Decentralisation and popular participation in Bolivia

Nederlandse Geografische Studies 299

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The link between local governance and local development

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Utrecht 2002

Koninklijk Nederlands Aardrijkskundig Genootschap/
Faculteit Ruimtelijke Wetenschappen Universiteit Utrecht

Decentralisation and popular participation in Bolivia
The link between local governance and local development

Decentralisatie en bevolkingsparticipatie in Bolivia
De relatie tussen goed bestuur en lokale ontwikkeling
(met een samenvatting in het Nederlands)

PROEFSCHRIFT

ter verkrijging van de graad van doctor
aan de Universiteit Utrecht
op gezag van de Rector Magnificus, Prof.Dr.W.H.Gispen
ingevolge het besluit van het College voor Promoties
in het openbaar te verdedigen op donderdag 6 juni 2002
des middags te 2.30 uur

door

GEERTRUIDA NIJENHUIS

Geboren op 23 februari 1969 te Winterswijk

Deze publicatie werd verdedigd als academisch proefschrift aan de Universiteit Utrecht op 6 juni 2002.

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Centrum voor Studie en Documentatie van Latijns Amerika

ISBN 90-6809-334-7

Gedrukt bij Labor Grafimedia, Utrecht

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PREFACE

While collecting the information for this study, I sometimes felt I was on holiday – sometimes an adventurous and sometimes a tiring holiday, but always an impressive one. When travelling to and through the research municipalities, often I was unsettled by the huge differences between the departmental capital of Sucre and the research municipalities. In Sucre there are Internet cafés, travel agencies, automatic cash dispensers, luxurious restaurants, etc. while the research municipalities – some of which are only at a few hours drive from Sucre – are in a different world altogether: there are no forms of modern communication and *pollo picante* is the only luxurious meal available. More importantly, these municipalities lack the main basic needs. Little children have to walk for hours to get to school, there is no basic health care and some communities are almost deserted because of the lack of alternative employment.
I also felt somewhat lost during my first visits to the research municipalities. My first fieldwork experiences in Latin America took me to small and large cities, so different from the extensive and impressive rural areas I found in Bolivia. How could I possibly get things in order in this mountainous area, with small and dispersed communities, with non-visible power structures, without a clearly demarcated territorial division, and with a friendly but not very accessible population?
Now – five years later – I know a little more. I owe much in this respect to Lazaro Mamani, my research assistant, who taught me about the people, their activities, the landscape and rural life in general. I also thank Rafael Meza for driving us safely along the narrow dirt roads and for his support during the interviews.

Despite what some PhD students say, I never experienced my research project as a lonely, endless affair. On the contrary, for me it was a period of making new friends and discovering new things, always in company and with support of other people. Many contributed to this study, and I owe much to them.

I should first like to thank the people in the research municipalities, the mayors and councillors, the leaders of the popular organizations and the NGOs. I'm especially indebted to the following: Tsjalling Beetstra of the Centro de Información Departamental, who introduced me to key informants, provided information about the municipalities and supported me in arranging the more practical issues of the fieldwork; Juan José Bonifaz, who answered the endless questions on the ins and outs of the political and administrative structure of the department of Chuquisaca; Edmundo Zelada of PADER, who invited me to several seminars on municipal development and engaged in stimulating discussions with me; and Maria Ibañez and her colleagues at the departmental Unit for Municipal Strengthening in Sucre, who during the periods of fieldwork were a great help in collecting all the planning and implementation reports, and explaining the administrative procedures to me.

A special word of thanks goes to Jouke Boerma and Arjan Budding for offering their garden apartment to me and – above all – their hospitality. I'm still grateful for the fresh vegetables they supplied in order to supplement the diet of chicken and potatoes in the field.

In the Netherlands, I should like to thank my promoter Menno Vellinga for his encouraging e-mails at the end of the journey and for urging me to finish it. Special thanks go to my *co-promotores*: Annelies Zoomers – for asking me over and again why I do things the way I do and for urging me to put things clearly – and Paul van Lindert, for initiating this research and putting things into perspective. I also thank the Centre for Latin American Research and Documentation (CEDLA), my second home during this project: it provided support during my research and the necessary facilities while writing this thesis, a process which took five years.

During the last few months of the project, it was sometimes difficult to combine work on this thesis with regular work. I'm therefore grateful to Rob van der Vaart (department of Geography for Education) for offering time to finish this thesis and my colleagues at the department of Development Geography for their interest. I want to mention two persons in particular: Otto Verkoren – for his almost fatherly, stimulating words – and Robine van Dooren, roommate and fellow sufferer. I also thank the members of OLA (the CEDLA-based research group on Latin America) for their critical comments on various chapters and for the comforting atmosphere they provided, and Rien Rabbers of KartLab for producing the figures and maps. I thank Mirjam Ros-Tonen for editing the text and Jeremy Rayner for the English correction.

I'm also indebted to the two ladies at the secretariat: Paula Duivenvoorde – for meticulously 'decoding' the comments of my promotor – and Anneke van der Loo, for her help with the layout of this book, including the more technical challenges of Word.

Finally, I thank Peter de Kwaasteniet – and there's is no need to say why.

Utrecht, April 2002

GLOSSARY AND ABBREVIATIONS

ACLO	*Acción Cultural Loyola*; an NGO.
ADN	*Acción Democrática y Nacionalista*; a political party.
Alcalde	Mayor.
Alcaldía	Town hall.
Cacique	Urban-based elite.
Canton	Political-administrative unit, lower than the municipal level.
COB	*Central Obrero Boliviano*; the labour union. In the 1980s, this union was very powerful.
Comité de Vigilancia	Local committee in each municipality, composed of representatives of the population, that controls and supervises the actions of local government.
Comunidad campesina	Peasant community.
Concejal	Municipal councillor.
Concejo municipal	Municipal council.
CONDEPA	*Consciencia de Patria*; a political party.
CORDECH	*Corporación de Desarollo Regional de Chuquisaca* – Regional Development Corporation of Chuquisaca, semi-governmental entity charged in the period 1970-1995 with the execution of public works in the provinces. Dismantled in January 1996 as a consequence of the implementation of the Law on Administrative Decentralisation.
Corregidor	Formal, highest authority of the cantonal level; has police-type functions, such as the collection of fines and mediation in land conflicts between families or communities.
CSUTCB	*Confederación Sindical Unica de Trabajadores Campesinos de Bolivia*; Union Confederation of rural workers in Bolivia.
Eje Pachakuti	A political party.
FDC	*Fondo de Desarrollo del Campesinado*; Rural Development Fund, co-finances projects within the rural, agricultural sector.

FIS	*Fondo de Inversión Social* – Social Investment Fund (formerly the Social Emergency Fund); co-finances projects mainly within the social sector.
FNDR	*Fondo Nacional de Desarrollo Regional* – Regional Development Fund that particularly co-finances infrastructural projects, such as roads and commercialisation facilities as markets and silos.
Hacendado	Owner of a hacienda, a large to very large farmer.
Hacienda	Latifundio, large to very large farm/estate; in the context of this study in the subtropical lowlands; the owner is the hacendado; in former times, the land of the hacienda was worked by Guaraní, an indigenous group in the lowlands.
HAM	*Honorable Alcaldía Municipal*: municipal government
Junta vecinal	Neighbourhood organisation, present in the cities and towns; one of the three types of OTB.
LDA	*Ley de Descentralización Administrativa* – Law on Administrative Decentralisation (1995).
LPP	*Ley de Participación Popular* – Law on Popular Participation (1994).
MBL	*Movimiento Bolivia Libre;* a political party.
Mini-fundio	Small farm, labour intensive with little capital input.
MIR	*Movimiento de Izquierda Revolucionario*; a political party.
MNR	*Movimiento Nacionalista Revolucionario*; a political party.
Oficial mayor	Head of the municipal administrative staff.
OTB	*Organización Territorial de Base*: territorially-based organisation, the common denominator for all popular organisations in the LPP, i.e. *comunidades campesinas, juntas vecinales,* and *pueblos indígenas.*
PADER	*Proyecto de Promoción al Desarrollo Economico Rural*; project financed by the Swiss, supports the economic development of rural municipalities.
Patrón	Relatively negative term for large landowners, hacendados.
PDCR	*Proyecto de Dessarrollo de Comunidades Rurales*; World Bank-financed project that supports and supervises the formulation of municipal development plans (PDMs) and the implementation of these plans.

PDM	*Plan de Desarrollo Municipal*; municipal development plan – five-year development strategy of municipalities, the product of the participatory planning methodology.
POA	*Plan de Operaciones Anuales*; annual investment plan of the municipalities, derived from the PDM, in which the projects that will be implemented that year are described.
Prefecto	Highest authority at the departmental level, appointed by the president.
Prefectura	All services, departments and employees at the departmental level.
Pueblo indígena	Indigenous community, present in the highlands regions but predominantly in the lowlands; one of the three categories of OTB.
Sindicato	Peasant union. The most important socio-economic organisation in rural Bolivia. The sindicato system was established in 1953, after the land reform. Generally, each peasant community has its own sindicato, with a rotating board, of whom the dirigente is the main organisation. Main function of the sindicato is the management of all communal affairs, such as the implementation of projects
Subprefecto	Highest formal authority at the provincial level appointed by the president.
Subprefectura	All services, departments and employees at the provincial level.
UCS	*Unión Cívica Solidaridad*; a political party

1 INTRODUCTION

1.1 Background to and relevance of the study

In recent decades, decentralisation – the transfer of functions, responsibilities and financial resources to lower levels of government – has become a quite common element of public policy in developing countries. Decentralisation is expected to have a positive effect on the development process by reducing the inefficiency associated with centralism, making local government more responsive, increasing intra-regional equity and promoting greater local participation.

Decentralisation has been presented as a crucial element in achieving *good governance*. The concept of governance concerns the 'relationships between the state and society, between the rulers and the ruled, the government and the governed' (Halfani, 1994); it is the exercise of economic, political and administrative authority to manage a country's affairs at all levels, and comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, fulfil their obligations and mediate their differences. The main characteristics of good governance are participation, transparency, accountability and equity.

Decentralisation and governance are inseparable processes that support and promote local development in all its dimensions. However, there is no guarantee that decentralisation will lead to good governance and local development. Decentralisation as a process neither comes in a standardised form, which makes it necessary to look at the conditions that shape this process. Experiences with decentralisation policies in Latin American countries confirm this. Decentralisation appears to have different meanings and implications in different countries, and has taken a different form almost everywhere in Latin America. Empirical studies have found that decentralisation produces different outcomes on various levels of analysis: urban versus rural, and regional versus local. Also at the local level, however, there is evidence of a differentiated impact, with some groups benefiting more than others.

With this debate in mind, this study analyses the contribution of decentralisation to local governance and development in Bolivia. Bolivia, which is one of the poorest countries in Latin America, launched its decentralisation process in 1994. One year earlier, Gonzalo Sánchez de Lozada had become president after conducting a highly ambitious election campaign, the *Plan de Todos* (Plan of All). This plan contained a number of drastic reforms, including the privatisation of a number of public-sector companies, the improvement of land tenure and of the pension system, and the introduction of bilingual education. The decentralisation model was at the root of all these reforms. The model contains two legal initiatives: the Law on Popular Participation (LPP) and the Law on Administrative Decentralisation (LDA). The LPP envisions the creation of new municipalities, the transfer of funds from the central to the municipal level, and the application of bottom-up, participatory planning. The aim of the LDA is to reorganise the public sector, particularly at the departmental level, by allocating functions that were previously dealt with at higher levels to the prefecture.

There are several reasons why the decentralisation effort had far-reaching effects in Bolivian society, and particularly in rural areas. Before 1994, the concept of municipality was confined to the towns and urban settlements, leaving the rural areas out of the

political-administrative structure. Now, through the LPP, the territory of the municipality encompasses both urban and rural areas. Along with the rural population, women and the indigenous population are specifically mentioned as target groups. The aim of decentralisation policy in Bolivia is to increase the population's participation in the local decision-making process. Participatory planning is an important tool in that it allows the population to influence its own development. In general terms, decentralisation in Bolivia is intended to improve local governance and induce local development, particularly in rural areas.

1.2 Objectives of the study

This study analyses the relationship between decentralisation policy, local governance and local development in rural Bolivia. Its central research question is:

'What is the impact of decentralisation policy on local governance and local development in rural Bolivia, and what factors explain this impact?'

With this in mind, the following sub-questions were formulated:

1. What are the main characteristics of the Bolivian decentralisation process, and how do these compare with the characteristics of decentralisation policy in other Latin American countries?

2. To what extent does decentralisation policy result in local governance that is participatory, transparent and accountable and contributes to equity?

3. To what extent do decentralisation policy and governance contribute to increased local development opportunities?

1.3 Study area

The study applied a cross-sectional approach, which involved doing research in areas with different characteristics. It was decided to limit the research to one department: Chuquisaca, which is located in the south-east of Bolivia and is one of the country's poorest departments. Chuquisaca is also a department that had had some experiments with decentralisation prior to 1994. Another reason for choosing Chuquisaca was the complexity of doing research in different political-administrative units. The department of Chuquisaca is predominantly rural and represents different spatial contexts, ranging from very high altitudes in the west to the subtropical lowlands in the east. The socio-economic context is diversified and includes peasant communities as well as indigenous communities.

Within the department of Chuquisaca six municipalities were selected for indepth analysis. The main selection criteria concerned the different spatial contexts, with respect to agricultural zone and accessibility, socio-economic variables (the population number, ethnicity and the economic structure) and the main characteristics of the institutional context, such as the presence of NGOs and the background of the mayor. This led to a diverse sample of research municipalities rather than a representative one.

1.4 Definition of the main concepts

Decentralisation in this study refers to the transfer of authority, responsibility and funds for public functions from the central government to subordinate, lower government organisations or the private sector.

In this study *local governance* is defined as the process through which local municipal decision-making is defined, incorporating both local government, civil society and the private sector. In order to be good, governance should comply with four conditions: it should be participatory, transparent, accountable and contribute to equity.

Local development refers to the increase of development opportunities at the local, municipal level in terms of employment, income and livelihoods. In this way, development includes both economic and social development. Also, access to these development opportunities should be equal for all groups in society.

1.5 Methodology

The fieldwork comprised surveys, interviews and the collection of secondary data, and was carried out in three periods between January 1997 and September 2000. The first six months were spent interviewing Bolivian and international experts on the implementation of decentralisation in Bolivia. These interviews also provided the input for the selection of the study area. Based on an appraisal that included the location, socio-economic characteristics, municipal administration and presence of NGOs, ten municipalities were selected and each was visited before making the final selection. Four municipalities were eliminated, one because it was the object of another study, one because of a highly conflictive atmosphere, and two because the local government refused to collaborate. In the last few months of the first period of fieldwork, structured interviews were held with mayors, municipal councillors and other actors. Information was gathered on their background, overall management, municipal planning, strategies to mobilise financial resources and the difficulties encountered. A beginning was also made with the collection of secondary material, including the implementation reports, financial records and annual development plans of the six municipalities.

During the second period of fieldwork (July 1998-January 1999) a survey was held among the leaders of 101 community based organisations (CBOs) and the NGOs working in the municipalities. In the selected CBOs, research focused on geographical and socio-economic activities, the presence and activities of NGOs, social organisation, communal priority setting and the relation with local government. The structured interviews with NGOs concentrated on the former and actual activities in the municipalities, the position of them within municipal planning and the relationship with local government and other actors in the local context. Additional and recent secondary material was also collected. The third period of fieldwork (August-September 2000) involved collecting more secondary material and interviewing representatives of central and departmental government and NGOs. During all three periods of fieldwork, local and national newspapers were frequently consulted. Appendix I contains a detailed overview of the methodology used in this study.

1.6 Outline of the study

Chapter 2 presents a review of the current literature on decentralisation, good governance and local development, with a focus on Latin America. It concludes with a conceptual framework that serves as the basis for the subsequent chapters. In Chapter 3 the main characteristics of the Bolivian decentralisation model are presented. The background to the decentralisation policy is discussed and it is established to what extent the Bolivian model relates to experiences in other Latin American countries. In Chapter 4, the main spatial and socio-economic features of the study area – six rural municipalities in the department of Chuquisaca – are outlined, as are the most important actors within the institutional context.

Chapters 5-7 centre on the implementation of decentralisation policy at the local level. Chapter 5 focuses on the dimensions of local governance, by discussing, in particular, the impact of decentralisation policy on popular participation. Chapter 6 analyses the role of decentralisation policy in local development with respect to planning, finance, investments and employment generation. In Chapter 7 the various factors explaining the differentiated impact of decentralisation policy on local governance and local development are discussed.

After summarising the main findings of this study, Chapter 8 answers the central research question by discussing the factors that have been found to condition the impact of decentralisation policy on local governance and local development. These findings are put in the context of the academic debate presented in Chapter 2, clarifying what insights this study contributes to decentralisation, local governance and local development.

2 DECENTRALISATION, GOOD GOVERNANCE AND THE ROLE OF LOCAL GOVERNMENT IN DEVELOPMENT IN LATIN AMERICA: A REVIEW OF THE LITERATURE

Decentralisation has become a popular concept among both international donor organisations and developing countries. Helmsing (2000, p. 1) writes that: '…of the developing countries with a population of more than five million, 63 are actively pursuing decentralisation policies that devolve functions and responsibilities to local government.'

The increasing popularity of decentralisation should be interpreted within the wider context of state reform and democratisation. The belief in a strong central state has weakened considerably in recent decades, as the failure of the state to respond adequately to the needs of the population became apparent, in particular in the provision of basic services. Also, the tendency towards democratisation, which began in the early 1980s, raised questions about a broader context for development, and the role of the population in local decision-making. This debate generated a new perception of the centralised state and its functions. The ideas on the role of government began to shift. Government was replaced by an emphasis on governance. Governance refers to the complex system of the traditions and institutions by which authority in a country is exercised, and includes both the public and the private sector. In fact, as Helmsing (2000, based on Stoker 1998) observes, 'governance is a different way of governing'. It is assumed that decentralisation offers ample room for better governance – even good governance – which ultimately – is assumed - should lead to development.

This chapter presents a review of the literature on decentralisation, good governance and the role of local government in local development, in particular within the context of Latin America. The first section gives an overview of the changing role of the state from a historical perspective. In the second section, the concept of decentralisation is introduced, presenting the various forms decentralisation can take and citing the motives in favour and against. In the third section the concept of governance is discussed, and in the fourth section the focus is on the relation between decentralisation and local development, presenting an overview of factors conditioning this relationship. The final section analyses the main findings and presents the conceptual framework.

2.1 The changing role of the state

In recent decades, much has been written on the changing role of the state in Latin America. Many elements in the make-up of the Latin American state date back to colonial times (Vellinga 1998, p. 5; Nickson 1995). The outcome was a centralised authoritarian state where the legal order and bureaucratic structure required to delegate power was lacking and with 'structural inequalities imbedded in the organisation of the economy and society and the social, economic and political exclusion of the poor' (Vellinga 1998, p. 2). Veliz (1980, p. 3-4) attributes the centralist character of the Latin American state to a number of factors, such as the absence of feudalism and religious conformity, the lack of 'any occurrence or circumstance over time that could conceivably be taken as the counterpart of the European Industrial Revolution' and the absence of

'those ideological, social and political developments associated with the French Revolution', that impacted heavily on the transformation of western European society.
The majority of the Latin American countries had achieved independence from Spain by 1830. The end of colonial rule created a power vacuum. The integrative mechanisms of colonial times disappeared (Wiarda 1998, p. 36), the previously privileged groups in society lost legitimacy and their successors lacked strong social, economic and political base, resulting in anarchy and disruption. Only after 1850 this situation stabilised, with the increase of population, the development of a state apparatus and the integration into the world economy.
During the twentieth century, the Latin American state underwent considerable expansion, growing in size and increasing its areas of influence. In the 1930s the developmental state arose, aimed at developing the domestic market through a strategy of import substitution. Its functions came to cover an even expanding area of influence. Populism was used as a political formula that included effective mechanisms of class control and guaranteed the stability of the market.

In the 1950s, 1960s and 1970s, this model met its limits and entered into crisis. Societal support crumbled. The military regimes that emerged reinforced the bureaucratic-authoritarian character of the state. Bebbington (1997, p. 1757) characterises Latin America in those decades as 'being dominated by bureaucratic authoritarian, often repressive, socially exclusive but quite interventionist states'. At the end of the 1970s the military regimes withdrew. A trend towards democratisation set in, creating a perspective of political and social participation for formerly marginalised population groups.

The debt and financial crisis at the end of the 1970s, the economic collapse of the early 1980s, and the subsequent implementation of structural adjustment policies meant a serious threat to the trend towards democratisation. The three most important pillars of the economy in the previous three decades – *i.e.* an export sector mainly based on primary products, import substituting industrialisation and the public sector – were seriously affected (Sojo 1996 p. 70). As a result, the state withdrew, leaving several policy voids (Glade 1997). The state's capacity to define and implement policies was seriously affected. This applied both to economic policies and to important sectors attending people's basic needs. In this respect, Helmsing (2000, p. 5) points towards the increasing gap between state and society.

> 'The centralised developmental state became increasingly incapable of performing a socially relevant function for growing numbers of urban and rural people, mostly employed or self-employed in the rural economy and urban informal sector and living in villages or dispersed in the rural areas or in urban squatter settlements.'

The failure of the state to provide public services resulted in an increase of the role of the civil society, in particular that of NGOs and community-based organisations in this field. A call for a more efficient, smaller state emerged in the 1980s, assigning an important place to decentralisation, defined as the transfer of responsibilities and functions from the central to the sub-national level. Before turning to the factors that explain this phenomenon, we will pay attention to the meaning of decentralisation, the various forms it can take, and the arguments in favour or against it.

2.2 The concept of decentralisation

Decentralisation means the transfer of authority and responsibility for public functions from the central government to subordinate, lower government organisations or the private sector[1]. Generally, four different types of decentralisation can be defined: political, administrative, fiscal and economic.[2]

Political decentralisation intends to give citizens and their elected representatives more power in public decision-making. Key words in this process are pluralistic politics and representative government. It is also meant to support democratisation by giving citizens or their representatives more influence in the formulation and implementation of policies that affect their interests. Political decentralisation may lead to the state of devolution, the most complete form of decentralisation, as it transfers the authority for decision-making, finance and management to semi-autonomous units of local government. In practice the responsibility for public services will be assigned to municipalities with an elected mayor and elected municipal council. They can raise their own financial resources by levying taxes and can independently make investment decisions. The region of influence of these local governments will, in general, be a geographical area with sharply defined boundaries.

