

“Local development in Cuba: An edge to the development.”

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June, 2015.

New York.



Starting points.

- ✓ The enhancement of the local level in the development conception.
- ✓ The significance of the characteristics of the Global Pattern of Accumulation: The Global Value Chains and their implication in terms of external insert.
- ✓ The Cuban dependence to the foreign sector as any other developing country.
- ✓ The process of upgrade of the economic pattern opens a space for implementing local strategies of development from local enterprises.
- ✓ The local strategies of development in Cuba, lean on basically in internal resources instead of appropriate proposal of external insert in GVC.



“the local”, in Cuba:



Issues that impact in the Cuban context, the local development and the territorial insertion in global chains of value.

□ Legal factors.



□ Financial factors.



□ Institutional factors.



Legal factors:

The Art. 102, of the XI Chapter of the Constitution of the Republic of Cuba outlines: “The municipality is the local society, with juridical personality , it is organized politically by law in a territorial extension according to its population's necessary economic and social relationships, and with capacity to satisfy the local minimum necessities.”



“group of functions and authority that the juridical classification attributes to each Entity or each institution and that some and others are authorized and forced to exercise.”

Municipal objectives .

In any context the logical procedure would be to define:



- According to the Constitution the local minimum necessities that should be satisfied by the municipality correspond with the necessities to satisfy for the State. So, it seems to be that both spaces have identical field.
- There is not a Law directed to regulate, in a coherent and systemic way, the Cuban municipal performance.

- An activity of municipal subordination today can be subordinate to a provincial or national level in the future. As there is not a legal framework for the municipality competence it is defined by a higher level organism in each moment.

- The municipalities don't have defined "their competences."
- It doesn't exist a legislation about the use of floor, as a result, there is an insufficient use of extensive agricultural areas and others reserved for the industrial development, which could be used for some activities guided to the progress of the territory.



Financial factors:

According to the Article 43 of the Ordinance-law 192, of the Financial Administration of the State, the Cuban municipality has three sources of financial resources:

- *The revenues coming from the collection of tributary and not tributary revenues that, being regulated for the central level, their collection is attributed entirely to the budgets of the municipalities according to the Classifier of Financial Resources of the Budget of the State.*



- *The revenues associated to the application of a certain percentage to tributary revenues that belong to the Central Budget.*

Once determined in the annual Law of Budget the percent of participation of each province, it determines for each municipalities their percentage of participation.

- *The direct transfers, take place in the presence of situations of fiscal imbalance, they are resources that flow toward the municipality with certain charge to the Budget of the province.*

According to the Article 43 of the Ordinance-law No. 192, of the Financial Administration of the State, on April 8, 1999





- A few space of decision in the municipal environment for the determination of the revenues, only standing out the role of the municipal governments' collector in the formation of the budget.



