

UCLG COUNTRY PROFILES

Bolivarian Republic of Venezuela

(República Bolivariana de Venezuela)



Capital: Caracas

Inhabitants: 28.199.822 (2008)

Area: 916.445 km²



1. Introduction

Venezuela is a constitutional and democratic state that constitutionally proclaims itself a social State of Law and Justice. As to its politico-territorial organization, *it is defined by the constitution as a decentralized federal State*. Nevertheless, a large amount of power tends to be concentrated at a national level, which removes it somewhat from the organizational model of the federal State.

Today, Venezuela has a total of 23 states, all of which are recognized as equal entities and granted political autonomy. Together with the states, the Constitution defines the federal territories, a legacy of previous constitutions, although none have been created under the constitution currently in place. The states are divided into municipalities, the primary political unit of national organization, which, as set out in the Constitution, enjoy legal status and independence (art. 168).

Venezuela has a population of 24.000.000 inhabitants, and is 916.455 square kilometers in size. The Venezuelan population is unevenly distributed throughout the country. The country's geographical and economic characteristics have determined how the population has settled, mainly around the coastal and mountainous regions, which are characterized by valleys and the low mountain ranges of la Costa and the Andes. This region, which is formed by the coastal states, part of the Andinian states and those located in the center north of the country, covers approximately 20% of national territory and is where 80% of the total population is concentrated. The rest of the population is distributed unevenly throughout the remaining regions, as illustrated by the Guayana region, which accounts for 50% of the territory and only accommodates 6% of the country's inhabitants.

The country is divided in to 335 municipalities. The state with the highest number of municipalities is Táchira, with 29, and the one with the smallest number is Delta Amacuro, with four. The municipality of Maracaibo has the highest population at 1.219.927, while the least populated is Alto Orinoco, located in the Amazonas state, with 655 inhabitants, according to the 2001 census.



2. Territorial organization

As previously mentioned, the Constitution establishes that the Bolivarian Republic of Venezuela is a decentralized federal State, but according to the provisions of the Constitution itself, the majority of power tends to be centralized and exercised by the National Power

Public power is divided into three areas: Municipal power, State power and National power. The latter is, in turn, divided into the Legislative, Executive, Judicial, Citizenry and Electoral powers. National territory is divided into states, the capital district (seat of national power and central government departments), federal units and federal territories. The constitution refers to the organic law of politico-territorial division with regard to the creation of federal territories, which allows for their formation in specific areas of the states, if a referendum is carried out beforehand. The seats of authority within each territorial sector enjoy both exclusive and shared areas of power.

The states are divided up into municipalities, which have the autonomy to elect their leaders (mayors, councilors, and members of civil parishes) and independently manage areas that fall within their scope of authority.

On June 8, 2005, in the Official Journal N° 38.204, a new law regulating Venezuela's local regimes was published, called the Organic Law of Municipal Public Power (LOPPM), inspired, in part, by the principles contained within the 1999 constitution. The municipalities, under the new law, are entitled to divide up into civil parishes and other local entities within the municipal territory. These demarcations were created in an attempt to decentralize municipal management, promote public participation and improve municipal public services (art. 30 LOPPM).

Data on the financial aspects of the territorial distribution of power is not easily accessed. The Gross Domestic Product

(GDP) in the first semester of 2006 was 11.466.768 million bolivars, 1.796.023 million bolivars of which came from oil income, and 8.650.825 from other sources. The government's final figures for consumer spending stood at 1.629.619 million bolivars while final private consumer spending was 7.560.582 million bolivars, according to data provided by the Central Bank of Venezuela (the entity that establishes and executes the monetary policy)¹. There are no official figures that detail the proportion of local spending compared with national public spending. Nevertheless, it should be noted that the constitutional contributions (el situado) in the 2005 budget totaled 4.098.302,6 million bolivars, while constitutional municipal contributions stood at 1.032.883,5 million bolivars (both figures are contributions that the national power makes respectively to the states and municipalities)².