One of the major arguments in favour of political decentralisation is that it can improve the relationship between citizens and policy makers by narrowing the gap between them. Activities associated with political decentralisation are constitutional or statutory reforms, the establishment and development of pluralistic political parties, the creation of local political entities and the stimulation of public interest groups.

Administrative decentralisation is aimed merely at distributing the powers, responsibilities and financial resources needed for the provision of services within the public sector, from the central government and associated offices to field units of government agencies, lower-level units or semi-autonomous units. Within administrative decentralisation, two degrees can be discerned: deconcentration and delegation. The former means the redistribution of decision-making authority and financial and management responsibilities among different levels of the central government. It is operated mostly in unitary states. The degree to which the local level is incorporated varies from a mere change of location, to the establishment of strong and qualified field units, which remain, however, under the control and supervision of the central government. Therefore, deconcentration entails the least extensive form of decentralisation. Delegation implies the transfer of responsibilities for decision-making and the administration of public functions to semi-autonomous entities. These entities are not entirely administered by the central government. However, they are accountable towards the central level. Examples of such delegated entities are certain public enterprises and corporations, institutes providing housing and transport, regional development corporations and project implementation units. In some cases their special status includes the possibility to charge for the services rendered.

Decentralised units must have sufficient financial funds and the power to make investment decisions, in order to effectively implement transferred responsibilities in the provision of services. Fiscal decentralisation is an instrument serving such financial autonomy. The ingredients of fiscal decentralisation can be the raising of own resources by charging users for public services; the levying of taxes; co-financing or co-production,

in which users support the implementation of service projects with money or the input of labour; the transfer of tax revenues from the central level to the decentralised units; and the possibility for decentralised units to borrow, by means of loan guarantees. Cases of fiscal decentralisation show that sometimes the decentralised level lacks the legal authority to levy taxes and borrow funds. When local governments have this authority, the tax base is often too small, and as also the ability to operate an efficient tax system is missing, no attempts are made to fully exploit this option.

Economic decentralisation is also called market decentralisation. It can be considered – at least from a governmental perspective – the most complete form of decentralisation, as functions and responsibilities are transferred from the public to the private (market) sector. Privatisation and deregulation are used to transfer former governmental functions to enterprises, community groups, cooperatives and other NGOs. It can imply that services are entirely provided by private enterprises, or through public-private partnerships. Through deregulation, legal constraints on the participation of the private sector in the provision of former public services can be eliminated or reduced.

2.2.1 Motives for implementing decentralisation

The rationale for implementing decentralisation policies varies, and over time the emphasis has shifted from economic objectives – such as promoting economic and regional development, and increasing efficiency of service delivery – to bringing about democratisation. In the new approach to decentralisation, the changing relations between state and civil society are taken into consideration (Helmsing 2000, p. 5; Blair 2000, p. 21).

Economic motives
In the 1960s and 1970s, decentralisation was often justified on economic grounds. Economic arguments include the expectation that decentralisation would reduce congestion at the centre, often a rapidly urbanising capital city. It was also thought to have a positive impact on efficiency with respect to the provision of public services, lower-level government being closer to the clients and being more responsive to local demands. This lack of proximity was seen as an explanation of the shortcomings of integrated rural development programmes (Rondinelli 1984). Also, decentralisation is thought to facilitate the levying of taxes, as people will be more willing to pay for services that reflect their own priorities. In some cases, it was thought it would off-load obligations from central governments to lower levels, facilitating expenditure cuts and reducing the public deficit (Manor 1999; Smith 1985).

One positive effect of decentralisation concerns the ‘multiplier effect’ in the local economies: the execution of centrally financed public works at the local level by local contractors, leading to an increase in local employment opportunities. In Guatemala, prior to 1986, the central government used to hire firms based in Guatemala City to execute public works in the provinces. Now, due to increasing autonomy for tendering, local public works are executed with local labour and locally produced materials. This way, a considerable part of the funds allocated to local government will be spent within the municipality (Rendon Labadan 1996).

To conclude, decentralisation was expected to reduce regional inequalities and enhance local development. Giving more decision-making power to the lower levels of public administration was thought to provide incentives to confront regional problems.

Political motives

More recently, authors mention political motives as the main incentive for decentralisation. Smith (1985) and Litvack and colleagues (1998) argue that the majority of decentralisation policies have been inspired by such motives. They maintain that decentralisation must be seen as a result of pressure from below. Manor (1999), however, found that pressure from below will seldom be a decisive factor leading to decentralisation. Decentralisation is viewed as an instrument to achieve national unity, as the increased participation of civil society is thought to have a favourable impact on the legitimacy of governments and on ethnic conflicts within the national territory. This perspective assumes a democratising effect of decentralisation, fomenting popular participation. This explains why many countries decided to implement decentralisation policies after the transition from military rule to democracy. The failure of central governments and the decline in quality of central leaders further contributed to the popularity of decentralisation.

Smith (1985) emphasises the need to mobilise the poor and involve them in alleviating poverty. Democratic decentralisation will help them advance and support in meeting local needs. Decentralisation, in general, will support democratisation through the learning effect, as a transfer of responsibilities to civil society may lead to increased civil awareness and political maturity.

2.2.2 Problems while implementing decentralisation

Despite all the arguments in favour of decentralisation, several authors emphasise that, thus far, decentralisation in developing countries has almost everywhere fallen short of expectations (Smith 1985; Manor 1999). Cheema and Rondinelli mention that:

> 'Implementation is not merely a technical process of carrying out preconceived plans, but is a dynamic and somewhat unpredictable process of political interaction. A variety of political, social, behavioural, economic and organizational factors influence the degree to which policies are implemented as they were intended and the degree to which they achieve their intended goals'. (1983, p. 26)

The reasons for the disappointing results of decentralisation can be traced back to a number of factors. Often only limited power is transferred to the lower levels. Financial autonomy at these levels is often restricted, as they are not given access to credit or the permission to levy taxes. The limited amount of funds transferred to lower levels hamper the implementation of projects. With respect to these financial aspects of decentralisation, Manor (1999, p. 28) mentions that the implementation of decentralisation projects will often lead to an increase of total government spending, causing system failure as only limited funds are available. The limited transfer of functions and funds often can be traced back to the lack of political will at the central level to really delegate power to the regional and local level. The central level remains strongly involved in the politics at these levels, often replacing elected bodies by a representative of the central government.

The lack of capacity at the local level with respect to human resources and infrastructure constitutes another factor hampering the implementation of decentralisation projects. Often, employees at the local level are not capable of performing the functions that are being transferred, simply because they have not received the appropriate training. A lack of infrastructural capacity hampers particularly rural, often small municipalities, as they cannot meet the technical requirements.

Prud'homme (1995) offers a critical analysis of present decentralisation projects. He concludes that, instead of reducing disparities, decentralisation will increase them at several levels. He considers the macro-economic effects of decentralisation generally to be negative, and he disagrees with the argument that decentralisation will increase the efficiency of public policy. Most of Prud'homme's criticism stems from the implementation of decentralisation as a blueprint scenario. Instead of this, he calls for a differential application of the various dimensions of decentralisation, such as systems for taxation and public expenditures per sector, function and/or geographical area.

2.2.3 Decentralisation in Latin America

Latin American states are very centralist in their organisation and functioning. The origins of this phenomenon centralism lie in the past: Spanish colonial rule introduced a political-administrative structure with decision-making authority concentrated in central government (Nickson 1995). During the twentieth century, most countries began to transfer functions to lower-level governments. To properly understand these decentralisation processes, we will analyse the factors that have determined the form these decentralisation efforts have been taking.

First, paradigms long having dominated the development debate such as the modernisation and dependency theories have given way to theories such as public choice theory[3] that introduced institutional analysis in public policy (Manor 1999, p. 28).

Second, the donor-driven search for good governance in developing countries has led to a critical analysis of the functioning of the state apparatus. The failure of large, integrated rural development programmes implemented in a top-down manner was attributed to the state's incompetence and was illustrated by the 'hollowing out' of the state (Nickson 1995; Schuurman 1996, p. 8; Helmsing 2000, p. 5). In reaction, a more participatory, bottom-up approach to development problems was called for, with a greater role for lower tiers of government. It was thought that public performance at the local level would be much more efficient and responsive to the needs of the urban and rural poor.

Third, the collapse of the authoritarian, autocratic regimes and the trend towards democratisation, stimulated the drive for decentralisation, particularly the democratic variant (Schuurman 1996, p. 9; Manor 1999, p. 30).

Fourth, some authors believe globalisation being a driving force behind decentralisation processes. Schuurman (1996, p. 8-9), following Naisbitt (1994) and Swyngedouw (1992), argues that globalisation results in a 'radical downsizing' of the economy, with smaller but more autonomous units united around a global network. Swyngedouw (1992, p. 40) refers to this relation between the local and the global as 'glocalisation'. Other authors take issue with this position. Manor (1999, p. 34) argues that it is more correct to view the occurrence of decentralisation policies as being unconnected with the emergence of globalisation, since most decentralisation processes were implemented before the respective governments became aware of the challenges of globalisation. Moreover, governments that fear losing control over matters they are used to dominate are not likely to be eager to devolve even more functions to lower levels.

Fifth, financial arguments have supported the drive towards decentralisation. In the late 1970s and early 1980s, many Latin American countries were confronted with a financial crisis and were no longer able to meet the obligations flowing from their foreign debt. The decentralisation of functions was viewed as an opportunity to unburden the

central government, and was thus seen as an instrument to effect savings by cutting total sector expenditures.

Decentralisation policies in Latin America are generally a mix of the four types (Manor 1999). Most countries have transferred functions and funds to lower levels where officials have been elected by the population. The moment of decentralisation, the share of sub-national levels in total public spending and the functions transferred to lower government levels have varied between countries.

The far majority of Latin American countries introduced decentralisation measures in the 1980s (Table 2.1). When analysing the level of decentralisation, distinction should first be made between the federal countries and the unitary countries. The first include Argentina, Brazil, Mexico and Venezuela, where decentralisation is mainly focused on strengthening the position of the intermediate levels – the provinces (Argentina) and the states (Brazil, Mexico and Venezuela). In unitary countries the main focus of decentralisation is on the local, municipal level. Peru, which strengthened the provinces, is an exception here.

The level of decentralisation can be measured by the share of public expenditures handled by sub-national governments. Here, we can distinguish three broad categories (Table 2.1): those countries with a high level of decentralisation (more than 20% of total public expenditure), those with a moderate level of decentralisation (between 10-20%) and those with a relatively low level of decentralisation (less than 10%) (IDB 2000, p. 3; Willis 1999; Burki *et al.* 1999). Although a considerable amount of public expenditures is managed by sub-national government levels, the central government often retains the decision-making power in the allocation of the funds transferred. This implies that this kind of decentralisation refers more to administrative decentralisation, in particular delegation, than to devolution (IDB 2000). Ideally, the functions transferred should be allocated according the subsidiarity concept, with decisions made at the lowest possible level of government. However, in most Latin American countries this is only partially the case, leading to the sharing of functions among the different government levels and the lack of a clearly demarcated division of functional responsibilities. In the least decentralised countries the responsibility of the local level is generally limited to classic functions such as the maintenance of public services and waste management. In moderately decentralised countries, primary health care and education, urban planning and social housing form also part of the responsibilities of the local level. In highly decentralised countries, regional highways, welfare systems and secondary health and education belong to the main functions that are executed at the intermediate level. Typical central functions are defence and national highways.

In explaining the variation in the form and extent of decentralisation between different Latin American countries, Willis and colleagues (1999, p. 49) found that excessive decentralisation set countervailing pressures in motion, leading to centralism. This is the result of a lack of political autonomy, a failure to transfer adequate funds and power to levy taxes, fiscal imbalances and an unequal distribution of benefits of decentralisation across jurisdictions.

The emergence of political motives that inspired decentralisation projects have led to renewed attention for the local level, the municipalities; also in federal countries such as Mexico and Brazil (Box 2.1).

Box 2.1 Examples of decentralisation policies in some Latin American countries

In Mexico, decentralisation in the 1980s was adjusted, in order to strengthen local governments in their need to deal with the effects of rapid urbanisation. Although Mexican decentralisation involved a transfer of functions and responsibilities in the fields of education, health and funds to sub-national levels (Martínez 1996), some authors consider this policy as an instrument used by the central government to assert its control (Rodríguez 1993).

Brazil is one of the most decentralised countries in the world in terms of the distribution of fiscal resources and political power. In 1988, the Brazilian government 'municipalised' the health system. States and municipalities may now formulate their own health policies, based on nation-wide guidelines. Municipalities have total responsibility for the management of the health system, including policy formulation and planning, resource allocation, and the monitoring and evaluation of public and private health providers. Within this decentralisation of the health sector, several stages are identified with different conditions. The responsibilities of the municipalities increase according to the stage they are in. The political strength and financial resources of sub-national governments have been improved. However, federal governments are experiencing financial constraints and face difficulties in building governing coalitions. One of the difficulties encountered and an unintended effect is the persistence of clientelism and the creation of manoeuvring room for traditional elites (Souza 1996, p. 553-554).

Peru, Ecuador, Colombia and Chile have also undergone decentralisation processes. Peru started a decentralisation programme in 1984 in order to promote employment and give local governments more autonomy. In 1988 measures such as quarterly meetings with neighbourhood organisations were added, with the aim to increase the participation of the population in local decision-making. A general criticism of decentralisation policy in Peru is that, in reality, it was motivated by the desire to increase presidential influence in the regions outside Lima. In addition, the functioning of local governments has been seriously threatened by the guerrilla activities of Sendero Luminoso (Shining Path) and the centralist attitude of the Fujimori presidency in the 1990s.

In Ecuador, health and education have been decentralised. This sectoral approach was further expanded in 1985 by involving regional and local government levels in planning and measures aimed at increasing the participation of the population.

Colombia started decentralising in 1986 when it introduced a package of legislation aimed at the treasuries, duties and powers of municipal governments, creating new mechanisms for citizen participation. Here, as in Chile, decentralisation involved devolving decision-making power to lower levels. However, decentralisation in these countries remained limited to the decentralisation of education and health, since financial control is still in the hands of the central government.

In Honduras, decentralisation was initiated in 1990 through the Municipalities Act. Although this act was intended to transfer political decision-making, the process functioned more as a de-concentration project (Salomon and Avila 1998). The decentralisation process was hampered by the limited transfer of resources as compared to the responsibilities assigned, a lack of local capacity, and severe limitations on popular participation.

2.3 Good governance

Governance is a new concept on the research agenda and is often viewed as a desired outcome of democratic decentralisation. A World Bank publication on Africa introduced

the concept in 1989 by stating that a 'crisis of governance' was underlying Africa's development problems. The perspective caught on and 'governance' became a buzzword. Some publications emphasise the importance of democracy and human rights, but most of them required a rather technocratic view – at least until the mid-1990s – focusing on management and administration as the key themes of good governance.
The popularity of the concept and the increasing attention for governance issues, can be attributed the following factors (Leftwich 1994, p. 366):
a. the experiences with structural adjustment in the 1980s;
b. the dominance of neo-liberalism,
c. the collapse of the official communist regimes in the 1990s; and
d. the emergence of pro-democracy movements in the developing world.

The implementation of structural adjustment programmes led to increased awareness of the importance of politics as the only option towards change. Adjustment produced a redistribution of resources and power to be implemented by the government who saw its ability to organise and execute policy be put to the test. As Leftwich states: 'The experience with adjustment confronted the international institutions and bilateral donors with the reality of incompetent and often corrupt government in many developing countries' (1994, p. 368). The remedy for this 'incompetent and corrupt state' was, however, one-sidedly looked for in managerial and administrative strategies, ignoring the important political issues that had undermined the quality of government at the first place.

Neo-liberalism – which inspired the adjustment strategies – supported the idea of democratic politics and the creation of an efficient and accountable public policy as part of a free market economy. The concentration of political and economic power in the hands of the central state was regarded as excessive and counterproductive. In response, many western governments (represented by several multilateral organisations, such as the World Bank and the IMF) promoted good governance as a condition for sustainable economic growth. The collapse of communist regimes in the early 1990s underlined the importance of governance. In addition, western countries could now explicitly mention political criteria and impose conditions of democratisation and economic liberalisation without having to fear of 'losing' third world countries to the other camp. Economic and political liberalisation, decentralisation and governance came to dominate the development debate. The movements towards democratisation that emerged in the course of the 1980s in the wake of authoritarian governments further supported the call for good governance.

Harpham and Boateng (1997), in a study on urban governance and urban services, explain the current focus on governance as a reaction to a perspective on development that placed too much emphasis on economic factors, bypassing the role of socio-political variables. The latter were considered too difficult to handle for donor organisations, which were afraid of being accused of meddling in the internal affairs of other countries. Introducing the concept of governance in development cooperation, however, created a new situation and a shift towards strategies emphasising the importance of institutions. Several definitions of governance have been formulated since the concept first appeared on the development agenda. Halfani and colleagues (1994, p. 35) state that 'governance, as distinct from government, refers to the relationship between civil society and the state, between rulers and the ruled, the state and society, the government and the governed'.

Paproski (1993) emphasises the dynamic of the concept, by defining it as:

> '… a system of socio-cultural, political, and economic interaction among the various actors of the public and private institutions of civil society. The character of the system varies and changes through processes involving the exercise of power and authority with the inherent aim of enforcing the legitimacy of the existing power and authority structures, particularly through selective delivery and distribution of goods and services to the individual and collective groups in civil society.'

While conceptualising, the concept of good governance was developed. This term has now become widely accepted, although some international donor organisations prefer to use 'decentralised governance' (EU) or 'democratic local governance' (UNDP) instead. In this study, however, we will use the term good governance. Four criteria will determine good governance and distinguish it from just 'governance' (see UNDP, 1998): good governance should be participatory, accountable, transparent and contribute to equity. Each of these dimensions will be discussed below.

2.3.1 Participation

During recent decades, the concept of participation has undergone some significant changes of meaning. For a long time, the concept was used as social participation and referred to sharing in community affairs and the implementation of development projects (Gaventa and Valderrama 1999), and research concentrated on the dynamics of social movements and self-help groups. More recently, the concept has gained a wider significance and has come to include the sharing of the population in local decision-making processes, the result of the implementation of democratic decentralisation. This type of participation is generally referred to as political participation and it can be direct or indirect. Indirect political participation refers to the ability to elect representatives and can also be defined as representative participation. Direct political participation means the actual sharing of the population in local decision-making processes and the process of planning, formulating and implementing public policy, through legally recognised mechanisms (Schönwalder 1997, p. 756). This assumes direct interaction with the state and its institutions as equal partners.

The relationship between decentralisation and popular participation can take two forms. Popular participation can be supporting decentralisation by increasing the effectiveness and efficiency of development projects and public programmes at the local level. In this way, popular participation is often limited to consultation and aid in the implementation phase of development projects. Schönwalder (1997, p. 756) calls this form the pragmatic approach to decentralisation, as opposed to the political approach, which uses popular participation not merely as an instrument but defines it as an objective. Popular participation, according to the political approach, increases its reach, including the phases of project planning and evaluation, and aims at a direct involvement of civil society organisations in decision-making processes in areas that affect their interests.

The incorporation of popular participation into local decision-making in the various countries – as various studies indicate – does not meet all expectations despite its promising perspectives, Schönwalder (1997) mentions three basic reasons: the way local power structures are composed, with limited access for the popular strata; resistance to political change among local or regional elites and lack of political will at the higher

government levels to hand over political power to the lower levels; and the co-option of popular movements into local elites and other local actors neutralising their influence.

Traditionally, the participation of the population in government decisions is weak in most Latin American countries (Nickson 1995). Authoritarianism has remained a significant characteristic of Latin American political systems. Community participation in everyday life, however, is very common, particularly in countries with a large indigenous population, such as Guatemala and Peru, even though this participation has not been able to change their social exclusion from society. In the past decades, the presence of military governments – authoritarian and centralist – had a strong negative effect on popular participation in local decision-making. In present day Latin America, popular participation has many different faces, and varies from the participatory budgeting in large cities, such as in Buenos Aires (Argentina), Porto Alegre (Brazil) and Montevideo (Uruguay) – to the consultative boards that we find in Chile, El Salvador, Honduras and Nicaragua.

Table 2.1 summarises the main ingredients of decentralisation policies in several Latin American countries, including the main features of popular participation. Based on these features, we can distinguish between countries with a high degree of popular participation, those with a moderate degree of popular participation, and those in which popular participation has been weakly developed.[4] The city of Porto Alegre (Brazil) has been generally regarded as an outstanding case of participatory budgeting. It is currently serving as a model in 140 Brazilian municipalities (Van Lindert and Nijenhuis 2001, p. 99). Participatory budgeting was introduced in 1988 by the leftist *Partido dos Trabalhadores* (PT). The neighbourhood organisations discuss the priorities for local investments through an intensive system of assemblies, forums and intermediate consultations and close contact with the municipal government at the local level (Abers 1998). A similar situation is presented by Canel (2001) in his research on the impact of decentralisation in Montevideo, Uruguay. He found that decentralisation contributed to a more democratic type of municipal governance, by facilitating local participation in municipal decision-making. In Colombia popular participation includes giving local communities electoral power, establishing local referenda, introducing public-private partnerships in service delivery, and setting up citizen advisory boards (Santana Rodríguez 1995). The municipal funds foster community involvement in identifying local needs, and help to define instruments to attend those needs. In Honduras popular participation has been rather moderate. The Municipal Reform Law of 1990 introduced open municipal meetings. It also granted citizens the right to participate in the planning of development and the use of resources at the municipal level. An evaluation of popular participation in Honduras (Lippman and Pranke 1998) revealed, however, that the open meetings were, more often than not, purely ceremonial and that popular participation only functioned well in those municipalities where intensive support programmes were being implemented. Mexico presents another example of moderate popular participation in local decision-making. In 1989 it implemented the National Solidarity Programme (PRONASOL), a World Bank-financed project that targeted the urban poor, small peasants and indigenous communities (Fox and Aranda 1996; Rodríguez 1997). One of the elements of this programme was the Municipal Funds programme, through which the government channelled significant resources to municipal governments. With these funds, local development projects, identified by the local communities, could be funded. However, the distribution of funds was very much conditioned by political preference and the political will to decentralise in a substantial way was not always present. In Peru and Guatemala popular participation has been seriously hindered by the political situation.

