for the benefit<sup>12</sup>.

A second type focuses on corruption at the *contracting level*, i.e.: in the provision of inputs and delivery of services. Contracting inputs such as hospitals and school boards, may be victims of similar corruption devices to that found in public procurement. This type may also involve individual doctors sending bills for services, private schools using their privilege access to resources to squeeze more funds, between others.

9 Department for International Development. 2005. *Social transfers and chronic poverty: emerging evidence and the challenge ahead*. British Government, Glasgow.

10 Gruenberg, C. and Pereyra Iraola, V. 2004. *La realización de los derechos económicos, sociales y culturales frente al clientelismo político*. Mimeo, Fundación Ford.

11 Gruenberg, Christian. 2005. *Case Study of Argentina Civic Participation in the Heads of Households Program*, World Bank.

12 Gruenberg, Christian. 2005. *Case Study of Argentina Civic Participation in the Heads of Households Program*, World Bank.

### ***Distinguishing between different types of social program failure***

The description of different corrupt practices developed in the previous section of this chapter calls for a distinction of different levels and layers of corrupt practices that may be found within social programs.

Both Merilee Grindle and Judith Tendler stressed the importance of identifying and correctly diagnose the failures of social programs without acknowledging all of them to corruption. Furthermore, the label of corruption had become such a common and widely used adjective, that it often missed to identify the real problem. Departing from a project-level perspective, Judith Tendler questioned a common practice among social project leaders which linked the causes of failures of social programs to corruption. While the same type of social projects were being implemented in similar political environments, it was evident that some pieces and elements of these programs were performing better in one locality than in another, even despite both localities suffered from a great level of corruption. In this sense, opportunities to improve these programs were missed by thinking that the problem had to do, solely, with corruption.

In developing countries' socio-economic contexts, the failure of social program focalization is faced with many obstacles that can often go beyond corruption or clientelism. Merilee Grindle stated that no matter how well designed or how well administrated a program was, the unequal distribution of political and economic resources among the poor often derives in an unequal distribution of benefits. Modest income people are easier to reach than the poorest of the poor as they have more organizational resources and skills, more information, and more possibility of access. Furthermore, some problems on the distribution of resources can also be due to other factors such as difficulties of administration and difficulties of allocating resources in an environment with great information asymmetries.

### ***Remedies and solutions***

Judith Tendler calls for a deeper analysis of incentives for corruption along the different types of social programs. The problems and opportunities for corruption are a function of that type of activity developed. Education and health, for instance, have different vulnerability issues and have traditionally developed different corrupt practices. These distinctions should lead us to the answers of several questions. What are the kinds of tasks that are less susceptible for corruption? In which areas should anti-corruption and monitoring efforts be concentrated? What priorities should be selected? Some kinds of projects may entail higher penalties for corrupt behavior and will, therefore, be less compromised and less jeopardized by corruption.

Merilee Grindle focuses on the need to increase the availability and access to public information as a critical tool to fight corruption within social

programs. Information is an essential ingredient and real challenge to minimize and control corruption. Information increasingly exists in countries worldwide, but it is not increasingly public accessible. Access to public information is crucial for Universities, think tanks, and other citizens interested in assessing how social resources are distributed, with which criteria and with which social impact. Information on public expenditure, procurement practices and behavior, periodical assessments on how programs are working, evaluation of quality, brochures on people rights to access social services, information on the distribution of resources among beneficiaries, between others, are all very relevant data that needs to be available to citizens. An example of this may be found on the effective communication strategy launched by the Oportunidades social program, in Mexico, where using plain language and information channels accessible to the poor the administration of the program created conditions that limit the possibility of engaging in clientelistic practices and corruption in this program<sup>13</sup>.

Susan Rose Ackerman introduces some paradoxes of anti-corruption measures and calls for a close analysis of incentives for corruption in the design of different social programs. While some anti-corruption measures may tackle some corruption devices, it is also important to analyze whether they may be creating other types of corruption. Furthermore, Ackerman also draws attention to the danger of developing very complex rules to fight corruption. The enforcement of these rules may generate more corrupt reflexes that can entail serious abuses from public officials. An efficient fight against corruption should include both incentives for a greater level of professionalism among people administrating social programs; and transparency mechanisms that may provide ordinary citizens with methods to achieve a higher level of accountability.

In regards to corruption related to the management of qualifications, it is essential to design mechanisms that favor transparent and objective beneficiary criteria. In social programs where qualified beneficiaries strongly exceed the benefits for distribution, it is necessary to fix the mismatch between demand and supply of benefits by either asking for more qualifications or increasing the program's budget. The inclusion of appeal processes is also very important condition. While Ackerman acknowledges that having available information about the programs functioning is a necessary condition, it is also essential to have some place to complain, and mechanisms that take care of this complaint and respond to it.

Regarding corruption in contracting for provision of supplies, inputs and services, transparency and publicity in the bidding process are obvious nec-

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<sup>13</sup> Merino, Gustavo. 2005. *Fighting clientelism and corruption in Social Development Programs in Mexico*.



essary conditions. Another option entails creating a better monitoring system for purchases across government offices. An example of this type of monitoring system was implemented in the 90s by the Health Secretary of the City of Buenos Aires (GCBA) in Argentina<sup>14</sup>. The system entailed asking all public hospitals in the city to report the purchase prices paid for a sample of inputs acquired through a decentralized procurement process. Using this information, the Health Secretary compiled price comparisons highlighting the hospitals paying the lowest and highest values for each product. The policy induced a 10% decrease in prices of selected purchased monitored products across the different public hospitals.

As mentioned above, it is essential to analyze the new incentives that an anti-corruption device may arise. The anti-corruption device of rotating public officials, assuming rotation would prevent the development of corrupt and clientelistic chains between these and local communities, might be used to develop a different type of corruption. There is evidence to suggest that this device might have occasionally caused a hierarchy corruption, where superiors with the power of transfer would threaten their employees sent them to an unwanted destination if they did not engage in some type of corruption act for them. Finally, corruption incentives in a given social program could be so deeply entrenched in its design that resources might be crowding out to not beneficiaries, attempting with the main objectives and goals of the program. In this case, it might be necessary to redesign the program completely.

Bringing back the question that opened this chapter, we ask whether is it possible to advance economic, social and cultural rights without addressing the problem of political clientelism in social programs. The presentations discussed above denied this, illustrating the profound inequality existent between social benefits recipients and those in charge of distributing them. In this sense, and following the presentations' proposed solutions, it is clear that further work is needed in promoting poor peoples' empowerment to counteract the appalling consequences of corruption and clientelism.

It is clear then that the challenge facing social policy designers and practitioners today includes taking into account clientelistic and corruption devices facing social policies in order to maximize the policies' positive results on social welfare. Following the presentations discussed above, it is fair to conclude that this should include establishing a commitment to robust impact evaluation results and poverty targeting that takes into account the existent power relations and their effects on social programs distribution as a platform for program implementation. In this sense, the establishment of specific transparency clauses, accountability mechanisms, and effective participatory approaches should be at the core of any social policy design.

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14 Di Tella, Rafael and Ernesto Schargrotsky. 2002. *Political and Economic Incentives during an Anti-Corruption Crackdown*, Harvard Business School and UTDT

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## TRANSFORMATIVE PARTICIPATION OR VOICE WITHOUT INFLUENCE

CHRISTIAN GRUENBERG

### 1. INTRODUCTION<sup>1</sup>

It was 2002 when the Federal Government of Argentina implemented the Heads of Households Program in record time with a view to reducing the impact of one of the worst institutional and economic crises in Argentine history.<sup>2</sup> By its sheer scale, its tight timeline, and its objectives, the Heads of Household Program proved to be an unprecedented institutional and political challenge as far as the implementation of social programs in Argentina is concerned. In effect, two programs were created in under three months:<sup>3</sup> the Heads of Household Program I, (January 2002 through decree 165/02), followed by Heads of Household Program II, through decree 565/02. For purposes of this case study, our references will be drawn from the Heads of Households Program II (hereinafter, the Program).

The Program was set up as the largest social program in Argentina, with an annual budget of almost \$3,500 million<sup>4</sup> targeting almost 2 million unemployed. In this context, one of the main innovations of the Program was the implementation of institutional mechanisms to promote civic empowerment<sup>5</sup> in two essential areas of the Program's management,

1 This paper was written as an input for a workshop on "Social accountability in transfer programs in the Latin American and the Caribbean Region" organized by the World Bank in June 2005. The findings, interpretations, judgements, and conclusions expressed in this paper are those of the author and should not be attributed to the World Bank, to its affiliated organizations, or to members of the Board of Executive Directors or the governments they represent. This case study was prepared mainly from indirect sources. Its original title was *Case Study of Argentina Civic Participation in the Heads of Households Program*.

2 According to World Bank data, in May 2002 poverty had spread to affect over 20 million people (over a third more since October 2001) of which 9.12 million were destitute. One of the main reasons for the deterioration in the quality of life was the deepening of negative trends in the labor market, especially the increase in open unemployment, which affected 21.5 percent of the economically active population in May 2002. As to the institutional crisis, this was reflected in a succession of five presidents in the space of 10 days in late December 2001.

3 See Annex 2 for the differences between the two programs.

4 Caritas, Grupo Sophia et al. (2003) "Representatividad y Funcionamiento de los Consejos Consultativos en el Programa Jefa y Jefes de Hogar" [Representativeness and Operation of the Consultative Councils in the Heads of Household Program], Buenos Aires (page 8). Field study conducted on the basis of a sample of 64 Consultative Councils from around the country, from the provinces and municipalities alike, and in-depth interviews with key sources of information.

5 The World Bank defines empowerment as the "expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives." See: *Empowerment and Poverty Reduction: a Sourcebook*. PREM, World Bank, 2002.

namely (1) transparency and control in the allocation and payment of the funds released; and (2) the execution of income-producing projects as a form of quid pro quo consideration.

With this as the objective, more than 1,800 consultative councils were established in short order throughout the country. This huge, unprecedented experiment deserves detailed analysis and having its findings shared with colleagues from other countries in Latin America, which is precisely the aim of this study.

## **2. CONCEPTUAL FRAMEWORK**

The classic conceptual framework of Harvard University's John F. Kennedy School of Government<sup>6</sup> will be used to analyze and evaluate the performance of the consultative councils as the key management institutions of the Program. Noted for its simplicity and analytic rigor in studying organizational strategy in public administration, the model facilitates analysis of public institutions, which are called upon to discharge three obligations at the same time, namely they must (1) clearly define the overall goals of the institution in terms of creating public value; (2) be able to predict and secure what will be the main sources of resources and political legitimacy that will enable them to achieve their goals in a sustainable manner; and (3) explain how the institution is going to be organized and how it will carry out its mission efficiently. This being the analytical approach, the consultative councils have therefore to develop the capacity to ensure that these three requirements and those of the following test are met. First, the institution must be substantively valuable in the sense that the consultative councils must produce benefits and public goods of value for the potential beneficiaries of the Program and the wider community. Second, the institution should enjoy enough legitimacy to be politically sustainable. In this regard, the consultative councils must be able to secure the necessary resources, obtain authority, and attract the support of the Central Government. Third, management of the institution must be operationally and administratively feasible. Thus the consultative councils must have the operational capacity required to tap the political legitimacy and deliver the public value results promised.

This conceptual model functions as a powerful test to identify the conditions necessary for the institutions to achieve their objectives. The test can be applied, imagining what would happen to an institution when at least one of these conditions is not met. What would happen, for instance, if the consultative councils had a worthwhile mission to accomplish and enjoyed reasonable political legitimacy, but lacked the necessary operational capacity? In

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6 See Philip Heymann, *The Politics of Public Management*, pp 12-24. Mark Moore, *Creating Public Value* pp 71-72. David Lax and James Sebenius, *The Manager as Negotiator: Bargaining for Cooperation and Competitive Gain*, pp. 264-267.

such a situation, the goals would be perceived as unattainable and would fail to be achieved for lack of support and credibility. Or, what would happen if the consultative councils had worthwhile goals and it was operationally and administratively feasible but they lacked the authority and political legitimacy? In such a case, the main political and social stakeholders would turn to another institutional vehicle to achieve those same objectives.

This analytic model will be used throughout the case study to evaluate the performance of the consultative councils. This case study will therefore analyze the three operational levels of the consultative councils individually, that is to say: (1) the municipal; (2) the provincial; and (3) the national. Strictly speaking, there are four consultative councils if the neighborhood consultative councils are included in those municipalities or communities with populations over 25,000. However, for the sake of simplicity, the study will encompass neighborhood consultative councils as well as municipal consultative councils. Now, owing to the strategic role played by the municipal consultative councils in the entire process of decentralizing the management of the Program, the approach will be bottom-up, from the lowest level locally and working upwards through the provincial level and all the way to the national level. It will be shown in the study that the three operational levels of the consultative councils have distinctly different powers and responsibilities and that this warrants individual analyses of each of the levels of decentralization.

### **3. BRIEF DESCRIPTION OF THE CONTEXT AND DESIGN OF THE PROGRAM**

On January 22, 2002, after the 2001 crisis, the national government issued Decree No. 165 (Emergency Need) declaring an emergency employment program that would run until December 31 that year. It was through this decree that the Unemployed Heads of Household Program of the Ministry of Labor, Employment, and Social Security (M.T.E. y S.S.) was created, thereby providing the legal teeth to tackle the “food, employment, and health” emergency. The decree established a stipend, depending on the legal situation of the beneficiary from \$100 to \$200 to assist the heads of household, with children under 18 years of age, disabled persons of any age, or pregnant women. Regarding the budgetary award for each province, the amount of benefits to be awarded was limited by the establishment of an objective parameter that combined the poverty indexes with the cost-sharing percentage.

A few months after the first Heads of Household Program was launched, decree No. 565/2002 under which the Program was renewed was passed (annex 1). One of the fundamental differences in this second phase of the Program was the part played by the Mesa de Diálogo Argentino in the design and execution phase. The Mesa del Diálogo functioned as a multisectoral

forum that brought together prominent institutions with good standing in Argentine political, social, religious, and economic life and a forum in which they played an active part in designing the second phase of the Program. Some of the main modifications initiated by the Mesa del Diálogo were, on the legal front, the Family Right to Social Inclusion, which emphasized the universal approach that the Program should adopt toward everyone meeting the eligibility criteria; and on the operational front, the Mesa del Diálogo set up a new social policy management procedure, through the *Consejo Nacional de Administración, Ejecución y Control* [National Management, Execution, and Control Council, or CONAEyC], in which 12 of the 15 positions were occupied by representatives of civil society organizations. CONAEyC was formed as an essential tool for ensuring transparency, equity, and universality in the implementation of the Program. The Mesa del Diálogo therefore brought legitimacy, transparency, and openness to the first phase in the design of the new Program.

The new Program established a single monthly stipend of \$150 for all Heads of Households, men and women alike, who were unemployed and had children under 18 years of age. A series of formal requirements was established for beneficiaries<sup>7</sup> and a cut-off date for registration in the Program, which was set as May 17, 2002.<sup>8</sup> Under the Program, a quid pro quo consideration was required of beneficiaries, failing which they would forfeit the right to receive a financial benefit.<sup>9</sup> Likewise, provision was made for monitoring and control of the Program's implementation in decree 565/2002 and its subsequent enabling regulations.<sup>10</sup>

### **3.1. The administrative management of the Program**

The Ministry of Labor functions as the implementing authority for the Program and as the monitoring agency of its implementation, once it has

7 To access benefits, the following must be verified: a) status as unemployed head of household, by making a sworn declaration to that effect; b) dependant children on presentation of the birth certificate(s) of the child or children, or certificate attesting pregnancy issued by a municipal, provincial, or national health center; c) regular full-time school attendance of the dependant child or children under 18 years of age on presentation of a certificate from the school; d) bill of health and current immunizations of the dependant child or children under 18 years of age, on presentation of a health booklet or certificate issued by a municipal, provincial, or national health center; f) permanent residency in Argentina in the case of citizens of other countries, on presentation of their Argentine National Identification Document; g) in the case of youths, their status as unemployed simply by making a sworn declaration to that effect; h) for those over 60 years of age, their status as unemployed simply by making a sworn declaration that they are unemployed and have not drawn any temporary benefits.

8 After extending the program, the restriction remained in effect, which prohibited the enrollment of more beneficiaries.

9 Art. 12 Resolution 312/02.

10 Resolution M.T.E.y S.S. No. 312/2002 - No. 447/2002, Resolution M.T.E. y S.S. No. 69/2003, Resolution S.E. No. 128/2002 Resolution M.T.E. y S.S. No. 61/2003; Resolution S.E. No. 112/2002 and Resolution M.T.E. y S.S. No. 121/2003.

11 Art. 8 Resolution 312/2000.

verified that applicants have not collected benefits under any other social program.<sup>11</sup>

As discussed earlier in this paper, one of the novel features of the Program is the complete decentralization of operations. Enrollment to receive benefits (hereinafter subsidies) is decentralized and done through the municipalities. The Ministry of Labor, functions as the implementing authority for the Program and as the agency that sees to it that the Program is running properly once it has verified that the applicants have not collected benefits under any other social program or temporary benefit scheme, and are not registered as active workers in the formal sector.<sup>12</sup> After the required documentation is presented, the municipality submits the enrollment roster to the Ministry of Labor, which is tasked with transmitting the information to the *Administración Nacional de la Seguridad Social* [Social Security Administration, ANSES] for the relevant cross checks to be made.

The ANSES carries out the checks required by the Ministry of Labor against the databases it manages (People Management, Single Beneficiary Registry, Employment Programs, Unemployment, and Deaths). ANSES registers the data and pulls together a computer file with the results obtained, then sends them on to the Ministry of Labor. By the same token, the ANSES must cross-check the registration data with the earlier registrations and present a file of approved beneficiaries and a file of rejected beneficiaries.

Beneficiaries fulfilling all the requirements are added to the National Social Programs Beneficiaries Registry. The Ministry of Labor establishes the schedule for determining the amounts to be paid and launching the procedures for making the payments necessary to implement the Program; it also issues the relevant payment orders. The funds are then transferred by the Treasury Department of the Ministry of the Economy. Payments are made on an individual basis through the banks and payment outlets.

All beneficiaries, if they wish to remain in the Program, are obliged to enroll in training courses, complete their studies, and engage in productive or community work as their quid pro quo consideration for the benefit they receive. Such projects undertaken as quid pro quo consideration, which are regulated by resolution 312/02 of the Ministry of Labor, call for activities requiring no less than four and no more than six hours of work per day. Quid pro quo projects must be approved by the state or provincial governor before the municipal consultative councils issue their expert opinion.

### ***3.2. Supervisory bodies and transparency***

There are several supervisory bodies in place for the monitoring and control of the Heads of Household Program. As explained earlier, the Program's

12 Art. 8 Resolution 312/2000.

principal innovation lay in the creation of provincial, municipal, and community consultative councils. The provincial consultative councils and the consultative council of the Autonomous City of Buenos Aires are responsible for the overall monitoring of the Program in their individual jurisdictions, and are in charge of ensuring that beneficiaries comply with the conditions for receiving the benefits. Another of their functions is to review referrals of disputed cases received from the municipal level.<sup>13</sup>

The municipal and neighborhood consultative councils<sup>14</sup> are responsible for the local monitoring, transparency, and effective implementation of the Program. Their functions include controlling registration, and integrating and enabling its effective implementation in their jurisdiction.<sup>15</sup> Requests that beneficiaries be enrolled or disenrolled must be made jointly by them and the municipal governor. They must monitor effective compliance with the relevant requirements for approval of beneficiaries, receive complaints of irregularities in the Program in their jurisdiction, investigate such complaints, and request that beneficiaries be disenrolled where appropriate if irregularities are detected, and conduct evaluation, control, and follow-up of community or training projects assigned as *quid pro quo* considerations.

The National Administration, Execution, and Control Council (CONAEyC) was established following the recommendations of the *Mesa del Diálogo* and given sweeping powers. As we will see further in this paper, the powers of the various consultative councils very often overlapped or were not properly defined or coordinated. For example, CONAEyC, under the regulations by which it is governed, (decree 565/02) has the authority to develop, evaluate, and adopt the policies designed to implement the Program. However, those same rules do not provide for any coordination with the other consultative councils at the provincial or municipal level. It is not quite clear how CONAEyC can discharge such a broad and complex mandate as set forth in the regulations without establishing clear rules for coordinating or for working with the other consultative councils to determine their individual responsibilities. This lack of clarity may hinder accountability, since it is difficult to determine the responsibilities of the various stakeholders carrying out the same functions.

The Ministry of Labor, through the Labor Secretariat, included the Labor Programs Complaints Commission (CODEM) and the Internal Auditing Unit (UIA) as auditors of the Program. CODEM was established to ensure the proper implementation of the Program. It also receives complaints and claims<sup>16</sup>

13 Res. 312/2002

14 Pursuant to Art. 9 of Decree 565/2002 neighborhood consultative councils may be formed in all municipalities or districts with a population of more than 25,000 for purposes of monitoring the Program.

15 It is important to note that the Program does not enroll. As will be seen further, this is an issue under discussion.

16 Claims are distinguished from the complaints insofar as they are made by persons who, for no reason, have been excluded from the Program or have not received any payments for a month or two.



directly related to the Program, by telephone, in writing, and in person at CODEM's offices or through its Labor Management and Training Offices (GECAL) around the country. Should any of the complaints involve a crime, CODEM transmits them to the Social Security Fiscal Investigation Unit (UFISES), which investigates the case and handles the complaints as prescribed in the National Code of Criminal Procedure. UFISES is the unit of the Public Prosecutor responsible for all cases related to social security crimes and, by special agreement, crimes related to the implementation of the Program. The UFISES receives the complaints transmitted by CODEM, receives complaints directly from private individuals, and conducts its own investigations.