The capital of the Republic, the city of Caracas, has its own regime. It consists of a municipal government which operates on two levels, as set out in the constitution and in the Law that defines the structure of the Metropolitan District of Caracas (DMC), which includes municipalities in the Capital District and the corresponding ones that are located in the neighboring state of Miranda. The Constitution and the LOPPM can create more metropolitan districts when two or more municipalities, irrespective of whether they belong to the same federal entity, demonstrate that their economic, social and physical ties combine to give them the characteristics of a metropolitan area.

¹ www.bcv.gov.ve

² www.ocepre.gov.ve



3. Local Democracy

3.1 Local elections

Municipal autonomy extends to the election of its own leaders, which means that the mayor and counselors for each municipality are elected by popular vote. The mayor, as head of the Municipal Executive, is elected directly by the citizens of the municipality, by universal, direct and secret ballot. The revocation of his/her term of office is subject to referendum by the same inhabitants of the municipality, also by direct suffrage.

The counselors are elected directly by the citizens of the municipality by direct universal and secret ballot, with a mixed electoral system: uninominal and by lists.

The last local elections took place on August 7, 2005. In total, two thousand 389 counselors and three thousand 207 civil parish members were elected.³ At the same time the governor of the Amazonas and mayors of the municipality of Miranda in Carabobo and the municipality of Achaguas in the state of Apure were also elected since the previous terms of office had expired. In total, 5 thousand 599 posts were filled. The majority of new posts were taken up in the Táchira, Miranda, Falcón, Zulia and Anzoátegui states.

Both the national and regional parties intervened in these elections and national politics had a direct influence on them, with the national government's party winning overall. A mistrust of the electoral authorities during these elections led to some members of the public abstaining from standing as candidates or taking part in the elections at all. The potential number of voters in the most recent local elections was 13.754.937, according to figures released by the Electoral Registry (RE) at that time. But 69.18% abstained from voting; meaning that only 4.238.839 of registered voters went to the ballot box. The main opposition leaders, however, said

that less than 20% of Venezuelan people that were registered to vote, did so. It should be noted, however that historically the turn out of voters during municipal elections has been always been low.

3.2 Civil participation mechanisms

The Constitution and the law have been prolific in the setting up of civil participation mechanisms. At a local level these include: local public planning councils; open town councils (cabildos); the participatory budget; citizens' assemblies; referendums; public consultation; amongst others.

The Law defines the meaning of civil participation as a situation whereby the citizen is able to individually, or collectively, approve or reject a concept, make observations, proposals, initiatives, complaints, claims and generally express opinion with regards to matters of collective interest. In addition, municipal counselors are obliged to consult with and include the opinions of the citizens and other civil organizations during the discussion and approval process of by-laws.

Despite the creation of these wide-ranging mechanisms, the LOPPM has failed to successfully develop these constitutional principles and has tended to follow existing constitutional norms, ignoring any new laws or by-laws that might have enabled the application and practice of these mechanisms. Moreover, the application of most of these instruments remains dependent on the future definition of the by-laws in question, which is required in order to increase participation. This could, in turn, jeopardizes the level of political participation that local administrations have, if there is excessive hegemony at a national level. The values, ethnic identity and traditions of the Indigenous communities within the municipalities have to be respected. The concept of an indigenous municipality, as an organization that is part of the governing regime and

³ www.cne.gov.ve ; www.globovision.com



local administration, is currently under review. By this method, indigenous towns and communities would be able to define, execute, control and evaluate public management (art. 50 FLMP).⁴

4. Intergovernmental relations

The municipalities are defined in the Constitution as primary political units of the national organization, that enjoy an autonomy and legal status that operate “within the limits of the Constitution and the law...” From the provisions of the constitution itself, it is clear that this autonomy is relative, because it can be reduced by national law. How the municipalities are organized, is established by the Constitution, the LOPPM and state laws. When the municipalities are operating within their scope of authority, they are autonomous and none of the decisions made by their authorities can be revised by the National Administrative Tribunals. Municipal officers, mayors, counselors, and civil parish members are elected by popular vote and cannot be revoked by the National Power.

