



Infrastructure and Institutions

IDB, May 2014

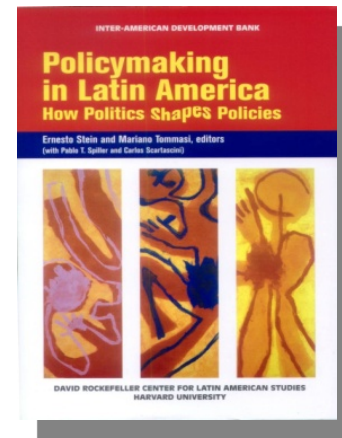
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What do good infrastructure initiatives ask for to institutions?

1. Inter temporal horizons -AKA *long term utility function* of the political system-
2. Rule of Law (at least for infrastructure initiatives...)
3. Positive equilibrium between central authority (*benevolent planner ?*), and regional social & competitiveness demands
4. State capacity for policy design, implementation, regulate and evaluation

LAC institutions do not fit all in one

- Most countries have (+ -) competitive democracies
- But actors, institutions and policy arenas differ in each country



- Multiple configurations of *IN4INF*
- PMP (Policy Making Process) in regards to Infrastructure is country specific and sector related

Inter temporal horizons is a function of:

- [The state of democratic consolidation](#)
- [Constitutional design](#) and the workings of the PMP (presidents, congress, judiciary)
- Political party system institutionalization
- [Electoral system](#) (how much aggregation of interests promotes)
- State bureaucratic development (barriers to policy volatility)

Rule of Law -infrastructure related-:

- Judicial Independence...for long term investments and PPPs
- Contracts enforcement
- Corruption deterrence (at least some..)
 - Besides de integrity argument, it costs time, money, equitable access and quality of infrastructure

Sochi 2014 cost was four times its original budget

Central planner, fragmented authority or a piece –yet, small- for all?

- Federal & Unitarian systems are completely different in regards to infrastructure
- Unitarian systems also work different (CH, CR)
- Federal countries have different configurations and workings of their federalism ([AR, BR, MX](#))
- Is there a “right criteria” to assign infrastructure initiatives?
 - Social redistribution
 - Geo Political accumulation
 - National Competitiveness

State Capacity for infrastructure

- National planning systems
- Policy coordination (intra government and among levels of government)
 - the MF, MP, Sector Minister and President classic tale-
- Horizontal accountability (not too much?) (CR)
- Regulatory agencies (independence and capacities)

It seems institutions matter for infrastructure...

- Remember, competitive democracies
- Do not expect Infrastructure initiatives from IFIs to change the whole institutional equilibrium of the country
- Better check the state and workings of IN4INF *country specific and sector related*
- Invest in PMP knowledge, the same way you invest in land use studies before the bridge or the road...

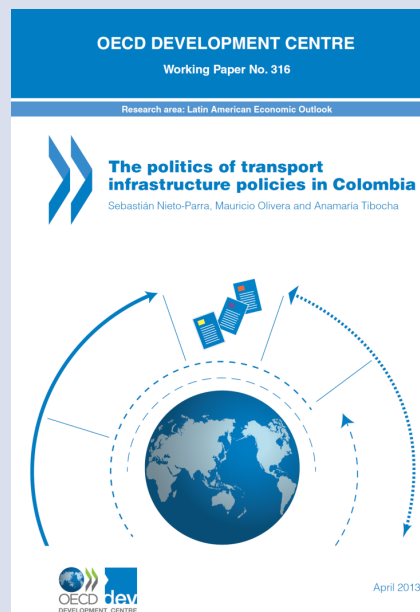
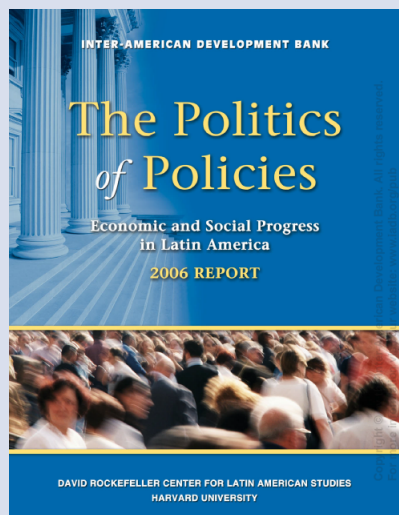
IDB expanded the knowledge frontier in political economy of policies

