

Bolivia's Popular Participation Law: An Undemocratic Democratisation Process?

David Altman with Rickard Lalander¹

1. Introduction

Bolivia, one of the poorest and most socially diverse countries in the Western Hemisphere, began in the mid-1990s the most comprehensive political reforms in the field of decentralisation in Latin America in the last twenty years. The Popular Participation Law, *Ley de Participación Popular* (LPP), approved in Congress on 20 April 1994, subdivided Bolivian territory into 314 municipalities, which were each given a per capita share of national resources. Known as the principle of *coparticipación* (co-participation), twenty per cent of national state expenditure is now disbursed among the local governments (municipalities) on a per capita basis. Indigenous, peasant communities (*campesinos*) and neighbourhood organisations gained legal status as formal representatives of their constituent populations through Grassroots Territorial Organisations (OTB). The OTBs from a single canton elect representatives for a municipal Vigilance Committee (*Comité de Vigilancia*, CV), whose role is to oversee municipal expenditures and budgets.

Citizens directly elect their *alcalde* (mayor) and *consejales* (councillors) who sit on the municipal council and run the day-to-day operations of the municipality with the responsibility of coordinating most local needs, such as education, sanitation, infrastructure, irrigation and sports facilities (Centellas, 2000). Each municipal government must prepare a five-year Municipal Development Plan (PDM) based on the Manual of Participatory Municipal Planning developed by the Vice Ministry of Popular Participation, and must also draw up an Annual Operative Plan (POA). In short, these reforms have been so radical that they have hardly left anyone indifferent: for their promoters, the reforms have been “revolutionary”, for their critics the reforms are almost the work of the devil and they have been reviled as “damned” (Blanes, 1999).

The aim of this study is to assess the relationship between decentralisation reforms and the improvement of local governance. We are, of course, aware that “support for decentralisation tendencies is more closely related to existing specific institutional arrangements, and to the degree to which it is expected to influence one's own position, than to its intrinsic merits”

¹ David Altman is Assistant Professor at Instituto de Ciencia Política, Pontificia Universidad Católica de Chile, Santiago.

Rickard Lalander, M. Phil, is a PhD-candidate, University of Helsinki and the Latin America Institute in Stockholm.

(De Vries, 2000: 193). There is therefore an ongoing debate to identify the real intentions of those who fostered decentralisation and the results of these very original reforms. It is not surprising that there is as yet no agreement on the achievements of these reforms owing to the short period of time that has elapsed since they were introduced and the fact that their impact has varied. What is true is that the reforms were rapidly implemented, without a clear idea of the potential problems they might pose, based on the optimistic ideal that participation develops and fosters the very qualities necessary for it, and that the more individuals participate, the better able they become to do so (Pateman, 1970: 42).²

All these reforms came about in a very diverse milieu. At the very heart of South America, Bolivia has an area of almost 1.1 million square kilometres (equivalent to the size of Spain and France combined) and just over eight million inhabitants (similar to that of Sweden). Bolivia is the country in the region with the largest indigenous population; more than 50 per cent of its population are directly descended from native Americans. It has four official languages (Spanish, Quechua, Aymará, and Tupiguaraní), and only 40 per cent of the population speak Spanish as their mother tongue.³ It is considered the Tibet of the Americas with more than 30 per cent of its territory lying over 3 000 metres. If urbanisation is considered one measure of economic development, it is interesting to note that 36 per cent of Bolivians live in communities of less than 250 inhabitants (Molina Saucedo, 1997: 34). It is possible to grasp the rural-urban gap through a series of basic indicators. To name just a few: while infant mortality in the urban areas is 50/1000, in the rural world this index rises to 90/1000; the illiteracy rate is 5.3 per cent in urban areas but 33.7 per cent in rural regions; indigence accounts for 21.6 per cent of urban areas and an astonishing 58.8 per cent in the countryside. Finally, a typical citizen in urban areas has almost nine years of formal education, while in rural regions the figure declines to three years (Muñoz, 2001; Programa de las Naciones Unidas para el Desarrollo, 2002).

Iván Arias, current Vice-Minister of Popular Participation, describes the LPP as a painful process: "We have experienced 170 years of backwardness and we are not going fill the gap in only eight years. This is our tragedy: we have given huge amounts of resources and money to the municipalities, but our poverty is bigger than that. We have designated over USD 1 200 million to municipal governments, but I am also talking about 170 years of misery, of forgetfulness, so despite this, in eight years we have achieved something".⁴ Arias' statement makes sense. By almost any measure, Bolivia is the poorest country in South America and one of the poorest in the world (over 65 per cent of its population lives below the national poverty line).

² Promoters of the reforms have also pointed out other intellectual support for the decentralisation. Included among these are Tiebout (1956), Oates (1972), Terrazas (2000).

³ <http://www.ceprobol.gov.bo/infbolivia/infobol.htm>

⁴ Interview, March 12, 2002. All interviews were held in Spanish. Translations by the author.

Table 1. Bolivia's human development index in a comparative perspective

	World rank	Life expectancy (at birth, in years)	Adult literacy rate (% aged 15 and above)	Combined primary, secondary and tertiary gross enrolment ratio (%)	GDP per capita (PPP USD)	Human Development Index (HDI) Value
Argentina	34	73.4	96.8	83	12 377	0.844
Chile	38	75.3	95.8	78	9 417	0.831
Uruguay	40	74.4	97.7	79	9 035	0.831
Costa Rica	43	76.4	95.6	67	8 650	0.82
Mexico	54	72.6	91.4	71	9 023	0.796
Panama	57	74	91.9	74	6 000	0.787
Colombia	68	71.2	91.7	73	6 248	0.772
Venezuela	69	72.9	92.6	65	5 794	0.77
Brazil	73	67.7	85.2	80	7 625	0.757
Peru	82	68.8	89.9	80	4 799	0.747
Paraguay	90	70.1	93.3	64	4 426	0.74
Ecuador	93	70	91.6	77	3 203	0.732
Dominican Rep.	94	67.1	83.6	72	6 033	0.727
El Salvador	104	69.7	78.7	63	4 497	0.706
<i>Bolivia</i>	<i>114</i>	<i>62.4</i>	<i>85.5</i>	<i>70</i>	<i>2 424</i>	<i>0.653</i>
Honduras	116	65.7	74.6	61	2 453	0.638
Nicaragua	118	68.4	66.5	63	2 366	0.635
Guatemala	120	64.8	68.6	49	3 821	0.631
Haiti	146	52.6	49.8	52	1 467	0.471

Source: United Nations Development Programme, 2002.

Although in recent years, Bolivia has had one of the best economic performances in Latin America with an average growth of 3.8 per cent in the past five years (Economic Intelligence Unit⁵), it stills ranks very low in the UNDP Index of Human Development (see Table 1).⁶ The gender gap too is one of the broadest in the western world. For instance: 10.1 per cent of legislators are women, and on average, women receive 62 per cent of men's salary. They account for 14.9 per cent of municipal councillors and, as we will see, they are systematically marginalised. Nor is Bolivia immune to huge amounts of corruption and heavy bureaucracies. Regarding perceived corruption, it ranks 89th in a survey of 102 countries made by

⁵ <http://db.eiu.com>

⁶ Although growth has been important in the late 1990s, some consider it an "artificial" construction given the extensive resources injected into Bolivia's economy due to privatisations.

Transparency International in 2002 and is, after Paraguay, the worst placed of seventeen Latin American countries.⁷

Bolivia also has one of the heaviest bureaucracies in the world. For instance, a Bolivian entrepreneur needs over USD 2 600, and must overcome more than twenty different stages of red tape and wait at least 82 days before starting a business (*La Razón*, 13 December 2001). Nonetheless, despite all the aforementioned difficulties, elections in Bolivia are free and fair, and as O'Donnell (2001: 601) argues, Bolivia has succeeded in the transition from being one of the most unstable regimes in the continent to a fully integrated member of the club of democracies in the region.

This account is organised into seven sections. The next section describes the Bolivian process of democratisation since 1982. The second section describes the motivations behind those who approved the Law on Popular Participation in 1994 and those who opposed it. In the third section, the major institutional features of the LPP are depicted, and in the following section some examples are presented of how this new institutional setting works in practical terms. After reviewing the “real” experiences in the field, in section five we discuss the most important institutional shortcomings of the LPP. In section six we review some of the ideas on what factors might affect the prospects of municipal success. Finally, some conclusions are drawn from this experience of the LPP, suggesting some possible areas of support from the development assistance community.

2. Democratisation, municipalisation, and participation since 1982

Economic chaos, including high levels of hyperinflation, and problems of political legitimisation characterised the first post-authoritarian government of Bolivia (1982–1985). Hernán Siles Zuazo from the MNR-I (MNR⁸ de Izquierda) party faced severe obstacles in his attempts to stabilise the impoverished economy of Bolivia, whose hyperinflation rate reached 26 000 per cent in 1984–1985. As a symptom of this instability, during his term of office over eighty individuals served in the cabinet (Gamarra, 1997). Siles Zuazo did not enjoy the broad coalition that the following governments were able to build and economic turmoil forced him to resign one year before his mandate expired.

It must be said that although Bolivia has a presidential regime, it presents a unique feature that differs from other presidential regimes. If no presidential candidate wins more than fifty per cent of the valid votes, instead of having a runoff, it is the legislative assembly that elects a president

⁷ http://www.transparency.org/pressreleases_archive/2002/dnld/cpi2002.pressrelease.en.doc

⁸ *Movimiento Nacionalista Revolucionario*. See Appendix for a list of all Bolivian parties with parliamentary representation 1982–2002.

from the two front-runners of the first election (before the reform of 1995, it was from among the three front-runners). Presidential candidates usually have to survive three distinct coalition-forming stages. “First, they have to form an electoral coalition able to win the elections and thus to obtain a secure position for the critical second round. The next stage is a round of manoeuvring and coalition-building in Congress in order to elect a president. When the Congress has finally elected a chief executive, the coalition breaks down as presidents scramble to form a governing coalition” (Gamarra, 1997).⁹

Paz Estenssoro from the MNR received the support of the right wing ADN¹⁰ to sign the *Pacto por la Democracia* in order to become president for the period 1985–1989.¹¹ Very early on in his government (29 August 1985) Paz Estenssoro approved the Decree *Nueva Política Económica* (NPE) – New Economic Policy (Decree 21060). This decree meant a liberalisation of the economy, the “ascendance of the private sector as the central actor in economic development, recuperation of state control over key state enterprises that had been captured by factional cliques and labour groups” (Gamarra, 1997: 373). As Mayorga states, it is interesting to note that the Decree 21060 was the first structural adjustment programme in Latin America to be carried out under democratic conditions (1997: 146).