Lastly, the Office of the Auditor General (SIGEN) bears the responsibility of providing a service that strengthens civil society by enabling the public to see the results of the National Government's management against the objectives that had been set. SIGEN was responsible for evaluating the implementation and execution of the Program and issues status reports on how it is operating in the country's municipalities and provinces.

#### **4. THE CONSULTATIVE COUNCILS**

As explained in the previous section, the consultative councils are one of the key innovations of the Program. However, since their inception, they have faced serious organizational and management problems. In the initial months many operators and beneficiaries made no distinction between the two decrees (annex 1)<sup>17</sup> and their differences. Furthermore, the regulations are unclear and they overlap the functions of the municipal consultative councils and the local governments, while overburdening the municipal consultative councils with functions (annex 2). Thus, the overlapping and the lack of clear lines between the functions of the consultative councils and those of the governments dilute the responsibilities and make accountability difficult. Lastly, the design and participation of the consultative councils was imposed from the top down; no one consulted the communities, the municipalities, or the provinces about participating in the Program.

It bears noting that, given the gravity of the crisis and the urgent need to find a solution, the Program was not a good candidate for a pilot test, which would have been ideal for social programs of this magnitude, so as to correct errors and evaluate the results before applying them on an extended scale. This presaged predictable problems and complications related to organization and putting into operation over 1,800 consultative councils. The following section therefore moves beyond the design phase and takes a close look

17 ILO, (2003), "Análisis del Funcionamiento de los Consejos Consultivos del Plan Jefes de Hogar" [Functional Analysis of the Consultative Councils of the Heads of Household Program]. (page 8)

at the management phase of the Program. This section will therefore focus on the performance of the consultative councils at their three operational levels in the decentralization process and how they interact with the other institutions in the Program. As said in the introduction, the conceptual model with its three levels of (1) substance, (2) political legitimacy and (3) operational capacity, will prove very useful for dissecting the facts and pinpointing the circumstances that worked against or in favor of the efficient management of the consultative councils. But before proceeding any further with this section, it is important to emphasize once again that establishing, setting up, and managing over 1,800 consultative councils within a short timeframe in a context of serious institutional crisis was no mean political and organizational feat for any society or government. It should also be stressed that as the Program gained momentum, the errors were corrected and managerial procedures improved. Therefore, it is very difficult to identify the weaknesses or even the strengths of the system for analysis as static factors within that timeframe. For example, while the first year of the Program's management was marred by serious problems in terms of the quality of the list of beneficiaries and the lack of access to the information, the situation has improved substantially as we shall see below.

#### *4.1. The municipal consultative councils*

The municipal consultative councils (CCMs) have very worthwhile goals of transparency, monitoring, and social empowerment. Nevertheless, they are ill-defined in that their areas of authority overlap with those of the municipalities (annex 1), and they are poorly coordinated in that they are overburdened with a host of functions. The CCMs, jointly with the municipalities, are therefore responsible for giving effect to the decentralization of operations by ensuring that the Program is monitored, transparent, and effectively implemented. Their main functions include: (a) monitoring enrollment, incorporation of and effective compliance with the requirements of the Program in its jurisdiction; (b) requesting, jointly with the governor, enrollments and disenrollments and seeing the process through to completion, (c) receiving and investigating complaints of irregularities in their jurisdiction, (d) evaluating proposals for quid pro quo considerations, assigning beneficiaries tasks and ensuring that the tasks in their jurisdiction are completed.

Regarding the composition of the CCMs, they must be composed of stakeholders representing each jurisdiction. The municipal governments are required to have held a public selection process and to have ensured that at least two thirds of their members are drawn from non-governmental institutions (unions, businesses, faith-based and social organizations). According to the Caritas field study,<sup>18</sup> the consultative councils surveyed showed that

most of their members belonged to civil society organizations. In the municipal councils, 70.9 percent of members were non-state members while that figure was 61.8 percent in provincial councils. It became clear from the same study, however, that although many council members said that all members, strictly speaking, have the same decision-making authority, practice shows that the governor or the governor's representative actually had more power.

As a result, by late 2002, a wide network was already in place, comprising 1,873 municipal consultative councils, a few neighborhood consultative councils, 22 provincial consultative councils, and a national council. The reach of this network and the speed at which it spread may suggest that it enjoyed some measure of commitment and approval from the public institutions and civil society organizations.

One might be led to infer that this positive assessment of the consultative councils meant that the central government also lent an equal measure of legitimacy and political support. Nevertheless, most of the studies carried out<sup>19</sup> thus far concur that the main drawback with the consultative councils is the absence of the component of political legitimacy. The lack of authority and the inability to attract resources means that the municipal consultative councils are perceived as weak and inconsequential. According to the field study conducted by Caritas,<sup>20</sup> most people surveyed agreed that the municipal councils lacked their own identity and they were not regarded as highly useful. The council members interviewed stressed that the major decisions were still being taken by the Central Government and it was the CCMs that then had to verify that the requirements "imposed from on high" were being met. There is a shared feeling among those interviewed that they are unpaid employees of the Ministry of Labor.<sup>21</sup>

In order to give effect to the decentralization of operations that the Program promised, it was essential that the municipal consultative councils could be assured of a monopoly on monitoring. This meant that the municipal consultative councils had to be in a position to centralize enrollment of beneficiaries and exercise their monopoly on monitoring. Things did not quite work that way, however. First, regarding the enrollment of beneficiaries it bears noting that enrollment of beneficiaries under the Program closed on May 27, 2002. In actual fact, this means that the municipalities<sup>22</sup> were

18 Caritas, Grupo Sophia et al. "Representatividad y Funcionamiento de los Consejos Consultivos-Programa Jefas y Jefes de Hogar." [Representativeness and Operation of the Consultative Councils-Heads of Household Program] Buenos Aires, August 2003.

19 See bibliography

20 Caritas, Grupo Sophia et al. "Representatividad y Funcionamiento de los Consejos Consultivos-Programa Jefas y Jefes de Hogar." [Representativeness and Operation of the Consultative Councils-Heads of Household Program] Buenos Aires, August 2003.

21 Ibid, page 62.

22 Municipalities were authorized under decree 565/02 to do so.

the ones that were mainly responsible for registering some 2 million persons<sup>23</sup> because by then, the majority of consultative councils had not yet been formed<sup>24</sup> or were not fully functional. As a result, one of the main monitoring powers of the municipal councils was not eventually exercised. Second, in addition to the municipal councils having little impact during the enrollment phase, they also experienced complications in discharging other functions. Many municipal councils had to come to terms with the wide range of parallel institutions<sup>25</sup> within the municipal governments and the Ministry of Labor, which in practical terms meant that the municipal councils were unable to monitor all the beneficiaries or all the quid pro quo activities.

Consequently, the fact that many municipal councils lost their exclusive rights and authority induced many beneficiaries to opt for other ways of drawing the same subsidies. In analyzing these events, one may find it helpful to remember for example, which organizations had decided to exclude themselves. An important case is that of several groups of unemployed persons and the ensuing bilateral negotiation between those groups and the Ministry of Labor. For this type of organization, participation in the municipal councils means more costs than benefits. The time and resources invested to participate in a weak collective forum that lacks political legitimacy cannot be compared with direct negotiation with political forces with greater decision-making capacity and clout such as the Ministry of Labor. In another case, a study conducted by World Bank consultants<sup>26</sup> found that there were persons figuring on the municipal list as receiving benefits but who could not actually be monitored or assigned a quid pro quo activity because the information was lacking. The council members interviewed in the study pointed out that over 50 percent of the beneficiaries in Rioja Capital were in that situation, approximately 30 percent of those in Posadas, 36 percent of those in Garupa, 40 percent of those from Berazategui. Again in the same study, the council members interviewed said that in many cases, whenever certain beneficiaries or organizations were asked to furnish information on quid pro quo activities, the response has been that it was sent for monitoring to another government office. The council members of Posadas, Berazategui, la Rioja, and la Matanza mentioned having requested from municipal authorities and/or Ministry of Labor authorities information on beneficiaries and quid pro quo for individuals located in their jurisdictions,

23 Strictly speaking, during the first phase of Program I (December 2001-January 2002), approximately 1 million persons were enrolled. Since then (February 2002 to May 27, 2002) 1 million more people were enrolled in the Program. Interview with Bourrás Gómez.

24 Bourrás Gómez, Juan, Interview.

25 Smulovitz, C. (2003) World Bank Consultant's Report. "Consejos Municipales del Plan Jefas y Jefes de Hogar: Una discusión sobre su desempeño." [Municipal Consultative Councils of the Heads of Household Program: A discussion of their performance" mimeograph, Bs. As.]

26 Ibid., page 6.

through formal and informal channels, and received no formal reply from them. SIGEN also reports document registrations occurring in parallel offices that were delivered directly to the Ministry of Labor and points out that the Ministry “violates the rules in force” by not handing over such information to the corresponding municipal council.

This type of problem is also associated with another institutional failing, that is, restricted access to information. In order to carry out the control management of the Program, the councils must have unrestricted access to all information related to implementation of the Program in their jurisdictions. However, during the first critical, that is to say, six to eight, months many municipal councils could not access the complete list of beneficiaries and therefore were unaware of the decisions and the criteria used to determine who was enrolled and who was disenrolled. This factor is of prime relevance because the type of control exercised by the municipal councils, in addition to the ability to disenroll beneficiaries from the programs, is based for the most part on the ability to inform and alert authorities that they are authorized to take timely corrective measures when irregularities are reported. This being the context, restricted access to complete and current information on execution of the Program reduces considerably the capacity of municipal councils to verify and detect irregularities effectively. As the reader will see, access to information has improved substantially over the last year and a half.

Not only is there a problem of lack of political legitimacy but one of a lack of resources. In most of the studies completed, council members recognized that one of the main obstacles to efficient management of the municipal councils is the lack of human and financial resources. The question then is how to solve the problem. Although municipalities could contribute a percentage of the federal funds provided for the Program to ensure the minimum operational infrastructure is in place, there is a possible risk of making the councils more dependent on the municipalities. The council members consulted also agreed that the lack of trained human resources is a hindrance to designing, assessing, and monitoring the projects. This fact is borne out by the CARITAS study,<sup>27</sup> which shows that 70 percent of municipal councils said they did not carry out their control, follow-up, or quid pro quo monitoring function.

Furthermore, this situation is worsened by the sheer scale of the operation, in which the municipal councils and municipalities with experience in managing targeted programs come up against the challenge of serving a universe of beneficiaries that grew five and even ten times larger. In Buenos

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27 Caritas, Grupo Sophia et al. "Representatividad y Funcionamiento de los Consejos Consultivos-Programa Jefas y Jefes de Hogar." [Representativeness and Operation of the Consultative Councils - Heads of Household Program] Buenos Aires, August 2003, (page 46).

Aires Province, for example, one district went from managing 2,000 to 25,000 beneficiaries. This should have been foreseen in the program design before it was launched. The lack of operational capacity of some municipal councils to respond to the high demand for benefits, made meeting the eligibility criteria extremely difficult.

As a result, it is not unusual that based on the local conditions and the specific capacities of each municipal council, various subgroups of municipal councils have been formed. The FLACSO study<sup>28</sup> identified these subgroups as those which were: (1) established formally but had scant influence in the local sphere; (2) geared towards social auditing; (3) sustained by the initiative of the members of civil society organizations themselves; (4) community activists or socioproductive; (5) local development activists. Given this diversity, it would be almost inappropriate to refer to the municipal councils as if there were a single institutional mold, when in reality the institutional development process is a dynamic one fed by context, opportunities, and the individual capacities of each of the municipal councils.

The combination of weak legitimacy and inefficient operations, plus an ambiguous regulatory framework and a surfeit of functions complicated operations in many municipal councils. The proof that decentralization without political authority or financial resources was no more than a symbolic gesture from the central government that had no concrete effect, was evident in the first phase of implementation of the Program when the Government showed that it had no real intentions whatsoever to relinquish control over management of the subsidies. In a context where many municipal councils are viewed as weak institutions, with no clout, incapable of effective management, they cease to command the attention of the principal local stakeholders and consequently, fewer of those who are genuinely committed to the transparency of the Program participate. In this connection, a study by Grupo Sophía<sup>29</sup> shows that only 9 percent of municipal councils maintain direct links with the community. This isolation suggests that people have been losing their motivation to participate because they want to avoid being identified with an institution devoid of legitimacy, or it simply suits them not to have too much contact because their interests lie beyond the confines of the regulations. This sentiment may well explain the results of the FLACSO study,<sup>30</sup> according to which most (49 percent) council members interviewed point to "lack of sustained participation and lack of

28 Smulovitz, C. (2003) World Bank Consultant's Report. "Consejos Municipales del Plan Jefas y Jefes de Hogar: Una discusión sobre su desempeño." [Municipal Consultative Councils of the Heads of Household Program: A discussion of their performance" mimeograph, Bs. As.] (page 6)

29 Ibid., page 5.

30 The complete ranking of the main weakness of the municipal consultative councils is: 49 percent lack of continuity in participation and lack of involvement of some sectors; 38 percent organizational and operational difficulties; and 13 percent restricted role of the municipal consultative councils.

participation by some sectors” as the main weakness of the municipal councils. Yet, at the same time, while some opt to withdraw, others see in the weakness of the municipal councils an opportunity to obtain personal benefits. While the first process undermines the good standing of the municipal councils, the second increases the opportunities to build clientelist relations and building a political following.

#### *4.1.1 The Emergence of Clientelism*

The previous section discussed the absence of political legitimacy and operational capacity in many CCMs, the former for lack of authority and the latter for lack of resources. This factor has affected the incentive scheme that promotes community participation and active involvement in the management of CCMs. Thus, little by little, the CCMs have been losing their members, and institutional representation has been deteriorating. This weakening<sup>31</sup> of the CCMs has increased the impact and weight of the municipalities and paved the way for political clientelism in the CCMs.<sup>32</sup>

This section does not purport to be an exhaustive or statistical report concerning the impact of political clientelism on the implementation of the Program. Given the characteristics of the phenomenon of political clientelism, it is very difficult to determine its real impact. If we assume that a complaint is made for each case of clientelism, it is irrelevant to talk about “clientelism” in the Program, since complaints of irregularities amount to no more than 1.5 percent<sup>33</sup> of all beneficiaries. If this represented the true magnitude of the problem, it would be a marginal phenomenon. For various reasons, however, it is quite likely that this percentage reflects only part of the problem. Clientelism, like many other offences involving the poor, often goes unreported because of fear, lack of trust in the authorities, or even because of tacit acceptance of the clientelist system.<sup>34</sup> For this reason, the rate of complaints is often very low. Clientelism is not even precisely identified in impact assessments. For example, an impact assessment may discover a significant filtering in of technically ineligible persons and incomplete coverage of eligible beneficiaries, but this could be the result of an error in program design or execution rather than a product of clientelism. Moreover, the assessment may confirm a very low filtration rate and very good coverage. This fact alone would indicate that eligible persons were receiving the bene-

31 For a better understanding of this deterioration, see C. Smulovitz (2003). “Informe de consultoría Banco Mundial,” “Consejos Consultivos Municipales del Plan Jefes y Jefes de Hogar: Una discusión sobre su desempeño,” mimeo, Buenos Aires.

32 Political clientelism is found at all levels of government, but in view of the decentralization of the Program and the origin of the complaints analyzed in this case study, attention will be focused on the municipal level.

33 See CODEM report, December 2004, [www.trabajo.gov.ar/programas/sociales/jefes/codem.htm](http://www.trabajo.gov.ar/programas/sociales/jefes/codem.htm).

34 See J. Auyero, J. et al., *¿Favores por votos?*, (1997), Ed. Losada, Buenos Aires.

fit, but it does not mean that the persons chosen did not receive this benefit in exchange for a percentage of its value or other favors. In the case of the Program, the impact assessment studies<sup>35</sup> show that the targeting of the poor was relatively successful. Approximately half of the beneficiaries came from the poorest quintile of Argentine families, and all but 10 percent fell below the official poverty line. This fact suggests that clientelism in enrollment in the Program at least did not exclude the poorest people, nor did it affect the targeting of the Program.

It is very likely, therefore, that the existing complaints represent only part of the total percentage of cases of clientelism. Consequently, the best way of controlling clientelism is to prevent it through good program design and institutional structures that increase the cost and minimize the opportunities of practicing it. To that end, this section will analyze the reported cases of clientelism in the Program in order to develop a typology and identify the conditions conducive to it, without thereby implying that each case could have been replicated throughout the entire Program operation. Instead, the cases serve as a warning signal of the risk factors that should be controlled or corrected in future.

Political clientelism is a special form of linkage resulting from personalized rather than universal criteria. In this clientelist relationship, an individual with more power (the boss) takes advantage of his influence and resources to provide protection, services, or favors to other individuals (clients), who, in exchange, offer their assistance, personal services, social prestige, or political support to the boss in an election. Between the two individuals (boss and client), so-called brokers may emerge, who develop a kind of intermediation system between the services, goods, and favors coming from the boss and the loyalty, assistance, personal services, prestige, or political support flowing from the client.

Three fixed characteristics of political clientelism can be identified. It is an unequal relationship where bosses, brokers, and clients have unequal economic resources, prestige, and power. It is a *personalized*, face-to-face relationship, where universal rules neither apply nor are valid. Lastly, it is an *informal* and *diffuse* relationship: informal because there is no formal authority to enforce the agreement, and diffuse because the terms of the relationship are vaguely and ambiguously defined. There are two types of clientelism,<sup>36</sup> with many variants and combinations between the two extremes: “dense” clientelism, with an explicit statement that the favor is in exchange for a given quid pro quo activity, and institutional clientelism,

35 Emanuela Galasso and Martin Ravallion, (2003), *Protección Social en la Crisis: El Plan Jefes Y Jefas de Hogar*. World Bank.

36 See R. Gay, “Between clientelism and universalism, reflection of popular politics in urban Brazil”, p. 67, in J. Auyero et al., *¿Favores por votos?*, 1997, Ed. Losada, Buenos Aires.



where the exchange is implicit. However, it is very difficult to find these two types in pure form. Clientelist relationships that develop over time are very likely to alternate from dense to institutional, and vice versa. The use of these pure types will serve, however, to analyze and better understand the existing institutional situations that are conducive to clientelist manipulation in the Program.

Dense clientelism is characterized by an explicit exchange of votes or political support for basic goods and materials. In this type of relationship, the boss finds out what the client wants (drugs, clothing, food, worked materials, subsidies, etc.) and then obtains them and provides them to the client.

In the case of institutional clientelism, the exchange is not explicitly stated, but is rather an implicit exchange whereby the resource consists of inclusion as a beneficiary in a social program. As we have said, this inclusion may involve the fulfillment of a condition by an eligible person in exchange for something, or the inclusion of someone who does not meet the eligibility requirements. It is a truly formalized institutional practice used throughout the State bureaucracy at all levels, while being sustained by the central State through laws and formal political acts.<sup>37</sup> Another novel aspect of institutional clientelism is the incorporation of citizen participation and the recognition of economic, social, and cultural rights. This contradiction between clientelist practices and greater citizen participation and recognition of rights is resolved by not providing the necessary resources to promote authentic co-management, and making social rights unavailable, or merely rhetorical.

The following table presents a basic typology of the irregularities detected in the implementation of the Program. The table shows the irregularities between practices involved in dense clientelism, institutional clientelism, bilateral clientelism, and corruption. These ideal types are divided into centralized and decentralized segments, taking into account the relationship with the municipality and the number of actors involved in clientelist relationships. The table presents basic examples of each type of clientelism and corruption detected in the reports of SIGEN in 2002 and 2003, and complaints covered by the press. This table has no statistical value; it is based on individual cases, and seeks to use the existing information to gain a better understanding of the problem. Once again we will focus on political clientelism at the local level because of the key role played by CCMs and municipalities in the decentralization of the Program.

37 M. Trotta, "Las metamorfosis del clientelismo político", p.119, 2003, Editorial Espacio, Buenos Aires.

## TYPOLOGY OF CLIENTELISM IN THE PROGRAM

	Dense clientelism	Inst. clientelism	Bilateral clientelism	Corruption
Fewer actors involved/ Greater centralization	Actions within and/or in coordination with the Municipality		-Coordinators' extortion of quid pro quo, requiring beneficiaries to participate in political actions, marches, and protests.	From the Municipality/ Consultative Council
	<u>Direct:</u> - Award of projects or benefits based on political affiliation. - Exchange of project for votes in domestic or municipal elections. - Award of projects in exchange for quid pro quo for electoral purposes.  - Disinformation, refusal to provide forms, unfair rejection of individuals who are not members of the official party and/or do not publicly support the mayor.  - Simultaneous registration in Program and in party or internal elections.  - Mayor ignores or does not sign CC decisions on disenrollments.	<u>Consultative Council (CC) as hub of clientelist activities.</u>  - Disinformation, refusal to provide forms, or unfair rejection of individuals who do not belong to the CC network. - Consultative Councils grant benefits in an irregular manner.	-Requirement by coordinators to pay part of stipend to the coordinator's organization. -Expansion of projects without the knowledge of the Consultative Council and/or Municipality - presumably from the Government to political action groups or members of parties other than the official party.  -Award of projects to groups of beneficiaries without prerequisites and/or in a discretionary manner owing to pressure from a coordinator.	- Award of projects in exchange for:  *sexual favors *payment of a percentage to municipality officials *personal favors.  - Sale of projects
More actors/ More decentralization	Acting in close relationship with, but outside, the Municipality			From coordinators of quid pro quo
	<u>With intermediary:</u> - Political brokers distributing forms and in charge of registration.	<u>Coordinator and/or organizer of quid pro quo actions as focus of clientelist activities.</u>		- Collection of a percentage of projects instead of quid pro quo, or as part of it.

