

**THE ROLE OF REGIONAL IGR INSTITUTIONS IN  
DECISION-MAKING IN SANTA CRUZ -BOLIVIA**

By

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## **KEYWORDS**

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Actor-Constellations

Modes of Interaction



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## **ABSTRACT**

The research investigation explores the topic from the point of view of intergovernmental institutions and the regional (departmental) decision-making process in Santa Cruz- Bolivia. The purpose was to determine if these institutions influence the decision-making process of actors in the area of road infrastructure.

The topic is explored from the viewpoint of Actor-Centered Institutionalism from Scharpf. It states that the solutions to solve social problems can be explained as the outcome of interactions among intentional actors, but that these interactions are structured and outcomes are influenced by the characteristics of the institutional setting in which they occur. For that purpose the study identifies the actor constellations participating in the process, their modes of interaction and the constraints they face as a result of the institutional setting. The research starts by distinguishing the formal, informal and fiscal IGR institutions and determine their importance; for this purpose the classification by Agranoff is used. Afterwards, the investigation portrays the decision-making process in the area and analyzes the final decisions of actors as a result of the institutions shaping them.

It is argued that mostly fiscal arrangements are shaping the decision-making process in the area. The formal and informal arrangements are determining the actor constellations participating in the process and how they interact, as well as which institutional constraints they face. It is concluded that there are missing channels of intergovernmental cooperation between the national and the departmental level, and it generates misunderstandings and uncertainty. The channels of cooperation between the department and the provinces exist, but training and technical advice is needed to enhance actors' capacities at this level. The mini-thesis concludes with the policy implications derived from the dynamics at the regional level and identifying other factors influencing the decision-making process.

September 2006.

## DECLARATION

I declare that *the role of IGR institutions for Decision-Making in Santa Cruz – Bolivia*, is my own unaided work and that all the sources I have used or quoted have been indicated and acknowledged by means of complete references as indicated in the text. Furthermore, I declare that this mini-thesis has not been submitted at any university, college or institution of higher learning for any degree or academic qualification.

Heidi Tatiana Quinteros Valverde

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## ABBREVIATIONS

<b>CPE</b>	Constitution of Bolivia (Constitución Política del Estado)
<b>CPPP</b>	Provincial Popular Participation Councils (Consejos Provinciales de Participación Popular)
<b>DDI</b>	Infrastructure Development Office (Dirección de Desarrollo de Infraestructura)
<b>FEDECA</b>	Federation of Agrarian Cooperatives
<b>IEHD</b>	Special Tax over Hydrocarbons and Derived (Impuesto Especial sobre los Hidrocarburos y Derivados)
<b>IGR</b>	Intergovernmental Relations
<b>INE</b>	National Institute of Statistics (Instituto Nacional de Estadística)
<b>LDA</b>	Law of Administrative Decentralization (Ley de Descentralización Administrativa)
<b>LPP</b>	Law of Popular Participation (Ley de Participación Popular)
<b>NGO</b>	Non Governmental Organization
<b>PGDES</b>	General Plan of Economic and Social Development (Plan General de Desarrollo Económico y Social)
<b>PDDES</b>	Socio-Economic Departmental Development Plan (Plan Departamental de Desarrollo Económico y Social)
<b>PEI</b>	Organizational Strategic Plan (Plan Estratégico Institucional)
<b>POA</b>	Annual Operative Program (Programa Operativo Anual)
<b>SEPCAM</b>	Prefectural Service of Roads (Servicio Prefectural de Caminos)
<b>SISIN</b>	Information System about Investment (Sistema de Información sobre la Inversión)
<b>SISPLAN</b>	National Planning System (Sistema Nacional de Planificación)
<b>SOA</b>	System of Administrative Organization (Sistema de Organización Administrativa)
<b>SPO</b>	Operations Programming System (Sistema de Programación de Operaciones)
<b>SP</b>	Budget System (Sistema Presupuestario)
<b>SNC</b>	National Service of Roads (Servicio Nacional de Caminos)

<b>SNIP</b>	National Public Investment System (Sistema Nacional de Inversión Pública)
<b>VIPFE</b>	Viceministry of Public Investment and External Funding (Viceministerio de Inversión Pública y Financiamiento Externo)



## CHAPTER I: INTRODUCTION

### *1.1 Background*

Reducing poverty is one of the most important goals pursued by the international community and countries worldwide during this century. Hence, one must address its root causes and determine the necessary conditions to achieve sustainable development to accomplish this goal.<sup>1</sup>

During the 1980's an important body of work argued for the primacy of institutional form over the nature of policy problems or sectors. The basic idea was that the politics of a particular problem were conditioned by the particular form of a country's political institutions.<sup>2</sup> Afterwards, in the 1990's it was evident that effectively designed projects were often failing in poor policy environments and it became clear that policy reforms were less likely to succeed when public institutions and governance were weak. Those environments were characterized by misguided resource allocation, excessive government intervention, lack of participation, inefficient service provision and corruption.<sup>3</sup>

The argument stated that institutions influence outcomes by shaping the incentives and capabilities of political and economic actors.<sup>4</sup> Hence, institutional development was identified as an area of major concern; and the need for governments to develop processes and incentives not only to design but also to implement these policies was evident.<sup>5</sup> Reforms in core areas of the public sector such as public expenditure analysis and management, tax administration, civil service reform, regulation, decentralization, legislative and judicial reforms were carried out.

Indeed, decentralization reforms have been very popular throughout Latin America in an effort to improve service provision, efficiency, performance accountability; as well as social and economic development. The purpose for

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<sup>1</sup> World Bank (2000), p. 1.

<sup>2</sup> MacIntyre, Andrew (2002), p. 17.

<sup>3</sup> World Bank (2000), p. 1.

<sup>4</sup> MacIntyre, Andrew (2002), p. 18.

<sup>5</sup> World Bank (2000), p. 3.

transferring authority to lower governmental levels was to provide these units with greater discretion over the use of their budget and to place governments closer to citizens to meet the needs and problems they face every day. Central governments usually were to far away from what citizens experienced in their daily life.<sup>6</sup> Subsequently, to achieve the expected results there was a need to strengthen and clearly determine the functions that both central and lower levels of government were to fulfill.<sup>7</sup>

### ***1.2 Problem Statement***

Since 2002 Bolivia has experienced a lot of social conflicts and political instability; the country has changed presidents three times in four years. The problem has many causes i.e.: social inequality, underinvestment, corruption and historical or cultural factors. But the topic that has been at the core is whether or not to provide the regional or departmental level with autonomous power; implying an institutional change at this governmental level. Though it is not the only solution to the problems of the country it has certainly been perceived as a key issue on the national debate. There are people against and for this institutional change but these positions have mostly been justified by political agendas and not by studies that support them.<sup>8</sup>

In Bolivia, the decentralization process started at the municipal level with the implementation in 1994 of the Law of Popular Participation (LPP) and was followed by the promulgation of the Law of Administrative Decentralization (LDA) in 1995. The LDA rules the departmental or regional deconcentration.<sup>9</sup> The decentralization model carried out focused on the municipalities, since at that time there were only 20 municipalities in the country and 92% of the resources were centralized at the capital cities of the regions.<sup>10</sup> Nevertheless, at that time

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<sup>6</sup> Seemann, Miriam (2004), p. 5.

<sup>7</sup> Gershberg, Alex/ Jacobs, Michael (1998), p. 2.

<sup>8</sup> Barbery, Roberto (2005), p. 10.

<sup>9</sup> Centelles, Josep / Navarro, Marc (2003), p. 325.

<sup>10</sup> Barbery, Roberto (2005), p. 29.

there were autonomic social claims in some regions of the country and its highest support was from the people of the department of Santa Cruz.<sup>11</sup>

At that time, the chosen model promised to best answer the problems of more accountable systems, the reduction of corruption and the inclusion and participation of traditionally excluded sectors; especially of indigenous groups. In this scenario during the last two decades the regional level has been expected to promote the relationship between the central and local levels in the fields of public planning and investment.<sup>12</sup>

Lately, it has been perceived that the regional level has not fulfilled its role as a promoter of intergovernmental relations between the local and central governments; and that it has not received the necessary empowerment to support regional socio-economic development. It has been stated that the central and local functions are well defined; but that this is unclear in the case of the regions. It appears that they are working just as an extension of the executive power and to improve they should be transformed to find their own space.<sup>13</sup>

The topic could be analyzed from the viewpoint of capacity building, fiscal crisis, economic stability, conflict management, citizen participation or as the result of political strategies. This study analyzes the problem from the perspective of intergovernmental relations (IGR) institutions, given its importance to promote participation and to achieve the development of effective interactions among actors in the decision-making process<sup>14</sup>.

The intergovernmental coordination weakness and the role of the regions is now a days a topic of debate and concern in the country and it is foreseen that institutional reforms will be carried out in the near future at this governmental level changing the way in which it relates to other governmental levels. Therefore, it is necessary to produce studies that analyze the intergovernmental institutional setting in a scientific way and make recommendations based on a sober

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<sup>11</sup> Centelles, Josep / Navarro, Marc (2003), p. 317.

<sup>12</sup> Centelles, Josep / Navarro Marc (2003), p. 318.

<sup>13</sup> Barbery, Roberto (2005), p. 12.

<sup>14</sup> Navarro, Marc (2003), p. 3.

assessment of the situation. Certainly, the institutional setting within which actors interact will affect their capacity to adopt the most efficient and effective solutions to a given social or economic problem.

### ***1.3 Research Objectives***

The study will focus on the relevance of IGR Institutions for regional decision-making; this process will be studied in the policy area of road infrastructure where the highest percent of public investment is allocated. The department of Santa Cruz has been chosen as a case study because of its historic relevance as a promoter of regional or autonomous movements and because it is the department to receive more money for public investment besides La Paz.

Having in mind what has been described above; the following research questions are identified to address them during the development of the study:

1. What is the general relevance of institutional arrangements from the perspective of intergovernmental relations on the decision-making process at the departmental level?
2. How are the existing actor-constellations, modes of interaction and constraints on permissible options influenced by these institutional arrangements in the policy area of Road Infrastructure at the departmental level?

The research objectives of the study are to:

- ❖ provide an overview of selected theoretical frameworks in the field of intergovernmental arrangements, especially from the point of view of actor-centered institutionalism using the work by Scharpf;
- ❖ conduct empirical research on the regional decision-making process in Santa Cruz (Bolivia) concerning road infrastructure;
- ❖ to provide a set of research findings as well as recommendations to decision-makers.

### ***1.4 Organization of the study***

The present study is composed of seven chapters outlined as follows:

Chapter I is the Introduction and it presents the background and the problem statement of the study. Also in this Chapter the research objectives are identified.

Chapter II provides the Literature Review and Theoretical Framework of the investigation. In this Chapter the terms of institutions, IGR, and decision-making are described. Afterwards, the perspectives of Institutions and Decision-Making are combined into a matrix in order to define the point of view from which the problem is to be analyzed. Lastly, the framework of actor-centered institutionalism establishes the link between institutions and decision-making centering its attention on actor constellations, modes of interaction and constraints.

Chapter III explains the Research Methodology. At this point the hypothesis of the study is formulated and the variables of the study identified. Subsequently, the variables of the study are operationalized, the methods of data collection are displayed and the limitations of the study are highlighted.

Chapter IV portrays the Empirical Context of the research in Bolivia. In this chapter the regional level and the actors that participate in the decision-making process, at this level, are characterized. Afterwards, the bodies at the national and local level that exist to coordinate their work with the regional level are presented. Finally, the important aspects of the road infrastructure area, the one in which the study will focus, is displayed.

Chapter V is the Empirical Analysis of the study. First, the decision-making process in the area of road infrastructure is described highlighting the actor constellations participating, the constraints they face as a result of the existing institutional setting and the modes of interactions among them. To conclude, the hypothesis of the study is tested.



In Chapter VI the Research Findings are presented and divided into four categories; those are the Roles and Responsibilities, Financial Implications, Planning Arrangements and Participation by Social Actors.

As a final point Chapter VII summarizes the conclusions and the recommendations of the study. It also contains suggestions for future areas of research related to the topic.

### ***1.5 Conclusion***

Firstly, this Chapter has presented a general perspective of the problem of analysis determining the importance of institutions and their influence to achieve socio-economic development. After that, the problem is contextualized in Bolivia and due to current debates in the country it is decided that the study will focus on the regional level.

Afterwards, it is established that the Law of Administrative Decentralization rules the organization of the Executive Power at the Regions and that there are other institutions shaping the relationship of the regions with the national and local levels that should be identified.

The chapter ends establishing that the investigation will focus on the influence or relevance of IGR institutions and if these influence is originating a coordination weakness that is causing problems to decision makers when they have to choose the most efficient and effective solutions to their regional problems to allow the development of the whole region and not only of the capital city.

The following chapter will present the theoretical framework on which the study will be based to analyze the topic.

## CHAPTER II: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

### *2.1 Intergovernmental Relations*

Intergovernmental Relations (IGR) are the mechanisms (i.e.: formal, informal, administrative, executive, etc.) of interaction among national, regional and local governmental and non-governmental entities at vertical as well as horizontal levels that enable them to carry on their functions.<sup>15</sup> If one imagines these entities operating like a system, the IGR would be the channels that connect them to work together.<sup>16</sup>

Non-governmental, here refers to the organizations that work with the government but do not belong to the governmental system.

According to Agranoff, there are three main elements of IGR: 1) institutions and institutional channels of interaction among central, subnational and nongovernmental entities; 2) fiscal relations; and 3) patterns of intergovernmental politics.<sup>17</sup>

#### **2.1.1 Institutions and Institutional Channels**

Institutions are a set of formal and informal rules, monitoring and enforcement mechanisms that shape the context in which two or more individuals operate and interact with one another.<sup>18</sup> The Institutional Channels are the linkages that arise from those rules that permit transactions needed among different spheres of government.

In the following sections some key elements of institutions and institutional channels are going to be presented to explain their role and contribution to the

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<sup>15</sup> Mentzel, C. / Fick, J. (1996), p. 101.

<sup>16</sup> Agranoff, Robert (2004); p. 29.

<sup>17</sup> Agranoff, Robert (2004), p. 30.

<sup>18</sup> Campbell, John (2004), p. 1.

relationships needed to ensure that actors make decisions to achieve the institutional purpose.<sup>19</sup>

- a) The Constitutional and Legal Arrangements are the ones that formalize the existence and functioning of governmental entities and levels. The constitution sets out the territorial organization of the state and the division of powers among levels of government.<sup>20</sup> The legal arrangements are the provisions that regulate the work of governmental entities and set mechanisms to solve intergovernmental disputes.<sup>21</sup>
- b) The Asymmetric provisions are the formal recognition of internal differences within governmental levels; one of the most important is language. For example, in Belgium the Flanders region is designated as Dutch speaking, the Wallonia region as French speaking and the Brussels region as bilingual.<sup>22</sup>
- c) The Delineation of Competencies is the statement of the exclusive and shared competencies that each governmental level has. In summary, those functions that are exclusively reserved for the central level and those for regional and local governments have to be identified; as well as the competencies that those levels share. The powers that each level has; in other words who is responsible for economic development, provision of social services, education and health. To the extent that if one level does not comply with its functions it will be stated which level will takeover of that function.<sup>23</sup>
- d) The establishment of non-political Channels of Intergovernmental Cooperation is an important mechanism to enhance the capacity of subnational units to make their own decisions and to coordinate efforts within the framework of their competencies. Indeed, these channels can also be created as formal means to work out institutional differences. The bodies that exist for the promotion of IGR with different levels can be e.g.,

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<sup>19</sup> Agranoff, Robert (2004), p. 34.

<sup>20</sup> Agranoff, Robert (2004), p. 37.

<sup>21</sup> Agranoff, Robert (2004), p. 38.

<sup>22</sup> Agranoff, Robert (2004), p. 39.

<sup>23</sup> Agranoff, Robert (2004), p. 40.

departmental initiatives, councils across jurisdictional lines or interterritorial sectoral commissions.<sup>24</sup>

The asymmetric provisions are not going to be considered for this investigation, because in the country, where the research takes place, these kinds of provisions do not exist.

### 2.1.2 Fiscal Relations

Cohen and Peterson identify that the three objectives of public finances are: stabilization, distribution and allocation.<sup>25</sup> The stabilization and distribution are usually centralized, because the perspective to observe the whole situation of a country and to decide what is better for most of the people are capacities the central level possesses; while the regional or local levels could usually look for their own benefit. The allocation is often a competence of lower levels because regions and local governments are usually better informed of what the needs of their constituents are.

Stabilization policies are the economic policies in place to reduce the fluctuation of the business cycle such as those used by a Central Bank.<sup>26</sup> The distributional function refers to the division and transfer of resources to governmental units.<sup>27</sup> Allocation refers to the transfer of limited certain resources for certain purposes.<sup>28</sup>

Therefore, a second important dimension of IGR is the power of subnational units to raise revenue and to decide how to allocate it; however in most of the cases central governments hold most of the fiscal powers. The following fiscal arrangements are distinguished:<sup>29</sup>

- a) The central financing mechanisms are the way in which central governments allocate revenues to the different constituencies of a country e.g., grants and loans to regions, transfers, and share of taxes.

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<sup>24</sup> Agranoff, Robert (2004), p. 42.

<sup>25</sup> Cohen, John/ Peterson, Stephen (1996), pp. 3-6.

<sup>26</sup> [www.yourwebassistant.net/glossary/s20.htm](http://www.yourwebassistant.net/glossary/s20.htm) from 18-07-05.

<sup>27</sup> [www.mckibbins.co.nz/glossary.htm](http://www.mckibbins.co.nz/glossary.htm) from 18-07-2005.

<sup>28</sup> [www.nps.gov/plants/restore/library/glossary.htm](http://www.nps.gov/plants/restore/library/glossary.htm) from 18-07-05.

<sup>29</sup> Agranoff, Robert (2004), pp. 43-45.

- b) Own source revenues are the ones that by law belong to the subnational units e.g., minor taxes and value added tax.
- c) Subnational fiscal discretion is the scope of different levels of government to negotiate on the use and amount of the fiscal transfers i.e., full power over indirect taxes or limited negotiation of transfers.
- d) The major revenue sources of the subnational units are the ones that constitute the higher portion of all revenues a unit receives, those could be central government income, transfers or own source.

In some countries the power to raise revenue is divorced from the power to spend it. If the subnational levels are not responsible for raising the revenues they spend, they may lack the incentives to allocate them in an efficient way. Moreover, not granting fiscal powers to subnational units give the central government the power to stop regional initiatives or plans through its ability to block funding to these levels.<sup>30</sup>

One important argument for the granting of more fiscal and decision-making powers to regions is that they can adjust policies or programs according to their own area of responsibility and to their needs and preferences.<sup>31</sup> In other words, they can tailor the provision of local public goods and services to local requirements and circumstances.<sup>32</sup> On the other hand it should not be forgotten that the capacities of the subnational units to levy taxes and to generate revenue are not the same, some may lack them.<sup>33</sup>

Finally, it is very important to develop regional mechanisms to monitor the use of funds at those levels to ensure its effectiveness or the impact caused where allocated and its efficiency to avoid unnecessary waist of resources.<sup>34</sup>

In summary, all fiscal powers provided to different governmental levels are regulated by laws and legal provisions; in fact some of the fiscal arrangements

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<sup>30</sup> Agranoff, Robert (2004), p. 46.

<sup>31</sup> Von Hagen, Jürgen (2002), p. 448.

<sup>32</sup> Von Hagen, Jürgen (2002), p. 451.

<sup>33</sup> Agranoff, Robert (2004), p. 43.

<sup>34</sup> Agranoff, Robert (2004), p. 49.

mentioned above are institutions. Also, the development achieved by subnational governments will depend to a certain extent on the fiscal resources transferred to them, according to law, to exercise their responsibilities and comply with their functions.

### 2.1.3 Political power and IGR

The third dimension of IGR is political power, which is defined here as the political channels among central and subnational governments to discuss issues and concerns on the interest of subnational units. To understand this dimension four points are put forward by Agranoff:<sup>35</sup>

- a) The power base of regional or local governments refers to the source of their existence; the reason that justifies the creation of a subnational unit at that level i.e.: historical claims, ethnic, political. Lee Van Cott identifies that in the cases of Colombia, Ecuador and Venezuela some indigenous groups are permitted to exercise public administrative functions in their regions comparable to those of autonomous units of government, due to indigenous claims presented as part of solutions on legitimacy and governability crises.<sup>36</sup>
- b) The political independence implies the existence of political dynamics that enforce political competition and that also help to create new political channels and actors in the process of policy discussion among subnational units and the central government i.e., existence of opposition, one party dominance. O'Neill links the adoption of decentralization reforms, in countries like Bolivia, to an electoral strategy; where those political parties that held strong support throughout the country and stable support over time, but little possibilities of power control at the center, aimed to restructure the electoral systems to take advantage of their strengths, also favoring in this way subnational claims for autonomy.<sup>37</sup>

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<sup>35</sup> Agranoff, Robert (2004), p. 50.

<sup>36</sup> Lee Van Cott, Donna (2001); p. 44.

<sup>37</sup> O'Neill, Katherine (2003); pp. 1068-69.

- c) The channels of intergovernmental access are identified as the means through which subnational interests are represented at the center; be it as interest groups or single actors; and whether those channels are less or more politicized i.e.: personal and party connections with the center, through independent leaders, non political bodies or NGO's.<sup>38</sup>
- d) The subnational units' capacities to change the game are the regional or local government's capacities to accommodate and reflect their interests on national policy discussions. More independent legislative bodies and courts provide different channels of power sharing and of political access to those units. Although, in cases where there are many centers of power the subnational units are just one more player on the game of intergovernmental politics for group or regional advantage. In situations where fiscal weaknesses exist at subnational levels, political power is a keystone to enforce regional interests.<sup>39</sup>

The political power relations as an IGR dimension is not going to be analyzed in the empirical part of the study because the regional level in Bolivia is not provided with institutional political powers; therefore at this governmental level the representatives are appointed rather than democratically elected. In other words, the political dynamics existent at the national level influence to a large extent the political dynamics at the regional level.

## ***2.2 Decision-Making and Institutions***

In the public sector actors make decisions to allocate their resources and to define the way in which social problems are going to be solved. Institutions are to be understood as systems of rules that structure the course of action that a set of actors may choose.<sup>40</sup>

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<sup>38</sup> Agranoff, Robert (2004), p. 57.

<sup>39</sup> Agranoff, Robert (2004), p. 58.

<sup>40</sup> Scharpf, Fritz (1997), p. 38.