Jaime Paz Zamora from the centre party MIR¹² was elected president for the period 1989–1993. In an unlikely electoral coalition, in alliance with ADN, his government signed the agreement *El Acuerdo de Todos* (Everyone’s Agreement). During Jaime Paz Zamora’s government the first attempts at decentralisation were made, albeit unsuccessful given the strong veto players (the unions, several political parties departmental authorities, etc.). Nonetheless, the first coherent programmes for municipalisation arose from the centre left party CONDEPA¹³, and from the MNR. But the government, instead of having a proactive attitude to advance its agenda was more concerned with reacting to the ceaseless drain of legitimacy of its regime.¹⁴ During Paz Zamora’s administration, the major op-

⁹ For some authors, the Bolivian political system gives the president the legitimacy of a parliamentary system and the strong powers (avoiding votes of no-confidence and fragmentation) of a presidential system (Centellas, 1999). Mayorga (1997) terms this regime as “presidentialized parliamentarism” and Gamarra (1997) terms it “hybrid presidentialism”.

¹⁰ *Acción Democrática Nacionalista*

¹¹ A secret addendum, signed by the MNR and ADN in May 1988, provided for rotation of the presidency between the two parties given that the MNR pledged to support the former dictator Banzer’s candidacy in the 1989 general elections (Gamarra, 1997). The definitions of the ideological placement of political parties are based on Coppedge (1998) and Alcántara Saez (several years).

¹² *Movimiento De Izquierda Revolucionaria*

¹³ *Conciencia de Patria*

¹⁴ Zamora became president, like Allende in Chile in 1971, as the third candidate in the presidential election.

position candidate and then president, Gonzalo Sánchez de Lozada (MNR) organised a think-tank called *Fundación Milenio* for the advance of an electoral and constitutional reform, where decentralisation occupied a key place (Molina Monasterios, 1997: 124). By the end of Paz Zamora's administration, in August 1992, several political parties and the Bolivian Confederation of Private Entrepreneurs agreed on constitutional reform. During the same year, a massive demonstration in La Paz – the “March for Territory and Dignity” – changed the government's understanding of the ethnic question. Sánchez de Lozada, in a clever political move, appointed Víctor Hugo Cárdenas (from the feeble highland indigenous party known as the MRTKL-Katarista Movement, dating from the 1970s) as vice-president. Sánchez de Lozada claimed: “We need to include Indians, otherwise we risk a movement such as the Shining Path in Peru” (Lee Van Cott, 2000a: 144).

Gonzalo Sánchez de Lozada (MNR), forming an alliance with the centre-left Movimiento Bolivia Libre (MBL) and the populist Unión Cívica Solidaridad (UCS), was elected president for the period 1993–1997. His electoral platform was called *Plan de Todos* (Plan for Everyone) where he promised a “social market economy” alternative to the rigid continuity of the New Economic Policy. The plan included seven pillars: attracting investment, creating jobs, ensuring economic stability, improving health and education, encouraging popular participation, changing the role of the government, and combating corruption (Gamarra, 1997: 385). It was during this administration that the laws concerning popular participation (LPP) and administrative decentralisation (LDA) were approved. Knowing that congressional affairs might be an inconvenience for advancing his political agenda, “Sánchez de Lozada named an independent cabinet made up of technocrats and businessmen and left Congress in the hands of the MNR's old guard” (Gamarra, 1997: 386).

During his administration the *Unidad de Participación Popular* (UPP) was created, then called the *Comisión Nacional de Participación Popular* (CNPP), which eventually came to have a pivotal role in the decentralisation process. Sanchez de Lozada's innovation was his willingness to incorporate existing ideas and popular practices into public policy. What was remarkable is, as Lee Van Cott argues, that “only a few years earlier the same ideas had been considered subversive, unconstitutional, and even communist” (Lee Van Cott, 2000a: 160).

The process of reform, explained in greater detail below, lacked a comprehensive debate including the most relevant civil society organisations. Some consider this was so, given the mistrust that most of the UPP's social scientists and Sánchez de Lozada himself showed towards each of other sectors (i.e. *comités cívicos*, labour, and political parties). The *comités cívicos* were seen as representing exclusively elite urban interests. “The labour sector (and particularly the Bolivian Workers Central Union) still clung to a

traditional corporate, hierarchical and Marxist paradigm of political organisation. This solution had proved unmanageable during the 1982–1985 economic crisis. Finally, the political parties were seen as making up a separate class in itself. This class was strengthened by the electoral system (which requires that all political office-holders be members of political parties) and a familial system of state-patronage sharing” (Centellas, 2000).

Once the former dictator General Hugo Banzer had been elected President of the Republic for the period 1997–2002, he halted the municipalisation and decentralisation reforms. As long as he was president, until 2001¹⁵, municipalisation did not occupy a top position on the agenda, although he promised during his electoral campaign to maintain and expand the LPP (for example, to increase co-participation to 25 per cent). As a matter of fact, most of the staff of the SNPP, the former CNPP, were fired or resigned. “The secretariat itself was downgraded to a low-priority vice-ministry in the Ministry of Sustainable Development and placed under the direction of the NFR, a coalition partner with a regional base in Cochabamba. According to USAID staff, the SNPP is politically isolated and lacks technical capacity” (Lee Van Cott, 2000a: 210). Moreover, “other functions were distributed to three separate ministries, threatening the fluid coordination of rural, urban, and institutional development . . . Professionalism and institutional continuity have been sacrificed to political patronage: Staff turnover attributable to the change in government” (Lee Van Cott, 2000a: 211).

Given that Banzer dominated all departments in political terms but lacked major support at the municipal level, he shifted the emphasis of the programme from the municipal to the departmental level. Although for the former ADN administration (1997–2002) the Law on Popular Participation is good so long as it is a tool for poverty alleviation, nothing more, it is expected that municipalisation programmes will once again occupy a central place on the agenda with the re-election of Sánchez de Losada as the President of the Republic (2002–2007).

3. The 1551 Law on Popular Participation

We must go back in time in order to understand the approval and implementation of the Law on Popular Participation. After the return to democratic governance in 1982, political elites began to suggest constitutional reforms to respond to the severe crisis of governability and economic stability that accompanied the difficult transition to democracy. Nonetheless, “cases of devolution such as that in Bolivia have proven difficult to explain

¹⁵ He left office for health-related reasons and maintained his role in the ADN until just before his death on 5 May 2002.

particularly since decentralisation's beneficiaries had virtually no influence whatsoever in national politics" (Barr, 2001). Neither was it, as noted by Dillinger, "a reluctant and disorderly series of concessions by central government attempting to maintain political stability" (Daniere and Marcondes, 1998). As Donna Lee Van Cott asserts, "the exclusionary, managed, top-down process of democratisation can be attributed to the fact that there was no coherent political movement for the radical transformation of state-society relations from below, apart from the weak indigenous organisations and the writings of politically impotent intellectuals" (Lee Van Cott, 2000a: 150).

Then why would a government promote a bill that undermines its capacity for pork barrel distribution and erodes many of its niches of electoral clientelism? What is the rationale behind this move? Who were the major opponents of the LPP and how did they react to the bill? Whose interests were threatened? Before answering these questions, let us take a look at the very first article of the LPP that describes the spirit of the reforms:

The present Law acknowledges, promotes, and consolidates the process of Popular Participation, incorporating the indigenous communities, indigenous peoples, rural communities and urban neighbourhoods in the juridical, political and economic life of the country. It is aimed at improving the quality of life of Bolivian women and men, through a fairer distribution and better administration of public resources. It strengthens the political and economic means and institutions necessary for perfecting representative democracy, incorporating citizens' participation in a process of participative democracy and guaranteeing equality of representation at all levels between women and men (Government of Bolivia, 1994. Author's translation).

On the one hand, the authors of the LPP described their effort as aimed at improving the quality of democracy in Bolivia. For some scholars, the goals of political or fiscal administrative efficiency were only secondary (and often sacrificed to the goal of intensifying democracy) and a way of asserting the territorial presence of the Bolivian state through new means (Centellas, 2000; Gray-Molina, 2001). In this way, the process of electoral competition ought to be extended all the way down from the national to the municipal level of government, bringing, as Whitehead says, "public-policy decisions much closer to the people" (Whitehead, 2001a: 8). On the

other hand, other scholars claim that the LPP was the only way of consolidating the structural reforms of the early 1990s (Blanes, 1998).¹⁶ “More significant than the level of economic growth or administrative efficiency achieved by the Law on Capitalization and the LPP, is that the two combine to support a neoliberal agenda that aims to guarantee transnational firms access to low-cost Bolivian natural resources and labour while also creating the social stability those firms need to operate” (Kohl, 2002: 17).

In other words, one of the main goals of the transfer of responsibilities from the central government to the municipalities was to weaken and even break unions.¹⁷ Also, others would claim that “by supporting the municipalities, the central state was able to neutralise the autonomist tendencies of regional elites while promoting the participation of civil society in municipal government” (Goudsmit and Blackburn, 2001: 587–88). In this way, decentralisation was conceived as a tool to overwhelm the pseudo-federal ideas of some departments, of which Santa Cruz played a significant role.

International donor institutions indicated that the LPP would also serve as a targeted poverty-alleviation programme, although this concern is not “directly addressed by Popular Participation” (Gray-Molina, 2001: 73). Some actors of the former ADN government claim that the LPP and LDA were both included as fundamental instruments of the overall poverty reduction strategy (Behrendt, 2002: 6). The decentralisation and popular participation reforms were introduced with the ambition of creating better conditions to combat poverty at the local (municipal) level, *inter alia*, through a more efficient municipal administration, as well as a more sustainable and less dependent financial situation for municipal governments.

Sánchez de Losada had good reasons to believe that a programme of decentralisation using the departments as decentralised units could seriously undermine the pivotal role that the MNR has in Bolivian politics. Given that the MNR bases of support are supposed to be concentrated in small businesses and among agricultural workers, and that parties other than the MNR dominate departmental capitals, a departmental decentralisation

¹⁶ As Kohl argues, “privatizing state-owned enterprises has fragmented Bolivia’s labor movement, as each group of workers must negotiate with different employers rather than with the government” (Kohl, 2002: 6).

