

Paraguay

Self-rule

INSTITUTIONAL DEPTH AND POLICY SCOPE

Paraguay has been highly centralized, though in recent decades it has experimented with decentralization. The country had 6.46 million inhabitants according to the 2012 census and is organized into seventeen *departamentos* (departments) and 255 *distritos* (districts, whose governance institutions are called *municipios*). The *departamentos* constitute intermediate governance. The Ciudad de Asunción, the national capital city, is not contained within a *departamento*—as all other *distritos* are—and is not treated on equal footing with *departamentos*. Its governance tends to follow that of *municipios*. While it is mentioned separately in the constitution, it does not have a special statute.

There have been three constitutions during our period: 1940, 1967, and 1992. Until 1992, the *departamentos* were deconcentrated outposts of the central government. The 1992 constitution introduced direct elections for councils and governors.

The 1940 constitution concentrated authority in the national executive, and did not specify territorial organization (Bruneau 1990). In 1945, Decree Law 9484 divided the country into two statistical regions: the *región occidental* (western region) with five *departamentos* and the *región oriental* (eastern region) with eleven *departamentos* and Asunción. The *región occidental* had been under military rule since the *guerra del Chaco* (Chaco war), fought between Paraguay and Bolivia in the 1930s.

The five *departamentos* in the eastern region were placed under the administration of other *departamentos* “until they arrive at a level of development sufficient to enjoy administrative autonomy [translation]” (Decree Law 9484, *Registro Oficial* 1945: 567–8). In the eastern region the *Departamento Central*, where the capital is located, was also placed under the administrative authority of the central government (Decree Law 9484, *Registro Oficial* 1945: 566).

In 1967 a new constitution introduced administrative decentralization as a goal (Art. 14), but central control over subnational units remained tight.^a The *departamentos* were headed by *delegados del gobierno* (executive delegates) appointed by the national executive to coordinate central government policy (Turner 1998: 11).

In 1973 the five departments in the eastern region were removed from military control, though a special clause retained some central government authority over territorial organization (Law 426).¹ The *Departamento Central* remained under direct central administration. All *departamentos* score 1 on institutional depth during this period.

The Stroessner military regime was overthrown in 1989. The 1992 constitution set in motion a process of limited decentralization. Direct elections were introduced at municipal and departmental level for both councils and executives. In the department, the executive head was now called *gobernador* instead of *delegado*. Departments were granted autonomy in the

¹ The five *departamentos* were combined into three in 1992 (Law 71).

management of their own affairs (C 1992, Art. 156).² Departmental governance is dual by virtue of the double role played by *gobernadores*. They represent departmental interests, and they also represent the national executive in matters of national policy (Art. 161). The central government can intervene in departmental affairs when requested by an absolute majority of the *junta departamental* (department council) or in cases of mismanagement (Art. 165). *Departamentos* were permitted to group together to form regions, which would be regulated by national laws (Art. 160), but thus far these have not been created. Asunción, now carved out of the *departamento* Central, was given the status of a *distrito* independent of all *departamentos* and regulated by special law (C 1992, Art. 157).

Implementation of the reforms happened more fully and more quickly in *departamentos* than in *municipios*.³ The core responsibility for *departamentos* is economic development: departments provide input in national *consejos de desarrollo* (development councils), produce development plans and budgets, and coordinate departmental-wide public works (C 1992, Art. 163). They were also set to take up health services and education in their areas, but implementation has been slow and partial (Angeles et al. 1999: vii; see also Nickson and Lambert 2002; Katsamunksa and Rosenbaum 2014).

Initially, the 1993 *Ley Orgánica del Gobierno Departamental* (Organic Law of Departmental Governance) was restrictive. While it fleshed out the role of the *departamentos* just as their newly elected representatives were preparing to take office, it defined their role as administrative (Law 214; Turner 1998: 13). Subnational representatives immediately pressured the government to modify the most limiting aspects of the regulations and the next year a new version was promulgated which softened the *gobernadores'* duty to represent the national executive. It also codified the “decentralized” nature of the Paraguayan state and recognized the political autonomy of subnational governments (Law 426/94; Turner 1998: 13). The *juntas departamentales* (departmental councils) now play a modest role in overseeing the departmental budget process and the actions of the *gobernador* (Turner 2004).

The capital district of Asunción acquired competences in sanitation, education, culture, transport, social assistance, local police, and banking (C 1992, Art. 168), but implementation has been seriously impeded by a reluctant central bureaucracy, corruption, and a narrow political support base among Paraguay’s party elites (Nickson and Lambert 2002; Nickson 2016).^α

Departamentos and Asunción score 1 on policy scope from 1992.