Table 2.1 Decentralisation and popular participation in Latin America: some characteristics

Country	Year of reform (a & b)	Share of sub-national public expendi-tures (in %) (e)	Share of local government in total expendi-tures (in %) (a)	Degree of popular participa-tion	Characteristics of popular participation (a & b)
			HIGHLY DECENTRALISED		
Argentina	1983	49.3	9 (1992) (d)	Low	No specific measures; some interesting initiatives;
Brazil	1988	45.6	18 (1991)	High	Referenda, popular tribunal, participatory budgeting participation by representative bodies
Mexico	1977	25.4	3 (1990)	Moderate	Solidarity programme 1989, participation of citizen groups in selection/implementation of projects
Venezuela	1989	19.6	7 (1989)	Moderate	Parish councils, consultative role with additional measures
Colombia	1983	39.0	24 (1992)	High	Since 1986: consultation
			MODERATELY DECENTRALISED		
Uruguay	1984	14.2	4 (1986)	Low	Departments instead of municipalities; local boards, but lack of demand; the case of Montevideo
Chile	1986	13.6	11 (1991)	High	Community council: advisory role
Peru	1984	10.5	8 (1987)	Low	Lima also PP, but Sendero / Fujimori activities limited PP
Honduras	1990	12.3	8 (1984)	Moderate	Consultation through *cabildos abiertos* since 1990
Guatemala	1987	10.3	10 (1987)	Low	Military regime, minimal citizen participation
			LOWLY DECENTRALISED		
Ecuador	1982	7.5	5 (1992)	Moderate	*Cabildo ampliado*, not directly elected
Paraguay	1991	6.2	2 (1988)	Low	Development commissions, some particular initiatives
El Salvador	1986	6.0	3 (1990)	Moderate	*Cabildos abiertos*, popular consultations, advisory community groups
Nicaragua	1988	5.2	5 (1989)	Moderate	Two *cabildos* (budget/implementation), municipal councils
Costa Rica	1967	2.3	4 (1989)	Low	Community groups, limited role local government
Panama		3.2	2 (1991)	Low	Nation-wide, sub-municipal level, but more miniature governments than independent bodies

Sources: (a) Nickson (1995); (b) Burki *et al*. (1999); (c) Faguet (2000); (d) Willis, 1999; (e) IDB, 2000

Rendon Labadan (1996) shows in her study of the relationship between decentralisation and citizen participation in Guatemala that decentralisation – by creating more political space at the local level – may benefit the traditional elites who dominate the local power structure and have easy access to local authorities through clientelistic networks.
Only in case that local elites manage secure funds for local investment, are successful in establishing relationships with the central government and are thus capable of strengthening local political dynamics, this type of decentralisation may benefit the community at large. In Costa Rica and Ecuador, popular organisations tend to bypass local governments by directing their demands directly to the central government. Martínez (1996) describes popular participation in Ecuador as 'institutionalised', because of the government's dominant role and the limited room for the people to really have an say in the planning on the local level in areas that affect their interests.

2.3.2 Accountability and transparency

Transparency can be described as sharing information and acting in an open manner. In the United States this is called 'government in sunshine'. This openness allows stakeholders access to information and check procedures in order to see whether there has been a deviation from the rates in whether any abuse has taken place. In a decision-making process that is transparent people can defend their interests. Whether a process is transparent or not depends on a number of factors, such as the presence of clear procedures for public decision-making, open channels of communication between stakeholders and officials, and access to a wide range of information. Generally, decentralisation enables greater transparency and hereby enhances the legitimacy of local political institutions. But it can also have unintended effects, as is illustrated by the case of Karnataka, India (Manor 1999, p. 75).

In the late 1980s, Karnataka implemented decentralisation by holding elections for district and local councils, followed by a transfer of resources and responsibilities to these councils. Transparency of local decision-making led to a decline of corruption in the political system. However, the perception of the population was that corruption had increased dramatically because in the more transparent decentralised set-up, it was far more visible than before. As a result, the decentralised, more transparent system appeared less legitimate than the one which had preceded it.
Accountability can be defined as the need to clearly demarcate 'who is responsible for what' (Burki *et al.* 1999, p. 5). This aspect, as Burki and colleagues emphasise, is strongly related to the aspect of authority, in the sense that those who are accountable should also have the authority to deliver results. The definition used by the UNDP is more detailed: 'the requirement that officials answer to stakeholders on the disposal of their powers and duties, act on criticisms or requirements made of them, and accept some responsibility for failure, incompetence or deceit' (UNDP 1998). Accountability takes various forms. Polidano and Hulme (1997) distinguish administrative and political accountability. The former refers to control within government institutions and includes input-oriented control (human resources, financial) and output-oriented control (services delivery); both are not easy to realise. Political accountability refers to direct responsiveness to civil society: government employees must be responsive to directly elected representatives, who in turn must be open and straight with the voting public. However, as elections are held at fixed, widespread intervals, mechanisms for exercising accountability are institutionalised through political parties, interest information, civil society, media and formal grievance procedures and opinion surveys (Blair 1998, p. viii).

Transparency and accountability at the local level are often limited. Shamsul Haque (1997) mentions several bottlenecks in creating accountability at the local level in developing countries. The extreme inequality in local power structures leads to local elites controlling local institutions, excluding the poor. Local elites have the financial resources to run for office, get elected and once elected, tend to use these local institutions for their own benefit. The relations between central and local government are often based on dependency with respect to finance, responsibilities and power. Alliances between the local elite and central government serve to freeze their situation. The central government often exerts tight control over local institutions and tends to be very bureaucratic with respect to resource use and decision-making. Politics and administration at the local level are often confused. Government officials will act in favour of local elites, who in turn will reward them, closing a vicious circle. Accountability in such a situation is difficult to realise, certainly where civil society has been weakly organised and a democratic culture has been lacking that pushes for the control of local and national government. In many situations local government may be more responsive to the central government, the national political structure and local elites than to the local population.

Accountability and transparency are strongly related, as greater transparency in the activities of government institutions contributes to enhanced accountability (Manor 1999, p. 73). Decentralisation – in particular political or democratic decentralisation – can contribute to transparency and accountability at the local level through the direct election of local authorities, the establishment of institutions representing the population, and popular participation in the planning of projects/local development. Multiparty systems will offer better opportunities to participate in this process, as opposition forces constantly will raise questions about the conduct of those in government and will expose abuse and misdeeds (Polidano and Hulme 1996). Also in this case, however, local social and political practice will determine its effectiveness. Fox and Aranda (1996, p. 50) conclude that:

> 'It is often assumed that decentralisation necessarily encourages more accountable governance. The impact of decentralisation on accountability depends on how representative local government was *before* receiving additional external resources. At least in Mexico, there is no evidence that increased external funding for municipalities, even with pro-rural targeting mechanisms attached, increases local-level accountability. ...These conclusions suggest, therefore, that increased funding without institutional change is likely to reinforce the existing institutional structure.'

2.3.3 Equity

Equity is an important dimension of good governance, in the sense that good governance should offer similar opportunities to groups or individuals in similar positions.

Equity can be applied to the other dimensions of good governance, that is, participation, transparency and accountability. Equity in participation means that all segments of the population should have equal access to participatory mechanisms, between and within groups. Equity in transparency means that all members of civil society should have the same access to information on how local decision-making is being structured. Equity in accountability means that all persons should have access to the same mechanisms to control local government, such as the right to elect authorities and to represent civil society in controlling bodies. Traditionally, decentralisation has been considered as favouring equity, both between and within regions. However, one can

only expect this to happen in case of the transfer of funds to the regional and/or local levels (Manor 1999). When local governments have to generate their own resources without receiving funds from the central government, decentralisation will not be able to reduce regional and/or local disparities, as resource-poor municipalities will have more difficulties in raising funds than the richer ones. Transfer of funds will create room for a decentralisation project to reduce regional disparities. Actual positive effects on equity will depend on a number of conditions, such as:

- the incorporation of financial distribution codes that assign more than average resources to resource-poor municipalities;
- differential assignment of functions, depending on resource presence; and
- finally, the creation of 'municipal commonwealths' or union of several resource-poor municipalities as a way to increase political 'weight' and create economies of scale.

The potential of decentralisation to reduce disparities within localities and regions is being conditioned by regional and/or local power relations, the political will of elites to support projects of redistribution in favour of the poor, and the ability of the poor to organise and later on enter in a dialogue with the government and other interest organisations. Finally, decentralisation has also been suggested as an effective means of counteracting the 'urban bias', since the institutional context created by decentralisation would enable the representatives of rural populations to defend local and/or regional interests at a higher level. In political practice it does not always work that way. Urban populations tend to be more organised and politically skilled, and their proximity to the local and/or regional government gives them a better position to obtain support for their development projects. In case they outnumber the rural population, the election of an urban-biased local government may follow with possible negative effects in local and/or regional equity (Prud'homme 1995). Fox and Aranda (1996, p. 47) show in their study on the impact of the Municipal Funds Programme in Oaxaca that, although this programme stimulated investments in rural areas, the investments in the municipal centres were almost triple those in rural areas.

2.4 Decentralisation and local development

The crisis of the central state, in combination with the trend towards decentralisation, forced a revaluation of development policies on the sub-national (regional and local) level (Guimarães 1997, p. 281). This assessment was also inspired by the failure of regional planning methodologies in the 1970s and 1980s to define effective means to overcome regional inequalities and address the excessive spatial concentration of economic activities and population. Researchers and policy makers turned their attention to local development, following the revival of local government. In 1994 there were some 14,000 municipalities in Latin America (Nickson 1995, p. 1; IDB 2000, p. 10). All share functions and responsibilities and their governments can play a major role in local development.

2.4.1 The concept of local development revisited

The debate about local development in developing countries, its objectives, actors and policies to be implemented, is a relatively recent phenomenon. It has not resulted yet in the development of a certain paradigm. Lathrop (1997, p. 95) states: '… so far, and

probably for very good reasons, there seem to be no attempts at coming up with an integrated field of knowledge that can be called 'the theory of local development''.
Some observations can be made with respect to the efforts to conceptualise local development. First, many authors approach local development from a predominantly economic perspective, using location theory, capital accumulation and technological change as the main theoretical framework (Bingham and Mier 1993; Blakely 1994; Rogerson 1995). Exponents of this view emphasise the need for local industrialisation, through the attraction of external investments or the development of small-scale enterprises. Although local industrialisation through the attraction of outside investments might be a viable strategy in larger cities which have a market and are well accessible and well organised, in large parts of rural Latin America this strategy is not a realistic option (Rogerson 1995, p. viii). Lathrop warns against focusing exclusively on economic conditions when considering local development (1997, p. 96). He defines local development as a strategy enlarging people's access to opportunities, whether 'income, employment, or the consumption of public goods and services'. People's access to these opportunities is determined not only by their presence, but also – and especially – by the way they are distributed. The increase of opportunities will mainly be an economic affair, but access to these opportunities is an essentially political question.

A second observation is that within this new approach to local economic development, the emphasis is not so much on external factors as on endogenous processes and actors. Blakely (1994, p. 50) points out that local economic development should emphasise 'endogenous development' policies using the potential of local human, institutional and physical resources. A major role in this is assigned to civil society, since 'obviously only local social forces will be able to identify objectives and instruments of intervention in relation to the actual situation in each area' (Garofolli 1990, p. 95-96; see also Wilson 1995, p. 645).

The increasing attention paid to the local institutional context in explaining local development is also expressed by Shepherd in his classic work on sustainable rural development. According to Shepherd (1998, p. 1) rural development refers to 'the set of activities and actions of diverse actors – individuals, organisations and groups – which taken together leads to progress in rural areas'. In the rural local context, and in that of decentralisation, this institutional context includes both local government and the private sector. This last category is represented by the local population, their organisations and NGOs.

The role of NGOs in rural development has been extensively analysed during recent decades (Van Niekerk 1994; Wils 1997; Zoomers 1998; Van der Borgh 1999; Kusters 2001). It is widely acknowledged that when the state withdrew from many areas in the economy and society during the implementation in structural adjustment policies, NGOs stepped in and created an important role for themselves in the planning and implementing of rural development projects. Within the context of decentralisation this role is prone to changes. Latin American NGOs emerged in the 1970s within a context of military regimes. In this period, the main focus of NGO activities was on increasing public awareness and strengthening of social organisations. The relation with the state in that period was one of distrust. In the 1980s, there was a shift towards economic development as a result of the withdrawal of the state in this field. NGOs acquired the status of experts on rural development, a status based on experience and a relatively healthy financial position, a result of extensive funding by western donors (Bebbington 1997).

In the 1990s, many Latin American countries implemented decentralisation policies, often resulting in a revaluation of local governments. For NGOs, this implied a shift in

their position *vis-à-vis* the state. At the same time, international donors, who provide the financial input for NGOs, questioned their accountability. Also, the amount of money channelled through NGOs decreased. Both developments stimulated NGOs to reconsider both their position and their legitimacy. This has resulted in a change in the collaboration with the state. NGOs are increasingly required to work with government institutions. Also, as a reaction to the trend towards local democratisation and the new notion of local governments, NGOs now emphasise in their activities participatory methodologies and provide training to support the population in their new role in local decision-making.

In line with the changing views on decentralisation, the role of local government in decentralisation changed. As Helmsing (2000, p. 6) observes, decentralisation '…has ceased to be a local affair, and has turned into a local governance issue'. In this respect, a revaluation of the role of local government in development can be noticed, with a focus on the role of government – and particularly that of local government – as an 'enabler' (Helmsing 2000, p. 6 and 1997; World Bank 1993). Instead of direct intervention and the delivery of services (in the production sphere), the role of the new local government is one of facilitating and regulating this service provision. The main functions of this enabling government are to formulate strategies of public private sector cooperation, and to create the main conditions for policy implementation, in particular in relation to the mobilisation of funds. With respect to this new role, some bottlenecks condition the performance of local governments in development. These conditioning factors are elaborated in the following section.

2.4.2 Conditioning factors in the contribution of decentralisation to the role of local government and local development

Sufficient financial and fundraising capacity

A basic condition for adequate performance of functions transferred to the local level and meeting all popular demands is the availability of sufficient financial resources. Most local governments face a problem here. Raising additional funds locally is one way to tackle this problem. Manor (1999) mentions two types of the 'mobilisation of local resources': firstly the levying of taxes and secondly the investments made in cash or in kind, such as labour or materials, by target groups at the local level, when implementing projects.

Some authors write glowingly about the untapped fiscal potential of local government, but in practice there are several problems in raising funds at the local level, particularly in rural areas where resources are limited (Manor 1999, p. 111). Moreover, many central governments are reluctant to transfer tax levying powers to sub-national authorities, but even if they would devolve these powers, it would not be easy to collect taxes at these levels, given the lack of administrative capacity, especially in rural areas, and the absence of cadastral surveys. Local governments themselves often are reluctant to levy taxes, as this might affect their popularity in the presence of a reluctant population that has seen few services in return for their tax payments. Schuurman (1996, p. 17) mentions with respect to local governments in Chile that: 'many of the poor municipalities remained very dependent upon redistributed national funds. They did not succeed in developing an autonomous tax base to warrant greater financial independence from central budgets.' A more practical way to mobilise local resources is to have the population involved in the implementation of communal projects. Manor (1999) and Rendon Labadan (1996) mention this as a potentially successful strategy, provided these contributions of the population are properly guided. Under Colombia's co-participation system, the local community will provide labour and local materials, and the local government will carry a

certain part of the costs (Santana Rodríguez 1995). Fiszbein (1995, p. 1036) mentions the system of *minga* which functions in Colombian municipalities, especially in the road and water sector. The system proved to be a good resource, contributed positively to the cost-effectiveness of the projects that were undertaken and secured the responsibility of the population with respect to project maintenance. However, in most cases that one will encounter in Latin America, local investments will remain very fragmented due to insufficient access to resources. Mexico offers an example where, due to the lack of financial resources, the Municipal Funds Programme led to a multitude of small projects that had very little developmental significance (Fox and Aranda 1996).

Adequate administrative capacity

A major limiting factor concerns the administrative capacity of the new local governments. In a study on capacity development in Colombian municipalities, Fiszbein (1997, p. 1031-1032) discerns three dimensions of administrative capacity: qualified human resources (the human dimension), financial capital (the physical dimension) and technology (the internal organisation and the management style). He found that there is a close relationship between political reforms and capacity development, since competition for political office offered more opportunities for responsible and innovative leadership. He also found that capacity development in small municipalities is strongly related to the mayor, as these municipalities generally have only limited staff (*ibid*., p. 1034). He notices (*ibid*., p. 1034):

> 'Small and remote *municipios* experience particular difficulties in upgrading the quality of their workforce. In the first place, scale imposes a natural or structural limit on the number of professionals working for the municipal administration. A majority of the Colombian *municipios* simply cannot afford the expenses of a cadre of adequately remunerated professionals in the different areas of government responsibility. Second the cost of hiring even a few well-qualified professionals might be too high for many small *municipios* that would have to attract them from other – sometimes distant – places.'

However, Fiszbein concludes that municipal administrative capacity is not necessarily a function of size. In Colombia, a successful effort was made to increase local capacity through competitive hiring, sharing professionals between municipalities and rotating personnel through the different departments within municipalities, increasing their experience and know-how (UNDP 1998).

In Honduras, Lippman and Pranke (1998) noted the importance of prior development experience in achieving local development, which helps to develop professional and technical expertise.

Creation of economies of scale

Creating economies of scale seems to be an important condition for decentralisation to contribute to local governance and development. Often, municipalities are at a disadvantage in attracting qualified staff due to the lack of career opportunities. Lippman and Pranke (1998) show that in relatively small municipalities effective municipal governance is hindered by the poor education of the mayors and councils that govern them.

Fox and Aranda (1996, p. 2) add to this observation that rural local governments also encounter problems with respect to community participation, as they are usually the poorest and institutionally weakest with limited opportunity to implement activities involving economies of scale. They also have a political structure that is often dominated

by traditional elites, with mistrust for popular mobilisation and democratisation. In connection with this, Smith (1985, p. 61) shows that 'large units of decentralised government have no worse a record than small ones in some aspects of political participation'.
The need to create economies of scale also becomes apparent in the implementation of development projects aimed at the provision of services. The problem is that financing institutions often prefer small and clearly delineated projects within a fixed timeframe, while the lasting impact of these projects on local development is generally small.

Fiszbein (1995, p. 1039), in his study on capacity development in Colombia, notes the difference between small and larger municipalities with respect to the presence of development plans. He found that small municipalities generally do not have these plans, but work with listings of priorities. Larger municipalities, however, do have municipal development plans. In the case of Honduras, Lippman and Pranke (1998) found that the involvement of NGOs was crucial during the planning and implementation phases of projects.

Willingness of the central government to step back
Finally, it appears from the many studies on decentralisation, that its realisation is and remained an uphill struggle. Government functionaries on the higher level often fear a loss of power in case responsibilities and functions would be transferred to lower levels. This is what happened in Honduras (Lippman and Pranke 1998, p. 11-13), where higher government officials tried to retain control over municipal expenditure by hindering the transfer of the funds as established by law.

In the following section, we attempt to link the concepts of decentralisation, local governance and local development, and present the conceptual framework.

2.5 Approach of the study

In this review of the literature, several issues keep surfacing. Decentralisation is increasingly being considered as a political issue of power over resources at the central, regional and local level (Smith 1985; Manor 1999; Litvack *et al.* 1998; Burki 1999). Most literature on decentralisation offers a rather disappointing picture of the results: functions and responsibilities are transferred, but without the allocation of the appropriate resources in terms of financial and human capital. It is also observed that the local capacity to handle the new responsibilities is lacking, which complicates efficient management of local resources. Many municipalities face severe difficulties when mobilising own resources, levying taxes, or confronting political and technical constraints on the local level. In addition, local governments face restrictions in their authority through attempts of central governments to gain control.

With regard to participation, the findings of other studies are more positive: populations are increasingly participating in local decision-making processes. Increased popular participation can lead to more responsiveness to local needs and to a more balanced use of local resources. It also involves an important learning effect, which serves the quality of the planning process, the projects and the sustainability of development. A major problem with participation remains the question of representation: whose priorities count? Empirical studies show that, especially in rural areas, traditional elites control the local level, restricting the opportunities of the poor.

Decentralisation can enhance transparency and accountability by clearly defining responsibilities and functions, and by institutionalising controlling bodies. In this study,

equity is analysed from a spatial perspective. It refers to the reduction of disparities between and within municipalities brought about by decentralisation.

The concept of local development in this study refers to improving people's access to development opportunities by both increasing these, and ensuring that these are evenly distributed. Within the context of decentralisation, three conditioning factors can be identified on the basis of the literature review: the spatial context, the socio-economic context and the institutional context (comprising both public and private actors). Figure 2.1 presents an overview of the concepts discussed in this chapter and the relations between them.