¹⁷ This is not new in the region. For instance Castiglioni considers that decentralisation in Chile under Pinochet’s rule had two guiding principles: decentralisation was promoted mainly so that (a) the beneficiaries of social services could participate in the decision-making process and (b) to insulate the state from social conflicts. As she says (2001: 55), “the first objective was never achieved (and probably never sought). However, the second goal was attained in the health care and educational sectors by removing the state as the main target of collective action.” Castiglioni interviewed Mercedes Cifuentes, former Chief of Budget, Ministry of Health in Chile, who said that the main goal behind transferring responsibilities to the municipalities “was to break unions, because prior to these reforms, teachers would go on a national strike and would deal with the minister (the same was true with doctors). But when you distribute responsibilities among municipal governments, the employer is the mayor, so instead of having a national union you have 350 small unions” (Ibid.).

would have been negative for the MNR. Also, Sánchez de Losada was afraid that Bolivian departments would become like Argentinean provinces, where provincial governors did not have any trouble forcing the national executive to adopt certain measures. He wanted to avoid the possible collective action of the nine departmental bosses, whereas with over three hundred leaders, his possibilities of breaking an eventual coalition increased.¹⁸

There is no clear consensus on the 'real' motivation for the reforms, but certainly each of the aforementioned reasons is plausible. Along these lines, Toranzo categorises the structural and political pressure for constitutional reform in Bolivia as an accumulation of problems.¹⁹ These consisted of rapid, unplanned urban migration and the concurrent depopulation of rural areas (see also Peirce, 1997); the economic and political marginalisation of the 42 per cent of the population that continued to reside in rural areas; the lack of a national economic market to integrate producers and consumers; the absence of state services and authority in the majority of the territory; the fragmentation, clientelism, weak institutionalisation and lack of representativity of the political party system; as well as the second highest poverty rate in the Western Hemisphere (Lee Van Cott, 2000a: 134).

Furthermore, the diffusion of ideas played an important role for popular participation and decentralisation and Bolivia served as an important testing ground for international organisations (Kohl, 2002). In this way, several prestigious organisations and individuals helped with the drafting of the LPP (Lee Van Cott, 2000a: 291).²⁰ "Strengthening civil society and democracy by promoting NGOs, the new gospel actively promoted by international development agencies, has spawned a debate on the politics of civil society building and tensions between state and non-state actors" (Nederveen Pieterse, 2001: 409). As a matter of fact, "the costs of implementing the reform – particularly of establishing the decentralised authorities and furthering their institutional development – have so far been financed almost entirely by cooperation agencies" (Thévoz, 1999: 171).

Disagreements with the LPP were not at all insignificant and still remain. The subtle and almost secret way in which this law was designed and approved yields the basic seed of its opposition. First, opposition came from those groups excluded from the drafting process who believed that they had the right to participate. "The most vociferous supporters of decentralisation in Bolivia had always been the regional elites who clamoured for more resources and the devolution of power to the nine Departments

¹⁸ Interview with Centellas, 28 April 2002.

¹⁹ Interview, 28 February 2002.

²⁰ Among these institutions and people we find the National Endowment for Democracy, Carlos Santiago Nino, Juan Linz, Bolívar Lamounier, Carina Perelli, and Arturo Valenzuela. It is clear that the parliamentarian inclinations of Valenzuela and Linz played a significant role in the draft, particularly regarding the constructive vote of non-confidence.

which make up the country” (Goudsmit and Blackburn, 2001: 587–88). These groups never had any interest in decentralisation and democratisation within their respective departments, however.²¹ But opposition also came from those groups whose interests were threatened: *comités cívicos*, the labour sector, or political parties (including many members of the governing MNR itself). Anthropologists argued that the indigenous cultures would be destroyed if any criteria with respect to gender roles in community authority structures of planning practices were imposed on them (Lee Van Cott, 2000a: 163). For others, “when revenue sharing was first proposed, critics suggested that popular participation would simply ‘decentralise corruption’” (Kohl, 2002: 14). Parties other than the MNR considered the LPP to be an MNR conspiracy to dominate municipal governments.

Everyone showed some opposition, but given that the objectives were very precious, nobody would frontally oppose them . . . Workers’ and farmers’ unions were also opposed since they were used to negotiating directly with the minister at the central level. With this reform we were creating 315 ministers and they would thus have to channel their demands in other ways. The political parties were also all against the LPP, even those belonging to the governing coalition. It was only the will of the president that allowed the project to proceed.²²

Regardless of the strong opposition, Sánchez de Losada had enough political resources to approve the law and since then, there has been a spectacular growth in the transfer of funds to municipal government. From 1993 until 1997, the total funds transferred to the country’s municipalities increased by over 350 per cent (USD 52 million in 1993 to USD 184 million in 1997). Moreover, if only rural regions are included, the growth in the transfer of funds becomes impressive, over 2 000 per cent in less than three years (from USD 4 million in 1993 to USD 83 million in 1995) (Thévoz, 1999).²³ In the following section the major institutional features of the LPP will be described.

4. The institutional structure of the LPP

The LPP involved the creation of new institutions that are absolutely unique in the region, although some of them were based on experiences in other countries, such as the Colombian or Cuban municipalisation pro-

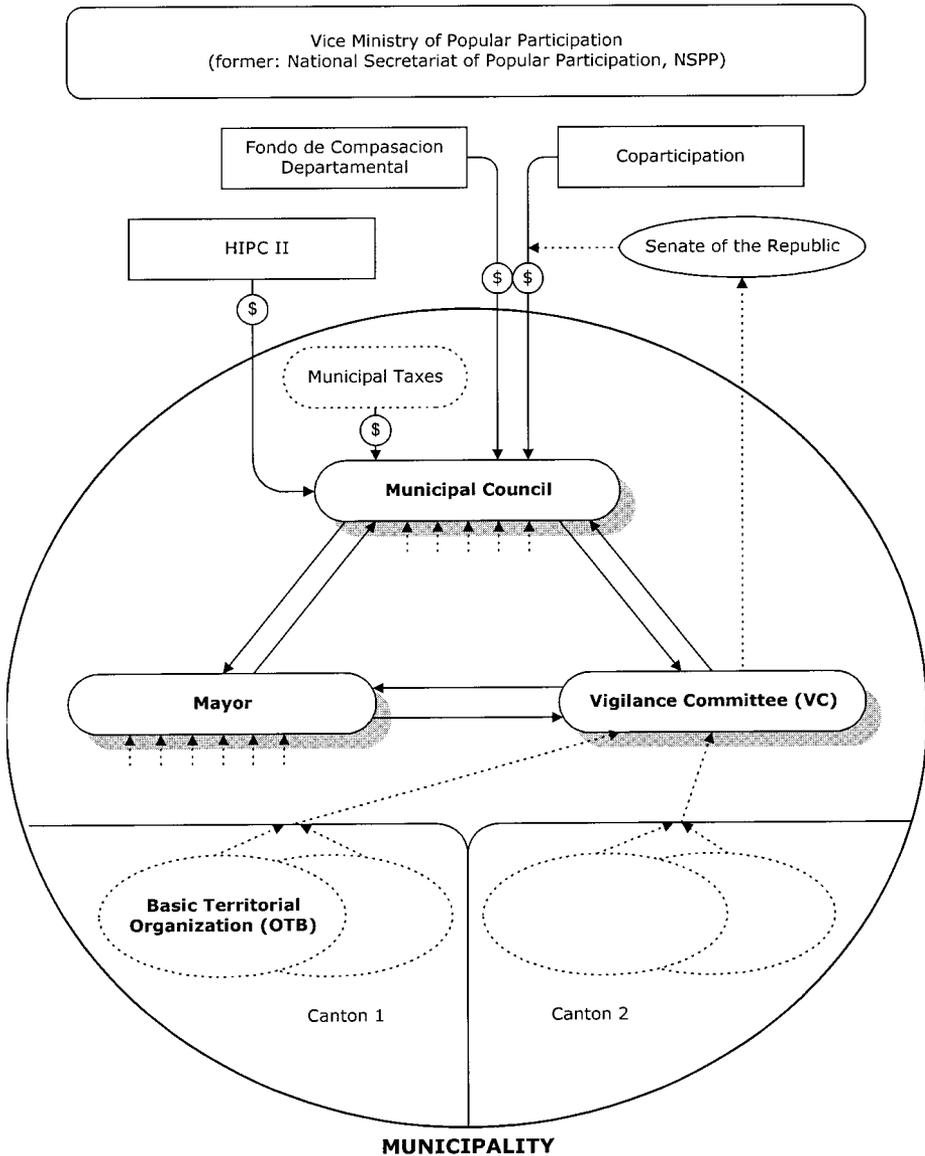
²¹ Interview with Molina Saucedo, 26 February 2002.

²² *Ibid.*

²³ For a detailed account of the sums transferred from the central government to municipal governments, see Faguet (2000), and Ministerio de Desarrollo Sostenible y Planificación, (2000b).

grammes,²⁴ and were the inspiration of reforms in other parts of the region. Figure 1 presents a simplified scheme of a municipality, its institutions and the basic external environment. The bold line represents a given municipality in Bolivia; within which are four major institutions: OTBs, the municipal council, the mayor and the Vigilance Committee.

Figure 1: Institutional features of municipal governments



²⁴ Interview with Moulina Saucedo, 26 February 2002.

Each municipality has a government composed of the municipal council and its mayor (*alcalde*), who are elected directly by the citizens. The municipal council has between five and eleven remunerated members depending on the population of the municipality. To be nominated as councillors, these people must run under the umbrella of a political party and a system of proportional representation is used to account for distribution among parties. To be mayor, it is also necessary to belong to a political party and to receive more than 50 per cent of the votes of the citizens in the municipality, otherwise the municipal council elects the mayor from among its members, which is normally the case. Article 201 of the new Constitution allows for a “constructive censure vote”, which means that if a mayor has not been elected directly by citizens, he or she can be censured by three-fifths of the municipal council and any councillor can replace him or her in the position.

Geographically, each municipality is divided in cantons, which is the smallest Bolivian territorial unit. Within cantons, there are Grassroots Territorial Organisations (OTB), the very basic unit of social representation (recognised by Decree 23858, September 1994). After years, maybe centuries, of indifference by central authorities, *campesinos* and indigenous communities, as well as other types of local social networks gained legal status through the creation of over 14 000 Grassroots Territorial Organisations nationwide.²⁵ Acknowledgement by central authorities is straightforward but must fulfil one condition: there can be no geographic overlap.²⁶ Each OTB belongs to a single municipality and elects only one representative to the CM. The law recognises the following tasks of OTBs:

To identify, set priorities, participate and cooperate in the implementation and administration of projects for the public welfare, giving preferential attention to formal and informal education, the improvement of housing, health care, the widespread practice of sports, and the improvement of the methods of production. b) To participate and cooperate, working together in the implementation of public works and the administration of public services. c) To cooperate in the maintenance, safeguarding and protection of both municipal and communal public facilities. d) To inform the community of actions undertaken on their behalf. e) To coordinate administrative and judiciary resources to defend the rights acknowledged by this Law. f) To promote the equal access and representation of

²⁵ By 1997 there were 14 879 OTBs registered (11 585 *campesino* communities, 2 766 urban neighborhood committees, and 528 indigenous communities). Lee Van Cott, 2000a: 184.