The Local Council for Public Planning and the Councils (state entities) for the Coordination and Planning of Public Politics, are the bodies responsible for coordinating the different local authorities.

The law of the Communal Councils (Official Journal No. 5.806 Extraordinary, of April 10, 2006) is often considered disruptive to the relationship between local government and central power. This law creates the so-called Communal Councils, which answer to the President of the Republic whose task is to promote the participation, coordination and integration between the various community organizations and the citizens. These councils manage the policies and public resources in matters that relate to local life, areas that should actually be directly managed by the municipalities, since they are the primary

political unit of national organization and democratic participation.⁴

The municipalities are part of the national system of Fiscal Control and the Republic's National Finance and Accounting Office, but they also have their own Municipal Finance and Accounting Office. Municipal authorities can be challenged, if found to have carried out illegal or unconstitutional acts, before the (national) Judicial Power.

5. Responsibilities of local authorities

Article 178 of the Constitution sets out that the municipality is responsible for “the governing and administration of its interests and the management of local issues, as assigned to them by the Constitution and the laws”, and includes a list of municipal powers. Nevertheless, it should be noted that many of the matters listed, are responsibilities that are shared with the national and state powers. Those matters that are the exclusive concern of the municipalities are the ones that relate directly to “local life.”⁵

The most important areas of municipal responsibility are as follows: the policing of public events and demonstrations; urban planning; residential services for urban sanitation, aqueducts and public lighting, and municipal public transport. Where areas of authority are shared, the municipalities tend to increase spending on traffic police and public order. Territorial and urban planning, two areas that directly affect the local sphere, are actually managed in a more decentralist manner, despite being areas of shared authority. Of significance to municipal autonomy is the

⁴ For more detail on this aspect of municipalities, see the decision of the constitutional division of the Supreme Court of Justice N. 618, of 2 May 2001.

⁵ For more detail, see BREWER-CARÍAS, Allan R.: “General introduction to the municipal public power”. *Fundamental Law of Municipal Public Power*, Caracas, EJV, 2005, 81-82.; also see the decision of the constitutional division of the Supreme Court of Justice N. 2257, of 13 November 2001.



fact that they are able to apply their own set of rulings to matters that fall within their sphere of responsibility, and to the organization and functioning of the different municipal units, by passing by-laws or local laws. The following table shows the politico-territorial distribution of the main public powers.

Powers	NAT	REG	LOC
SECURITY AND JUSTICE			
Police	*	*	*
Fire brigade	*	*	
Road transport police	*		*
Criminal justice	*		
Civil justice	*		
Justice of the peace			*
Defense	*		
PUBLIC EDUCATION			
Primary	*	*	
Secondary	*	*	
Technical	*	*	
Higher	*		
PUBLIC HEALTH AND SOCIAL SECURITY			
Primary care	*	*	*
Hospitals	*	*	
Retirement and pensions	*		
HOUSING AND URBAN PLANNING			
Social housing	*	*	*
Housing policy	*		
Urban planning	*		*
PUBLIC TRANSPORT AND HIGHWAYS			
Urban (local)			*
Inter-urban	*	*	
National roads	*		
Urban roads (local)			*
Trains	*		
Ports	*	*	
Airports	*	*	
Metro	*	*	
PUBLIC SERVICES, INFRASTRUCTURE AND ENVIRONMENT			
Water and sanitation	*	*	*
Aqueducts			*
Cemeteries			*
Environmental protection	*	*	*
Urban cleaning			*
Public lighting			*
CULTURE AND SHORT			
Shows			*
Parks	*	*	*
Sport	*	*	*
ECONOMY			
Agriculture and fishing	*	*	*
Tourism	*	*	*
Income tax	*		

6. - Local government income

Municipalities have their own tax levying powers. The main tax revenues, granted by the Constitution, come from: vehicles; advertising and commercial propaganda; economic activities; games and legal gambling; public shows and urban real estate. In the majority of cases, however, the income that the municipalities receive from tax revenues makes up at the most only 30% of their total income. Municipalities receive a direct income from the national treasury called a constitutional contribution (*situado*), which is the income the municipalities receive during each fiscal year, established by the constitution, which cannot be less than 20% of the National Treasury's ordinary income budget. It is distributed among the municipalities in each state as follows: 30% in equal shares; 50% in proportion to the population and 20% in proportion to territory. This is on top of other contributions made to the mining and oil states and municipalities, as defined in the Law on Special Economic Allocations (LAEE), and those made to support specific projects, as defined in the Law on the Intergovernmental Fund for Decentralization (FIDES). In the 2005 national budget, constitutional municipal contributions stood at 1.032.883.5 million bolivars.