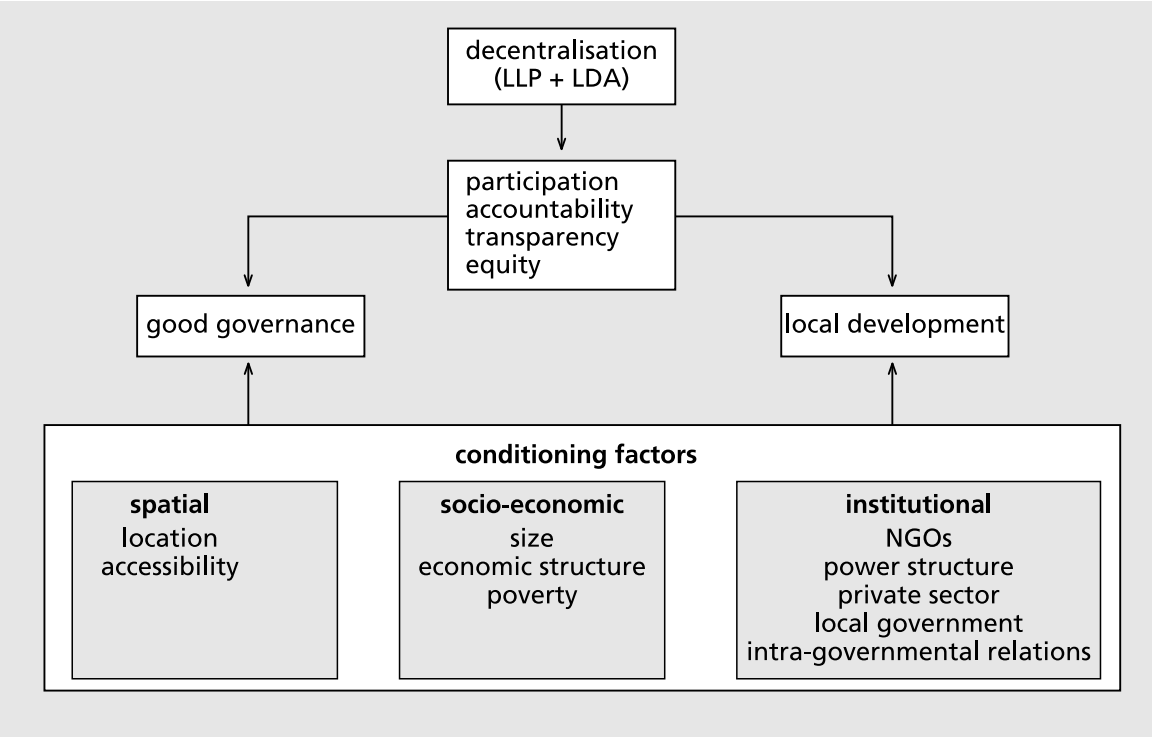

Figure 2.1 Concepts

The aim of this study is to obtain a better understanding of the impact of decentralisation policy on local governance and local development in rural Bolivia and to define the factors explaining the success and failure of decentralisation. It is assumed that democratic decentralisation will lead to increased participation of the population in local decision-making, to enhanced transparency and accountability, and to more equity. The contribution of decentralisation to local development comprises four assumptions:

1. Participatory planning offers opportunities to develop a more efficient and effective development strategy.
2. Popular demands are reflected in local investments, leading to a more responsive state.
3. The resource position of municipalities improves and a multiplier effect can be noticed.
4. Elements within the spatial, socio-economic and institutional context determine the impact of decentralisation policy on local governance and local development.

Notes

1. This study concentrates on decentralisation of government. Other forms of decentralisation, such as spatial decentralisation and industrial decentralisation, are left outside consideration.
2. The main characteristics of the types of decentralisation that are being dealt with in this section are based on Cheema and Rondinelli 1983; Rondinelli 1984; Litvack and colleagues 1998; Manor 1999; Smith 1985; Burki and colleagues 1999; Rodríguez 1997 and Canel 2001.
3. Public choice theory is directed towards the study of politics based on economic principles. It gives insight in the formulation of public policy, and departs from the viewpoint that public policy is inspired, and influenced, by collective economic motives. It considers politics as an economic market, with individuals and groups attempting to maximise their benefits. The theory clarifies the influence of interest groups on politicians and the outcome of this on policy making (Gunning 2001).
4. In this section, Bolivia is left outside consideration.

3 DECENTRALISATION AND POPULAR PARTICIPATION: THE BOLIVIAN MODEL

Bolivia, one of the poorest countries in Latin America, implemented decentralisation policies in 1994, through the Law on Popular Participation (LPP).[1] The aim of this chapter is to describe the characteristics of the Bolivian decentralisation model and to discuss the similarities with and differences from experiences in other Latin American countries. To provide an understanding of the character of Bolivia's decentralisation process, we start by introducing the country's political and economic background, concentrating on the main socio-economic developments in the period 1953-93 (*i.e.* since the 1952 revolution, which marks a turning point in Bolivian history, until the implementation of the LPP). Next, we focus on the political-administrative structure of Bolivia prior to 1994, including an overview of decentralisation experiments in that period and paying attention to the role of NGOs. Subsequently, we will describe the legal framework of decentralisation and its implementation in practice. We will finalise this chapter by discussing the perspectives of decentralisation under the Banzer government (1997--).

3.1 The political background

The early 1950s were a turning point in Bolivia's recent history. The 1952 revolution temporarily did away with dictatorial regimes. A year later, the *reforma agraria* (land reform) introduced a series of drastic changes into Bolivian society. Land formerly the property of the large landowners in the *hacienda* system was redistributed to the peasants who used to work as *peones* (peons or farm workers) at the haciendas. This was accompanied by a new social organisation in the country: the rural, mostly indigenous population, the former serfs, organised themselves into *sindicatos* (unions) that were structured on several levels, from the communal to the national.

The Chaco War[2] (1932-35) is considered to have laid the foundation for the 1952 Revolution, since this war contributed to the increased dissatisfaction with the ruling classes and the uneven power structures (Havet 1985, p. 27; Thiesenhusen 1995, p. 55). After the war, the rural poor, factory workers, miners and the middle class became much more conscious of their own situation and that of the country, especially the unlimited power in the hands of the tin barons, the uneven distribution of land and the way labour was organised in the rural zones. Between 1935 and 1952, several attempts were made to correct some of these imbalances by carrying out reforms, but the traditional oligarchic parties, and especially the landowners and tin barons, refused to relinquish their power. This resulted in the miners and peasants intensifying their actions by means of land invasions and sit-down strikes as instruments to get what they wanted. To coordinate their actions, they organised themselves into what were later to become the unions. Thus, growing discontent, supported by high inflation and deterioration of the socio-economic situation, led to the revolution of 1952 and the land reform of 1953.

The 1952 revolution was initiated by the *Movimiento Nacionalista Revolucionario* (National Revolutionary Movement – MNR), under the leadership of Victor Paz Estensoro. According to McEwen the discontent was the result of: '… stagnation and imbalance of the national economy, inadequate tax revenue, an increasingly inept national administration, the growing organisation and militancy of labour groups,

especially miners, and the spreading dissatisfaction in the politically critical urban populations' (McEwen 1975, p. 21).

The main changes brought about by the revolution were the nationalisation of the tin mines and the extension of the franchise system. This was followed by the 1953 land reform, which brought about the end of the traditional hacienda system, in which 4% of the private land holdings occupied 82% of all agricultural properties The land was transferred to the Indian peons who had formerly worked on the *haciendas* (McEwen 1975, p. 22). The reform also implied the emergence of the *sindicatos*, which abandoned their low profile and expressed a strong wish for independence. From this moment on, the peasant organisations form the most important civil organisation in rural Bolivia. The unions were territorially organised, forming peasant communities. The main function of the union was to negotiate with the government representatives who were implementing the land reform, and with the former *patron* (the owner of the hacienda). Through the union system, they could make collective decisions, elect their own representatives and manage their own affairs. For the first time in Bolivian history, peasants were enabled to participate in extra-local affairs and the national arena (McEwen 1975, p. 23). The union system also meant the start of the peasants' involvement in the implementation of projects. According to Thiesenhusen (1995, p. 63) '…in the absence of viable local governments the *sindicatos* often organised *campesinos* to build schools and other public works'.

Although the land reform had a redistributory effect on tenure systems in general, its impact was far more profound in the valleys and the Altiplano than in the eastern lowlands.

A renewed electoral system meant a further incorporation of the rural population into the national political system. Universal suffrage was established and sex, literacy and income restrictions on the right to vote were abolished. Voting was also made obligatory. The result was an enormous increase in the number of Bolivians who voted: from around 126,000 before 1952, to 931,888 in the first elections after the revolution, and then to 1,294,000 votes in 1964 (McEwen 1975, p. 24). Another measure to improve the position of the population was the use of the term *campesino* rather than the discriminatory *indio* to refer to the indigenous rural population.

These changes, which were intended to stimulate the integration of the rural population into national society, were accompanied by an educational reform, aimed at increasing the number of educational facilities in rural zones.

In 1964, the MNR government was overthrown by a military coup. According to Malloy (1989), the main reason for the coup was the inability of the MNR to combine the transformation of society with economic development. During the period of authoritarian government (which continued until the early 1980s[3]), the relation between the state and society worsened. The successive military governments ruled with a firm hand and used violent methods to suppress popular protest. While these governments were in power, the country was relatively prosperous. In this respect, the government of General Hugo Banzer (1971-8) has frequently been mentioned as successfully promoting economic development. Malloy (1989, p. 71), however, argues that despite good economic performance, this period laid the foundation for the economic crisis of the first half of the 1980s. The government apparatus, for example, grew explosively from 66,000 public-sector employees in 1970 to more than 170,000 in 1977 (Van Lindert and Verkoren 1994, p. 23). Moreover, the Banzer government emphasised development of the eastern lowlands of Santa Cruz through agricultural colonisation, neglecting the economic problems in the valleys and the Altiplano. In 1982, the country re-embraced democracy when Siles Suazo was elected president.

3.2 The economic context

Economically, the country has a troubled history, in which the extraction of minerals – especially tin and silver – and subsistence farming play a key role. The tin and silver supplies have been exploited ever since the Spanish ruled the country and remained the most important export products until 1985. These minerals are found in the departments of Potosi and Oruro on the Altiplano. Since 1952, exploitation has been controlled by the state Corporación Minera de Bolivia (COMIBOL). Although the exploitation of mines generated the most important export product, this sector did not manage to become a solid economic sector and even experienced negative growth figures.
Besides mining, the production of coca provides an important informal export product. In 1974, cotton production in the lowlands stagnated and many peasants in those areas decided to start – by making use of government subsidies – coca production. The importance of coca in Bolivia's non-official export figures rose dramatically, from an estimated 25% in 1985 to 43% in 1990 (Van Lindert and Verkoren 1994).

The Bolivian economy was seriously affected by the economic depression in the early 1980s. The main causes of this depression were the monetary and debt crisis, and the economic depression in the West. As a result, interest rates increased sharply, due to which Bolivia was confronted with increased costs of loans that could be so easily acquired in the 1970s. The economic depression in the rest of the world resulted in higher prices of imports and lower prices for Bolivia's export products. Due to diminishing tin prices, the exports of tin decreased from US$ 378 million in 1980 to US$ 248 million in 1985. Besides these external factors, the economic depression can also be attributed to such internal factors as inflation, increasing governmental expenditure and diminishing tax income (Dunkerly, 1990; Mann *et al*., 1989). Inflation in Bolivia reached 25,000% in July 1985, leading to a dramatic loss (46%) of purchasing power. People called for presidential elections, resulting in Victor Paz Estensoro again taking up residence in the presidential palace.[4]

To combat high inflation figures and the worst economic depression for years, the Bolivian government implemented in 1985 – under pressure of the IMF and the World Bank – a stringent package of structural adjustment measures under the name of the New Economic Policy (*la Nueva Economica Política* – NEP). Jeffrey Sachs – a famous American economist at the World Bank – played a key role in its design and the Minister of Planning and Coordination, Gonzalo Sánchez de Lozada – the president who later was to implement decentralisation policies – implemented the NEP.

The most important elements of the NEP were the freeing of wages, the dismantling of the once so important mining sector (23,000 mine workers lost their jobs), trade liberalisation, the abolition of government subsidies on food and basic goods and the introduction of a new currency. The inflation rate dropped within a few weeks and, from an economic perspective, the policies had the desired long-term impact: the country's inflation rate in 1993 was 9.3% (one of the lowest rates in Latin America) and economic growth increased by 3-4% each year.[5]

The social implications of the SAP were, however, less successful, as many people lost their job and food prices increased substantially. Although the impact of the NEP was felt in all sectors of Bolivian society, rural areas were especially affected, as they also suffered from serious droughts. In order to relieve some of these effects, the government established the Social Emergency Fund (the *Fondo de Emergencia Social* – FES). This fund mainly financed projects in the social sector, such as education and health.

In explaining the success of the NEP in Bolivia, it is important to mention the 'hidden' sector in Bolivian economic statistics: the cultivation, processing and export of coca, and the product derived from it, cocaine. By temporarily migrating to the coca-producing region north of Cochabamba (Chapare), many people affected by the NEP managed to increase their income to outlive the crises. The rural population and miners also responded to the worsened economic situation by moving to the large cities (El Alto, La Paz and Santa Cruz), and to the eastern lowlands where the export-oriented production of soya, cotton and sugarcane was expanding. Bolivia rapidly changed from a predominantly rural country in 1976, when 42% of the population lived in cities, to an urban country with 57% living in urban areas in 1992 (INE 1992).

Agriculture still is the main source of employment for most Bolivians, absorbing 44% of the economically active population (INE 1992). The agricultural sector is dominated by subsistence farming, although the export-oriented production of soya, cotton and sugarcane in the eastern lowlands is expanding.

The second sector of importance is that of services (36%), in which the La Paz-Cochabamba-Santa Cruz axis is the leading area. Industry employs 12% of the population, and mining 2%.

Characteristic of Bolivian economy is the almost complete lack of processing industries for minerals or agricultural products. Although industrial complexes are emerging in the department of Santa Cruz, Bolivian industry is mainly directed at the domestic market. The import of industrial and semi-finished products, especially in the form of contraband, is far more important than the processing of goods.

Within the country, large regional differences in living conditions can be found, at different levels of scale. First, large differences exist between the lowlands with economic potential and a more diversified economic structure, and the higher situated departments that largely depend on subsistence agriculture. This is also expressed in the Human Development Index (HDI). The lowland departments of Santa Cruz, Beni and Pando have, respectively, a moderate HDI of 0.620, 0.538 and 0.532. The departments of Potosi and Chuquisaca, on the other hand, have a very low HDI of respectively 0.373 and 0.430 (UDAPSO-PNUD 1997, p. 22). Second, also within departments large differences between resource-rich and resource-poor regions can be observed, with the departmental capitals having a much higher standard of living than the surrounding rural areas.

3.3 The political-administrative structure and experiments with decentralisation before 1994

Bolivia's political-administrative structure before 1994 consisted of nine departments, subdivided in 112 provinces. These provinces were subdivided in 297 provincial sections and 1,500 cantons. Despite the presence of sub-national levels, political and economic power and decision-making processes were concentrated at the central, national level since independence in 1825. This means that during most of the post-colonial period the country has been a very centralist nation. The formal head of the department level, the prefect, was appointed by the national president and only had a representative function and very limited political power. The functions of the prefect's office before 1994 were mainly administrative. The same applies to the sub-prefect, head of the provincial level and also appointed by the national president. The provincial sections had no formal representation. The cantons were governed by the *corregidor*, a policeman-type official appointed by the prefect with no official functions.

Although the concept of municipality was absent in the formal structure of the country, urban settlements, varying from small villages to large cities, were called municipalities. These municipalities had a strictly urban radius, comprising only the urban population. This implied that the rural population, living in the peasant communities (and organised in the aforementioned *sindicatos*) was not part of the municipality, and consequently totally excluded from the formal political-administrative structure.

Although being a centralist nation, the current decentralisation policies certainly did not appear out of the blue and should be placed in a context of years of debate on, and regional experiments with, decentralisation. The *Comités Civicos* (Civic Committees – CCs) were established already in the 1950s, aiming at more financial autonomy for the departmental level. The first CC was established in 1950 in the department of Santa Cruz. In that year, municipal elections were banned and the population of the city of Santa Cruz considered itself as being deprived of any instrument of political representation. They created the *Comité Pro-Santa Cruz*; which definitely developed into the most powerful CC. The CCs are considered as most effective instruments for regional fights and what is generally called the *pensamiento regional* (regional thinking).

This resulted at the end of the 1960s in the legal establishment of the Regional Development Corporations (*Corporaciones Regionales de Desarrollo* – CORDES). The CORDES were created in all departments, and their activities were mainly in the field of public works, such as sewerage and the provision of electricity, the performance of studies and the implementation of integrated rural development projects. The funds to implement these activities consisted of two resources: those coming directly from the national government and own resources. The latter were based on *regalias petroleras* (oil royalties) in the case of Santa Cruz, Tarija and Chuquisaca, and on *regalias mineras* (mining royalties) in Potosi, Oruro, La Paz and Cochabamba. The two departments that lacked any natural resources received some compensatory funds from the national treasury. This led to a highly uneven distribution of funds, as some departments produce more than others, and oil produces more income than the production of minerals. The board of the CORDES was composed of several members, such as the *prefectura*, the local government of the departmental capital city, the university, the army, the Ministry of Agriculture, professionals, entrepreneurs and the peasant unions, all with *voz y voto* ('voice and vote').

Studies on the performance of the CORDES often emphasise their highly bureaucratic structure. During the period 1974-8, overhead and functional costs increased dramatically (from 5.6% to 22.7%) in all departments except Cochabamba, while investments decreased accordingly (Roca 1999, p. 129). The increasing bureaucratisation of the CORDES led to growing awareness that these entities were not the most appropriate instruments to enhance development.

Despite this criticism of the CORDES, they did in their way try to improve the prevalent planning system. Systematic planning appeared on the national agenda only in the 1970s. From then on, national medium-term planning documents were presented. Often, these plans were to be implemented with financial support of international donors or were, in practice, not implemented at all. Moreover, these plans had mainly a national focus (Toranzo Roca 1988). Since the mid-1970s, most Regional Development Corporations had formulated departmental development policies, although in most cases only short-term ones.

An important contribution to decentralised planning was the introduction of the concept of regional planning by the CORDES in the 1980s. In these plans, river basins

(*cuencas*) were seen as the most appropriate territorial unit to plan and implement projects.

In the 1980s, some other proposals were elaborated to assign more responsibilities to sub-national levels, such as the Tax Reform of 1986, the Financial Law of 1988 and a proposal in the elections campaign of 1989.[6] The debate in this period was consequently called the 'impossible decentralisation', as it appeared impossible to develop a proposal that was acceptable for all actors nation wide.

However, at the sub-national level, some interesting experiences with decentralisation can be observed. One of most advanced is that of the Departmental Council for Social Development in Chuquisaca in 1989 (Box 3.1).

In the meantime, the local, municipal level remained weak. A major turning point in this was the 1985 Organic Municipal Law (*Ley Orgánica Municipal* – LOM), which recognised the municipality as an autonomous entity. The most innovative aspect of this law was the direct election of mayors and municipal councils for the first time since 1950 (Vargas, 1989). In the period 1950-85, mayors were directly appointed by the president, and there were no municipal councils. In the period 1985-1994, municipal elections were held every two years. However, only people with an identity card could vote for one of the candidates appointed by the national parties. Since the majority of the people living in the rural areas did not possess such a card, the elections continued to be an urban affair until 1994. Under the new law, municipalities were given the autonomy to programme and implement technical, administrative, juridical and economic policy (Vargas 1989). Municipalities were also enabled to generate their own resources and to invest them. Notwithstanding, municipalities were not given the opportunity to impose municipal taxes, which remained the exclusive domain of Congress.

Although the LOM defines the functions and responsibilities of local governments, the jurisdiction of the local governments concerned only the urban part of the municipality. This contradicted a 1932 Supreme Resolution, according to which 'the municipal territory is valid in the whole territory of the Community, not only in the urban part'. Vargas points also at the tensions between the municipalities in the rural provinces and that of the departmental capital, as most policies were directed to the latter. This situation resulted in lack of financial resources in the rural municipalities, as a result of which they were inadequately equipped to perform the functions as defined by the LOM of 1985.

This short overview of the political-administrative situation prior to 1994 shows that some initiatives were taken to transfer responsibilities and funds from the central level to sub-national level. These initiatives were primarily aimed at increasing control at the departmental level. These initiatives had mainly a de-concentrating character and as such were not directed at political decentralisation or increased involvement of the population in decision-making on public affairs. At the end of the 1980s, the character of these initiatives changed, as is shown by the establishment of the Departmental Development Council in Chuquisaca. As in other Latin-American countries, this process was driven by the inability of the central state to respond adequately to the social implications of the structural adjustment programmes and the pressure of more leftist groups to incorporate the population. Non-governmental organisations played an important role in this, as will be shown in the next section.

Box 3.1 Experiments with decentralisation in Chuquisaca

Already in the 1980s, a debate was initiated on the role of the government in Chuquisaca, in which the future role of the CORDECH – the regional development corporation in the department – was at stake. The initiators of this debate were, as in other parts of Bolivia, the Civic Committees. At a conference of Civic Committees of Chuquisaca in 1989, it was observed that the CORDECH was a highly politicised entity, the management of which was concentrated at the departmental level, without sufficient knowledge of departmental reality due to the limited participation of the population. The Civic Committees recommended the establishment of a provincial representation of the CORDECH, so that planning and implementation of projects would be able to better respond to the needs within the department (Comités Civicos de Chuquisaca, 1989). As a result of increased pressure to incorporate NGOs into regional development, the Departmental Council for Social Development (*Consejo Departemental de Desarrollo Social* – CDDS) was created by the end of 1989. The CDDS consisted of 13 governmental organisations and NGOs and its task was to coordinate and lead the discussion of plans and developmental activities in the social sector of the department of Chuquisaca. To achieve this, several divisions within the CDDS were created, such as a technical team, composed of technicians from the participating organisations. Although social development was the main focus, activities were also directed at environmental problems, integrated rural development, planning methodologies, project formulation and monitoring, and evaluation. Over a period of four years, US$ 112 million were invested in the overall project (Bonifaz *et.al*., 1994).

An evaluation of the performance of the CDDS carried out in 1992 revealed the organisation's limited efficiency, which was due to its bureaucratic structure and the fact that the target groups were not integrated.[2] To ensure a good understanding of the rural situation and context, it was decided in 1992 to establish a second, de-concentrated level of discussion by creating the Provincial Councils for Social Development (CODES). In addition to the role of the CDDS, the main task of these councils was to involve the population in identifying the main problems of the socio-economic situation of the department, with an emphasis on the rural population. The Provincial Councils can be defined as representative instruments of the local, provincial population, a joint effort to strengthen political participation in all aspects of development.

The Provincial Councils involved the sub-prefect (the highest authority at the provincial level) and representatives of state institutes, NGOs, municipal governments, syndicates and labour organisations, and civic organisations. The lack of legal recognition made it difficult for the Councils to formalise agreements. Although the councils could make recommendations, they had no formal decision-making power. The participation of the population was also limited, resulting in the co-option of the councils by local elites to satisfy their demands. Other limitations encountered by the Councils were the lack of own financial resources and the lack of technical support, for which they depended on the CORDECH and the future municipalities. In 1994, with the implementation of the LPP, the establishment of Provincial Councils for Popular Participation was announced and the Provincial Councils were dismantled.

3.4 The role of non-governmental organisations

Non-governmental organisations (NGOs) have long been considered as the most important actor in Bolivia's rural areas. The presence of NGOs in Bolivia can be explained by a number of factors (Van Niekerk 1997[7]) from which the extreme poverty, aggravated by the application of a Structural Adjustment Programme in the 1980s, is one of the most important. Another factor is the presence of international development organisations providing funds. It is estimated that there are some 550 NGOs nation-wide (Arellano-Lopez and Petras 1994, p. 562; Ministerio de Hacienda 1996).