²⁶ One councillor from the municipality of Cotoca, also of the Santa Cruz Department, complained from the very beginning of the problems arising from the implementation of the LPP. For instance the way in which municipal borders were traced produced a series of conflicts, “when they drew the municipalities on the Bolivian map, the pencil line on the paper was a kilometre wide in real life . . . We do not know where our jurisdiction begins and where it ends” (Interview with Franco, 15 March 2002).

women and men at all levels (Law 1551: article 8. Author's translation).

Each canton nominates one person to the Vigilance Committee (CV). A CV is a local watchdog organisation that oversees municipal expenditures and budgets, and also reviews and approves the local budget and annual action plan, and proposes new projects. It has the ability to trigger a mechanism that suspends all disbursements from central government to the respective municipal governments if it deems that such funds are being misused or stolen. By law, those who form the CV do not receive any form of economic or material compensation.²⁷

Each municipality has three major sources of funding: co-participation, departmental compensation funds (*Fondo de Compensación Departamental*), and municipal taxes.²⁸ The backbone of decentralisation in Bolivia is the automatic and permanent transfer of twenty per cent of national resources from national taxes to municipalities on a per capita basis and used for public services, known as we previously mentioned, as co-participation. These funds may be suspended by a mechanism that the CV may activate.

Overall, the co-participation procedure has drastically increased the income of municipal governments (see Table 2). While in 1993, the three major cities (La Paz, Cochabamba and Santa Cruz) received over 90 per cent of the share of revenue, in 1997 their share had decreased to barely 40 per cent.

²⁷ The provision reads: I. An Oversight Committee shall be formed for each Municipal Government for the purpose of linking the Grassroots Territorial Organisations and the Municipal Government in the exercise of the rights and duties established in this Law. The Oversight Committee shall be composed of a representative from each Canton or District in the jurisdiction, and shall be elected by the respective Grassroots Territorial Organisations and have the following attributions: a) To ensure that the municipal resources for Popular Participation are fairly and equitably invested in the urban and rural population, acting as a liaison to ensure that the Grassroots Territorial Organisations exercise the rights acknowledged by this Law. b) To ensure that no more than fifteen per cent of the Popular Participation resources are assigned for the Municipal Government's regular expenses. c) To give opinions with respect to the budgeting of Popular Participation resources and the submission of reports of expenses and investments carried out by the Municipal Government. These opinions should be made public using whatever means of communication, with a copy to the Executive Authority such that this authority acts in accordance with the responsibilities recognised by the Political Constitution of the State. II. In the municipal jurisdictions where there is only one Canton, the Grassroots Territorial Organisation shall elect three citizens to form the Oversight Committee, and where there are two Cantons, each one of them shall elect two representatives. III. The Oversight Committee shall determine its own organisation and work, as well as the election of its directors (Law 1551: article 10).

²⁸ Given that Bolivia qualified for substantial debt relief from the World Bank, there is a fourth source of income, that is the World Bank's "Highly Indebted Poor Countries" (HIPC) programme. For information about the programme, see: <http://www.sns.gov.bo/indicahipic8.htm>.

Table 2. Revenue-sharing before and after the reform (USD thousands)

	1993	1994	1995	1996	1997
Capital cities	48 056	44 672	53 360	62 747	71 299
	(92.1%)	(52.1%)	(39.0%)	(39.0%)	(38.8%)
Rest of the country	4 103	40 948	83 390	98 314	112 339
	(7.9%)	(47.8%)	(61.0%)	(61.0%)	(61.2%)
Total	52 158	85 620	136 50	161 061	183 638
	(100%)	(100%)	(100%)	(100%)	(100%)

Source: Gray-Molina, 2001, p. 70.

Although each municipality has to draw up an Annual Operating Plan (POA) based on a fixed pattern given by the Vice-Ministry of Popular Participation, each of these local governments may dispose of any resource and taxes transferred to them as it sees fit. The only restriction is that a limited percentage of municipal resources be used for municipal administration activities (Thévoz, 1999). When the Law was approved, up to fifteen per cent of the co-participation funds could be utilised for current expenses (salaries, wages, light, water, telephone, etc.). Apparently this amount was insufficient – under the argument that salaries were low and it was impossible to hire competent professionals – and in 2001 this stipulation changed to allow up to twenty-five per cent of municipal income to be used for municipal administration.

5. Some experiences of the LPP reform

During our field stay in Bolivia, we had opportunities to study the situation and experiences of three municipalities and the ways in which they functioned, namely the principally Quechua-dominated *Cliza* and *Tarata* of the Cochabamba department and the ethnically more mixed municipality of *Porongo* in the Santa Cruz department. All three are considered to be relative success stories in their contexts, where clear changes in municipal government and economic activity have been observed in a relatively short time.²⁹ In Tarata, the first rural municipality we visited, we managed to interview the Mayor, Johnny González, Councillor Hermógenes Ortiño, and the President of the Vigilance Committee, Raúl Mamani, all three of whom came from different political parties.³⁰ All the informants of this municipal government, including the representative of the VC,

²⁹ Population figures show that Cliza has 17 509 inhabitants, Tarata 8 406 inhabitants, and Porongo 8 272 inhabitants, according to statistics from an amendment to the Popular Participation Law by supreme decree No 24202, 23 December 1995.

³⁰ Tarata consists technically of both rural and urban areas and the population is dominated ethnically by Quechua and mestizos.

agreed that, despite its shortcomings, the LPP has resulted in an overall positive change for the municipality. First of all, the budgetary aspect was emphasised: from zero to a substantial amount. Tarata used to be a poor municipality, but the LPP has meant an economic base support. The Mayor exemplifies this in the following way: before the LPP and LDA reforms, the municipality had an income of Bolivianos (BOB) 120 000 per year and now this figure is over BOB 300 000. Nonetheless, their larger ambition is to become economically sustainable.³¹

Although since 1994, conflicts between the CV and the mayors have dominated relationships with the present municipal government, collaboration between the mayor, the CM and the CV normally functions well. When evaluating this process, Raúl Mamani explains: "It is a bit sad, but in general our experiences are more negative than positive. Our staff have not been sufficiently competent in administration. The fact that the politicians and technicians are elected politically and that the members of the Vigilance Committee do not receive a salary is an important factor. We will need to make clear the function of each public official. The Law [LPP] is good, but we are not 100 per cent satisfied."³²

In the second of the studied Cochabamba municipalities, Cliza, with a seemingly more mixed population than that of Tarata, and evidently of a more commercial character, we received corroboration on some of the feelings towards the LPP that were exposed in Tarata. Several of the municipal councillors in Cliza expressed criticism of the LPP and the way it functions in reality. Although they recognise the LPP as a formal provider of instruments for power division, and the importance of the guaranteed financial contribution to the municipal level, they still hold that not enough resources are transferred to this level. They argue that the ministries and departmental *prefecturas* receive the major proportion of the money. Furthermore, Tito Jaldín Delgadillo, Vice-President of the Tarata Municipal Council, points out contradictions between the LPP, the national judicial system and the National Law on Dialogue – LDN – (*Ley de Diálogo Nacional*) that, according to him, open the door for corruption.³³

As for the OTBs and the CVs as channels for demands, another municipal councillor, David Vocal Gragada, compares the situation with that of a child begging to be given something, e.g., "I want, I want, I want etc. to eventually not receiving anything", a situation that soon becomes indefensible. He emphasises the need for more resources for capacity-building of the CV members, and the importance of the relationship between the CV and the CM. Regarding the OTBs, David Vocal suggests that they ought to learn to meet their own responsibilities as well, and not only to keep demanding.³⁴

³¹ Interview with González, 2 March 2002.

³² Interview, 2 March 2002.

³³ Interview, 2 March 2002.

³⁴ Interview, 5 March 2002.

Of all the Bolivian municipalities, the peasant district of Porongo in the Santa Cruz Department of Southern Bolivia is probably the internationally (and domestically) most well-known success story regarding decentralisation and popular participation. The current mayor of Porongo, British born Mike Bennett, has received a lot of credit for this success. This has been accomplished through, among other things, the development of projects aimed at attracting investors, such as a road project that aims at connecting Santa Cruz with Brazil. Porongo thus enjoys a relatively advantageous strategic situation, and besides, as Bennett explains, it also forms part of a National park, which could contribute to making the area even more attractive. One project aims at building an artificial lake, together with municipal companies. During our interviews with Bennett in Santa Cruz and Porongo he presented some personal experiences of how municipal politics have worked in practice after the LPP and decentralisation reforms. First of all, like our previous informants, he underlines the importance of the LPP and the fact that the practical transfer of money to the municipality signified that the citizens viewed that the mayor now had money.

