

ADMINISTRATIVE DECENTRALIZATION LAW  
NO. 1654 JULY 28,1995

VICTOR HUGO CARDENAS CONDE  
INTERIM CONSTITUTIONAL PRESIDENT OF THE REPUBLIC

Whereas, the Honorable National Congress has approved the following Law:

THE HONORABLE NATIONAL CONGRESS

DECREES:

ADMINISTRATIVE DECENTRALIZATION

TITLE I

SYSTEM OF ADMINISTRATIVE DECENTRALIZATION OF THE EXECUTIVE OFFICE  
AT THE DEPARTMENTAL LEVEL

CHAPTER I

CONCEPT AND PURPOSE

ARTICLE 1.- (CONSTITUTIONAL FRAMEWORK FOR ADMINISTRATIVE DECENTRALIZATION). Within the framework of the National Constitution, this law regulates the System for Administrative Decentralization of the Executive Office at the departmental level, which in accordance with the centralized system of the Republic, consists in the transfer and delegation of powers of a technical and administrative nature which are not reserved to the Executive Office at the National level.

ARTICLE 2.- (PURPOSE). In the context of preservation of national unity, the purpose of this law is:

- a) Establish the organizational structure of the Executive Office at a Departmental level under the administrative decentralization system.
- b) Establish departmental economic and financial funding systems.
- c) Improve and strengthen the efficiency and effectiveness of the Public Administration in the provision of services in a form that is direct and close to the population.

ARTICLE 3. (ORGANIZATIONAL STRUCTURE OF THE OFFICE OF THE DEPARTMENTAL GOVERNOR.)

- I. The structure of the executive office at the departmental level is composed of the Governor and the Departmental Council.
- II. The internal organization of the Office of the Governor will be regulated by Supreme Decree.

CHAPTER II

## SECTION I

### THE NATURE, APPOINTMENT AND POWERS OF THE GOVERNOR

ARTICLE 4. (NATURE AND APPOINTMENT). In each department, the Executive Office is under the responsibility and administration of a Governor appointed by the President of the Republic.

ARTICLE 5. (DUTIES) Under the administrative decentralization system, the Governor has the following duties, in addition to those established in the National Constitution:

- a) To comply with and ensure compliance with the National Constitution, the laws, decrees and resolutions.
- b) In the legal capacity of Government, to exercise the legal representation of the Office of the Governor within the scope authorized by this law.
- c) Preserve internal order in the department.
- d) Administer the economic and financial resources and other assets controlled and used by the department.
- e) Formulate and execute departmental economic and social development plans, pursuant to the regulations of the National Planning System, and in coordination with the Municipal Governments of the Department and the Ministry of Sustainable Development and the Environment, within the framework of the General Economic and Social Development Plan of the Republic.
- f) Formulate and execute public investment programs and projects within the framework of the departmental development plan and in compliance with the regulations of the National Public Investment System and the economic and financial system described in this law, in the areas of
  - Construction and maintenance of highways, secondary roads and others that are in conjunction with the Municipal Governments.
  - Rural electrification.
  - Irrigation infrastructure and support for production.
  - Technical and scientific research and extension
  - Conservation and preservation of the environment.
  - Promotion of tourism.
  - Social assistance programs.
  - Municipal support programs.
  - Others in conjunction with the Municipal Governments
- g) Upon delegation by the National Government, administer, supervise and control the human resources and budget items assigned to the operation of personal services in

education, health and social welfare within the framework of the policies and regulations for the provision of these services.

h) Administer, supervise and control the operation of social welfare services, sports, culture, tourism, agricultural and highway services, with the exception of those that are the responsibility of the municipalities, preserving the integrity of national policies in these areas.

i) Produce the draft for the departmental budget in compliance with the regulations of the National Budget System, and send it to the departmental Council for its consideration and subsequent referral to the national level in compliance with constitutional regulations.

j) Implement the departmental budget within the framework of the regulations of the National System for Financial Administration and Governmental Control, and present the annual report on the actual income and expenses to the Departmental Council for its approval.

k) Promote Popular Participation and channel the requests of and relationships with indigenous, peasant and neighborhood organizations through the corresponding agencies of the Executive Office.

l) Channel the requests of and relationships with the Municipal Governments within the framework of the transferred powers.

m) Issue administrative resolutions, execute contracts and agreements, delegate and decentralize technical and administrative functions.

n) Decide administrative appeals that are filed relating to matters over which it has jurisdiction.

o) Appoint the Sub-Governors of the provinces, the Magistrates for the cantons and other personnel whose appointment is not reserved to other jurisdictions.

p) Appoint the departmental administrative authorities whose appointment is not reserved to other jurisdictions.