The first NGOs emerged in the 1960s, having a predominantly charitable character. From a historical viewpoint, several breakpoints in NGO-activities can be discerned. The first occurred in 1970, when NGOs shifted their focus from charity to political mobilisation of the population, aimed at political change. This change was inspired by the dominance of military regimes in Bolivia.

A second breakpoint can be noted in the mid-1980s, when the consequences of the 1983 draught and the impact of structural adjustment demanded a different approach. Political mobilisation makes way for programmes directed at a direct improvement of living conditions. Within these programmes, an increase of economic production plays an important role. By doing so, NGOs increasingly replaced the role of the state, which was not able to respond adequately to the demands of the population and whose only presence in rural areas entailed the Regional Development Corporations.

With respect to their functioning in relation to the Bolivian state, NGOs can be considered as extremely autonomous in the period before 1994. The funds to finance their activities mainly came from foreign donors, while additional funding was provided by national investment funds such as the FIS (Social Investment Fund, the former FES), the FNDR (National Fund for Regional Development) and the FDC (Fund for Rural Development). These funds, established in the 1980s to reduce the most severe consequences of the structural adjustment programmes, were the first in Latin America, an initiative that was followed by several other countries (Van der Borgh 1999, p. 138).[8] In practice, NGOs were, along with public sector agencies, the only other organisations that benefited of these funds. The relation with the state was mainly limited to communication over these funds, and registration in a national database of NGOs.

Although the character of the NGO-activities changed considerably during the past decades, the importance of their presence remained. Bolivian NGOs receive enormous amounts of funds mainly from international development organisations, and are quite experienced in rural development, the delivery of social services at the local level and in micro-regional planning, introduced by them at the end of the 1980s. By dividing the territory, they worked in smaller micro-regions (often based on river basins) and were thus able to operate more efficiently. They also initiated discussion on political decentralisation. The NGO CIPCA *(Centro de Investigación y Promoción del Campesinado*) performed an important role in this. From 1988 onwards, CIPCA organised seminars and workshops on the theme of decentralisation, resulting in a publication entitled 'For a different Bolivia: contributions to a historical popular project' (CIPCA 1991). This publication proposes a radical decentralisation in which the role of political parties is limited to the election of the president. Local community government and functional organisations were destined to play a far more elemental role in policy making.

In the meantime, various projects were implemented to extend decentralisation to the rural areas (see also Urioste 1992). In the province of Mizque in the department of Cochabamba, efforts were made already in 1988. CIPCA started in Santa Cruz with a new technique of participatory planning. The decentralisation model introduced in 1994 by the government encompasses several of the ideas previously developed by NGOs such as CIPCA.

3.5 Todo el poder al pueblo: the Bolivian decentralisation model

During the Zamora government (1989-1993), the MNR – through its think-tank Fundación Milenio led by Gonzalo Sánchez de Lozada – further elaborated the quite vague ideas on the role of municipalities already developed by the Estensorro

government. This resulted in 1993 in the *Plan de Todos*, the MNR's main election programme.

Seven objectives were laid down in this programme (República de Bolivia 1993), namely:
- to increase investment funds;
- to increase the number and quality of jobs;
- to achieve economic stability;
- to invest more in education and health;
- to bring about popular participation;
- to reorganise central government; and
- to reduce corruption.

In addition to the Law on Popular Participation (LPP) and the Law on Administrative Decentralisation (LDA), this plan contained various other reforms, such as the *Ley de Capitalisación* that aimed at the privatisation of state enterprises, and the Educational Reform, through which bilingual education was introduced.

With the ambitious *Plan de* Todos, Gonzalo Sánchez de Lozada won the general elections in 1993. He went into the campaign with Victor Hugo Cardenas from the MRTKL, the *Movimiento Revolucionario Tupac Katari de Liberación*, one of the small indigenous parties that promote the emancipation of the Indian population. This made them a strong couple, since Cardenas was of Aymara origin, and as such an attractive candidate for many indigenous people. Sánchez de Lozada ('Goni' in popular speech) was already a well-known politician. Charismatic and educated in the US, he stood for neo-liberalism and the development of business. As Minister of Planning, he participated in the implementation the New Economic Policy in 1985.

Although the concept of popular participation had played a major role in the election campaign, the idea had not been very well elaborated. On 6 August 1993, Sánchez de Lozada was appointed president and the next day he instructed a Bolivian expert in decentralisation – Carlos Hugo Molina – to form a group of twelve Bolivian and foreign experts in decentralisation, state reform, tax reform and participatory planning. This group – which was said to be free from any political limitations – was asked to develop a proposal for state reform in which local governments and popular participation would play a central role.

A number of fundamental decisions need to be made when a decentralisation policy is elaborated. These decisions include the selection of a destination area (the territorial unit to which power will be decentralised), the subjects of decentralisation (who will participate in it), the functions to be decentralised and to remain under central control, and – very important – the amount of funds to be transferred. All these issues were discussed during the elaboration of the LPP. The selection of the territorial unit proved to be difficult. Bolivia's political-administrative organisation recognised nine departments, 112 provinces, 311 provincial sections and 1,500 cantons. None of these territorial units seemed convenient for the purpose of decentralisation: the departments and provinces were considered too large, while sections of provinces had never been used as territorial units. In addition, there was much discussion about the exact boundaries of many sections. The number of cantons was considered to be too high and there were huge differences in population size between them (some had only 19 inhabitants whilst others comprised parts of large cities). In the end, it was decided to use the municipality as the unit, and that its jurisdiction would be the limits of the section of the province. Sánchez de Lozada was still uncertain which organisations would become the targets of

participation. At first, it was decided to create new organisations, but this idea was soon abandoned as it seemed illogical not to consider the existing social organisations, that is, the peasant *sindicatos* and the urban *juntas vecinales*. Another aspect – the transfer of functions and resources – was also subject to discussion. It was decided from the start that participation alone would not be sufficient: a governmental level with power and money was needed. With respect to this, several experts suggested a redistribution of resources as established by the 1986 tax reform. The president initially resisted any modifications to the reform that he himself had elaborated. In addition, the Ministry of Finance rejected the changes with the argument that such a successful law should not be touched.[9] Changes would imply new, expensive, administrative procedures, such as software, forms and bank accounts. Finally, a compromise was reached: the system of levying taxes would remain as it was, but the distribution of taxes would change. The decision on the destination of the funds was less difficult, as it was generally admitted that the CORDES' funds should be transferred to the municipalities. The main argument for this was that the CORDES did not function very well, and that these resources should be better administrated. This is not to say that everyone agreed with the complete dismantling of the CORDES, since most people believed that the CORDES should perform a training function, in order to inform and strengthen the municipalities. This should not be done by the *prefectura*, the departmental government, many maintained, as these were mainly political entities. The first proposal elaborated was quite modest, in the sense that the central government would still play an important role. Sánchez de Lozada was not content with this proposal and stressed the importance of 'more power to the people'.[10] Various concepts were developed in the last months of 1993, all with considerable input from the president himself, who in this period was assigned almost heroic features:

> 'The president considered the elaboration of this law as a hobby. During the day he performed his usual tasks as a president, but after seven in the evening he spent all his time meeting with the group to work out the law, discuss the various bottlenecks and invent creative solutions.'[11]

The first draft of the LPP was presented to the public in January 1994. Three months of intensive discussions followed, making the LPP undoubtedly one of the most discussed laws in Bolivian history. Columns appeared in the newspapers every day, representing the opinion on the LPP of individuals and organisations. Not everyone shared the president and experts' enthusiasm on this law. Before we turn to these critics, we will first give an overview of the main characteristics of this law.

3.5.1 The Law on Popular Participation in detail

The main objective of the LPP, as stated in its first article, is to improve the living conditions of the Bolivian population.[12]

As can be seen in Figure 3.1, the Bolivian political-administrative structure was highly centralised until 1993. The central government was responsible for planning and investment, whilst at the lower departmental level CORDES functioned as highly bureaucratic entities that implemented some large projects in the provinces. Municipal structures were found only in the urban parts of the country – the cities and towns.
According to the law, increased participation of the population in local decision-making is vital for improved living conditions and the LPP therefore concentrates on creating the

mechanisms to facilitate this participation. It does so in three ways: the creation of new municipalities, the transfer of funds and the institutionalisation of the relation between the state and civil society.

First, the local level was institutionalised by creating 311 new municipalities. These new municipalities are based on the existing territorial division of *seccióones provinciales* (provincial sections), giving these sections a place in the political-administrative structure and enabling the performance of functions therein. In contrast to the former municipalities, which comprised only the urban parts of the territory, the new municipalities specifically encompass towns and the surrounding rural areas. The new municipalities became responsible for a number of tasks, such as providing vital infrastructure (*e.g.* health, education and roads). A detailed overview of the functions and responsibilities of the municipal government is presented in Box 3.2.

Box 3-2 Functions and responsibilities of municipal governments since the 1994/5 reforms (Source: República de Bolivia, 1994)

According to Art. 14 Part II of the Law on Popular Participation, municipalities have the following competencies:

a. to control, maintain and improve the equipment and properties of the municipal government, including those that have been transferred by the present law;
b. to provide equipment, furniture, didactic materials, medicines and alimentation to health services and to administer and supervise its use, in order to facilitate the adequate functioning of infrastructure and services related to health, basic sanitation, education, culture and sports;
c. to supervise the functioning of educational authorities, directors and teachers, and to advise the departmental authority about the provision of educational services;
d. to control, supervise , and advise about changes in public health sector authorities, in order to guarantee the efficient provision of health services;
e. to administer the register of urban and rural properties;
f. to administer the registers and list of contributions necessary for the imposition of taxes;
g. to conserve and/or renovate cultural and historical patrimony and to stimulate culture in all its expressions;
h. to stimulate sports;
i. to stimulate rural development by means of appropriate technologies, irrigation works and roads;
j. to construct new infrastructure in the field of education, culture, health, sports, secondary roads and basic sanitation;
k. to contribute to the maintenance of secondary and local roads;
l. to respond to petitions, representatives and acts of social control by the territorial base organisations and the *Comité de Vigilancia;*
m. to take care of the programmes of complementary alimentation, including school breakfast;
n. to promote policies that incorporate the necessities of women in the field of the above-mentioned municipal competencies.

The second mechanism to enhance popular participation is the transfer of funds from the central to the municipal level. Through the LPP, 20% of national taxes are transferred to the municipalities, proportional to the population size of each municipality.

The third way is the institutionalisation of the relationship between civil society and the state. The LPP recognises traditional and existing social organisations that have a territorial character. These are the peasant communities (*sindicatos*), the neighbourhood organisations and indigenous communities. The LPP assigns to all these organisations the term *Organización Territorial de Base* (OTB), which emphasises their territorial character. OTBs are legally recognised and are assigned an active role on the local level. According to the LPP, each OTB is supposed to present its demands to the municipal government through participatory planning. The law foresees the creation of a *Comité de Vigilancia* composed of OTB representatives, to supervise and control the correct implementation of the LPP on the municipal level.

The Sánchez de Lozada government did much to promulgate the law, and the LPP is without doubt the most debated law in Bolivian history. Every year much attention was given to the anniversary of the LPP on 20 April. The president himself visited a municipality and special propaganda was presented about the results of the process. Other expressions of the important position given to the LPP were the numerous magazines and brochures on the national as well as the departmental level (*e.g. El Chuquisaceño*, and *Participar!*). The *Secretaría Nacional de Participación Popular* (SNPP: National Secretary of Popular Participation) set up a website with information about the law and its implementation, and characteristics of OTBs and municipalities. Promulgation of the contents of the law over the course of time was followed by the publication of research results. Within the SNPP, a special unit was created for monitoring and evaluation, and most of these results were published, often with financial support from international donor organisations. The publication of new books was announced in the national press. In addition to this official, though not very critical, governmental research, national research institutes and international organisations carried out more independent research.

3.5.2 The implementation of the Law on Administrative Decentralisation

The LPP is completely directed towards the local level and focuses on the issue of participation. As such, the law disregards the country's strong regionalism, which is aimed at a more autonomous position of the departments. The departmental level, however, remained as it was: a weak and bureaucratic entity, deprived of its funds, which are transferred directly to the local, municipal level. The weak position of the departmental level meant that there was no virtual layer between the central and local level. This situation posed some problems, such as the impossibility of coordinating the actions of over 311 municipalities at the central level. Generally, the LPP has been considered an incomplete decentralisation reform. A new Law on Administrative Decentralisation (*Ley de Descentralización Administrativa* – LDA) was therefore designed, which came into force on 1 January 1996.

The LDA aims at restructuring the departmental level in accordance with the new political-administrative municipal structure. Under the LDA, the prefect is appointed by the president and is his formal direct representative. The LDA also establishes the departmental administration, which is characterised by a sectoral division. This departmental administration is responsible for several functions concerning roads, rural electricity, the production infrastructure and technical assistance. In each department, members of the municipal council elect departmental councils. These councils have to approve the departmental budget, plans, programmes and projects, request additional

credits and funds and make arrangements and contracts with credit institutes. They are also entitled to dismiss the prefect or pass a vote of no confidence.
The LDA means a significant increase of power for the prefect and meant in practice that the CORDES (Regional Development Corporations) were dismantled. On 1 January 1996 all property and projects of the CORDES were transferred to the municipalities. Since June 1994, the functioning of the CORDES had been adjusted to the new administrative structure, and their functionaries were integrated in the municipal UFIs (*Unidades de Fortalecimiento Institucional*). These entities offered support to the municipalisation process by disseminating the LPP and training of municipal employees, especially in the field of participatory planning.

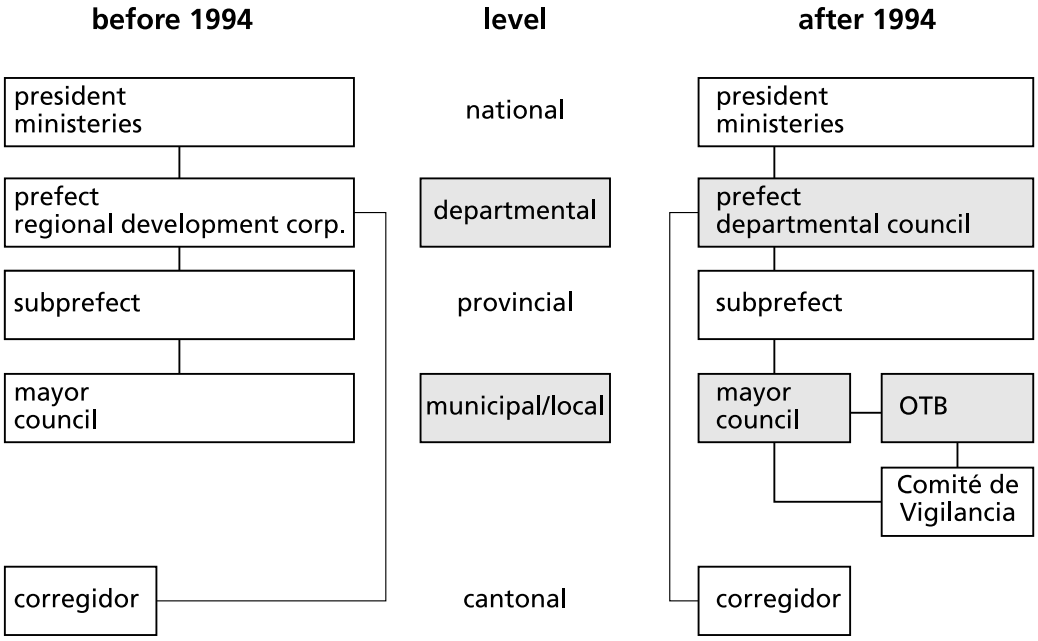

Figure 3.1 The political-administrative structure of Bolivia before and after 1994

With the introduction of the LPP and the LAD, the political-administrative structure of Bolivia underwent profound changes. Figure 3.1 shows the situation after the 1994/5 reforms. Although the representatives on the provincial and cantonal level are mentioned in the LPP and LDA (Art. 22, Decree 23858 and Art. 7-9 LDA), in practice the functions of their authorities remain untouched by the reforms. This can be explained by these entities' lack of financial resources, hence power.
Without doubt, the reforms had the most impact at the local, municipal level with regard to such functions as planning, financial resources and the implementation of projects.

3.5.3 Financial implications of the LPP

Before 1994, there were enormous inequalities in the distribution of income at the local level. The ten largest municipalities (the departmental capitals, including El Alto) received the bulk of funds while the smaller, rural municipalities received hardly anything. As shown in Table 3.1, this situation changed in 1994 with the implementation

of the LPP. Today, the resources are more evenly distributed, and correspond with the population number in the municipalities.

Table 3.1 Distribution of national tax income, in %

	1993	1994	1995-6
Departmental capitals	92.1	54.4	38.9
Rest of the country	7.9	45.6	61.1

Source: SNPP 1996

The LPP thus brought about significant changes, not only in the distribution of funds but also in the composition of these funds. Since 1994, the municipalities receive 20% of the national tax income, compared to 10% before the LPP. The amount of national tax income to be invested increased from US$ 4.6 per capita in 1990 to US$ 24 in 1997.

In addition to funds from the national tax income, municipalities have other funds at their disposal. First, all municipalities can generate own resources by imposing taxes. Second, they can propose a contribution from one of the national investment funds – the FIS, FNDR and FDC. Before 1994, the resources from these funds were channelled mainly through non-governmental organisations, which constitutes a specific form of decentralised finance. With the implementation of the LPP, it was decided that only the new municipalities would have direct access to these funds, and that only joint requests of NGOs and municipalities could be taken into consideration. This implied a dramatic change for the financial position of NGOs, since these were now obliged to cooperate with municipalities in order to secure the access to the national investment funds. A third source of income for municipalities is co-financing by NGOs. By cooperating with NGOs, municipalities are able to finance projects or to submit a joint request for co-financing of funds as described above. A fourth source of income in the first years after the implementation of the LPP consisted of the transfer of funds from the CORDES to the municipalities, in case of projects that no longer concerned the CORDES, but only the municipality. Fifth, the OTBs can contribute to projects, in kind (by work) or with money.

There are some conditions attached to the investments of the funds. Of those stemming from national tax income, municipalities have to invest 85% in projects, while the remaining 15% can be used for overheads and salaries. With respect to own resources, 50% has to be invested in projects.[13] A second condition is that at least 25% of the investments should be directed at the productive sector, and 40% to the social sector, such as health and education.

Through the considerable amount of funds transferred to the local level, Bolivia transformed into a highly decentralised country, with 27% of total public expenditures operated by the local level (República de Bolivia 2001, p. 31).

3.5.4 Criticism of the LPP

As soon as the LPP was presented to Congress in February 1994, critics emerged from several layers of Bolivian society. Most fundamental was the observation that the LPP – being a law intended to increase the population's participation – had been formulated top down by a group of 'experts' behind closed doors, almost in secrecy and without the involvement of any representatives of Bolivian society. It was argued that a law could not enforce participation, as participation is a society-driven process. Although most intellectuals, interest groups and political parties supported the law, the main opposition came from groups that had been excluded from the discussion and/or saw their own ideas being wrecked. The reaction of the *Comités Civicos* fits into this last category, as their aspirations for political decentralisation, with more power for the departmental governments, was being ignored (Van Cott 1998, p. 166; Molina Monasterios 1997, p. 204). The LPP proposed incorporating representatives of ministerial units in the *prefecturas*, without mentioning the selection of the prefects or the direct election of the Departmental Council of Popular Participation. The CCs also strongly opposed the transformation of the CORDES, because they were afraid the departmental resources (*regalias*) would be given to entities in which the CCs did not participate and, consequently, over which they had no power.

Strong protest also came from the *sindicatos*, which received support from leftist parties. In their opinion, the OTB was a new organisation established by the central government as an instrument to control and co-opt popular organisations. The *sindicatos* considered the OTB a competitor, one dependent on and manipulated by the central government, and created to undermine them (*Opinión 20-03-1995*). NGOs supported this opinion. For a long time they had been the most important actors in the rural areas, but in the LPP they were only partially mentioned. This reaction was also based on the relation between the NGOs and the state: it had always been a tense one, and NGOs had had to maintain a low profile, especially during the dictatorial regimes.[14]Another important point of criticism was that social organisations not territorially organised were excluded from formal participation in local decision-making. Examples of such organisations were women's organisations (*e.g. clubes de madres*), the *Comités Civicos*, and labour and producers' organisations (*e.g.* the COB and CSCUTB).

3.6 The implementation of popular participation and decentralisation

The LPP brought about the creation of 311 new municipalities, almost one-third of which had fewer than 5,000 inhabitants (Table 3.2).

Table 3.2 Municipalities by population

Population	Number of municipalities	Population	% of municipalities
< 5000 inhabitants	95	235,388	31
5000 – 14,999 inhab.	128	1,185,851	41
15,000 – 49,999 inhab.	72	1,695,094	23
50,000 – 199,999 inhab.	12	1,052,776	5
> 200,000 inhab.	4	2,245,283	1

Source: SNPP 1996

The creation of municipalities was accompanied by the opening of bank accounts, so that money could be transferred to the local level. A second phase of implementation involved the registration as OTBs of an estimated 20,000 *juntas vecinales, comunidades campesinas* and *pueblos indígenas*. This was not a simple, formal act, as these civil organisations first had to be informed of the LPP, the requirements they had to meet in order to be registered, and the duties and functions they had to perform. Special units of the CORDES – the UFIs (*Unidades de Fortalecimiento Institucional*; Units for Institutional Strengthening) – were created with the task of informing the population of the changes. In every department, these teams travelled to the municipalities to organise workshops and visit communities. The general impression of these units is that of a number of very enthusiastic young professionals devoted to the implementation of the LPP in the new municipalities. Besides the UFIs, NGOs invested much in the registration of the OTBs. Already in May 1995, an impressive number of OTBs had been registered: 49% of all rural communities had obtained juridical personality.

The registration of neighbourhood committees was a slower process: only 20% of these organisations had been organised, and of the indigenous communities, not one had the status of OTB (SNPP 1995a). The relatively low number of neighbourhood committees registered can be explained by the low acceptance of the LPP by the urban population. The general opinion in the cities was that the LPP mainly benefited the rural population, as urban demand for improved access to basic services was more institutionalised. Moreover, urban political culture was more bureaucratic and strongly influenced by political parties and, as such, often hampered the registration of organisations. Many of these organisations also had quite a weak organisational structure, since they were governed by a board that was highly political and had little relation with the inhabitants of the neighbourhoods.