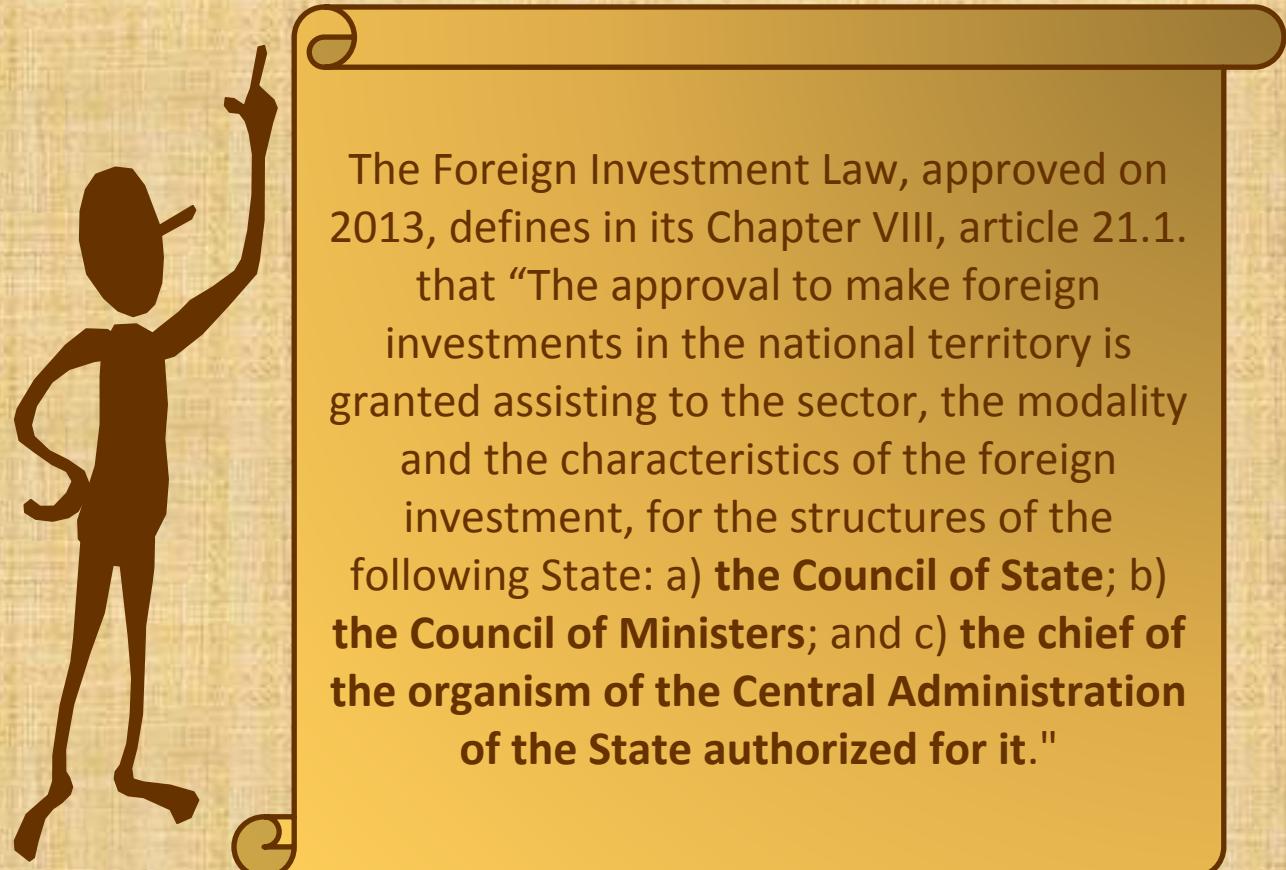
- The municipalities that obtain surplus should contribute to the Budget of the province.

- To recognize to the municipal government competency for use the surplus derived of its performance.

- There are conditioning approaches on the use of the monetary resources. (In the municipal Budget is where the disposition abilities are materialized on the municipal resources)

- To give to the local authorities capacity of decision on the monetary sums that are concerning to be able to implement them. The local development assumes the definition of specific actions.

- The strong centralization of the financial pattern avoids to the provincial and municipal structures to assume decisions around the investments.



The Foreign Investment Law, approved on 2013, defines in its Chapter VIII, article 21.1. that “The approval to make foreign investments in the national territory is granted assisting to the sector, the modality and the characteristics of the foreign investment, for the structures of the following State: a) **the Council of State**; b) **the Council of Ministers**; and c) **the chief of the organism of the Central Administration of the State authorized for it.**”

Also:

Now, the local governments have more responsibility



But, to settle down in Cuba a model of municipal financing where the protagonist role belongs to the local tributes implies several challenges.

- **The financial competences are not orderly among the different territorial levels**

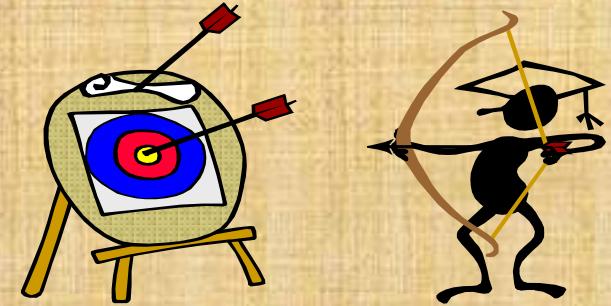
A transformation that allows to build a municipal financial scenario characterized by a tributary decentralization, suppose the acknowledgement of a tributary normative authority to the municipal entities

Financial Sources more used in Cuban municipalities with strategies of LD.

1. The Contribution for the sustainable development of the municipalities: "a contribution that burdens the revenues for the commercialization of goods or benefit of services that obtain the companies, mercantile and cooperative societies, for themselves and for their establishments in each territory [...]