Also during that fiscal year and under the umbrella of public investment, the National Power earmarked 1.592.062 million bolivars for Special Economic Allocations (in compliance with the law that regulates it), and 1.940.033.4 million bolivars for local projects funded by FIDES.

Municipalities are very dependent on the financial resources transferred from central government and these have increased in the past five years. "In 1986 the proportion of the municipalities' own



income in relation to their total income was 65%, while transfers by contributions (from the Central Power), represented the remaining 35%. From this income, industrial and commercial patents and urban real estate taxes represented 43.5% of the total income.⁶ The amount of national contributions, however, has increased. The municipalities' own income represented 65% in 1986 and remained that way until 1994, but fell to 52% in 1997 and 1998. This fall was due to an increase in the transfers of contributions made in 1997, when extraordinary contributions were made by central government as a result of legal obligations, from the IFFD and the Special Economic Allocations body.

The biggest area of concern however is that, despite the national transfers or contributions, the majority of municipalities do not have enough of an income to realize their constitutional and legal obligations, or live up to civil expectations. A recent study noted that one of the barriers to decentralization in Venezuela was precisely the precarious and weak nature of local funding and resource management at both a local and regional level: "The bulk of funding for regional and local governments comes from intergovernmental income

transfers (from transfers, FIDES, LAEE), which, despite providing financial resources equivalent to about 5% of the GDP, require minimal levels of accountability from the sub-national intergovernmental coordination authorities... In the best-case scenarios the local governments' own income sources (patents, service taxes) mean the municipalities can just fulfill the most basic of their responsibilities. In the smaller urban and rural municipalities, they have only enough to cover payment of local government staff salaries."⁷

The size of the municipalities' own income varies according to the size and management capacity of each local government, as illustrated in table 1.

From this data, it is clear that municipalities with less than 50,000 inhabitants (which represent 77% of the reviewed sample⁸), are more than 50% dependent on national transfers (from constitutional contributions). And nearly 50% of municipal incomes are over 80% dependent on it. There are some exceptions where, for example, a relatively small urban municipality is home to an important commercial establishment or an urbanization that provides some significant contribution. In Chacao, for example, contributions only represent 5.78% of the municipality's ordinary income.⁹

Table 1: Level of Dependence by Venezuelan Municipalities on Contributions, according to the size of the population (1990)

Percentage of dependence	-25	25-50	50-100	100-300	Over 300	Total No. of municipalities	%
Over 80%	79	22	3	-	-	104	48.6
Between 50-80%	16	27	15	5	-	61	28.5
Between 50-20%	5	7	15	13	4	44	20.6
Less than 10%	-	-	1	1	3	5	32.3

⁶ MASCAREÑO, Carlos (coord.): *Evaluation of decentralization in Venezuela: achievements, limitations and perspectives*, UNDP, ILDIS, Nueva Sociedad, Caracas, 2000, p. 67.

⁸ In the table a total of 274 municipalities were taken into account, of those that existed in 1990. The values represent a sample of the said number of municipalities.



7. Personnel and local administration

The system regulating municipal personnel is set out in the Law on Public Service Statute, a national law that encompasses all aspects that relate to salary, promotion, length of employment, and the rights and obligations of civil servants. In addition, and as set out in the constitution, the national organic law can set a limit on emoluments generated by municipal, state or national civil servants. With this in mind, the National Assembly drafted the Organic Law on Emolument for High-ranking State and Municipal Civil Servants (Official Journal No. 37.412 of 26-03-02) that sets maximum and minimum limits of emoluments that a high-ranking civil servant of the state, district, or municipal public administration, can accrue. The national law also governs retirement schemes and pensions for municipal employees.