Related to the registration of OTBs was the establishment of a *Comité de Vigilancia* in each of the 311 municipalities. This was more complicated, since these committees had to be elected by the OTBs, and the registration of these had priority in most municipalities. In May 1995, a *Comité de Vigilancia* had been established in only 10% of the municipalities (SNPP 1995a). However, the registration of OTBs and Comités de Vigilancia progressed quickly, and at the end of 1996, almost all OTBs had obtained juridical personality. Overall, most civil organisations adopted the LPP quite quickly because – as Sánchez de Lozada put it – 'When money speaks, people listen'.[15] Another phase in the implementation of the LPP consisted of the elaboration of municipal investment plans. Since June 1994, municipalities have to present an annual overview of projects that will be implemented with funds from the central government. In the second half of 1994, 3,700 projects were presented, and this number increased to 10,000 in 1995. Especially during the first years of implementation (*i.e.* in 1994-5), this process progressed only slowly. In 1994, only a few municipalities managed to produce such a plan, and most of these annual planning documents were rather simple, often merely containing an enumeration of small projects, cynically called 'shopping lists'. Most of the difficulties encountered can be attributed to the fact that the majority of municipalities (especially the rural ones) had limited capacities with respect to human and financial resources. The LPP meant that an administrative structure had to be developed, generally from scratch. Most rural municipalities did not have any personnel, and even with LPP funds, only a limited number of employees could be contracted. Another problem was the lack of knowledge about the administrative and planning aspects of the LPP: municipal employees simply did not know how to formulate these plans. This situation improved in 1995, thanks to the numerous workshops in which the municipal authorities were informed and trained.

Another problem related to the formulation of municipal plans was the lack of infrastructure in rural municipalities. Most municipalities started in small adobe buildings, without electricity or means of communication, such as telephones and faxes. Nor did they have computers. All these factors contributed to the modest performance in the design of planning documents. To overcome the problem of the 'shopping lists' and limited participation of the population in planning, procedures to stimulate mid-term planning were developed in 1996. Since 1997, municipalities have to present a Municipal Development Plan (*Plan de Desarrollo Municipal* – PDM). A positive effect of the municipal elections of 1995 was that the newly elected councils and mayors were far more prepared than their predecessors to perform the functions and responsibilities assigned to them through the LPP. However, it also meant that previously acquired experiences and knowledge disappeared, as most municipalities changed not only the mayor and councils, but also its staff, which had been trained exhaustively in the period July 1994-December 1995.

Over the course of time, the government has made some changes to the decentralisation process. In 1997, for example, the central government took back the responsibility for road infrastructure from the departmental authorities. Before the implementation of the LDA in 1996, the road sector had been organised into nine decentralised districts, operating under the *Servicio Nacional de Caminos* (National Road Service). After decentralisation, these districts were placed under control of the prefectures. In addition, the CORDES that previously had been responsible for the tertiary roads in the provinces were dismantled. No other sources than tolls were provided and many officials resigned. As a result, the condition of the roads soon deteriorated and in 1998 the government decided to take back responsibility (Burki *et al*. 1999, p. 94). Another adjustment, made shortly before the Banzer government took office, was the proposal to allocate funds to the Comité de Vigilancia.

3.7 The Banzer government: 1997-2001

The Bolivian decentralisation model has been embraced as a very innovative model for decentralisation. Although Bolivia implemented decentralisation very recently, compared to other Latin American countries, other Latin American countries followed this process, and the main initiators – Carlos Hugo Molina and the president – were invited to explain the model at various congresses. Representatives of other countries visited Bolivia to see the details of the law in practice. Also in the literature the model is viewed as a breakthrough in traditional decentralisation efforts, and is sometimes referred to as 'Bolivia's second export-product' (Archondo 1997, p. 301).
The international donor society shared this opinion and very quickly decided to support the process.[16] This cooperation can also be attributed to the fact that women and indigenous people, traditionally the focus groups of international donor society in Bolivia, are explicitly mentioned as target groups in this law. Already in August 1994, multilateral donors such as UNDP and the World Bank formulated programmes aimed at municipal strengthening. An example is the World Bank-financed Programme of Development of Rural Communities, which supports local governments in the elaboration of municipal development plans. Bilateral donors also supported the process, albeit with smaller funds.

In 1997, general elections were again on the agenda. Based on the success of the LPP, the MNR hoped to win the elections, but as the implementation of the LPP was closely associated with the person of Sánchez de Lozada, who by law could not be re-elected, the

Figure 3.2 Billboard on the route Sucre-Monteagudo. This billboard reflects the four pillars of the Banzer government (1997-2001): dignity, institutionalisation, opportunities and equity.

MNR lost the elections and Hugo Banzer returned to the presidential palace. General Banzer, as he is generally called, had been in office before in the period 1971-8 during the military regime. Like most new governments, the Banzer government wanted to put its stamp on national policy-making, which resulted in a diminishing role for popular participation. This was expressed in two measures. First, the government decided to restructure the governmental organisation. The National Secretary for Popular Participation – the 'heart' of the LPP – was dismantled and the functions were divided among three other ministries. Second, there has been a concentration of power within the departmental government (the *prefectura*) from 1997 onwards. All nine departments now have a prefect of the *Acción Democratico y Nacionalista* (ADN)-party, who gained more responsibilities and more resources. In addition, almost all employees of the MNR and the MBL (*Movimiento Bolivia Libre*) have been replaced by ADN/MIR people. Although this is the usual course of affairs in Bolivian governmental organisations, it has had severe consequences, particularly for the implementation of the LPP. The new employees were selected on the basis of their political affiliation, rather than on the basis of their knowledge and experience with such issues as planning and training within the context of popular participation. This meant that, due to the outflow of knowledge, the process had to be started all over again.

The lack of interest in popular participation was also reflected in the Banzer government's National Plan, 'To live better' (*Para vivir mejor*). This plan consists of four major themes: (1) 'opportunities', aiming at economic growth; (2) 'dignity', referring to the struggle against the production and trafficking of coca; (3) 'institutionality', with as main objective the upgrading of institutional capacity; and (4) equity, directed at improving living conditions (República de Bolivia 1997a). The role of popular participation and the strengthening of the local level in national policy decreased, in favour of a stronger for the departmental level. Although Banzer announced he would improve the LPP, there have hardly been any changes. The proposed adjustment of the division of funds, by using the level of poverty in the municipalities as additional criterion, has not been further elaborated.

Other evidence of the Banzer government's lack of interest in popular participation is its diminished communication about the law. The frequent flow of information about the LPP, which marked the Sánchez de Lozada government, came to an abrupt end when the Banzer government came into office. Although the responsible Minster for Popular Participation still publicises a letter in the national newspaper on 20 April each year, the supply of other information diminished dramatically. Although the research unit of the SNPP still functions, it employs only a few researchers and the number of publications about the LPP is only a fraction of what it used to be. With regard to this theme, Luis Ramirez – one of the experts in the group of 12 – states that:

> 'Of course Banzer wants to mitigate the Popular Participation, but I do not think he is able to do that. The municipalities will not surrender their recently obtained autonomy. But – and Banzer knows this quite well – he can obstruct the process by not supporting it, for example by limiting communication on the LPP.' (Interview, 11-09-2000)

In August 2001, Banzer was obliged to resign for health reasons. Jorge 'Tuto' Quiroga, the former vice-president who is known for his technocratic style of governing, succeeded him.

3.8 Summary and conclusions

The implementation of decentralisation completely changed the Bolivian institutional and administrative-political landscape. Bolivia, one of the poorest countries in Latin America, mutated from a centralist nation – which did not recognise rural areas nor rural population in local decision-making processes until 1994 – into a decentralised nation by using a model that has been admired throughout the world. The implementation of decentralisation policies did not take place overnight: the issue of decentralisation has been debated since the 1950s. However, political decentralisation was not achieved; that is, the prefect was not directly elected nor were representatives of civil society involved in departmental decision-making. In fact, throughout the 1970s and early 1980s democratic thinking was virtually absent due to the various military regimes. In this period, the government structure was changed in only one way: the creation of the CORDES. These rather technical and, in the end, very bureaucratic and ponderous organisations were the only link between the central, national level and the rural areas in the provinces.
The continuous pressure applied by several groups led to the launching of decentralisation policies in 1994. Decentralisation in Bolivia is formulated in two laws: the LPP of April 1994 and the LAD of July 1995. The LPP provides for the creation of 311 new, urban-rural municipalities, the transfer of funds to these municipalities and the concept of participatory planning. This means that the rural areas are now recognised as partners in governance for the first time in Bolivian history. Although the departmental level acquired more power with the LDA, the prefect continues to be appointed by the president, and as such, there is no political decentralisation at this level.

Theoretically, the Bolivian model of decentralisation meets the conditions of good governance and local development discussed in Chapter 2. Firstly, the condition that good governance should be participatory is met by the active participation of the population in local decision-making through the OTBs. The increased participation of the population makes policy making more responsive, and thus more effective, resulting in increased potential for local development. Transparency of policy making is expressed in various manuals, which include guidelines. The fact that local governments have to inform the population of the implementation of policy is also a factor contributing positively to transparency. To meet the condition of accountability, *Comités de Vigilancia* were created. Finally, the fact that decentralisation was accompanied by the transfer of funds to the local level meets both the condition of equity and local development. Basing the distribution of funds on the number of inhabitants led to a more equal distribution, which in turn might lead to a reduction of regional differences. The transfer of responsibilities and funds enables the implementation of locally defined project and offers the required resources for local governments to stimulate local, rural development.

Unfortunately, the promising decentralisation model was jeopardised by the change in government in 1997. Obviously, the present government attaches less value and is less enthusiastic about popular participation than the previous government. In the following chapters, we will analyse the implementation of the model at the local level, by analysing whether the Bolivian model of decentralisation in practice also leads to good governance and local development.

Notes

1. The Bolivian model serves as an example for other countries because of the mechanisms included for popular participation, accountability and the considerable amount of funds and responsibilities transferred to the local, municipal level.
2. Between 1932 and 1935, Paraguay and Bolivia fought the Chaco War. The conflict was about the Chaco region, which was supposed to house oil reserves. Bolivia lost the war and almost 100,000 of its people, including many indigenous people.
3. See for an extensive analysis of Bolivia's political economy in the period 1964-1985 the publication of James Malloy and Eduardo Gamara (1988) *Revolution and Reaction: Bolivia 1964-1985.*
4. Hugo Banzer won these elections, but as Paz Estensorro was able to form a coalition with the MIR of Paz Zamora, he became the president.
5. An important side effect from the perspective of the state was that the dramatic job losses implied the fragmentation of the once very powerful labour movement in the mining sector.
6. The Tax Reform (Law 843) dealt with the redistribution of the national tax income: 75% went directly to the national treasury, 10% to the CORDES, 10% to the municipalities and 5% to the universities. According to this law, companies paid taxes to the departments in which they were registered, and as the axis La Paz-Cochabamba-Santa Cruz is the most important economic region in the country, these departments benefited most from the reform. This increased the country's regional disparities (Molina Monasterios 1997).
   The Law Financial dealt with the decentralisation of rural services in the health and education sector to the CORDES, and those of urban services to the – still purely urban - municipalities. The CORDES would receive 20% of the departmental tax income. To compensate less prosperous departments – a result of Law 843 – a US$ 200 million Regional Development Fund would be created. The plan was highly criticized, however: members of the coalition were surprised, as it was obvious that feasibility studies of the main financial consequences of this law had not been carried out. Municipal authorities in turn made it clear that the budget to perform these responsibilities was insufficient. Finally, the Ley Financial was approved, although without the decentralisation of health and education and thus leaving the municipalities without funds (Molina Monasterios 1997, p. 117-118). The debate on decentralisation was also an issue in the electoral campaign of 1989, as candidate Paz Zamora declared he was in favour of the direct election of the departmental prefect. His government (1989-93) organized several extraordinary congresses to discuss the decentralisation theme. Notwithstanding, once elected he backed off, saying that he had made a mistake and that it was still too early, as he considered the country's integration too weak. A unitary country was still the only option (Molina Monasterios 1997, p. 119). In the meantime, the government stated that before decentralisation could take place, all actors involved must reach a consensus. To achieve such a consensus, decentralisation would be gradually implemented.
7. See for an extensive overview on the role of NGOs in Bolivia also Van Niekerk, 1994.
8. In the 1980s, the main objectives of these funds were the creation of jobs and the provision of basic services, in particular in health and education. The financial input for this was provided by actors in international development cooperation, such as the World Bank, and bilateral donors.
9. By the application of Law 843, the share of taxes GDP increased from less than 1% in 1982 to 16% in 1993.
10. Interview with Luis Ramirez, September 2000, ' *todo el poder al pueblo'*.
11. Interview with Luis Ramirez, September 2000.
12. 'La presente Ley reconoce, promueve y consolida el proceso de Participación Popular articulando a las comunidades indigenas, campesinas y urbanas, en la vida juridica, politica y economica del pais. Procura mejorar la calidad de vida de la mujer y el hombre boliviano, con una mas justa distribución y mejor administración de los recursos publicos. Fortalece los instrumentos políticos y económicos necesarios para perfeccionar la democracia representativa, facilitando la participación ciudadana y garantizando la igualdad de oportunidades en los niveles de representación a mujeres y hombres.' (Titulo 1, Capitulo 1, Art. 1, Ley 1551/República de Bolivia 1994).
13. A temporary measure has been formulated according to which the amount of own resources to be invested had to increase to 85% in 2001.

14. See Chapter 7 for a more detailed analysis of NGO-state relationship.
15. 'Cuando habla el dinero, la gente escucha'.
16. According to Van Cott (1998), the international donor society supported the implementation of the LPP with approx. US$ 125 million.

4 AN INTRODUCTION TO THE STUDY AREA: SIX MUNICIPALITIES IN THE DEPARTMENT OF CHUQUISACA

This chapter provides an overview of the socio-economic characteristics and the institutional context of the study area, which comprises six rural municipalities in the department of Chuquisaca. As such, it serves as an introduction to the research results presented in Chapters 5, 6 and 7.

In the first section, we focus on the selection of the research municipalities. Next, we deal with the spatial context of the study area by presenting some features related to the location and accessibility of the municipalities. We then present the main characteristics of the municipalities' population, with special attention to their access to such services as health and education. After that, we focus on the economic structure of the municipalities, describing the main economic sectors and employment opportunities. Subsequently, we discuss the institutional context by presenting the main actors, successively the local government, OTBs, other social organisations, the Comité de Vigilancia, the private sector and NGOs. The variables used to describe these actors indicate the potential for good governance, such as the stability of local government, the way local government is organised, the number of NGOs working in the municipalities and the character of their presence.

4.1 The selection of the research municipalities

The department of Chuquisaca is situated in South-east Bolivia (see Figure 4.1). This department developed in the nineteenth century as a food supplier to the mining sector in the department of Potosí. Because the climate of the capital Sucre is somewhat milder than that of the rest of Potosí, many tin barons decided to settle in Sucre or its surroundings and to build a huge country house there. Sucre was the administrative and judicial centre of Potosí and was one the most important cities in Latin America in the nineteenth century (Langer 1989, p. 12-35). The transfer of the Congress to La Paz, followed by the mining sector's move towards the northern part of the departments of Oruro and Potosí, reduced the role of Sucre at the national level. Although Sucre is still the national capital and houses the High Court, today it has the feel of a calm, provincial town.

The department is located outside the La Paz-Cochabamba-Santa Cruz axis, and as such is not part of the country's economic core region. In 1995, the share of Chuquisaca in the national GDP was only 5.7%. In contrast to other departments, Chuquisaca has experienced only a slight increase in GDP: 0.7% since 1988 (Jetté and Rojas 1998). Agriculture is the main source of employment in the department. In 1992, 60% of the economically active population aged seven years or older was involved in this sector. The majority of the farming population are *minifundistas* producing for auto-consumption.

The three main reasons for selecting Chuquisaca for this study were the spatial and socio-economic diversity within the department, the fact that it is one of the poorest departments in Bolivia and therefore very much in need of new development options, and the experiments with decentralisation carried out there prior to 1994. Each of these matters will be addressed below.

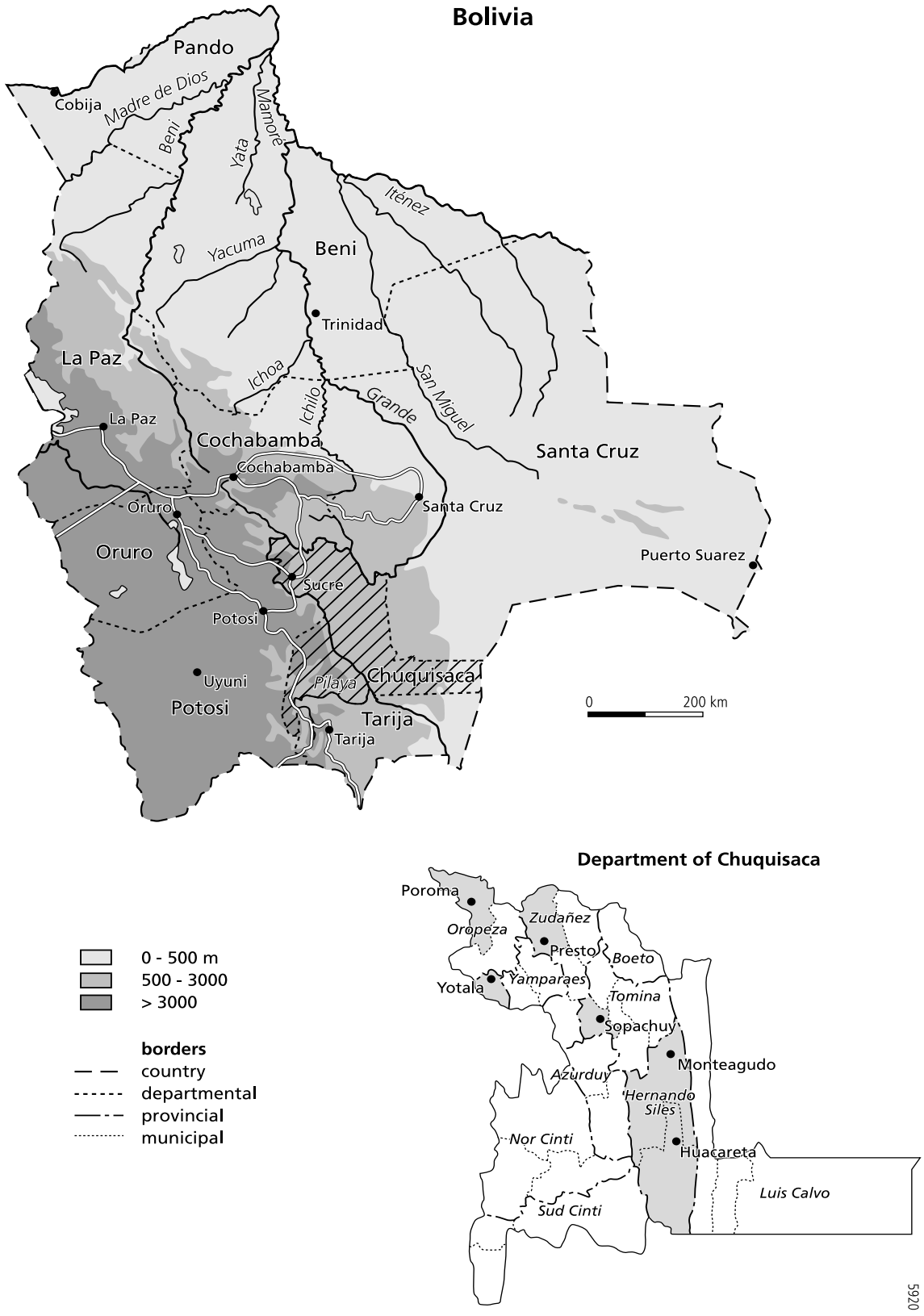

Figure 4.1 Bolivia and the department of Chuquisaca

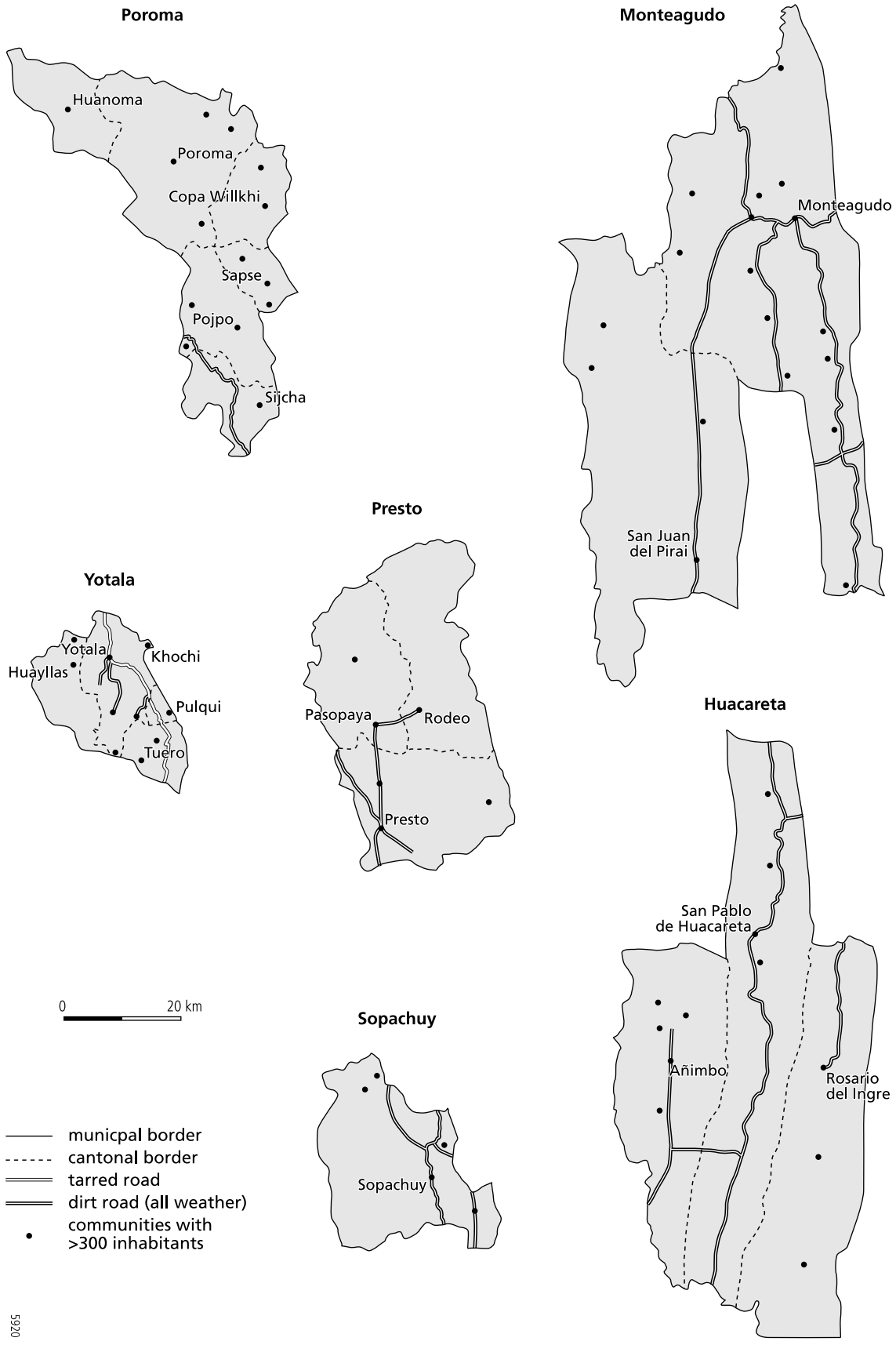

Figure 4.2 The six research municipalities

The department encompasses various agro-ecological zones ranging from the *puna* (altitude 3,500-4,000 m) and the valleys (1,000-3,000 m) to the subtropical lowlands in the eastern parts of the department (300-900 m). The department represents a large socio-cultural diversity: the urban settlements are mainly occupied by *mestizos*, who are of mixed descent. In the higher, rural zones of the department a large part of the population consists of small farmers with a Quechua background, and with several subcultures. In the lower parts in the east of the department live the Guaraní, an indigenous group. The different position of these groups in the power structure makes this department interesting for the purpose of this study.