Decision-Making can be studied from two perspectives, as problem oriented or as interaction oriented.<sup>41</sup> The first one is concerned with the analysis of the nature and causes of society’s problems; and on the effectiveness of the chosen option to solve these problems. The second one is interested in the analysis of decisions as a result of the interactions among policy makers; and the conditions favoring or impeding them to approve and implement the solutions identified as the most adequate by problem oriented analysis.<sup>42</sup>

On the other hand, the institutional perspective may be divided into two viewpoints as well. The consequential view looks at institutions as a framework in which actors and actions have a prominent role; and as a factor that has consequences on them. In contrast to that, the genetic view focuses on the origin and transformation of institutional arrangements themselves. From the combination of these perspectives the following matrix is formed:<sup>43</sup>

**Fig. 1: Matrix Institutional Perspective – Decision-Making Perspective**

		Institutional Perspective	
		Genetic	Consequential
Decision-Making Perspective	Problem Oriented	1. Institutions in place by their ability to solve social or economic problems.	2. Institutions that contribute to the emergence or avoidance of social or economic problems.
	Interaction Oriented	3. Institutional change as an outcome of interactions among actors.	4. Institutions as a set of factors affecting actors’ interactions and their decision-making capacity to adopt and implement effective solutions to social problems.

Source: Scharpf, Fritz (2000 a), p. 763.

The fourth cell of the matrix will be analyzed for this research. The approach of this mini-thesis is actor centered and proceeds from the assumption that options adopted to solve social problems are to be explained as the outcome of interactions among intentional actors, but that these interactions are structured and

<sup>41</sup> Scharpf, Fritz (2000 a), p. 762.

<sup>42</sup> Scharpf Fritz (2000 a), p. 763.

<sup>43</sup> Scharpf, Fritz (2000 a), p. 763.



outcomes are influenced by the characteristics of the institutional setting within which they occur.<sup>44</sup>

For this purpose three variables were selected and are going to be tested in the case study to be developed afterwards: constraints on permissible policy options, actor constellations and modes of interaction.

### **2.2.1 Constraints on Permissible Policy Options**

The constraints on permissible policy options are the range of policy options that are institutionally allowed in a specific setting. This means that a set of actors is legally bound to limit its range of options, or possible solutions to a problem, to the ones that are permitted by institutions. This can vary from setting to setting and also among different levels of government within a country.<sup>45</sup>

A case mentioned by Scharpf will be used to clarify this point:

“An example is the power of governments to determine wages and working time - an option that was routinely exercised by Belgian governments in the 1980’s and 1990’s and available in most other countries as well; but is ruled out in Germany by the constitutional guaranty of collective bargaining”.<sup>46</sup>

From the example it can be understood that for the Belgium government the possibility of determining wages and working time was a policy option that was institutionally allowed; although in Germany this was not an option for the government because of an institutional provision on their constitution that restricts the possibility to modify wages and working time to corporate actors.

Therefore, institutions will constitute a constraint to the feasible set of possible strategies actors can choose to use. Nevertheless, constraints just constitute a limitation but do not rule out all strategic choices, nor also determine outcomes.<sup>47</sup>

In fact, for strategic action actors depend on interpersonal information processing

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<sup>44</sup> Scharpf, Fritz (1997), p. 1.

<sup>45</sup> Scharpf, Fritz (2000 a), p. 775.

<sup>46</sup> Scharpf, Fritz (2000 a), p. 775.

<sup>47</sup> Scharpf, Fritz (2000 b), p. 23.

and communication, strategic capacity is lower if individual members of a collective are committed to divergent points of view on a given situation.

### 2.2.2 Actor Constellations

Institutions help to identify which actors participate in the debate, adoption and implementation of a public policy; the number of actors with the power to block a possible course of action (veto actors), on the setting of a determined public policy; and the allowed modes of interaction among them.

Hence, institutions such as constitutional provisions, laws and informal rules, will help not only to identify the main actors participating in a decision-making process and their feasible options, but also to organize and make social behavior understandable through the comprehension of the way they interact. In a limited sense it will make behavior predictable for those interacting within the same normative environment.<sup>48</sup>

Mainly, we can identify two types of actors whose choices will determine the outcome on a given decision-making process: individual and corporate. However, in policy research we are dealing mainly with collective and corporate actors, such as unions, sectorial organizations, regional committees, producers associations and ministries; rather than with individuals acting on their own behalf. These collective actors are created according to preexistent rules on which they depend for their existence and operation.<sup>49</sup>

Actors are characterized by their perceptions, preferences and capabilities. The capabilities are the resources that are created by institutional rules defining competencies and granting or limiting rights of participation in certain aspects of a given decision-making process.<sup>50</sup> The preferences are the outcomes actors expect from a given process, here it is assumed that actors are not only self-interested but that they are linked to normative expectations related to their positions; the capacity for strategic action presupposes the integration of preferences among

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<sup>48</sup> Scharpf, Fritz (1997), p. 40.

<sup>49</sup> Scharpf, Fritz (1997), p. 39.

<sup>50</sup> Scharpf, Fritz (1997), p. 43.

actors. Actor's perceptions are the way in which they experience the environment in which they are interacting and the way in which it is influenced by the institutions in place.

A constellation is the aggregation of the collective players involved in a process, their strategy options, the outcomes associated with those options and the preferences of the players over those outcomes.<sup>51</sup>

There are two main types of actor constellations: single-actor constellations and multiple-actor constellations. On a single-actor constellation policy choices are determined by the preferences and perceptions of collective actors prevailing in unified action center. In contrast, on multiple actor constellations, policy choices depend on the preferences and perceptions of several independent collective actors performing from separate and probably conflicting positions; in this case policy can be blocked by the existence of multiple veto actors.<sup>52</sup>

### 2.2.3 Modes of Interaction

As it has been mentioned above, institutions not only help identify the actors participating on a given policy process, but also the way in which they interact with one another. The modes of interaction are: mutual adjustment, negotiated agreement, voting and hierarchical direction.<sup>53</sup>

In the mutual adjustment mode, subnational units of government continue to adopt their own decisions regionally, but they do so in response or anticipation to, the decisions made at the national level, realizing that their actions will affect the other parties and themselves.<sup>54</sup> This mode of interaction shows increasing interdependence such as the case of country members of the European Union where national governments continue to adopt their own policies nationally, but they do so in response to policy choices of other union member countries.<sup>55</sup>

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<sup>51</sup> Scharpf, Fritz (1997), p. 44.

<sup>52</sup> Scharpf, Fritz (2000 a), p. 776.

<sup>53</sup> Scharpf, Fritz (2000 a), p. 775.

<sup>54</sup> Scharpf, Fritz (2000 b), p. 11.

<sup>55</sup> Scharpf, Fritz (2000 b), p. 11.

In contrast, negotiated agreement implies a bargaining process in which two or more parties exchange ideas, information and opinions with one another to formulate policies or programs and arrive jointly to a decision.<sup>56</sup> For example in the European Union national policies are coordinated or standardized by agreements at the European level, but national governments remain in full control of the decisions they make, none of them can be bound to an agreement without its consent.<sup>57</sup>

Voting as a mode of interaction and of aggregation of preferences allows a group of actors such as an electorate to choose among alternatives offered by political parties; usually it is a final step following discussions.<sup>58</sup> This can be observed during national elections in a country, where citizens express their preference for a candidate or a proposal over another by voting for them.

Finally, hierarchical direction is a mode of interaction in which a higher level authority is able to specify a subordinate's choices or some decisions premises.<sup>59</sup> Hierarchical direction may arise from the capacity of higher spheres of government to offer rewards, threaten with severe deprivations or may rest on legitimate authority. Hierarchical authority might be experienced as an exercise of unilateral power that reduces or eliminates a subordinate's freedom of choice.<sup>60</sup>

#### **2.2.4 Variables held Constant by the Model**

There are two variables that are not going to be analyzed because of the scope of this study. Those variables are the nature of the problems or challenges a policy is trying to solve and the cognitive normative orientations of the actors.<sup>61</sup>

The policy challenges are not considered when analyzing the relationship between institutions and decision-making process, because it is assumed that even when a specific sector is selected for the development of the study a general model can

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<sup>56</sup> [http://blink.ucsd.edu/Blink/External/Glossary/View\\_Glossary/1,1332,105,00.html](http://blink.ucsd.edu/Blink/External/Glossary/View_Glossary/1,1332,105,00.html) from 08-07-05.

<sup>57</sup> Scharpf, Fritz (2000 b), p. 13.

<sup>58</sup> Schmitter, Philippe/ Karl, Terry Lynn (1991), p. 78.

<sup>59</sup> Scharpf, Fritz (2000 a), p. 171.

<sup>60</sup> Scharpf, Fritz (2000 a), p. 172.

<sup>61</sup> Scharpf, Fritz (2000 a), p. 767.

still be applied and empirically supported generalizations can be derived.<sup>62</sup> The policy challenges can vary depending on the interaction of three factors: 1) policy environment having an impact on; 2) the socioeconomic structures or on; 3) policy legacies. There are changes in the policy environment such as changes in the family structures that can lead to a higher participation of women in the labor market or atmospheric changes as “El Niño”. These changes can affect a country or a region on a higher or lower degree depending on the existent socioeconomic structures. For example, “El Niño” affected more the countries depending heavily on agriculture than countries depending on the industrial sector. Finally, present political actors will not necessarily have the option to change past political choices (policy legacies) to avoid certain problems or policy challenges i.e.: in Ecuador rural population were more affected by “El Niño” due to poor territorial order policies and zoning regulations that did not prevent them from living in unstable and flooding zones.<sup>63</sup>

The Actor orientations are not going to be analyzed because for the actor-centered institutionalism framework, actor orientations are treated as a separate category that can be influenced but not determined by the institutional framework within which they occur.<sup>64</sup> This means that, even if institutional and external conditions remain constant, policies can change if the normative and cognitive orientations of actors change.

### **2.3 Conclusion**

This Chapter has set the theoretical foundation for the development of the investigation.

To serve as a guide in the analysis of the institutional setting two dimensions proposed by Agranoff are going to be used: 1) the institutions and institutional channels; and 2) the fiscal relations, some of the indicators of this dimension are also considered institutions; but it has been decided to analyze them on a separate category because of the important role fiscal relations play in the decision-making

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<sup>62</sup> Scharpf, Fritz (2000 a), p. 767.

<sup>63</sup> Scharpf, Fritz (2000 a), p. 771.

<sup>64</sup> Rosamond, Ben (2000), p. 116

process. For the first dimension the indicator of *asymmetric provisions* will not be analyzed because, as it was mentioned before, in the context of the investigation this provisions do not exist. The third dimension mentioned by Agranoff, the *political power* is not considered for the study because the regional level in Bolivia, by the time the investigation was developed, was not provided with those institutional powers. Representatives were appointed rather than democratically elected.

For the analysis of the decision-making variable the Scharpf's model of *actor-centered institutionalism* is chosen and all the dimensions he proposes: 1) constraints on permissible options, 2) actor-constellations and 3) modes of interaction. The framework mainly states that social outputs are the result of interactions between collective actors and that those are influenced by the institutional setting within which they occur. The two dimensions held constant by the model are the nature of the policy challenges actors face and the actors normative or cognitive orientations, since it is assumed that the analysis focuses on collective actors representing collective interests.

The next Chapter will deal with the methodological part of the study and presents the hypothesis of the investigation.

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## CHAPTER III: RESEARCH METHODOLOGY

### 3.1 Introduction

The present study used the hypothetic-deductive method since it utilizes a hypothesis that will guide and define boundaries to the investigation.<sup>65</sup> It has a non-experimental design because the variables are observed as they occur in their natural environment and not manipulated to analyze them.

### 3.2 Hypothesis of the study

As a result of what has been already described in prior chapters, the following hypothesis is derived:

*“The IGR institutions are relevant for the regional (departmental) decision-making process”.*

**Fig. 2: Variables of the study**



The hypothesis addresses the important role that institutional arrangements (formal, informal and fiscal provisions) play on the decision-making process of collective actors, as a relevant but not determinant factor.

The independent variable of the study will be “IGR institutions” and they shape the decision-making process of actor constellations, their modes of interaction and the permissible policy options. In this case “decision-making” at the regional level is the dependent variable.

<sup>65</sup> Naghi, Mohammad (1998), p. 72.

### 3.3 Operationalization of variables

As it was stated in the hypothesis of the study there are two main variables: the IGR institutions (independent variable) and the decision-making process (dependent variable). The dimensions in which these variables are going to be analyzed and their respective indicators are shown in the following table.

**Table. 1: Operationalization of Variables**

VARIABLES	DIMENSIONS	INDICATORS	Means of Verification
IGR INSTITUTIONS	Institutions and Institutional Channels	Constitutional and legal arrangements	Constitution of Bolivia, laws, decrees and PDDES*.
		Delineation of competencies	Legal arrangements, interviews, questionnaires and supreme decrees.
		Channels of intergovernmental cooperation	Legal arrangements, interviews, questionnaires and supreme decrees.
	Fiscal Relations	Central financing mechanisms	Legal arrangements, interviews, questionnaires, budget, POA**.
		Own revenue sources	
		Subnational fiscal discretion	
		Major revenue sources	
DECISION-MAKING PROCESS	Constraints on permissible options	Decision space	Legal arrangements, interviews, and questionnaires.
		Access to information	
	Actor constellations	Single Actor Constellation	Legal arrangements, interviews, questionnaires and observation.
		Multiple Actor Constellation	
	Modes of interaction	Mutual adjustment	Legal arrangements, interviews, questionnaires and observation.
		Negotiated agreement	
		Voting	
Hierarchical direction			

\* "Plan Departamental de Desarrollo Económico y Social" or Socio-Economic Departmental Development Plan.

\*\* "Programa Operativo Anual" or Annual Operative Programme.

The Constitutional and legal arrangements were verified mainly through the field analysis of the Constitution, Laws, Supreme Decrees and the PDDES.

The delineation of competencies and the channels of intergovernmental cooperation were demonstrated reviewing the documents mentioned above, plus



the special reports developed for this purpose in the different entities; additional information was collected through interviews and the questionnaires.

The central financing mechanisms, own revenue sources, subnational fiscal discretion and major source of revenue were tested checking statistical data, appraisal of budgets (both programmed and executed), POA and analyzing investment studies.

The constraints on permissible policy options, actor-constellations and their modes of interaction were verified through the review of legal arrangements, decrees, interviews, questionnaires and observation; during the Departmental Council sessions and the meetings that the Prefecture organized among various representatives of the civil society.

### ***3.4 Methods of data collection***

A mixed approach was used during this study to collect data; it combines quantitative and qualitative methods of data collection.

#### **Primary sources**

The instruments used were interviews and questionnaires. The interviews conducted were semi-structured. There were mostly open questions because it was necessary to gather information based on the field experience of the interviewed.

The interviews were held with (see Appendix 15) the senior administrative staff of:

- ❖ The Planning Division, since they are in charge of the National Planning and Investment Systems at the departmental level. Two officials were interviewed, the Chief of the Division and the Responsible for Strategic Planning.
- ❖ The SEPCAM, because they are the responsables for carrying out projects and programs of road infrastructure at the departmental network. Three

officers were interviewed, the Technical Officer (highest authority of the entity), the Technical Advisor and the Chief of the Infrastructure Division.

- ❖ The Infrastructure Development Office, because it is the more important office in the area and the SEPCAM has functional dependency on it. Three officers were interviewed; the Chief of the Division of Infrastructure Projects, the Financial Advisor and the Supervisor of the Project San Javier-Concepción, it was advised to interview him because of his experience in the area and because his technical support is important during the whole decision-making process of the Office.
- ❖ The Institutional Coordination Division is the one that links the Prefecture with the provincial level. They must attend to all the CPPP meetings and also be present in all the meetings of the Departmental Council. Two officers were interviewed; the Chief of the Division and the Responsible for the Sub-Prefectures.
- ❖ The Infrastructure Commission of the Departmental Council, since the Departmental Council is identified as the most important decision-making organ at the regional level it was decided that interviews were to be conducted with the councilors. But since there was a time constraint on the side of the councilors<sup>66</sup> the interviews were administered to the Infrastructure Commission of the Departmental Council formed by three members.
- ❖ Three Subprefects were interviewed since they are the presidents of the CPPP and they are the ones acquainted with the phase of identification of needs. The three Subprefects were: The Sub-prefect of Florida (valleys), the Sub-prefect of Obispo Santiesteban (low-lands) and the Sub-prefect of Andres Ibañez the province where the capital city of Santa Cruz is located; those provinces were identified as the most productive ones in the department.
- ❖ Three representatives of the civil society were interviewed; the three selected ones were: the Adviser of the President of the Transports Camera, the

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<sup>66</sup> The councilors do not live in the capital city of Santa Cruz they live in their provinces, they are present in the Prefecture when they have sessions. During the time of the research they were present because they had to approve the departmental POA and the budget; therefore they were lacking time.

President of the FEDECA (Federation of Agrarian Cooperatives) and the Adviser of the Chief of the Mechanism of Control<sup>67</sup>.

Questionnaires (see Appendix 2) were administered to the Infrastructure Provincial Officers. Since the Prefecture of Santa Cruz is going through a deconcentration process of this sector they are the link among the SEPCAM and the provinces. The questionnaire was formed by closed and open questions. All the actors described above are portrayed in chapter IV.

### Secondary sources

The information was collected through the revision of the Constitution; legal arrangements especially for these case the laws of administrative decentralization and of popular participation. The decrees that norm the SEPCAM and the Departmental Council and the norms that rule the national systems of planning, investment, budget and programming were also reviewed.

Some Prefecture's publications about the topics of deconcentration of departmental services, the CPPP and reports of execution were used. Data was collected from the Departmental Plan, the Organizational Plan, the General Plan of the Country, the Master Plan of Roads, special reports produced and national statistics relevant for the study.

### **3.6 Case Study**

The study was conducted in Bolivia because of the previous knowledge that the researcher has of the country. Bolivia as it has been mentioned before is constituted by nine departments. The department of Santa Cruz was chosen for the case study.

The department of Santa Cruz was selected because, besides La Paz (the capital of government), it is the department that receives more money for public investment and the second most populated one. In addition, it is the department that is promoting an institutional reform at the departmental level to deepen the

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<sup>67</sup> The Mechanism of Control is a division within the Prefecture in charge of overseeing and evaluating the departmental projects and programs. It is conformed of representatives of the civil society.

decentralization process.<sup>68</sup> The Prefecture of La Paz was not chosen because it is located where the central government is; therefore it does not reflect the reality of the other eight departments.

The field research took place from August to October and the schedule is presented in Annex 1.

### ***3.7 Limitations of the study***

The study concentrates on one area of investment. This area is the one that receives more money for investment within the Prefecture. Nevertheless, other areas might present different characteristics in their decision-making processes, at early stages, according to the sector in which the resources are allocated.

The study focuses on the decision-making process the year 2005 specifically and on the department of Santa Cruz. Therefore, a historical analysis of the decision-making process in the area along the years was not carried out and some of the dynamics of the department are not common to all the departments e.g., the deconcentration process of the Departmental Services is only happening in Santa Cruz as an experimental model for the whole country.

An interview with the Prefect, which approved the POA and the budget 2005, during the time of the research was not possible. The Prefecture since that time has changed four Prefects; reflecting the political instability present at the national level where three presidents were in office.

The field work was carried on at the same time the POA and budget for the year 2006 were been approved and also when the Socio-Economic Departmental Development Plan (PDDES) was been adjusted. Therefore, some people in the Prefecture were not available for the interviews.

This period of time did not only constitute a limitation but also an advantage. Since during the time of the adjustment of the PDDES, some meetings with representatives of the civil society and with officers of the Prefecture were held

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<sup>68</sup> <http://www.vipfe.gov.bo/dgip/index.html> from 18-07-05.

and the researcher had the possibility to attend to those meetings and receive some information from first hand. Also the researcher could attend to some of the sessions of the Departmental Council to observe how the actors, participating in the research, interact in reality.

### **3.8 Conclusion**

Chapter III presented the methodological support of the study. The hypothesis “IGR institutions are relevant for regional decision-making” was developed to guide the study and the independent and dependent variables of the study were operationalized.

The primary source information was collected from interviews and questionnaires administered to some public servants of: the Planning Division, the SEPCAM, the Infrastructure Development Office, the Institutional Coordination Division, the Infrastructure Commission of the Departmental Council, three Subprefects, three representatives of the civil society and the Infrastructure Provincial Officers. Secondary source information was collected from the analysis of: the Constitution, Laws and Supreme Decrees, budget, publications and studies.

The case study was developed in the department of Santa Cruz during the year 2005 in the area of Road Infrastructure. The chapter also presented the limitations and some of the advantages during the field work.

The next chapter will focus on the empirical context of the research in Bolivia and specifically of the Prefecture of Santa Cruz and the area.

## CHAPTER IV: EMPIRICAL CONTEXT OF RESEARCH

Since the late 1980's decentralization and democratization processes have taken place in Latin America as mechanism to provide more efficient public services and to have in place more responsive governments. Bolivia experienced a change in this respect during the years 1994 and 1995 with the promulgation of: the Law of Popular Participation (LPP) and the Law of Administrative Decentralization (LDA) respectively.

The decentralization process started at the municipal level ruled by the LPP and was followed by the LDA that norms the deconcentration process at the departmental level. The LDA is a law that deconcentrates functions and competencies from the executive power to the departments i.e., negotiate credits for the department.<sup>69</sup>

### *4.1 The Departmental Level in Bolivia*

The Constitution states that Bolivia is politically divided into Departments, Provinces, Sections of Province and Cantons.<sup>70</sup> Since the study will concentrate on the departmental level, an overview of its main characteristics follows.

Bolivia is constituted by nine Departments: La Paz, Santa Cruz, Cochabamba, Sucre, Pando, Beni, Potosí, Tarija and Oruro.<sup>71</sup> According to the Constitution, the Executive Power in each Department is held by a Prefect who is appointed by the President.<sup>72</sup> Nevertheless, with the promulgation of the Special Law No 3015 in 2005 the Electoral National Court authorizes the election of Departmental Prefects by direct vote.<sup>73</sup> As it was previously mentioned, the LDA rules the departmental level and its objectives are:<sup>74</sup>

- ❖ To establish the organizational structure of the Executive Power at the departmental level.

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<sup>69</sup> Navarro, Marc (2004), p. 1.

<sup>70</sup> Government of Bolivia, Constitution, art. 108.

<sup>71</sup> Government of Bolivia, Constitution, arts. 108-110.

<sup>72</sup> Government of Bolivia, Constitution, art. 109.

<sup>73</sup> Government of Bolivia (2005), Special Law No 3015, art. 1.

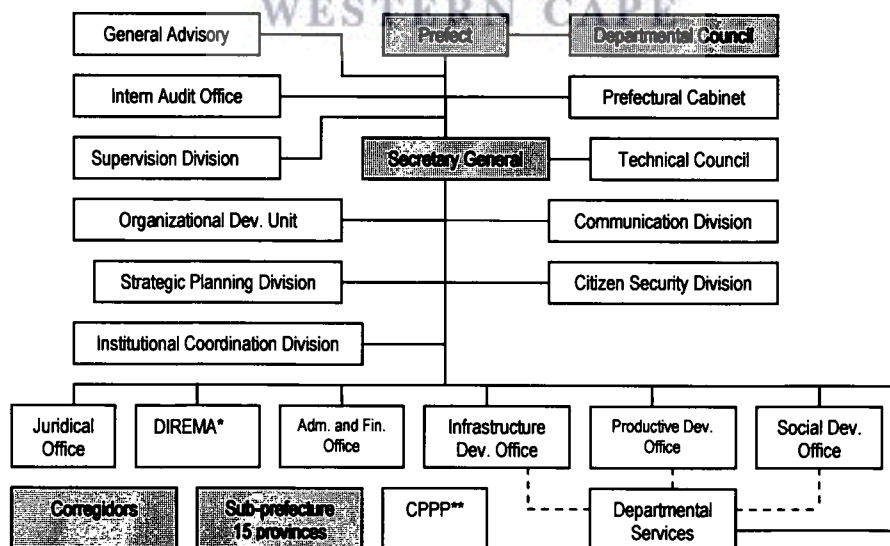
<sup>74</sup> Government of Bolivia (1995), Law No 1654, art. 2.