Institutions and Policies, PMP

Country Studies

Sector Studies

Policy Initiatives Case Studies



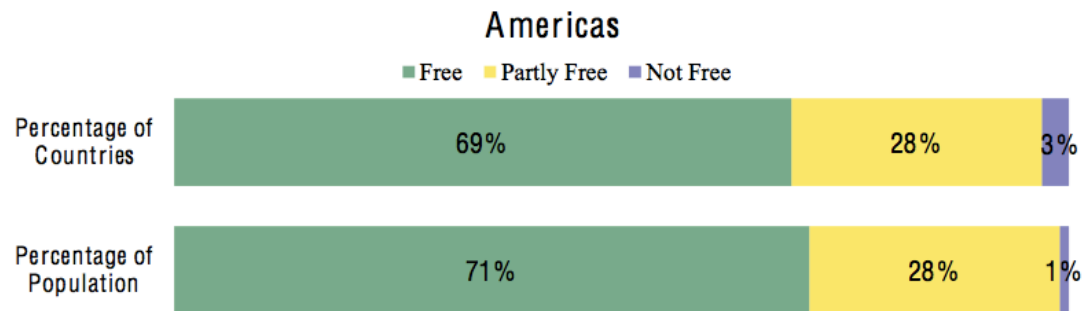
- Reforma del Transporte Público en Santiago (CH)
- Transporte Público en Montevideo (UR)

- BID/ PMP in CR Transport Sector (2010)
- BID /PMP in W&S (2013)
- BID PMP in Social Policy (2013)

Libertad política en América



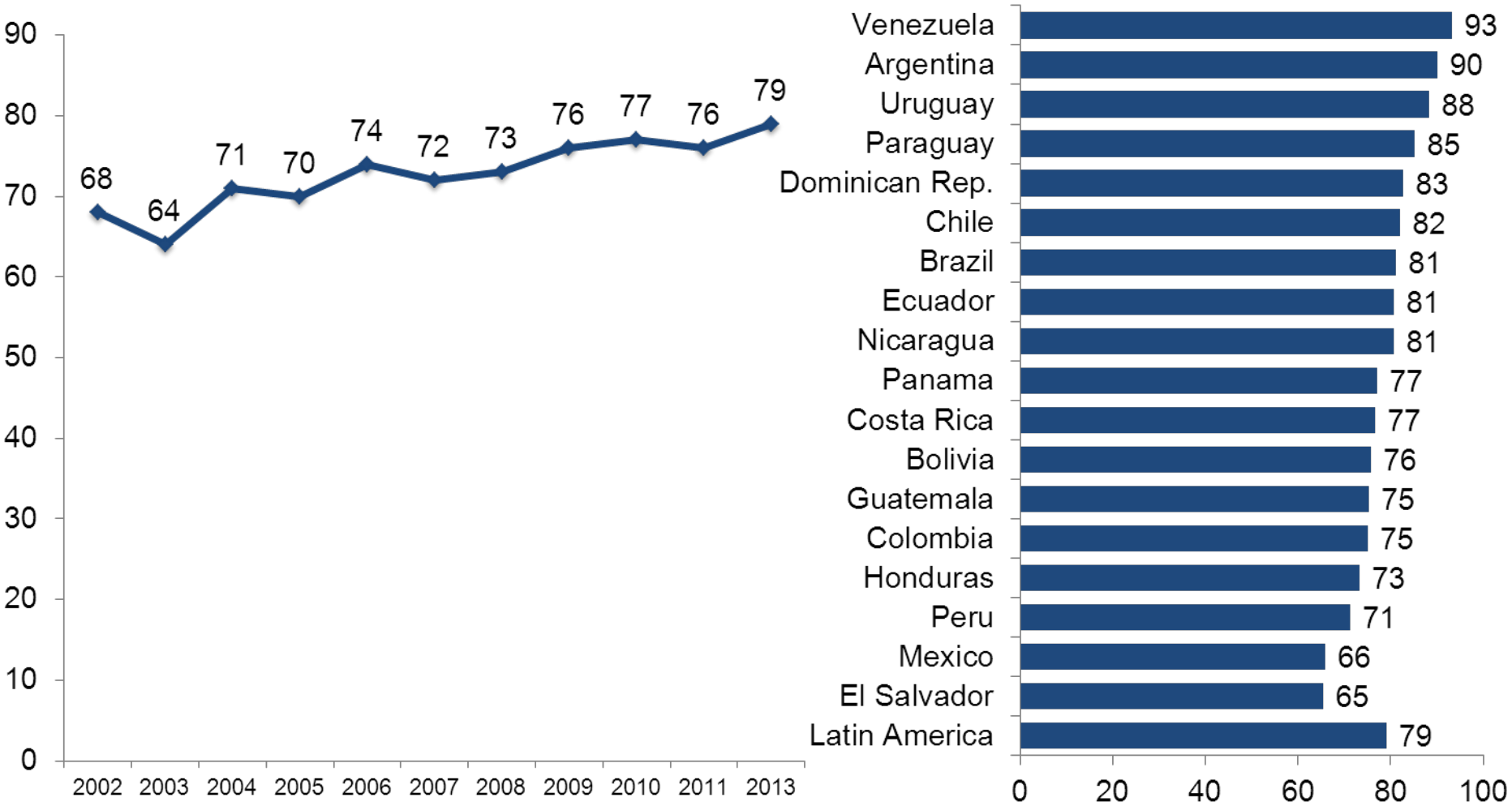
	Free	Partly Free	Not Free
Western Europe	96%	4%	0
Americas	69%	28%	3%
East Europe / Euroasia	45%	31%	24%
Asia Pacific	43%	36%	21%
Sub Saharian Africa	22%	37%	41%
Middle East / N. Africa	6%	33%	61%



CHURCHILLIAN DEMOCRACY

TOTAL LATIN AMERICA 2002-2013 - [TOTALS](#) BY COUNTRY 2013

Q. Do you strongly agree, agree, disagree or strongly disagree with the following statement? Democracy may have problems but it is the best system of government. * Here only 'Strongly agree' plus 'Agree'.