Bennett himself was elected in 2000, and initially he met with forceful resistance, primarily from a group led by the former mayor. Recently elected, he describes how, on occasions he had confronted aggressive crowds demanding his resignation, and how he had once had to defend himself by speaking for 14 hours to a crowd of 500 people (who had come with protest boards and even threatened him with dynamite). He also comments on the fact that at first the CVs did not function and had worked in two distinct camps. For Bennett, a major problem is that CV members do not receive a salary. In comparison, municipal policemen receive free lunch from the municipality budget, despite this not being funded in the official budget. Here too, the existing political party system is part of the problem, with forces within the large parties that resist possible salary reforms. Furthermore, many municipalities seem not to have understood that they have to struggle to achieve a generation of economic flow and projects at the local level, and not just wait for the transfer of capital from the centre. As Bennett argues, the system has not yet matured sufficiently and the fragmentation of the political system is one source of that situation. At the same time, though, he recognises that Porongo, for one, has enjoyed important economic assistance from international donors.³⁵

Another field to be studied in order to be in a better position to review the possibility of smoother political leadership in the municipality lies in the political composition of the municipal council (CM). When the mayor has the support of the majority in the CM, governing and projects become

³⁵ The fact that Porongo received a large infusion of foreign assistance might be used to claim that this municipal government is unrepresentative for the purposes of this research. Nonetheless, its reception of international assistance is in itself a consequence of sound economic and social programmes.

easier, but with weak representation in the CM, this situation constitutes a clear bottle-neck. With regard again to the CVs, in many municipalities they understand their own function as a breaking mechanism. As for other existing problems related to the LPP, possibilities exist, for example, in building schools, but one cannot be sure about the availability of teachers. The low salary of teachers is another problem, particularly in rural areas.³⁶

We also had the opportunity to interview seven leaders from one of the most excluded groups in Bolivia: the indigenous Guaranís. In addition to giving some suggestions for party and electoral reforms, the Guaranís expressed doubt on the LPP for three major reasons: a) lack of consolidation of the law itself, b) lack of distribution of information, and c) lack of capacity-building among local community leaders. These seven leaders, belonging to the Guaraní People's Assembly, the APG (*Asamblea del Pueblo de Guaraní*), were very explicit about a number of problems and weaknesses of the LPP and the political system at local levels.³⁷

At the neighbourhood level, one fundamental problem is that the OTBs in small villages lack organisational abilities. This and their lack of economic resources and often inferior position *vis-à-vis* the mayor, results in the Vigilance Committees being considered too weak. To confront this situation, Guaraní activists try to change the LPP financing system which they consider to be political manipulation. Several meetings have been organised with municipal councils and CVs. An illustrative example of the lack of political Guaraní representation and power is that, of all the municipalities in the Bolivian Guaraní zone, only one mayor is of Guaraní origin. At the same time, there are around thirty Guaraní councillors. The Guaraní People's Assembly expressed a feeling that they have been out-manoeuvred by the political parties, and they lack confidence in them. They do not feel that any of the national political parties could represent their interests and therefore the Guaraní Assembly would welcome the possibility to present candidates in political elections without having to go through the national political parties.³⁸

Summing up the arguments and disappointments, they primarily feel that the national level sets up the political rules, which makes it difficult for the grassroots to be heard, especially for a minority like them. They are therefore inclined to consider the LPP project as a kind of Utopia.

The above-mentioned examples illustrate some experiences of mixed urban-rural municipalities, and through our informants we generally gained the impression that, despite criticism, decentralisation and the LPP have functioned better in such areas than in urban municipalities. Adam

³⁶ Interview with Bennett, 27 February 2002.

³⁷ Interviews, 7 April 2002.

³⁸ They argue further that the political movement of *el Mall'ku* (Felipe Quispe) does not function as an attractive alternative for them, since it mainly takes the interests of Aymara, another native group, into consideration. They maintain that the Guaranís are organisationally different from Aymaras and Quechas, in that, for example, they are not unionised.

Behrendt describe some of the difficulties and advantages of implementing the LPP in urban areas (basing his findings on a study of La Paz and Santa Cruz). It is argued that the LPP and decentralisation were originally oriented towards smaller rural areas, and initially not even perceived as useful for urban areas. It is important to consider the recent urbanisation of Bolivia that has taken place (a 57-per cent urban population according to the statistics used by Behrendt).

The size of a municipality is, as argued, decisive for the probable outcome of ambitions to introduce and develop the LPP, and the larger the municipality, the more complex becomes the scenario: “[S]ocial complexity and political intervention and corruption often completely circumvent the procedures and processes mandated by law. Due to the higher levels of resources and larger size of the operations, there are far more opportunities for rent-seeking and the payment of political favours, as well as outright embezzlement, than in smaller rural governments” (Behrendt, 2002: 8–9).

Anthropologist Lesley Gill has studied the situation in the large city of El Alto, on the periphery of La Paz and her experience is that the LPP and the new governmental unit that was introduced through decentralisation are confronting a series of problems. Even if the defenders of the LPP hold that El Alto is relatively favoured by the reform due to its size and that it would thereby receive a larger share of the co-participation funds than smaller cities, other voices are more sceptical. Privatisation and decapitalisation of the state can contribute to confusion as to whether the twenty per cent of state revenues really go to improvements for El Alto. One of the most critical neighbourhood leaders expressed the following in late 1994:

[The Popular Participation Law] goes against the interests of the popular classes. Why? Because we have confederations at the national level. We have federations that are departmental or regional in the case of El Alto. And we have the *Central Obrera Boliviana* [Central Bolivian Union Confederation]. And the unions and the *juntas de vecinos* group themselves around these national and departmental entities that make pronouncements and organise pressure tactics. But what happens with the Popular Participation Law? Each neighbourhood committee is empowered to make its own arrangements with the state without consulting any overarching organisation. The intentions of the government are to divide and rule. It intends to debilitate the main organisations by putting local leaders in charge of small areas and [tying them directly to the state]. This guarantees that there are no solid institutions that question the government. It reduces the power of the popular movement (Gill, 2000: 49).

6. Shortcomings of the LPP

In this section some of the most relevant problems in the structure of the LPP are tackled. First, we analyse the relationships between the mayor, the municipal council and the Vigilance Committee, relationships that sometimes seem unbalanced. We then focus on the existing structural problems of corruption, gender, and political parties. It is extremely unlikely that the LPP will disappear from the horizon in any foreseeable future and our findings show that no political party proposed the abolition or a major restructuring of the LPP during the 2002 or even the 1997 presidential elections.

The reason might be, as Lee Van Cott asserts, that “anyone trying to dismantle the LPP would encounter stiff resistance in rural areas, where the law has brought dramatic improvements in living conditions, if not political participation” (Lee Van Cott, 2000a: 205). As the reforms were undertaken at different levels of society and the state, their problems are also many and at distinct levels. Again, Arias’ words describe this climate: “we have quite new municipal governments, very weak institutionalisation, huge disparities between large and small municipalities, and the structure and rules are not suitable for handling these disparities. We have tremendous instabilities; bureaucrats have not yet acquired professional skills. We are experiencing the consequences of a significant illiteracy rate and the forgetfulness that existed regarding certain areas of the country.”³⁹

6.1 *The imbalance in relationships between the municipal council, the mayor, and the Vigilance Committee*

As we saw in the previous sections, in the event that no candidate receives more than fifty per cent of the vote, the municipal council elects a mayor from among its members. This mechanism has been over-exploited even in cases where the mayor has indeed received more than fifty per cent of the vote and it is popularly known as *pasanaku*, i.e. the systematic utilisation of no-confidence votes in the CM. It is known that the national leaders of political parties encourage council members to censure opposition parties if they are in power. The newspaper *La Razón* calculated that this resulted in 248 censures during 1999.⁴⁰ Sometimes discrepancies in political coalitions in the same municipal council produced a *bicephalous alcaldía* over a period of six months as in the municipality of *Viacha* (Sánchez Serrano, 2001: 271).⁴¹

³⁹ Interview, 12 March 2002.

⁴⁰ <http://www.cedib.org/cgi-bin/>

⁴¹ By bicephalous *alcaldía*, Sánchez Serrano means that two different groups of communal leaders claimed authority of the municipal council at the same time.

There are three main problems associated with *pasanaku*. The first is the obvious instability that they give to municipal programmes over time. The second is the administrative discontinuity that prevents municipal governments from creating bureaucratic cadres. A third problem is that municipal governments, in order to retain power, distribute resources in a particularistic way, opening the door for corruption. "If the goodies of governing cannot be enjoyed in an exclusive manner, the most rational behaviour is to alternate the power in a civilised manner: one mayor per year, one party per year, one coalition per year..." (Ministerio de Desarrollo Sostenible y Planificación and Popular, 2000c: 9). As the Vice-Minister of Popular Participation argued: "it is fine as a principle, it might work well in Germany or Sweden, but here in Bolivia, instead of producing political stability it created a hell of a lot of instability".⁴²

In the context of a fragmented party system with weak roots in society, the kind of power-sharing that is sometimes applied by means of circulation of posts between parties breeds corruption as it implies that there is no opposition. Every party has the opportunity to dig in for a short period of time. Hence, a vital opposition, which is still absent in the Bolivian context, seems to be one important means of transparency and control.⁴³

The LPP created the Vigilance Committee, a powerful institution, to scrutinise the municipal government and the mayor. There are a number of factors that prevent the CVs from functioning efficiently. The first is that over 85 per cent of OTB leaders are functionally illiterate (Lee Van Cott, 2000a: 186). The second is that the LPP did not provide resources for the CVs to act in an effective manner. They continuously claim that CMs do not provide enough information or even material resources for them (such as offices) to accomplish their tasks (Lee Van Cott, 2000a: 185). Of course, the political establishment in the communities is well aware of this situation and takes advantage of the weaknesses of the CVs.

In contrast with the CV, the mayor has everything. The CV lack logistical support. They must monitor every project which is without doubt a monumental task. The law does not give much power to the CVs and mayors know this very well. If they give something with this hand, they take it away with the other. . . . The mayor has his killers. Sometimes they beat CV members, sometimes they want to kill them, and sometimes simple threat is enough. In Tapacarí for example, such violence occurred several times because the CV questioned the mayor on a regular basis.⁴⁴

⁴² Interview, 12 March 2002.

⁴³ This has been one of the strongest arguments against implementation of parliamentary regimes in the region: Without strong political parties, parliamentarism would result in a *Mafioso* style of government.

⁴⁴ Interview with Zambrana, 5 March 2002.

As pointed out in the introduction to this chapter, corrupt behaviour clearly exists in Bolivia, making it one of the most corrupt countries in the 2002 survey carried out by Transparency International. The question is whether the new institutional framework helps to minimise this phenomenon or worsen it. Our informants clearly testified that with the current institutional procedures specified by the LPP at the municipal level, it is very hard to control corruption.

There is a lot of corruption over here. Everyone has heard of the famous “10 per cent” for example. Let us say that a municipal government makes a call for a tender. The NGO that wants to compete knows that it must give 10 per cent of the budget to the municipal government. I believe that this was not anticipated in the LPP and that the bribery has already been institutionalised. This is lamentable and I am sure it occurs in over 90 per cent of all municipalities. I’ll give you an example; if you give 10 per cent of the budget and the work costs 50 000 dollars, you are giving 5 000 dollars to the government. If they receive 5 000 dollars, how are you going to control that NGO? It’s even worse because the contractor has to recoup the money it gave to the mayor and municipal council and usually does so by lowering the quality of the work. This is a constant problem that leaves the communities with a bunch of bad work. Work that shows cracks even before inauguration. This is very difficult to deal with, and the CV lacks the resources to confront it and to avoid this phenomenon.⁴⁵

If the CV wants to suspend the flow of money from the co-participation to the CM, it has to put its case before the National Senate, which is the institution authorised to approve the suspension. There are two problems associated with this mechanism. The first is that the outcome of this procedure is highly contingent on the political colour dominating the Senate and that dominating the CM.⁴⁶ If they match, it will be extremely difficult for the CV to be successful in stopping the co-participation. Second, this institutional mechanism does not allow the possibility of suspending part of the co-participation flow, just a total embargo of it.