- ❖ To establish the rules concerning the management of the economic and financial resources within the departments.
- ❖ To improve and enhance the efficiency and effectiveness of the public administration, to provide public services in a direct and closer way to the people.

The *Prefecture* is the main office of the Prefect. It is in charge of executing and formulating programs and projects of public investment in the following areas: <sup>75</sup>

- ❖ Construction and maintenance of highways, departmental roads and those concurrent with the municipal governments.
- ❖ Rural electrification.
- ❖ Irrigation infrastructure and support to the agricultural sector.
- ❖ Technical-scientific research.
- ❖ Conservation and preservation of the environment.
- ❖ Tourism promotion.
- ❖ Programs of social assistance.
- ❖ Programs of municipal enhancement, and other concurrent with the municipal governments.

Fig. 3: Prefectural Organigram



\*DIREMA: Natural Resources and Environmental Office

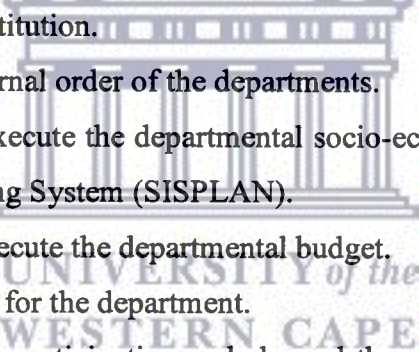
\*\* CPPP: Provincial Popular Participation Councils

<sup>75</sup> Government of Bolivia, Law No 1654 (1995), art. 5.

It can be observed that the Departmental Council and the Prefect share the same administrative level. Similarly, the Departmental Services and the Departmental Offices share the same administrative level; though the Departmental Services have functional dependency on: the Infrastructure Development Office, the Productive Development Office or the Social Development Office depending on the type of service they provide.

The sub-prefects and the corregidores are the representatives of the Prefect at the provincial and cantonal levels respectively. The CPPP are organs of public discussion and their purpose is to coordinate the needs and allocation of public investment within the provinces.

The *Prefect* is in charge of appointing the Sub-prefects and the Corregidores at the provincial and cantonal levels respectively.<sup>76</sup> His main functions are:

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- ❖ To respect the Constitution.
  - ❖ To preserve the internal order of the departments.
  - ❖ To formulate and execute the departmental socio-economic plan according to the National Planning System (SISPLAN).
  - ❖ To elaborate and execute the departmental budget.
  - ❖ To negotiate credits for the department.
  - ❖ To promote popular participation and channel the requirements of grassroots organizations, watchdog committees and municipal governments according to the transferred responsibilities.
  - ❖ To preside the departmental council sessions with the rights of voice and resolving vote.<sup>77</sup> In case of the Departmental Council in Santa Cruz the resolving vote is not necessary since the councilors are twenty three and the voting is never even.

The Prefect, under nullity of his actions, is obliged to consult the Departmental Council before making any decisions concerning:<sup>78</sup>

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<sup>76</sup> Government of Bolivia, Constitution, art. 109.

<sup>77</sup> Government of Bolivia (1995), Law No 1654, art. 5.

<sup>78</sup> Government of Bolivia (1995), Law No 1654, art. 15.



- ❖ The need and convenience of the negotiation of credits for the department.
- ❖ The subscription and requirement of inter-institutional agreements.
- ❖ The subscription of contracts for works and public services.

The *Departmental Council* is constituted by the Prefect, who is the president of the council, and 23 councilors; fifteen councilors are the representatives of the 15 provinces of the department and the others are appointed based on population criteria.<sup>79</sup>

The Departmental Council is the organ responsible of answering queries, controlling and overseeing the administrative actions of the Prefect. Its members are appointed by the Municipal Councilors<sup>80</sup> by two thirds of the votes of its members and its functions are:<sup>81</sup>

- ❖ To approve the departmental plans, programs, credits and budget project presented by the Prefect; and control and evaluate its execution.
- ❖ To oversee all Prefect actions but the ones referred to its responsibilities to the central level of the Executive Power.
- ❖ To assist with the needs and priorities of the capital city of the department.
- ❖ To evaluate the convenience and necessity for the negotiation of credits and the subscription of inter-institutional covenants.
- ❖ To promote the coordination of the municipal governments and the participation of the communities.
- ❖ To submit to the President a censorship to the Prefect's resolutions, whenever his actions go against the interests of the department. If the Prefect is censored he should present his resignation to the President of the Republic who will accept or reject it.

The *Technical Council* constitutes the main coordination instance of the Prefecture. Its president is the Prefect and their constituents are the senior departmental officers and the technical officers of the departmental services. It

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<sup>79</sup> Santa Cruz Departmental Council (1996), art. 5.

<sup>80</sup> The Municipal Council is in each Section of Province and its members are elected during Municipal elections.

<sup>81</sup> Government of Bolivia (1995), Law No 1654, arts. 10-14.

should meet once a month or when the Prefect considers it necessary. Its meetings are carried out based on a previous agenda for its application and the monitoring of the decisions previously made; their decisions are of obligatory character in the Prefecture.<sup>82</sup>

The *Infrastructure Development Office (DDI)* is responsible for promoting the development of physical infrastructure within the department, its functions are:

- ❖ Identifying and prioritizing infrastructure projects for the development of the department.
- ❖ To systematize technical statistics and financial information to support the investment projects in the area.
- ❖ To design technical specifications for infrastructure projects.
- ❖ To supervise and control the execution and quality of the infrastructure works.
- ❖ To support programs and projects of sanitation commended to the Prefecture.
- ❖ To supervise the achievement of goals and outputs of the SEPCAM.

To supervise the work of the Prefectural Service of Roads (SEPCAM) the DDI requests three reports: the strategic agenda, the project management report and the execution of their POA. The DDI receives the first two monthly, but the execution of the POA is controlled every three months.<sup>83</sup>

The responsibilities of the Infrastructure Development Office are mainly: to elaborate projects and to supervise works. The DDI is working in four areas; rural electrification, civil works and irrigation, road infrastructure and basic sanitation.<sup>84</sup> The major area of intervention of the DDI is road infrastructure; they are working overseeing projects where they hire private firms for the construction and improvement of roads.<sup>85</sup>

The *Prefectural Service of Roads (SEPCAM)* is a decentralized entity that has functional dependency on the DDI of the Prefecture, but technical and

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<sup>82</sup> Government of Bolivia (1998), Supreme Decree No 25060, art. 6.

<sup>83</sup> Interview with Lic. Elizabeth Zanga, 2005.

<sup>84</sup> Interview with Ing. Juan Carlos Menacho, 02-10-05.

<sup>85</sup> Interview with Arq. Eduardo Chávez Lorente, 30-09-05.

administrative autonomy.<sup>86</sup> The Supreme Decree 24215 (1996) creates the Departmental Service of Roads or as it is called nowadays Prefectural Service of Roads (SEPCAM); this name was modified by the Supreme Decree 25366 in 1999. It also establishes the decentralization process of the Roads Sector and determines that public investment, for the construction and maintenance of departmental roads, should be executed by the SEPCAM within the framework and according to the strategies of the sector at the national level. The SEPCAM is recognized as a deconcentrated operative organ of the Prefecture.<sup>87</sup>

Its mission is to implement national and departmental policies and norms approved by the competent organs in the area. Its vision is to consolidate the department's road infrastructure at medium term, to allow annual and permanent passage of the agricultural production to the consumption centers; and to permit an uninterrupted flow of passengers and cargo allowing and supporting the sustainable development of the region.<sup>88</sup>

The functions of the SEPCAM are:<sup>89</sup>

- ❖ To comply and enforce the national and departmental policies and norms established in the area of road infrastructure.
- ❖ To formulate and execute programs or projects of public investment for the construction, improvement, rehabilitation and maintenance (routine and periodic) of road infrastructure on the departmental network.
- ❖ To execute directly or in agreement with third parties the maintenance and emergency works at the departmental network.
- ❖ To execute works of construction and maintenance on the national and municipal network within the framework of inter-institutional covenants subscribed by the Prefect with the municipal governments and the National Service of Roads (SNC).

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<sup>86</sup> Government of Bolivia (1999), Supreme Decree No 25366, art. 2.

<sup>87</sup> SEPCAM, POA (2005), p. 2.

<sup>88</sup> SEPCAM, POA (2005), p. 6.

<sup>89</sup> <http://www.prefecturalpz.gov.bo/SEPCAM/servcampri.asp> from 12-07-05.

- ❖ To supervise the studies and works executed in the area of their competency and within the framework of the general law of concessions for works of public transportation in coordination with the SNC.

From the total amount of the toll collected by the SNC in Santa Cruz, the SEPCAM receives the 30% to use it exclusively for works of maintenance and improvement of roads in the departmental network.<sup>90</sup>

The *Planning Division* is in charge of managing the departmental planning system (SISPLAN) through the definition of plans, programs and projects of investment to comply efficiently with the regional strategic development goals. It is also responsible of managing the evaluation system to control the progress of the projects and programs being executed; and to generate information about the achievement of the programmed Prefectural goals in the short, medium and long terms.<sup>91</sup> The functions of the Planning Division are:

- ❖ To prioritize programs and projects in coordination with the Offices, Divisions and Departmental Services of the Prefecture.<sup>92</sup>
- ❖ To develop in coordination with civil society and the Offices in the Prefecture the Socio-Economic Departmental Development Plan (PDDES) and the Organizational Strategic Plan (PEI).<sup>93</sup>
- ❖ To formulate the Annual Operative Program (POA) based in the PDDES and the PEI determining the projects and activities to be executed in the short term. The POA is the input to formulate the Departmental Budget.<sup>94</sup>
- ❖ To establish; within the framework of the National Public Investment System (SNIP); the methodologies, guidelines and criteria that the Prefecture will use for the formulation, evaluation and execution of its investment projects.<sup>95</sup>
- ❖ To evaluate the economic and social feasibility of the programs and projects proposed by the prefectural offices to be included in the POA.<sup>96</sup>

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<sup>90</sup> Government of Bolivia (1997), Supreme Decree No 25134, art. 20.

<sup>91</sup> Prefecture of Santa Cruz (2005), Planning Division, p. 1.

<sup>92</sup> Prefecture of Santa Cruz (2005), Planning Division, p. 5.

<sup>93</sup> Prefecture of Santa Cruz (2005), Planning Division, p. 6.

<sup>94</sup> Prefecture of Santa Cruz (2005), Planning Division, p. 6.

<sup>95</sup> Prefecture of Santa Cruz (2005), Planning Division, p. 10.

<sup>96</sup> Prefecture of Santa Cruz (2005), Planning Division, p. 12.

- ❖ To consolidate the POA according to the norms established by the Operations Programming System (SPO).<sup>97</sup>

#### ***4.2 Coordination with the Departmental Level***

Besides the actors participating in the decision-making process at the Prefecture there are other actors at the regional level participating that link this governmental level with the provincial and national levels. Those actors are described on the next paragraphs.

The *Subprefects* are the representatives of the Prefect in the provinces; they are under his authority. In their area of jurisdiction their functions are:<sup>98</sup>

- ❖ To comply and enforce the constitution, laws and supreme decrees.
- ❖ To defend the public order.
- ❖ To appoint the personnel under his dependence.
- ❖ To manage the resources transferred to them, being accountable to the Prefect.
- ❖ To formulate administrative resolutions under the area of its attributions and the ones delegated to him by the Prefect.
- ❖ To preside the Provincial Councils of Popular Participation in their province (CPPP).

The *Provincial Councils of Popular Participation (CPPP)* play an important role on the decision-making process in the area, during the phase of identification of departmental needs. The CPPP is the instance to coordinate civil society's needs, priorities, projects, programs and proposals; they operate as consultation organs within every province. Their aim is to help coordinate the process of municipal participatory planning and the aggregation of needs at the provincial level to guaranty the impact and sustainability of public investment in the provinces and therefore at the department.<sup>99</sup>

The members of the CPPP are: the Sub-Prefect (president of the council), two representatives of each municipal government within the province, one

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<sup>97</sup> Prefecture of Santa Cruz (2005), Planning Division, p.19.

<sup>98</sup> Government of Bolivia (1995), Law No 1654, arts. 7-9.

<sup>99</sup> Government of Bolivia (1994), Supreme Decree No 23858, art. 22-25.

representative from each watchdog committee, one representative of grassroots organizations from the province, the departmental councilors representing the province and two representatives of the civic committee from every municipality; they are the ones with the right to speak and to vote in the CPPP sessions.<sup>100</sup>

The Sub-prefect can as well invite representatives of the productive sector, representatives of the peasants and indigenous communities, uninominal deputies, and whoever he thinks is important for the development of the province. Nevertheless, they only have the right to speak but not to vote during the Council sessions. Some professionals appointed from the Prefecture and the Sub-prefecture, according to the nature of the topics discussed, can provide technical and logistical assistance during the CPPP.<sup>101</sup> The decisions made by the CPPP are detailed on their resolutions; a resolution is the list of projects already prioritized by those councils.

The *Ministry of Treasury* is responsible of: 1) formulating, executing and controlling the budgetary, tributary, treasury, public credit, public investment and external financing policies; 2) signing external funding covenants and economic-financial international cooperation covenants; 3) formulating the national budget as well as the accounts for expenditures and investment with the participation of other Ministries to present it to the Legislative Power and to control its execution; 4) to collect national taxes; and finally 4) to administer the payment of long-term pensions.<sup>102</sup>

The Ministry of Treasury is the fiscal authority and the organ that rules the national systems of: Operations Programming, Administrative Organization, Budget, Administration of Human Resources, Management of Goods and Services, Treasure and Public Credits; and the External Financing and Public Investment System.<sup>103</sup> The Prefectures coordinate with the Ministry, through a

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<sup>100</sup> Government of Bolivia (1994), Supreme Decree No 23858, art. 24.

<sup>101</sup> CEPAD-Bolivia (2005), pp.10-11.

<sup>102</sup> Government of Bolivia (1997), Law No 1788, art. 11.

<sup>103</sup> Government of Bolivia (1997), Law No 1788, art. 24.

representative of the External Financing and Public Investment Viceministry (VIPFE), all the programs and projects to be executed every year.<sup>104</sup>

The *VIPFE* is the responsible organ for the consolidation of the country's POA and to control the execution of public investment and external funding, to include all of these in the general budget of the country according to the SNIP and the guidelines of the National Strategy for Sustainable Development.<sup>105</sup>

#### **4.3 Policy Area of Road Infrastructure**

The decentralization theory yields a strong argument for the decentralization of Road Service, since the beneficiaries of those roads often have specific needs; depending on the intended use of the road and the type of transportation means available.<sup>106</sup> However, among the possible problems road decentralization could face we have: lack of subnational governments' power to exercise political influence, insufficient financial resources, lack of machinery, lack of management capability and lack of accountability mechanisms.<sup>107</sup>

The area of Road Infrastructure was chosen because of the importance this governmental level gives to it. In Santa Cruz, in the year 2005, the prefecture received a total budget of around 142 million dollars, from this amount 55% was invested on all infrastructure projects. And from the amount of money invested on infrastructure projects almost 80% was invested in road infrastructure.

The amount of money invested in the area is higher than the investment placed in any other area within the prefecture. The study focuses on how the actors or decision makers decide to allocate this money within the institutional framework in which they interact (See Appendix 11).

In Bolivia until the 1990's the National Service of Roads (SNC) had under its complete responsibility the construction, maintenance and administration of the whole network of roads. In 1994, as a mandate of the Law of Administrative

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<sup>104</sup> Interview with Ing. Sheyla Martinez, 26-09-05.

<sup>105</sup> [www.vipfe.gov.bo/vipfe/index.html](http://www.vipfe.gov.bo/vipfe/index.html) from 13-01-06.

<sup>106</sup> Andrews, Mathew/ Schroeder, Larry (2003), p. 33.

<sup>107</sup> Robinson, Richard/ Stiedl, David (2001), p. 53.

Decentralization, part of this responsibility was transferred to the Departmental Prefectures and Municipal Governments.<sup>108</sup> Therefore, through the promulgation of the Supreme Decree No 25134 (1998) the Road Network was divided as follows:<sup>109</sup>

- ❖ The *national network* under the administration and responsibility of the SNC.
- ❖ The *departmental or complementary network* under the administration and responsibility of the Prefectures.
- ❖ The *municipal or local network* under the responsibility and administration of the Municipal Governments.
- ❖ And the *concurrent roads* are under the responsibility of both Municipal and Departmental Governments. The concurrent roads are usually municipal roads. But since municipalities not always have the funds to invest on the network, there is a concurrent fund at the departmental level that is distributed equally among all municipalities to invest on these projects. The condition is that 20% of the funds invested in those projects must come from the municipal governments as a counterpart.

The roads' network in Bolivia according to data from 2003 is of 61,021 km. long. The following table describes how the network is constituted.

**Tab. 2: Structure of the Road Network in Bolivia (in Km.)**

Network	Type of Rolling Surface			Total	%
	Pavement	Gravel	Earth		
National	4,032	4,738	3,485	1,255	20
Departmental	195	6,925	7,101	14,221	23
Municipal	56	6,856	27,630	34,542	57
<b>Total</b>	<b>4283</b>	<b>18,522</b>	<b>38,216</b>	<b>61,021</b>	<b>100</b>
%	7	30	63	100	

Source: National Institute of Statistics (INE, 2003)

As it is shown in the table 57% of the roads in Bolivia belong to the municipal network and 23% belong to the departmental network; from which 50% has a rolling surface of earth.

<sup>108</sup> www.snc.gov.bo/elsnc/historia/ from 21-07-05.

<sup>109</sup> www.prefecturalpz.gov.bo/SEPCAM/servcampri.asp from 21-07-05.



In Santa Cruz, where the empirical part of the study was developed, the network is structured as follows:

**Tab. 3: Structure of the Road Network in Santa Cruz (In Km.)**

Network	Type of Rolling Surface			Total	%
	Pavement	Gravel	Earth		
National	1,147	565	1,681	3,393	22.33
Departmental	93	1,246	2,792	4,130	27.18
Municipal		7,673*		7,673	50.49
<b>Total</b>				<b>15,196</b>	<b>100</b>

Source: SEPCAM, 2005

\* There is no disaggregate data about the network at the municipal level.

From Tab. 2 it is derived that 25% of the road network in Bolivia is in Santa Cruz. Specifically, the 27% of the road network in Santa Cruz belongs to the departmental network. Therefore, the study will concentrate on it since it is under the responsibility of the regional government.

In contrast, it can be observed that 67% of the rolling surface of this network is made of earth. We have to consider that the endurance of a road will depend on the type of rolling surface; an earth road will have less durability than a pavement or a gravel road.

The Supreme Decree 25134 determines that the requirements for a road to form part of the departmental network are: a) departmental integration or, b) to connect roads to the national network or, c) roads that are near productive zones and that will connect municipal roads to carry the production to the consumption centers or, d) to link capitals of province with the capital city of the department directly or through a national road or, e) to connect with different systems of transportation that are of departmental importance or, to give access to developmental centers of departmental importance and f) to comply with the norms and requirements of the environmental protection law.<sup>110</sup>

The activities developed in this area are: the maintenance, referred to the regular and irregular measures to keep the road infrastructure in usable and safe

<sup>110</sup> Government of Bolivia (1997), Supreme Decree No 25134, art. 4.

conditions<sup>111</sup>; the construction, referred to the process of building roads or other infrastructure such as bridges; the rehabilitation involves the restoring of a declining road infrastructure to a satisfactory condition usually this happens when there is lack of maintenance or because of external conditions such as floods; finally the improvement of roads implies to upgrade already existing infrastructure i.e., from an earth road to a gravel road or from a gravel road to a paved road.

#### ***4.4 Conclusion***

The Chapter summarizes the empirical context of the study for the regional level in Bolivia. It points that the two important laws that rule this level are the Law of Administrative Decentralization and the Law of Popular Participation.

It also gives an overview of the actor constellations participating in the decision-making process. At the regional level, the most important actors in the road infrastructure area are: the Departmental Council, the Infrastructure Development Office and the Prefectural Service of Roads and. The actor constellations that link the regional level with the national and local levels are the Ministry of Treasury and the Provincial Councils of Popular Participation (CPPP).

Afterwards, the importance of the area is highlighted. The departmental network in Santa Cruz is of 27% and around 67% of the rolling surface of this network is made of earth, the durability of earth roads is not the highest.

The next Chapter will present the empirical analysis of the study. For this part the actor constellations identified in this chapter are very important since they are the decision-makers.

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<sup>111</sup> Appel, Kristian and others (2002), p. 19.

## CHAPTER V: EMPIRICAL ANALYSIS OF THE STUDY

### *5.1 Introduction*

The purpose of this chapter is to use all the information collected during the field work and to answer the research questions. The data will be arranged according to the variables and dimensions identified in the theoretical framework.

Afterwards, the hypothesis of the investigation will be tested. The investigation aims to determine the influence of institutions of IGR in the decision-making process at the regional level. The study will focus on the allocation of resources for public investment in the area of road infrastructure.

### *5.2 Decision – Making Process*

The policy-making process in Bolivia is ruled by the norms of the National Planning System (SISPLAN). The public resources are invested according to the norms of the National Public Investment System (SNIP) that provides the framework within which every governmental level should base its investment decisions. Based in these two norms the government of Bolivia develops the General Plan of Socio-Economic Development of the country (PGDES).

