

**Christian Gruenberg**  
**Transparency Program's Director, CIPPEC.**

Paper delivered at the  
**5<sup>th</sup> International Conference of Information Commissioners**

**Transparenting Subsidies:**  
**Promoting a Pro-poor Reform in Public Subsidies Allocation**

**1. Brief Summary of the Program**

The efficient and transparent allocation of governmental subsidies constitutes an essential public policy for the promotion of social and economic development in any country. Indeed, the different types of subsidies may work as a key public policy's tool that could serve to fight poverty, to improve the schooling indexes, to guarantee adequate levels of child nutrition, to support productive enterprises, to guarantee low rates in public services and to promote technical and scientific research, among many other social and economic public interest objectives. However, if governmental subsidies are allocated under conditions of lacking transparency, high discretionality and without involvement of civil society, ideal conditions are created for corrupt practices and political clientelism.

Thus, the program had a twofold objective:

1. The program aimed at modifying the institutional conditions that promote corrupt practices and political clientelism in the allocation of public subsidies. This change was stimulated by generating public information, guaranteeing the access to such information and promoting citizens' control over the allocation of subsidies. Access to information was created via a free database of governmental subsidies.

2. The program aimed to promote transparency and access to information for poor and excluded groups. The promotion of transparency in the allocation of subsidies does not end in the development of mechanisms to enable citizens to access to public information. On the contrary, attaining real transparency demands the development of instances that may create opportunities for excluded social groups to obtain information on subsidies available and creating specific mechanisms to challenge the misuse of subsidies by politicians and public officials

## **2. Social Impact of the Program**

Within the State, different regimes of subsidies coexist in a chaotic universe that promotes dissimilar and sectarian treatment and generate a general “lack of information and understanding” by both the society and the State regarding its implementation and allocation. Importantly, programs that provide subsidies in Argentina constitute approximately 15 percent of the total national budget.

The creation of an organized and systematized Database of public subsidies enabled citizens, NGO, journalists, political parties and private firms to identify the sources and allocation of public subsidies. Indeed, many governmental agencies, such as the Anticorruption Office and others in charge of the control of the State, have pointed out that this kind of public spending is one of the riskiest in terms of being subject to corrupt practices. The most common pattern identified by these agencies is the lack of transparency and access to information established for the allocation of a subsidy.

Against this background, transparency of subsidies in general, but of social programs in particular, often collides with serious obstacles. Where laws on access to public information exist, they often lack clear implementation guidelines or information is provided only after a long delay. Public officials may count on the fact that few people will persist as they fear the costs (social and political as well as financial) will be prohibitive.

When those laws do not exist, citizens are bound to the good will of public officials to obtain public information. The situation is even more critical for poor people. For example, a recent comparative study published by the Open Society Institute on access to information in 14 countries (including Argentina) found that individuals who identified themselves as journalists or NGO representatives when they submitted information requests to government bodies received responses 26 percent and 32 percent

of the time, respectively, while requesters from excluded groups received responses just 11 percent of the time. In these institutional settings, asymmetry of information reinforces asymmetric power relations. Against this background, the program also takes into account the greater social vulnerability that females face against social risks and the abuse of power produced by systematic inequality across gender lines. Furthermore, gender inequality is also reflected in the design and operation of political institutions, where women face restricted access to the decision-making process and public participation spaces. In this context, women are victims of discrimination, and thus have less access to information, social services, and the justice system. Moreover, corruption and clientelism also has a more severe impact on women than men. Though the topic of whether women are more or less corrupt than men has been extensively discussed, less attention has been given to the differential impact that corruption and clientelism might have between men and women. First of all, corruption diverts public resources that could potentially be assigned to policies designed to combat poverty. It also has disproportionately negative impact on the well-being of women and their children. Secondly, in an institutional environment dominated by men, the authority of women is insufficient to challenge either corruption or clientelistic practices. Moreover, these women can suffer forms of clientelism rooted in gender inequality, such as when a woman's inscription in a social program becomes conditional on sexual favors

### **3. Detailed Description of the Program**

- 1) To promote transparency and apply full access to information about the cost and recipients of subsidy policies in order to prevent corruption and clientelism.
- 2) To promote transparency and apply full access to information in the allocation of public subsidies at the local level, taking into account that social programs are implemented in a decentralized way, and it is precisely at the level of local governments where the greatest asymmetries of information and power occur.
- 3)

In order to achieve the first main goal the program developed a free database which enable citizens, journalist, NGO, private firms and political parties to identify and track the sources and allocation of public subsidies. The program used provisions under an executive decree that enables citizens to demand information from the government to request for information on subsidies from various government agencies. The program not only requested for information on the subsidies given by the government but also on the management of the subsidy programs, including information on the legal provisions

for transferring subsidy funds, the names of beneficiaries and the procedure for selecting beneficiaries, the regulation under which public sector agencies provide subsidies to the private sector, and internal controls for accounting and auditing the allocation of subsidies.

In order to achieve the second main goal the program carried out a pilot case in the Municipality of Moreno, which has a population of 380,500 habitants (with a population density of 2,113.9 habitants per km<sup>2</sup>), an unemployment rate of 43%, while the official statistical indicator reflecting unsatisfied basic necessities (NBI) suggests that in city of Moreno, there are 22% of households that live with their basic necessities unsatisfied. In this political-economic context, the program also takes into account the greater social vulnerability that females usually face in Argentina, where women typically earn less in income than men, experience a greater rate of unemployment, and are concentrated in the job market sectors with the lowest income. These indicators are also reflected in the feminization of the social program with the greatest level of national coverage – *Plan Jefes y Jefas de Hogar Desocupados* – where 75% of beneficiaries are female.

