

ARGENTINA

FEDERAL COUNTRY

LATIN AMERICA

BASIC SOCIO-ECONOMIC INDICATORS

Income group - UPPER MIDDLE INCOME Local currency - Argentina peso (ARS)

POPULATION AND GEOGRAPHY

AREA: **2 766 890** km²

POPULATION: **42.980** million inhabitants (2014), an increase of 1.0% per year (2010-14)

DENSITY: **15** inhabitants/km²

URBAN POPULATION: **91.8%** of national population

CAPITAL CITY: **Buenos Aires** (35% of national population)

Sources: World Bank database ; Instituto nacional de estadística y censos, UNDP-HDR , ILO

ECONOMIC DATA

GDP: **754.5** billion (current PPP international dollars) i.e. 17 554 dollars per inhabitant (2014)

REAL GDP GROWTH: **0.5%** (2014 vs 2013)

UNEMPLOYMENT RATE: **7.3%** (2014)

FOREIGN DIRECT INVESTMENT, NET INFLOWS (FDI): **6 055** (BoP, current USD millions, 2014)

GROSS FIXED CAPITAL FORMATION (GFCF): **19.5%** of GDP (2014)

HUMAN DEVELOPMENT INDEX: **0.836** (very high), rank 40

TERRITORIAL ORGANISATION AND SUBNATIONAL GOVERNMENT RESPONSIBILITIES

MUNICIPAL LEVEL	INTERMEDIATE LEVEL	REGIONAL OR STATE LEVEL	TOTAL NUMBER OF SNGs
2 218	-	24	2 242
MUNICIPALITIES (MUNICIPIOS) AVERAGE MUNICIPAL SIZE: 19 378 INHABITANTS		23 PROVINCIAS (STATES) + THE AUTONOMOUS CITY OF BUENOS AIRES	

MAIN FEATURES OF TERRITORIAL ORGANISATION. Argentina is a federal country divided into 23 States (*Provincias*) and one autonomous city (Buenos Aires). These autonomous governments are divided into 2218 autonomous municipalities (*municipios*), with an exception for the City of Buenos Aires which is divided into 15 communes (*comunas*) subdivided into 48 neighborhoods (*barrios*). As the Provinces have a political, judicial, administrative and financial autonomy, the scope of municipal autonomy is determined by the Province they depend on, before to be developed by each municipal government through the drafting of municipal charters. According to the 1994 Federal Constitution of Argentina, Provinces can vote their own constitutions and laws. They have the power to elect their authorities and organize their own administrations of justice. The National Constitution also establishes the principle of the autonomy of municipalities, which involves the election of their own authorities, Service Management and Public Works, the police authority, budget management and the ability to create taxes.

MAIN SUBNATIONAL GOVERNMENTS RESPONSIBILITIES. Adelineation of powers between central government and the provincial states is based on the general principle that all provinces have the power not delegated by the Constitution to the federal state. We can distinguished exclusive competences, and shared competences between federal state and the provinces. The provinces may create regions for socio-economic development or bodies with powers in order to achieve goals, and may also, with the knowledge of the National Congress, sign international agreements, to the extent that they would not conflict with the foreign policy of the Nation nor would affect the powers delegated to the Federal Government or the public credit of the Nation. The provinces also manage the natural resources in their territories ; and they may be responsible for secondary education. College education, health care, bus stations, housing and energy (electricity and gas) are competences shared between the federal government and the provinces. Municipalities have both exclusive and shared competences. Exclusive powers account waste management, roads construction, sewerage, markets and cemeteries, public transportation and public roads regulation. They also share with the State level primary education, primary health care, water and sewerage, regional roads construction and maintenance. Municipalities even *de facto* provide for school buildings maintenance and health care services.

SUBNATIONAL GOVERNMENT FINANCE

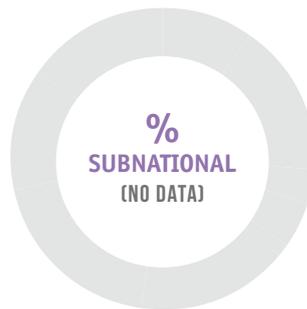
EXPENDITURE	% GDP		% GENERAL GOVERNMENT (same expenditure category)		% SUBNATIONAL GOVERNMENT	
			SUBNATIONAL DATA		LOCAL DATA ONLY	
TOTAL EXPENDITURE (2013)	16.3%	1.9%	44.7%	5.3%	100%	100%
CURRENT EXPENDITURE	14.0%	1.6%	-	-	86.0%	83.1%
STAFF EXPENDITURE	8.5%	1.0%	80.8%	4.9%	52.2%	52.4%
INVESTMENT	1.8%	0.3%	65.7%	11.5%	10.9%	16.1%

Subnational governments in Argentina are playing a major role in the financing and implementation of public policies. Being one of the most decentralized country on the continent, Argentina has made its provinces a key level for services delivery, and the share of subnational level to general government spendings is still growing. SNGs were responsible for 44.7% of total public expenditure in 2013 and municipalities for 5.3%. The weight of current expenditure in subnational budget is particularly important (91%), which leaves few share for public investments.