Their number, powers and form of appointment will be established and determined by Supreme Decree.

q) Negotiate loans for investment.

r) Grant legal status that is valid throughout the national territory to foundations, associations and civil societies, established in the national territory or abroad, provided that they have established legal residence in their jurisdiction. Register the legal status of peasant communities, indigenous peoples and neighborhood associations.

- s) For validity throughout the national territory, register commercial corporations and commercial activities, performed in the national territory or abroad, provided that they have established legal residence in their jurisdiction, pursuant to the regulatory provisions.
- t) Pursuant to regulatory provisions, grant registered trademarks, designs, patents, rights and licenses, to be valid throughout the national territory.
- u) Preside over the sessions of the Departmental Council, with the right to voice and deciding vote, except in those cases referring to the oversight powers of the Council.
- v) Promote private investment in the department.
- w) Other powers assigned by current legislation and those which are delegated by means of Supreme Decree.

ARTICLE 6. (PRESENTATION OF ANNUAL INCOME AND EXPENSES) The Governor of the department must present a report on the annual departmental income and expenses for the review and approval of the Departmental Council.

## SECTION II SUB-GOVERNORS AND MAGISTRATES

ARTICLE 7. (NATURE AND POWERS). The Sub-Governors and Magistrates or representatives of the Governor and will be responsible for the administration of the provinces and cantons.

ARTICLE 8. (HIERARCHY). The Sub-Governors are subordinate to the Governors and the Magistrates are subordinate to the Sub-Governors.

ARTICLE 9. (DUTIES OF THE SUB-GOVERNORS AND MAGISTRATES) In the area of their territory or jurisdiction, they will have the following duties:

- a) Comply with and ensure compliance with the National Constitution, and the laws, decrees and resolutions.
- b) Preserve public order.
- c) Appoint their personnel.
- d) Administer the funds assigned to them. The Sub-Governors must report to the Governor, and the Magistrates must report to the Sub-Governor.
- e) Administer the departmental assets assigned to the use of the province or canton.

f) Issue administrative orders in the areas subject to their powers and those delegated to them by the Governor.

g) Preside over the Provincial Councils for Popular Participation.

### SECTION III

#### THE COMPOSITION AND DUTIES OF THE DEPARTMENTAL COUNCIL

ARTICLE 10. (NATURE) The Departmental Council is a collegiate consultative body for the control and oversight, within the powers attributed to it by this law, of the administrative acts of the Governor.

ARTICLE 11. (MEMBERSHIP). The Departmental Council will be chaired by the Governor and the members are as follows:

1) One citizen per province

2) One representative per population equivalent to 50% of the number of provinces, determined on the following basis:

a) A proportional distribution figure is established based on the result of dividing the total population of the department by the number of council members assigned per population.

b) Provinces will receive an additional council member for each multiple of the distribution figure constituted by them, until reaching the maximum number of council members per population that is established for the department.

c) In the implementation of the procedure described in the preceding paragraph, if it is not possible to reach the full number of council members assigned per population, the distribution of the remaining members will be made successively to each province, based on the relative proximity of its population to the distribution figure.

#### ARTICLE 12. (APPOINTMENT, IMPEDIMENTS AND REMOVAL)

I. By a two thirds vote of the members present, the Municipal Councils of each of the provinces of the department will appoint citizens who meet the appropriate requirements and who must be residents of the province for least one year prior to their election.

II. In each province that has the right to one or more additional council members on the basis of population, the appointment will be made on the basis of the proportional population of each municipal section within the province, and will be the responsibility of the corresponding Municipal Council.

III. The Municipal Council Members and the officials of the public administration may not be appointed Departmental Council Members.

IV. The Municipal Councils may revoke the appointment of the Council Members by a two thirds vote of the members present for the causes established in the Regulations.

ARTICLE 13.- (REQUIREMENTS FOR APPOINTMENT). In order to be appointed a Departmental Council Member, it is necessary to:

- a) Be a Bolivian who has completed military service prior to election.
- b) Have attained the age of 25 years no later than the day of the election.
- c) Be registered in the electoral registry and have legal residence in the provincial jurisdiction which he or she represents for a minimum of one year preceding his or her election.
- d) Not have been sentenced to corporal punishment, unless rehabilitated by the Senate, nor have been convicted of administrative charges or indictments, nor be subject to the conditions for exclusion or incompatibility which are established by law.