	- Political brokers with strong impact on system of disenrollment from the Program.	- Exchange of project for payment of percentage of project to Unidad Básica, grass-roots party or organization united with official party. - Quid pro quo for partisan purposes. - Extortion by coordinators for partisan purposes.		- Sexual relations instead of quid pro quo.
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Source: Prepared by the author, adapted from Ford Foundation document, 2003, on the basis of complaints and audit reports (see bibliography).

### *Dense clientelism*

Complaints about the Program point to the existence of dense clientelism in respect of the award of projects and registration in the Program. The most representative case was the prosecution of the former Director of Employment in Argentina, Alejandro Keck, for the irregular award of 12,000 Heads of Household projects in the midst of an electoral campaign in exchange for political support and votes. In this case, the voters registered through the Ministry of Labor, bypassing the CCM.

Another phenomenon that may indicate control over the award of projects is the arbitrary rejection of eligible applicants and the channeling of registrations through clientelist networks. Arbitrary refusals to provide forms for the Program have existed from the outset. Complaints have been filed in Isidro Casanova, Tapiales, Aldo Bonzi, La Tablada, San Justo, Santa Teresita, Florencio Varela, González Catán, Ciudad Evita, Escobar, Rafael Castillo, San Miguel, Merlo, Ezeiza, and Lomas de Zamora.<sup>38</sup>

### *Institutional clientelism*

As mentioned at the beginning of this section, in institutional clientelism exchanges are not explicitly stated; instead, they are implicit: what is exchanged is not a tangible resource but inclusion as beneficiary in a social program, a symbolic resource mediated by bureaucratic procedures which, as we will see later on, far from solving the clients' immediate problems, generates additional costs and obligations for them. Another characteristic of institutional clientelism is that it includes doubtful co-management practices and uses mere rhetoric when referring to rights. This contradiction

38 See SIGEN reports, 2002-2003.

between clientelism and recognition of rights and more participatory forms of management may be seen as an adaptation of clientelist practices in the socio-political context of democratic transition which, since 1983, has incorporated a discourse, sometimes real and at other times simply rhetorical, that promotes the expansion of social rights and greater citizen participation in decision-making.<sup>39</sup> Another important point is the requirement by the World Bank and IDB that civil society organizations must be included in the management and execution of social projects.<sup>40</sup> This contradiction is resolved through ambiguous procedures that are conducive to, and also reinforce, clientelist practices.

In this context, one of the irregularities that occurs most often in the SIGEN reports is registration without the necessary prerequisites. In reports prepared by CODEM,<sup>41</sup> referring to the period up to 2004, 78.95 percent of complaints had to do with applications for benefits, and award thereof, before the requirements had been met. Although not all these complaints are related to clientelism, they point to a weakness in the operation of the program that should be looked into. For example, reports of the receipt of Program stipends by members of the police force were corroborated in all the provinces of the country. UFISES cross-checked data from the police rolls with stipends awarded under the Program, and the results showed that the inclusion of police officers as beneficiaries of the Program occurred in 1,093 cases, in towns in all the provinces of the country, with the majority of cases being in Santa Fé (110 cases), Santiago del Estero (105 cases), and Mendoza (66 cases). The award of projects to municipal employees was observed in the 134 municipalities of the Province of Buenos Aires.

A total of 260 municipal employees in the municipality of Islas Malvinas received benefits of \$150 a month. In this municipality, an accusation of unlawful association was made by the public prosecutor against a secretary and a deputy director of the Executing Unit for Employment Programs in the municipality, two councilors, and 50 other persons, including a number of Peronist brokers.

The following table shows the scope of the practice in 12 municipalities. The table shows that in some municipalities up to 15 percent of the projects granted by the municipality went to municipal employees.

39 See R. Saba and M. Bohmer, "Participación ciudadana en Argentina" in "Rompiendo la Indiferencia," p.123, 2000, Ford Foundation, Chile.

40 See M. Svampa and S. Pereyra, "Entre la ruta y el barrio: La experiencia de las organizaciones piqueteras," p. 98, 2003, Biblos, Buenos Aires.

41 The percentages refer to a total of 21,553 reports, representing approx. 1.07 percent of all beneficiaries.

Municipalities	Municipal employees	Total beneficiaries of Program	Percentage of beneficiaries who are municipal employees
Castelli	27	185	14.59 %
Dolores	34	811	4.19 %
Florentino Ameghino	12	456	2.63 %
General Lamadrid	27	275	9.82 %
General Villegas	71	867	8.19 %
Guamini	16	328	4.88 %
Ituzaingo	38	6061	0.63 %
Maipu	25	415	6.02 %
Malvinas Argentinas	260	19692	1.32 %
Monte Hermoso	18	273	6.59 %
Tornquist	13	356	3.65 %
Monte Hermoso	18	273	6.59 %

Source: Prepared by the author on the basis of data from UFISES and Beneficiarios del Periodo 5/2004, published by the Ministry of Labor.

The UFISES investigation was not limited to the municipalities of the Province of Buenos Aires; it also included, in July 2003, six other provinces. In Santiago del Estero, for example, it was discovered that 1,249 provincial employees received the subsidy; in Córdoba, 295; in Río Negro, 145; in Catamarca, 183; and in Salta, 71.

Another peculiarity of institutional clientelism is the creation of long-term expectations as a “resource” of exchange.<sup>42</sup> The capacity of the Consultative Councils to decide on disenrollments from the project gives them a privileged position which, in a clientelist relationship, enables them to exert direct sway over clients. Moreover, this situation is aggravated by the temporary nature of the Program. The uncertainty of beneficiaries about its continuity strengthens the boss’s position and enables him to practice more extortion on the client.

#### ***4.2. Provincial consultative councils***

The main functions of provincial consultative councils (CCP) may be summarized as follows: (1) to collaborate in the implementation and follow-up of the Program at the provincial level, ensuring transparency and fairness in its execution; (2) to monitor compliance with the criteria of accessibility of beneficiaries throughout the province; (3) to receive and verify reports of irregularities; (4) to inform CONAEyC about irregularities that have been ver-

42 M. Trotta, “Las metamorfosis del clientelismo político”, p.164, 2003, Editorial Espacio, Buenos Aires.

ified; (5) to offer support and technical assistance for the setting up of municipal, communal, and neighborhood consultative councils; (6) to act as a forum for review of existing disputes in the municipal or communal consultative councils; (7) to promote linkages between local actors participating in the execution of the Program.

The CCPs are composed of members of the provincial government (mainly in the social action sphere), members of religious institutions, neighborhood associations, etc. Studies have shown that in the majority of the CCPs membership was more restricted: not all local organizations were invited to join, and there was even evidence that the councils had no relationship with the beneficiaries of the Program.

Following the model of analysis used with the CCMs, it can be seen that the mission of the CCPs, although valid, is less well defined than that of the CCMs. Thus, the CCPs are in an unclear position between the CCMs, which execute the Program, and the National Council, which coordinates it. It might be thought, a priori, that their position as nexus or mediator would allow them to play a key role in the vertical transmission of information on topics relating to the management of the Program. In practice, however, their lack of influence on the determination of enrollment and disenrollment and on the control of stipends undermines their authority and hence diminishes their political legitimacy. The most notable consequence of this political shortcoming is the lack of data on the execution of the Program at the grass-roots level, and the lack of information and communication relating to decision-making at the national level. In this situation, the CCPs are largely disconnected from the CCMs and the National Council. As a result, the majority of provincial councilors say, when referring to their management reports, that they are not sure “what to send, to whom, and when.”<sup>43</sup>

Lastly, like the CCMs, the CCPs lack the resources to manage the program efficiently. Thus, the CCPs have a valuable but poorly defined mission, doubtful political legitimacy, and reduced operational capacity. All these factors combine to make the CCPs one of the weakest institutions in the Program.

#### ***4.3. The national consultative council***

The national consultative council, or National Council for Administration, Execution and Control (CONAEyC) of the Program, is headed by the Minister of Labor and acts as a multisectoral body made up of three representatives from each of the following sectors: civil society, business, trade union organizations of workers and the unemployed, religious institutions, and the National Government. The 15 representatives carry out the tasks assigned to

43 Caritas, Grupo Sophia et al. “Representatividad y Funcionamiento de los Consejos Consultivos-Programa Jefes y Jefes de Hogar.” Buenos Aires, August 2003 (p.56).

them by donating their time, with the exception of the executive director, who is paid. The representatives meet weekly at the Ministry of Labor, Employment, and Social Security (MTEySS). CONAEyC has broad powers in the monitoring and auditing of the Program, namely: (1) to develop, evaluate, and adopt the policies to be implemented by the Program; (2) to help keep the register of beneficiaries of the Program up to date; (3) to supervise the use of funds; (4) to follow up job training and skill-building programs; (5) to set up the external evaluation of the Program; (6) to contribute to dissemination and information activities on the implementation of the Program; (7) to prepare a monthly report for the President of the Nation; (8) to report cases in which irregularities are detected.

It is clear that CONAEyC, like the CCMs at the local level, plays a key role at the other extreme of the decentralization process. CONAEyC focuses on more general decisions on the Program and, at the same time, holds a strategic position in the communication and transfer of information from the more decentralized levels of Program management to the central Government, and vice versa. For example, CONAEyC functions as the main link between the CCMs and the control bodies (UFISES and CODEM), channeling complaints of irregularities from the MMCs to the CCPs and then to the corresponding control bodies. Conversely, CONAEyC promotes and facilitates the information flow from the central Government to the municipalities in key areas, such as the updated lists of beneficiaries.

During the first stage, however, CONAEyC performed both functions very poorly. As for the CCPs as a channel of communication from the periphery to the center, a study conducted by CARITAS<sup>44</sup> shows that 82 percent of the CCPs under consideration maintained a “low” level of communication with CONAEyC. This means that communication is weak, interrupted, and unsystematic. For their part, 84 percent of the CCMs studied admit that they have no relationship with CONAEyC.

Taking the opposite approach, from the center to the periphery, the situation is also disappointing. In its first management report,<sup>45</sup> CONAEyC reported on the difficulties it had in the first stage, during the term of President Eduardo Duhalde, in gaining read-only access to the database of beneficiaries. Access to this information was a basic and necessary condition for CONAEyC to perform its control and monitoring functions. It would have been better if the Program had guaranteed access, from the outset, to reliable and up-to-date information on patterns of beneficiaries. On the one hand, the situation is understandable in view of the magnitude of the crisis and the speed of the response, but, on the other hand, the lack of will on the

44 Caritas, Grupo Sophia et al. (2003) “Representatividad y Funcionamiento de los Consejos Consultivos-Programa Jefes y Jefes de Hogar.” Buenos Aires. (p. 54)

45 See [www.trabajo.gov.ar/programas/sociales/jefes/conaeyc/documentos.htm](http://www.trabajo.gov.ar/programas/sociales/jefes/conaeyc/documentos.htm)

Government's part to accede to the requests made by CONAEyC was obvious. Without this information it was virtually impossible, during this first stage, to respond to claims and reports submitted by organizations and consultative councils. This created a negative image of the Program in terms of the transparency of the process, and undermined the legitimacy of CONAEyC in the view of the CCs and public opinion in general. One indicator of this initial tension was the resignation of Eugenio Borrás as Executive Director of CONAEyC, seven months after the Program was launched; this was a sign of the lack of cooperation from the provincial governments and municipalities, but mainly from the Ministry of Labor, with regard to transparency and control of social welfare programs. Borrás warned of a "disturbing absence" of control mechanisms for the implementation of Decree 565/02, adding that the body he headed "lacked justification," since it had no control over the management and transparency of these social welfare programs. In brief, without access to the up-to-date lists of beneficiaries and without any influence on the Ministry of Labor, CONAEyC has been weakened as an institution and has lost some of its political legitimacy.

Nevertheless, CONAEyC has made some progress during the past year of operation on the complex process of purging the voting register and moving towards a single database. Thanks to a strong lobbying effort, it has also gained access to the databases from the provincial and municipal CCs.

But it must be recognized that CONAEyC is facing a difficult challenge in this matter. In the move towards the development of a single register of beneficiaries, given the federalist system in Argentina, the central Government and CONAEyC will have to confront serious obstacles in the form of provincial governments that do not regularly update their databases and that submit fragmented information. This situation is often due to the shortage of human resources to maintain the databases; but it also has to do with the provincial and municipal governments' resistance to losing control over the valuable political capital represented by the thousands of beneficiaries of social welfare programs.

Briefly, then, CONAEyC seems to be an institution with a valuable and strategic mission. Nonetheless, its lack of authentic political support and its inability to influence the highest levels of political power during the first stage have detracted from its legitimacy in the eyes of the other consultative councils and public opinion. The shortage of information, an essential resource for its management, has seriously hampered its operational capacity. Currently, CONAEyC seems to have entered a new stage, with more experience and training to enable it to influence the national Government.<sup>46</sup>

46 Cristina Resano. Interview.



## 5. SUMMARY AND RECOMMENDATIONS

### *5.1. Disempowerment of some in order to empower others*

The Program was designed to empower civil society through decentralization and through social inclusion in supervision and decision-making. During this empowerment process, the consultative councils may play a fundamental role in opening up new institutional spaces for participation and social control in key decisions related to the operation of the Program. However, as shown by this case study, in order for the consultative councils to effectively promote social empowerment, they must meet three institutional conditions. They must carry out a mission that is looked upon favorably by the community; they must have authority and demonstrate political legitimacy; and they must be administratively and operationally capable of carrying out their mission. If any of these three conditions is missing, the consultative councils face a serious risk of failure in their empowerment mission.

From this point of view, for the World Bank, social welfare policies either benefit the poor or are clientelist.<sup>47</sup> This implies that in order to empower the former, the brokers must be disempowered. Stated explicitly, in order to empower the poorest groups (clients), the political intermediaries (bosses) must be deprived of their power. The implementation of participatory channels without taking into account local power structures may produce the opposite results to those desired. In international experience and in the specialized literature on development programs, this phenomenon is defined by various terms, such as “the tyranny of participation,”<sup>48</sup> “voice without influence,”<sup>49</sup> participation as a passing fad,<sup>50</sup> or as rhetorical “make-up.”<sup>51</sup> All these expressions denote a type of participation that is neither authentically democratic nor autonomous, through which clientelism, rather than being dismantled, has become more widespread and stronger.

That said, it is clear that the municipal consultative councils of the Program must have enough power and operational capacity to keep them from being co-opted by local elites. Unfortunately, the consultative councils operate in a hostile environment, where asymmetries of information and power are very widespread. Without the political support of the provincial

47 World Bank (2003). *Making Service Work for Poor People*. World Development Report, Oxford University Press.

48 B. Cooke and Y. Kothari (2001). “Participation, the new tyranny?” Zed Books.

49 A.M. Goetz and J. Gaventa (2001). ‘From consultation to influence: bringing citizen voice and client focus into service delivery.’ IDS Working Paper 138.

50 J. Cohen and N. Uphoff, “Participation’s place in rural development: seeking clarity through specificity,” *World Development* vol.8, 1980.

51 M. Cernea, “Knowledge from social science for development policies and projects”, in M. Cernea (ed.) *Putting People First: Sociological Variables in Rural Development*, Washington. Oxford University Press.

and national government authorities, the municipal consultative councils run the risk of becoming irrelevant in terms of genuine citizenship participation, and of being politically manipulated. Admittedly, in this context, the pressures on consultative councils are considerable, because given the traditional political practice in Argentina, the effective functioning of the consultative councils would weaken an important political and electoral resource for municipal, provincial, and national governments.<sup>52</sup>

### *5.2. The future and possible options*

The Program has been in existence for four years. Extensive experience has been gained during this time, and a large number of qualitative/quantitative studies and impact assessments have been carried out. On the basis of this accumulated knowledge, a summary can be made of the recommended options for strengthening the autonomy of the consultative councils and improving their operation. Thus, there are at least three very different options: strengthening what already exists,<sup>53</sup> reforming it,<sup>54</sup> or changing it.<sup>55</sup>

As for strengthening the existing system, the consultative councils will have to transform themselves into a key component of social policies, beyond any one social program in particular. To that end, a series of reforms is proposed to reinforce their political legitimacy and operational capacity. Suggested measures to strengthen their legitimacy include: (1) improving the representativeness and multisectoral nature of the consultative councils; (2) a new form of legal implementation to ensure continuity through time and give them more stability; (3) establishing formal mechanisms for the incorporation of new members; (4) eliminating all parallel institutional channels for allocation of benefits; (5) reformulating the normative framework, making it more precise and coherent; and (6) promoting and expanding the establishment of grass-roots committees as a way of furthering the decentralization processes.

52 See J. Auyero (2004) "Política, dominación y desigualdad en la Argentina contemporánea. Un ensayo etnográfico," Sociology Department, State University of New York at Stony Brook, and S. Stokes and V. Bursco (2003), "Selective Incentives and Electoral Mobilization Evidence from Argentina," University of Chicago.

53 This option is largely reflected in the recommendations presented in: Caritas, Grupo Sophia et al. (2003) "Representatividad y Funcionamiento de los Consejos Consultivos-Programa Jefes y Jefes de Hogar," Buenos Aires (p.72).

54 This option is largely reflected in the recommendations presented in: Smulovitz, C.(2003). 'Informe de consultoría Banco Mundial, "Consejos Consultivos Municipales del Plan Jefes y Jefes de Hogar: Una discusión sobre su desempeño," mimeo, Buenos Aires (p.17).

55 This option is not so clearly represented in any of the studies done on the performance of the consultative councils. The ECLAC study, which discusses the uncertain future of the Heads of Household Program, is probably the closest approximation of this position. For the author, the present case, a study of this third position, has the intrinsic merit of considering the future of the consultative committees from a broader critical perspective, which includes the comparative experience of other countries.

The option of strengthening operational capacity involves: guaranteeing enough financial, material, and human resources for the councils to effectively carry out their mission. Thus, it is expected that the consultative councils will expand their activities and intervention beyond the Program. This position reaffirms the valuable mission of the consultative councils as institutional vehicles for citizenship participation in the management of social policies. Consequently, the main recommendations are intended to revive the political legitimacy of the CCMs by eliminating all parallel institutional arrangements and expanding the councils' powers. On the other hand, they seek to optimize the councils' operational capacity by augmenting and guaranteeing the necessary resources for efficient management.

The second option includes the principal recommendations of the previous point, but it differs in that it questions the councils' role in terms of control and supervision. Given that in most studies the multiplicity of functions was identified as one of the main problems in the management of consultative councils, and that the weakest functions seem to be control and monitoring, it is recommended that these functions be redefined and streamlined. Thus, it is suggested that the CCMs concentrate on evaluating workfare projects and community activities, and the assignment of beneficiaries to them, thereby prioritizing the processes of deliberation and consultation and hence re-centralizing control (CODEM and UFISES). The second proposed reform is related to the administrative chain of command for the purposes of dealing with irregularities. This reform seeks to strengthen the ascending chain of command, enabling the lower-level bodies of the program (MMC, MMP, and CONAEYC), to demand that the central organs of the Program respond to specific reports or complaints. Thus, this second option recommends that the central Government should take a very definite position, assuming greater responsibility with regard to irregularities in the Program and the complaints from lower-level bodies. Moreover, this reform option reflects the strong opinion –voiced in most studies– that civil society, through the consultative councils, should not replace the State as a control body. Strictly speaking, once the crisis of 2002 has been overcome, this proposal presupposes a serious public debate on the pitfalls and accomplishments of the Program and a frank statement by the national Government concerning the level of political commitment it would be prepared to make in order to dismantle the clientelist networks built up around the Program and other social programs.

Finally, a third option suggests taking into account other international experiences. The Mexican case, for example, is certainly the most interesting one to analyze from the Argentine perspective. Mexico, after a bad experience with decentralization through the PRONOSOL program, decided to undertake a strong political recentralization process through its OPORTU-

NIDADES program (formerly known as PROGRESA). The first experience, during the presidency of Carlos Salinas (1988-1994), was based on an unprecedented decentralization process by which more than 150,000 consultative committees (solidarity committees) were formed in order to develop productive projects in over 2,300 municipalities. Unfortunately, the PRONASOL case became famous for its high levels of clientelism and the political manipulation of the consultative committees. According to a World Bank report,<sup>56</sup> PRONASOL annually spent 1.2 percent of GDP, reducing poverty by only 3 percent, when the expected results were to have been 60 percent. Owing to this experience, the Government of President Zedillo created PROGRESA, which was then converted to the OPORTUNIDADES program by the Government of President Fox. This program quickly became world-famous as one of the best-run new programs for tied money transfer. This option does not recommend dismantling the consultative council model and redesigning everything from square one. On the contrary, the Program has unquestionably launched a new kind of social program implementation in Argentina. The idea is to take into account comparative experience in order to incorporate and adapt instruments that have been put to the test in other countries. Accordingly, the Mexican case may be used to analyze the conditions that frustrated the original PRONASOL decentralization process, and at the same time may suggest fresh instruments to ensure transparency and control of political clientelism. One of the first reforms adopted by the Mexican system to disempower political power brokers and local elites was the incorporation of intensive mass media campaigns to modify the culture of political clientelism. After decades of authoritarian and clientelist relationships, regardless of the guarantees of transparency and equity offered to beneficiaries under the new OPORTUNIDADES program, a simple threat by political power brokers continues to have a psychological impact on the extremely poor. Advancement from a clientelist culture to a citizenship culture will require the incorporation of mechanisms to provide education and information about rights, which will promote a cultural change in the relationship between the State and the poorest communities.