EXPENDITURE BY FUNCTION

% SUBNATIONAL GOVERNMENT EXPENDITURE

- GENERAL PUBLIC SERVICES
- DEFENCE
- SECURITY AND PUBLIC ORDER
- ECONOMIC AFFAIRS
- ENVIRONMENTAL PROTECTION
- HOUSING AND COMMUNITY AMENITIES
- HEALTH
- RECREATION, CULTURE AND RELIGION
- EDUCATION
- SOCIAL PROTECTION



Due to the large share of subnational funding dedicated to operating current expenditures, the allocation of the rest of expenditures is very limited. Key sectors of expenditures of provinces are education and culture, health and social assistance.

REVENUE BY TYPE	% GDP		% GENERAL GOVERNMENT (same revenue category)		% SUBNATIONAL GOVERNMENT	
			■ SUBNATIONAL DATA	□ LOCAL DATA ONLY		
TOTAL REVENUE (2013)	14.7%	1.9%	43.2%	5.6%	100%	100%
TAX REVENUE	12.6%	0.9%	53.3%	4.0%	85.3%	49.8%
GRANTS AND SUBSIDIES	0.6%	0.4%	-	-	3.8%	18.7%
OTHER REVENUES	1.6%	0.6%	-	-	10.9%	30.6%

Provinces in Argentina can perceive incomes from natural resources exploitation and from income tax and taxes on property and vehicles. They also receive funds from intergovernmental transfers coming from the federal state according to a principle of „coparticipation“. Provinces have granted very few fiscal powers to their municipalities, depending on the category of municipality and the provincial tax-sharing laws. Municipalities can perceive taxes on municipal services, on businesses, as well as an environmental tax. In addition to these taxation revenues, municipal resources are constituted by subsidies aiming to support municipal services, and permanent transfers from the Provinces on which they are mostly relying.

TAX REVENUE. Tax revenues represent for the provinces the most important subnational financial resource in 2013, up to 73%. Provincial taxes, which represent in 2013 13.6% of total tax revenues, include: property tax, gross income tax, ownership, registry, use or transfer of automobiles; stamps and gift taxes, and taxes or provincial or municipal rates provided for in the rules on tax creation. Few municipalities have the authority to collect taxes (Córdoba, Chaco, Chabut, Formosa, Salta).

GRANTS AND SUBSIDIES. In Argentina, the Federal Tax-Sharing Law 23.548 assigns fixed percentages of funding allocated to each province, and does not establish specific percentages to be distributed to municipalities. On the other hand, the financial support of the Provinces to the municipalities is mostly going through the sharing of the disposable revenue base of each province. Each province establishes the composition and distribution of these revenues.

OTHER REVENUES. Revenues other than fiscal resources differ from a municipality to another and can be raised through property rents, business licenses or user fees. This source represents a high share of municipal revenues, as due to their fiscal limitations, they most collect rates for public services: lighting, street cleaning, inspection, safety and hygiene, sanitation services, road maintenance, building permits, office rights, contribution of improvements, etc.

OUTSTANDING DEBT

% GDP

% GENERAL GOVERNMENT

			■ SUBNATIONAL DATA	□ LOCAL DATA ONLY
OUTSTANDING DEBT (2013)	4.3%	-	10.0%	-

Argentina is one of the most decentralized country in terms of borrowing decentralization. Under the Argentine constitution, provinces have the right to borrow Argentina up to 25% of their current revenue. Provincial debt is subjected to provincial legislatures, and municipal debt to municipal legislatures.

A joint- study of:



Sources: Instituto Estadística Nacional • Ministerio de Finanzas on <http://www2.mecon.gov.ar/hacienda/dncfp/municipal2.php> • Observatoire de l'Amérique latine (2005), *Bilan des politiques de décentralisation en Amérique Latine* • Ministère des Affaires Etrangères, DGCID, *Bilan de la décentralisation en Amérique Latine* (2007) • M.Astudillo Moya, MI Garcia Morales (2013), Inter-Governmental fiscal relationships of municipalities and provinces in Argentina and Mexico, International journal of accounting and taxation, vol.3, No1, pp15-30 • Constitución nacional de Argentina available on <http://www.senado.gov.ar/deInteres> • L. Von Daniels (2016), Fiscal Decentralization and Budget Control