Source: Latinobarómetro 2002-2013

Democratic *stop and go* in LAC

- **Ecuador** : Abdalá Bucaram Ortiz (1997), Jamil Mahuad (2000) y Lucio Gutiérrez (2005)
- **Bolivia**: Hernán Siles Zuazo (1985), Gonzalo Sánchez de Lozada (2003) y Carlos Mesa (2005)
- **Argentina**: Raúl Alfonsín (1989) y Fernando de la Rúa (2001)
- **Brasil**: Fernando Collor de Mello (1992)
- **Guatemala**: Jorge Serrano (1993)
- **Venezuela**: Carlos Andrés Pérez (1993)
- **República Dominicana**: Joaquín Balaguer (1996)
- **Paraguay**: Raúl Cubas Grau (1999) y Fernando Lugo (2012)
- **Perú**: Alberto Fujimori (2000)
- **Honduras**: Manuel Zelaya (2009)

Crisis happen, but democracy persists

Presidential reelection in LAC

- Indefinida
- Consecutiva por una vez
- No consecutiva
- Prohibida



Mapa de las posibilidades de reelección en AL

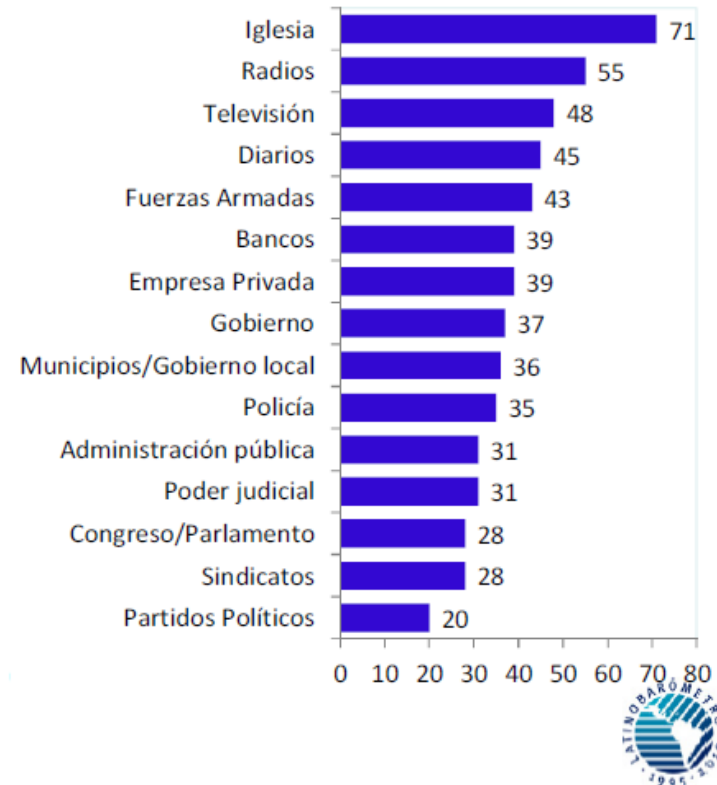


Baja confianza en las instituciones públicas

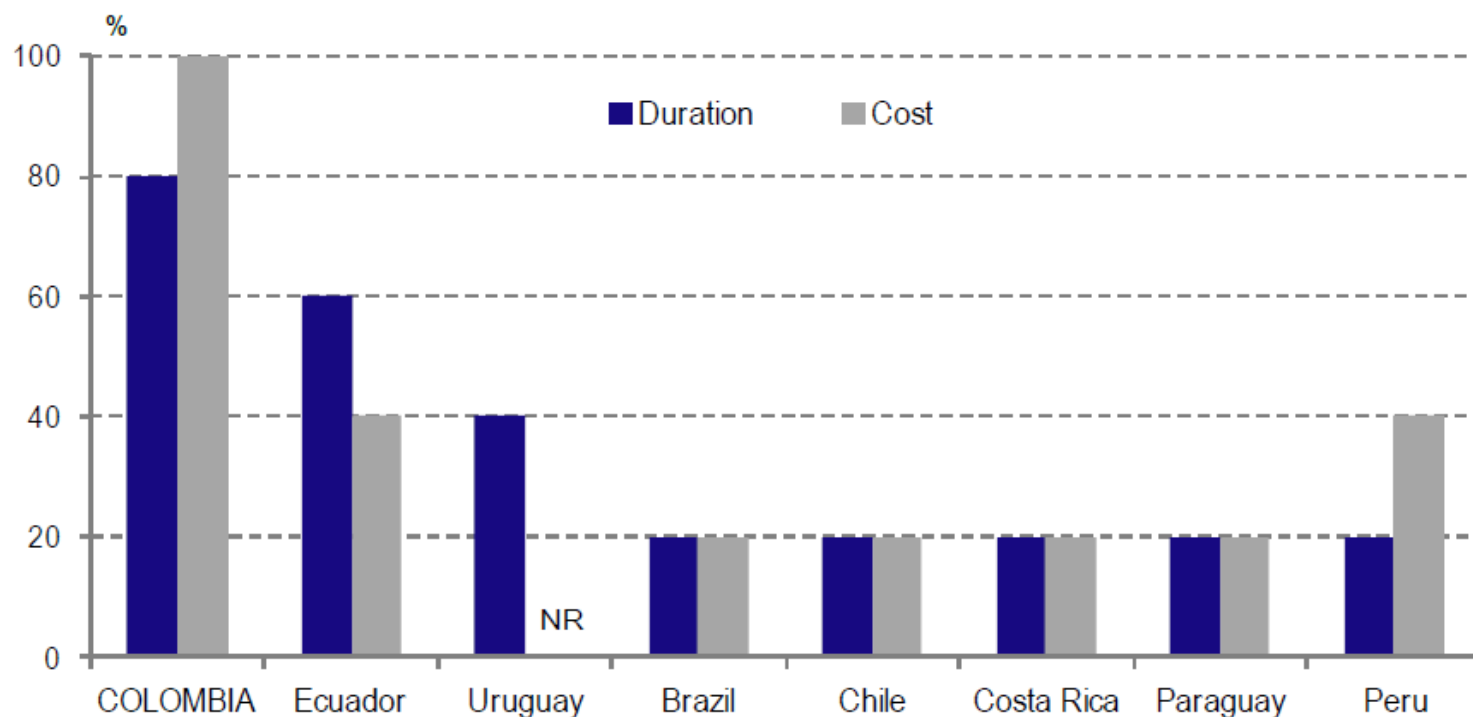
Las encuestas de opinión muestran un alto grado de insatisfacción de la ciudadanía con las instituciones.

Sólo el 20 por ciento de los encuestados confía en los partidos políticos, aunque 58 por ciento cree que no puede haber democracia sin partidos.