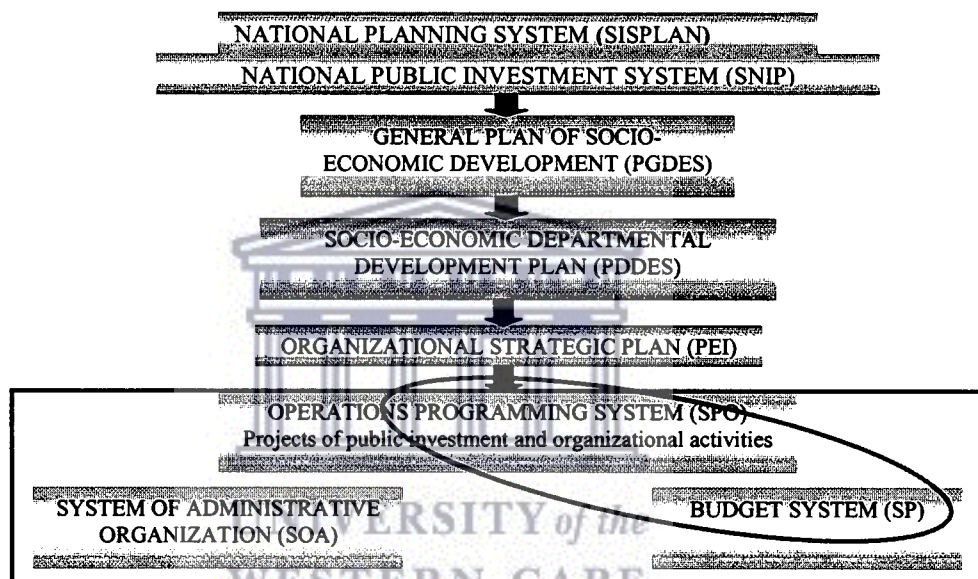
At the departmental level the Socio-Economic Departmental Development Plan (PDDES) and the Organizational Strategic Plan (PEI) are developed; these documents provide the long and medium term frameworks for departmental investment. Since the regional policies and the organizational strategies to achieve the regional developmental goals there are included in those plans; the Prefecture of Santa Cruz uses them for the following purpose:

“To provide the guidelines to harmonize the medium and long term planning processes with the regional developmental goals every year (short term planning); despite organizational personnel changes. This is the only way to develop a responsible decision-making process that will guarantee civil society the harmony of

the objectives they proposed and the action courses taken by public Sector officers in a context of continuity, consolidation and coherent renovation”.<sup>112</sup>

Thereafter, for short term planning there are three systems: the Operations Programming System (SPO), the Budget System (SP) and the System of Administrative Organization (SOA); the study will concentrate on the first two since the third system does not deal with public investment but with current expenses.

**Fig. 4: Relationship among the long, medium and short term systems**



Source: Planning Division 2005.

The Socio-Economic Departmental Development Plan (2000-2010) focuses in five main areas: the transformation and development of the productive sector, human development, environmental management, improvement and deepening of democracy; and fight drug trafficking.<sup>113</sup> Within the Area of Transformation and Enhancement of the Productive Sector there are two specific policies related to the area of road infrastructure:

1. **The Development of Infrastructure to Support Production**, in this sense the department will support the improvement and selective

<sup>112</sup> Prefecture of Santa Cruz (2001), PEI, p. 6.

<sup>113</sup> Prefecture of Santa Cruz (2000-2010), PDDDES, pp. 66-72.

consolidation of the national, departmental and municipal road networks as long as the generation of social or producer surplus is promoted.<sup>114</sup>

2. **The Development of Physical Integration and Territorial Order**, due to adverse climatic conditions and because of the high traffic of transport services to neighboring countries, Santa Cruz frequently faces the interruption of road transportation to other departments of the country. Therefore, Santa Cruz is carrying out an integration policy with the participation of the national sector only to the level of convenience and interest of the national exporting sector. Leaving to the private initiative the task of executing complementary works on the need, risk and benefit of the ones demanding other transport services in Bolivia.<sup>115</sup>

To portray how public investment, operations programming and budgeting are to be managed by every governmental level in Bolivia the characteristics of the three national systems mentioned above are going to be summarized.

The *National Public Investment System (SNIP)* introduces the norms and procedures to formulate, evaluate, rank, finance and execute projects for public investment. Those are guidelines to help decision-makers select the most convenient projects for the region, from the socio-economic point of view.<sup>116</sup>

According to the SNIP, a public investment project is characterized by the expenditure made to enhance, improve or replace physical or human capital under public use to increase the country's capabilities to provide services and produce goods. A Public Investment Program is a list of all the investment projects that comply with the norms established by the SNIP, ordered according to the priorities defined in the PDDES by the departmental level. Finally, the Public Investment Budget is the list of all the resources needed to execute the projects

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<sup>114</sup> Prefecture of Santa Cruz (2000-2010), PDDES, p. 77.

<sup>115</sup> Prefecture of Santa Cruz (2000-2010), PDDES, p. 79.

<sup>116</sup> Government of Bolivia (2003), SNIP. art. 1.

included in the Public Investment Program.<sup>117</sup> The following norms should be met to include a project in the Public Investment Budget:<sup>118</sup>

- ❖ To be registered in the National Public Investment System (SISIN).
- ❖ To include all the studies and evaluations based on socio-economic criteria, justifying and recommending the allocation of resources on the project.
- ❖ To have a written recommendation of the senior officer in charge of the implementation of the project taking all the responsibility for allocating public resources on it.
- ❖ If a project is sponsored by another entity the project should have the signed cooperation agreement between both organizations.
- ❖ To have written confirmation of all the entities co-financing a project, when it corresponds.

The *Operations Programming System (SPO)* introduces the norms to formulate the POA. The POA 2005 is the instrument used in this study to analyze the decision-making process at the departmental level. The POA constitutes the approved list of projects to be executed during the year and the estimation of physical resources that will be expressed in the Budget.<sup>119</sup> Every functional area of the Prefecture elaborates first its program, estimating time and resources; this analysis is based on the budget ceilings that the Ministry of Treasury provides to the Prefecture.<sup>120</sup>

The *Budget System (SP)* introduces the norms and procedures to formulate, coordinate and execute the budget. The budget is a short term instrument of economic financial planning.<sup>121</sup> This system works in coordination with the two other systems described above. The execution of the budget begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup> every year.<sup>122</sup> The budget summarizes the revenues,

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<sup>117</sup> Government of Bolivia (2003), SNIP, arts. 8-12.

<sup>118</sup> Government of Bolivia (2003), SNIP, art. 28.

<sup>119</sup> Government of Bolivia (2003), SPO, art. 6.

<sup>120</sup> Government of Bolivia (2003), SPO, art. 17.

<sup>121</sup> Government of Bolivia (2003), SP, art. 14.

<sup>122</sup> Government of Bolivia (2003), SP, art. 13.

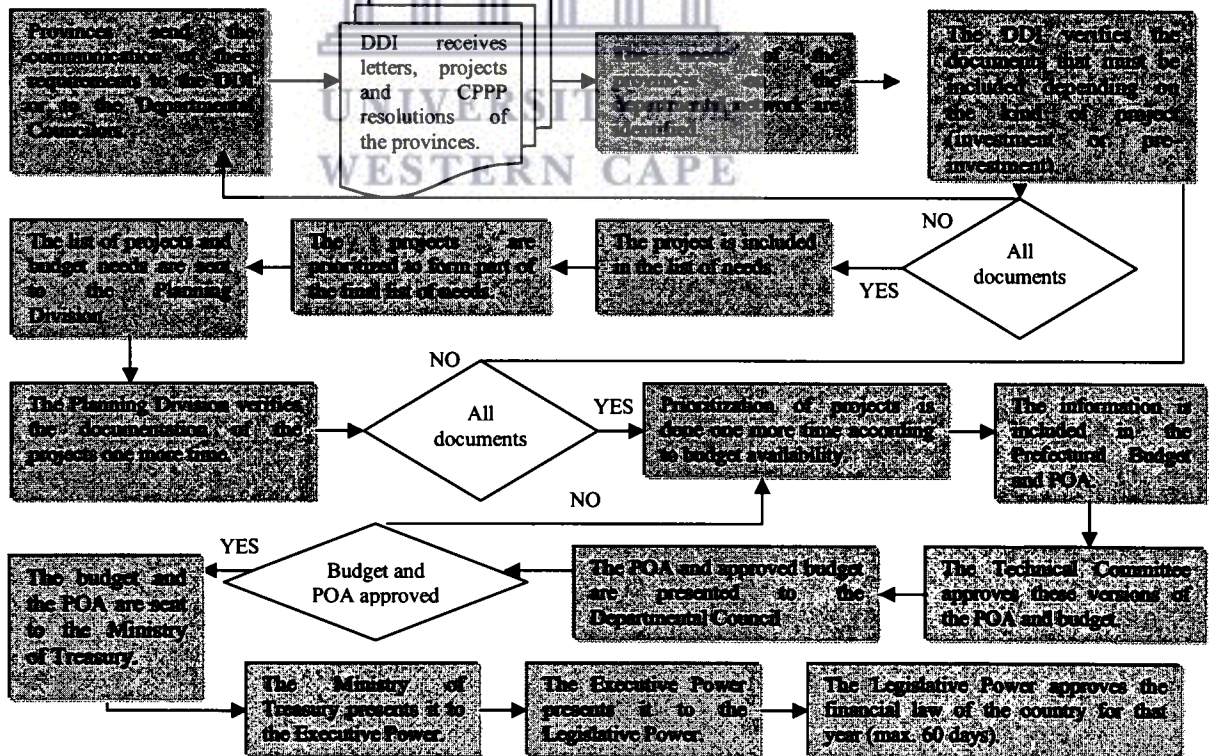
expenses and funding sources of a public entity and includes the economic, financial and physical results to be achieved through the execution of the POA.<sup>123</sup>

Each year the Departmental Council approves two things: the program and the budget of investment. Over these two documents the decision-making process at the departmental level will be analyzed on: the Infrastructure Development Office and the SEPCAM (Prefectural Service of Roads).

The decision-making process at the regional level in this policy area is divided into two areas. The first one works with construction, rehabilitation and improvement of roads. The second works with the maintenance of roads. Therefore, both processes are going to be described and shown separately. Afterwards, it will be shown in which phase those processes intersect and become one.

1<sup>ST</sup> AREA: INFRASTRUCTURE DEVELOPMENT OFFICE (DDI)

Fig. 5: Diagram of activities to approve the POA and the budget of the DDI.



<sup>123</sup> Government of Bolivia (2003), SP, art. 16.

The process in the Infrastructure Development Office (DDI) starts when they receive the letters detailing the requirements and needs of the different provinces and communities within the department directly, or those requests are channeled through the departmental councilors to the office. The DDI also receives the resolutions of the Provincial Councils of Popular Participation (CPPP).<sup>124</sup>

Then the Projects Division of the DDI is in charge of evaluating all these requests. The communities or provinces must submit their requests as a project profile for pre-investment projects or a project with feasibility studies and final design for investment projects, this according to the norm.<sup>125</sup>

The division checks if the projects are under the departmental and DDI's responsibility and if the projects are complete or missing some documents. If the projects are incomplete then the Division develops a technical report and sends it back to the community or province that requested the project to complete it. If the missing documentation is not difficult to complete and the professionals from the DDI have extra time, they do it. If the projects are not competency of the DDI they derive it to where it corresponds.<sup>126</sup>

Once they have the complete projects, they assess them and include them in the POA based on a list of priorities that every Division in the prefecture has to consider. The priorities are the following and have to be considered in ordinal position:<sup>127</sup>

1. Projects counting with external funding specifying amounts of local and external shares.
2. Continuity projects specifying required amount.
3. Projects of Prefectural competency arising from agreements signed by the entity with the different sectors or sub-regions (projects that arise as a result of conflicts) specifying required amount.
4. New projects specifying required amount.

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<sup>124</sup> Interview with Arq. Eduardo Chávez Lorente, 30-09-05.

<sup>125</sup> Government of Bolivia (2003), SNIP, Appendix 2.

<sup>126</sup> Interview with Arq. Eduardo Chávez Lorente, 30-09-05.

<sup>127</sup> Santa Cruz Prefecture, from the Public Investment Team.



After the Infrastructure Development Office selects projects according to their list of priorities, they end with a list of ranked projects and they send it to the Planning Division with their budget requirements.<sup>128</sup>

The Planning Division receives the preliminary list of projects from all the offices within the Prefecture; this list is attached with all the necessary documentation to be reviewed by the division. Once more they rank those projects according to the list of priorities and eliminate all the projects that do not have the complete documentation or that are not a competency of the Prefecture. For projects with external funding, the signed agreement is necessary. An informal agreement is not enough to include a project on that year POA.<sup>129</sup>

For continuity projects the DDI has to include the technical reports of advancement of the project detailing the achieved goals. If those projects count with external funding<sup>130</sup> they are *priority number one*, these means that those projects are included in the POA and budget before any other. The Prefecture has to allocate its own resources on continuity projects that do not have external funding.<sup>131</sup>

The Ministry of Treasury has to submit to the Prefecture budget ceilings to inform them about the approximate amount of money they may receive. This is an important input; because the Prefecture decides the allocation of resources according to the sources and revenue they receive. The Prefecture is supposed to receive this information before all the offices start selecting projects. Though, in 2005 this process started the last day of July and the Ministry of Treasury sent the budget ceilings around the 22<sup>nd</sup> of September (the deadline to present the POA and the budget to the Ministry of Treasury was the 1<sup>st</sup> day of October). Therefore, the offices were planning without budget ceilings and the work had to be organized in two scenarios: the first scenario considering they were going to receive the same amount of money that they received the former year and the

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<sup>128</sup> Interview with Arq. Eduardo Chávez Lorente, 30-09-05.

<sup>129</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

<sup>130</sup> The External Funding refers to funds that do not come from the central government e.g., credits or donations.

<sup>131</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

second scenario according to a speculated increase of revenues of the 30% compared to the former year.<sup>132</sup> The environment, the lack of this input generated, was one of instability and doubt in their work.

Once the Planning Division has analyzed and decided with the professionals of the DDI which are the projects to be executed next year they consolidate all the information received from all the other offices, divisions and departmental services, like the SEPCAM, in one document. Afterwards, all the senior executives from the mentioned units come together to have a final meeting conforming the Technical Committee, to approve the POA and budget projects to be submitted to the Departmental Council. Once this is approved by the Committee the Prefect presents both projects to the Departmental Council for their socialization and consideration.

Afterwards, the Departmental Council has an extraordinary meeting to analyze and approve the final version of the POA and the budget.<sup>133</sup> In one interview it was mentioned that the Technical Committee submitted their approved version of the project 72 hours before the extraordinary meeting of the Departmental Council instead of the 15 days that the norm provides to the Departmental Councilors to socialize both projects.<sup>134</sup>

As soon as the POA and budget projects are approved, the Prefect submits these documents to the Ministry of Treasury where it is supposed to be reviewed and presented to the Executive Power and finally to the Legislative Power. It was mentioned in the Prefecture that the requested total amount of money has never been approved; there has always been cut off resources i.e., if the Prefecture asked for 3 millions then the Congress only approved 2.5 millions or so.<sup>135</sup> Nevertheless, in 2005 the budget and the POA were approved by mandate of the article 147 of the Constitution. The article states that the POA and budget immediately become

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<sup>132</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

<sup>133</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

<sup>134</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

<sup>135</sup> Interview with Ing. Saul Rodríguez, 23-09-05.

valid if the Legislative Power has not reviewed and approved those projects after 60 days of their submission.<sup>136</sup>

According to the Constitution the Executive Power should present to the Legislative Power the POA and budget projects, from the national and departmental levels, during the first thirty sessions of the National Congress, these sessions begin the 6<sup>th</sup> of August. After that the Legislative Power will have sixty days to approve the Financial Law.

If the Legislative Power does not approve the project during this time it will become automatically a law.<sup>137</sup> The Ministry of Treasury defines the deadline to present the POA and budget for all the entities at national and departmental levels; therefore the deadline for the Prefectures in 2005 was October 1<sup>st</sup>.

In contrast, the Supreme Decree No 25134 states that the Departmental Council is supposed to receive the preliminary version of this project, to analyze and socialize it within their provinces, 15 days before the meeting where the budget and operations projects are approved.<sup>138</sup> The same decree states that before the approval of the new POA and budget the Prefect should present to the Departmental Council a report of the third trimester<sup>139</sup>, containing the financial and physical execution of the former year departmental POA and budget.<sup>140</sup>

In fact, the evaluation and monitoring of the POA is done four times a year every three months, this means that the report corresponding to the 3<sup>rd</sup> trimester that goes from the 1<sup>st</sup> of July to the 30<sup>th</sup> of September will be ready to be presented to the Departmental Council after this period.<sup>141</sup>

Therefore, the Departmental Council and the Prefect approved the 2005 projects on the 30<sup>th</sup> of September without having the report of physical and financial execution of the POA, as the procedures command them to do. This was a

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<sup>136</sup> Government of Bolivia, Constitution, art. 147.

<sup>137</sup> Government of Bolivia, Constitution, art. 147.

<sup>138</sup> Government of Bolivia (1997), Supreme Decree No 25134, art. 44.

<sup>139</sup> The third semester starts the 1<sup>st</sup> of July and ends the 30<sup>th</sup> of September.

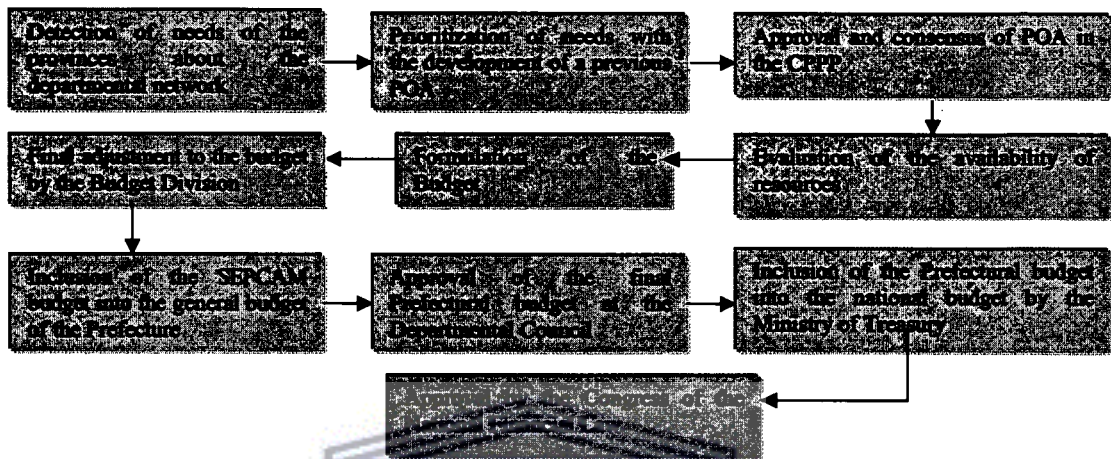
<sup>140</sup> Government of Bolivia (1997), Supreme Decree No 25134, art. 43.

<sup>141</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

complaint the researcher heard while present in one of the Departmental Council sessions.

2<sup>ND</sup> AREA: PREFECTURAL SERVICE OF ROADS (SEPCAM)

Fig. 6: Diagram of activities to approve the SEPCAM Budget and POA



Source: SEPCAM from the POA 2004.

The first step in the SEPCAM decision-making process is to identify the needs of the provinces about the departmental network of roads. The process of identification of needs is portrayed in Appendix 10. This appendix shows the managerial cycle of the SEPCAM where it can be observed that the identification of needs depends on the execution of the former year POA.

According to the reports of execution presented, the SEPCAM determines the conditions of the roads to be maintained, the machinery to be used and the inventory to know what the expected work load is for next year. Then the machinery to be used goes through a routine inspection to determine which machines are immediately available, which ones need maintenance and which need to be repaired. Thereafter, the available resources are calculated and a preliminary POA version is formulated.

This preliminary version is presented to the CPPP to discuss and agree with all the provinces on which routes to maintain. The SEPCAM has an amount of Km. to maintain for each province. If the province decides that they would like a municipal road to be maintained instead of a Prefectural one, because of its

importance for the province for that year, they have to sign an agreement with the SEPCAM. This agreement authorizes the entity to leave out for that year the maintenance of a certain route of the departmental network to respond to the present needs of the province.<sup>142</sup>

The place from where they will start the maintenance is also agreed in the meetings of the CPPP. Hence, the actors in the provinces decide what is going to be done on the area of maintenance. The technical staff of the SEPCAM helps dividing the work by productive seasons throughout the provinces i.e., if the sugar season starts in March and the rice season starts in January and February, the routes to be maintained first are going to be those of the provinces that produce rice.<sup>143</sup>

Once the routes to be maintained are selected this is matched with the resources of the entity and the budget is formulated. The decision-making process of the SEPCAM and the DDI differ in the stages that have been described above, afterwards the processes follow the same steps.

Once the preliminary POA and budget are formulated, the Planning and Budget Divisions make the final adjustments respectively; and the information is included in the general budget and POA of the Prefecture. From there as it was mentioned before it is approved and reviewed by the Technical Committee and presented to the Departmental Council to its approval. Once approved it is sent to the Ministry of Treasury to present it to the Executive Power. Finally, they present it to the Legislative Power for the assessment and approval of the financial law of the country for that year.

To maintain the roads of the departmental network the SEPCAM receives by law resources that should be used for the maintenance and improvement of roads only. That amount can not be reduced by any reason that year. On the contrary, the DDI depends on the budget ceilings that the Ministry of Treasury provides for the

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<sup>142</sup> Interview with Ing. Berthy Ronald Durán, 30-09-05.

<sup>143</sup> Interview with Ing. Juan Carlos Villagómez, 30-09-05.

Prefecture and these estimated resources can be reduced during the approval of the National Financial Law.

### 5.1.1 Constraints on Permissible Options

#### 5.1.1.1 Decision Space

To include Pre-investment projects on the POA, the people that require it must present a profile of the project. And for Investment projects they have to include all the feasibility studies (economic, social, environmental and financial) and the final design.

The list the Prefecture uses to rank projects constitutes a constraint, because depending on these criteria a project will be eligible or not to be executed that year.

During the field research a question was asked to the Provincial Infrastructure Officers to identify the criteria they use in their provinces to prioritize their needs, in contrast to those used by the Prefecture.

**Tab. 4: Criteria to Prioritize projects at provincial level**

Criteria	Frequency	Percent
Needs of the province	6	50.0
Technical criteria and needs of the province	1	8.3
Technical criteria and priorities of the authorities	2	16.7
Based on reports	1	8.3
Resources and needs	2	16.7
<b>Total</b>	<b>12</b>	<b>100.0</b>

From the table it can be observed that the criteria used to prioritize projects at provinces varies much from that used in the Prefecture, 50% of the provincial officers answered that for them the priorities are the needs of the province, around 17% respectively answered that they prioritize based on the available resources

(time and money); and on technical criteria or the priorities of the authorities, only 8% prioritize based on reports.<sup>144</sup> This is important because not always a project that is prioritized because it has external funding is the most important for the province.

Another criterion to rank projects states that the projects with signed agreements as a result of conflict are a priority for the department. During the last two years Bolivia has experienced many social conflicts. The protagonists of these demonstrations are social movements representing peasants, indigenous people, civic committees and others. Since this factor has affected very much the dynamics at the national level a question was formulated to define the degree of influence of these conflicts on the work developed in the area. The answers of the Provincial Infrastructure Officers were:

**Tab. 5: Influence of Social Movements**

Kind of influence	Frequency	Percent
Positive Influence	1	8.3
Negative Influence	5	41.7
No influence	6	50.0
<b>Total</b>	<b>12</b>	<b>100.0</b>

To this question 50% of the interviewed answered that they perceived no influence at all; because some of those provinces are not conflictive zones. Almost the 42% answered that the influence was negative, due to interruption of the job been executed in the provinces, delaying many of the works. Only in the Warnes province, they thought that the influence of movements was positive because they mobilized people to help in advancing the works been executed.<sup>145</sup>

In addition, it was mentioned that almost 1.140 Km. are been included in the departmental network because of the influence of social movements, not even 5% of the routes have been identified in the CPPP or included by any request of the actors working within the framework of the CPPP.<sup>146</sup>

<sup>144</sup> Question No 6, 03-10-05.