Lastly, certain elements of the three types of reforms may be combined. The consultative councils may be strengthened in the framework of social policy management, maintaining their valuable mission of social empowerment and transparency, but streamlining their functions to make them more efficient. They may be reinforced through a new appeal for support and a clearer normative framework, in order to include individuals and organizations who are respected in their communities and to receive com-

<sup>56</sup> World Bank (2003). 'Making Service Work for Poor People.' World Development Report, Oxford University Press (p.7).

plaints and inform citizens of their rights. The consultative councils could play an important role in channeling complaints to the control bodies. They could also make a crucial contribution to the empowerment of individuals through the recognition of their rights and the activation of concrete mechanisms to enforce respect for them. Thus, the strategic position of the municipal consultative councils could bring essential State services closer to where the poorest and most excluded people are living, without their having to give anything in exchange for their inclusion in society.

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## ANNEX 1: COMPARATIVE TABLE OF DECREES 165/02 AND 565/02

	Dec. 165/2002	Dec. 565/2002
<b>Purpose</b>	Declaration of job emergency - Heads of Household Program	Ratification
<b>Enforcement authority</b>	MTE & SS & MDS	MTE & SS
<b>Basis</b>		International Covenant on Economic, Social and Cultural Rights
<b>Beneficiaries</b>	Targeted to heads of household, with children under the age of 18, the handicapped of any age, or households where the head of household or the spouse, partner, or living companion of the head of household is pregnant, all of whom are unemployed and living permanently in Argentina.	Provides: The Heads of Household Program may be extended to unemployed youth and persons over 60 years of age who are not receiving a social security benefit.
<b>Access</b>	The Program will be run in progressive stages depending on available funds and the various social sectors to be covered, as provided for in the regulations.	Universal.
	Dec. 165/2002	Dec. 565/2002
<b>Obligation of beneficiaries</b>	The objective of the program is to provide economic assistance to the beneficiaries referred to in article 2, in order to offer comprehensive family protection, ensuring school attendance and health monitoring of children living in the conditions described in article 2, and encouraging, where appropriate, the incorporation of unemployed heads of household into formal education classes or their participation in training courses that will help them obtain a job in the future, mainly in workfare projects to benefit the community. Through regulations, other activities may be provided for that will lead to or improve chances of beneficiaries finding a job and their cooperation with other program participants in developing productive activities and/or in support of existing projects or workfare programs.	The objective of the program is to provide economic assistance to the beneficiaries referred to in article 2, in order to guarantee the Family Right to Social Inclusion, ensuring: (a) school attendance and health monitoring of children living in the conditions described in article 2; (b) incorporation of beneficiaries in formal education classes; (c) their participation in training courses that will help them obtain a job in the future; (d) their incorporation in workfare projects or community services having a measurable impact on job readiness. Through regulations, other activities may be provided for that will lead to or improve chances of beneficiaries finding a job in the development of productive activities and/or services.
<b>Creation</b>	The execution of the Program will be operationally decentralized through each Province and the Autonomous City of Buenos Aires; the Program will be implemented through the Municipalities. It will be monitored by Provincial and Municipal Consultative	To promote the effective implementation of the Program, the National Council for Administration, Execution, and Control (CONAEyC), is established, composed of three (3) representatives of each of the following sectors: (a) employers' organizations;



	Councils composed of representatives of workers, the business community, and social and religious organizations.	(b) workers' trade union organizations; (c) non-governmental organizations; (d) religious institutions. (e) representatives of the National Government. Members of the Council will be nominated by each of the sectors involved, and their participation will be voluntary.
<b>Amount</b>	100 to 200	150
<b>Duration</b>	Three months	As long as the emergency lasts. It has been renewed annually.
<b>Consultative Councils</b>		National (art. 12), for each locality and neighborhood, in municipalities with more than 25,000 inhabitants (art.9).

Adapted from: ILO (2003), "Análisis del Funcionamiento de los Consejos Consultivos del Plan Jefes y Jefes de Hogar."

## ANNEX 2: SPECIFIC FUNCTIONS OF MUNICIPALITIES AND CONSULTATIVE COUNCILS

	<b>Municipalities</b>	<b>Consultative Councils</b>
<b>Functions</b>	<p>The Municipality will assign activities that beneficiaries must carry out as a quid pro quo for benefits. Local Consultative Councils may cooperate in this work. Likewise, the Municipality may reassign beneficiaries to different activities while they are receiving the stipend.</p> <p>The Municipality or Commune, taking into account the instructions issued by the Municipal, Communal, or Neighborhood Council, will approve or reject the proposals, duly communicating their decision to the requesting body and to the Local Consultative Council.</p> <p>The Municipalities or Communes will be responsible for coordinating the enrollment and registration of beneficiaries in each locality, and assigning them to projects and/or activities, ensuring full compliance with the quid pro quo activity. The municipalities or communities will be responsible for informing beneficiaries of: enrollments, payment locations, quid pro quo activities, reassignment of activities, etc.</p>	<p>Submit to the Municipality the evaluated projects/activities, with corresponding instructions, for the purposes of assigning beneficiaries.</p> <p>Monitor the procedure for award of stipends.</p> <p>Monitor and follow up progress in the execution of the jobs assigned to the beneficiaries at the municipal level.</p> <p>Submit requests for disenrollment, signed by the Chairman and Secretary and ratified by the corresponding Mayor, to the Directorate of Employment.</p> <p>Draw up instructions for each of the projects/activities submitted.</p> <p>Authorize the executing bodies to submit activities or projects.</p> <p>Once the activities/projects have been launched, the Municipal, Communal, or Neighborhood Consultative Council will be responsible for monitoring their execution and the satisfactory performance of the executing bodies.</p>

	<b>Municipalities</b>	<b>Consultative Councils</b>
<b>Functions</b>	Once the project/activities proposals have been approved, and depending on the sociodemographic features and job profiles of each beneficiary, the Municipality will assign all selected beneficiaries to each activity/project.	The Municipal, Communal, or Neighborhood Consultative Council will transmit to the Provincial Consultative Council and to the Gerencia de Empleo y Capacitación Laboral [Office of Management of Employment and Labor Qualification] (GECAL) of its jurisdiction a report on the progress of each activity/project and on compliance with the quid pro quo consideration on the part of the beneficiaries.
<b>Joint functions</b>	<p>Verify that the beneficiaries carry out the established quid pro quo activities.</p> <p>Help disseminate the objectives and terms of the materials component. Help identify the municipalities' needs for technical assistance and training.</p> <p>Make local or sectoral diagnostic studies to contribute to the productive development component. Identify and coordinate resources for technical, commercial, and financial assistance for the work of the productive component.</p> <p>Guide executing bodies in the presentation of projects/activities.</p>	<p>Idem</p> <p>Idem</p> <p>Idem</p> <p>Idem</p>

Adapted from: ILO (2003), "Análisis del Funcionamiento de los Consejos Consultivos del Plan Jefes y Jefes de Hogar."

### **ANNEX 3: COMPARATIVE ANALYSIS OF THE COMPOSITION, POWERS, AND OPERATION OF THE COUNCILS**

	<b>Provincial Consultative Council</b>	<b>Municipal Consultative Council</b>
<b>Constitution</b>	The Provincial Consultative Councils will be composed of bodies representing their areas of jurisdiction: business groups, workers' organizations, social groups including the unemployed, religious bodies, and government authorities.	The Consultative Councils will be composed of bodies representing their areas of jurisdiction: workers' organizations, business groups, social and religious organizations and government authorities.
<b>Functions</b>	<p><b>Communes:</b> Cooperate in implementation and follow-up of the Program at the provincial level, ensuring transparency and fairness in its execution. Monitor compliance with the criteria of accessibility of beneficiaries throughout the province.</p>	<p><b>Communes:</b> To provide local control over the award of stipends to beneficiaries, and transparency and execution of the Program. To monitor registration, incorporation, and effective implementation of the Program in their jurisdiction. To receive reports of irregularities in</p>

	<p>Receive and verify reports of irregularities under the Program. Inform the National Council for Administration, Execution, and Control of any irregularities that have been verified.</p> <p>Submit to the Directorate of Employment (DNSFE), through GECAL, the incorporation papers and annex III, with any amendments thereto, as set forth in the prevailing regulations.</p>	<p>the Program under their jurisdiction, investigate complaints, and request the corresponding disenrollments if irregularities are verified. If such irregularities are not determined, they shall inform the Provincial Consultative Council, CODEM, and the National Council for Administration, Execution, and Control (CONAEyC).</p>
	<b>Provincial Consultative Council</b>	<b>Municipal Consultative Council</b>
<b>Functions</b>	<p>Specific tasks:</p> <p>Provide support and technical assistance for the formation of the Municipal, Communal, and Neighborhood Councils.</p> <p>Prepare, on a timetable indicated by the Department of Employment, a qualitative report on the progress of the Program, submitting it to the GECAL of its jurisdiction.</p> <p>Act as a body for the review of existing disputes in the area of the Municipal or Communal Consultative Councils.</p> <p>Propose quid pro quo activities in keeping with provincial and/or national policies designed to promote local development.</p> <p>Encourage linkages between the various existing and future national and provincial emergency programs, promoting their improved implementation in the territory.</p> <p>Promote cooperation between local actors participating in the execution of the Program.</p>	<p>Specific tasks:</p> <p>Together with the Mayor, jointly request enrollments and disenrollments of beneficiaries and monitor compliance, and submit requests for disenrollment, signed by the Chairman and Secretary, to the National Directorate of Employment of the MTEySS.</p> <p>Monitor effective compliance with the corresponding requirements for the incorporation of beneficiaries.</p> <p>Evaluate proposals for community and training projects and background information on the executing body in each case.</p> <p>Monitor and follow up the implementation of the quid pro quo activity assigned to beneficiaries under its jurisdiction.</p> <p>Receive registration forms from firms in the Registry of Program Employers, which must be sent to the corresponding office of MTEySS.</p> <p>Propose selection criteria and lists of beneficiaries for quid pro quo activities.</p>
<b>Operation</b>	<p>Council meetings will be convened by the Coordinator, Secretary, and/or three of the members. They will be held at least once a month.</p> <p>The Council will draw up a schedule indicating the date or dates, time and place of the meetings, which will be issued in writing and posted in visible places.</p> <p>The members will be notified of the meetings by any reliable means at their legal or actual domiciles.</p> <p>They will write up the minutes for each meeting to record the discussions held and decisions made.</p>	<p>Council meetings will be convened by the Chairman, Secretary, and/or three of the members and will be held at least once a month.</p> <p>The Consultative Council will provide information on the date, time, and place of the meeting, which will be issued in writing and posted in visible places, or by any other reliable means of communication to the members at their legal domicile.</p> <p>Not specified</p>

<b>Organization</b>	<p>Each Consultative Council may establish its own by-laws, provided that they do not conflict with the provisions set forth in the Program regulations.</p> <p>Functions of the Coordinator: to coordinate Council meetings. To maintain contact and liaison with bodies represented in the Council. To sign, together with the Secretary, all institutional documents, whether or not provided for in the Program regulations.</p>	<p>Each Consultative Council may establish its own by-laws, provided that they do not conflict with the provisions set forth in Decree 565/02, Res. 312/02, both subsequent and present.</p> <p>The Consultative Councils will designate a president and a secretary for the purposes of assuming the responsibilities indicated in the Program regulations.</p>
	<b>Provincial Consultative Council</b>	<b>Municipal Consultative Council</b>
<b>Organization</b>	<p>Functions of the Secretary: To notify all members of the convening of Council meetings. To communicate to Municipal and Communal Consultative Councils under their jurisdiction and to the National Council any decisions by the Provincial Consultative Council. To maintain contact and liaison with the bodies represented on the Council. To sign, together with the Coordinator, all institutional documents, whether or not provided for in the Program regulations.</p> <p>The Council may invite persons to the session who, because of their expertise and knowledge, may provide information or advisory assistance. In addition, when deemed necessary, members may be accompanied by specialists from the body they represent, in order to support a given position. In all cases, these participants must have the Council's prior approval.</p>	

Adapted from: ILO (2003), "Análisis del Funcionamiento de los Consejos Consultivos del Plan Jefes y Jefes de Hogar."

## FIGHTING CLIENTELISM AND CORRUPTION IN SOCIAL DEVELOPMENT PROGRAMS IN MEXICO

GUSTAVO MERINO<sup>1</sup>

### INTRODUCTION

Social policy is particularly vulnerable to clientelism and corruption. Clientelism alters the dynamics of political competition and, most importantly for social policy, results in an inefficient allocation of public resources that reduces the impact of poverty alleviation efforts. These negative results are compounded when clientelism is combined with corrupt practices, whether for economic or political profit.

Both phenomena have for a long time plagued social policy in many countries including Mexico. This does not imply that social policy was lacking in such goals as poverty alleviation, but that it has been also driven considerations of a political nature, that in the end affect the ability of such policies to achieve its stated aims.<sup>2</sup>

While the form that clientelistic practices take, as well as the opportunities for patronage and corruption, has changed over time, according the evolution of the political context and social policy itself, in essence, clientelism occurs when bureaucrats, politicians and other actors have discretion over the allocation of benefits and when some groups are better able than others to resolve collective action problems, apply political pressure and extract such benefits.<sup>3</sup> Following this premise, if opportunities for discretion can be curtailed and replaced with clear and transparent criteria, instruments to promote accountability and mechanisms to solve the collective action problems faced by the poor, then clientelism and corruption can be reduced.

This paper discusses how Mexican social policy since the introduction of Progresas –now Oportunidades–, and in particular since 2001, has created

1 I am grateful to César Nájera for able research assistance as well as comments and suggestions from Germán Palafox and participants at the International Seminar: Corruption as an Impediment to Social Development", Kennedy School of Government, Harvard University, February 25, 2005.

2 Perhaps the most widely studied case in this regard is the National Solidarity Program implemented during the administration of President Carlos Salinas. See for instance the works of Dresser and Molinar and Weldon, as well as others in, Cornelius, Wayne, Craig, Ann and Fox, Jonathan eds. (1994), *Transforming State-Society Relations in Mexico*, The National Solidarity Strategy, University of California, San Diego.

3 For a review of the changing nature of social policy and the role of clientelism and patronage from the 70s up to the creation of PRONASOL see the work by Peter Ward in Cornelius, Craig and Fox (1994) quoted above.

conditions that limit the possibility of engaging in clientelistic practices and corruption in social programs. Three types of actions in particular are discussed. First, changes in the design and implementation of social development programs, supported by changes in the institutional and legal framework. Second, measures to modify a long-standing culture of clientelism both from the point of view of politicians, political parties and administrators as well as that of beneficiaries of social programs. Finally, measures to address clientelism in specific situations such as prior to and during elections. While the measures in the first group originally had a different goal in mind, such as ensuring better targeting, the combined effect has been fewer opportunities for clientelistic actions and corruption. The following paragraphs discuss each of these groups of measures

### **CHANGES IN THE DESIGN AND IMPLEMENTATION OF SOCIAL PROGRAMS AND THE SUPPORTING LEGAL AND INSTITUTIONAL FRAMEWORK**

Among the most significant changes in social policy in the last few years by the Ministry of Social Development has been the introduction of targeting mechanisms with clear definitions of eligibility and coverage criteria, the use of transparent beneficiaries databases, corresponsibility requirements, mandated impact evaluations for all programs and the publication of “Rules of Operation” for all social programs. Beyond improving program design and effectiveness, all of these are effective instruments to combat corruption and clientelism.

#### ***Targeting and eligibility criteria***

Previously, social programs had either a universal approach or very lax targeting mechanism. Even where universal coverage was supposedly the norm, some form of targeting ensued, although very crude, as a result of budgetary constraints and political pressure that favored some social groups or regions over others, e.g., a virtual targeting of large urban areas, where the population is more politicized.

The introduction of the Progresa program in 1997, during the Zedillo administration, represented a turning point in social policy in Mexico in several regards<sup>4</sup>. This conditioned-cash transfer program was the first to use a transparent system to determine eligibility, the first to have an accurate and computerized beneficiary database, and a pioneer program in the use of independent impact evaluations to monitor effectiveness.

When the Fox administration began in December 2000, the evaluations of the program conclusively showed that it was successful in raising health,

4 For a description of PROGRESA see Levy and Rodríguez, 2004. For a current description of Oportunidades see [www.oportunidades.gob.mx](http://www.oportunidades.gob.mx)

nutrition and educational indicators and that the targeting criteria and mechanisms were effective. These factors alone, theoretically, should have been sufficient to ensure the continuation of the program. However, in Mexico every new administration would scrap many of the social programs instituted by the preceding administration and introduce new programs, just as the Zedillo administration discontinued the “Programa Nacional de Solidaridad”. What ensured the continuation of the program (renamed Oportunidades in 2002), beyond the positive evaluations’ results, was that it was considered free of clientelism and was not politicized: the use of transparent eligibility and targeting criteria and mechanisms insulated the program from political pressure by any group.

Transparent eligibility and targeting criteria and mechanisms is an effective tool against clientelism as program administrators can refer to them to counter demands from pressure groups seeking subsidies. Also, the same criteria and mechanisms allow a closer supervision of the administrator’s behavior.

However, two conditions must be met for these criteria to be effective against clientelism. First, the criteria have to be specified in detail and they must refer to measurable characteristics. For instance, if living in income poverty is part of the eligibility criteria of a given program, then there should be a specific standard to evaluate whether the eligibility criteria is met; the Oportunidades program uses a poverty measure derived from a predefined set of characteristics of poor households, and applies a proxy-means test to each household to evaluate eligibility. Second, the eligibility criteria must be stated in a legal instrument so that they cannot be changed in a discretionary manner by the program’s administrators; although this condition may reduce flexibility, administrators can always quote the legal instrument to protect themselves and the program from undue political pressure.

### ***Beneficiary databases***

Nowadays, a computerized beneficiary database is a necessary instrument for program effectiveness but also an invaluable tool against clientelistic practices and corruption. It might seem straightforward that any program that provides targeted subsidies should have a list of the people receiving such benefits, perhaps with additional socioeconomic and demographic information of the household as a whole and each of its members. Yet this did not occur in a systematic fashion in Mexico until the introduction of Progresa. The reasons for this are, most likely, both technical and political. The main technical difficulty is the lack of an individual identity number (such as a social security number) in Mexico and the fact that many among the poor, specially the elderly in rural areas, do not have even the most basic identity documentation, such as birth certificates. This fact makes the con-

struction of reliable databases very difficult since many people might share the same name<sup>5</sup>. The political reason for the absence of beneficiary databases, more relevant for our argument, is that when subsidies are assigned in a discretionary manner, individual identification of beneficiaries is not necessarily required or even wanted, as this in itself reduces discretionary power.

This administration has made an important effort in constructing databases for all programs that provide subsidies or benefits to individuals and families and to construct a single database with information for all program. Furthermore, it has worked with several states to construct databases that include beneficiaries of both federal and state programs in 14 states. These databases are not only necessary to allocate subsidies and benefits efficiently and without duplication, but they are also a useful tool for social policy planning: they identify who receives benefits, why and for how long, the type of benefits and how they are allocated, as well as social and economic indicators of the beneficiary and his or her household; moreover, they are also instrumental in identifying who has yet to receive benefits.

### *Co-responsibility requirements*

One of the principles of the current social policy strategy is that people should be considered actors in their own development: social development in general and poverty alleviation in particular can not rely solely on government subsidies and other forms of support, but must be complemented by actions pursued by the beneficiaries of social programs themselves. Thus, most programs mandate some “co-responsibility” requirements, usually actions that in themselves support the program’s main goals.

The Oportunidades program provides a good example: the government provides conditioned support pertaining to nutrition, health and education, in the following manner: food support consists of a cash transfer for all families plus in-kind nutritional supplements for families with young children; however, to receive these benefits, the female head of the household (and direct beneficiary of the program) must attend lectures on nutrition, hygiene and preventive health measures, plus all family members must attend scheduled health check-up’s at the local health clinic. Also, the program provides scholarships for children in school from the third grade of elementary school until the end of high school (Box 1 presents a description of the program in greater detail), as long as the child attends school regularly; a condi-

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5 Insofar as any given program could assign a number or key to every beneficiary but such numbers or keys might differ among programs, comparisons between programs are difficult and identifying duplications requires complex algorithms that require information beyond a persons name. Mexico has now introduced an individual identification number (Clave Única del Registro de Población: CURP) but it has not yet been issued to all.



tion that is verified in a bi-monthly basis. Thus, the co-responsibility requirements support the goals of the program and enhance its effectiveness: families make a better use of the additional income for food purchases, avoid easily preventable diseases and ensure the accumulation of human capital.

While not their primary purpose, co-responsibility requirements also contribute in the fight against clientelism and corruption, in two ways. First, in addition to supporting the program's objectives, they work as a self-selection mechanism. Complying with the conditions implies a cost (not necessarily monetary) for the recipient of public subsidies, such as the opportunity cost of the time spent at a lecture on nutrition or in a doctor's appointment at the health clinic in the case of Oportunidades. Only those that really need the subsidy or support would be willing to bear such costs.