**Confianza en Instituciones Públicas
Promedio 1996 - 2010**

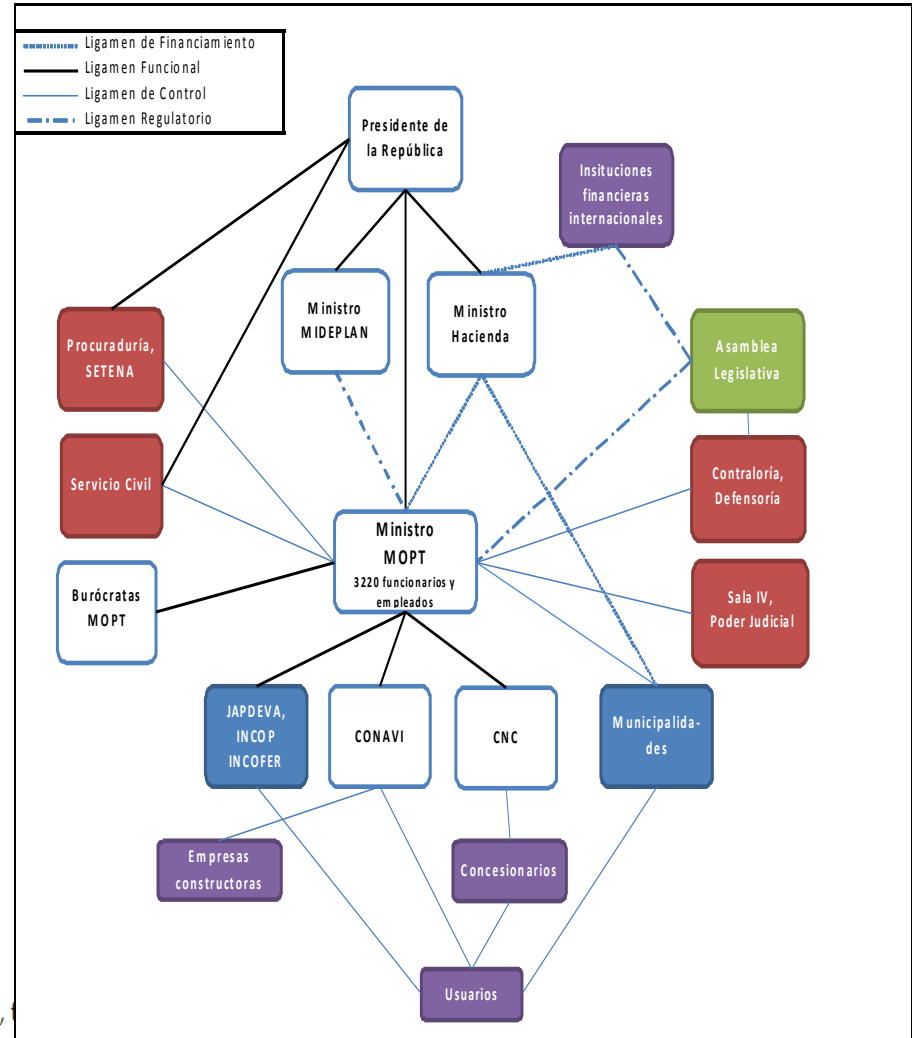
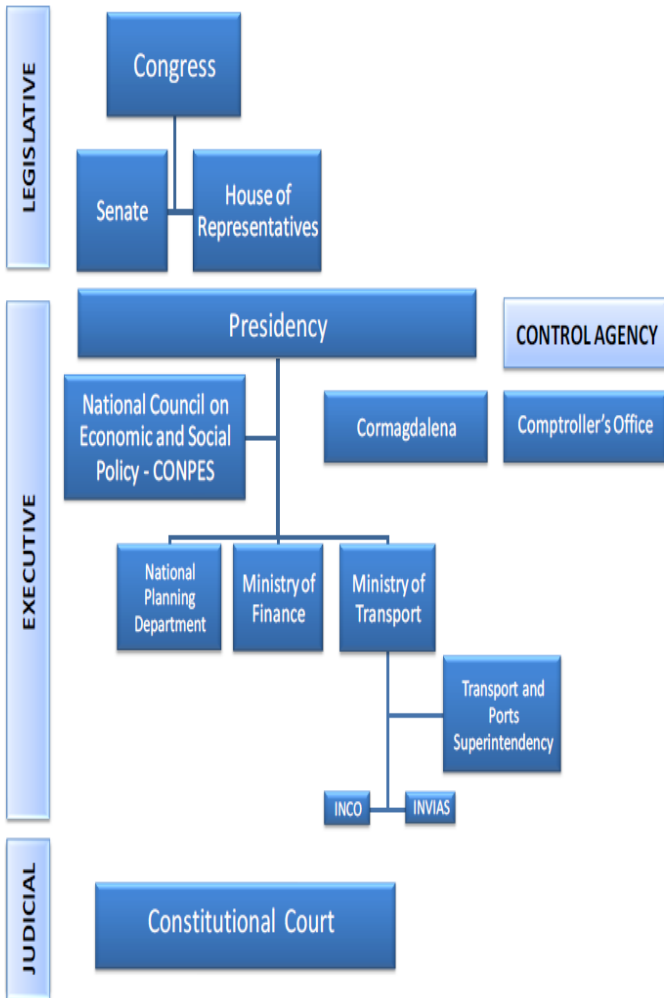


Renegotiation incidence of concession contracts in selected LA countries



Notes: The percentage refers to the proportion of contracts renegotiated, either for the duration or the cost of the project, out of the total number of concession contracts. NR stands for no response.

Transport arenas in Colombia & Costa Rica



Note: INCO refers to the National Concessions Agency (i.e. the acronym of *Instituto Nacional de Concesiones*), *Agencia Nacional de Infraestructura -ANI-*. INVIAS refers to the National Roads Agency (i.e. the acronym of *Instituto Nacional de Vías*).

Private Property ↑ Rule of Law →

2014 | Access to sanitation | Latin America and the Caribbean

Eastern Europe	17
Latin America / Caribbean	21
West and Central Africa	18
Middle East / North Africa	19
South and East Africa	20
Post-Soviet Eurasia	13
Asia and Oceania	21
<hr/>	
Total countries	129