<sup>145</sup> Question No 7, 03-10-05.

<sup>146</sup> Interview with Ing. Enrique Luzio, 28-09-05.

Furthermore, it was revealed that the projects selected as a result of social movements did not respect any planning process. Some of the projects that emerged in this way were not even priorities for the department or either had a higher impact on the development of the province; they were just included because it represented a big problem for the authorities, “in this case there was not prioritization there was pressure”.<sup>147</sup> To include this kind of projects is an informal arrangement included on the list of priorities and is considered under priority number 3.

In addition, it was stated on an interview that the norm is not very specific about the differentiation between a municipal and a departmental road. This is causing problems to allocate public investment on the area since the explanation of what should be considered a departmental road is open to the interpretation of the people and it is not based on technical standards.<sup>148</sup>

Besides, a Departmental Road Plan exists to guide the long term activities of the SEPCAM and the DDI; but it was practically inherited from the SNC and it presents information that was not technically verified. Therefore, it is not actual and it just presents the routes inherited by the SEPCAM from the SNC. This happened because the SNC hired a consultant firm to develop Plans for La Paz, Cochabamba, Santa Cruz and Tarija without any participation of the SEPCAM in the different departments.

The Prefecture and the SEPCAM in Santa Cruz have made the necessary arrangements to begin developing a new plan in 2006, because the existent one is not used.<sup>149</sup> A Departmental Road Plan will be developed based on the guidelines of the Supreme Decree No 25134 and on technical criteria, to have a precise definition on what should be considered a municipal and what a departmental road.<sup>150</sup>

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<sup>147</sup> Interview with Dr. Valdimir Frontanilla, 22-09-05.

<sup>148</sup> Interview with Ing. Enrique Luzio, 28-09-05.

<sup>149</sup> Interview with Ing. Enrique Luzio, 28-09-05.

<sup>150</sup> Interview with Ing. Enrique Luzio, 28-09-05.



Many of the constraints that the departmental level faces are related to fiscal issues since the national level can choose to give them fewer resources than the ones they requested. Nevertheless, the regional level has the freedom to select the projects they will execute. Even when there is a resource cutting the ones who decide which projects to implement are the departments.

Finally, there is a strong tendency to select projects that benefit mostly the productive sector, since one departmental policy states that money should be invested on infrastructure that supports the production. Therefore, projects developed in non productive areas are less likely to be executed.

#### 5.1.1.2 Access to information

Regarding the access to information the major problem the Prefecture faces is its dependency on the budget ceilings. This information is central for the decision-making process at the regional level and is provided by the Ministry of Treasury.

At the provincial level the beneficiaries already know the methodology of the SEPCAM to define the routes to be maintained. Therefore, it is now part of their process to prioritize the routes in the CPPP. Before, the municipalities thought the SEPCAM should do what they told them to do; now they know that they have to sign agreements and select routes.<sup>151</sup>

It was mentioned that some members of the Departmental Council ignored the SNIP requirements for investment projects because they try to include projects without the participation of the DDI.<sup>152</sup> Occasionally, some Departmental Councilors have the necessary information to make their decisions but they ignore it and try to include projects without the documents required by the SNIP.<sup>153</sup>

Another relevant fact is that in 2004 the SEPCAM was one of the departmental services to deconcentrate besides the departmental services of health, education and municipal development. The purpose was to strengthen the Sub-prefectures

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<sup>151</sup> Interview with Ing. Juan Carlos Villagómez, 30-09-05.

<sup>152</sup> Interview with Ing. Juan Carlos Menacho, 03-10-05.

<sup>153</sup> Interview with Lic. Elizabeth Zanga, 26-09-05.

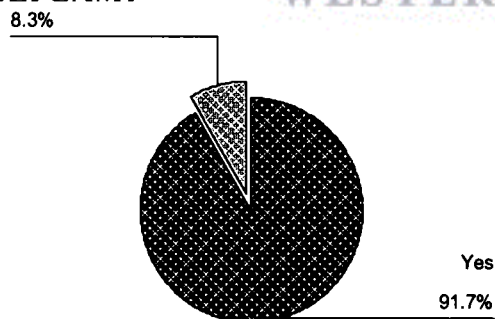
providing them with the mechanisms and tools to promote provincial and local development.<sup>154</sup>

Accordingly, an Infrastructure Officer was placed in every Sub-prefecture of Santa Cruz and they were provided with their own basic equipment. The provincial officers constitute for the SEPCAM a closer link with the provinces and a source of information to understand their needs better. To understand the perception of the provinces about the decision-making process at the departmental level a questionnaire (see Appendix 2) was administered to the Provincial Infrastructure Officers, these are some of the results derived from it.

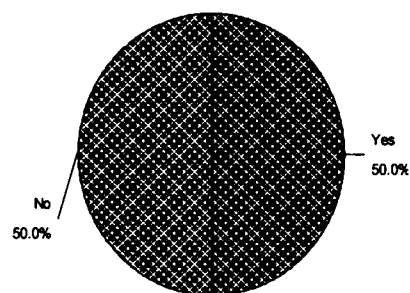
All the Infrastructure Provincial Officers answered that they only coordinate their activities with the SEPCAM through the Division of Road Infrastructure of the entity and that they have no relationship with the DDI. This is likely since these officers are under the functional authority of the SEPCAM, according to the deconcentration norm.<sup>155</sup>

The purpose of other question was to know if the provincial officers participated in the formulation of the POA of both entities; the graphs show their answers.

**Fig. 7: Do you participate in the formulation of the POA of the SEPCAM?**



**Fig. 8: Do you participate in the formulation of the POA of the DDI?**



The graph shows that 91.7% of the officers participate in the formulation of the SEPCAM's Annual Operations Program. This may happen because the SEPCAM

<sup>154</sup> Santa Cruz Prefecture (2004), POA, p. 4.

<sup>155</sup> Question No 3, 03-10-05.

collects the input for the formulation of its POA from the CPPP; and the provincial officers participate in those meetings.

On the contrary, 50% of the provincial officers answered that they do not participate in the formulation of the Infrastructure Office's POA; it is mostly unknown to them. This might occur because the DDI does not participate on the CPPP sessions. They just receive the resolutions of the councils and rank projects according to lists. In contrast, the other 50% of the respondents answered that they participate in the formulation of the DDI's Annual Operations Program. This might happen because when the DDI decides to execute a project in a province they contact a provincial officer to get some information.

### **5.1.2 Actor Constellations**

To identify the actor constellations participating in the decision-making processes of the DDI and the SEPCAM and their modes of interaction; the process will be divided in three phases: the first one where the demand is generated, the second when the prioritization of projects starts at the Prefecture until the POA and budget are approved by the Departmental Council; and the third one when the POA and budget are sent to La Paz and how the Prefecture relates to the central government during the whole process.

#### *First Phase: Identification of Needs*

During this phase there are multi-actor constellations, the constellations are: the SEPCAM, the CPPP, the DDI and Civil Society's organizations.

The SEPCAM prioritizes the routes to be maintained in the CPPP, these councils are recognized by the Law of Popular Participation (LPP) as organs that promote provincial development and the integration of civil society's needs.<sup>156</sup> We have many actors participating in these sessions and their objectives differ according to nature of the organizations participating. In the area only the SEPCAM participates in the CPPP's sessions.

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<sup>156</sup> Government of Bolivia (1994), Law No 1551, art. 35.

The DDI on the other hand does not attend to these meetings, but they receive the resolutions of these councils. The resolutions are the decisions or the list of projects prioritized by those councils. It was mentioned that any project listed on that resolution had to be executed because it constitutes a mandate.<sup>157</sup> The problem with the projects included in those lists will be described in point 5.1.3 because it is caused by the way in which those actors are interacting.

The DDI also receives letters and communications on the needs of the provinces, through the departmental councilors that communicate their provinces with the office. Finally, it receives requests from many sectors and communities within the provinces. In this situation the actors do not interact with one another they just interact with the DDI through written communications. Only the departmental councilors have the possibility to monitor the proposals they submit to the office to communicate any problem to the province they represent.<sup>158</sup>

There are two to four CPPP sessions every year and the sub-prefects invite all the actors with the right to vote and the other actors they consider relevant for the development of the province.<sup>159</sup> It was mentioned that the process has become more participative with time. Before the sessions were carried on with only the presence of the actors with the right to vote.<sup>160</sup> In the Andres Ibañez province the sub-prefect has invited indigenous organizations to participate in the meetings but they did not attend.<sup>161</sup>

### *Second Phase: Actors within the Prefecture*

This phase will be characterized as well by multi-actor constellations: The SEPCAM, the Planning Division, the Departmental Council and the DDI.

The DDI and the SEPCAM present their list of priorities to the Planning Division; then it is reviewed and accepted. Afterwards, they have to discuss and modify the list with the Departmental Council, depending on the criteria of the councilors.

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<sup>157</sup> Interview with Lic. Elizabeth Zanga, 26-09-05.

<sup>158</sup> Interview with Eduardo Chávez Lorente, 30-09-05.

<sup>159</sup> Interview with Mr. Marin Mileto, 29-09-05.

<sup>160</sup> Interview with Mr. Raul Cuellar Languidey, 28-09-05.

<sup>161</sup> Interview with Mr. Zenon Quiroz, 28-09-05.

There are 23 departmental councilors; from this number 15 are representing each province and the other ones are added by population criteria. There are 5 councilors representing the Andres Ibañez province (the province where the capital city of Santa Cruz is). The LDA commands that the departmental councilors should be appointed by the municipal councilors; nevertheless these 5 have been elected by public voting. The other councilors are coming from the provinces of Obispo Santiestéban, Cordillera and San Julian; those ones were appointed by the municipal councilors.<sup>162</sup>

There is an Infrastructure Commission within the Departmental Council constituted by three members elected by majority vote. Its members are a President, a Vice-president and a Secretary. Their duty is to monitor and evaluate infrastructure projects during the execution phase.<sup>163</sup>

It was mentioned by one councilor that the units within the Prefecture were obeying social pressures and conflicts to include projects in the POA, more than the guidelines established in the PDDES.<sup>164</sup>

The actors identified by the interviewed as veto players were the Planning Division and the Departmental Council. The Planning Division is the responsible by law to comply with the norms of the SNIP and SPO. Therefore, they can decide to exclude a project from the POA if it does not comply with the norm. The Departmental Council is a very important actor because they are the final decision-makers at the departmental level, therefore they can decide to add or exclude a project regardless of what has been prioritized before.

### *Third Phase: Prefecture and the Central Government*

During these phase there are also multiple actor constellations because the Prefecture is considered as one actor that has to receive information from the central level and submit it to them. Here the link goes directly through the VIPFE that represents the Ministry of Treasury.

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<sup>162</sup> Interview with Dr. Vladimir Frontanilla, 22-09-05

<sup>163</sup> Interview with Mr. Freddy Landivar, 26-09-05.

<sup>164</sup> Interview with Ing. Herlan Catalá, 26-09-05.

The Ministry will play the role of another actor participating in this process, they are the ones that provide the budget ceilings to the Prefecture and determine the percent of the budget to be spent on investment, current expenses and on recurrent projects.<sup>165</sup> The Legislative Power constitutes an actor as well, but there is no interaction between them and the Prefecture. They are the final decision makers of the budget distribution at a national level.

### 5.1.3 Modes of Interaction

#### *First Phase: Generation of needs*

During the first phase and according to the law there are only some actors that should be allowed to vote during the CPPP for the prioritization of projects and formulation of the final resolution. Nevertheless, these councils do not prioritize; they include in their resolution all the projects presented during the meetings.

It happens because they do not want to make people feel excluded not taking their suggestions in consideration; also some of the people at this administrative level do not understand how to prioritize the projects of their provinces or according to which criteria.<sup>166</sup>

Therefore, those projects are prioritized by the DDI. For the SEPCAM this is not the case, since they participate in the CPPP meetings and the routes to be maintained are prioritized there.

The voting, as the law commands, should be the mode of interaction among those actors and only some of them should have the right to vote. Nevertheless, in fourteen of the fifteen provinces all the actors participating in the CPPP's meetings vote. The president of the Council asks to all the participants to raise their hands if they are in favor or against a proposal, most of the times all the projects are included.<sup>167</sup>

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<sup>165</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

<sup>166</sup> Interview with Dr. Vladimir Frontanilla, 22-09-05.

<sup>167</sup> Interview with Dr. Rigoberto Franco, 22-09-05.

Since these CPPP's resolutions are an input for the DDI; the DDI is considering a list of projects not ranked. If the technical personnel of the DDI prioritize them; the meetings of the CPPP are not achieving their primary goal.

In the Montero province the work of the CPPP, before the voting started, was organized in thematic groups. Each participant decided where to take part according to their interests. In those groups they analyzed the projects proposed and afterwards presented it to the whole Council to approve it. This year almost 170 people participated in the CPPP meetings in this province.<sup>168</sup>

#### *Second Phase: Actors within the Prefecture*

In this phase the SEPCAM does not discuss with the UPIP or the Departmental Council the order in which they will start their maintenance activities because it is already defined in the CPPP and on previous meetings with the departmental councilors. They discuss their budget needs and if it's necessary they ask the Departmental Council to transfer them more funds.

For the DDI it varies because they have to accept the recommendations the Planning Division makes and if they want to include some projects without the necessary documents they have to explain their reasons. If they did not include other projects, when the budget is presented to Departmental Council, they have to justify why they did not include them.

The POA might change during those sessions, because some projects are incorporated by request of the departmental councilors, if they justify the importance of those projects for their provinces. If they do so the budget has to be modified again to match the resources with the new projects, the resources allocated to other projects on a first stage might be reduced for this purpose.

The modes of interaction during the sessions of the Departmental Council in the first stage are the negotiation and then the voting. The budget and the POA are approved by vote.

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<sup>168</sup> Interview with Mr. Raul Cuellar Languidey, 28-09-05.

Indeed, by the time the final version of the POA and budget is formulated all the councilors agree to approve it because it has been widely discussed among all the actors. In this session all the 23 councilors have to be present.

*Third Phase: Prefecture and the Central Government*

During the third phase of the process the Prefecture depends on the budget ceilings that the Ministry of Treasury provides them. As it was stated above they did not provide this information on time for the process; therefore the Prefecture had to work in two scenarios without knowing an estimation of the money they were going to receive.

For this stage of the process there are two modes of interaction: mutual adjustment and hierarchical direction. It is a mutual adjustment because the Prefecture decides which projects to execute and how much money to allocate on them. They do so trying to anticipate the decisions that the Ministry of Treasury and the Legislative Power are going to make.

For the prioritization of needs, an expert representing VIPFE from La Paz goes to Santa Cruz and attends to the meetings that the Planning Division has with all the offices, divisions and departmental services in the Prefecture. He is there to clarify misunderstandings about the allocation of resources i.e.: what should go to investment instead of being used to pay current expenses.<sup>169</sup> This channel of interaction was opened by both the Prefecture and VIPFE, it is not stated in the norm, it has been created to avoid delays and misunderstandings before the budget is approved by the Departmental Council, and goes to the Ministry of Treasury.

Another mode of interaction used is hierarchical direction because the Legislative Power is still deciding how much money should be transferred to the departments. Even though, the departments decide which projects to execute; the National level decides how much money will be available for them that year. As it was mentioned before they usually reduce the resources the regions ask for; the regions once the budget is approved can't contest this decision.

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<sup>169</sup> Interview with Lic. Roberto Ticona, 14-10-05.



## 5.2 The Approved POA of the DDI

**Tab. 6: Summary of Public Investment Projects of the DDI**

No	NAME OF THE PROJECT	BONUSES	OWN RESOURCES	NEW PROJECTS	CONTINUITY PROJECTS	%	TOTAL AMOUNT	%	Internal Amount	%	External Amount
1	CONSTRUCTION OF BRIDGE RIO PALACIOS	143,287.13	-	143,287.13	-	1.97%	143,287.13	100.00%	143,287.13	0.00%	-
2	CONSTRUCTION OF ROAD WARNES EL TAJIBO	72,582.18	-	-	72,582.18	1.00%	72,582.18	100.00%	72,582.18	0.00%	-
3	IMPROVEMENT OF ROAD STA. ROSA SAN LUIS	39,603.96	-	39,603.96	-	0.54%	39,603.96	100.00%	39,603.96	0.00%	-
4	PAV.(RUTE 4) KM. 80 SANTA ROSA DEL SARA	626,849.75	-	-	2,883,780.45	39.67%	2,863,780.45	21.74%	626,849.75	78.26%	2,256,930.69
5	PAVEMENT OF CHANE AGUAISES	2,807,948.89	-	-	3,179,236.01	43.74%	3,179,236.01	88.32%	2,807,948.89	11.68%	371,287.13
6	CONSTRUCTION OF ROAD VILLA PARAIZO COOP.EPIZANA	400,914.48	-	400,914.48	-	5.52%	400,914.48	100.00%	400,914.48	0.00%	-
7	CONSTRUCTION OF BRIDGE LOS AJIES	-	33,850.37	-	33,850.37	0.47%	33,850.37	100.00%	33,850.37	0.00%	-
8	CONSTRUCTION OF BRIDGE LA PLACITA	-	26,333.04	-	26,333.04	0.36%	26,333.04	100.00%	26,333.04	0.00%	-
9	IMPROVEMENT OF ROAD GUADALUPE PUCARA	-	15,735.15	15,735.15	-	0.22%	15,735.15	100.00%	15,735.15	0.00%	-
10	IMPROVEMENT OF ROAD LA HOYADA LAGUNITA	-	30,940.59	-	30,940.59	0.43%	30,940.59	100.00%	30,940.59	0.00%	-
11	IMPROVEMENT OF ROAD AGUA CLARA CHIRIMOYAL	-	8,712.87	8,712.87	-	0.12%	8,712.87	100.00%	8,712.87	0.00%	-
12	COMPLEMENTARY WORKS IN THE HIGHWAY - PAVEMENT. STA. FE S. JUAN LA ENCONADA	9,053.71	-	-	9,053.71	0.12%	9,053.71	100.00%	9,053.71	0.00%	-
13	IMPROVEMENT OF ROAD EL ESPINO TAGURU	-	7,425.74	7,425.74	-	0.10%	7,425.74	100.00%	7,425.74	0.00%	-
14	CONSTRUCTION OF BRIDGE RIO SAN PABLO ASEC. GUARAYOS	-	36,124.63	36,124.63	-	0.50%	36,124.63	100.00%	36,124.63	0.00%	-
15	CONSTRUCTION OF ROAD STA. ROSA NAZARETHGALILEAS. LUIS	-	58,975.25	58,975.25	-	0.81%	58,975.25	100.00%	58,975.25	0.00%	-
16	CONSTRUCTION OF TRAFFIC BRIDGE RIO S. JULIAN PTO. ÑUFLO	-	12,376.24	12,376.24	-	0.17%	12,376.24	100.00%	12,376.24	0.00%	-
17	IMPROVEMENT OF ROAD SAN JAVIER S.JOSE OBRERO LAS ABRAS	-	43,297.52	43,297.52	-	0.60%	43,297.52	100.00%	43,297.52	0.00%	-
18	CONSTRUCTION OF ROAD SAN RAFAEL TUNA	-	206,930.69	206,930.69	-	2.85%	206,930.69	100.00%	206,930.69	0.00%	-
19	IMPROVEMENT OF ROAD AGUA CLARA CHIRIMOYAL (PHASE II)	40,099.01	-	40,099.01	-	0.55%	40,099.01	100.00%	40,099.01	0.00%	-
20	STUDY FOR THE CONSTRUCTION OF THE BRIDGES OVER/ THE RIVERS GRANDE Y MASICURI	19,291.58	-	19,291.58	-	0.27%	19,291.58	100.00%	19,291.58	0.00%	-
<b>TOTAL AMOUNT</b>		<b>4,159,630.69</b>	<b>480,702.10</b>	<b>1,032,774.26</b>	<b>6,235,776.36</b>	<b>100.00%</b>	<b>7,268,550.62</b>		<b>4,640,332.80</b>		<b>2,628,217.82</b>
<b>PERCENT</b>		<b>57.23</b>	<b>6.81</b>	<b>14.21</b>	<b>85.79</b>		<b>100.00</b>		<b>63.84</b>		<b>36.16</b>

Source: Planning Division 2005, Execution August.

In this section the list of approved projects of the DDI will be presented and organized according to the ranking criteria of the Prefecture. The list shows the allocation of resources in each project.

Table number 7 presents the relationship of the approved projects and the provinces it benefits, as well as the goals been pursued by those projects to identify their impact at the regional level. The budget of the SEPCAM will be shown on the Fiscal Relations section; since they do not execute another activity besides the periodic maintenance of roads.

In total the DDI is executing 41 projects from which 20 are of Road Infrastructure. The money invested in the area is of 81% approximately. Two of those projects, project No 4 and No 20 were approved as a result of conflicts and of social movement's request. Project No 4 holds around 40% of the money invested in the area.

From the 20 projects 65% are new projects and 35% are continuity projects. In contrast the allocation of resources is the opposite. The 14% of the resources was allocated in new projects and the continuity projects received around 87% of the total budget. This confirms that continuity projects are a priority for the department, even more if they have external funding. Around 57% of those projects are financed by bonuses transferred to the Prefectural level and only around 7% are funded by own resources. In summary 64% of the funds are coming from national funds and 36% has been financed by external resources. The Projects that are externally funded are projects No 4 and 5, both of continuity.

The following Table will show the provinces that are benefited by those projects and the goals of those projects.