Second, and perhaps more important in terms of its contribution against clientelism and corruption, meeting co-responsibility requirements empowers beneficiaries of public programs. Once subsidies and other forms of support are no longer seen as a "gift" from the government or its officials, but almost as part of an exchange, where the recipient of such support is entitled to it not just because he or she meets the eligibility criteria but also because he or she has complied with the stated co-responsibility requirements of the program, rightful recipients will resist further demands for political or electoral support as part of the exchange, and will put pressure on the administrators if subsidies are given to people who have not rightfully earned the support.

#### ***"Contraloría social" Citizens' Accountability Watch***

"Contraloría Social", which in terms of its functions can roughly be translated as Citizens' (or Social) Accountability Watch, refers to a set of actions to oversee and evaluate the use of public funds in social programs and compliance with the rules of operation and stated goals of the programs, as well as to receive complaints and pursue the relevant investigations and issue reports on the performance of social contracts.<sup>6</sup>

The *Contraloría Social* is formed by individual beneficiaries of social programs who organize for this purpose.

Since 2001 social programs administered by the Ministry of Social Development promote the organization of such groups, and since 2004, they are recognized under the Social Development Law.

While the actions of the *Contraloría Social* have no direct legal consequence and are not substitutes for the authorities in charge of auditing and verifying compliance (such as the Ministry of the Public Function and the General Controller of the National Congress –*Auditoría Superior de la Federación*), they

6 See articles 69, 70 and 71 of the Social Development Law.

can nevertheless promote accountability and community participation in the planning, implementation and supervision of social programs. Further evaluation of the functioning and results of these groups is warranted.

### ***Evaluation of social programs***

The continuous evaluation of social programs is a crucial instrument to assess whether the goals of such programs are met, and to provide the necessary information to improve the program's design or reassess its reach. In this way, evaluation improves public policy instruments and also promotes accountability.

Several programs have been modified as a result of impact evaluations. For instance, Oportunidades introduced scholarships at the high school level in 2001 and changed the components of the nutritional supplements in 2005, partly as a result of the information provided by independent evaluation. Also, the Liconsa Milk Program (*Programa de Abasto Social de Leche*) started providing fortified milk when evaluations showed that it was much more effective in combating anemia than regular milk.<sup>7</sup>

By law (both according to the yearly Federal Expenditure Budget Decree and the Social Development Law) all programs have to be evaluated by independent institutions such as universities and research centers. Moreover, the results of the evaluations are sent to the National Congress and they also have to be made publicly available by the Ministry.

Among other factors, the evaluators must assess the impact of the program but also the extent to which objectives are met and the rules of operation complied with. In so far as deviation from the objectives or the rules can be detected through the evaluations, they are also an instrument to avoid political use of the program or corruption.

### ***Rules of operation***

Since 2001, all ministries in charge of subsidy programs must issue "Rules of Operation" for each of them, as mandated by the Federal Expenditure Budget Decree issued yearly. Since 2004, this obligation also appears in the Social Development Law, thereby giving it a more permanent character.

The Rules of Operation are public legal documents, published in the Official Gazette of the Federation and specify the following:

- Goals of the program
- Identification of the population covered by the program, whether by region or group.

<sup>7</sup> The Milk program, administered by Liconsa, a government-owned company, provides milk at below market prices to persons in poverty, mostly in urban and suburban areas.

- Eligibility criteria
- Types and amounts of subsidy or support
- Steps to be followed to deliver the subsidy or support, including the role of the different participants and levels of governments involved.
- Rights and obligations of beneficiaries and where applicable, co-responsibility conditions.
- The obligation to conduct external impact evaluations of the program
- The obligation and general criteria for the construction of beneficiary databases, where relevant.
- Mechanisms to promote transparency and the non-political use of the program, as well as mechanisms for the presentation of complaints, including a free of charge telephone hotline.

The obligatory issue of a binding legal document in the form of rules of operation for every social program greatly limits discretion by program administrators to favor specific groups with clientelistic purposes or to engage in acts of corruption, as long as there is adequate enforcement.

While program administrators sometimes complain that the rules of operation might be too rigid and hinder an efficient operation of the program, such rigidity also serves administrators who need to counter pressure from different groups who want to receive benefits but who do not meet the eligibility criteria or other co-responsibility requirements established in the rules of operation. Further work on the rules of operation is needed to find an equilibrium between a flexible but efficient and a somewhat rigid but accountable program administration.

### ***The Social Development Law***

Since 2004 Mexico has a Social Development Law that institutionalizes and gives social policy a long-term focus.

In relation to the topic under discussion, the law includes several articles on transparency, social participation; citizens' watch organizations (*Contraloría Social*), and the prohibition to use social programs for purposes different than social development. In this sense, many of the actions that the Ministry of Social Development has been advancing are now bound and strengthened by law.

Moreover, the law places a strong emphasis on evaluation and on the use of beneficiary databases. Regarding the former, the law mandates the installation of a National Council on Evaluation of Social Policy.

### **CHANGING THE PREVAILING CULTURE**

A long-standing tradition of clientelistic use of social programs can lead to the following results. First, the beneficiaries of social programs may

expect subsidies or other public benefits to be conditioned on electoral and political support, and won't be surprised if it is demanded, whether in the form of attending political rallies, voting for specific candidates or even providing in-kind or cash support to politicians or leaders of social organizations. Second, the authorities, political parties and leaders of social organizations might consider the above practices as the natural way of doing business and the beneficiaries of social programs "fair game", and if they do not engage in such practices, others will and might thereby "steal" their supporters. Hence, in this view social programs can be used to reward followers or to punish opposing groups.

I have included leaders of social organizations among this group because in Mexico, like in some other countries, social programs have relied on social organizations to identify beneficiaries and to deliver benefits (typically their own members). Some of those organizations are very effective at helping their members obtain benefits from social program, sometimes demanding a cash-payment for their services, other times political allegiance. Just as many administrators and politicians act in compliance to the existing legislation and do not engage in clientelistic or corrupt practices, many social organizations and their leadership oblige.

A survey commissioned by the Ministry of Social Development, named "What the Poor Say", targeting only people under the poverty line, provides evidence of a tradition of clientelistic practices but also shows that the prevailing culture is evolving<sup>8</sup>. For instance, when asked "what causes some people to sell their vote", 36.6% gave "poverty" as a reason, 27.3% cited the "corruption of parties", 16.6% "government corruption" and almost 15% indicated that it reflected a "lack of citizenship culture" (see Graph 1).

On the other hand, the answers to the question "In your opinion, what is the most effective way to influence government?" revealed the persistence of traditional practices: 11.3% responded to this question saying "talk to the president" - a remnant of a system where the President is able to solve even local problems; 7.4% responded "contact your congressman", 4.2% responded "participate in demonstrations" and almost 4% said "having friends among officials". However, there were very encouraging responses, particularly in a country where democracy is a relatively new phenomenon: almost 43% responded with "voting in elections" and 7% with "contact the media".

The survey also showed illustrative data regarding social programs. When asked "Which is better to avoid electoral use of social programs", 32.6% indicated "supervision by other institutions", 22.9% indicated "supervision by beneficiaries" and 22.2% replied with "suspension of assistance during elec-

8 This survey "Lo que dicen los pobres", can be obtained at [www.sedesol.gob.mx/subsecretarias/prospectiva/voces.htm](http://www.sedesol.gob.mx/subsecretarias/prospectiva/voces.htm)

toral campaigns". But, in spite of the above, most respondents (67.5%) indicated they preferred that the government define which families should receive assistance while only 28.2 prefer that the community distributes subsidies.

The collective action problem that makes it difficult to break a tradition of clientelistic use of social programs is exacerbated by frequent electoral periods. In Mexico, each of the 31 states has its own electoral calendar and gubernatorial, legislative and municipal elections might not coincide; in addition, the federal electoral calendar includes presidential elections every six years and legislative elections every three. As a result, in a given year some states might have from one to 4 elections and as a result, it is estimated that during 282 days of every year there is an electoral process somewhere in Mexico.

Such a complex and lengthy electoral calendar creates opportunities for clientelistic practices and also a significant challenge. Even when social programs have strict eligibility and targeting criteria specified in the rules of operation, politicians, candidates, political parties, program administrators and others can prey on the ignorance of support recipients of public programs, and take advantage of the long tradition of conditioning present or future benefits for political support to claim that their vote for this or that candidate or their participation in a political rally is required for them to continue receiving benefits or to obtain them in the future, even when the person making such promises has absolutely no power over the allocation of social program benefits. There is large anecdotal evidence, supported by reports on the media of this type of conduct, for instance, municipal presidents who have no say on who can receive benefits from Oportunidades, leading people to believe that they do.

To change the prevailing political culture, enforcement of existing laws and regulations is crucial to modify the incentives faced by politicians, candidates, political parties, administrators and leaders of social organizations, as well as the expectations of those eligible to receive benefits from social programs and those who already receive them,

Thus, acts that deviate from those specified in the rules of operation and other regulations must be prosecuted according to the law, including the cancellation of government support to social organizations that condition publicly funded assistance beyond what is allowed by the rules of operation for co-responsibility purposes. In addition, some acts can be prosecuted under the electoral legislation.

In addition, as people gain more voice in a more democratic Mexico, there is less tolerance for corruption and abuse by those with authority. Hence, public exposure is also an important mechanism against corruption and clientelism, and the media faces an enormous social responsibility in this respect since unsubstantiated charges of misconduct can be part of an

electoral strategy; thus, every charge must be well founded before being reported.

The Federal Law for Transparency and Access to Information is another important tool to change the prevailing political culture, forcing public officials to provide information to the general public about all unclassified government activities (information about social programs is not classified up to the needed anonymity of individuals). However, it does not apply to politicians or political candidates.

While some states have issued Transparency laws to cover state government officials, many states still lack such instruments. Overall, there is less transparency of government actions at the local level.

Giving access to information about the social programs and all government activities is just as important to change the expectations of beneficiaries and of those eligible for social programs as to monitor the conduct of politicians, candidates, political parties, program administrators and others. Ignorance is, after all, a fertile ground for clientelism and corruption: the ability politicians and others to extract political or electoral support, or even monetary transfers from these groups, relies largely on convincing them that they have authority over decisions regarding the allocation of subsidies, even if they do not.

An effective communication strategy, using plain language and using information channels accessible to the poor, is needed to fight ignorance in this regard. Beneficiaries and potential beneficiaries must be made aware:

- That social programs benefits may not be conditioned on political or electoral support of any kind, and that the only acceptable conditions are those established in the rules of operation;
- Of the eligibility criteria, types of support and co-responsibility requirements for each program as well as the rights and obligations of recipients of public assistance in general;
- That they can report officials, politicians or anybody that uses social programs for political or personal gains, without fear of reprisals. In this case adequate means for reporting misuse must be made available to all.

The Ministry of Social Development pursues such a communication strategy, specially through Oportunidades but still more work is needed. The Social Development Law places special emphasis on transparency and mandates the following notice in all publicity and documents pertaining to social programs (article 28):

*“This is a public program, independent of any political party. The use of this program for purposes other than social development is forbidden.”*

In fact, the rules of operation of all programs administered by the Ministry of Social Development go further in this regard, requiring a text along the following lines<sup>9</sup>:

*“This is a public program, it is not sponsored or promoted by any political party and the source of its funds is the taxes paid by all tax-payers. The use of this program with political, electoral, profit or any others different to those specified is prohibited. Whoever misuses the resources of this program must be reported to the competent authority and sanctioned according to the applicable laws”.*

Furthermore, at the time of writing, the National Congress is discussing the approval of a bill that would amend the Social Development Law to strengthen the prohibition against the political use of social programs including sanctions to public officials that incur in such actions.

Social participation is a fundamental key to change a clientelistic culture. Therefore, the importance of supporting citizens’ accountability watch groups or *Contralorías Sociales* discussed previously. The Social Co-Investment Program (*Coinversión Social*) already provides financial support to projects promoting transparency and citizen participation in monitoring the non electoral use of public social programs.<sup>10</sup> Non-governmental organizations and international agencies can also contribute to this effort.

### **ACTIONS TO ADDRESS SPECIFIC EVENTS SUCH AS ELECTIONS**

The general strategy of the Ministry of Social Development to combat clientelism and corruption includes actions to address specific events such as electoral periods where the temptation to misuse public programs might be larger for politicians, administrators, candidates and political parties alike. Among the actions undertaken so far by the Ministry of Social Development (Sedesol) are the following:

- Suspension and prohibition of advertisements or any social related propaganda before elections
- All ministry vehicles used for social programs are banned from use in election day.
- Rescheduling of delivery of subsidies and other benefits of social programs so as not to occur on election days or a few days immediately preceding the election.

9 This text appears in the rules of operation of the Liconsa Milk Program,. There might be variations in the text appearing in the rules of operation of other programs but in general they all follow the same line.

10 15 projects of this kind in eight states were supported in 2004 with 2.7 million pesos.

- Promotion of “transparency sessions” where Ministry officials in states where electoral processes will take place, participate in workshops on their obligations regarding the non-political use of social programs and on what constitutes offences and administrative responsibility under the current legislation. In 2004 14 such “transparency sessions” took place in an equal number of states and 10 have taken place this year.
- Workshops for teachers and health workers and advertisements in newspapers with the campaign “social development has no party”.

Furthermore, the Ministry has signed agreements with the electoral authorities, the electoral crimes prosecutor and state governments to combat propaganda by any political party using social programs as a focus. Where the media has reported such misuse (whether accurate or false), the Ministry has turned the case to the relevant prosecutor even if it is a Ministry official who has been involved in the accusation.

Finally, the Ministry is currently working with the United Nations Development Program (UNDP) to obtain assistance of this organization to combat political use of social programs during electoral periods.

### **REMAINING CHALLENGES**

While there have been significant advances in reducing clientelism and corruption important challenges remain, including the following.

- Ensure that all the above mentioned elements are present for all social programs for all levels of government.
- “Institutionalize” the changes achieved so far. To a large extent, much of the success in combating clientelism and corruption still depends on the goodwill of the relevant authorities and other actors. The rules of operation, for instance, can be changed on a yearly basis and requires only authorization from agencies within the federal executive. Thus, there is a risk that future administrations might want to eliminate some of the obligations that contribute to the reduction of clientelism and corruption, such as detailed eligibility and targeting criteria. Such changes might be promoted for legitimate reasons, including the reduction of administrative burdens or even to facilitate the disbursement of subsidies during emergency conditions such as natural disasters, yet they might have as an unintended effect a comeback in clientelism and corruption. Hence, ways to endure low administrative costs and flexibility under exceptional circumstances should be developed without placing at risk the gains obtained so far.



- For more than seven decades, Mexico had a corporatist political system where some groups such as major trade unions and social organizations (often trade related) exerted significant pressure and were the instruments to channel social demands to the ruling party and the authorities, in the meantime providing the leadership with political power, including postings in the administration and seats in the legislature as well as economic gains since the organization often receives a payment for its effort. Such a system naturally clashes with policies based on clearly defined eligibility rules and individual or family based targeting using transparent criteria. Not surprisingly, many organizations continue to exert pressure, often resorting to public demonstrations and even temporary takeovers of government buildings and in some cases, the authorities also run the risk of “capture” by such groups if they are their principal “clients”. To the extent that poverty is still widespread in Mexico and many of the demands made by these organizations are legitimate and just, the challenge is to channel the organizational capacity to support social development goals consistent with the policies as outlined above. This administration has ample experience working with many social organizations through the Social Co-Investment program, with positive results.
- The “Contraloría Social” or citizens watch groups are a positive feature of the current policy but they are insufficient to ensure transparency and the correct disbursement of resources. Strengthening monitoring efforts by the Ministry itself is therefore a priority.
- Clientelism is still prevalent at the local level. Progress in increasing transparency, freedom of information and accountability has been slower at the state and municipal level than at the federal level. Decentralization can exacerbate this problem if adequate institutions and mechanisms to ensure accountability are not created prior to or at least parallel to decentralization efforts.

### **THE CASE OF OPORTUNIDADES**

Oportunidades has many of the previously mentioned characteristics that contribute to a reduction in clientelism and corruption. Among them are the following:

1. Rigorous, transparent and objective selection criteria for beneficiaries. Living in poverty is the only means of entry and this is verified using a proxy-means test applicable nationwide.
2. The number of new households and localities participating in the program is agreed upon with state educational and health authorities at the start of the year.

3. Once a family is part of the program, there are only two reasons why the family might lose benefits:
  - (i) The family did not comply with all or part of the co-responsibility conditions for a given length of time established in the rules of operation.
  - (ii) The family is no longer poor according to the requirements of the program. Families are recertified every three years.
4. Benefits are delivered directly to the family without intermediaries such as local officials or social organization. Depending on the locality, the monetary assistance is disbursed either through the telecom company, a commercial bank (Bancomer) or a government-owned development bank (Bansefi) hired for such purposes and who do not have any say on who receives benefits.
5. The program has detailed rules of operation specifying all aspects of the program.
6. Oportunidades has been extensively evaluated by researchers from universities and other institutions in and outside Mexico. As with other programs it is subject to additional yearly external evaluations that are made public. It has a comprehensive beneficiary database.
7. As with other programs, actions are taken prior and during elections to avoid misuse of funds. For the current year (2005) these included:
  - Rescheduling of delivery of subsidies for 1 million families in states with electoral processes so as not to coincide with the election date (Baja California Sur, Guerrero, Quintana Roo, Hidalgo, México, Nayarit and Coahuila).
  - Dissemination of information through brochures and advertisements on the freedom to vote for whomever one chooses and on the ways to report threats or pressure to vote for any given candidate.
  - Close to 20,000 orientation sessions for 980,000 heads of households
  - Installation of mechanisms to receive questions, complaints and reports of misuse of the program
  - Radio and TV advertising up to a month prior to elections
  - Newspaper campaign in three states called "Social development has no party"
8. Last but not least, the program runs a massive communications strategy reaching all beneficiaries as discussed below

### ***Communication strategy***

The communications strategy includes the use of printed material, brochures, talks by specially trained community action social workers and radio messages. Some of the printed material is reproduced below, includ-

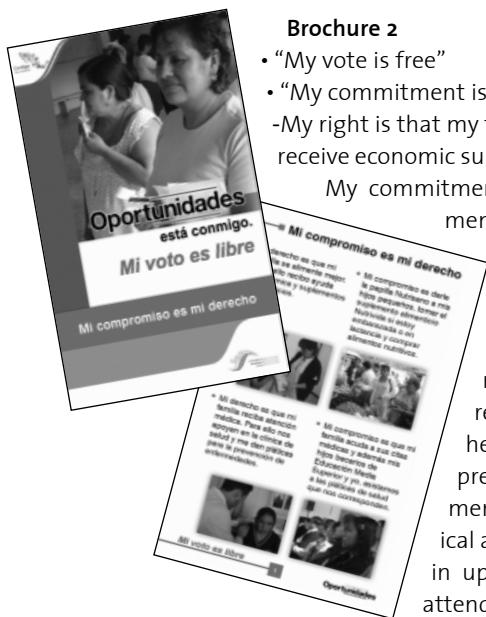
ing translation of the main messages. Among the main messages are the following:



#### Brochure 1

- “Oportunidades is not for sale and cannot be traded for votes”
- “Oportunidades is a federal government program for families who really need it. Your commitments are: Go to the health center, attend the lectures and medical appointments; send all of your children to school; use the support to improve nutrition, health and education of your family. No one can demand your vote or request money for you to receive Oportunidades and no one can threaten to take it away for political purposes.”

• “Do not accept pressure of any kind. Put your complaint in the mailbox or dial (a toll free number). Things are changing”



#### Brochure 2

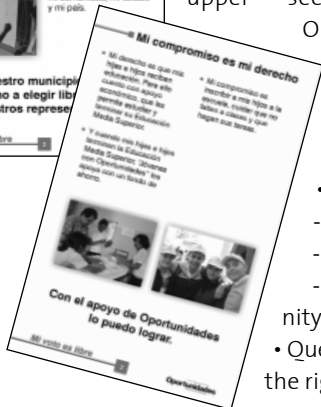
- “My vote is free”
- “My commitment is my right”:
  - My right is that my family eats better. For that reason I receive economic support and nutritional supplements. My commitment is given the *Nutrisano* supplement to my small children, take the *Nutrivida* supplement if I am pregnant or breastfeeding and purchase nutritious food.
  - My right is that my family receives medical attention. For that reason we receive assistance at the health clinic and I receive talks on the prevention of disease. My commitment is that my family attends medical appointments and that my children in upper secondary school and myself attend the required health talks.



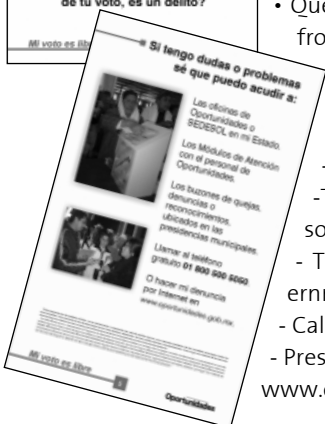
- "My commitment is my right":
  - My right is that my children receive an education. For this reason I receive economic assistance, which permits them to study and complete upper secondary school. And when my children complete upper secondary school, "Jóvenes con Oportunidades" will support them with

a savings fund. My commitment is to enroll my children in school and take care that they do not miss class and that they do their homework.

- My rights as a citizen enable me to:
  - Elect my representatives
  - Say what I think
  - Know what is going on in my community and my country
- Question: Do we have in our municipality the right to freely elect our representatives?