Democracy | Autocracy Audit

Demo. Auto. Trend

Hide deselected Hide grid

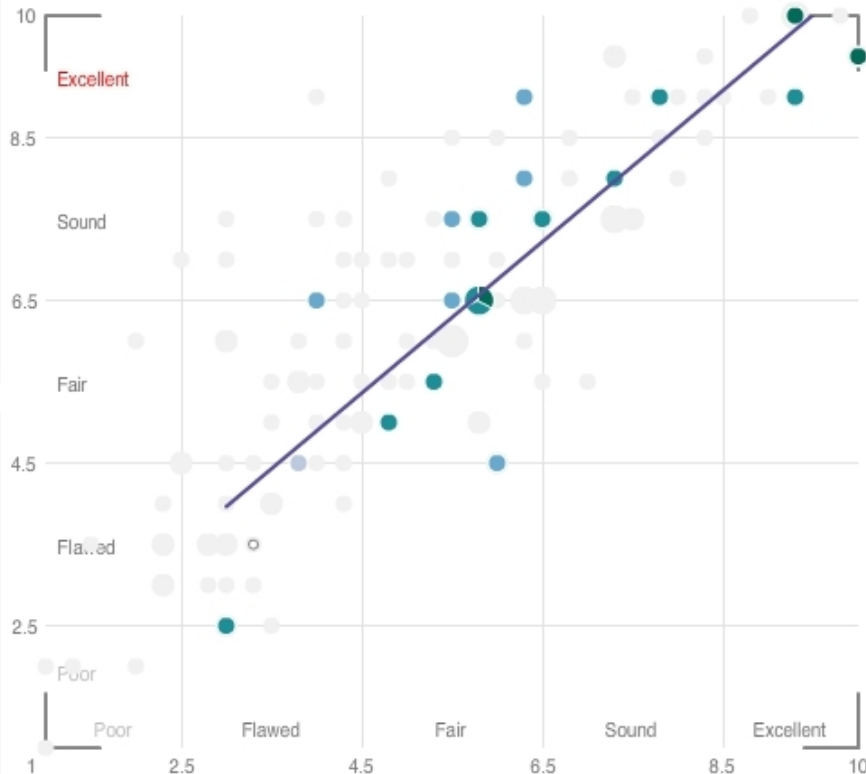
Correlations put two selected BTI results into context. Modify the selection or add a 3rd (external) indicator below.

vertical axis ↑ Select

horizontal axis →

3rd indicator ● Select + Metadata

Access to sanitation



$r = 0.87$

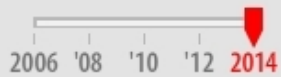
↑ → ●●●●

Access to sanitation, 2010, % of population

- > 95.0 High
- > 74.0
- > 34.0
- ≤ 34.0 Low

99	Uruguay	12
98	Chile	16
96	Argentina	24
94	Costa Rica	32
92	Cuba	39
	Ecuador	
84	Mexico	49
82	Dom. Rep.	51
80	Brazil	53
	Jamaica	
79	Guatemala	56
	Honduras	
78	Colombia	58

Regional graphs



Implementation ↑ Policy coordination →

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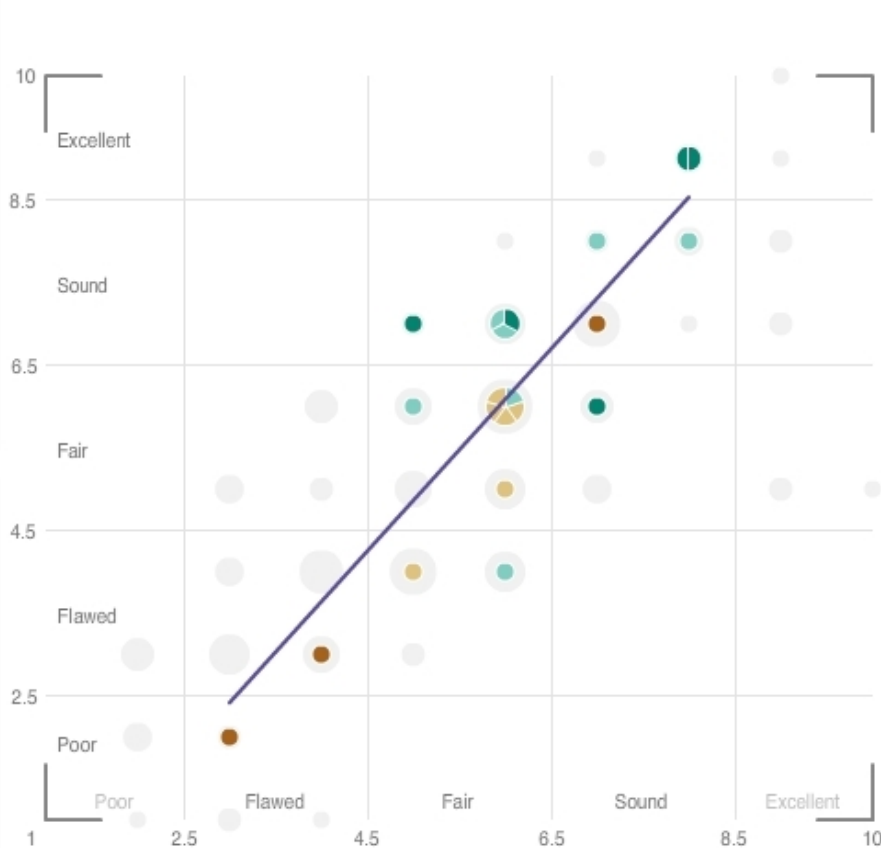
Correlations put two selected BTI results into context. Modify the selection or add a 3rd (external) indicator below.