It is difficult to establish the dimensions of municipal administration. No general official data is available, only information specific to certain municipalities. A study that looked at municipalities located in the Metropolitan Area of Caracas (AMC) - (Libertador, Sucre, Baruta, Chacao y El Hatillo), shows an average of 69 employees per 10.000 inhabitants.

Given the municipalities' tendency to increase their administrative staff bases without providing any clear additional benefits, and the corresponding rise in costs that this engenders, attempts by some municipalities to rationalize their staff base has been well received. In this vein, the previously mentioned study, related to the AMC, which looked at the differences in the municipalities, "provided data that indicated that the size of local bureaucracies in the new municipalities

was favorable (Baruta, Chacao and El Hatillo), 170 inhab./employee versus 142 inhab./employee in traditional ones (Sucre and Libertador) and 49 jobs x 10.000 inhabitants versus 70 respectively. This points to an overall improvement in the rationalization of personnel, of over-staffing and the employment of vote-catching personnel in those municipalities (particularly with regard to personnel with low levels of literacy). The municipality of Baruta is emblematic, not only because it has the best AMC rates (312 inhab./employee and 32 jobs x 10.000 inhabitants), but also because at a national level" it is one of the more favorable ones. There is evidence, however that partisan bureaucracy still exists, illustrated by the fact that a significant percentage of employees still have low levels of literacy, which causes instability and high employment turnover.

The bureaucratization of the municipalities is not only a quantitative but also qualitative process, yet concepts of efficiency and quality are still not the basis upon which the management of these administrations and their services are built. These variables are not as yet areas being analyzed by the local authorities nor are they are communicated to the workforce, which is necessary if corrective measures are to be introduced. It should be pointed out that some efforts to modernize have been made by certain municipalities, although these are few and far between.

In this sense, the previously mentioned AMC study reveals the favorable influence that decentralization can have on standards of public training schemes, as illustrated in the newer municipalities where the personnel tend to be better qualified.¹⁰

⁹ See www.chacao.gov.ve: income and spending estimates for 2006.

¹⁰ RODRÍGUEZ VASQUEZ, Juan Carlos: *Impacts of decentralization on municipal government: bureaucratic vote-catching*



It is therefore imperative that, as set out in the Constitution, a process of selection be applied when employing staff for positions within the sphere of public administration, if the municipalities are to improve their workforce and ensure that it remains intact, irrespective of political change. This would improve levels of efficiency in the provision of local services, as responsibilities of local government.

Levels of corruption also weaken the structure of local administrations. According to data provided by Transparency International, "Venezuela obtained a grade of 2.3 out of 10 (where 10 is the ideal state of transparency) in the Corruption Perception Index (IPC) in 2004. Since 1995, according to the IPC, Venezuela has remained on the low side, oscillating between 2.8 and 2.3". As for the municipalities, Transparency Venezuela carried out a study on municipal transparency, gathering data from 50 municipalities. In order to ascertain levels of transparency, the following factors were considered: procedures and norms; control and accountability; access to information and participation; public scrutiny. The study revealed that 14% of the mayors' offices had a rate of Municipal Transparency above 50 out of 100, while 86% had a rate below 50, in view of the fact that they are actually bound by law to achieve a minimum level of transparency¹¹.

Municipal transparency systems could be further improved by if more reliable data on personnel, budget execution, control

systems and public participation, amongst others, was made available.

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Alma Chacón Hanson,
José Luis Villegas.

versus professionalization. The case of the Metropolitan Area of Caracas, Venezuela; en: http://www.iiij.derecho.ucr.ac.cr/docs_bd/pub%20otras%20entidades/CLAD/CLAD%20VIII/documentos/rodrivas.pdf.

14: <http://www.transparencia.org.ve>

¹⁵Transparency Venezuela: System of Factors of Municipal Transparency 2005.

In: <http://www.transparencia.org.ve>.