- "By no means will I allow myself
  - To be pressured to vote for a given candidate or party
  - To be threatened by someone taking away from me any social program such as Oportunidades in exchange for my vote
  - To be told that government programs such as Oportunidades belong to or depend on some political party
  - To be given money or a gift in exchange for my vote for them
- Question: Did you know that threats to take away from you a social benefit in exchange for your vote constitute a felony?



- If I have questions or problems I know I can go to:
  - The Oportunidades or SEDESOL office in my state
  - The Attention Centers with Oportunidades personnel
  - The complaints mailboxes in the municipal government offices
  - Call the toll free number
  - Present my complaint on the internet at [www.oportunidades.gob.mx](http://www.oportunidades.gob.mx)

## OPORTUNIDADES IN A NUTSHELL

The “Oportunidades Human Development Program”, began in 1997 with the name Progresa (Programa de Educación, Salud y Alimentación” currently reaches 5 million families (approximately 25 million people, or almost a quarter of the total population) in rural and urban areas, is a conditional cash transfer program with the objectives of developing basic capabilities among the poor, in particular, nutrition, health and education.

The benefits provided by the program are the following:

- A cash transfer of \$175 pesos to be used for the purchase of food and other basic items
- Specially designed nutritional supplements for small children and pregnant and breastfeeding women.
- Medical attention at the health clinic
- Scholarships from third grade elementary school up to the end of upper secondary school (high school)
- A savings fund for beneficiaries who graduate from upper secondary school (Jóvenes con Oportunidades currently worth \$3,000 pesos).

These benefits are conditioned on the following:

- For the cash transfer, the women heads of households or recipients of the benefit must attend talks on preventive health and nutrition. In addition, all family members must attend regular appointments at the health clinic, schedules according to their age and condition.
- For the scholarships the children must attend school with a maximum permitted number of school-day absences.
- For the savings fund, the student must complete upper secondary school before they turn 21.

Other features of the program include the following.

- The program is gender sensitive:  
The money is disbursed directly to the mothers. Only in exceptional circumstances is the money given directly to the father or male member of the household.  
Scholarships for girls are greater than for boys starting on the first grade of secondary school (grade 7).
- To reduce incentives for dropping out of school, the amount of the scholarship increases with each school-grade so as to counter the greater opportunity cost of schooling faced by students as they grow older.
- Cash transfers are provided directly to the beneficiaries through the banking system or the Telecom Company without intermediaries from local governments or social organizations.

FOR MORE INFORMATION SEE [WWW.OPORTUNIDADES.GOB.MX](http://WWW.OPORTUNIDADES.GOB.MX)



## MONITORING POWER CONCENTRATION AND LACK OF TRANSPARENCY IN GUATEMALA'S SOCIAL FUNDS<sup>1</sup>

ALEJANDRO URÍZAR AND CHRISTIAN GRUENBERG

### SELECTION OF BENEFICIARIES AND ALLOCATION OF BENEFITS

In the case of social funds, power concentration and discretion in the selection of beneficiaries and allocation of benefits can be stopped or levered by three factors. The first factor is the legal definition of the beneficiaries: when beneficiaries are not clearly defined in the legal framework, public officials will find more opportunities to concentrate power and to exercise it with great discretion. If the beneficiaries of the social fund are clearly defined by law, then public officials will be less able to use the social funds to their own or their patron's benefit.

The second factor allowing, or not, for power concentration and discretion is the eligibility criteria of the beneficiaries. As in the previous case, if eligibility criteria are clearly stated in the legal framework, with consideration to both qualitative and quantitative standards, the discretion to develop or maintain clientelar relations is less.

#### EXAMPLE No. 1.

*Defining beneficiaries involves wide social groups, whereas eligibility criteria help the selection of who, among the people in the group, will receive the benefit. Eligibility criteria refer to quantitative or qualitative characteristics that individuals already included in the group of beneficiaries must have in order to be allowed a benefit. For example, it is not enough to be a cash crop producer or a small farmer (beneficiary) to receive benefits of a social fund. It will also be necessary to have a family, to earn less than x amount of money and so on (eligibility criteria).*

The third factor where power concentration and discretion can appear is the instance when a case is evaluated and the allocation of benefits is decided. It is important that these instances, as well as who is responsible for the decisions, are defined by law. Results vary if the manager of a social fund is appointed by a board to allocate benefits, or if the law establishes that the

<sup>1</sup> This chapter was adapted from the "Anticlientelistic Handbook", supported by the Tinker Foundation and edited by Fundación Acción Ciudadana, Guatemala (2004).

board is responsible for the allocation of the benefits considering previously established eligibility criteria. For further clarification of how these three factors affect power concentration and discretion, please see the following two cases:

**EXAMPLE No. 2.**

**CASE A:** *The legal framework of social fund X does not explicitly define the types of beneficiaries, delegating in the board the power to define eligibility criteria. In addition, the board is allowed the capacity of deciding who will become a beneficiary and who will not. In this case, power is highly concentrated and discretion is also high. It is highly probable that the board, directly or through intermediaries, defines criteria according to its own interests, generating a dense network of clientelar relations.*

**CASE B:** *The legal framework defines the different types of beneficiaries, quantitative and qualitative standards for eligibility criteria and an independent organization to be responsible for the concrete allocation of funds. Power concentration and discretion are low. In this scenario, institutional barriers significantly reduce the possibility of formation of clientelar relations.*

In the following paragraphs I will use the methodology of “risk mapping” to identify levels of power concentration and discretion in Guatemalan social funds. Through this methodology it is possible to identify and systematize a set of factors that can originate corruption, power concentration and discretion, as well as the presence of risks and possible damaging consequences.<sup>2</sup> As we have already defined three key factors affecting power concentration and discretion in social funds, we will now have to ponder the risks they imply for the concrete cases presented here.

We will consider that a social fund exhibits high levels of power concentration and discretion if its legal framework does not include any of the factors above or if it includes only one of them. If the legal framework defines two of the three factors, the fund concentrates power and discretion at an intermediate level. If the framework considers all three of the three factors, then discretion and power concentration are low. The three factors are analyzed in the following charts, which show the levels of concentration of power and discretion in the selection and allocation of benefits in the social funds of Guatemala.

<sup>2</sup> Department for the Management of the Public Service (Departamento de administración de la función pública), *Corruption Risks-Guide for Managers: Guide for the Elaboration of Risk Maps on Corruption* (Santa Fe de Bogota, Columbia, 1999).



## CHART N° 1

### FACTORS AND ANALYSIS OF POWER CONCENTRATION AND DISCRETION

FACTORS (types of beneficiary, eligibility criteria, decision making instances)	ANALYSIS (concentration of power and discretion)
0-1	High
2	Intermediate
3	Low

## CHART N° 2

### RISK MAP OF THE LEVELS OF POWER CONCENTRATION AND DISCRETION IN THE SOCIAL FUNDS OF GUATEMALA

Social Fund	Description	Possible Risks	Degree
National Fund for Peace (FONAPAZ- Fondo nacional para la Paz)	None of the three factors is established	As factors are defined according to the political interests of the officials on duty, institutional scenarios favor dense clientelism.	HIGH
Social Investment Fund (FIS-Fondo de Inversión Social)	The three factors are defined, and most of them appear in the regulations and contradict the law.	The legal framework can be interpreted as giving preponderance to the precepts contained in law, reducing the effectiveness of the mechanisms contained in the regulations.	LOW
Guatemalan Housing Fund (FOGUAVI- Fondo Guatemalteco de la Vivienda)	Beneficiaries and eligibility criteria are established. There is no clarity about the decision making instance.	The instance that decides who is a beneficiary can be changed according to the political context, favoring conditions for the creation of a clientelistic network with mediators.	INTERMEDIATE
National Fund for Reactivation and Modernization of Farming and Animal Husbandry (FONAGRO- Fondo Nacional para la Reactivación y modernización de la Actividad Agropecuaria)	Beneficiaries are established. The decision regarding the determination of beneficiaries is delegated. Eligibility criteria are not established.	As eligibility criteria are not established, delegation of decisions can be used to illegally discriminate against people entitled to the benefits.	INTERMEDIATE
Fund for the Provision of Land (FONTIERRAS- Fondo de Tierras)	Beneficiaries and general eligibility criteria are established, but the decision making instance is not.	The instance that decides who is a beneficiary can be changed according to the political context, favoring conditions for the creation of a clientelistic network with mediators.	INTERMEDIATE

Guatemalan Fund for the Development of Indigenous People (FODIGUA-Fondo de Desarrollo Indígena Guatemalteco)	None of the three factors is established.	As factors are defined according to the political interests of the officials on duty, institutional scenarios favor dense clientelism.	HIGH
Guatemalan Environmental Fund (FOGUAMA-Fondo Guatemalteco de Medio Ambiente)	Beneficiaries are established, but the definition of the eligibility criteria is delegated to the board of directors. The decision making instance is not established.	Discrimination against possible beneficiaries due to political criteria and variability of the decision making instance according to the political context are highly possible. High chance for clientelistic relations through the establishment of a network with mediators.	HIGH

Power concentration and discretion in selection of beneficiaries and allocation of benefits in Guatemalan social funds is at an intermediate-high level. In the scenario revealed by the risk map, the existence of structural conditions favoring the flourishing of clientelar relations becomes evident: an individual or group can make preferential use of the assistance and benefits given by the social fund in exchange for political (electoral) favors.

In practice, decision-making organs define eligibility criteria widely enough to allow discretion to choose beneficiaries based on private interests. In some cases, the entities in charge of allocating the funds are of a closed nature, are personal, and do not work with any monitoring or complaint office.

Although not included in the risk map, the ranking of the rules regulating the three factors in each case is important to consider: the lower the “rank” of the rule the easier to modify it, increasing power concentration and discretion. On the contrary, if the “rank” of the rule is high (such as in the case of a law passed by the Congress), it will be more difficult to change the factors to allow private benefits, and discretion and power concentration will be reduced. In the case of the funds that appear on the risk map, the factors are ruled by “administrative rulings” and not by the congressional laws that create social funds,<sup>3</sup> giving them relative levels of variability.

<sup>3</sup> For this reason the risk map is elaborated, taking into account the legal framework of the highest level: national laws and regulations. This gives the map a better chance of remaining up to date while showing levels of power concentration and discretion to be highly institutionalized.

In sum, the high and intermediate levels of concentration of power and discretion, and the ranks of regulations that rule the different factors, allow an institutional scenario favorable to the construction of clientelar networks of mediators, where the political clientelism can be narrow or dense, depending on the case.

### **MECHANISMS FOR CLAIMS AND DENUNCIATION**

Mechanisms for selection of beneficiaries and allocation of benefits are not enough to eradicate power concentration and discretion in social funds. Moreover, these mechanisms become practically obsolete if they are not complemented with denunciation or claim mechanisms for irregularities that may happen, specifically in the evaluation and allocation process. These claim mechanisms would allow control from the beneficiaries, that is, from the citizenry.

Denunciation and claim mechanisms are important for several reasons beyond controlling power concentration and discretion. Social funds are used to materialize cultural, social and economic rights. Therefore, specific denunciation or claim mechanisms are able to bind the state to guaranteeing the citizens' rights. Denunciation and claim mechanisms reduce discretion and power concentration, favoring conditions for the materialization of these rights.

The consecration of a subjective right implies the imposition of obligations for the passive subject and also the recognition of the power to demand their fulfillment in a pertinent instance for those who are entitled to those rights.<sup>4</sup>

The argument is simple: If the social funds are the institutions in place to fulfill social rights, rights, where should the citizens go when they are excluded from a specific benefit? If denunciation or claim mechanisms are not in place, discretion in the selection and allocation of social assistance increases. As the public official is not positively compelled, the citizen assumes the benefit as a favor and not as a right or entitlement. Discretion and abuse increase when beneficiaries receive the assistance through intermediaries, which is the case in clientelistic networks.

Unfortunately, specific denunciation or claim mechanisms are practically nonexistent in the case of Guatemalan social funds. Although there is the possibility of appealing to the judiciary through the *acción de amparo*, as established by the law (Ley de lo Contencioso-Administrativo and Ley de

4 In this sense, Hans Kelsen maintains that to be entitled to a subjective right means to have legal power to demand the fulfillment of the duty from whoever is obliged through a specific legal action: demand or complaint. See H. Kelsen. *General Theory of Norms* (Teoría General de las Normas) México, 1994), pp. 142-143.

Amparo y Exhibición Personal), this mechanism is considered general and bureaucratic. Ultimately, these legal appeals become inefficient when asked to solve concrete and specific denunciations about irregularities in a process of allocation of benefits from social funds. The following chart reflects the denunciation and claim mechanisms that exist in the legal framework of the social funds.

### CHART Nº 3

#### DENUNCIATION AND CLAIM MECHANISMS FOR IRREGULARITIES IN SOCIAL FUNDS

Name	Mechanisms
National Fund for Peace (FONAPAZ-Fondo nacional para la Paz)	There are no specific claim mechanisms.
Social Investment Fund (FIS-Fondo de Inversión Social)	<p>There is one specific claim mechanism, since one of the responsibilities of the FIS Board of Directors is to know and resolve the revocatory appeals (recursos de revocatoria) presented against the resolutions of the general manager related to the transformations or closing up of the EFIS (Empresas de los Fondos Sociales de Inversión; Firms of the Social Investment Fund).</p> <p>Consequently, it is stipulated that the created EFIS will have to be transformed into any of the organizational forms contemplated described in other laws when the project authorizing the constitution of the EFIS has been completed or demonstrates capacity to be incorporated into the formal economy of the country, according to the technical-economical parameters that the FIS Board of Directors establishes.</p> <p>In any of the cases indicated in the previous paragraph, the general manager will dictate a resolution and convoke an audience. The FIS Board of Directors will then have five working days to resolve the matter of the transformation of the EFIS. Once this step is complete the general manager will dictate another resolution ordering the cancellation of the registration of the company. Such a resolution can be appealed. The appeal will be solved by the FIS Board of Directors.</p>
Guatemalan Housing Fund (FOGUAVI-Fondo Guatemalteco de la Vivienda)	There are no specific claim mechanisms.
National Fund for Reactivation and Modernization of Farming and Animal Husbandry (FONAGRO-Fondo Nacional para la Reactivación y modernización de la Actividad Agropecuaria)	There are no specific claim mechanisms.

Fund for the Provision of Land (FONTIERRAS-Fondo de Tierras)	Means of impugnation: Administrative Law (Ley de lo Contencioso-Administrativo) applies.
Guatemalan Fund for the Development of Indigenous People (FODIGUA-Fondo de Desarrollo Indígena Guatemalteco)	There are no specific claim mechanisms.
Guatemalan Environmental Fund (FOGUAMA-Fondo Guatemalteco de Medio Ambiente)	There are no specific claim mechanisms.

In the “expressions of motives” of the decrees and agreements establishing social funds, the obligations of the state regarding social rights are always mentioned. Nevertheless, no specific claim and denunciation mechanisms have been established for the cases of violation and nonfulfillment of these rights.

The fund FONTIERRAS refers in its regulations to the Administrative Law as a general claim mechanism, but it neither mentions nor creates specific and agile mechanisms allowing beneficiaries the safeguarding of their social rights, consequently allowing for the rise of discretion and power concentration of public servants on duty. The fund FIS establishes a particular and focused mechanism, a revocatory appeal against the general manager’s resolutions regarding transformation or cancellation of the Firms of the Social Investment Fund (EFIS).

To summarize, denunciation and claim mechanisms for social funds are almost nonexistent, lowering the impact of the established mechanisms for selection of beneficiaries and allocation of benefits, and increasing power concentration and discretion, thereby favoring political clientelism and corruption.

#### **LACK OF TRANSPARENCY: MECHANISMS TO ACCESS PUBLIC INFORMATION**

The right to access public information is, above all, the corollary to the republican principle of publicity of governmental action. As such, it is one of the indispensable conditions for the construction and deepening of democracy, setting the most important base for the practice of citizenship. At the same time, this right constitutes one of the most effective mechanisms to promote the transparency of the public sector.

Nowadays there is much talk about the problem of corruption and its pernicious effects over the functioning of the government. It is also said that one of the most effective strategies to fight this problem is the increasing of transparency and responsibility of public officers in front of control organs

and the citizenry.<sup>5</sup> In this fashion, the access to information in the power of the state is an antidote to corruption and political clientelism. It is the inherent condition to the transparency of public acts.

In the case of Guatemala, access to information is a constitutional right. Through this right all the acts of the administration are made public, and any interested citizen is entitled to access any kind of document in the control of the state if no legal exception is established.<sup>6</sup> Besides, the Guatemalan state has signed international agreements and pacts where this right is contemplated.<sup>7</sup>

Although it is encouraging that access to information is a constitutional right, without its pertinent development through ordinary and unitary law the existent precepts for access of public information are general, partial and disperse.<sup>8</sup> Several reports have stated that the lack of such law, and the scarce or null development of particular precepts for access to information in the existent diverse, ordinary or normative laws, create an institutional climate that favors the violation of the right to access public information.

The institutional structure of social funds reflects the context described above; the development of the constitutional right of access to information is scarce in these instances, when not plainly nonexistent. The following chart contains the specific mechanisms to access information included in social funds' legal frameworks.

5 Roberto Saba, "A Person's Right to Access Information in the Power of the Government" (El derecho de la persona de acceder a la información en poder del gobierno), in *The Right of Access to Information* (El Derecho comparado a la Información), Number 3, January-June 2004 (México, D.F: UNAM).

6 Article 30 of the Political Constitution of the Republic of Guatemala.

7 One such pact is the International Pact of Civil and Political Rights, ratified by Guatemala by the congressional decree 9-92. This pact addresses in its article 19 the right to search for, obtain and disseminate information. In addition, the Interamerican Convention of Human Rights (San Jose de Costa Rica Pact), ratified by the congressional decree 6-78, in its article 13 consecrates the right to search for, obtain and disseminate information.

8 Independent Report of the Interamerican Convention against Corruption, produced by *Acción Ciudadana*.

**CHART Nº 4**  
**MECHANISMS TO ACCESS INFORMATION IN THE POWER**  
**OF SOCIAL FUNDS**

Name	Mechanisms
National Fund for Peace (FONAPAZ-Fondo nacional para la Paz)	One of the responsibilities of the board of directors is to disclose the results of the entity through reports, possibly including the annual work report.
Social Investment Fund (FIS-Fondo de Inversión Social)	There are no specific mechanisms to access public information.
Guatemalan Housing Fund (FOGUAVI-Fondo Guatemalteco de la Vivienda)	It is one of the specific functions of the Ministry of Communications to develop a national system of information on housing and human settlements.
National Fund for Reactivation and Modernization of Farming and Animal Husbandry (FONAGRO-Fondo Nacional para la Reactivación y modernización de la Actividad Agropecuaria)	One of the functions of the Technical Unit of Follow-up and Evaluation of FONAGRO is to create a dissemination and communication system regarding the different activities developed with FONAGRO resources.
Fund for the Provision of Land (FONTIERRAS-Fondo de Tierras)	Within the responsibilities of the general manager is the dissemination to the public of information on FONTIERRAS' activities, including its usage of financial resources. In addition, for the appointment of the general manager, the request for applications has to be made through both the official newspaper and the newspaper of highest circulation in the country.
Guatemalan Fund for the Development of Indigenous People (FODIGUA-Fondo de Desarrollo Indígena Guatemalteco)	There are no specific mechanisms to access public information.
Guatemalan Environmental Fund (FOGUAMA-Fondo Guatemalteco de Medio Ambiente)	There are no specific mechanisms to access public information.

The chart shows that three of the seven national social funds do not have any specific mechanisms to access information, whereas the remaining four include mechanisms that are evidently insufficient. FONAPAZ and FONTIERRAS take the responsibility of dissemination of the results and activities performed, whereas FOGUAVI and FONAGRO point to the development of a national dissemination and information system. Although publicity of administrative acts, or part of them, is mandatory for the social funds, these mechanisms have transcendental errors. First, the citizens' rights to request

information of their interest from the social funds are not specifically recognized, nor are there specific procedures established to make this right effective. Second, the possibility of appeal is not recognized for the cases of denial and neither are administrative sanctions for cases of violation of the right. Third, in addition to the obligation to publish the information, the obligation to produce and systematize it should also be acknowledged.<sup>9</sup>

The insufficiency of the existent specific mechanisms to access the information in the power of social funds can be tested when trying to effect the right to access to information. The NGO Citizen Action and the Citizen Observatory for the Free Access to Information carried out a citizen exercise of access to public information in the power of social funds between December 2004 and January 2005. The result of this effort is reflected in the following chart.

9 See Saba, *op. cit.* The elements mentioned here are included in the "Lima Principles."



# **CHART Nº 5** **RESULTS OF EXERCISING THE RIGHT OF ACCESS TO INFORMATION IN SOCIAL FUNDS**

	CLASIFICACION/CLASSIFICATION OF THE RECEIVED INFORMATION						
Information Required	FONAPAZ	FODIGUA	FONAGRO	FOGUAVI	FONTIERRA	FOGUAMA	FIS
Allocated budget and its execution, last trimester of 2004	Complete	Incomplete	Incomplete	Complete	Complete	Complete	Incomplete
Strategic and functional plan for 2004, including programs and projects, planned and implemented for the period.	Incomplete	Not received	Not received	Incomplete	Incomplete	Incomplete	Not received
Benefitting population, specifying segmentation based on approved and rejected programs and projects. Specifically, in relation to the indigenous, garifuna population, young people and women.	Incomplete	Not received	Not received	Not received	Not received	Not received	Not received
Mechanisms to define and allocate programs and projects regarding beneficiaries.	Complete	Incomplete	Not received	Not received	Complete	Incomplete	Not received
Description of specific legal and institutional mechanisms available to the population to solve irregularities and mistakes, and to claim the fulfillment of their rights as fund's beneficiaries.	Complete	Not received	Not received	Not received	Complete	Not received	Not received
Description of legal and institutional mechanisms to guarantee access to information and citizen participation regarding the fund.	Incomplete	Not received	Not received	Not received	Complete	Incomplete	Not received

Source: Own elaboration based on the results of the exercise of access to information.