Chuquisaca is one of the country's poorest departments, as illustrated by its relatively low score on the Human Development Index (HDI) and its limited potential for economic development. The HDI of Bolivia is 0.531, while that of Chuquisaca is 0.389 (UDAPSO-PNUD 1997, p. 24) – the lowest in the country with exception of the department of Potosí. There are large differences in HDI scores between the city of Sucre and the rest of the department: the city has a medium score of 0.558, whilst the other municipalities all have a very low HDI score of less than 0.399.

Although the department is a backward area from an economic perspective, in the implementation of decentralisation it has been quite progressive. Even before the implementation of the Law on Popular Participation (LPP) in 1994, it had experiments with decentralisation through the establishment of the Departmental Council for Social Development (see also Box 3.1 in Chapter 3).

The expectations concerning the implementation of the LPP in the department of Chuquisaca were high (Nicod 1996, p. 61; Archondo 1998; Arias 1996). This expectation was based on the promising experiences with the dialogue between the state and civil organisations, structured in the model of the *Consejo Departemental de Desarrollo Social*.

Through the introduction of the LPP, 28 municipalities were created in the department of Chuquisaca (see Figure 4.1), the majority being relatively small, rural municipalities. Six of these municipalities were selected for the realisation of this study. In selecting them, several criteria that influence the potential for good governance and local development (as discussed in Chapter 2) were taken into consideration, leading to a diverse sample of research municipalities rather than a representative one.

First of all, the three different agro-ecological zones in the department were taken into consideration. In each of these zones, two municipalities were selected, based on criteria such as physical accessibility, population size, type of mayor, number and type of OTBs (*Organizaciones Territoriales de Base* – Territorial Base Organisations), and the presence of NGOs and character of this presence. This resulted in the selection of Yotala, Poroma, Sopachuy, Presto, Monteagudo and Huacareta.

4.2 The spatial context: location and accessibility

The six research municipalities are situated in four different provinces. Yotala and Poroma are located in Oropeza (see Figure 4.1 and 4.2), Presto is in Zudañez, and Sopachuy is in Tomina. Together, the municipalities of Monteagudo and Huacareta form the province of Hernando Siles.

These four provinces represent a wide range of agro-ecological zones. Roughly, three zones can be distinguished: the higher valleys (represented by the municipalities of Yotala and Poroma), the lower valleys (represented by Sopachuy and Presto) and the

subtropical lowlands (represented by Monteagudo and Huacareta). The main geographical characteristics of the six municipalities are presented in Table 4.1.

Table 4.1 Main geographical characteristics of the research municipalities by zone

	Municipality	Altitude in m.	Accessibility	Hours from Sucre[a]
High valley	Yotala	2,200 – 3,600	Good	0.5
	Poroma	1,500 – 3,800	Bad	8
Low valley	Sopachuy	1,600 – 2,500	Moderate	6
	Presto	1,000 – 3,000	Bad	3
Subtropical	Monteagudo	900 – 2,200	Moderate	9
	Huacareta	620 – 1,900	Bad	12

Source: PDMs municipalities 1996-9.

[a]Hours from Sucre to municipal capital by motorised transport in dry season

The municipalities of Yotala – the smallest in area of the six municipalities – and Poroma represent the higher valley-zone, situated in the north-western part of the department at an elevation of 1,500-3,800 metres. The average daily temperature is 16º C, but in winter the temperature at night drops to -6º C, causing damage to crops. There is a sharp distinction between the seasons, with a dry and cold winter season and a humid summer season. Of the average yearly precipitation of 650 mm, 90% falls in the rainy season (November-March). In winter, hailstorms are common and the higher parts of these municipalities experience frost. Natural vegetation consists of forest. Soil degradation is very common, particularly in the areas used for agriculture (Molina Barron 1995). When the fertility of the soil is exhausted, the farmers move on to new ground, leaving the former agricultural land without vegetation, hence more susceptible to erosion by wind and water. Soil degradation is further aggravated by excessive grazing. An increasing share of agricultural land is being contaminated by the rivers crossing the municipalities. The Pilcomayo river is highly contaminated with minerals washed down from the mining areas in Potosí, while the Rio Yotala is heavily contaminated by sewage from the city of Sucre.

Sopachuy and Presto represent the lower valley-zone, at an altitude of between 1,000 and 3,000 m. The average daily temperature is 17° C, and average annual precipitation is 850 mm. There is a clear distinction between the dry season (November and December) and the rainy season. The main climatological hazards experienced in both areas are the occurrence of frost in the period June-August, hail storms in October and November, droughts from November to February and excessive rainfall from November to April. These climatological factors are a serious threat to agricultural production in these municipalities.

The subtropical lowlands are represented by the municipalities of Monteagudo and Huacareta, which together form the province of Hernando Siles. These municipalities are also the largest (in area) in the study area (Figure 4.1). The municipality of Monteagudo is situated at an altitude ranging from 900 to 2,200 metres, whilst Huacareta is somewhat lower (620-1,900 metres). Both municipalities enjoy a relatively mild climate with an

average temperature of around 20° C. Rainfall is abundant, with an average annual precipitation of 1,000 mm. The rainy season in both municipalities extends from November to April (Molina Barron 1995).

Access to the research municipalities, and the inhabitants' access to markets, is limited by the mountainous character of the department, coupled with the number of rivers in the vicinity. The research municipalities differ, however, with respect to accessibility. Yotala, by far the best accessible municipality in the study area, is situated near the paved interdepartmental road from Sucre to the city of Potosí and is connected to Sucre by a micro-bus service, which runs four times an hour. The village of Poroma is accessible by road only in the dry (winter) season. During the rainy season the dirt road, surrounded by canyons, is unstable and too dangerous to travel. Due to the bad situation of roads, this town is not served by bus. However, trucks commute between Poroma and Sucre, and mainly have a commercial function. The villages of Presto and Sopachuy are connected to Sucre by an all-weather dirt road, and have a passenger bus service three times a week. In addition to the passenger bus, trucks commute daily between Presto and Sucre. Although the municipal capital of Sucre is well accessible, the large majority of the communities can only be reached on foot.

The town of Monteagudo is situated along the Sucre-Camiri road, near the department of Santa Cruz. Despite being an important transit route, the road is often closed for a few weeks during the rainy season, leaving Monteagudo isolated from the rest of the department. Several bus companies serve the line Sucre-Monteagudo and Santa Cruz-Monteagudo, both a nightly trip taking eight to ten hours. Huacareta is more isolated and can only be reached by bus through the town of Monteagudo. This road is stable almost the whole year, but in periods of excessive rain it is closed for a few days. A part of the municipality of Huacareta (the canton of Ingre) is isolated from the rest of the municipality. The canton is located in the east of the municipality and is separated from the rest by a mountain ridge. From Huacareta, one first has to travel to the town of Monteagudo, which is a long detour. The accessibility of the communities located in the research municipalities varies greatly. Only a few communities can be reached by motor vehicle, and then often only during the dry season. The majority of the communities can be reached only on foot.

4.3 The population: main social characteristics

The city of Sucre dominates the urban hierarchy of the department of Chuquisaca. According to the 1992 census, 34% of the 453,756 *Chuquisaceños* live in this city.[1] The population of the six research municipalities ranges from 6,121 to 25,240 (Table 4.2). Together, they account for 16% of the departmental population (1992 census). During the last decade, most municipalities experienced a population increase, mainly due to natural growth.[2]

All the research municipalities are predominantly rural, as is shown by the share of total population living in *peasant communities* (Table 4.2). Most research municipalities consist mainly of a village surrounded by *peasant communities*. The typical centre of the rural municipalities – the municipal capital – is a village centred on a main plaza. Private homes, a catholic church, some small shops, NGO offices, a health post and primary school and the municipal building (*alcaldia*) surround this plaza.

Table 4.2 Population, communities and ethnicity in the research municipalities

	Municipality	Population size	Pop. municipal capital	Rural population[1]	Nº of commu-nities	Ethnicity[2]
		abs.	abs.	% of total		
High	Yotala	9,486	1,325	86	52	Q
	Poroma	13,659	387	97	79	Q
Valley	Sopachuy	6,121	1,276	79	23	Q
	Presto	7,874	463	94	27	Q
Low	Monteagudo	25,240	6,544	74	80	G/M
	Huacareta	10,015	1,245	88	29	G/M

Source: INE 1992; PDMs municipalities

[1] Rural population refers to the share of the population living in peasant communities.

[2] Q = Quechua, G = Guaraní, M = Mestizo

Most streets are unpaved, except those around the plaza. Adobe is the dominant material used for buildings, topped with a roof of tiles. Generally, this village is the highest in urban hierarchy in the municipality.[3]

By far the largest part of the municipal population lives in *peasant communities*, with a population ranging from 70 to 450 people. Generally, the houses are one-room adobe structures with a palm-frond roof. The number of rural communities per municipality differs largely, ranging from 23 in Sopachuy to 80 in Monteagudo. Some of these communities are concentrated, with the households grouped around a primary school, a church and a soccer field. Others lack such a centre, and the households are dispersed. The majority of the population in the municipalities of Yotala, Poroma, Sopachuy and Presto are *quechua* small farmers who farm intensively on small parcels of land. One also finds *quechuas* in the lowlands of Monteagudo and Huacareta as a result of migration from the adjacent provinces of Azurduy and Zudañez in the 1970s (Buckman 1976). Guaranies and *mestizos* (of mixed Indian and European descent) also live in these municipalities. *Mestizos* mainly live in the municipal capital and work in the non-agricultural sector, although some still own a piece of land. The languages spoken in the municipalities reflect the ethnicity of the population. In the higher zone and the valleys, Quechua is the first language, while in the subtropical lowlands Spanish, and to lesser extent Guaraní, is the dominant language.

4.4 The socio-economic structure

In the introduction of this chapter it was noted that Chuquisaca is one of the poorest departments in Bolivia. This is supported by an analysis of several poverty indicators in the six research municipalities: illiteracy, access to electricity and mains water, and the Human Development Index (HDI).[4] When comparing the six municipalities (Table 4.3), Monteagudo has the highest HDI score and the lowest illiteracy score. Yotala is in second position, followed by Huacareta. The relatively favourable position of Yotala in terms of employment and educational services can be explained by fact that it is located in the vicinity of the city of Sucre. On the other hand, Sopachuy and especially Poroma and Presto are among the poorest municipalities in Bolivia, due to a high level of illiteracy and a short life expectancy.

Figure 4.3 The peasant community of Rodeo, municipality of Presto. This is an example of a clustered community with the school and houses centred around a small playing ground. The clustering was the initiative of the NGO ACLO, for the provision of mains water to the households.

Figure 4.4 A typical example of the main street of a village in the valleys of Chuquisaca, here in Sopachuy

Table 4.3 Indicators of poverty: Bolivia, Chuquisaca and the six research municipalities

	Illiteracy among population>15 years	Electricity[a]	Water main[a]	HDI	Ranking national level
	% of total population	% of total population	% of total population		
Bolivia	20	70	71	0.531	-
Chuquisaca	40	40	41	0.389	-
Research municipalities					
Yotala	50	27	62	0.328	258
Poroma	67	0	17	0.276	296
Sopachuy	67	17	20	0.317	265
Presto	77	6	12	0.270	299
Monteagudo	35	24	36	0.387	180
Huacareta	43	7	17	0.337	251

Source: UDAPSO-PNUD 1997.

[a] Share of the population that has access to electricity and the water main, respectively.

Access to education and to health services is decisive for the level of human development. Rural households in Bolivia often have limited access to such public services as schools and health posts. These services are often absent or relatively far away and poorly equipped. This is confirmed by an inventory of the health and educational services available in the research municipalities (Table 4.4).

Table 4.4 Availability of education and health services in the municipalities

	Communities with a primary school as % of total number of communities	No. of secondary Schools in the municipality	Communities with a health post as % of total number of communities	No. of medical centres in the municipality
Yotala	61	7	21	1
Poroma	59	1	14	-
Sopachuy	77	6	14	1
Presto	62	3	6	1
Monteagudo	99	11	15	1
Huacareta	85	6	24	1

Source: PDMs municipalities; UDAPSO-PNUD 1996.

Although most communities have a primary school, these schools do not always offer the full school cycle (often only up to fourth grade). Many rural primary schools are one-room buildings, without chairs, tables or adequate teaching materials. Primary school teachers are not qualified and difficult to find. Although an educational reform was introduced in 1994 to correct some of these imbalances, the results have so far been disappointing.

In addition to poorly equipped schools, a high absenteeism rate affects the level of illiteracy in rural areas. This absenteeism is due to three factors: the schools' considerable distance from the households; the fact that the school calendar does not coincide with the agricultural calendar, which necessitates parents to keep their children at home during the harvest period; and the children's deficient nutrition due to scarce economic resources. The situation in the health sector is comparable with that in education. All municipalities except Poroma have a medical centre, often with limited capacity. Besides these hospitals, each municipality has a number of health posts. The services offered by these posts are limited to simple treatments, such as vaccinations and first aid health care. For more advanced health care, such as operations, the households depend on the medical centres in the municipal capital.

The rural character of the research municipalities is reflected by the employment structure. Agriculture is by far the most important source of employment for the population, as is shown in Table 4.5.

Table 4.5 Economically active population by sector, as % of total economically active population, 1992

Sector	Yotala	Poroma	Sopachuy	Presto	Monteagudo	Huacareta
Agriculture	64	97	90	94	74	80
Mining/industry	23	2	4	4	8	6
Commerce	3	0	1	0	6	2
Services	10	1	5	2	12	12
Total	100	100	100	100	100	100
N =	1,826	8,828	2,282	3,874	7,880	3,511

Source: INE 1992.

4.4.1 Agriculture

With respect to land tenure, two main patterns prevail in the study area. The first one concerns areas subject to the 1953 land reform. This pattern is found in the higher and lower valleys of the department (including the municipalities of Yotala, Poroma, Sopachuy and Presto). A study of the municipality of Presto (ACLO 1997, p. 53) describes that four families owned the land in this municipality prior to the land reform. Just before the land reform, these families handed their land down to their children in order to prevent expropriation. Nowadays, the influence of these families has almost disappeared, as most of the land in Presto has been redistributed. Only 1% of the land remains in the hands of the previous large landowners, the former servants owning 82% of the land, the former tenants 2% and immigrants possessing 15%. In the higher zones (Yotala, Poroma, Sopachuy and Presto), the average amount of cultivable land per household ranges from 1 to 3 ha, often divided into several parcels.

The second pattern is found in areas in which the land reform was never fully implemented, as a consequence of which a considerable amount of land is concentrated in the hands of a few large landowners. This is particularly the case in the subtropical lowlands, the municipality of Huacareta and to a lesser extent in that of Monteagudo. Recently, however, these land owners have begun to sell parts of their property under the influence of increasing population pressure and the promulgation of a new law on Agrarian Reform (the INRA law). Nevertheless, the average area of cultivable land per

household in both municipalities still is much higher than in the other four municipalities, ranging from 7 ha in Monteagudo to 16 ha in Huacareta (PDMs 1996-9). However, there are sharp differences between the individual households.

The dominant mode of production in all municipalities is rain-fed agriculture (*agricultura a secano*). Although irrigation is an important technology in increasing agricultural production, it is applied on a small scale only. Factors that condition the use of irrigation are the need for a water source, the high costs involved with building such a complex system and the specialised knowledge required.

Maize is by far the most important crop produced in the research municipalities in terms of area, followed by wheat and potatoes in the higher valley municipalities, and red pepper, peanuts and citrus fruits in the lowland municipalities of Monteagudo and Huacareta (Table 4.6).

Table 4.6 Main crops produced in the research municipalities by area

	Maize	Wheat	Potatoes	Red pepper	Citrus	Peanuts
Yotala	x	x	x			
Poroma	x	x	x			
Sopachuy	x	x		x		x
Presto	x	x	x			
Monteagudo	x			x	x	x
Huacareta	x			x	x	x

Source: PDMs, 1996-9.

The agricultural production in the research municipalities is mainly for subsistence, particularly in the higher zones. The main use is for own consumption, followed by sale, the provision of seed for the next harvest and *trueque*, a traditional and still widely practised means of exchange.

The breeding of cows, pigs and chickens is an important activity in all municipalities, for both own consumption and commercial purposes. With regard to own consumption, livestock serves various purposes, such as traction, nutrition (milk, eggs, meat) and derived products, such as wool and leather. In the municipalities of Yotala, Poroma, Sopachuy and Presto this purpose dominates. In Monteagudo and Huacareta, however, there is also extensive commercialised livestock-breeding on large haciendas. Notwithstanding, as a study of the NUR (1999) points out, a considerable part of the livestock in these municipalities is also for own consumption.

4.4.2 Non-agricultural employment

Although agriculture is the most important source of employment, the share of this sector in total employment differs between the six municipalities. In Yotala, Monteagudo and, to a lesser extent, Huacareta, the economic structure is relatively more diversified.
The differentiated character of the employment structure of the population in Yotala can be explained by the proximity of the labour market of Sucre. The importance of mining and transportation in Yotala can be attributed to the exploitation of sand and gravel

(*arena* and *ripio*) found on the bed of the Rio Cachimayu. These materials are collected by hand and transported by truck to the FANCESA concrete plant in Sucre. Employment in the transportation sector is also linked to the various transport services operating between Yotala and Sucre, and the fact that Sucre is the department's most important commercial centre. As a consequence, there are many *transportistas* serving as intermediaries between the farmers and the market in Sucre. The relatively high share of the construction sector can be attributed to the proximity of the city of Sucre, which offers opportunities for work as a construction worker, as well as for contractors and private entrepreneurs.

Compared to the other five municipalities, Monteagudo is where industry is the most developed. However, a study on Monteagudo (NUR 1997) points out that, compared to other regions, industry is weakly developed in the municipality as most products are commercialised pretty much as raw products. In 1966, the now privatised national oil company (YPFB) discovered an oil field in the municipality of Monteagudo. Although the site still produces oil, the number of barrels extracted each year declined from 10,000 in 1972-3 to 700 in 1997. Initiatives to promote industrialisation and the processing of raw materials (*e.g.* the CONALDE, the 'scouring' plant, and CORDECH's red pepper processing plant) did not survive. Nor did the pig-breeding project (FGP), as the 1996 Law on Administrative Decentralisation transferred this project to the municipality. In sum, the industries can be characterised as small scale, producing for the local market and operating with family labour.

In all municipalities there is some production of handicrafts, *e.g.* leather in Monteagudo and Huacareta, and textile, wood products, pottery and tools, produced mainly in the peasant communities. Although the importance of the last three products is gradually diminishing due to the emergence of industrially produced substitutes, the production of textile products offers some opportunities to earn an additional income. Another product worth mentioning is tiles, which are produced in Poroma and Presto for the local market.

Trade is weakly developed in all municipalities except Monteagudo. Retail trade dominates the trade sector. In Poroma and Presto this takes the form of a few *tiendas* – small shops fronting the street. They have an informal character and sell a limited number of products, such as canned vegetables and soft drinks. In Yotala, Sopachuy and Huacareta, this sector is more developed and offers a much broader range ofitems. Monteagudo is a service town, offering many products, ranging from clothing, footwear and tools to domestic utensils. In addition to shops, the service sector includes *librerías* offering office equipment, copy shops, and pharmacies.

Market trade is found mainly in Sopachuy and Monteagudo, whilst in Yotala and Huacareta this function is found in combination with shops. The daily market in Sopachuy offers a limited number of products, mainly meat and potatoes, focusing its activities on serving meals (breakfast, *almuerzo* and *cena*). Market trade in Monteagudo is concentrated in the new market building in the centre of town. A wide range of products is offered here, including fruits, vegetables, canned goods and meat. In this market, the selling of products is combined with the serving of meals.

There are no regular regional markets in the research municipalities, like in other parts of Bolivia emerged after the land reform. Casanovas (1988, p. 258) explains the lack of a regional market and the low level of commercialisation in Chuquisaca by the isolated position of most communities, due to the weakly developed road infrastructure. Traditionally, most commercialised production is sold through the markets at Cochabamba and La Paz.