**Tab. 7: Road infrastructure projects and their goals**

No	NAME OF THE PROJECT	PROVINCE	GOAL	TOTAL AMOUNT	Internal Amount	External Amount
1	CONSTRUCTION OF BRIDGE RIO PALACIOS	J.M. de Velasco y Sara	To construct a bridge of 60 mts.	143,287.13	143,287.13	-
2	CONSTRUCTION OF ROAD WARNES EL TAJIBO	Warnes	To pave 1,630 mts. and to put gravel on 17,085 mts.	72,582.18	72,582.18	-
3	IMPROVEMENT OF ROAD STA. ROSA SAN LUIS	Sara	It will benefit 9,248 inhabitants linking the agricultural producers with their markets.	39,603.00	39,603.00	-
4	PAV.(RUTE 4) KM. 80 SANTA ROSA DEL SARA	Sara	It will benefit 9,000 inhabitants and enhance the transport of agricultural products to markets, only low scale cattle activity.	2,883,780.45	626,849.75	2,256,930.69
5	PAVEMENT OF CHANE AGUAISES	Obispo Santiesteban	Direct beneficiaries 11,181 inhabitants.	3,179,236.01	2,807,948.89	371,287.13
6	CONSTRUCTION OF ROAD VILLA PARAIZO COOP.EPIZANA	Ñuño de Chávez	It will benefit 12,955 inhabitants linking the agricultural producers with their markets.	400,914.48	400,914.48	-
7	CONSTRUCTION OF BRIDGE LOS AJIES	Guarayos	The bridge will permit a permanent linkage with all the indigenous communities of Brecha Casarebe.	33,850.37	33,850.37	-
8	CONSTRUCTION OF BRIDGE LA PLACITA	Guarayos	The bridge will permit a permanent linkage with all the indigenous communities of Brecha Casarebe.	26,333.04	26,333.04	-
9	IMPROVEMENT OF ROAD GUADALUPE PUCARA	Vallegrande	It will benefit 2,571 inhabitants linking the agricultural producers with their markets.	15,735.15	15,735.15	-
10	IMPROVEMENT OF ROAD LA HOYADA LAGUNITA	Vallegrande	It will benefit 3,863 inhabitants linking the agricultural producers with their markets.	30,940.59	30,940.59	-
11	IMPROVEMENT OF ROAD AGUA CLARA CHIRIMOYAL	Florida	It will benefit 5,980 inhabitants linking the agricultural producers with their markets.	8,712.87	8,712.87	-
12	COMPLEMENTARY WORKS IN THE HIGHWAY - PAVEMENT. STA. FE S. JUAN LA ENCONADA	Juan Manuel de Velasco	To enlarge paved highway (180 mts. Long 4 mts. Wide)	9,053.71	9,053.71	-
13	IMPROVEMENT OF ROAD EL ESPINO TACURU	Cordillera	It will benefit 18,079 inhabitants linking the agricultural producers with their markets.	7,425.74	7,425.74	-
14	CONSTRUCTION OF BRIDGE RIO SAN PABLO ASEC. GUARAYOS	Guarayos	It will benefit 440 families from indigenous communities.	36,124.63	36,124.63	-
15	CONSTRUCTION OF ROAD STA. ROSA NAZARETH GALILEAS. LUIS	Sara	To develop the environmental feasibility studies.	58,975.25	58,975.25	-
16	CONSTRUCTION OF TRAFFIC BRIDGE RIO S. JULIAN PTO. ÑUFLO	Guarayos	To develop the environmental feasibility studies to construct a bridge of 60 mts.	12,376.24	12,376.24	-
17	IMPROVEMENT OF ROAD SAN JAVIER S.JOSE OBRERO LAS ABRAS	Ñuño de Chávez	To improve 17 km. of road.	43,297.52	43,297.52	-
18	CONSTRUCTION OF ROAD SAN RAFAEL TUNA	J.M. de Velasco y Sara	To develop feasibility studies to construct 100 km. of road infrastructure.	206,930.69	206,930.69	-
19	IMPROVEMENT OF ROAD AGUA CLARA CHIRIMOYAL (PHASE II)	Florida	Improvement works in 12 km.	40,099.01	40,099.01	-
20	STUDY FOR THE CONSTRUCTION OF THE BRIDGES OVER/ THE RIVERS GRANDE Y MASICURI	Ichilo	Unknown	19,291.58	19,291.58	-
	<b>TOTAL AMOUNT</b>			<b>7,268,550.62</b>	<b>4,640,332.80</b>	<b>2,628,217.82</b>

Source: Planning Division (2005), Projects by Program.

Based on the table it will be possible to match the projects with their developmental impact to determine if the allocation of resources to those projects goes accordingly.

Projects No 5 and 6 are of a great impact for many inhabitants, accordingly the investment allocated in those projects is high. Project No 1 constitutes the only project that has an impact in two provinces the resources allocated in the project are also significant but is not the highest.

The goal of Project No 20 is unknown since it was introduced in the POA of the DDI recently as a result of conflicts. The money allocated in Project No 4 is the second highest amount; this might be attributed to the emergency of the project, because it was included as a result of conflicts. This confirms the importance that is given to projects selected as a result of social conflicts, at the departmental level.

### **5.3 Institutions of IGR**

#### **5.3.1 Institutions and Institutional Channels**

##### **5.3.1.1 Constitutional and Legal Arrangements**

The legal arrangements identified as influential for the decision-making process of the regional level in the area of study are:

- ❖ The *Constitutional arrangements* are influencing the interaction and the decision making process of the actor constellations, because it provides only to the central level the possibility to approve the distribution of resources. The departmental POA and budget have to be approved by the congress before the end of the year. Therefore, one constraint the actors face is to comply with the deadlines established by the Ministry of Treasury since it overlaps with deadlines established by norms at the departmental level. Also another problem faced by the departmental level is to depend on the information (budget ceilings) the Ministry of Treasury has to provide them. It causes delays and generates uncertainty, since this information is never available on time.

- ❖ The *norms of the SNIP* are very important during the phase of identification and prioritization of projects. The criteria used in the Prefecture to prioritize projects are based as well on it; especially because the first priority projects are the ones that count with external funding as the norm states. Though, these norms are difficult to fulfill particularly by the communities that do not have the capacities to develop technical feasibility studies for investment projects. The aim of the projects is to achieve development; the norm makes it difficult for some communities to achieve this purpose. To have as first priority the projects that have external funding does not necessarily mean that those are the most relevant and necessary projects for the department.
- ❖ The *Law of Administrative Decentralization* (1995) provides many powers to the Departmental Councilors that in the end could be reflecting the interests of the municipalities and not those of the department, since they are appointed by the municipal councilors. It was mentioned that the councilors do not understand clearly their role as coordinators of the needs at the provincial level; their role is to select the projects of more impact for the department. Since they are the most important decision-makers at the regional level there should be a way to make them accountable to the civil society as well.
- ❖ The *Law of Popular Participation* (1994) recognizes the existence of the Provincial Popular Participation Councils (CPPP) as organs that promote provincial development and the integration of the needs of civil society's organizations.<sup>170</sup> Though, it was not considered that the capacities of this level to prioritize projects are limited. Most of the CPPP do not understand that they should encourage its members to recognize and select the most important projects for the province. If those Councils are only approving a general list of requirements they are not fulfilling their role, transferring the task to prioritize needs to the departmental level (Prefecture).

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<sup>170</sup> Government of Bolivia (1994), Law No 1551, art. 35.

### 5.3.1.2 Delineation of Competencies

Inside the Prefecture the Planning Division is the one that defines the deadlines for the units within the Prefecture to present their POA. It was mentioned that they also formulate the POA document of the units with the list of projects they provide; this is not one competency of the unit. Though, this operational procedure was undertaken because the units did not develop their POA properly causing delays; in the end the Planning Division had to reformulate them.

In addition the Planning Division has established other interaction channels with the units; they send their staff to coordinate the projects with every unit before they submit the list of projects to the division. This was an initiative to avoid delays in the planning process; since the units did not rank properly their projects.

It is not within the competencies of the Planning Division to elaborate the POA for the units, though it helps the standardization and coordination of the process. They are going further in their role to allow the departmental planning process to be efficient.

### 5.3.1.3 Channels of Intergovernmental Cooperation

During the process it is not established for the VIPFE to send a representative or territorial expert to coordinate, collaborate and assess the Prefectural units during this process. Nevertheless, this channel has been established to avoid delays. It saves time that could be wasted in communications and modifications made to an already approved version of the POA and the budget.

The Provincial Popular Participation Councils are achieving their goal of been a meeting center for the different organizations within the provinces, in Santa Cruz the support and attendance of civil society's representatives to those meetings has increased with time. This is a positive factor since to achieve participation is a gradual process that is showing to be successful in this department.

### 5.3.2 Fiscal Relations

#### 5.3.2.1 Central Financing Mechanisms

The resources administered by the Prefect at the departmental level are:<sup>171</sup>

- a. The departmental bonuses created by law.
- b. The resources of the Departmental Compensatory Fund created by the law 1551.
- c. The 25% of the collected special tax to hydrocarbons and derived (IEHD).
- d. The resources destined for expenses in personal services such as health, education and social services.
- e. The extraordinary transfers made by the national government.
- f. The resources coming from the transference of goods under its responsibility.
- g. The revenues obtained from the provision of services or of the usufruct of the goods under its responsibility.
- h. The legacies, donations and other similar sources of revenue.

The 85% of the resources mentioned in a, b and c and 100% of the resources of f and g have to be allocated in projects of public investment.<sup>172</sup> All the resources received from the hydrocarbons bonuses (see Appendix 11) by law should be invested in infrastructure projects.

The DDI receives mostly funds coming from the hydrocarbons bonuses (see Appendix 11). Out of these resources they allocated around 57% on projects of road infrastructure in 2005. Finally, it receives transfers from external funding sources, 36% of the DDI budget is coming from an external source.

The Prefecture as well transfers resources to the National Service of Roads (SNC) for the maintenance and works executed in the national road network, the share transferred is of 20% of the total investment at the national level.<sup>173</sup> The Prefecture does not participate in the planning process of the SNC; the money is

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<sup>171</sup> Government of Bolivia (1995), Law No 1654, art. 20.

<sup>172</sup> Government of Bolivia (1995), Law No 1654, art. 21.

<sup>173</sup> Interview with Ing. Herlan Catalá, 26-09-05.

transferred automatically by the Ministry of Treasury as soon as the budget is approved.<sup>174</sup> Therefore the Prefecture does not have the chance to decide whether they would rather spend the resources on other projects; they do not have a way to evaluate and control the funds spent by the SNC.

In 2005 about 8 million dollars were transferred to the SNC almost the same amount invested in infrastructure projects. The DDI budget for 2005 was around 9 million dollars.<sup>175</sup> The money transferred to the SNC represents a big share of the resources of the Prefecture; this constitutes a problem because the SNC invests this money according to their own policies and strategies.<sup>176</sup>

### 5.3.2.2 Own Source Revenues

The DDI has its own funds from the Prefectural budget. Almost 7% of these resources were allocated in road infrastructure projects to finance 65% of the projects to be executed. The investment is around 480 thousand dollars; the allocation of the resources will be analyzed afterwards.

In contrast, the SEPCAM received 3 million dollars in 2005. From this amount 79% is own revenue. Though, the 30% of the collected toll must be invested in projects of maintenance and improvement of roads. This limits their capacity to decide how to allocate the money. Even though, they can invest it also for improvement of roads they are only using it for maintenance because the money is not enough. The SEPCAM is generating other own resources producing base surface material and the rent of equipment, this constitutes around the 6% of their budget.

Since the budget is approved in La Paz, the year 2004 the resources of SEPCAM were reduced, because a national policy stated that all public expenditures had to be cut for that year. This was a mistake from the central government since the revenues SEPCAM receives belong to them by a legal provision; no other entity at the central level can reduce them.

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<sup>174</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

<sup>175</sup> Prefecture of Santa Cruz (2005), Budget, Tab. No 17.

<sup>176</sup> Interview with Ing. Sheyla Martínez, 26-09-05.

It happened because of a misunderstanding or lack of understanding of the norm and was unfavorable for SEPCAM because they were not able to use this money until the last three months of 2005. Since a procedure of the Ministry of Treasury states that the remnants revenues on the bank current account can not be invested until the reformulation of the POA in August of that year.

**Tab. 8: Sources of revenue from SEPCAM**

Source of Income	\$us	%
30% of the collected toll	2,414,603.96	78.88
Transfers for administrative expenses	213,490.10	6.97
<b>Total expected revenues</b>	<b>2,628,094.06</b>	<b>85.85</b>
Production of base surface	59,405.94	1.94
Rent of equipment	126,237.62	4.12
<b>Total other revenues</b>	<b>185,643.56</b>	<b>6.06</b>
Minor works	99,009.90	3.23
For prefectural network	81,137.62	2.65
Generation of road infrastructure projects	67,377.23	2.20
<b>Total other transfers</b>	<b>247,524.75</b>	<b>8.09</b>
<b>Total revenues POA 2005</b>	<b>3,061,262.38</b>	<b>100.00</b>

Source: SEPCAM, POA 2005.

The resources generated by the SEPCAM can be invested on buying machinery or in other kind of projects; nevertheless the money they generate from other sources of income is not much to be invested in construction or improvement works because these kinds of projects require heavy investment.

#### 5.3.2.3 Subnational Fiscal Discretion

The money received from extraordinary transfers made by the national government and the legacies, donations and other similar sources of revenue can be used for any purpose unless signed agreements state the contrary.

In this part it has to be noted that almost the same amount that is assigned to the DDI as revenue is transferred to the National Service of Roads (SNC). According to the Prefecture this is taking out of their hands a big quantity of money that they could invest on the development of the department. Since they do not participate in the SNC decision-making process they only know how much money they will have to transfer to the national level.



As it was mentioned above one constraint the SEPCAM faces is that they can not allocate the money they receive from the toll, to other activities besides the compulsory maintenance of roads. Therefore, to execute investment and pre-investment projects for the construction, rehabilitation and improvement of roads they depend on the funds the Prefecture might transfer them.

In fact, it was mentioned that for the year 2006 the SEPCAM has achieved the goal of been included in the organizational POA as one of the Prefectural Offices. Next year they will be able to execute works of construction and improvement of roads as the norm states.

#### 5.3.2.4 Major Revenue Sources

The major sources of revenue for the department are the transfers from the national government, almost 64% of the total revenues. The highest percent of revenues for the DDI is the hydrocarbon bonuses.

The major source of revenue for SEPCAM (Tab. 5) is the toll collected from the road network in the department; it is almost 79% of the total revenues the entity spends.

#### 5.4 Hypothesis

Based on the evidence presented on the study, the hypothesis of the work “*The Institutions of Intergovernmental Relations are Relevant for the Regional Decision-Making Process on the area of Road Infrastructure*” is going to be tested.

The following table will help the researcher achieve this purpose. The hypothesis will be accepted as long as the influence of the independent variable on the dependent variable is proved in all its dimensions. For the dimension of actor constellations there are results for all the relevant actors participating in the process.

**Tab. 9: Relationship between Variables**

<b>Independent Variable</b>	<b>Dependent Variable</b>	<b>Influence</b>
<b>Institutions of IGR</b>	<b>Decision-Making Process</b>	
Institutions and institutional channels of cooperation	Actor Constellation	<p>The IGR Institutions favor the existence of multi-actor constellations during the decision-making process at the regional level. The collective actors participating in the process are:</p> <p><i>First Stage</i></p> <p>The CPPP as coordinators of the demands at the provincial level have to comply with the norms and prioritize projects. Instead of delegating this function to the departmental level.</p> <p><i>Second Stage</i></p> <p>SEPCAM has functional dependency on the DDI.</p> <p>DDI receives the input for their planning process from the CPPP.</p> <p>Planning Division is by law in charge of making the units within the Prefecture comply with the norm.</p> <p>Departmental Council. The departmental councilors are the most important decision makers at the departmental level and because of the way in which they are appointed; some might reflect municipal interests instead of departmental.</p> <p><i>Third Stage</i></p> <p>Prefecture. The actors depend for the planning process on the budget ceilings the Central government provides them.</p> <p>Ministry of Treasury is in charge of making the Prefecture comply with the norms for public investment.</p> <p>Legislative Power. The law defines that the Legislative Power is the final decision maker on this process and the departmental level does not participate in this stage of the process.</p>
	Modes of Interaction	<p>The departmental level does not participate when their budget is approved; this is made unilaterally by the central government.</p> <p>The delay of the budget ceilings causes the units of the Prefecture to be planning in two scenarios; this implies double work for them.</p>
	Constraints on permissible options	Dependence of actors on information provided by the Ministry of Treasury.
Fiscal Relations	Actor Constellations	The most powerful actor is the central government because in the end they are the ones that distribute the resources among all departments and approve the departmental budget.
	Modes of interaction	The regions depend on the budget ceilings and on the deadlines the central government establishes.
	Constraints on permissible options	<p>The major source of revenue for the DDI are the bonuses, therefore they depend highly on the transfers made by the central government.</p> <p>The SEPCAM can only use the funds they receive on projects of improvement and maintenance of roads.</p> <p>The Prefecture has to transfer almost the same resources they allocate on road infrastructure projects to the SNC for works on the fundamental network.</p>
The hypothesis	The Institutions of IGR are relevant for the Decision-Making Process at the Regional Level	

Deriving from the evidence presented above it is confirmed that IGR institutions influence and play an important role on the decision-making process of actors in

the area. The norm defines the relevant actors that participate in the process. It establishes that the veto players are the Planning Division, the Departmental Council, the Ministry of Treasury and the Legislative power. The resources transferred to the regional level are the ones the norm provides them. Finally, it was empirically verified that the decision-making process at the regional level follows the steps the norm states. There are some informal institutions that are influencing the process as well i.e.: to include projects that have been a result of conflicts, the coordination established by the Planning Division with the other units in the Prefecture and the coordination channels established between the VIPFE and the Prefecture to avoid delays.

### **5.6 Conclusion**

Chapter V presented the empirical analysis of the study. At the beginning the decision making process is divided into two working areas. The first area is the process that the Infrastructure Development follows. The second process is the one the SEPCAM follows. Those two processes become one once they reach the Planning Division; the whole Prefecture follows the same process from this stage on.

To identify the actor constellations and the modes of interaction, the process was divided in three stages: identification of needs, actors within the Prefecture and Prefecture and the Central Government. In all the phases multi actor constellations are present. The modes of interaction used are the voting, voting and negotiation; and mutual adjustment and hierarchical direction used in the three stages respectively.

The most influential IGR institutions are: the Constitution, the norms of the National Investment Public System, the Law of Administrative Decentralization and the Law of Popular Participation. The major sources of revenue for the DDI are the transfers of hydrocarbons bonuses; around 57% of them were invested in road infrastructure. The major source of revenue for SEPCAM is the 30% of the toll collected from the road network in the department; it is almost 79% of the total revenues the entity has. Finally, in this chapter the hypothesis is accepted

because it was empirically verified that the decision-making process is almost completely shaped by the formal and informal IGR institutions. The next chapter will highlight the relevant findings of the study.



## **CHAPTER VI: RESEARCH FINDINGS**

### ***6.1 Introduction***

This Chapter will summarize the findings of the study. For this purpose there are five categories: roles and responsibilities, financial implications, planning arrangements, participation by social actors and prioritization of needs.

### ***6.2 Roles and Responsibilities***

The SEPCAM is working mostly on maintenance and improvement of roads; nevertheless they should also be executing construction works. Actually they are not doing it because the funds they receive are not enough to perform those tasks.

The DDI's principal competency, according to the norm, is to supervise the infrastructure works of the departmental services, but in the road infrastructure area they are duplicating some tasks with SEPCAM and these duplications are not cost efficient.

### ***6.3 Financial Implications***

The costs of the works executed by SEPCAM generate savings for the public sector. Nevertheless, the construction works are been executed by private third parties, the Prefecture is outsourcing these tasks.

The Planning Division is formulating the POA for the other units within the Prefecture, according to them it saves time for the Prefecture. Besides they send one of their professionals to the other units to help them prioritize their projects to avoid delays.

All the units within the Prefecture depend on the budget ceilings the Ministry of Treasury assigns them for their decision-making process. The budget ceilings are not arriving on time. Usually they arrive a week before the Prefecture approves the departmental POA and budget. Therefore, the units are planning in two scenarios and this generates uncertainty making their work more complicated.

The Prefecture does not interact with the Legislative Power when they are approving the budget for the department. It generates susceptibilities from their side because they perceive that their efforts to plan are not valued, since they have to repeat all the process when their budget is reduced.

The Departmental Council is not receiving the POA and budget fifteen days in advance as the norm commands it. Therefore, their time to socialize and coordinate meetings with their provinces is reduced.

The Prefecture has to transfer to the SNC almost the same resources they invest in the whole infrastructure area, though they do not participate in their planning process. The resources are automatically transferred from their budget.

More money is allocated in continuity projects. The new projects receive only 14% of the investment in the area. It indicates a lack of resources to develop new projects, since 80% of the budget goes to continuity projects.

#### **6.4 Planning Arrangements**

An updated Departmental Road Plan, to guide the long and middle term activities in the sector does not exist, though is one of the most important inputs in the area. The existing one was inherited from the SNC and it presents information that was not technically verified.

The norm is not specific on the description of what should be considered a departmental and what a municipal road. This is causing problems during the prioritization of needs and allocation of public investment in the area because the decisions are not based in technical standards. It leaves a gap open to the interpretation of any individual.

The Departmental Council is approving the regional POA and budget without assessing the third semester execution of the POA and budget for that year; the norm states that they should do so. There is an overlapping between what is stated by the norm and the informal institutions working in the area. The deadline the

Ministry of Treasury sets for the Prefectures doesn't allow them to count with the data from the third semester.

The Departmental Council focuses mostly on the execution of the budget rather than the execution of the POA. It is important to evaluate the POA because it includes a detailed report about the projects execution and the reasons for delays are explained in these reports.

The CPPP are not prioritizing their projects they are sending lists of all the projects presented during their sessions. The projects are ranked at the Prefecture by the public servants.

### ***6.5 Participation by Social Actors***

The participation of social actors in the CPPP meetings is increasing with time, this is positive because it means social organizations have realized the importance of their participation during the departmental planning process. Though, it was identified that the participation of indigenous organizations is not as high as desirable.

The SEPCAM is a deconcentrated departmental service since the year 2004. The purpose was to strengthen the Sub-prefectures providing them the mechanisms and tools to promote provincial and local development. An Infrastructure Officer was placed in every Sub-prefecture of Santa Cruz and they were provided with their own basic equipment. This established for the SEPCAM a closer link with the provinces and provided them with the chance of understanding their needs better.

The Infrastructure Provincial Officers coordinate their work only with SEPCAM through the Division of Road Infrastructure of the entity. They stated that they have no relationship with the DDI, unless the DDI plans to execute a project in their province.

### **6.6 Prioritization of Needs**

The projects in the Prefecture are prioritized according to a list of five criteria based mostly in the norms of the SNIP. This list does not include social or economic indicators, the indicators are mostly normative.

Among the projects prioritized are the ones that are a result of signed agreements because of social conflicts. It was mentioned that almost 1.140 Km. were included in the departmental network because of the influence of social movements, not even 5% of these routes have been identified in the CPPP or included by any request of the actors working within the framework of the CPPP.

Some units within the Prefecture are obeying social pressures and conflicts to include projects in the POA, more than the guidelines established in the PDDES.

The CPPP are not informed when they select their projects on the availability of resources for new projects. For this reason the provinces continue sending many projects to the Prefecture, even though most of them will not be executed because of a lack of resources.

### **6.6 Conclusion**

The major conclusion is that the resource constraint is highly influencing the decision-making process in the area, not only the planning process is focusing on fiscal resources but also the evaluation of those projects afterwards. The criteria used to rank projects according to their importance are too much based on the norms. This represents a problem for the people that should prioritize projects in the provinces, they are just submitting lists of all the projects presented at the CPPP meeting and projects are prioritized by the officers in the Prefecture.

The Ministry of Treasury is not presenting on time the information of the budget ceilings; this generates problems during the planning process. Also the regions do not have the possibility to interact with the Legislative Power when they approve their budget; usually they reduce their budget ignoring the whole regional planning process. Next chapter will present the final conclusions of the study.



## CHAPTER VII: CONCLUSIONS

### *7.1 Conclusions about the Regional Level*

The Prefecture has the freedom to decide how to allocate the public funds they receive for investment. Therefore, they have to ensure the planning process counts with all the necessary inputs on time and that actors interact with one another to avoid problems of misunderstandings afterwards. The resources constraint will be always present; nevertheless resources have to be allocated in a way that benefits more the department to produce development.

The influence of Fiscal relations on the decision-making process at the regional level is very high. The budget ceilings, that constitute central information for the regional level to start their planning process is never on time. This is generating high uncertainty in the decision-making process of actors.