vertical axis ↑

horizontal axis →

3rd indicator ●

Government Effectiveness



r = 0.85

↑ → ●●●●

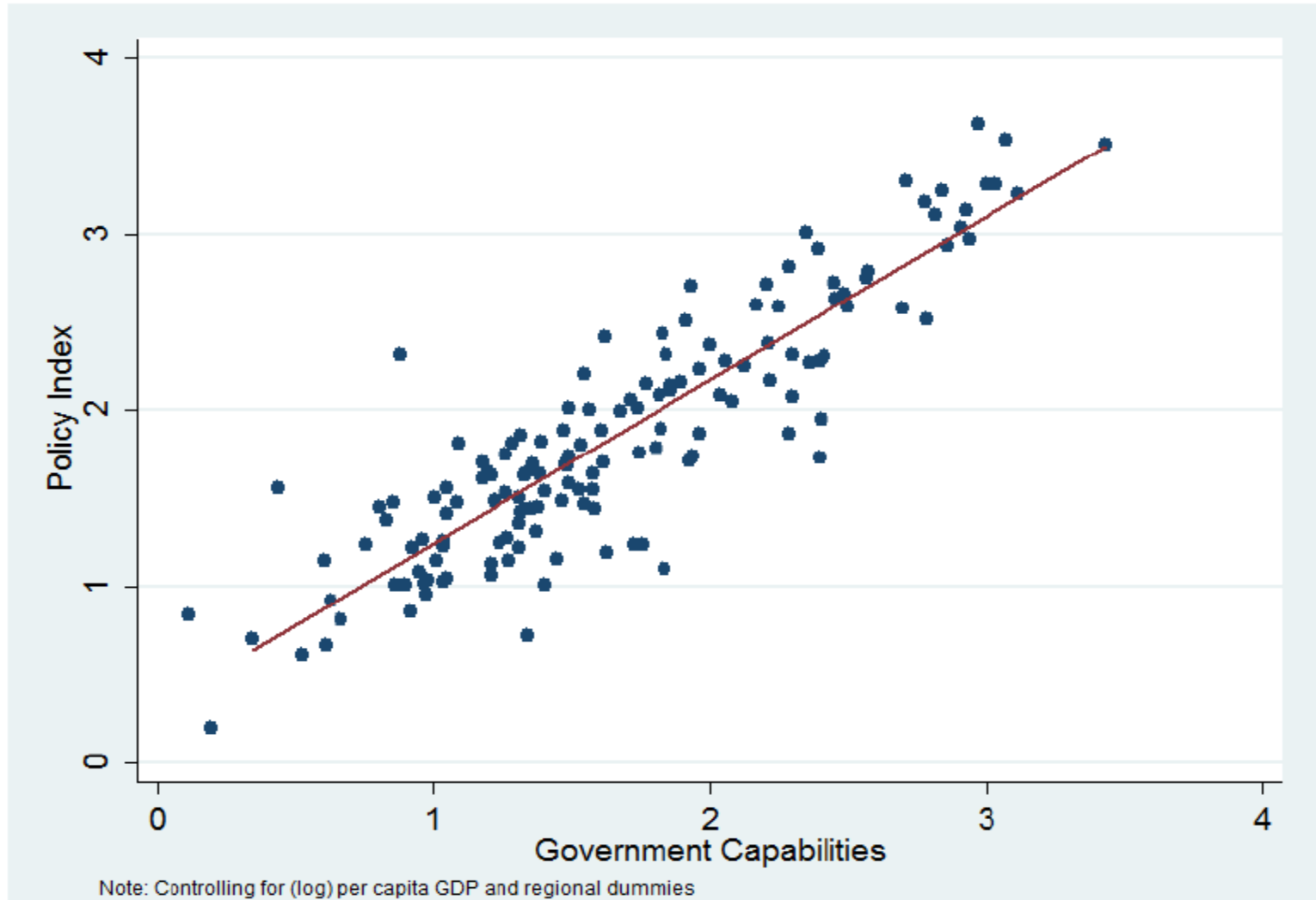
Government Effectiveness, 2011, index

- > 0.100 High
- > -0.460
- > -0.870
- ≤ -0.870 Low

1.26	Chile	2
0.56	Uruguay	18
0.34	Costa Rica	25
0.31	Mexico	26
0.22	Jamaica	28
0.09	Panama	34
0.06	Colombia	38
-0.11	El Salvador	46
-0.12	Brazil	48
-0.14	Argentina	50
-0.15	Peru	51
-0.40	Cuba	59