For instance, the CV may suspect that there are some irregular procedures in the assignation of a public service from the municipal government to a private enterprise. If the CV wants to suspend the co-participation and succeeds before the Senate, the total flow of money is suspended. The suspension affects all the funds going to the CM, not only the resources for

⁴⁵ Ibid.

⁴⁶ The LPP in its Article 11:3 stipulates that “if the National Senate agrees with the denunciation, the revenue sharing disbursements for Popular Participation, corresponding to the Municipal Government denounced, shall be suspended. Until the National Senate resolves the situation definitively, the co-participation resources shall continue to accumulate in the account of the Municipal Government in question.”

the specific public service and presumed act of corruption, but also for water, electricity, salaries and other basic expenses. Some CVs are therefore reluctant to trigger the process because of the high costs involved, not only in going to the Senate in La Paz, but also the collateral damage to the community.

One of the limitations of the LPP is the process of freezing funds [co-participation]. In Tacopaya the CV did everything to freeze funds and the mayor laughed ironically. The CV had to go to the Departmental Council, where the majority of members belonged to the mayor's party [ADN]. Obviously, the claims did not get to the Senate. Even assuming the claims had arrived at the Senate, nothing would happen because the ADN dominates the Senate itself. Then, what happens? This guy from the CV comes to this strange world and he is told, "go to La Paz". . . . Only once did I witness the freezing of funds. It was in the municipality of Chimoré. What happened there? Well, the municipal government belonged to an opposition party. That is the policy: if you are not from the ruling party you are already frozen, otherwise nothing will ever happen. It is a great limitation. If you follow all the steps to trigger this mechanism you will never be able to freeze funds, it is impossible.⁴⁷

The General Accounting Office (*Contraloría General*) prepared a report that shows that of the USD 404 million used by the municipal government between 1994 and 2001, over USD 12 million were misused (over three per cent). The most common irregularities that account for these misused millions included: appropriation of the state's assets, per diems for people who did not turn up where they should have, Christmas presents, alcoholic beverages, etc. (*Los Tiempos*, 6 March 2002). Of course, this does not mean that the USD 12 million are the full total of misused funds. As mentioned above, although CVs are aware that some resources are misused, they do not trigger the mechanism to freeze the funds because of the consequences for the community as a whole. Also during the aforementioned period, only 229 of 314 municipalities were checked (72 per cent).

So far it is too early to assess whether the new institutional framework will help to minimise the phenomenon of corruption. The fact that municipalities have access to a fixed twenty per cent of the national budget helps to control the allocation of resources from a national perspective. Nonetheless, this does not necessarily mean that corruption has been reduced. In a way, as Zambrana argues, corruption has been democratised.

⁴⁷ Interview with Zambrana, 5 March 2002.

6.2 Political parties and decentralisation

As observed, the fact that political parties dominate the institutions of the LPP has a tremendous impact on the way in which the system, as designed by the law, functions as a whole. In more general terms, one of the most crucial variables in understanding the relationship between decentralisation and democracy is the nature of the party system (Gordin, 2002). In view of the highly fragmented party system in Bolivia (see Appendix), Gamarra and Malloy consider that the parties are the origin of the difficulties in governance, but that they are also the only real source of a political solution (Gamarra and Malloy, 1995: 399). Institutional features such as centralisation of nominations and vote-pooling help Bolivian political parties to maintain an impeccable discipline in Congress (Crisp, 2002). Nonetheless, they are weakly organised internally, where the most important institution is personal loyalty. This centralisation of political parties and their failure to include social demands on their agendas has prevented the parties' establishment of roots in society, which is a critical dimension of party system institutionalisation (Mainwaring and Scully, 1995).

Given that political parties interfere in nominations and in policy-making at the local level, several voices at the municipal level argue in favour of a more locally anchored nomination process. Of course, the free nomination of independent candidates to any of the municipal elective positions would not be a panacea; and may bring about the development of local *caudillos* (strongmen) that would not necessarily behave more democratically than national parties. Ivan Arias reflects on this issue, arguing that: "this is one of several criticisms that are made by theorists. Look, I agree that we must break the monopoly of political parties. But let me say that this monopoly in Bolivia is already broken. It works two ways. Not only do the political parties go to the local level to find candidates to run with their ballot, but also the candidates place conditionalities upon the political parties."⁴⁸

Moreover, so far we cannot draw the conclusion that the LPP has tended to favour the parties that had approved the law. On the contrary, we can say that the law has not been strong enough to maintain their electoral capital. As Gray-Molina argues, political parties that were antagonistic to the reform in 1994 succeeded in increasing their representation to an extraordinary degree (2001: 67). "Despite predictions by opposition parties that the MNR would contrive to buy the elections through its control over the distribution of co-participation funds, the MNR actually garnered fewer votes than in 1993, prevailing mainly in areas of historic strength. The autonomy of the LPP mechanisms had equalised the ability for political parties to manipulate the LPP for electoral ends" (Lee Van Cott,

⁴⁸ Interview, 12 March 2002.

2000a: 187). As can be seen in Table 3, the political parties that were the most zealous supporters of the LPP did not capitalise from the reform.

For example, in 1999, the MNR, the presidential party, lost over 34 per cent of the municipalities it had held in 1995. The MBL⁴⁹, a close ally of the MNR, lost almost 70 per cent of the municipalities between the election of 1995 and those of 1999. The largest opposition parties did capitalise in terms of municipal control between the municipal elections of 1995 and 1999. While the ADN showed a growth of over 200 per cent, the MIR succeeded in improving its municipal positions in an impressive +300 per cent. Therefore, the idea that the MNR would contrive to buy the elections through its control over the distribution of co-participation funds is at best a mistake.

Table 3. Total municipalities obtained by political parties

Party	1995 *	%	1997	%	1998	%	1999 *	%
MNR	121	(38.91)	108	(34.73)	84	(27.01)	80	(25.48)
ADN	38	(12.22)	48	(15.43)	61	(19.61)	78	(24.84)
MIR	18	(5.79)	22	(7.07)	33	(10.61)	61	(19.43)
UCS	39	(12.54)	42	(13.50)	37	(11.90)	32	(10.19)
NFR	-	-	1	(0.32)	1	(0.32)	14	(4.46)
MBL	45	(14.45)	44	(14.15)	47	(15.11)	14	(4.46)
CONDEPA	26	(8.36)	20	(6.43)	23	(7.40)	4	(1.27)
MSM	-	-	-	-	-	-	13	(4.14)
MAS-U	-	-	-	-	-	-	10	(3.18)
FRI	2	(0.64)	2	(0.64)	2	(0.64)	2	(0.63)
PBC	-	-	-	-	-	-	4	(1.27)
PS	-	-	1	(0.32)	1	(0.32)	1	(0.31)
MRTKL	5	(1.63)	5	(1.61)	6	(1.93)	-	-
FSB	-	-	-	-	-	-	1	(0.31)
IU	11	(3.54)	11	(3.54)	11	(3.54)	-	-
EJE	2	(0.64)	4	(1.29)	2	(0.64)	-	-
MPP	1	(0.32)	2	(0.64)	2	(0.64)	-	-
MKN	-	-	1	(0.32)	1	(0.32)	-	-
Indep.	3	(0.96)	-	-	-	-	-	-
TOTAL	311	(100)	311	(100)	311	(100)	314	(100)

* Municipal elections

Source: Ministerio de Desarrollo Sostenible y Planificación (2000a: 14)

⁴⁹ *Movimiento Bolivia Libre*

Although decentralisation may foster citizen participation, measured in voter turnout, citizens' disaffection with certain characteristics of local institutions might eventually work otherwise, discouraging citizens from participating (O'Neill, 2002). By way of illustration, "the turnout in the municipal elections of 1999 was smaller than the 1991 local contests that were restricted to the largest cities and towns in the country" (O'Neill, 2002: 19). See Table 4.

Table 4. Voters' turnout

Elections	1989	1991	1993	1995	1997	1999	2002
	National	Municipal	National	Municipal	National	Municipal	National
Voter turnout	73.60%	N.a.	72.20%	63.56%	71.40%	59.44%	63.4%

Source: Author's data and Centellas at [http://www.centellas.org/politics /data.html](http://www.centellas.org/politics/data.html)

Another problem relates to the fact that sometimes municipal government programmes, translated into the Annual Operative Plans (POAs), are automatically accepted without significant revision. The POAs must have the approval of the prefectures. Each departmental government contains a department responsible for approving POAs called the "Department of Municipal and Community Strengthening". Nonetheless, in many departments bureaucrats are appointed because of their political loyalties and competence plays no role. As Zambrana stated, "since they don't want any problems, they automatically approve the POAs".⁵⁰

After the LPP had been launched and was in force, Sánchez de Lozada suggested that a coordination mechanism would be needed in order to avoid "fragmentation and atomisation of municipal development" (Lee van Cott, 2000a: 173). The Law on Administrative Decentralisation (LDA) and Decree 24206 on the organisation of the executive power at departmental level were passed in 1995 to accompany the LPP and to clarify previous doubts on the respective roles of the distinct political-territorial authorities. One statement of the fifth article of the LDA notes that a task of the Prefectures is to: "Promote Popular Participation, and to channel the requisitions and relationships with indigenous, peasant, and neighbourhood organisations through the corresponding instances of the executive power."⁵¹

Furthermore, according to the supreme decree on the organisation of executive power at the departmental level, every Department has its official Secretariat of Popular Participation. The general functions of the Secretariat are, *inter alia*, to execute the processes of popular participation

⁵⁰ Interview, 5 March 2002.

⁵¹ Author's translation

(guided by the National Plans of Municipal Strengthening and peasant communities, indigenous people and neighbourhood associations). The Secretariat is also intended to “identify the units, organisations, and financial resources that contribute to institutional strengthening of the municipal governments, peasant communities, indigenous people and neighbourhood associations” (Article 18:a–b).