Institutional arrangements limit the negotiation capacity of the regional level with the central government, there are no interaction channels established with the Legislative Power to coordinate the distribution of funds to the departments.

The Planning Division is formulating the POA of the units in the Prefecture and is not their responsibility, even though it helps to avoid delays on the process.

The criteria to rank projects at the departmental level are too much based on what the SNIP states.

The country has been influenced by conflicts and social movements during the last two years and it has influenced the regional decision-making process as well. Some projects have been included in the POA as a result of pressure.

The CPPP are not prioritizing their needs and projects in the provinces. It can be one of the causes of social conflicts, because social actors send projects to the departmental level and they do not carry them out. The social actors might have realized that conflict is a more effective way of having their projects executed than presenting them to the CPPP. If there are projects that do not go through the

regular channels to be selected then it diminishes the importance of the CPPP for regional planning.

The provinces do not receive the information about the availability of resources to execute new projects. This can be the reason they send long lists of projects and they do not choose which are more important for the development of their provinces.

### ***7.2 Conclusions related to the Road Infrastructure Sector***

The norm provides the SEPCAM with the power to execute programs and projects of construction, rehabilitation, improvement and maintenance of road. Nevertheless, the same norm limits their capacity, because it does not provide them with the necessary resources to comply with their tasks.

The Prefecture transfers to the National Service of Roads (SNC) almost the same resources they allocate for investment in the area. This fact, limits the capacity of regional governments to decide how they want to allocate the money. Also they can not discuss whether or not the projects executed by the national level are of the interest and will have a higher impact than other projects on the development of the regions.

The norm does not clearly states what should be considered a departmental road and what should be considered a municipal road; this is causing problems to the staff of the Prefecture to identify projects for public investment.

There is no Road Plan to guide the long and medium term activities within the sector in Santa Cruz. This plan is an important input for regional planners and decision makers; because it should show which are the routes that are a departmental competency and which municipal routes should be upgraded to form part of this network. The reformulation of the Plan is already included as a project to be developed during 2006.

### ***7.3 Policy Implications***

The departmental policies should look to favor not only the more productive provinces but also the less developed ones and the provinces that develop other activities.

The area of Road Infrastructure has been recognized as an important sector to promote development because it links the populations with the production centers; this is also the case in Santa Cruz. At the regional level, the area receives the necessary support since it is the one that receives more resources for investment from the Prefecture. At the national level the importance of the sector is the same.

The department of Santa Cruz is recognized as one of the promoters of participation. Experiments as the deconcentration to the provinces of some departmental services are been carried out there. The CPPP in Santa Cruz have achieved a higher participation of civil society than any other in Bolivia. Therefore, this has to be an example for other regions and the CPPP have to be strengthened.

### ***7.4 Other Factors Affecting the Decision-Making Process in the Area***

There is a lack of understanding of the use of the POA, it is not perceived as an instrument to monitor programs and projects, the Departmental Council only controls the execution of the budget to decide if a project was successful or not. The POA presents very important information about the history and execution of the projects. The Departmental Council should understand how to better use this tool and evaluate the execution of projects based also on it.

The study did not focused on the implementation phase of the projects but it would be helpful to research on this part, because problems to implement projects can be derived from the planning process.

### ***7.5 Conclusion of a Macro Nature***

In Bolivia the links between the national and the departmental level have to be strengthened with the creation of more intergovernmental channels of

cooperation. The centralism the national level exercises sometimes might not favor development. The purpose of the National Planning System is to aggregate and coordinate the local, regional and national initiatives if strong coordination channels are not developed all the efforts will not go on the same direction.

The regional level in Bolivia should receive more attention because since the municipal level is autonomous they should spend their own resources on their projects and not try to use funds of the regions in municipal projects. Regional projects are supposed to benefit one or more provinces. To invest money on one municipality could be understood as inefficient for the regions.

### ***7.6 Recommendations to Decision-Makers***

A deadline should be set at the national level to send the budget ceilings to the regions; actually an institutional provision on this topic does not exist. Since the Ministry of Treasury establishes deadlines for the regional level to present their POA and budget they should also have to present the necessary information on time.

There is a need to create more participatory coordination channels between the representatives of the regional and national levels. The regions should be able to participate when the Legislative Power is approving their budget to justify the funds they are asking for, because when their budget is cut they are the ones to reformulate the POA and budget for their regions.

There is a need to establish coordination channels between the SNC (National Service of Roads) and the Prefecture. It will be useful to link the national and regional efforts in the area of Road Infrastructure. This to better coordinate the projects developed in the departmental network and the ones developed in the national road network.

The coordinators between the provinces and the department should help and inform the CPPP about the SNIP requirements to execute projects. A training process could be started at this level to avoid misunderstandings and to allow the

CPPP to be the ones that decide which projects are more important for their provinces; those should not be more than two or three per province.

The provinces should be informed about the availability of resources to execute new projects before they start the meetings with the representatives of civil society in their meetings.

The Prefecture needs to train their executive personnel on the formulation of the POA; and the investment and budgeting systems. It will be useful to avoid delays in the planning process. This will help the Planning Division to focus on their tasks and not spending time correcting mistakes of other units.

The criteria to prioritize projects for public investment should include social, economic, productivity and human development indicators to identify the projects that will have a higher impact on the socio-economic development of the regions.

The CPPP should be strengthened to be the centers where all the needs of the provinces are discussed and prioritized. To include projects as result of social pressure or conflicts should be avoided, because it can be perceived as an incentive for other provinces to become conflictive and force the Prefecture to execute their projects.

Some of the resources that are actually been transferred to private companies to execute construction or improvement projects can be transferred to the SEPCAM for them to comply with their functions. To do that the SEPCAM should also demonstrate that they have the physical and human resources to execute on time these projects

The norms that determine which are the characteristics of the departmental and municipal roads should be revised in order to include technical criteria to identify departmental roads. Otherwise if there is no clarity in this sense the regional resources will be spent on roads that are not of their competency, generating inefficient investment.

### **7.7 Future Research Areas**

Considering that this investigation did not cover some areas because of some limitations, future research could focus on the following areas:

A study of the same nature in other regions of the country to compare the results obtained.

Also it would be interesting to make the same study but in different investment areas to detect particular problems that might be present.

An historical analysis would be useful to determine tendencies along the years and be able to develop other findings and conclusions.

Specific topics that may be perused in the area may be:

- ❖ The role of Intra-governmental institutions on decision-making.
- ❖ Cost-Benefit studies comparing the work of SEPCAM and private companies executing projects in the area.
- ❖ The role of the CPPP at the regional level as a mechanism of crisis prevention and conflict management.
- ❖ The role of the Departmental Council as a mechanism to aggregate the regional demands or as representatives of the interests of municipalities.

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APPENDICES

*Appendix 1: Chronogram of the Investigation*

Activities	Duration	MONTHS											
		AUGUST				SEPTEMBER				OCTOBER			
		07/07/2005	14/08/2005	21/08/2005	28/08/2005	04/09/2005	11/09/2005	18/09/2005	25/09/2005	02/10/2005	09/10/2005	16/10/2005	23/10/2005
Revision of documents and design of the interviews and questionnaire	10	[Gantt bar spanning from 07/08/2005 to 14/08/2005]											
To collect information from contact office in La Paz	5	[Gantt bar spanning from 14/08/2005 to 18/09/2005]											
Data compilation from primary and secondary sources in Santa Cruz	30	[Gantt bar spanning from 18/09/2005 to 02/10/2005]											
To check the information collected	5	[Gantt bar spanning from 02/10/2005 to 09/10/2005]											
Data analysis	15	[Gantt bar spanning from 09/10/2005 to 23/10/2005]											



(For time constraints the questionnaire and the interviews formularies could not be included in the English version but are included in Spanish since they were conducted in Spanish).

## Appendix 2: Questionnaire to the Provincial Infrastructure Officers

Nombre:

Cargo:

Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración. La encuesta se centra en el proceso de toma de decisiones a nivel departamental (red secundaria) en el área de caminos – gestión 2005.

1. ¿Existe un Plan Vial Departamental que guíe sus actividades a largo y mediano plazo? ¿se lo está ejecutando?  
 Si  No  ¿Por qué? \_\_\_\_\_
  2. ¿Se lo está ejecutando?  
 Si  No  ¿Por qué? \_\_\_\_\_
  3. ¿Cómo coordina la Dirección su trabajo con el SEPCAM? ¿Y cómo con la Dirección de Infraestructura de la Prefectura (DDI)?  
 \_\_\_\_\_
  4. ¿Participa la Dirección en el proceso de elaboración del POA del SEPCAM?  
 Si  No  ¿Cómo? \_\_\_\_\_
  5. ¿Y de la Dirección de Infraestructura?  
 Si  No  ¿Cómo? \_\_\_\_\_
  6. ¿En base a que criterios priorizó la Dirección los proyectos de su provincia (necesidades) a ser ejecutados en la gestión 2005?  
 \_\_\_\_\_
  7. ¿Cómo influyeron durante este proceso los movimientos sociales y las asociaciones civiles (2005)?  
 \_\_\_\_\_
- ¿Cuál diría usted que es la mayor necesidad que presenta su provincia en cuanto a infraestructura caminera? (asignar porcentajes)
- a. Construcción y Mejoramiento
  - b. Mantenimiento
  - c. Ambos
- ¿Por qué? \_\_\_\_\_
8. ¿Enfrentó la Dirección algún problema de coordinación con el SEPCAM durante la elaboración del POA 2005?  
 Si  No  ¿Cuál? \_\_\_\_\_
  9. ¿Y con la Dirección de Infraestructura de la Prefectura?  
 Si  No  ¿Cuál? \_\_\_\_\_
  10. ¿Qué factores afectaron negativamente este proceso?(definición del POA 2005)  
 \_\_\_\_\_
  11. ¿En qué medida se estarían cubriendo con las necesidades de infraestructura caminera en sus provincias?  
 \_\_\_\_\_
  12. De acuerdo a la siguiente escala ¿Cómo calificaría usted el POA 2005 aprobado?  
 SEPCAM                      Óptimo      Satisfactorio      Suficiente      Insuficiente      Deficiente  
 ¿Por qué? \_\_\_\_\_
  13. ¿De la DDI?                      Óptimo      Satisfactorio      Suficiente      Insuficiente      Deficiente  
 ¿Por qué? \_\_\_\_\_
  14. ¿Cuáles son sus recomendaciones al del proceso de elaboración del POA de ambas instancias?  
 \_\_\_\_\_

### *Appendix 3: Interview with the Departmental Councilors*

#### CONSEJO DEPARTAMENTAL

Nombre:

Cargo:

Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración.

1. ¿Cómo se constituye el consejo departamental? ¿cómo se decide que consejeros forman parte de la comisión de infraestructura?
2. ¿Existe un Plan Vial que guíe las actividades en esta área a largo y mediano plazo? ¿se lo está ejecutando actualmente?
3. ¿Cuál es el proceso de elaboración del POA? Describir
4. ¿Qué actores participan en este proceso (individuos, grupos y privados) en el área?
5. ¿Poseen todos los actores involucrados en el proceso la información relevante para la toma de decisiones?
6. ¿En base a que criterios prioriza el Consejo departamental los proyectos y programas a ser ejecutados en la gestión?
7. ¿Qué rol cumple el gobierno central durante este proceso y cómo se relaciona el Consejo con éste?
8. ¿Qué actor tiene mayor influencia en el proceso de elaboración del POA y por qué?
9. ¿Qué actores tienen poder de veto durante este proceso?
10. ¿Cómo influyen durante el proceso de elaboración del POA los movimientos sociales y las asociaciones civiles?
11. ¿Cuál diría que es la mayor necesidad que tiene el departamento/ su provincia en lo referente a infraestructura caminera? (porcentajes)
  - a. Construcción y Mejoramiento
  - b. Mantenimiento y Rehabilitación
  - c. Ambos¿Por qué?
12. Interactúa el Consejo Departamental con la DDDI /SEPCAM durante la elaboración de su POA?  
SI            NO            ¿Cómo?
13. De acuerdo a la siguiente escala ¿Cómo calificaría usted el POA 2005 aprobado?  
Óptimo    Satisfactorio    Suficiente    Insuficiente    Deficiente
14. ¿Realiza el Consejo un seguimiento al POA? ¿Cómo?  
¿Por qué?  
SI            NO            ¿Cómo?  
¿En base a este seguimiento emite recomendaciones?  
SI            NO            ¿En qué medida estas recomendaciones se cumplen?

#### *Appendix 4: Interview with Sub-prefects*

#### SUBPREFECTOS

Nombre:

Cargo:

Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración.

1. ¿Cuáles son las funciones de la Sub-prefectura?
  2. ¿Cómo participan ustedes en el proceso de elaboración del POA del SEPCAM y de la Dirección de Infraestructura de la Prefectura? Describir
  3. ¿Qué otros actores participan en este proceso (individuos, grupos y privados) en el área?
  4. ¿Poseen todos los actores involucrados en el proceso la información relevante y completa para la selección de proyectos?
  5. ¿En base a que criterios priorizaron los CPPP los proyectos y programas a ser ejecutados en la gestión 2005?
  6. ¿Qué actor tiene mayor influencia en el proceso de elaboración del POA y por qué?
  7. ¿Qué actores tienen poder de veto durante este proceso?
  8. ¿Cómo influyen durante el proceso de elaboración del POA los movimientos sociales y las asociaciones civiles?
  9. Existen dos políticas a nivel departamental relacionadas con el Sector Caminos:
    - Infraestructura de apoyo a la producción (mejoramiento y consolidación selectiva de caminos secundarios que promuevan la generación de excedentes sociales o para los productores).
    - Desarrollo de la integración física y ordenamiento del territorio.
- ¿En que medida se estaría aportando en esta gestión al cumplimiento de estas políticas en su provincia?
10. ¿Cuál diría usted que es la mayor necesidad que tiene el departamento en lo referente a infraestructura caminera? (porcentajes)
    - a. Construcción y Mejoramiento
    - b. Mantenimiento
    - c. Ambos
    - d. ¿Por qué?
  11. ¿Enfrentaron Uds. algún problema de coordinación con alguna instancia durante el proceso de elaboración del POA 2005? ¿Con qué instancia?
  12. ¿Qué factores afectaron negativamente este proceso?
  13. De acuerdo a la siguiente escala ¿Cómo calificaría usted el POA 2005 aprobado?  
Óptimo      Satisfactorio      Suficiente      Insuficiente      Deficiente  
¿Por qué?
  14. ¿Cuáles son los principales obstáculos que habrían enfrentado estas instancias para la ejecución de su POA? ¿Por qué?

## ***Appendix 5: Interview with the Planning Division***

### Unidad de Planificación, Inversión y Programación (UIP)

Nombre:

Cargo:

Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración.

1. ¿Cuáles son las funciones de la Unidad?
  2. ¿Existe un Plan Vial que guíe las actividades del sector caminero departamental a mediano y largo plazo? ¿está en ejecución actualmente?
  3. ¿Cuál es el proceso de elaboración del POA? (Describir)
  4. ¿Qué actores aparte de los anteriormente mencionados participan en este proceso (individuos, grupos y privados) en el área?
  5. ¿En base a que criterios priorizó la UIP los proyectos y programas que plantearon la Dirección de Infraestructura (DDI) y el SEPCAM para ser ejecutados el 2005?
  6. ¿Interactúa la UIP con estas instancias durante la elaboración de su POA?  
SI            NO            ¿Cómo?
  7. ¿Qué rol cumple el gobierno central durante este proceso y cómo se relaciona la UIP con éste?
  8. ¿Cuáles son los problemas que enfrenta la UIP con la DDI y el SEPCAM al momento de seleccionar sus proyectos?
  9. Existen dos políticas a nivel departamental relacionadas con el Sector Caminos:
    - Infraestructura de apoyo a la producción (mejoramiento y consolidación selectiva de caminos secundarios que promuevan la generación de excedentes sociales o para los productores).
    - Desarrollo de la integración física y ordenamiento del territorio.
- ¿Se estaría aportando en la gestión 2005 al cumplimiento de estas políticas? ¿En qué medida?
10. ¿Qué aspectos afectan de manera crítica una toma de decisiones efectiva?
  11. ¿Qué factores afectaron negativamente este proceso y cuales positivamente 2005?
  12. De acuerdo a la siguiente escala ¿Cómo calificaría usted el Programa de Operaciones y el Presupuesto 2005 aprobados?  
Óptimo      Satisfactorio      Suficiente      Insuficiente      Deficiente  
¿Por qué?
  13. ¿Cuáles son los principales obstáculos que han enfrentado estas instancias para la ejecución de su POA? ¿Por qué?



## ***Appendix 6: Interview with SEPCAM***

Nombre:

Cargo:

Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración.

1. ¿Cuáles son las funciones del SEPCAM?
2. ¿Aparte de las que ya mencionó que otras funciones cumple el SEPCAM?
3. ¿Existe alguna modificación en la norma que indique que el SEPCAM no es la unidad encargada de los proyectos y programas de construcción?  
Si  No  ¿Por qué?
4. ¿Existe un Plan Vial que guíe sus actividades a largo y mediano plazo? ¿se lo está ejecutando?
5. ¿Cuál es el proceso de elaboración del POA? Describir
6. ¿Qué actores participan en este proceso (individuos, grupos y privados) en el área?
7. ¿Poseen todos los actores involucrados en el proceso la información relevante para la toma de decisiones?
8. ¿En base a que criterios prioriza el SEPCAM los proyectos y programas a ser ejecutados en la gestión?
9. ¿Existe un plazo determinado en el que el SEPCAM deba presentar su POA?
10. ¿Qué rol cumple el gobierno central durante este proceso y cómo se relaciona el SEPCAM con éste?
11. ¿Qué actor tiene mayor influencia en el proceso de elaboración del POA y por qué?
12. ¿Qué actores tienen poder de veto durante este proceso?
13. ¿Cómo influyen durante el proceso de elaboración del POA los movimientos sociales y las asociaciones civiles?
14. Existen dos políticas a nivel departamental relacionadas con el Sector Caminos:
  - Infraestructura de apoyo a la producción (mejoramiento y consolidación selectiva de caminos secundarios que promuevan la generación de excedentes sociales o para los productores).
  - Desarrollo de la integración física y ordenamiento del territorio.
15. ¿En que medida se estaría aportando en esta gestión al cumplimiento de estas políticas?
16. ¿Cuál diría usted que es la mayor necesidad que tiene el departamento en lo referente a infraestructura caminera? (porcentajes)
  - a. Construcción y Mejoramiento
  - b. Mantenimiento y Rehabilitación
  - c. Ambos
  - d. ¿Por qué?
17. Interactúa el SEPCAM con el Consejo Departamental durante la elaboración de su POA?  
SI NO ¿Cómo?
18. ¿Qué factores afectaron negativamente este proceso?
19. ¿Debe el SEPCAM incluir modificaciones en su POA que otra instancia sugiera?
20. De acuerdo a la siguiente escala ¿Cómo calificaría usted el POA 2005 aprobado?  
Óptimo Satisfactorio Suficiente Insuficiente Deficiente  
¿Por qué?

21. ¿Cuáles son los principales obstáculos que han enfrentado ustedes para la ejecución de su POA? ¿Por qué?



## ***Appendix 7: Interview with the Infrastructure Development Office***

### DIRECCION DE INFRAESTRUCTURA

Nombre:

Cargo:

Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración.

1. ¿Cuáles son las funciones de la Dirección? ¿Aparte de las que ya mencionó que otras funciones cumple la Dirección en esta área?
2. ¿Existe alguna modificación en la norma que indique que la Dirección es la unidad encargada de los proyectos y programas de construcción?  
Si  No  ¿Por qué?
3. ¿Existe un Plan Vial que guíe sus actividades a largo o mediano plazo? ¿se lo está ejecutando actualmente?
4. ¿Cuál es el proceso de elaboración del POA? Describir
5. ¿Qué actores participan en este proceso (individuos, grupos y privados) en el área?
6. En el proceso de elaboración del POA ¿quiénes y cómo definen los objetivos de gestión?
7. ¿Poseen todos los actores involucrados en el proceso la información relevante para la toma de decisiones?
8. ¿En base a que criterios prioriza la Dirección los proyectos y programas a ser ejecutados en la gestión?
9. ¿Existe un plazo determinado en el que la Dirección deba presentar su POA?
10. ¿Qué rol cumple el gobierno central durante este proceso y cómo se relaciona la Dirección con éste?
11. ¿Qué actor tiene mayor influencia en el proceso de elaboración del POA y por qué?
12. ¿Qué actores tienen poder de veto durante este proceso?
13. ¿Cómo influyen durante el proceso de elaboración del POA los movimientos sociales y las asociaciones civiles?
14. Existen dos políticas a nivel departamental relacionadas con el Sector Caminos:
  - Infraestructura de apoyo a la producción (mejoramiento y consolidación selectiva de caminos secundarios que promuevan la generación de excedentes sociales o para los productores).
  - Desarrollo de la integración física y ordenamiento del territorio.
15. ¿En que medida se estaría aportando en esta gestión al cumplimiento de estas políticas?
16. ¿Cuál diría usted que es la mayor necesidad que tiene el departamento en lo referente a infraestructura caminera? (porcentajes)
  - a. Construcción y Mejoramiento
  - b. Mantenimiento y Rehabilitación
  - c. Ambos
  - d. ¿Por qué?
17. Interactúa la Dirección con el Consejo Departamental durante la elaboración de su POA?  
SI NO ¿Cómo?
18. ¿Qué factores afectaron negativamente este proceso?
19. ¿Debe la Dirección incluir modificaciones en su POA que otra instancia sugiera?

20. De acuerdo a la siguiente escala ¿Cómo calificaría usted el POA 2005 aprobado?  
Óptimo    Satisfactorio    Suficiente    Insuficiente    Deficiente  
¿Por qué?
21. ¿Cuáles son los principales obstáculos que han enfrentado ustedes para la ejecución de su POA? ¿Por qué?



## Appendix 8: Interview with Representatives of Civil Society

### SOCIEDAD CIVIL

Nombre:  
Institución:  
Cargo:  
Fecha:

Esta entrevista es confidencial y será usada exclusivamente con fines de análisis e interpretación científica. Solicito sea tan amable de participar en la misma y agradezco de antemano su colaboración.

- ¿Participan ustedes en el proceso de elaboración del POA del sector de infraestructura caminera?  
Si            No            ¿Por qué?
  - En términos de eficiencia y efectividad como calificarían ustedes la labor que se esta desarrollando a nivel departamental y cuál sería su nivel de satisfacción con los servicios de:  

	Eficiencia										Satisfacción										Efectividad									
Construcción	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Rehabilitación	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Mejoramiento	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
Mantenimiento	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10
  - ¿Cuáles son los principales problemas que enfrentan ustedes con respecto a infraestructura caminera?
  - ¿Cuál diría usted que es la mayor necesidad que tiene el departamento en lo referente a infraestructura caminera?
    - Construcción y Mejoramiento
    - Mantenimiento y Rehabilitación
    - Ambos¿Por qué?
  - ¿Cómo controlan ustedes la ejecución del POA?
  - ¿Quiénes diría usted que son los actores que más influyen en el proceso de toma de decisiones del POA y por qué?
  - Existen dos políticas a nivel departamental relacionadas con el Sector Caminos:  
Objetivo estratégico: El fortalecimiento y la transformación productiva en el Departamento.
    - Infraestructura de apoyo a la producción (mejoramiento y consolidación selectiva de caminos secundarios que promuevan la generación de excedentes sociales o para los productores)
    - Desarrollo de la integración física y ordenamiento del territorio.
- ¿En que medida se estaría aportando en esta gestión al cumplimiento de estas políticas?
- ¿Cuáles serían sus recomendaciones en esta área?