As shown in the chart, none of the social funds submitted in full the required information. FONAPAZ and FONTIERRA submitted the most information, as opposed to FIS, which did not send any of the required information, and FONAGRO, which only responded to one of the six requests.

In general, the dominant tendency is to deny the information requested, with a total of 22 unanswered requests, against 42 requests made. In many cases it can be argued that the information is not submitted because of lack of availability or political will. However, these are excuses or weaknesses of the public system.

Actually, the information in the power of the state is not delivered in most cases because of the lack of objective and impersonal mechanisms that guarantee the right of free access to the information. For example, regarding the availability and quality of the information, it has already been mentioned that the obligation of the state should be to produce and systematize it. Nevertheless, 11 of the 42 requests were answered in an incomplete manner and only 9 were answered completely.

### **CITIZENS' PARTICIPATION MECHANISMS**

Citizen participation is one of the most powerful mechanisms to fight corruption. The importance and power of citizen participation come from modern democracy. In democratic republics the power resides in the people, who delegate its exercise to public officials who must orient their actions to the common good. If the exercise of the delegated power is deviated towards the private interest through corrupt actions, it falls to the citizens to demand that this situation be detected, sanctioned and eradicated. The citizens are the main subjects affected by corruption; consequently, they should be the main agents for change.

Citizen participation as political practice is not homogenous; on the contrary, there are diverse participation mechanisms, differing according to their grades of political incidence. The follow-up of the implementation of the Inter-American Convention against Corruption (CICC) presents a classification of the diverse mechanisms of citizen participation, as shown in the following chart.

**CHART Nº 6**  
**CITIZEN PARTICIPATION MECHANISMS**

Mechanism	Description
Consultation mechanisms	Through these mechanisms public officials can request and receive information about reactions and opinions of civil society and nongovernmental organizations. These mechanisms are a valuable contribution to the prevention of corruption.
Mechanisms to stimulate active participation in public management	These mechanisms allow the active participation of civil society and nongovernmental organizations in the decision-making processes regarding public policy issues, as part of the efforts designed to prevent corruption.
Participation mechanisms for the follow-up of public policies	These are mechanisms that allow for the participation of civil society and nongovernmental organizations in the follow-up of public policies in order to prevent, detect, sanction and eradicate corruption.

The participation mechanisms detailed above differ in their levels of incidence, the links established between them and public decision-making instances and the stage of development in the implementation of the particular policy. Consultation takes place before the decision, is not binding and therefore is less influential than other participation mechanisms. Active participation is applicable during different stages of public management and is more binding and influential than other mechanisms. Follow-up mechanisms are applicable after the policy has been decided and are implemented as a social monitoring device.

Using this classification, a study was carried out in Guatemala to research citizen participation mechanisms included in the legal framework of social funds. In the case of social funds, consultation mechanisms are understood as devices that potential beneficiaries can use to ask for public funding. Active participation mechanisms are decision-making instances in which civil society takes part. Follow-up mechanisms consist of specific legal dispositions allowing for monitoring of social funds. The following chart presents classification of citizen participation mechanisms included in social funds' legal framework.

**CHART N° 7**  
**CLASSIFICATION OF MECHANISMS OF CITIZEN PARTICIPATION**  
**IN SOCIAL FUNDS**

Social Fund	Consultation Mechanism	Participacion Mechanism	Follow-up Mechanism
FONAPAZ	NONE	NONE	NONE
FIS	One of the requirements for a nonreimbursable investment to be granted is that the benefiting projects had been solicited by the groups or communities living in poverty and extreme poverty.	NONE	NONE
FOGUAVI	Development councils are responsible for identifying and prioritizing among the demands for housing.	A representative of the National Association of Housing Construction and a representative of the National Federation of Housing Cooperative Societies (FENACOV) take part in the board of directors.	NONE
FONAGRO	NONE	Two representatives of the non-governmental farming and animal husbandry sector take part in the board of directors.	NONE
FONTIERRA	NONE	A director and a substitute of the following organizations take part of the board of directors: Farming Chamber of Guatemala, indigenous people organizations with legal personality, peasants' organizations with legal personality, and both the federative and nonfederative cooperative movements.	NONE
FODIGUA	Activities, projects and programs are to be prioritized by the needs of the benefiting population. Therefore, Maya people authorities and indigenous people organizations have to be consulted to define the policies.	This institution is participative in nature, assuming a bipartite structure and in all of its instances composed by governmental and Mayan organizations.	NONE
FOGUAMA	NONE	The National System for Environmental Management is an interinstitutional coordination instance. It is integrated with environmental nongovernmental organizations, among others.	NONE

Source: Own elaboration based on the legal framework that regulates the social funds in Guatemala

In general terms, the chart reflects a relative weakness regarding citizen participation mechanisms. Only FOGUAVI and FODIGUA include two of the three citizen participation mechanisms in their normative framework, whereas the other funds address only one mechanism, except for FONAPAZ, which does not address any kind of citizen participation.

The mechanism most often used for citizen participation in social funds seems to be active participation in public management: five funds include this mechanism in their legal framework. In principle it may seem that the institutional structure of social funds is oriented towards the most influential and binding citizen participation. Nevertheless, the weakness of consultation mechanisms and the total absence follow-up devices is alarming, especially if we consider the previously mentioned severe weakness of the mechanisms of claim and denunciation and access to information.

One could then conclude that participation at the highest level, as shown in chart nr. 7, does not contribute to transparency in public management, since participation mechanisms at lower levels are weak or nonexistent. One could also conclude that the risk of capture of civil society representatives into clientelar relations is very high.

According to Eduardo Ballón, civil society participation in the operation of social funds is far from contributing to the formation of a pretended social consensus. In general, we are in the presence of merely instrumental relations where the risks of clientelism so common in public spending and public policy are still strongly present.<sup>10</sup>

In conclusion, citizen participation mechanisms included in Guatemalan social funds are weak and precarious, essentially oriented towards active participation in public management and noticeably avoiding consultation and follow-up mechanisms. This creates an institutional context that promotes participation at the higher levels but hinders participation of the common citizens. In addition, this context generates political uncertainty, since transparency is promoted at high levels but clientelar relations are encouraged to capture civil society representatives at the local level.

10 See Eduardo Ballón, *Exclusion, Inequality and Poverty in Latin America and the Caribbean*. ALOP-DESCO, 2000.



## PROMOTING CITIZEN RIGHTS TO FIGHT CLIENTELISM AND STRENGTHEN SOCIAL PROGRAMS IN ECUADOR

ELIZABETH COOMBS

### INTRODUCTION

When the administration of the former President Lucio Gutierrez lost power in April of 2005, the social program *Aliméntate Ecuador* (Feed Yourself Ecuador) was in need of a serious reform. To mobilize citizens to march in support of the former president, program administrators distributed food packages to people who were not formal beneficiaries. Unfortunately, this was not the first case in which public servants had diverted social program goods and services from actual beneficiaries to maintain political loyalties.

High levels of poverty in Ecuador mean that basic social and economic rights relating to health, education, housing and food are not met for everyone. State-run social programs should theoretically fill in these gaps. However, many services do not reach those most in need, partly due to clientelism.

The contents of this chapter are a result of a study and pilot project implemented by Grupo FARO, an Ecuadorian civil society organization that promotes state reform. Through interviewing public servants and experts on social programs and revising electronic and printed information, Grupo FARO identified *opportunities* of clientelism in eight Ecuadorian social programs.<sup>1</sup> Lack of transparency, citizen participation and mechanisms to receive and process complaints within the programs provide opportunities for administrators and politicians to manipulate public funds for political ends. We found that the social programs with bad reputations of clientelism were those with incomplete Web pages, that did not turn in financial information to Grupo FARO, and that had little participation of external entities, such as local governments, civil society organizations or international financiers (e.g. Inter-American Development Bank – IDB).

We learned by talking to administrators of and experts in social programs that clientelism is a common phenomenon in Ecuador. Public servants complained that politicians have always called to “recommend” beneficiaries for

<sup>1</sup> Inventivos para la Vivienda (Urbano y Rural), Bono de Desarrollo Humano, Programa Nuestros Niños, Operación Rescate Infantil, Programa de Alimentación Escolar, Aliméntate Ecuador y Ley de Maternidad Gratuita.

their respective programs, or that they were pressured to replace personnel with friends and political allies of presidents and ministers.

However, we also saw cases in which public servants and members of civil society have worked to prevent clientelism. For example, Aliméntate Ecuador is currently undergoing serious reforms. After the fall of Gutierrez, Richard Espinosa, the new National Coordinator of the program, fired over half of the personnel under the premises that they were political hires and performed irrelevant tasks. He replaced them with young professionals based on merit. The new team began to implement not just administrative reforms, but also significant changes in the general structure of the program. Along with each reform came a set of manuals with clear rules and guidelines as well as workshops to train staff. Perhaps the most substantial change was in the local counterpart, responsible for distributing the food to beneficiaries. Before, local political appointees, *tenientes políticos*, distributed the food at their own discretion. Now, Aliméntate Ecuador is working with *presidentes de juntas parroquiales*, elected local leaders. To make a smooth transition, Aliméntate Ecuador implemented a workshop in each province, in which the majority of the *presidentes* participated. In addition, Aliméntate Ecuador has created in each *junta parroquial* a citizen watchdog group and committee for health and nutrition to increase citizen participation in the program.

Furthermore, we found cases in which beneficiaries, local governments and civil society organizations became more active in the implementation and evaluation of social programs. Grupo FARO used some of these methodologies to implement its own initiatives of citizen and local government involvement in social programs. We are working with Aliméntate Ecuador, *juntas parroquiales* and, most importantly, citizens to improve service provision in the five most problematic *parroquias* in the province of Pichincha. Furthermore, in the Municipality of Pelileo, we are supporting the conformation of committees composed of citizens and local government officials to promote the *Ley de Maternidad Gratuita* (Law of Free Maternity), manage funds and turn citizen complaints into actions.



## CASES OF CLIENTELISM IN ECUADOR

### **"Black and White" condemns the diversion of school food funds for political ends:**

#### **Public accusation against the Department of Social Welfare**

"The *Foro de la Niñez* and the *Clínica de Derechos Humanos* within the Catholic University, which specifically concern children and Human Rights respectively, have charged the Minister of Social Welfare with violating the rights of 1,412,011 children registered in the *Programa de Alimentación Escolar* - PAE (School Food Program). Ramiro Avila, coordinator of the Clínica, ratified the public announcement that the Ministry used \$3,389,441 from PAE funds to purchase pickaxes and spades. The current Minister, Patricio Acosta, has yet to respond to the findings..." El Hoy, 22 December 2003.

Although the case of Aliméntate Ecuador is possibly the most notorious, it is not the only instance of clientelism in Ecuador. One cannot talk of this phenomenon without mentioning the Ministry of Social Welfare and the former Minister Antonio Vargas, nominated by the former President Gutierrez after the exit of Patricio Acosta, who was also accused of corruption. The list of complaints grew until Vargas was forced to resign in November of 2004. He was criticized for manipulating funds for social programs without authorization and using them for political purposes. It is argued that his objective was to create a base of support for the president through the distribution of good and services to select groups.

The authorities of the IDB, an organization that finances various social programs in Ecuador, and officials of programs relating to children were the first to criticize Vargas for poor management of funds. First, Vargas took 1 million dollars from two social programs that aid children in poverty to construct soccer stadiums –which are good clientelistic investments because they are cheap and highly visible.<sup>2</sup> Furthermore, Vargas attempted to transfer 10 million dollars from the program *Nuestros Niños* –PNN (Our Children) to the program *Operación Rescate Infantil*– ORI (Operation Infant Rescue), stating that the overall coverage of the programs would increase. However, ORI, which receives no external funding from the IDB, and therefore has little outside regulation, is said to have less impact than PNN. Only 21% of the daycares of ORI are to be found among the 220 poorest communities in Ecuador.<sup>3</sup>

2 Blanco y Negro, El Hoy, 28 de Agosto, 2004.

3 Ibidem.

In addition, as the administration began to face civil society and political opposition, extra public servants were hired and projects were approved without the resources to fund them. Although it is difficult to *prove* that these are direct cases of clientelism, there were strong complaints about the timing of the distribution of food packages from the programs *Asistencia Alimentaria* (Food Assistance) y *Alimentación para el Desarrollo* (Food for Development), to coincide with local elections.<sup>4</sup>

These were the strategies of the past administration to try to save itself from an inevitable *coup de taut*. However, it would be a mistake to believe that clientelism has only existed in the administration of former President Gutierrez. It's not uncommon to hear of local politicians passing out food meant for beneficiaries of social programs during a *minga*<sup>5</sup>. Communities are commonly rewarded public works if they supported the mayor in the last election. And, currently, there is a constant television propaganda that highlights the good works of a particular provincial government. Does the financing of this propaganda come from public or private sources?

### **DEFINITION AND CONSEQUENCES OF CLIENTELISM**

It is not always easy to identify clientelism because many governmental actions in a democratic society aim to gain political support, or more concretely, obtain votes. Politicians work to satisfy the desires of the majority of the population, which theoretically will result in their reelection, or that of their party. However, clientelistic practices can be distinguished because normally they do not promote the long-term development of a society and its economy. Instead, they provide charitable or public works of little impact in exchange for immediate political support. A good politician should not just work toward the immediate satisfaction of his or her constituents, but also generate growth and development for the future.

Clientelism has three major effects. Firstly, politically weak groups, or those in opposition to social program administrators, do not receive the same benefits as others. The exclusion of these groups from public services, such as health and education, increases disparities in wealth and weakens democratic systems. Secondly, clientelism makes social programs ineffective. In most cases, clientelistic networks benefit those who are politically strongest, and not those most in need. The funding for these programs either comes directly from the state, or from international loans, which must be repaid. Either way, taxpayer dollars go to waste on programs with no impact. Finally, clientelism is common among "populist" governments, in which politicians do not mobilize political support through a platform of

4 Blanco y Negro, El Hoy, 4 de Septiembre, 2004

5 Community workdays in rural areas.

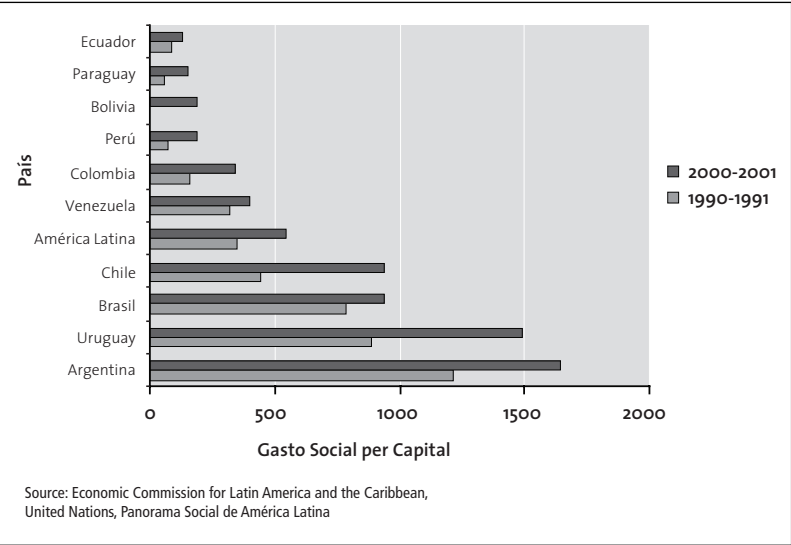
public policies, but through capitalizing on the emotions of citizens, with speeches filled with promises for the future and the immediate provision of goods. In populist and clientelistic societies, citizens do not vote for the most capable candidates, but for the ones who distribute the most material goods. This weakens political stability and jeopardizes the long term development of a country

**SOCIAL EXPENDITURE AND CLIENTELISM**

*Social expenditure remains low so we should spend it wisely.*

Social expenditure per capita has increased substantially in every Latin American country in the last decade. In spite of the good news for the majority of Latin America, Ecuadorians have no grounds to celebrate. Ecuador spends less on public services in education, health, housing and security than poorer countries such as Bolivia and Paraguay (graph 1).

**GRAPH 1: SOCIAL EXPENDITURE PER CAPITA IN LATIN AMERICA**



In general, social expenditure in Ecuador is progressive –more is spent on the poorer sections of the population. This is seen in the public services of health and education, which are generally used by poorer people, as well as in focalized social programs such as the *Bono de Desarrollo Humano* –BDH (Fund for Human Development) in which the beneficiaries belong to the poorest sections of the population.

Nevertheless, although many social programs profess the official objective of helping the poorest citizens to satisfy their basic needs, there are *filtrations*, and resources are not always delivered to their appropriate destinations. Some such anomalies may be explained by a lack of appropriate mechanisms for identifying those most in need, but others are due to clientelism and/or favoritism, through which social programs benefit the friends or family of the politicians or administrators in power.

***Through social programs, the state, along with society, can tackle public issues.***

The state is responsible for allocating the resources needed by social programs to tackle societal problems such as poverty, malnutrition and illiteracy. These resources mainly come from internal sources – the population by way of taxes and the use of the country's natural resources. In some cases, other countries and financial institutions provide funding for social programs through aid and/or loans.

However, regardless of the source of the resources, it is key to remember that they belong to the *society* as a whole. It is the society that pays taxes and debts. The government should act as the administrator, not owner, of these funds.

Once approved by Congress, the Ministerio de Economía y Finanzas –MEF (Ministry of Economics and Finance) must distribute the funds to other ministries so that they, among other agencies, carry out programs of social support.

Three main actors can be seen operating within Ecuadorian social programs: central administrators who devise, implement and evaluate the programs and projects of the ministries; provincial coordinators who distribute products or deliver the local services; and those who receive the product or social service –beneficiaries. Currently, however, other actors can be found, such as international organizations, financial organizations, private sector organizations and non-governmental organizations (NGOs). These entities carry out diverse functions such as administering financial resources or distributing the goods and services.

Every social program uses a different strategy to deliver its respective goods and services. In this section we analyze the two distributional tendencies of Ecuadorian social programs and their impacts on opportunities of clientelism – focalization and decentralization.

***Universal vs. focalized social programs***

Social programs can be divided into those that are *universal* and those that are focalized. A universal social program aims to provide a service to all, or a large part of, the population. For example, all children have the right to

study in a public school. Similarly, although the *Ley de Maternidad Gratuita* –LMG (Law for Free Maternity) covers only women of child-bearing age and children under the age of five, the fact that its beneficiaries are not required to have distinguishing characteristics, such as a certain level of poverty, means that it is universal. The advantages of universal programs are 1) the maximization of potential beneficiaries, 2) the generation of political support, 3) decreased stigmatization of poor people, and 4) decreased competition between potential beneficiaries of social programs. However, universal social programs need substantial public resources. Furthermore, they can perpetuate the inefficient use of funds and provide resources to many people who do not need them.<sup>6</sup>

#### ***Más Libros (More Books)***

A good example of a universal social program is *Más Libros*, implemented in 2005 by the Municipality of Guayaquil. The program's objective is to support all children attending public schools in the municipality and its rural areas in the areas of mathematics, language, and natural and social sciences. The program provides free books and trains teachers to use them in the classroom. Programs that provide school materials have traditionally been clientelistic in Ecuador. However, Guayaquil's initiative avoided this by transparently distributing books to all children.

In contrast, to implement *focalized* social programs, authorities select beneficiaries according to specific characteristics, such as their area of residence, level of poverty or ethnic group. The *Redes Amigas* (Friendship Network) is a focalized program that improves education in rural areas. The BDH aids the poorest people in Ecuador through monthly monetary contributions. The program *Incentivos para la Vivienda* (Housing Incentives) supports organized groups in urban areas. The aim is to maximize the impact of limited public resources by restricting their use to people who would benefit from them the most.

The major disadvantages of focalization are the focus of this chapter. Firstly, the social program administrators must implement impartial and transparent systems to select beneficiaries without discrepancies. Deciding which regions need more support or which populations are most in need must be based on a thorough system of collecting and analyzing statistics.

6 Soto Romero, Jorge Mario, "¿Universalización, participación o focalización?: la economía política de las estrategias para el alivio de la pobreza en México", XXIII Congreso Internacional de la Asociación de Estudios Latinoamericanos (LASA).

Furthermore, once the beneficiary group has been identified, regulatory mechanisms must be applied to ensure that the designated recipients collect their goods and services.

### **System for Identifying and Selecting Beneficiaries (Selben):**

#### **An attempt to improve the focalization of social programs**

In 2000, the IDB helped Ecuador establish a system to target its program of financial aid, BDH, formerly known as the *Bono Solidario*. Currently, this system is not only used by the BDH, but also to identify potential beneficiaries for the programs *Aliméntate Ecuador* and *Sistema de Incentivos para la Vivienda*. The objective of Selben is to identify "the most needy groups of people in order to direct the efforts of social programs appropriately." ([www.frentesocial.gov.ec](http://www.frentesocial.gov.ec))

Between 2000 and 2003, Selben, implemented by the *Secretaría Técnica del Frente Social* (Technical Department of the Social Front), carried out 1.7 million household surveys, with 27 variables, to determine the quality of life of families living in poor areas. These families are divided into quintiles, those from quintile one and two being the poorest and recipients of BDH.