ARTICLE 14. (DUTIES) The Departmental Council has the following duties:

- a) To approve the plans, programs and projects for departmental development presented by the governor under the General Economic and Social Development Plan of the Republic. Control and oversee their execution.
- b) Approve the draft departmental budget presented by the Governor for subsequent constitutional procedures.
- c) Approve the Governor's report on the departmental statement of income and expenses.
- d) Oversee the acts of the Governor, with the exception of those referring to the exercise of duties reserved to the central level of the Executive Office.
- e) Issue rulings on the advisability and need for negotiating loans for the department, pursuant to current legal provisions.
- f) Issue rulings on the execution of interagency covenants.
- g) Authorize requests for purchase, disposal and lease of property and the execution of public works and services agreements so that the Governor may conduct tender and contracting procedures with maximum transparency and supervise them subject to current legal provisions.
- h) Attend to the demands and priorities of the department capital, the provinces and the cantons.

- i) Encourage the coordination with Municipal Governments and other institutions in its jurisdiction.
- j) Promote community participation.
- k) Request reports from the Governor regarding administrative management and, through the Governor, request reports from the Sub-Governors and Magistrates.
- l) Complain to the President of the Republic about acts and administrative orders of the Governor that are contrary to current legislation and the interests of the Department.
- m) Issue a resolution of censure for cause against the Governor upon a vote of two thirds of its members.
- n) Approve its operating regulations and internal procedures, as well as the full exercise of the powers assigned to it in this law.

#### ARTICLE 15. (OBLIGATORY CONSULTATION).

- I. Prior to adopting a decision, under penalty of nullification of his acts, the Governor will be obligated to consult with the Departmental Council on the following matters:
  - a) The advisability and need to negotiate loans for the department, pursuant to current legal provisions.
  - b) Requests for and execution of interagency covenants.
  - c) The execution of agreements for public works and services, pursuant to current regulations.
- II. The Departmental Council, convened by the Governor, must expressly rule on the matters described in paragraph I. Failure to issue a ruling will imply consent. The procedure and deadline for issuing the ruling will be established by regulatory decree.
- III. The ruling and approval issued by the Departmental Council and accepted by the Governor will imply joint liability for administrative acts and their results.
- IV. By means of an express resolution providing detailed reasons, the Governor may reject the ruling and/or approval issued by the Departmental Council, assuming full responsibility for the administrative act and its results, in which case the Council may complain about this decision to the President of the Republic, who will issue the final and binding order within the timeframe established by regulatory decree.

ARTICLE 16.- (CENSURE). The purpose of censure will be the modification of the policies and procedures in question.

I. By a two thirds vote of the members present and by means of a detailed opinion, the Departmental Council may censure those acts and decisions of the Governor which are considered contrary to current legislation and the interests of the department.

II. Censure will mean the resignation of the highest authority of the department, which may be accepted or rejected by the President of the Republic.

ARTICLE 17. (EXERCISE OF DUTIES) The Council Members will exercise their duties for the period of two years, and may be reappointed. They will meet at least once a month for the time that they consider necessary, and may be convened by the Governor on an extraordinary basis.

ARTICLE 18.- (QUORUM). In order to hold the meetings of the Departmental Council, the presence of 50% plus one of its members is required.

ARTICLE 19. (VOTE). Approvals and rulings issued by the Departmental Council will be approved by the vote of the absolute majority of the members present.

## TITLE II

### CHAPTER I

#### THE ECONOMIC AND FINANCIAL SYSTEM

ARTICLE 20. (FUNDING SOURCES).

I. The funds that are controlled and used by the department will be administered by the governors and are composed of:

a) Departmental royalties created by law

b) Funds from the Departmental Compensatory Fund created by Law 1551.

d) [*sic*] 25% of the actual amount collected in the Special Tax on Hydrocarbons and their Derivatives.

d) The amounts annually assigned in the General Budget of the Nation for the expense of personal services in health, education and social welfare.

e) Extraordinary transfers from the Treasury of the Nation, in those cases established in Article 148 of the National Constitution.

f) Internal and external credits and loans negotiated pursuant to the provisions of the National Treasury and Public Debt System.

- g) Funds proceeding from sale of its assets.
- h) Funds proceeding from the provision of services and the use of its property.
- i) Legacies, donations and similar income.

II. The funds referred to in subparagraph (b) of paragraph I of this article may not exceed 10% of the actual collection of the Special Tax on Hydrocarbons and their Derivatives. If it exceeds this limit, its distribution will be proportionally adjusted among the departments that are its beneficiaries.

