

Republic of El Salvador

(República de El Salvador)



Capital: San Salvador

Inhabitants: 5.800.070 (2006)

Area: 21.040 km²



El Salvador is a country in Central America, only 20,041 kilometers in size, with a population of 6.7 million (2006). It has a republican, democratic, representative government. The political system is pluralist, represented by the different political parties, the only bodies that represent the people within government. The government comprises of three main bodies: Legislative, Executive and Judiciary. Land is divided up, for administrative purposes, into fourteen departments and 262 municipalities. It is one of the smallest and most densely populated countries in the American continent, with 310 inhabitants for every square kilometer (km²). The country has over two million immigrants currently living in the United States whose fund transfers also contribute to economic growth.

A promulgation of the country's political constitution was last made in 1983. Following peace talks between the government and the guerrilla movement,

the Farabundo Marti National Liberation Front, constitutional reforms were agreed upon with the three state bodies and other departments, including the Attorney General's Office and the Elective Tribunal. These reforms came into force on April 30, 1991 and were effective as of November 30 of the same year, a condition stipulated upon when the Peace Accords were signed in January 1992, marking the country's most significant political development in recent history. The Salvadorian state, as a direct result of these reforms, underwent a dramatic political overhaul, which helped set in motion a democratic and pluralist political process. This process saw the idea of the municipality as a democratic base reemerge once again. This is significant, bearing in mind that El Salvador was colonized by the Spanish, and that during the XIX century the government became progressively became more centralist, and authoritarian, while the municipalities saw their political power, resources and areas of authority gradually reduced. This was a trend that continued through the XX century, and was further enforced under military rule and an all-powerful oligarchy. In the face of this reality the towns adopted a revolutionary stance, where the local people played vital roles, normally at a high cost to both the municipal leaders and the rural and urban populations. The role of the municipality started to strengthen once again during the



negotiations and subsequent signing of the Peace Accords, which granted them greater autonomy and led to an increase in their political power, a more decentralized fiscal system, the creation of new authoritative bodies and above all an increase in civil participation and an improvement in the quality of civil life.

2. Territorial organization

The Salvadorian government operates on a national and municipal level. The Republic is divided up into fourteen departments and the President nominates a governor for each one, to whom he delegates authority and limited administrative functions. The 262 municipalities, however, as defined within the Political Constitution do have the autonomy to elect a municipal government, which comprises of a mayor and municipal officials.

They do not, however, have a great deal of independence, given that the politics, administration and finances of the State are still largely centralized. This means that the main bulk of this work is carried out by the ministries and other presidential bodies; an important feature of the central administration is that it operates via sectorial institutions that are decentralized, which in practice means that it is a form of administration quite removed from the public sector, yet they compete with the municipalities in terms of authority and resources. The impact of the 12-year civil war sped up internal migration patterns including the urbanization process and growth of the Metropolitan zone and also led to a sharp increase in the number of migrants leaving the country. The standard of living across the country varies greatly and there are huge differences in territory, in public services provided by the State and human development indicators. Today, El Salvador is more urban than rural and there are large social segments of the urban population that live in conditions of

extreme poverty and marginalization. The different municipalities vary greatly, with stark differences between the human development indicators and a very high population density in the metropolitan zones (35% of the total population lives on 8% of the land). The concept of municipal autonomy depends on the constitutional status; the country preserves the tradition of electing a municipal government, which, despite its lack of power, is the first point of reference for the people. Local municipal governments have fought for certain rights and made good headway in areas of fiscal decentralization, although these developments are still relatively incipient considering what they could potentially be responsible for, if they were to effectively address the needs and requirements of the people.

Average annual public spending in the municipalities is 15 US dollars per inhabitant; total public spending on a national level is 522 dollars; municipal public spending accounts for about 1.42% of GDP. The proportion of local municipal public spending, meanwhile, over total public spending is 9.45%. In light of the fact that the municipalities reinvest an average of 70% of their resources, the proportion of local municipal public spending on investments / total state public spending on civil investment, is estimated at 33%.

The capital of El Salvador does not have an administrative body or government, in contrast with the rest of the country, although there are steps currently being made in this direction. There is, however, an administrative regime and government in the Metropolitan area, in the process of being institutionalized, via COAMS, the administrative council for the San Salvador Metropolitan area, which has been operating for about ten years and has a technical management structure. The creation of COAMS as a type of territorial administration has sown the seed for future administrative reform, which aims to



include municipal communities in the slow process of land development in the country's rural areas.