## ***Appendix 9: Interview with other Offices in the Prefecture***

### DIRECCIONES

Nombre:

Dirección:

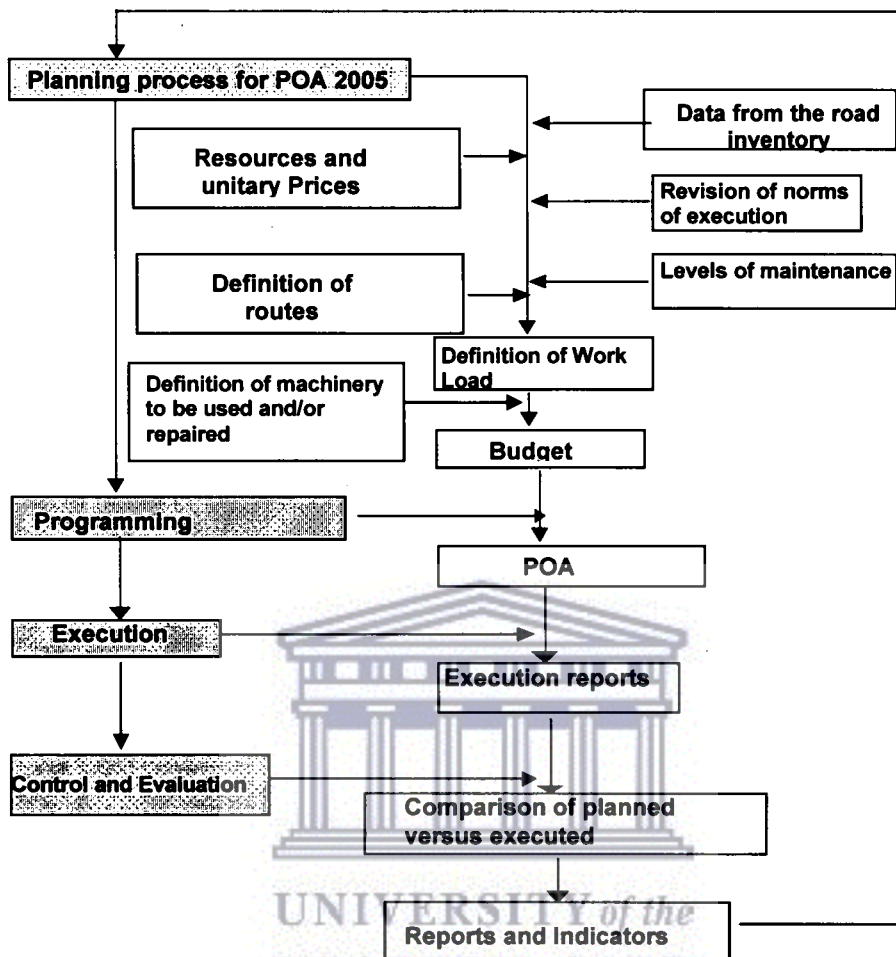
Cargo:

Fecha:

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1. ¿Cuál es la función de la dirección? ¿Qué relación tienen con la DDDI?
  2. Existen dos políticas a nivel departamental relacionadas con el Sector Caminos:  
Objetivo estratégico: El potenciamiento y la transformación productiva en el Departamento.
    - Infraestructura de apoyo a la producción (mejoramiento y consolidación selectiva de caminos secundarios que promuevan la generación de excedentes sociales o para los productores)
    - Desarrollo de la integración física y ordenamiento del territorio.
- ¿Cómo coordina la dirección con infraestructura para lograr el cumplimiento de las mismas?
3. ¿Participan ustedes en el proceso de elaboración del POA del sector de infraestructura caminera?  
Si            No            ¿Por qué?
  4. ¿Cuál diría usted que es la mayor necesidad que tiene el departamento en lo referente a infraestructura caminera?
    - 2) Construcción y Mejoramiento
    - 3) Mantenimiento y Rehabilitación
    - 4) Ambos¿Por qué?
  5. ¿Cuáles serían sus recomendaciones en esta área?

*Appendix 10: The Managerial Cycle of the SEPCAM*



Source: SEPCAM from the POA (2004)

**Appendix 11: Departmental Budget - List of Sources of Income**

(Exchange Rate 8.08 Bs/\$us)

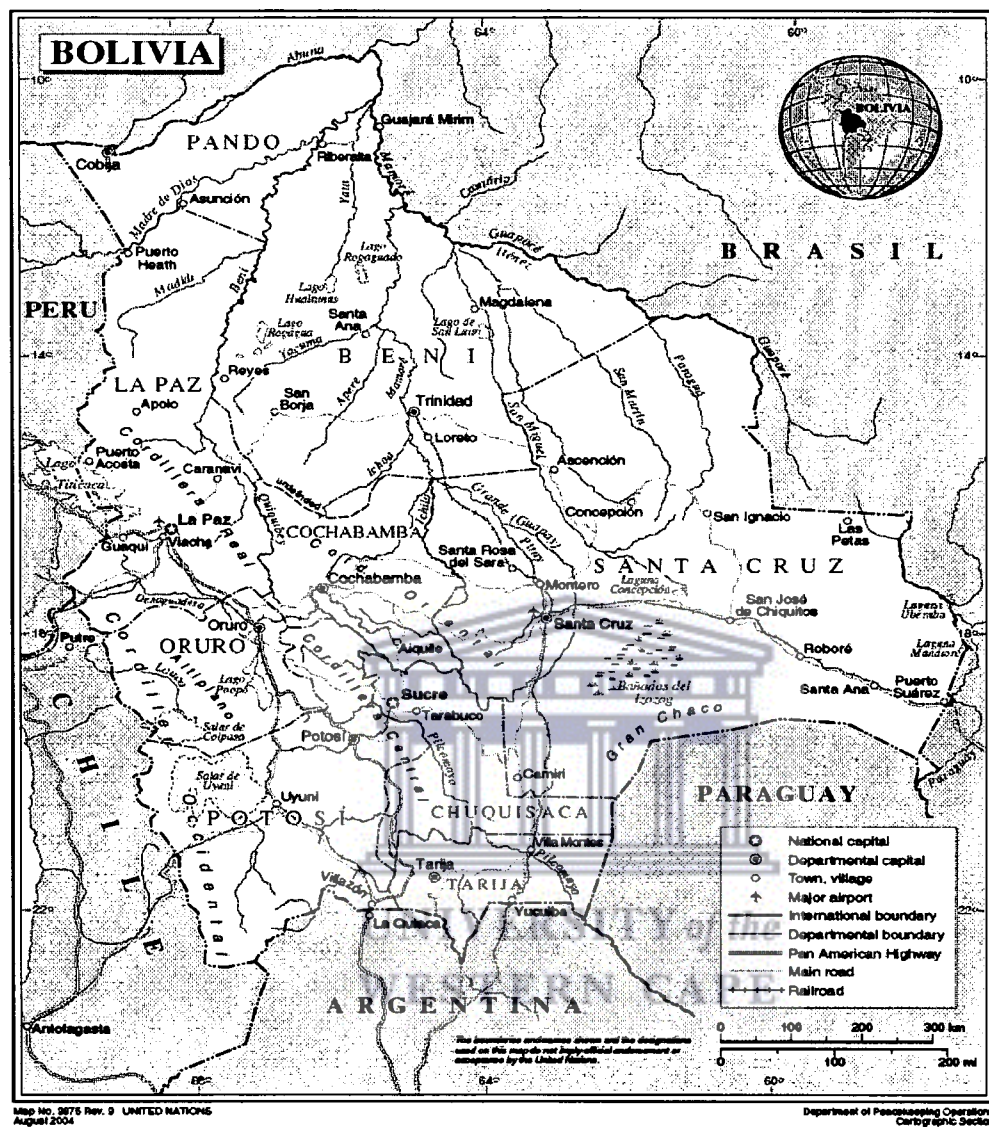
Source of Income	\$us	%
Hydrocarbons Bonuses	26,120,528.59	18.30
Forestal patents	278,625.74	0.20
Complementary tax to mining	912,838.99	0.64
IEH	5,618,389.85	3.94
Compensatory fund	1,763,207.05	1.24
Own resources of the Directions	948,770.54	0.66
Rents	192,002.72	0.13
Recoveries	371,566.83	0.26
Interests	267,415.47	0.19
Toll	2,414,851.49	1.69
Taxes	14,232.67	0.01
Balance in banks	5,087,191.46	3.56
<b>Total revenues of the Prefecture</b>	<b>43,989,621.41</b>	<b>30.82</b>
Donations	1,817,056.19	1.27
Credit Transfers	1,233,399.63	0.86
Donations Transfers	556,472.03	0.39
Credits	3,318,547.03	2.32
<b>External total revenue</b>	<b>6,925,474.88</b>	<b>4.85</b>
Resources under countervalue	47,331.68	0.03
Donation HIPIC (for health and education)	6,941,758.04	4.86
TGN (national government for health and education)	84,846,862.75	59.44
<b>Total revenues coming from the national government</b>	<b>91,835,952.48</b>	<b>64.33</b>
<b>Total general Revenues</b>	<b>142,751,048.76</b>	<b>100.00</b>

Source: Prefecture of Santa Cruz (2005)

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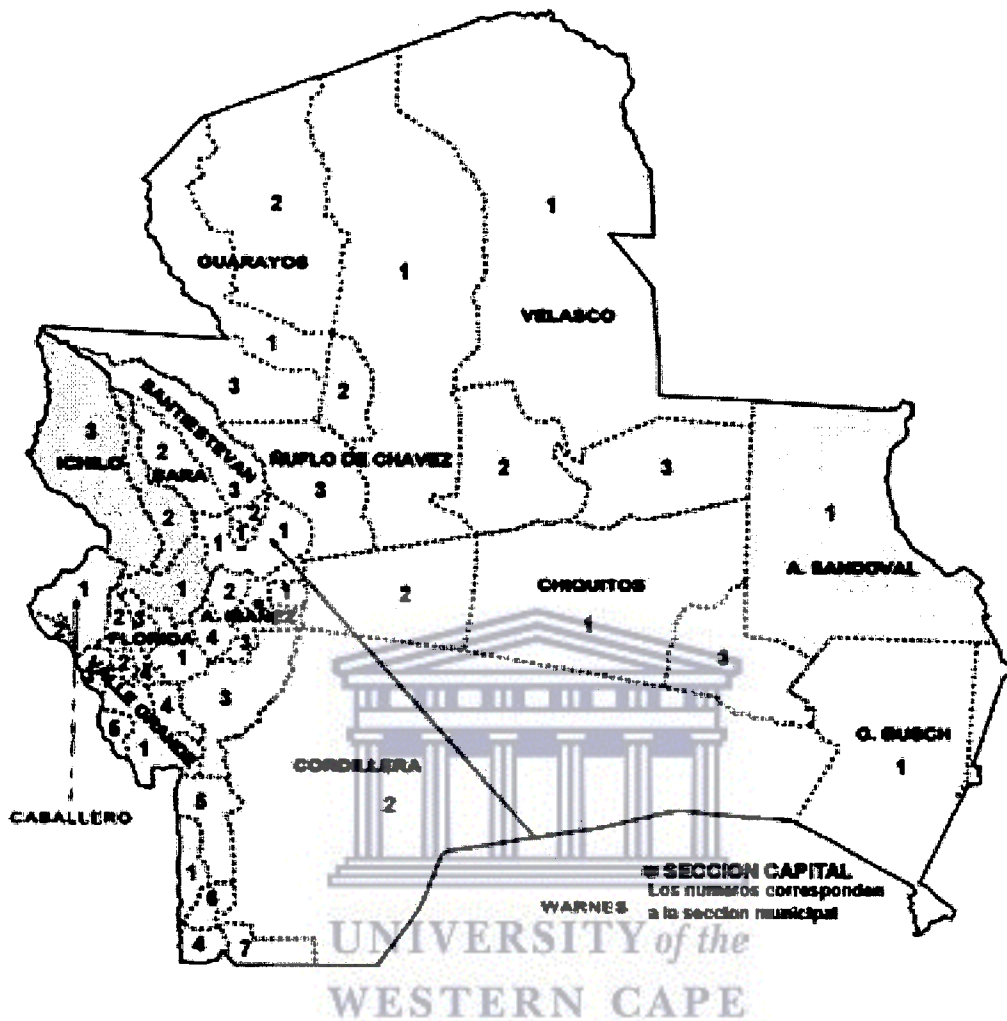
## Appendix 12: Political Map of Bolivia



### Republic of Bolivia

<b>Capital city</b>	La Paz (seat of government) Sucre (set of the judiciary power)
<b>Surface</b>	1 098 581 km <sup>2</sup>
<b>Population</b>	
• Total	• 8 676 000
• Density	• 7,89 p./km <sup>2</sup>
<b>Language</b>	• Spanish • Qechua • Aymara
<b>Departments</b>	9

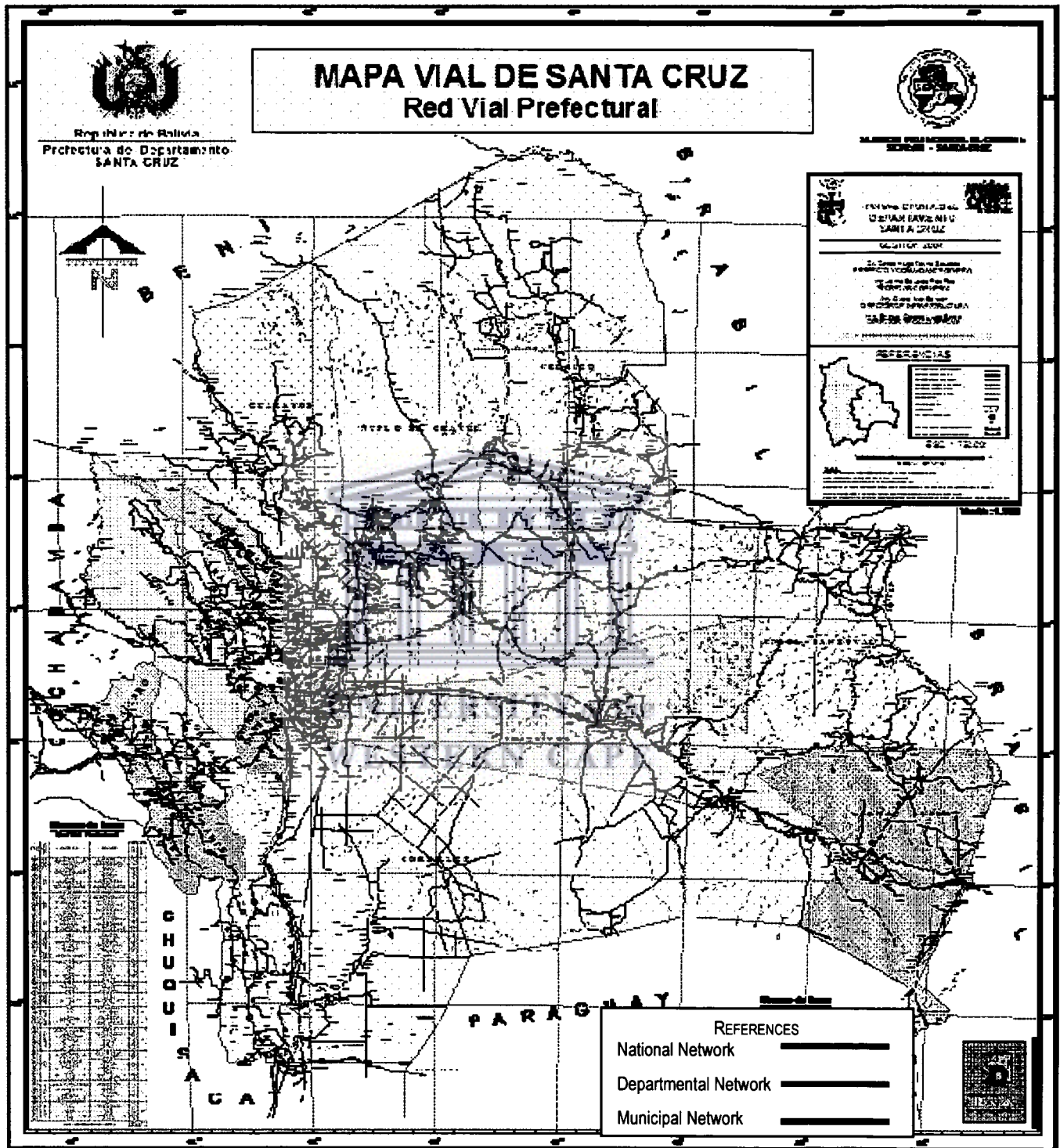
*Appendix 13: Provincial Map of Santa Cruz*



Department of Santa Cruz

Capital city	Santa Cruz de la Sierra
Surface	370 621 km <sup>2</sup>
Population	<ul style="list-style-type: none"> <li>• Total                   • 2 388 799</li> <li>• Density               • 6,44 p./km<sup>2</sup></li> </ul>
Languages	<ul style="list-style-type: none"> <li>• Spanish</li> <li>• Tupi-Guarani</li> <li>• Ayoreo</li> </ul>
Provinces	15

*Appendix 14: Map of Santa Cruz's Road Network*



## ***Appendix 15: List of Interviewees***

### **1. Prefecture**

CATALÁ CAMPOS, Herlan  
Departmental Councilor of the Province Obispo Santiesteban  
Santa Cruz 26-09-05

CHÁVEZ LORENTE, Eduardo  
Chief of the Projects Division from the DDI  
Santa Cruz 30-09-05

DURÁN CÉSPEDES, Verti Ronald  
Chief of the Road Infrastructure Division from the SEPCAM  
Santa Cruz 30-09-05

FERNÁNDEZ PEÑA, Pablo  
Technician of the Natural Resources and Environmental Office  
Santa Cruz 27-09-05

FRANCO JIMENEZ, Rigoberto  
Sub-prefectures Coordinator  
Santa Cruz 21-09-05

FRONTANILLA, Vladimir  
Chief of the Institutional Coordination Division  
Santa Cruz 21-09-05

ITURRALDE, Richard  
Adviser of the Productive Office  
Santa Cruz 04-10-05

LANDIVAR ARAUZ, Freddy  
Departmental Councilor of the Province Andres Ibáñez  
Santa Cruz 26-09-05

LUZIO BARBA, Enrique Gerardo  
Technical Officer of the SEPCAM  
Santa Cruz 28-09-05

MARTINEZ CAMACHO, Sheyla Fátima  
Chief of the Planning, Programming and Investment Division  
Santa Cruz 05-09-05  
Santa Cruz 26-09-05

MENACHO SUÁREZ, Juan Carlos  
Supervision Chief of the Pavement Project San Javier-Concepción  
Santa Cruz 03-10-05



MOLINA, Saul  
Responsible of the Area of Strategic Planning  
Santa Cruz 22-09-05  
RODRÍGUEZ MÉNDEZ, Saul Omar  
Departmental Councilor of the Province Vallegrande  
Santa Cruz 23-09-05

VILLAGOMEZ FUENTES, Juan Carlos  
Technical Adviser of the SEPCAM  
Santa Cruz 22-09-05  
Santa Cruz 30-09-05

ZANGA, Elizabeth  
Financial Adviser of the DDI  
Santa Cruz 20-09-05  
Santa Cruz 26-09-05

## **2. Sub-prefectures**

ARREDONDO, Elar  
Coordination Secretary Province Andres Ibañez  
Santa Cruz 28-09-05

CUELLAR LANGUIDEY, Raul  
Sub-prefect Province Obispo Santiesteban  
Montero 28-09-05

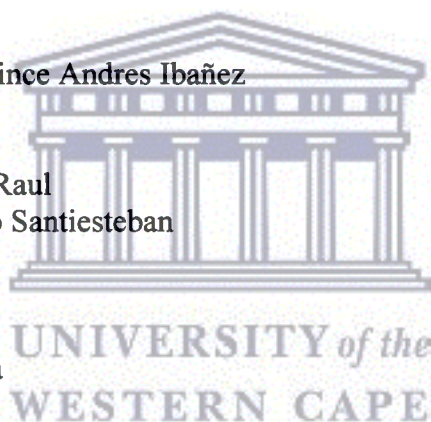
MILETO, Marín  
Sub-prefect Province Florida  
Samaipata 29-09-05

QUIROZ, Zenon  
Sub-prefect Province Andres Ibañez  
Santa Cruz 28-09-05

## **3. Civil Society**

APONTE, Ruddy  
Adviser of the Mechanism of Control  
Santa Cruz 26-09-05

CALLE, René  
President of the Watchdog Committee from FEDECA (Federation of Agrarian Cooperatives)  
Santa Cruz 27-09-05



DOHER, Carlos  
Manager of Administration and Finances of the Transport Camera  
Santa Cruz 27-09-05

**4. Viceminister of Public Investment and External Funding (VIPFE)**

TICONA, Roberto  
Territorial Representative for Santa Cruz  
La Paz 14-10-05

**5. Questionnaires to the Infrastructure Provincial Officers**

ARANA, Jose Rafael  
Infrastructure Officer of the Province Manuel Maria Caballero  
Santa Cruz 04-10-05

CLAROS PAZ, Alberto  
Infrastructure Officer of the Province Guarayos  
Santa Cruz 03-10-05

DURAN AGUILERA, Efrain  
Infrastructure Officer of the Province Florida  
Santa Cruz 04-10-05

GARRIDO MORENO, Luis Fernando  
Infrastructure Officer of the Province Obispo Santiesteban  
Santa Cruz 03-10-05

GUZMAN, Victor  
Infrastructure Officer of the Province Cordillera  
Santa Cruz 30-09-05

PALACIOS CHÁVEZ, Eguar  
Infrastructure Officer of the Province Ñuflo de Chávez  
Santa Cruz 03-10-05

PACHECO, Juan  
Chief Road Maintenance Division from SEPCAM  
Santa Cruz 30-09-05

RIVERO SUAREZ, Freddy  
Infrastructure Officer of the Province Angel Sandoval  
Santa Cruz 04-10-05

SALVATIERRA ROJAS, Romer Adán  
Infrastructure Officer of the Province Andres Ibañez  
30-09-05



SALINAS, Juan Carlos  
Infrastructure Officer of the Province German Busch  
Santa Cruz 30-09-05

SANDOVAL ORTIZ, Jorge  
Infrastructure Officer of the Province Chiquitos  
Santa Cruz 03-10-05

SARABIA AGUILERA, Alex  
Infrastructure Officer of the Province Warnes  
Santa Cruz 30-09-05