In the light of these aspects, as Donna Lee van Cott asserts, the LDA can be considered more a law of *deconcentration* than of decentralisation. No autonomous decision-making powers were transferred to the departmental level. The LDA has also made some clear positive contributions regarding the rationalisation of administrative functions of departmental and national governments *vis-à-vis* the municipalities. It has also helped to eliminate previously corrupt and inefficient departmental development corporations. At the same time, the municipalities also have political representation at the departmental level. The LDA established the institutionalisation of Departmental Councils, with municipal councillors (elected by his/her colleagues) from each province. The Departmental Council is supposed to play both a consultative and a watch-dog role. Still, with the maintenance of the system of nominated Prefects, the departmental political-territorial level will fail to develop into a new autonomous sphere of political expression, as advocated by the civic committees (Lee van Cott, 2000a: 173–74).

6.3 The gender gap and decentralisation

As previously mentioned, the gender gap in Bolivia is one of the widest in the western world. Although several measures for gender equality, such as affirmative action in party electoral nominations, have been adopted in recent years, traditional machismo prevails, which twists the law for its own purposes. For instance: the law stipulates that at least twenty per cent of the parties’ candidates must be female. Parties do indeed place twenty per cent of female candidates on their lists, but they do so at the very end of the lists or as substitute candidates. Although women constitute 14.9 per cent of the titular councillors, they account for 70.8 per cent of the substitutes (487 men and 1182 women). Women also account for eleven per cent of the OTB representatives (Ayo Saucedo, 1999: 97). As Lee Van Cott suggests, “women were the clear losers in the 1995 elections, as the new powers and resources assigned to municipalities attracted more male candidates”. As seen in Table 5, in 1993, 229 of 858 municipal councillors were female (26.7 per cent); “in 1995 only 135 of 1624 (8.3 per cent) were female. . . . Campesino and indigenous women fared even worse. They won only 22 out of 135 female council seats in 1995, and only 2 mayorships” (2000a: 187–188).

Table 5. The gender gap 1993–1999

	1993		1995		1999	
	No:s	%	No:s	%	No:s	%
Mayoralships			311	100	314	100
Women mayors	19		11	3.5	23	7.3
Indigenous and campesino men (mayor)			464	28.6		
Indigenous and campesino women (mayor)			2	0.6		
Municipal councillors	858	100	1624	100	1685	100
Municipal councillors total women	231	26.9	135	8.3	252	14.9
Indigenous and campesino women (councillors)			22	1.3		

Source: Author's calculations based on Ministerio de Desarrollo Sostenible y Planificación (2000a), Ayo Saucedo (1999), Lee Van Cott (2000a).

But women's representation is not the only problem to be faced. Traditional societies are very male-oriented and women are not only marginalised from any sort of communal decision-making, but also violence against women is a common phenomenon. "Until now abuse of women exists. For instance, you are carrying the baby, going to plant potatoes, taking care of the animals, and still a man comes and shakes you, beats you, mistreats you . . . I have seen much of it in Bolivia".⁵²

There is major disagreement regarding the origins of machismo in Bolivia. Iván Arias, the Vice-Minister of Popular Participation told us, "we have advanced considerably as far as legislation is concerned but very little in our cultural patterns of behaviour. Listen to me, not everything coming from the original cultures is good. Our original culture is tremendously male-oriented, and tremendously with a big T".⁵³ Women are systematically excluded from communal decisions. Nonetheless, there are a few opportunities to include women and other excluded groups in planning processes and communal decision-making. Johnny Zambrana led one of these projects in the Cochabamba region.

As it was impossible to make women participate with men in planning for community needs or petitions, we carried out an experiment. We decided to separate women on the one hand and the men on the other in order to draw up a list of their needs. Women give priority to drinkable water, then irrigation, then forest, etc. We studied the demands of the separate groups and they did not match. For example the men's first priority was a soccer field. Overall, the needs of the sexes were similar but they occupied very different places in their respective preference lists. We decided to gather both

⁵² Interview with Colomi Montaña, 5 March 2002.

⁵³ Interview, 12 March 2002.

groups together and open the discussion. At this point, women spoke without vacillation. So we asked the women why they gave top priority to water, and they said, "because we waste lots of time going so far to get it" (sometimes they had to go more than a kilometre). We asked the men the same question and they answered "because we want to have something to do after work." I said, fine, now you have to settle this matter among yourselves: what is more important: water or the soccer field? . . . After much discussion the men accepted. The soccer field was reduced to fourth place and the creation of a forest entered second place. . . . The discussion was very interesting and maybe the most positive experience is that men are slowly realising that women's participation is positive and that they should organise themselves.⁵⁴

But discrimination against women is also of a structural nature. To name a few indicators: women's illiteracy rates are 22 per cent while the male rate is 10 per cent (Calla Ortega, *et al*, 2000: 67). Women's income is also significantly lower than that of males: in urban areas they earn 67 per cent of the average male income, and in rural regions, 36 per cent of men's salaries (*La Razón*, 3 Aug. 2002). Angelica Colomi describes the situation:

Well, I did not know the laws, what the laws were, or how I should deal with this matter of being a union leader. Nor did I know what an institution was, or the meaning of "the institutions". . . . I did not know what politics were either, what is that I asked myself. . . . One weakness of women is that they do not know how to read or write. . . . It is on these occasions that men take advantage of us. Some of them are professors, some have become qualified, others have been in politics and some have entered as mayors or councillors. Here is our weakness; here is where the great inequality is. We need higher qualifications, more education . . . We need to know the laws and how to handle them, and we need to know where the money comes from.⁵⁵

However, it is not only structural factors, such as illiteracy rates, that undermine women's capacity to shape their future, the behaviour of men does not help to improve their situation. In the words of Johnny Zambrana:

They look for excuses. They do not tell them straight out to resign their office but in fact they do so. They continuously isolate them. For example, when the councillors arrange a meeting in the capital of the municipality, they tell women: "let's meet at seven and we'll go together", but then, in fact, they leave at six. When a woman misses

⁵⁴ Interview, 5 March 2002.

⁵⁵ Interview, 5 March 2002.

more than a certain number of meetings, men have an excuse to kick her out from the council . . . Here in Cochabamba the situation is terrible, right at the beginning they say to the women that they do not want them there and that they prefer their male substitutes. In Arque things are very different, they appreciate women. But this is the point: it is like this here because the mayor and the president of the council technicians prefer it that way. They have gone through university, they have studied, and they say that “this woman must stay in her place”.⁵⁶

By extending the quota system to the electoral municipal level, the LPP attempted to reduce gender inequalities by increasing women's representation. Although women won some terrain in political terms, the inertia of machismo is not eliminated by executive decrees and this is one of the aspects in which the LPP shows serious deficits.

6.4 Other relevant factors with an impact on municipal success

It would be naïve to think that comprehensive reforms like the LPP and LDA would be implemented without major obstacles in a country like Bolivia. Any reform package of that kind would meet with problems, and “effective decentralisation requires strong leadership and effective bureaucracies staffed with honest and competent professionals, conditions not met in most lower-income countries” (Kohl, 2002: 4). The Vice-Minister for Popular Participation, Iván Arias, argues that the factor determining municipal success is “whether there is a culture of engaging in a dialogue or whether there is the culture of confrontation. Engaging in a dialogue brings confidence, confidence brings agreements, and when you reach agreements these are not only legal but also legitimate. This virtuous circle also has consequences for economic growth.”⁵⁷

Obviously, engaging in dialogue is not the only key for achieving success at the municipal level. Like Behrendt (2002), Molina Saucedo considers population a critical independent variable in determining prospects for municipal success. For Molina Saucedo, in Bolivia a municipality that,

does not have an urban population of more than 3 000 inhabitants is not economically sustainable in the medium term. An urban population of over 3 000 inhabitants (regardless of the size of the rural population) has a critical number of people that generates significant economic activity and allows for tax collection and the like. At this population threshold, there is normally a physician. If there is a physician, somebody will open a pharmacy, the physician prescribes medicines, . . . there is also a lawyer and where there is a lawyer,

⁵⁶ Interview, 5 March 2002.

⁵⁷ Interview, 12 March 2002.

there is usually another lawyer to fight with. To summarise: there is a professional chain that ends up with a dentist. If there is a resident dentist, this is a sign of the generation of an economic surplus that allows people to go to the dentist. It seems that this is the last thing people do. . . . Economic sustainability exists in a municipality when production is a function of the region, where the mayor is not a *caudillo* but a manager between the public and the private spheres. . . . The municipalities that constitute a *mancomunidad* are advancing institutionally much faster than those that do not, they are taking off.⁵⁸

Nonetheless, many communities show a persistent lack of institutional capacity, which is more evident among indigenous groups and is detrimental to community development. Some communities are obsessed with the construction of buildings but less so with the contents of these buildings. As Zambrana states:

The LPP has had many positive results. Nonetheless, in many places we lack a vision of the future, something that you can find in Arque but not in the other communities. For example, the fact that you build a nice little school or a modern polyclinic does not improve education or health. It does make a difference when you improve the curriculum, give people technology and make teachers study, but none of these things have improved, and it seems that we are in the very same situation as before. For example, the economy of the farmer has not improved at all, and many of the public works remain white elephants. I believe those who have written that the LPP has not thought in these terms. Education is still paralysed. Teachers have not been trained to apply the educational reform . . . it is a shame! The quality of life has hardly improved at all. Perhaps the only sector in which there have been small improvements is health, where people already go to visit physicians.⁵⁹

Of course, for some people, the LPP is no more than a major strategy to strengthen the status quo. In the words of Felipe Quispe, the *Mallku* (Aymara leader):

Our slayers, our enemies created that famous Law on Popular Participation, and I curse it. . . . That popular participation is only destined for the towns so that they can build monuments of Simón Bolívar and Sucre, catholic churches, and that's all. The rest of the money has gone into the pockets of councillors and mayors. Nothing, absolutely nothing, comes into our communities. From this per-

⁵⁸ Interview, 5 March 2002. Two or more municipalities in joint action constitute a *mancomunidad*.

⁵⁹ Interview with Zambrana, 5 March 2002.

spective, this famous popular participation has failed, and I believe that over time the failure will become worse.⁶⁰

At this early stage of the popular participation project, social capital seems to be an important factor in producing municipal development (Sánchez Serrano, 2001: 272). Nonetheless, from an institutional perspective, there are several possible twists to the law that might improve popular participation.