Currently, Selben is updating its database. This means that, in cooperation with local governments, it are carrying out further surveys and clarifying that the current beneficiaries of BDH still should be part of the two poorest quintiles. However, there is much to be done to involve more municipalities and *juntas parroquiales* (community districts) to ensure that further surveys are implemented successfully.

#### ***Can Selben's "objective" surveying be used for clientelistic practices?***

Selben provides its database in a read-only format to social programs, so that the data itself cannot be changed. It is of tantamount importance that Selben is kept apolitical and unbiased so the database remains unchanged.

### ***Decentralization versus centralization***

Currently, the theory of decentralization is highly popular in Latin America. Economists, politicians, and leaders of civil society all agree on the advantages of endowing local governments with more power. In theory, municipal authorities are in better touch with the needs of the local population. An increased ability to respond to the demands of civil society not only improves the provision of public goods and services, but also strengthens the democratic system.

Following the approval of the *Ley de Descentralización* (Law of Decentralization) in 1999, Ecuadorian municipalities can assume responsibilities such as the provision of health and education services. Although there have been a few success stories, such as that of health in Cotacachi and education in Quito, there is resistance on the part of the central government towards facilitating the process. Nevertheless, the social program *Ley de Maternidad Gratuita* involves municipal authorities in the formation of *Comités de Gestión de Fondos Solidarios* – CGFS (Committees to Manage Solidarity Funds) as well as committees of beneficiaries whose objective is to monitor and ensure a fair provision of the services.

Various disadvantages also lurk beneath the surface of decentralization. Firstly, the capacity of municipalities varies enormously, which can result in the unequal distribution of resources. Secondly, it can be argued that decentralization sometimes increases opportunities for clientelism. Mayors, for example, currently enjoy special relationships with and responsibilities toward citizens in their municipalities and could succumb to the temptation to bestow benefits on specific groups or individuals.

However, the current low level of local government participation in social programs means that we cannot draw general conclusions regarding decentralization and the clientelistic use of resources

### **GRUPO FARO'S INITIATIVE**

Grupo FARO has been implementing an initiative to combat clientelism within social programs in Ecuador. As mentioned before, the first component was a study of eight programs to determine their levels of transparency, access to information, citizen participation and mechanisms to receive and process complaints. In summary, we found that almost all social programs are making efforts to include some or all of these components in their formal operational processes. However, little is being done on the ground. All but one had Web pages, but the majority was not actualized or did not have useful information about budgets or beneficiaries. When we formally solicited financial information, only three programs responded positively. And curiously, they are the programs with financial information on their Web pages.

#### **Programa Nuestros Niños - Program Our Children**

Transparency is a key element that has contributed to the success of PNN. In order to be chosen to implement the childcare centers, the NGO or municipality must go through a rigorous selection process. A list of criteria and the winning organization are published on the PNN web page. In addition, the neighborhoods in which the centers are built must be within the quintile one and two as determined by Selben.

The level of implementation of citizen participation also varied. In programs such as *Programa de Alimentación Escolar* (School Food Program) and *Sistema de Incentivos para la Vivienda Rural* (Incentives for Rural Housing), where community involvement is required to prepare food and construct housing, participation is high. However, few committees to monitor the use of funds or the provision of goods and services exist in practice. Only a handful of municipalities take advantage of their right to manage funds for *Ley de Maternidad Gratuita* with the participation of civil society; and the citizen watchdog groups of *Aliméntate Ecuador* are basically inactive, partly due to their recent establishment. Grupo FARO is publishing the results of the study, which will be sent to social programs, ministries, municipal governments and civil society organizations.

Furthermore, Grupo FARO is implementing forty workshops, with over 1,000 beneficiaries of social programs, throughout the Sierra Central region with the objective of transmitting information about clientelism, consequences and ways to fight it. Few participants had heard of the term before the workshop, but were well aware of the concept. It is essential that this type of training continue through the elections of 2006 when clientelism is most rampant.

*The women's group from Tungurahua learns about social programs and the fight against clientelism.*





Finally, Grupo FARO has been working with two social programs, *Aliméntate Ecuador* and the *Ley de Maternidad Gratuita*, to increase participation of both local governments and civil society in the implementation and evaluation of the programs.

## **ALIMÉNTATE ECUADOR - REDUCING HUNGER AND FIGHTING CORRUPTION**

### *What is Aliméntate Ecuador and how does it work?*

Aliméntate Ecuador (AE) is an Ecuadorian social program that strives to combat hunger and malnutrition in the country. Nearly 350,000<sup>7</sup> beneficiaries receive food packages made up of rice, tuna, cooking oil, oats and beans. In addition, children, who make up around 70% of the beneficiaries, receive the nutritional supplement “Nutrinfa” which is prepared in the same way as powdered milk and contains high levels of vitamins and protein.

In the 1990s, AE’s predecessor, the *Programa de Comedores Comunitarios* (Program of Community Cafeterias), was started with the aim of addressing the malnutrition faced by 70% of Ecuador’s population. The World Food Program has actively participated in contracting food suppliers and ordering and distributing food to local storage units.

In 2003, Selben became the method to select program beneficiaries. In addition to being in quintiles one and two, recipients of AE are children between the ages of two and five years, people with disabilities and people over the age of 65.

One would expect that the involvement of the World Food Program and use of Selben would increase transparency, reduce corruption and therefore increase effectiveness. However, until the recent change of administration, Aliméntate Ecuador was used as a tool to gain political support. And, in a desperate attempt to save his presidency, former President Lucio Gutierrez mobilized public servants within the program, the majority coming from his political party, to divert food from official beneficiaries to participants in marches supporting him.

7 349 035 projected recipients in 2005.  
see <http://www.alimentateecuador.gov.ec/Descargas/0001.pdf>

### *How was Alimntate Ecuador used to further political interests?*

The news reports:

#### **"Officials dispose of 'combos' in *Aliméntate Ecuador*: The Treasury and the state auditing agency investigate the Ministry of Social Welfare's programs" 25 July 2005, La Hora**

This Thursday, the new administration of the program *Aliméntate Ecuador* delivered documents to the state auditing agency, which confirms that some of the food rations of the program have not been delivered to the poorest families. The documents concern the days when the Ministry of Social Welfare organized counter-demonstrations of support for the former president Lucio Gutierrez. Various officials complained to the former director of the program, Argentina Cisneros, of the lack of deliveries or, in certain cases, that the rations arrived incomplete.

#### **"Gutierrez Regime used food aid to support marches", 12 July 2005, El Universo**

The new administration of the *Programa Aliméntate Ecuador* (AE), of the Ministry of Social Welfare, has found evidence of the use of food rations, intended for the poor, to organize marches in favor of Lucio Gutierrez.

Six videocassettes recovered from the AE archives contain recordings in which civil employees of *Aliméntate Ecuador*, among them the ex-coordinator Argentina Cisneros, are shown to have helped organize a march on 21 January 2005. The videos show the delivery of food packages to supporters.

### *What is Aliméntate Ecuador doing to reform its program?*

Currently, *Aliméntate Ecuador* is undergoing serious reforms. After the fall of Gutierrez, Richard Espinosa, the new National Coordinator of the program who has a background primarily in the private sector, fired over half of the personnel, under the premise that many were political hires that performed irrelevant tasks. As one could imagine, this was quite controversial. In protest, former employees attempted to take over the AE building through breaking windows and holding the new director hostage. However, the administration was convinced that the only way to clean up a corrupt organization was to replace personal though a meritocratic process.

The new team proceeded to redesign the program and make administrative reforms. After changing the local counterpart, responsible for distributing the food to local beneficiaries, from *tenientes políticos* to *juntas parroquiales*, AE implemented training workshops in all of Ecuador's 22 provinces.

Furthermore, information about the delivery of stock is now automatically available to the warehouses in the provinces and the process is as transparent as possible as all information is available on program's webpage ([www.alimentatecuador.gov.ec](http://www.alimentatecuador.gov.ec)). Communication channels are also improving as personnel of AE, who have contact with indigenous people, attend workshops on the Quechua language. The program continues to evolve as three equivalents to Nutrinfa have been created, ensuring that the program is not reliant on a few ingredients whose price may fluctuate. Finally, AE is testing its impact through the implementation of an evaluation, which involves measuring the nutritional level of children with similar socioeconomic backgrounds who receive and do not receive support from AE.

AE's success in cleaning up the operation has been commended by representatives of the World Bank, IDB, the Technical Secretary of the Social Front and others, and for the first time the products are being delivered to every province in Ecuador.

Unfortunately, due to political instability and high turnover rates among public servants, many public policy reforms in Ecuador are short-lived. The next elections in Ecuador will occur in 2006, which puts the good performance of AE at risk. Therefore, it's essential that steps be taken to make these reforms sustainable. One important strategy currently employed by the program is to ensure that the beneficiaries are aware of and are involved in the program activities. AE has developed two citizen groups, *veeduría ciudadana*, and, *comité de nutrición*, that should monitor the process of food distribution and train mothers on good nutritional habits, respectively. Grupo FARO is using these two entities as a starting point to motivate citizen participation in *juntas parroquiales*.

### ***Fighting clientelism through citizen participation***

Grupo FARO is working in collaboration with the AE provincial office of Pichincha to promote citizen participation in the five most "problematic" *juntas parroquiales* in the province. The main problem AE detects is the high level of food package devolution, which generates economic losses for the state, and means that the nutritional assistance does not reach all beneficiaries. This problem was not as noticeable during the prior administration because there was less vigilance by AE's central office upon food delivery. In other words, if the proper beneficiaries do not come to pick up the packages, administrators distributed them according to their own discretion. Two main causes contribute to the current problem –little or no dissemination of food package arrival outside of the populated centers and a high percentage of migratory population.

What makes these *parroquias* "problematic"? They are geographically near the city of Quito, possess large populations, and consequently contain

high numbers of beneficiaries. Possibly due to their more urban nature, these *parroquias* suffer from low levels of social networks and little citizen participation. Furthermore, *presidentes* have little interest in coordinating with the provincial administrators of AE. This creates a vicious cycle of frustration and poor performance.

In approaching the *presidentes* of the *juntas* to discuss the initiative and ask them which components of the organized civil society work with them, the answers in nearly every case were: nobody works here; the people don't care about working for the community; the *junta* does everything; help from the community does not exist. This causes problems, considering that AE generates additional activities not included in the regular functioning of the *junta* and its employees. In some cases, *juntas* have hired a staff member, with its own budget to direct the distribution of the food packages, and in others, they have entrusted the work to the secretary, along with her other many tasks.

In working further with the *juntas*, we discovered a great distance between the local parochial government and the community. The local governments' influence and power to call meetings are low.

Grupo FARO's strategy is to inform citizens about AE and to mobilize their support to improve local-level management. Increasing the number of collaborators will increase *junta* capacity to fulfill its obligation and reduce cases of corruption and clientelism. It is important to emphasize that each activity has been and will be implemented along with the *Coordinación Provincial* (Provincial Coordination Unit) of AE in Pichincha, which solicited Grupo FARO's support with "problematic" *juntas* due to AE's incapacity to devote the special attention required.

Our work plan has the following steps:

#### **1) Form alliances with civil servants in each junta**

Each *junta* experiences different problems, which means there is not one solution. Therefore it is important to first work closely with employees within the *junta* in order to foster an atmosphere of trust, understand their experiences, identify the bottlenecks and reflect together on possible solutions. Due to the little or nonexistent political will on the part of the *presidentes* of the *juntas* to cooperate with AE, we work mostly with the functionaries in charge of food distribution.

#### **2) Inform citizens and create community networks**

Our strategy to achieve long-term sustainability involves mobilizing beneficiaries and citizens, especially the presidents of the different neighborhoods, to participate in the program. This process starts by developing a

community map and determining approximately how many beneficiaries live in each zone. We travel throughout the *parroquias*, near the date of food package delivery, to meet local leaders and discuss the objectives and process of AE.

We are creating social networks among local leaders, who generally care about the wellbeing of their sectors' populations (about 70 to 80 families), citizens, beneficiaries and functionaries of *juntas*.

### **3) Create citizen watchdog groups**

After identifying community leaders, who are in many cases the presidents of the neighborhoods, we create citizen watchdog groups. It is key to identify concrete activities that the groups can perform to support the *juntas*, such as spreading the news of package arrival, helping with their delivery, and meeting with beneficiaries. The focus on community "support" and not "monitoring" of the *junta*, helps motivate the junta to cooperate and see the benefits of the process. We hope to involve community action in the process to increase the delivery of food packages to 80 percent.

### **4) Results**

Although we are just beginning the process in the majority of the *juntas*; in those in which the process has most advanced, we have seen positive results. In the first place, with the support of Grupo FARO, the people in charge have taken more interest in, as well as responsibility for, the process. We have also observed greater participation by the presidents of the neighborhoods. Only two or three people attended the first meetings. After several trips to visit community leaders, in which we discussed the program with the presidents, teachers, nurses, priests, and beneficiaries, meetings have become more participatory. The new involvement of the community in the program has improved the dissemination of information on food packages. This has led to lower rates of devolution and a better relationship between the *junta* and civil society.

## **LEY DE MATERNIDAD GRATUITA (LMG) –PROVIDING QUALITY AND EQUAL SERVICES OF CHILD AND MATERNAL HEALTH CARE**

### ***What is Ley de Maternidad Gratuita and how does it work?***

Through this Law, the Ecuadorian State is complying with its Constitution and the international agreements to which it has subscribed to guarantee the reproductive health of men and women.

The State is required to provide free and quality care in the areas of:

- **Sexual and reproductive health** for women during pregnancy, childbirth, and post-childbirth,
- **Infant health** for children younger than five for the most common illnesses.
- **Birth control** using condoms and vasectomies for men and temporary and permanent methods of contraception for women,
- **Detection** of uterine cancer,
- **Interfamilial violence** during pregnancy,
- **Detection of HIV** and diagnosis and treatment of sexually transmitted diseases.

The *Ministerio de Salud Pública* (Ministry of Public Health) through its *Centros* and *Subcentros de Salud* (Centers and Sub-Centers of Health) are responsible for the implementation of the Law. The *Consejo Nacional de Mujeres – CONAMU* (National Council of Women), the *Consejo Nacional de Salud* (National Council on Health – CONASA) and the *Instituto Nacional de la Niñez y la Familia* (National Institute of Childhood and Family) should be active in disseminating the Law so women know their rights and ensuring that hospitals provide the free services.

Municipalities and citizens have a formal role in the implementation of the Law through **1) *Comités de Gestión de los Fondos Solidarios de la Salud – CGFS*** (Committee to Manage Solidarity Funds) and **2) *Comités de Usuarias*** (Committees for Beneficiaries). The CGFS, composed of the Mayor, Director of Municipal Finance, Chief of the Area of Health, and three representatives of civil society, manage the funds transferred from the central government. Furthermore, they monitor the work of local hospitals and the free services they provide. The *Comités de Usuarias* receive complaints and observations from beneficiaries about hospitals' compliance with the Law, and communicate with the municipalities and hospitals to improve performance. The formation of the *Comités de Usuarias* is, in theory, the responsibility of CONAMU, a public entity that, despite its best intentions, does not have the capacity to spearhead this initiative. The fact that the formation of these entities is voluntary means that they are not implemented in the majority of the municipalities.

The Municipality of Colta, in the province of Chimborazo, provides a good example of citizen participation and a system to receive and process beneficiary complaints within the program *Ley de Maternidad Gratuita*. It was said within the region that a trip to the public hospital meant death. To make matters worse, according to municipal functionaries, the treatment of indigenous women was inferior to *mestiza* women. Therefore, the municipality decided to get involved in the diffusion and implementation of the LMG to assure that women knew their rights and enjoyed equal treatment in quality health services. With the support of the Association of Ecuadorian Municipalities (AME), the Department of Women and Family within the municipality took various steps to improve the program.

Firstly, brochures were published with a description of the free services offered at the public hospital; and municipal functionaries implemented workshops with potential beneficiaries. Secondly, three entities were formed to monitor various aspects of the program. The CGFS was conformed and put in charge of receiving transfers from the Ministry of Public Health and reimbursing the hospital for its extra costs. Then, the *Comité de Usuarías* was formed to continue disseminating the objectives of the Law and the rights of women, discuss complaints about the quality of the services and train women on good health practices. Finally, the *Comité de Vigilancia* makes surprise visits to the hospital to ensure that all women are receiving and equal and quality services. The impact of the program is seen in the increase of funds that are managed every month. The fact that the budget is growing indicates that there are more women accessing their rights.

### ***Why did we choose LMG and the Municipality of Pelileo?***

The fact that the LMG is *universal* means that there are fewer opportunities for clientelism than in other social programs. However, favoritism and lack of citizen knowledge about the free services that LMG provides make it an important space to target efforts. Furthermore, municipalities and civil society have a defined role, at least formally, in the Law's implementation and control. It is always easier to work within the legal framework of a program than to try and create new components. Finally, we have had the strong support of the municipality and other outside actors. Being a doctor, the mayor of Pelileo has a special interest in improving the health of his community. He attends key events, which brings media attention and in turn, citizen knowledge on the Law. His interest also motivates other municipal functionaries to cooperate. In addition, the AME, which provides technical support, has been a key counterpart for Grupo FARO. We work together in

the planning and implementation of all activities, which increases impact and avoids duplication of efforts.

Our main strategy is to disseminate information about the Law and conform and train the CGFS and the *Comité de Usuarías*. By opening and fostering these spaces for citizen and local government participation, we are ensuring that the women of Pelileo know about and are empowered to access their right to free health care.

The initiative takes the following steps:

### **1) Sharing of experiences**

We convened a meeting with the Municipality of Colta so members could share their experience with those of Pelileo. The meeting demonstrated that the process was possible and produced results. After the conformation of the CGFS, delegates traveled to two other Ecuadorian cities, Cuenca and Porto Viejo, to discuss the process with other municipalities and leaders of civil society and reflect on ways of improvement.

### **2) Agreement between Grupo FARO, Municipality of Pelileo and AME**

When working with public institutions, it is always important to publicly sign an agreement, outlining the commitment of each participating entity. This demonstrates the municipality's political will to citizens and improves chances of project sustainability.

### **3) Workshops for the election of civil society delegates of CGFS**

We implemented two meetings, which enjoyed high levels of participation, in order to elect the representatives of civil society for the CGFS – one member from organized civil society, one member from women's organizations, and one member from indigenous or farmers' organizations. The press attended both meetings and published articles in the local paper. Furthermore, a local television crew interviewed members of the municipality, Grupo FARO and the AME and produced a short television program. This was an important first step to inform citizens about the Law.

### **4) Workshop to launch the CGFS and transmit the concepts of identity and gender of the women of Pelileo**

This workshop was implemented with the support of the Government of the Province of Tungurahua, which had already developed a methodology to empower women to demand their rights. Sixty female leaders attended the event.



### **5) LMG dissemination workshops and election of members of the *Comité de Usuarías***

We implemented nine workshops, one in each *parroquia*, to disseminate information on the LMG. One major obstacle in managing the LMG in Pelileo and other municipalities is that women are not aware of the Law's existence and hence do not demand their rights at the local hospitals. Therefore, we coordinated meetings, which were attended by around 50 female community leaders each, with the *presidentes* of the *juntas*. In each meeting, participants elected a representative of the *Comité de Usuarías*.

### **6) Training of the *Comité de Usuarías***

In December 2005, we will mount a series of training sessions to define, along with the committee, activities to implement in coordination with the municipality and the CGFS. It is important that the committee works closely with the municipality and the hospital to increase chance of sustainability.

### **7) Implement transparency activities within the municipality**

Finally, we are working with the municipality on its Web page and on the establishment of an information window where beneficiaries can get informed about social programs make observations about the quality of services.

## **CONCLUSIONS**

Anecdotal evidence demonstrates that clientelism is common within Ecuadorian social programs. Although social programs are taking important steps in 1) being more transparent, 2) using more technical methods to select beneficiaries, 3) involving beneficiaries and local governments in the implementation and control of the programs and 3) providing beneficiaries with mechanisms to make complaints, there is still more to be done. Most of these mechanisms only exist within the formal procedures of the programs.

Perhaps the most effective method to combat clientelism is to make beneficiaries aware of their social, economic and cultural rights, and empower them to act when social programs do not meet their objectives.

We started this process in two programs, *Aliméntate Ecuador* and the *Ley de Maternidad Gratuita*. By working with citizens, beneficiaries and local governments within the legal frameworks of the programs, we are increasing citizen access to information and providing them spaces in which they can participate in and monitor the implementation of social programs.



# FIGHTING CLIENTELISM

## Transparency and participation in targeted social programs

This book argues that considerations of power and politics must be included in the design, implementation and evaluation of targeted social programs as are efficiency and technical considerations. Understanding and tackling the unequal distribution of power between excluded social groups and those who hold political and economic power is of utmost importance for the effective implementation of any coherent social program. Thus, this book highlights the institutional and political reforms needed to empower those people excluded by poverty in order to enhance their voice and their control over targeted social programs' design and implementation as rights holders, integrating them into the public sphere by encouraging their participation and control over the allocation of social public expenditure.



**Inter-American  
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