3. Local democracy

3.1 – Local political system

Political parties in El Salvador have a significant and direct influence on local elections due to a highly developed political ideology and the overhaul that the political parties had following the Peace Accords of 1992. But the country's electoral system does not allow for candidates to stand in municipal elections, unless a political party puts them forward. It can be said, however, that the municipal elections together with the political parties in San Salvador now boast high levels of legitimacy and well-consolidated party politics even when public confidence indicators are low.

After the Peace Accords were signed, local elections became more politically pluralist in nature. Two big political powers currently take part in local elections: the traditional right, with a neo-liberal leaning, which has been the controlling power in government since the Peace Accords were signed and has maintained its hegemony in the rural municipalities; and the revolutionary left which has, in recent years, had control of most of the country's main cities, including the capital. There is also a small right-wing party from the old oligarchy and a rather weak Christian democratic party, which has control over some municipalities in specific areas. The municipal governments in El Salvador have clear and defined areas of executive authority, which are set out in the Political Constitution and the Municipal Code.

The authority of a self-government, self-organization is supported by a legal status that allows it to govern according to its own rules. Municipal executive functions are then defined within this framework and approved of by the municipal Council of

Accords. El Salvador is the only country in Central America where the election of municipal authorities is made by majority vote as opposed to proportional which means that the winning party is in charge of all the posts, from the Mayor to municipal officials; this system is under review since it represents a weak spot in municipal democracy and forms part of a new list of pending electoral reforms, that have yet to be formally implemented. Since the Peace Accords in 1992, civilian attitude towards local government and recognition of them, has improved, most notably in areas that affect them directly. This change in attitude has been supported by the Union of Mayors, new reforms pushed through by the Legislative Assembly and by the fact that municipal officials have been granted more participative roles within the political parties. Local politics are in this sense, more highly valued than national politics. On the same note, a study comparing municipal politics with national politics also revealed that civil participation on a municipal and local level was higher.

3.2 – Civil participation

Civil participation in local elections has been growing since 1994. On average the general rate has held at about 60%, but this figure is higher in the cities. Municipal elections in San Salvador are held every three years, alongside the elections of parliament members but both are held separately to the presidential elections. Since 1992, the road to democracy in El Salvador has been accompanied by an increase in civil participation and although this varies from one municipality to the next, overall it has been hugely significant for the population as a whole. In practice this means that the systems of a more direct democracy had started to apply, which in turn, led to the proposed reform of the Municipal Code. The need for transparency, anticorruption measures and accountability, made it necessary to



institutionalize citizen consultation, participative budgets, referendums and account renditions; reforms that are all established in the latest Municipal Code and that became effective as of January 2006. The right to mandate repeal is not included in the code. Interestingly, the legal reforms were the result of social and political practice, which though not generalized, are important in qualitative terms. These dynamics have sprung more from the initiatives of local groups, than by organizations at a municipal level, in the neighborhoods and cantons and in both rural and urban areas. The changes have come about as a result of a more participative democracy, which includes, above all, Local Development Committees and community development groups. The increase of civil participation in local politics can be illustrated by the interest generated ahead of the rendition of accounts, which has prompted a network of communication and information to spring up on the Internet, mainly in the larger cities. With reference to the relationship between the traditional institutions and the more “modern” local governments in El Salvador, government institutions or authorities in the more indigenous towns and villages have all but disappeared, in contrast to other Central American countries where these institutions still exist. Some of these traditional institutions remain, but not only are they very small, but also very localized and do not have the same significance that they do in other countries like Costa Rica.

4. Relationship between central and local levels

4.1 – General Questions

According to El Salvador’s constitution, the concepts of municipal autonomy, municipal government, and municipality refer to the structure of local government. The central government is made up of different bodies which carry out various functions related to

local governments, which are not necessarily carried out in an institutionalized, defined, consistent or coherent way. The Ministry of the Interior, for example, has traditionally acted as a mediator between the government and the municipalities on issues of an institutional nature, although in El Salvador its role is not as defined or as relevant as it is in Guatemala and Honduras, for example. The role of El Salvador’s Institute for Municipal Development –ISDEM- as a financial, technical and administrative intermediary between the government and the municipalities has also become increasingly irrelevant. The Social Investment Fund for Local Development – FISDL- does, however, play an important role, and forms part of the Law for Social and Economic Development Funds – FODES- created in 1988. The country’s move towards democracy has meant that the power held by central government institutions over the municipalities has gradually been reduced.