Hence, based on these arguments, the program established in Moreno an alliance with RAZONAR, a women's human rights grassroot local organization, with the purpose of focusing attention on the administration of social programs from gender based perspective. The program followed this line of work not only because a large majority of social program's beneficiaries are women, but also because it is necessary to take into the account the strongly patriarchal institutional structure and the authority of local governments that administer these targeted social programs. In this institutional environment, the exclusion of women is framed within a more general context of Argentine social policy, one in which the gender perspective of this issue is practically ignored or underestimated within the framework of social program management.

Within this sociopolitical scenario, the program carried out a twofold innovative approach:

- 1) At the national level it developed a Database to promote and facilitate free access to public information in order to make the allocation process for public subsidies more transparent. The Database contains key information about costs per unit; individual and institutional beneficiaries; aggregate economic information; user friendly graphs, indicators and data panels; etc. The program also disseminates and widely publicizes

information and data through public reports, public presentations and by organizing meetings with journalists, legislators and public officials. Further, the program analyzed the information contained in the database and identified cases that contained irregularities. The program also used this information as a benchmark to compare the performance of public agencies, to identify best practices, and to promote reform in the management and allocation of subsidy programs in Argentina.

2) At the local level, where asymmetries of power between men and women are more severe, the program took into account asymmetries of information seriously and established an innovative system to provide information and receive denunces and complaints from social programs' beneficiaries. Hence, in order to provide and disseminate information the program established an alliance with a local community radio. Radio is a powerful media in Argentina; it can reach people who live in areas with no phones and no electricity. And radio reaches people who can't read or write. From this perspective, it can be a strategic channel to distribute information and empower excluded people. The local radio program in Moreno provided key information about the supply of different social programs; determination of eligibility; recertification of eligibility, amount of the subsidy, frequency and mechanisms of benefit payments; registration processes; and complaints and appeals mechanisms. At the same time, the radio program invited the people to reach the local NGO RAZONAR in order to receive more information or to present complaints and denunces. Once the people reached RAZONAR, the complaints were received and classified. A few were due to lack of information, but most of them were caused by the abuse of power of public officials or political brokers against women. In these cases, the program transfers the complaints to the Specialized Attorney (UFISES) in charge to investigate and prosecute crimes in social programs. In parallel, the program followed up the whole process, until the final sentence. RAZONAR complemented this approach with empowerment workshops in order to help recipients of social programs feel entitled to complain when they do not receive the quality service that they deserve. These empowerment workshop were based on the fact that during the first two months of the program, RAZONAR interviewed more than 90 women and found that the majority of them (97%) have never filed a formal complaint against government abuse, but also that if they wanted to do so, the majority (90%) would not know how to do so.

#### **4. Impact/Outcomes of the Program**

At the national level, the program achieved its main first goal by making the allocation process of subsidies more transparent. From 2005 to 2006, the overall transparency level on subsidies allocation increased in terms of access to information. If we analyze the program's impact on a case by case basis we can remark the case about the President's Secretary's Office which after the second version of the Data Base (2006) it included in its web page the same information format and level of disaggregation published by the Data Base. Or we can mention the case of the Ministry of Internal Affairs which was chosen in 2005 as the worst case, when no disaggregated data for 50 million \$ in subsidies was available in the Ministry's budget. The program requested for disaggregated information on those subsidies but the Ministry refused to deliver that information. Findings from the program's analyses showed that those subsidies were in fact transfers made by the Ministry to political parties and public institutions responsible for managing the electoral process in Argentina. Hence, the Administrative Investigations Attorney responded to the program's findings and initiated an investigation into the management of subsidy programs by the Ministry of Internal Affairs and finally the information was completely released. However, after the 2006 version of the Data Base, the Ministry of Internal Affairs ranked as one of the most transparent public agencies.

At the local level, the program working with RAZONAR won a case and obtain a favorable sentence in order to reincorporate a female beneficiary who was excluded by discriminatory requirements. The case was widely disseminated by the local Radio and used as a symbol of what beneficiaries of social programs can achieve if they are informed about their entitlements to complain against abuse of power. Immediately after that case, more than 20 women asked for assistance at RAZONAR in the same week.

Finally, with regard to capacity building outcomes, after the program was ended in 2006 RAZONAR incorporated the program's methodology within its institutional routine and operational activities. Furthermore, in order to secure funding to cover this new activity in a sustainable manner RAZONAR applied and won a small grant from the World Bank. The purpose of the World Bank's Small Grants Program is to strengthen the voice and influence of poor and marginalized groups in the development processes, thereby making these processes more inclusive and equitable. Thus, it supports activities of civil

society organizations whose primary objective is civic engagement of the poor and marginalized populations. Hence, RAZONAR will keep on gaining experience and working to improve access to information to social programs in the Municipality of Moreno during 2007/2008.

##### **5. The Scope of the Project for Replication/Scaling**

In all countries governments allocate subsidies. But in developing countries lack of transparency is the rule. Hence, from this perspective the potential for replication is very significant. Furthermore, one NGO in Chile (Corporación Participa) is already replicating the program and another in Ecuador (Grupo Faro) is demanding capacity building and technical assistance in order to replicate and adapt the program to extractive industries. Thus, CIPPEC is trying to raise a grant to establish the basis for a regional network of NGOs working together by sharing information and experience.

In Argentina, as a federal country with 24 provinces, this grant will enable CIPPEC to cover at least 2 provinces, beyond the national state. And will enable CIPPEC as well to replicate the capacity building and empowerment process carried out with RAZONAR with, at least, one local NGO in a new large municipality, with more than 300,000 inhabitants.

---