III. The distribution of funds referred to in subparagraph (c) of paragraph I of this article will be made as follows: 50% on the basis of the number of inhabitants of each department, and 50% distributed equally among the nine departments.

ARTICLE 21. (ASSIGNMENT OF FUNDS FOR PROGRAMS AND INVESTMENT PROJECTS) For the financing of the programs and investment projects described in subparagraph (f) of Article 5 of this law, the Governor will assign 85% of the funds described in subparagraphs (a), (b) and (c), and the entire amount of the funds identified in subparagraphs (f) and (g) of paragraph I of Article 20 of this law.

ARTICLE 22. (ASSIGNMENT OF FUNDS FOR ADMINISTRATIVE EXPENSES). The Governor will assign up to 15% of the funds identified in subparagraphs (a), (b) and (c) of paragraph 1 of article 20 of this law to finance the administrative expenses of his offices, in order to perform the duties described in Article 5 of this law.

ARTICLE 23. (NEGOTIATION OF LOANS FOR INVESTMENT)

I. Subject to the favorable ruling of the Departmental Council and in compliance with the Regulations of the National Treasury and Public Debt System, the Governor may negotiate loans for financing programs and investment projects to be charged to the funds assigned to him by this law.

II. The Draft Departmental Budget must include the corresponding funds for servicing the debt assumed and administered by the Governor.

TITLE III

SOLE CHAPTER  
FINAL AND TEMPORARY PROVISIONS

ARTICLE 24. (TRANSFER OF WORKS AND PROJECTS)

I. The public works and projects related to the functions delegated in subparagraph (f) of Article 5 of this law, which were being performed by divisions of the central administration, public agencies belonging to the regional administration and decentralized nonprofit entities, are transferred to the administration of the Governor.

II. In addition, the international financing and debt for the portion of these works and projects yet to be executed, if any, is also transferred. The counterpart financing required to guarantee the continuity of these works and projects will be covered by the Governors from the funds described in Article 20 of this law.

ARTICLE 25. (DECENTRALIZED ENTITIES AND DECONSOLIDATED OFFICES). The decentralized nonprofit public entities and the deconsolidated offices of the central administration that currently perform duties related to the functions delegated in Article 5 of this law, are dissolved and their human, physical and financial resources are transferred to the administration of the Governor. The timeframe and form of the transfer process will be regulated by means of a Supreme Decree.

ARTICLE 26. (REGIONAL DEVELOPMENT CORPORATIONS) The Regional Development Corporations are dissolved. Accordingly, the assets of these entities are transferred to departmental use and control, under the administration and responsibility of the Governors. The timeframe and form of the transfer process will be regulated by means of a Supreme Decree.

ARTICLE 27. (REGULATIONS). The Executive Office is responsible for issuing the regulations that are necessary for the purposes of this law.

ARTICLE 28. (EFFECTIVE DATE). This law will enter into effect starting January 1, 1996.

ARTICLE 29. (NULLIFICATIONS AND REVOCATIONS).

I. The following laws are nullified

- Regulatory Law of September 28, 1831 (the powers and duties of the Governors, District Governors, Magistrates and Mayors)
- The Law of October 19, 1833 (revokes Article 32 of the Regulatory Law of 28-IX - 1831)
- Political and Administrative Organization Law of December 3, 1988.
- Supreme Decree No. 23845 of August 18, 1994, "Organic Regulations for the Development Corporations."
- Law on Administrative Organization of the Executive Branch, D.L. 10460 of September 15, 1972.

II. The following laws are revoked:

Arts. 28, 30 and 31 of Law 1551, on “Popular Participatoin,”of April 20, 1994.

Art. 39, paragraph 11 of the Organic Law on Municipalities of January 10, 1985.

III. Amendments

Arts. 58 and 68 of the Civil Code.

Arts. 26, 32, 443 and 444 of the Commercial Code.

Arts. 12, 13, 15, 17, 25, 28 and 63 of the “Trademark Regulation Law”of January 15, 1918.

III. Provisions that conflict with this law are nullified and revoked, and will be added to the tables of nullifications and revocations for the Regulatory Decrees.

Refer to the Executive Office for constitutional purposes.

Issued in the Meeting Chamber of the National Congress on the twenty eighth day of the month of July of the year nineteen hundred and ninety five.

I hereby promulgate this law, so that it may be observed and complied with as a Law of the Republic.

Government Palace, City of La Paz, on the twenty eighth day of the month of July of the year nineteen hundred and ninety five.