Art. 311 with independence of the place in that their main headquarters resides *

- This law is an advance step in the Cuban tributary system and it helps processes of local development because it is a source of revenues for the municipality on which has capacity of decision.



2. The Municipal Initiatives for the Local Development (IMDL): it Looks for achieving an active participation of the municipal governments in their development strategy, through the administration of economic projects able to self-finance, to generate revenues that facilitate the effective substitution of imports, especially foods, and to obtain earnings for the local benefit in a sustainable way, as a complement of the productive strategies of the country."



These Initiatives are called to become in the engine of the municipality development policy. Therefore, when the monetary resources are obtained it will be necessary to direct them to the more necessities places in order to satisfy the citizens demands.

However, only some municipalities use this source of revenues.

Institutional factors:

- **High level of the territorial governments' centralization in the last 30 years.** So there is a scarce autonomy in the local structures.
- **Prevalence of the sectoral focus on the territorial-integral** one limiting many times the effective enchain of government's structures with diverse socioeconomic actors of the territory.
- **The municipal institutions are insufficient.** Different institutions, notions and methods that drive on the municipality coexist without a consent that establishes the essential aspects of an appropriate theoretical and methodological conception.



- The local development strategies are not institutionalized and they generally are not part of the “system of planning” where their tools neither are properly articulated.
- There are not municipal strategies of insert in global or regional chains of value.
- The programs of managerial training for the administrators and the local government's personnel are insufficient.
- The capacities to formulate existent development strategies in the municipalities are insufficient, they don't know each other or they are not taken advantage of totally.
- The existent tools of planning in the municipal scale are diverse, prevailing the sectoral focus.

Among the methodologies of Strategic Planning for the used for the municipalities, are:

- The Plans of Integral Development (PDI): They arose focused to the national necessities. They only work in some municipalities of the country. E.g.: Perico and Martí, Matanzas.

The Municipal Strategies of Development (EDM): They arose starting from a systematizing of the methodology that is used to elaborate the municipal strategic plans in the world. They have a focus of endogenous development. At the moment there are 27 municipalities in the country working the methodology and it is being implemented in the whole country starting from one of the tasks that develops the Commission of Implementation of the Limits.



This methodology is related with **a participative process where the main actors, summoned by the municipal government, organize and implement the integral and sustainable development of the territory, starting from the identification of the endogenous potentials and the establishment of priorities**. This means that the process will be different in each municipality.

At the same time to the implementation of the limits some structural an operational change take place in the Local Organs of the Popular Powerchanges. Two examples are Artemisa and Mayabeque.

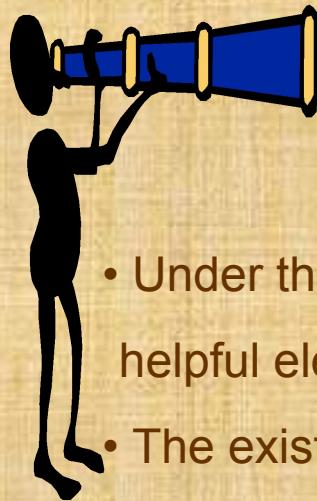
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✓ The delimitation of functions of the Assembly and the Public Administration in each municipality and province. The administrative structures, that up to now acted as delegations of Organisms of the Central Administration of the State (OACE), are subordinated to the province.

✓ The Administration is at the same time subordinated to the Assembly who looks after the population's interests, establishing local politicians and investigating and controlling to the first one.

✓ They separate the state and managerial functions, concentrating the last ones on a Provincial Managerial Group that contains provincial companies and Basic Managerial Units (UEB) municipal whose productions and services are hired by the Administrations in that scale.

- **The new model of local administration can respond as never before to the population's demands starting from a planning outlined from below, what represents a cultural change that favors development ends.**



Final considerations:

- Under the current conditions, there are more obstacles than helpful elements for fulfilling the desired purpose.
- The existent experience indicates a hole in the local development strategies in Cuba on regard to achieve an insert in chains of value.
- In very tight synthesis the existence of an **indefinite and imprecise municipal legal context**, together with an **insufficient financial framework** and a **wasted institutional environment** are the main obstacles.
- Nevertheless, it is very soothing the municipal performance framework that opens up from the Guidelines of the XI Congress of the Cuban Communist Party regarding with the local development.



Thank you.