These days there are more constitutional mechanisms in place that guarantee local governments their autonomy, such as a ruling on the constitutional autonomy held by the municipalities. Municipal autonomy is, by nature, constitutional, while the peace process and democratization of El Salvador has been propelled mainly by civil participation and the growth in people’s politics. The reforms made to the Municipal Code have also served to reinforce these constitutional norms.

With regard to the legislative powers held by local governments, the municipalities do have their own legal departments, which means they can use internal rulings on issues that fall within their scope of authority.

The Legislative Assembly, the country’s most powerful democratic tool, does have legal authority over local governments, which it exercises through political



negotiation. It should be noted, however, that the President of the Republic has the power to veto a law, as demonstrated when Francisco Flores (1998-2003), the government then in power, vetoed reforms made to the Municipal Code in 2003. These reforms were later reinstated and ratified by the new president Antonio Saca (2003-2009).

4.2 – supervision of local governments

The FISDL, mentioned earlier, has the authority to oversee municipal plans and spending, which is looked after by the Republic's Financial and Accounting Office, and the ISDEM, which supervises the administrative functions of some of the smaller municipalities.

Local governments now enjoy greater stability as a result of more stringent political and institutional rulings on dismissals, revocations and dissolution, as set out in the constitution's legal section.

Improvements in government and administrative practices can be illustrated by the fact that there are no longer cases whereby Mayors or municipal officials are dismissed. Since the seventies and more recently when the neo-liberal measures in the eighties and nineties were in force, the different institutional sectors held powers that had traditionally belonged to the municipalities. Nowadays, these institutions are gradually disappearing and power is being returned to the municipalities, although this process is still incipient. All of the above, however, is contingent on the true establishment of a decentralist democracy.

4.3 – Guarantee of local government autonomy over rights and interests

Local governments can use the legal and political tools set out in the Republic's Political Constitution, the Electoral Law and the Municipal Code when defending their rights, and in the event that their autonomy or legal rulings are ever challenged or violated.

El Salvador's Corporation of Municipalities –COMURES–, a relatively new and important organization has already established itself as an active and recognized force for the promotion and defense of municipal autonomy, political public proposals, the modernization of municipalities, requests for increased financial resources and an awareness of civil needs. The organization has, as such, become an important representative entity for local governments. There are also municipal coalitions municipal associations in the boarder zones between Guatemala and Honduras and other departmental associations of mayors that complement the role of COMURES. Since the signing of the Peace Accords, the path to democracy alongside the increasingly powerful municipalities has led to a decrease in municipal and inter-municipal conflict. In the event that conflict arises, it is solved by political negotiation and by taking the correct legal channels available.

5. Local responsibilities and powers

The scope of municipal authority has grown in the last fifteen years, as has their budget, mainly due to an increase in fund transfers and also because there is no longer any intervention by state agents during those transfers. The areas of authority traditionally held by the municipalities are detailed in the municipal budgets, although how these are then applied, managed and developed at a local level, may vary. The main areas of authority, over which they can exercise legal authority and make independent decisions, are defined as "unique or exclusive powers", since by law they are exclusive to the municipalities, and are as follows.

Planning: In the latest 2006 reforms a municipal mandate was fast-tracked to give the municipalities authority over the preparation, approval and execution of



local development plans. This has been an important development.

Energy supply: Public lighting falls under municipal responsibility.

Public transport: Under new reforms set out in 2006, areas of municipal authority cover: Local transport control; including the location and workings of terminals and passenger and cargo transport, in collaboration with the Deputy Minister for Transport.

Urban services: Management of markets, street markets and abattoirs; sanitation, road sweeping, collection and disposal of rubbish; municipal police. Areas of authority shared with other state institutions are as follows:

Water supplies: This has traditionally been managed by different sectors in central government, but is now being decentralized and although in its early stages, could become a significant trend. It would mean the transfer of administrative and operative responsibilities. Since mid-2002 fourteen small systems have been placed under the control of local operators –small municipalities and intermunicipal companies- and private initiatives. This trend, however, might be short-lived as there is no long-term strategy in place or legal framework to guarantee its medium to long-term sustainability.

Support for company development:

Reforms made in 2006 gave municipalities the powers to: Promote the development of industry, commerce, agriculture and farming, local craft, and services; as well as the development of career training programs and the generation of employment opportunities, together with other competent state institutions. The other important areas of authority, like those of education and health, remain principally under central government control. With regard to education, the municipalities only have the power to carry out promotional activities in that area.

Health Service: The municipalities, again only play a promotional role with regard to the health service.