I believe that the key to a municipality's success is some sort of balance between the technical and practical worlds and the *campesino* one. In Arque we find this combination. When technicians are from the same place things work better. In Arque the mayor is a physician, and the president of the council is a sociologist, and the others are *campesinos*. Their education is crucial. In addition they guide the others. When *campesinos* are alone, the likelihood of confrontation among them is high, since there is no vision of the future. The only thing they are interested in are public works, public works, and more public works. In Arque on the other hand, they analyse the curriculum of educational programmes, they control the health system, and essentially they are asking themselves where are we going, what are we doing, are we going to have more professionals, what do we need now, and what will we need eventually? So far, it is not like it is in Arque in Tapacarí and Bolívar.⁶¹

In a recent report on decentralisation and its achievements and shortcomings for the Swedish Development Cooperation Agency, Sida, the research team concluded that the formal legal framework is necessary but not sufficient. Likewise they stated that:

Without a serious and systematic strengthening of the capacities of civil society groups and the development of democratic citizenship and culture throughout the fabric of Bolivian society and institutions, the decentralisation process will fail to achieve its desired potential in terms of development and poverty reduction and will continue to produce situations of exclusion (Behrendt, 2002: i).

7. Conclusions

The overall package of reforms on decentralisation and popular participation (including the LPP, LDA and LDN) opens up a new set of alternatives and avenues of participation, and may increase democracy at different levels through the empowerment of citizens. Political authority and decision

⁶⁰ Interview, 12 March 2002.

⁶¹ Interview with Zambrana, 5 March 2002.

making are transferred to the municipal government, thereby increasing popular participation. Municipalities that had previously had no access to public goods, now have a fixed twenty per cent of the national budget at their disposition. These new institutions provide opportunities for previously excluded citizens and groups, especially indigenous people and women, in setting public policy priorities, producing a more representative local government.

Nonetheless, many municipalities are characterised by weak institutional capacity. Some confusion exists regarding the division of responsibilities between the distinct political-territorial levels (national, departmental, and municipal) and leads to the undermining of municipal institutional development. The complexity produced by the various parallel reforms contributes to inter-institutional confusion and problems in coordination and leadership at the different levels. Departmental *prefectos* are still nominated by the President of the Republic and tend to privilege municipalities with the “appropriate” party colour.⁶² Departmental institutions are characterised by an inefficient functioning without any accountability mechanism towards the electorate.⁶³

The jury is therefore still out regarding the impact of the LPP, leaving many scholars undecided. For some, “while Bolivia has substantially restructured its formal institutions of representation and governance to make them more citizen-friendly, neither citizens nor officeholders are yet convinced that these institutions have established a truly consensual framework for policy making, or become the ‘only game in town’” (Whitehead, 2001a: 14). Moreover, “in stratified societies with unequal distributions of land, wealth, income and access to human capital, developing power from the centre may only pass it on to powerful local elites who are even less responsive to the needs of their people. Without fundamental land reforms and universal education, local governments become an instrument of oppression in the hands of influential elites” (Nederveen Pieterse, 2001: 414). Rowland too, explicitly rejects the idea that “Bolivia has overcome one of the most often-cited dangers of decentralisation outside, the concentration of power in local political bosses or elites who use their posi-

⁶² *Ley de Descentralización Administrativa*, Article 4. In the fifth article of the Administrative Decentralization Law, it is stated that a task of the Prefect is to “formulate and execute the departmental plans of economic and social development, in agreement with the norms of the National System of Planning; in coordination with the municipal governments of the Department and the Ministry of Sustainable Development and Environment, within the scheme of the General Plan of Economic and Social Development of the Republic.” Author’s translation.

⁶³ See for example the following statement by Arias (12 March 2002): “If we have undertaken an admirable reform at municipal level, we have failed at the departmental level. The prefectures interfere with municipal competencies, and instead of being arteries of communication, the prefectures act as arteries of obstruction. They do not fulfil their role, they are terribly politicized, and they do not assist municipal governments. In short, the greatest criticism of the decentralisation process is the failure of the departments. To a certain extent, the *mancomunidades* are the cause of deficiencies at the departmental level”.

tions to tyrannise and exploit residents” (2001: 1384). As Domingo (2001) argues, unless social exclusion and inequality are addressed, the viability of representative politics or democracy, in a comprehensive way, would be in doubt.

Bearing in mind the magnitude and scope of the reforms, it is expected that perceptions of the reforms vary significantly. While some of the respondents state that “the quality of life has hardly improved at all” or that “nothing comes into our communities”⁶⁴, others claim that the reforms have “brought dramatic improvements in living conditions” (Lee Van Cott, 2000a: 205) or that “the LPP has contributed a good deal”.⁶⁵ This is simply because in some respects the reforms have had a positive impact, in others, negative or nil, and in the remainder, it is too early to assess.

Grindle (2000) argues that one of the temptations of advisors for these reforms is to expand the number of procedures in order to increase transparency and accountability. However, if the bottom line of these reforms is to augment the autonomy and responsibility of municipal governments, maybe we should try the reverse. Instead of adding procedures we should let municipal governments and communities do things in their own way, although, of course, not all municipal governments are ready to take such a step. However, we can assume that municipalities that have performed well in the last five years in terms of institutional stability and economic sustainability should have enough human and economic resources to manage themselves. These municipal governments should therefore be made accountable by using only *ex post facto* controls and not saturating them with bureaucratic procedures.

Bolivian political parties must transform and democratise themselves and there is no way in which Bolivia could institutionalise these reforms without competent political parties. Political parties are the only solution for a political culture that favours direct action. In Bolivia forms of protest such as strikes, blockades, work stoppages, hunger strikes, marches, and take-overs are daily events. “[Y]ears of such behaviour have led civil society to believe that these are the only valid forms of participation” (Peirce, 1997: 3–4; see also Whitehead, 2001b).⁶⁶ Yet, popular participation cannot advance further until political parties understand what they indeed are: parts and not the whole. Nonetheless, as Lee Van Cott clearly shows, “the LPP was in part a response to the failure of the political parties to integrate society and to aggregate and channel its demands” (2000b: 170).

⁶⁴ Interview with Quispe, 12 March 2002.

⁶⁵ Interview with Zambrana, 5 March 2002.

⁶⁶ As a matter of fact, this is one of the actions that most concerns the political elite of La Paz. Indigenous communities have traditional ways of holding public meetings and even resolving communal issues through popular assemblies, which at times include the adoption of measures or punishments that from a Western perspective would constitute gross violations of human rights.

At the municipal level, several reforms might help the functioning of popular participation and decentralisation. The LPP should allow individuals to run for mayor and the municipal council independently of political parties. A possible way to allow for this might be to require that the candidate be backed by at least five per cent of the citizenry in his/her community, i.e. by gathering the signatures of at least five per cent of registered voters. If we expect the members of the CVs to perform a serious and responsible job, the LPP should allow them to receive economic compensation. Given the partisan motivations of the Senate, some other institution should be responsible for the decision of whether or not to freeze co-participation funds; this role might fall to the General Accounting Office or the Office of the Ombudsman.

Of course, there is no guarantee that these independent auditing organs are politically independent and/or corruption free. Although the Comptroller General has a good reputation as exponent of modern public administration (Gray-Molina, 2001), there is also evidence that some of its external controls are counter-productive or ineffective (Sánchez de Lozada, 2001). Also, in the event of activation of the mechanism of suspension of funds, it would be beneficial if only parts of the co-participation funds were subject to the mechanism, giving the CV something like a line-item veto.

Given the lack of coordination of different levels of political aggregation and the existing pockets of corruption, development assistance from the international community should go directly to the municipal level. Education, especially for women, is critical if Bolivia is not only to develop economically but also to reconcile itself with its extremely rich and diversified traditions. This capacity-building is essential to improve the socio-economic conditions of citizens. Reading and writing are of course crucial, but equally crucial is the need for Bolivian citizens to understand that they are entitled to rights and that they also have obligations. During our stay in Bolivia we noticed in the dark rooms of ministries and public offices hundreds and hundreds of pamphlets, and other printed material that was aimed at explaining the LPP. One could legitimately ask why they were there, and also, why a written campaign was undertaken when there is such a high degree of illiteracy. The use of mass media rather than printed matter, especially radio and television, might be a better tool for ensuring citizen participation, explaining citizens rights, and the functioning of the LPP.⁶⁷

⁶⁷ It is interesting to note that powerful economic cliques, that are mainly concentrated in the metropolitan areas of La Paz, Cochabamba, and Santa Cruz, dominate the mass media in Bolivia. In addition to this axis, there is hardly any local or significant mass media in the country. Assistance from the international community should also consider the approval of seed-money and resources to the development of regional and local media in the language that the majority of the population of the region understands (Aymará, Quechua, Guaraní, etc.).

Of course, as we write this, we recall our meeting with a young Aymarán woman who, a few years ago, was not able to read and write and had no idea what an institution was. Today she is able to analyse a POA and to complain about the low quality institutionalisation of the popular participation programme. Thus, despite its problems, we should not underestimate the impact of the decentralization project in Bolivia.

Appendix

Party composition of Chamber of Deputies in Bolivia (percentages, 1982–2002)

	Party	1982	1985	1989	1993	1997	2002
Mov. Nac. Revolucionario	MNR	26.50	33.08	* 30.77	40.00*	20.00	27.69*
Acción Democrática Nacionalista	ADN	18.80	31.54	* 29.23*		24.62*	3.85*
Mov. De Izquierda Revolucionaria	MIR		11.54	25.38*		17.69*	20.00*
Unión Cívica Solidaridad	UCS				15.38*	16.15*	3.85
Nueva Fuerza Republicana	NFR						19.23
Movimiento Indigenista Pachakuti	MIP						4.62
Movimiento al Socialismo	MAS						20.77
Conciencia de Patria	CONDE-PA			6.92	10.00	14.62*	
Izquierda Unida	IU			7.69		3.08	
Movimiento Bolivia Libre	MBL				5.38*	3.85	
Partido Socialista-Uno	PS-1	8.55	3.85				
Falange Socialista Boliviana	FSB	2.56	2.31				
Unidad Democrática Popular	UDP	36.75*					
Fr. Democrático Revolucionario	FDR	3.42					
Revolucionario Autentico	PRA	1.71					
Mov. Indio Tupaj Katari	MITKA	0.85					
Mov. Indio Tupaj Katari Uno	MITKA-10.85						
MNR de Izquierda	MNR-I		6.15				
MNR Vanguardia	MNR-V		4.62				
Frente del Pueblo Unido	FPU		3.08				
Partido Demócrata Cristiano	PDC		2.31				
Tupac Katari de Liberación	MRTKL		1.54				
Eje de Convergencia Patriótica	EJE				0.77		
Acuerdo Patriótico	AP				26.92		
Alianza Renovadora Boliviana	ARBOL				0.77		
Alternativa del Soc. Democrático	ASD				0.77		
	Total	100.00	100.00	100.00	100.00	100.00	100.00

* Denotes governing coalition.

Source: Authors' data and Miguel Centellas, 1999.

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