Gran Asunción is the metro region of the capital city. The Área Metropolitana de Asunción (AMA) is made up of the eleven *distritos* in the Departamento Central that pertain to the metro

² The strongest support for municipal decentralization came from urban elites in the dominant Colorado Party, which conceived of decentralization as a way of protecting their interests (Nickson and Lambert 2002: 170). Stronger departments appear to have appealed primarily to rural elites. As one observer notes, “it has been argued that support for decentralization may well have been a conservative rearguard action by rural Colorado caudillos who saw decentralization as a possible defence against political change at the national level” (Nickson and Lambert 2002:

³ Not until 2010 was the 1987 municipal code (Ley 1294) brought fully into line with the constitution (*Ley Orgánica Municipal* 3966).

area of the capital city. The Región Metropolitana de Asunción includes the AMA and 19 other *distritos* that are both urban and rural, and span other departments. These areas, however, lack institutional representation and administrative authority. Infrastructure and development projects spanning the area are usually spearheaded by the relevant central ministries.

While there are eight associations of municipalities across the country, they are mostly inactive, having been hobbled by the framework legislation on municipal governance's lack of attention to metropolitan areas. Mancomunidad Mbaracayú is the only active municipal agglomeration. It was formed in 2010 and coordinates ecological tourism and development, civic engagement, and urban planning (Nickson 2016). Mancomunidad Mbaracayú, however, does not meet our minimum population criterion for metro governance, as its five municipal members total less than 100,000 inhabitants.

FISCAL AUTONOMY

Departamentos and Asunción cannot set the rate or base of taxes.

Beginning with enabling legislation in 1994 (Law 426), *departamentos* receive a transfer from the *municipios*, as well as proceeds from gambling taxes (30 percent) and VAT (15 percent) collected in their territory (Nickson and Lambert 2002: 170). They cannot set the rate or base of these taxes (Rezk, Ganame, and Rodas 2002: 19; Ley 596/15).

Since 1991, all municipalities, including Asunción, collect property taxes and keep 70 percent of this amount, but cannot set the rate or base. While other *municipios* must transfer 15 percent of their proceeds to the *departamento*, Asunción's 15 percent goes into a special fund for public works jointly conducted with the two surrounding *departamentos* of Central and Presidente Hayes (Rezk, Ganame, and Rodas 2002: 17; Law 125/91; C 1992, Art. 164). The tax regime for municipalities and Asunción is set in national law.

In 1998 *municipios* and *departamentos* lobbied to get half of the income from the national hydroelectric companies. The legislation has been implemented haltingly and incompletely (Nickson and Lambert 2002: 171).

BORROWING AUTONOMY

Until 1992 *departamentos* were deconcentrated. Self-governing *departamentos* cannot take on debt without prior authorization by congress (Lora 2007). Debt service needs to be financed from the department's general budget. *Departamentos* score 1 from 1992.

Since 1987 *municipios*, including Asunción, can take on debt without prior central authorization and without restrictions (Municipal code of 1987, Art. 38, Section d; Arts. 143–144; IDB 2010: 2016)⁴. The heavy hand of the authoritarian government made this provision moot until democracy. Hence Asunción scores 0 until 1991, and scores 3 from 1992.

REPRESENTATION

⁴ However, for loans underwritten by the central government, congressional approval is required.

Departmental and municipal assemblies did not exist prior to 1991,⁵ and the executives—departmental *delegado* or municipal *intendente* respectively—were appointed by the president (C 1967, Arts. 14 and 19). From 1991, a directly elected *junta* was created at each level, as well as a directly elected *gobernador* (Arts. 161 and 167), all elected for five-year terms. The first elections for Asunción took place in May 1991, and the first departmental elections took place in 1993.⁶

Shared rule

Departamentos and Asunción have no shared rule. Neither the senate nor the house are bodies with equal territorial representation. The senate, which was created in 1967 (C 1967, Art. 133), consists of representatives elected by proportional representation in a single national constituency. Representatives for the house are elected in departmental electoral districts whereby seats are allocated proportional to the department's population. In 2015 the number of seats by department varied from one for Bocquerón to nineteen for Central.

Departamentos were involved in the *Comisión Nacional para la Descentralización del Estado* (National Commission for State Decentralization, CONADE), which was created in 1995 to implement the constitutional provisions for decentralization. It was made up of representatives of the executive, legislative, departmental, and municipal governments (Nickson and Lambert 2002: 171). The CONADE did not meet regularly, and *departamentos* had a minority position.

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⁵ *Juntas municipales* existed but were heavily constrained by central government intervention.

⁶ Municipal elections are non-concurrent with national elections, while departmental elections take place in the same year as national elections (Turner 2004).

Self-rule in Paraguay

		Institutional depth	Policy scope	Fiscal autonomy	Borrowing autonomy	Representation		Self- rule
						Assembly	Executive	
Departamentos	1950–1991	1	0	0	0	0	0	1
	1992	2	1	0	1	0	0	4
	1993–2018	2	1	0	1	2	2	8
Asunción	1950–1990	1	0	0	0	0	0	1
	1991	1	0	0	0	2	2	5
	1992–2018	2	1	0	3	2	2	10

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