Regional graphs

Good government pairs good public policy

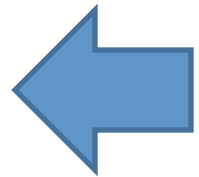


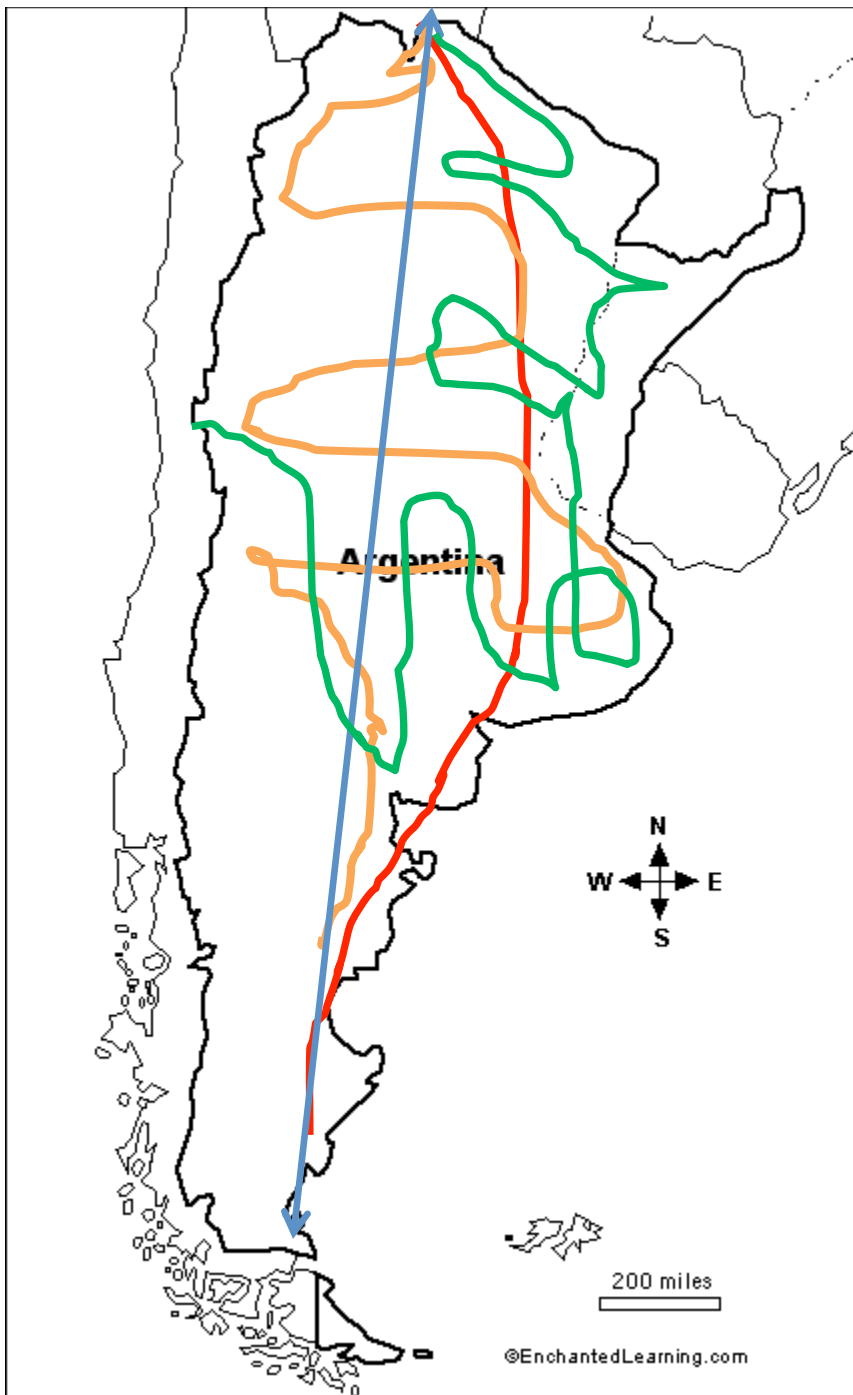
Source: Scartacini and Tomassi, IDB, 2014

Table 4.1 Factors Affecting the Role of Subnational Actors in Policymaking

	Argentina	Brazil	Colombia	Mexico	Venezuela
Federal structure	Yes	Yes	No	Yes	Yes
Extent of fiscal resources available to governors	High	High	High	Moderate	Moderate
Territorial chamber	Yes	Yes	No	Yes	No
Malapportionment	High	High	Moderate	Low	Low
Are legislative elections concurrent with elections for governors or presidents?	Partial with governors and presidents	Yes; in 1986 and 1990, with governors; after 1994, with presidents and governors	Neither	Neither	Yes until 1999; only very infrequently with one or the other thereafter
Do legislative districts coincide with regions or provinces?	Yes	Yes	Only lower chamber	Only senate	Yes
Do governors play a major role in nomination/ election chances of legislators?	Yes	Moderate	Moderate	Moderate	Moderate
Can governors reward legislators with positions?	Yes	Yes	No ^a	Yes	Yes
Are governorships launching platforms for successful presidential campaigns?	Yes	Yes	Yes	Yes, since 1990s	Yes, since 1990s

^a Mayors of major cities in Colombia tend to have more resources with which to reward legislators than governors do.





- National Plan
- Mid term Elections
- Annual Budget Process
- Reelection!!!