The three areas where local governments now have considerable power, that is to say, areas considered to be the most decentralized are: public lighting, the administration of markets and the collection and disposal of solid waste. The three areas under local government that are considered to be the most centralized are the administration and management of water supplies, provision of public health and education. The key services, then, are highly centralized and there is an absence of institutional rules, which are the direct results of a lack of integral decentralist policies and initiatives aimed at redesigning the centralist State.

6. Local financing and human resources

6.1 Local government income

In El Salvador only the Legislative Assembly can approve taxes. Local governments have three areas of authority in this area: i) to put forward local tax proposals (known as *abitríos municipales*) which have to be approved by National Congress; ii) The collection of local taxes, that has been approved by National Congress, from municipal and legislative initiatives;

iii) Fixing and approval of rates (or prices) for public services provided by the respective municipalities; iv) To carry out transfers, that by law must be moved by the executive bodies and which, depending on the criteria and amount, are put into either operations or investment. Numbers ii) and iii) demonstrate the efforts taken by the municipalities in El Salvador to generate their own income. Bearing this in mind, the collection of municipal public service rates by the municipalities makes up about 35% of their total resources (government transfers plus their own



resources from municipal tax collection). There does not exist, as such, any formal fiscal coordination between the central government and the municipal governments. The centralization of the state in fiscal terms, the lack of decentralization with regard to territorial taxes and political wrangling that slows down municipal financing from central government, combine to create an overload of fiscal responsibility in the Treasury Department and prevents the municipalities from having any concrete responsibilities. The central government then, is in practice, the body responsible for the collection of up to 90% of taxes, from both current and capital income. Fund transfers to the municipalities, which account for 7% of the budget, are very important in the running of local governments. Local governments in general therefore have limited levels of fiscal and financial independence, likewise the municipal governments, who are very dependent and only have limited legal control over public lending and the management of local development projects. There is no accurate data on external income but it probably makes up no more than 5% of total municipal income.

In the event of a disaster or emergency, separate funds have been set up that are organized and managed independently, with their own accounting methods and accountability. With regard to other rates and resources that provide a local income, the local governments have the power to oversee and collect public service rates, as set out in the Municipal Code, and use them to fund local services. These resources make up about 15 to 20% of total income and are always included in the reports on how local income is calculated and distributed.

6.2 – Administration of local government personnel

Local governments in El Salvador employ approximately 9 thousand employees and

municipal civil servants (excluding elected authorities), of which about 10% is made up of senior personnel, 15% of civil servants and technical staff, 25% of administrative assistants with the remaining 50% made up of operational and service personnel. The competencies of the municipal employees vary greatly in the absence of a general quality assessment mechanism, with the more qualified personnel found mainly concentrated in the cities and Metropolitan zone. Most of the municipal workers have permanent contracts, but there is always an unknown percentage that works on short-term contracts. Some of the municipalities have seen an improvement in the professionalism of their executive teams, due to university recruitment policies. The public view of elected authorities and workers has generally been quite poor due to the secular corruption of municipal administration. In recent years, however, under increasing pressure to provide transparency and anticorruption mechanisms, alongside an improvement in the professionalism of municipal administration and better payment policies, public perception of employment methods for workers has improved, although there is no up-to-date research that supports this.

The Municipal Code reform, effective since January 2006, included changes that were specifically aimed at gaining greater control over corruption. The administration of human resources has in recent years improved with the recognition that more qualified and larger numbers of professionals are required, which has, in turn been supported by an increase in financing to the municipalities. The role of the public services has gradually become more established alongside an understanding of the importance of public over private management, although there is room for improvement in the management of the public/private sectors



by the municipalities in certain areas of public service provision.

SUMMARY: Local government in El Salvador has made considerable advances in the last fifteen years as a result of the political reforms carried out following the Peace Accords in 1992. These advances have been mainly of a political nature with the recovery of and strengthening of local government as an institution, as well as a continued increase in civil participation and the modernization of the municipalities. Key changes in the last five years have been the role played by the Legislative Assembly in managing to increase financing via money transfers to the municipalities and the Municipal Code reform. These changes have brought with them an increase in their levels of authority although this is still an area that is impeded by the municipalities' lack of legal authority and the fact that they are so dependent on financial transfers from the government. The town councils and municipalities suffer from a lack of democratic and decentralist policies and would benefit from a more vigorous policy of direct democracy that would establish new rules of distribution and responsibility between the local governments and central government. The current political context and recent improvements made should now provide a strong base upon which local governments can continue to promote a process of decentralization, modernization and democratization.

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