An analysis of the hotel and restaurant sector provides a varied picture. In Poroma and Presto this sector is not present: visitors wishing to lodge there depend on the hospitality of the Sisters of the Congregation for accommodation, and on the owner of the town's only shop for food. Yotala has three restaurants, but no hotels, probably because of the proximity of Sucre where lodging facilities are abundantly available. The facilities in Sopachuy and Huacareta are more varied, with a number of restaurants and two places to sleep. Monteagudo provides the most varied picture, with eight hotels and six restaurants, ranging from informal to well equipped. The limited supply of accommodation and restaurants can be explained by the lack of demand for these services: there is almost no tourism, partly due to the lack of infrastructure, and the only visitors to the towns are on business (*e.g.* officials from the departmental and the national government, and representatives from NGOs).

The importance of services in Huacareta has its source in the prevalent *hacienda* system. This sector is dominated by women, who are employed at the haciendas of large landowners.

4.4.3 Migration as a way of life

In addition to agricultural and non-agricultural employment, migration forms an important source of income for the rural households in the research municipalities. During the implementation of the LPP it was suggested that an increase in investments in the social and productive sector would lead to a reduction of temporary and, in the end, permanent migration.

When considering the importance of migration, a distinction should be made between temporary and permanent migration. The former can be considered a strategy to secure additional income in periods of crisis (such as droughts or low agricultural production) or as a response to unfavourable production climates. In a study on temporary migration in several peasant communities in northern Potosí and Chuquisaca, Vargas (1998, p. 155) found that 48% of the population migrates temporarily. The main reason to migrate temporarily is the need for additional income to buy clothing, household articles, food, production items, livestock and land. The period of temporary migration coincides largely with the agricultural calendar, as most people leave after the harvest.

The main reasons to migrate permanently are the prevalent agricultural conditions and the lack of access to land. Linkages with the market are also important, because in communities where the commercialisation of agricultural products (potatoes) is possible, permanent migration is less pronounced.

The dividing line between temporary and permanent migration is a thin one. Often individuals start their migration career with temporary migration, to consider after a while the option of permanently moving out. Also, a temporary stay in Sucre or Santa Cruz for educational reasons often leads to a permanent stay. The permanent moving out of rural households to other regions, especially to cities, is a national phenomenon.

The department of Chuquisaca has undergone a process of urbanisation during the last 50 years. In 1950, 82% of the population lived in rural areas, a percentage that had declined to 78% in 1976 and to 67% in 1992. As Barron and Goudsmit state (1998, p. 177) permanent migration is '*un modo de vivir*' ('a way of life'). In their study of the migration process in the north of Potosí and Chuquisaca – a region that partly corresponds with the research municipalities of Yotala, Poroma and Presto – they found that 18% of the population had migrated permanently in the period 1983-96. The main motives inspiring the decision to migrate permanently were work (52%), study (32%) and marriage (16%). Limited agricultural production, related to limited access to land,

and scarcity of alternative sources of income were the most important push factors. Popular destination areas for permanent migrants were Sucre (45%), the city of Santa Cruz (18%), the rural areas in Santa Cruz (7%) and Argentina (10%). Other destinations (20%) are the Chapare, the coca-producing region north of Cochabamba, and Tarija. With respect to the personal characteristics of those who migrate, Barron and Goudsmit found that women are slightly over-represented. Furthermore, they found that it is mainly young (18-22 years), single people who migrate. A last finding of their study worth mentioning here is that only 24% of the migrants maintain contact with their community of origin.

Although there is no information on temporary and permanent migration at the household level in the study area, some comments can be made on the basis of the studies of Vargas and Barron and Goudsmit, and on the basis of municipal development plans. Both temporary and permanent migration are more common in the municipalities of Yotala (52% temporary, 18% permanent), Poroma (24% temporary, 2% permanent), Sopachuy (11% permanent) and Presto (18% temporary) than in Monteagudo and Huacareta (both around 0.02 % temporary). The difference between the higher zones and the lowland municipalities of Monteagudo and Huacareta can probably be explained by the more favourable agricultural conditions in these two municipalities, including the availability of land and the presence of wage labour in the same municipality.

4.5 The institutional context

The introduction of the Law on Popular Participation (LPP) in 1994 changed the institutional landscape completely, particularly in rural Bolivia. The following sections describe the institutional landscape after 1994 in the six research municipalities. Six main actors are discerned: the local government, the *Organizaciones Territoriales de Base* (OTBs), other forms of organisations, the Comité de Vigilancia, the private sector and non-governmental organisations (NGOs).

4.5.1 The local government

Before starting the analysis, it is important to define local government.[5] Generally, local government is understood as both the mayor and the municipal council. In this study, civil servants are also considered to be part of the local government, as they are an annexe to the mayor and, albeit to a lesser extent, to the municipal council. Moreover, in many municipalities local policies bear the stamp of the civil servants, specifically that of the *oficial mayor*, the head of the administrative department.

The implementation of the LPP had a profound impact on the role of the mayor in several aspects, not only with regards to the nature of the job, but also regarding the characteristics of the mayor (Box 4.1). Before 1994, being a mayor in Bolivia's towns was mainly a decorative function, with the main task to promote the (urban part of the) municipality. Although, in theory, a mayor was responsible for several tasks, the lack of financial resources restricted his ability to act (see Chapter 3 and Ardaya 1995). Mayors did not receive a wage or a budget, and their only income came from local taxes.

A second change involved the mayors' backgrounds. When the LPP was introduced in 1994, the mayors of the municipalities in the study area were *mestizos*, coming from the towns. Most were leading residents from the middle or upper class, such as merchants, lawyers and notables. The advantage of electing a middle- or upper-class mayor in the pre-LPP period was twofold. A well-to-do mayor can invest in the town, in contrast to a

mayor from a lower income class. Also, upper class sometimes implies involvement in some interesting networks, for example with politicians or the CORDECH (the state-owned Regional Development Corporation). Box 4.1 illustrates these changes.

Box 4.1 Being a mayor before 1994

Don Orlando has twice been mayor of Sopachuy. The first time (1980-2) he was appointed by the military rulers; the second time (1985-7) he was elected. However, during both periods he received only US$ 10 a month. He stated:

> ' … yes, in those times we also called it the municipio, but this concerned only the town of Sopachuy. However, we did not receive any funds from the central government, we only had our taxes. During the first period, early in the 1980s, mostly on chicha [beer brewed from maize], during the second taxes on leather.'
>
> '… when I wanted to do something for the town I asked the mayor of Sucre, I really had a good contact with him. I also got along very well with the then director of the CORDECH. He got me some cement, which I gave to Padre Juan, who used it for the hotel, health projects and the graveyard …'.

Since 1995, municipal elections are held every four years[6] in the month of December. The number of councillors to be elected depends on the size of the population. Municipalities with up to 30,000 inhabitants have five councillors, the minimum number.[7] Candidates have to be affiliated to a political party that participates in the national elections. Consequently, local parties that might be more focused on the specific local context are absent.

From the perspective of political parties, municipal elections have gained much importance since 1994. Electoral campaigns determine daily life in the municipal villages in the pre-elections period: every inch of every wall is covered with candidates' posters, political parties organise parades, and pickups tour the streets informing the population why they should vote for a particular party.

The candidate who obtains the majority of votes is appointed mayor. If there is not a majority candidate, the councillors elect a candidate, generally of the party that acquired most votes. An analysis of the results of the municipal elections at the national level shows that the direct election of the mayor is generally the exception rather than a rule. In the 1995 elections, 14% of the candidates obtained a majority. Among the six research municipalities, only the candidate of the MBL in Sopachuy obtained a majority in the 1995 elections and was elected directly as mayor. In the 1999 elections, this was the case with the MBL candidate in Yotala. If no candidate gets a majority, the elected councillors have to negotiate over the candidate who will become the mayor.

Table 4.7 shows the composition of the local government, including the mayor, in the research municipalities as a result of the 1995 and 1999 elections. The four parties that dominate the local governments in the study area are the MBL, ADN, MNR and the MIR *(Movimiento de Izquierda Revolucionario*). Among the category 'other' are the smaller parties, the IU (*Izquierda Unita*), Eje Pachakuti and UCS (*Unión Civica Solidaridad*) (see Appendix II for a description of these political parties). Comparing the results of 1995 with those of 1999, the ADN and MIR experienced an increase in the number of

councillors, at the cost of the MBL. The results of the national elections in June 1997, which brought the ADN to power, might have influenced these changes.

Table 4.7 Composition of local government by political party, as a result of the 1995 and 1999 elections

	MBL		ADN		MNR		MIR		Other	
	95	99	95	99	95	99	95	99	95	99
Yotala	3	2		1	1	1	1	1	1	1
Poroma	3	1	1	1	1	3		1	1	
Sopachuy	4	4		1	1		1	1		
Presto	3	1		1	2	3	1	1		
Monteagudo			3	2	2	2		2	1	1
Huacareta	1			3	4	1		2		

MBL = Movimiento Bolivia Libre; ADN = Acción Democratico y Nacionalista; MNR = Movimiento Nacionalista Revolucionario; and MIR = Movimiento de Izquierda Revolucionario).
Source: SNPP 1996 for 1995; CNE 1999 for 1999.

For the purpose of this study it is useful to pay attention to some characteristics of the individual council members (during the period 1995-9), such as their background and educational level. A majority of the councillors comes from towns. In Monteagudo this is the case for all councillors. In Huacareta, 60% of the councillors live in a peasant community, but these are all large farmers. The picture in the other municipalities is more diverse, with an average of two councillors living in a peasant community.

Since council members are elected directly, basic skills like writing and reading are not major selection criteria. Most council members have two or three years of basic education. An exception is the council of Monteagudo, where all members but one had received higher education, including university level. In other municipalities, however, there are illiterate council members. Considering the way council work is organised this is not always a problem. Bolivian society is still oriented towards oral, more traditional communication. An example is the reading aloud of the minutes at the start of the municipal council meetings.

The mayor has a special position within local government. He is responsible for the daily management of local government. One of the specific objectives of the LPP is to increase the participation of all layers of the population in the local decision-making process. It is suggested that through the LPP, former underdog groups in society (*e.g.* peasants and indigenous groups) can now obtain a more powerful position in society, by becoming mayor or a member of the municipal council. Within the research municipalities, the share of small farmers in local government positions is small: Poroma and Sopachuy had a peasant mayor in the period 1995-9. This issue will be discussed in more detail in the next chapter.

4.5.2 Civil servants

Civil service is a relatively new phenomenon in the research municipalities, except in Monteagudo. Since 1994, all municipalities have established a corps of civil servants, generally consisting of the *oficial mayor* (who is responsible for overall management), a technical adviser, a secretary and – if funds are available – various other advisors and

supporting staff. As shown in Table 4.8, the number of civil servants varies largely in the research municipalities.

Table 4.8 Number of civil servants in 1997 and 2000, in person years

	Employees 1997	Employees 2000
Yotala	7	7
Poroma	4	4
Sopachuy	6	7
Presto	6	5
Monteagudo	29	15
Huacareta	5	4

Source: Municipal Annual Plans 1997 and 2000.

The difference in number of employees between Monteagudo and the other municipalities is partly the result of the former having a longer municipal history. The municipality of Monteagudo is also richer, because it receives, on the basis of its number of inhabitants, more Popular Participation funds than the other, smaller municipalities. A third reason is that Monteagudo generates a considerable amount of other funds, such as local taxes, which can be used to pay the wages of civil servants.[8] Despite these favourable factors, Monteagudo had to reduce the number of civil servants as a consequence of new regulations in 1998, which restricted the amount of other funds that could be spent on wages.

In addition to the number of staff, the abilities or quality of civil servants is another, perhaps even more significant aspect. In view of today's rapid technological changes it is not surprising that many civil servants need to be trained in order to meet the requirements of the central level, such as in the use of certain computer programmes, planning methodologies, etc. Although NGOs and the departmental service for municipal strengthening have developed training programmes, their success is seriously hindered by the frequent turnover of municipal staff. There is lack of continuity, due to a number of reasons, some of which are interrelated.

The most common reason of changing civil servants is a change of mayor. Usually, the new mayor fires all the personnel of the former one (for fear of disloyalty) and appoints members of his own party. We will return to this issue in Chapters 5 and 7. Secondly, the resignation of civil servants is a common phenomenon in rural municipalities. Because of the low wages, people try to find better jobs, sometimes by migration. Another reason is the limited facilities in the municipalities: most do not have electricity, housing is quite basic and due to bad roads living in a small rural village can be a lonely experience. This makes it difficult for municipalities to find qualified persons. Sometimes, municipalities cannot fill a vacancy, like in Presto, where the vacancy of *oficial mayor* could not be filled for months because candidates prefer to live in places with more facilities.

4.5.3 Territorial Base Organisations

The OTBs are the target group of the LPP. OTBs consist of peasant communities (*comunidades campesinas*), indigenous communities (*pueblos indígenas*) and neighbourhood organisations (*juntas vecinales*), each of which is organised and functions

according to its own values and customs.[9] Immediately after the LPP came into effect (June 1994), the government launched training programmes to inform the population of the LPP. The LPP states that each of these three types of organisations (of which there are some 14,500 at the national level) should register at the town hall of the municipality, in order to obtain juridical personality, so they can participate in the local decision-making process. The registration of the various organisations was a complex administrative operation, as each potential OTB had to collect the signatures of its members. At the national level, only 16% of the peasant communities, neighbourhood organisations and indigenous communities had been registered by May 1995.

Despite the enormous differences between the three different kinds of organisation, the existing literature on the LPP hardly considers their different backgrounds, contexts and functions. Generally, research is carried out in one specific context, and as such centres on one specific category of OTBs. This implies that limited attention is paid to the impact of the type of OTB (*i.e.* peasant community, neighbourhood organisation or indigenous community) on the process of participatory planning, decision-making and local development. Also, little is known about the factors which influence the success of each OTB in acquiring projects. This section focuses on the main characteristics of each type of OTB; in Chapter 5, the more fundamental questions mentioned above are addressed.

Table 4.9 shows the total number of OTBs in each research municipality in 1998, according to type. What stands out in this table are the differences between the municipalities in the total number of OTBs and the dominance of peasant communities and the presence of indigenous communities in the municipalities of Monteagudo and Huacareta. These differences might affect the impact of decentralisation on local development and local governance.

Table 4.9 Number of OTBs registered in the municipality by type, 1999

Municipality	Peasant communities	Neighbourhood organisations	Indigenous communities	Total
Yotala	49	3	-	52
Poroma	78	1	-	79
Sopachuy	21	2	-	23
Presto	25	2	-	27
Monteagudo	73	3	4	80
Huacareta	25	1	3	29

Source: Fieldwork 1998-9.

Compared to other municipalities, the number of OTBs in the six municipalities of the study area is not so high, ranging from 23 in Sopachuy to 80 in Monteagudo. This contrasts the situation in the department of La Paz, where there are municipalities with more than 200 OTBs (Viacha, Achacachi and Puerto Acosta), and the municipality of Puerto Villaroel in the Chapare region of Cochabamba, which has more than 175 OTBs.

The dominance of peasant communities in the total number of OTBs confirms the rural identity of the municipalities. The indigenous communities in Monteagudo and Huacareta consist of recently established (rural) Guaraní communities. The size of the OTBs varies according to type (Table 4.10). With respect to the peasant communities, all

households that live and own a piece of a land in a certain territory are considered an *afiliado* (member). According to *sindicato* rules, a peasant community should be composed of at least 25 member-households.[10] The Guaraní communities are generally somewhat smaller than the peasant communities, because they are recently established communities with only a limited amount of land.

Table 4.10 Size of the OTBs in number of households by type of OTB, as % of total number of OTBs

	1-49	50-99	100-149	150-199	>200	Mean
Peasant community	45	39	9	5	2	70
Neighbourhood organisation		14	43	29	14	185
Indigenous community	100					34

Source: Fieldwork 1998-9.

The differences between the three different types of OTBs are reflected in the use of the term OTB. In the two lowland municipalities (Monteagudo and Huacareta), the new concept of OTB was used to refer to the communal organisation, whilst in the other four municipalities people of the peasant OTBs continued using the term *sindicato* or *comunidad*.[11]

Peasant communities

The organisation of the peasant communities is largely based on the system of the *sindicatos*, the socio-economic structure of Bolivian rural society since 1953. The MNR government promoted the *sindicatos* after the 1953 land reform as the most important organisation through which the land of the *haciendas* was redistributed. All households that work a piece of land within the community are considered members of the *sindicato*. Generally, only a few households are not affiliated to the *sindicato*, such as households without any land, and men who have their own household but still live with their parents. Although the *sindicato* system was introduced to redistribute land to *ex-hacienda* communities, the system also became active in communities that had never belonged to a *hacienda*, the so-called *comunidades originarias* (see De Morrée 1998b, p. 340 and Urioste 1993). This illustrates the importance given to this form of community organisation.

The main functions of the *sindicato* are organising communal projects, administering collective goods, intervening in conflicts, defending the community's land from other communities, and representing the community *vis-à-vis* external institutions, such as the government and NGOs. The *sindicato* system imposes two main obligations on its members: they have to attend meetings and work the communal land. Generally, affiliated households also have to pay a monthly contribution of between a half and one boliviano.[12] Members who do not comply with the *sindicato's* obligations are fined. According to the statutes, each year the leadership[13] of a *sindicato* (and thus of the OTB, since 1994) changes when the new *secretario general* is elected. This task cannot be refused, as it forms part of the *sindicato* tradition.

During recent decades, both the structure and the organisation of the *sindicato* have changed, partly due to the occurrence of migration. Some parts of the study area experience very high rates of out-migration. In periods of economic recession, it is not only the young, single men who migrate, but also married men with a family. Although this results in an improvement of the financial position of the households, it has a

dramatic impact on the composition of the population in these areas, as only females, male adolescents and the elderly remain in the community. The lack of adult men has serious consequences for the functioning of the OTBs in relation to local decision-making and the acquisition of projects. A young boy generally does not know how to negotiate about projects, and will consequently acquire fewer projects than other OTBs with more experienced leaders.

Neighbourhood organisations

In contrast to urban neighbourhood organisations, neighbourhood organisations in rural areas used to have a pretty elitist character. Although everyone who lives in the neighbourhood is considered to be a member of the neighbourhood organisation, the board generally consists of the village elite: the judge, the owner of the cooperative or the lawyer. Before 1994, the activities of the organisations were mainly directed at urban improvement and the raising of funds. This corresponds with the functioning of neighbourhood organisations in large cities, where the first *juntas vecinales* were established in order to obtain legal status for the neighbourhoods. Later, access to basic services and the overall improvement of the neighbourhoods became the principal focus of their actions.

In the villages a strong involvement with the situation of the 'rural poor' existed before 1994, although there was also some arrogance. The prevailing attitude of the board of the neighbourhood organisation in the rural villages was that they differed much from the peasant population, and that, fortunately, they had not much to do with the peasant communities. This changed with the implementation of the LPP, as a result of which the two types of organisation, the peasant communities and the neighbourhood organisations, had to collaborate in priority-setting and local decision-making.

Indigenous communities

The south-eastern part of the department of Chuquisaca remained practically untouched by the 1953 land reform. Until the 1990s, rural society in the province of Hernando Siles – comprising the research municipalities of Monteagudo and Huacareta – and adjacent provinces had been dominated by *haciendas*, which functioned within a two-tier working system comprising paid workers (*peones*) and the Guaranies – the original inhabitants of the Chaco[14] region who lived on the property and worked for a small fee. Earlier land reforms had bypassed this region almost unnoticed and only a few properties had been expropriated. After implementation of the LPP in 1994, many large landowners assumed a function (as mayor or council member) in the newly formed local government, thus gaining access to funds and projects. It is notable that many OTBs that registered in these regions corresponded with the property of a large landowner. While the landowner became president of the OTB, the households working at the *hacienda* were kept ignorant. Therefore, large landowners were in full control of local decision-making processes, and had access to projects such as road improvements, which were mainly aimed at improving access to markets and as such increased the profits of large landowners. This is in stark contrast to the situation in other parts of Bolivia, where rural OTBs are composed of peasant communities and are relatively democratic, and where the projects funded by the municipality benefit the community as a whole.

This situation, in which large landowners co-opted the OTBs is, however, changing. In the mid-1990s, several Guaraní families decided to leave the *haciendas*, settle elsewhere and form an indigenous community independent of the *haciendas* and large landowners.[15] Other groups quickly followed, and in 1998 there were seven indigenous communities in the municipalities of Monteagudo and Huacareta that successfully

applied for a formal OTB status. These developments are the result of increasing awareness among the Guaraní population of their own capabilities and identities, and– more indirectly – of the decentralisation process. This increased awareness was stimulated by NGO projects aimed at strengthening the organisation of the Guaraní and supporting the purchase of land.

The decentralisation process enhances community development, since the LPP enables the quick integration of the newly established communities as OTBs into the administrative-political structure. Moreover, decentralisation gave these indigenous communities direct access to municipal funds with which investments in education and health were relatively easy to make. The indigenous communities in the study area are organised around the Regional Assembly of Guaraní People, which resembles the structure of the agrarian syndicates. Within this system, leadership (*capitanía*) is passed down from father to son (Grootaert and Narayan 2001).

4.5.4 Other forms of organisation

In addition to the OTBs, there is a whole array of other organisations at the communal and local level in the six municipalities, such as Civic Committees (CCs), women groups (*clubes de madres*), producer organisations and functional organisations involved in the provision of services. These heterogeneous organisations have one thing in common: they are all excluded from local decision-making within the context of the LPP since they are not territorially organised and thus not formally recognised.

The CCs consist of the traditionally dominant groups at the local level, such as the population in the villages of the municipalities, local entrepreneurs, transporters and notabilities such as doctors and lawyers. There is such a committee in each of the six research municipalities. With respect to these committees, Sandoval and colleagues (1998, p. 45) point out that their position has been weakened since the implementation of the LPP, since they formally are not considered in local decision-making as prescribed by the law. The *clubes de madres*, once established to channel food donations, are often initiated by external organisations, such as NGOs (Grootaert and Narayan 2001, p. 16). Nowadays, their main activities involve formal and informal education, sewing and managing kitchen gardens. The internal structure is often weak, and the organisations tend to disappear when the project is concluded (Sandoval 1998, p. 56).

Producers' organisations are organisations of peasants who coordinate production activities or the commercialisation and provision of basic services. Examples are cooperatives involved in the commercialisation of maize and wheat, associations of milk producers and cooperatives that facilitate access to credit. The collaboration with the peasant OTBs differs: in some municipalities there is a fluid, formal collaboration, but in others there is hardly any collaboration at all (De Morrée 1998a).

Another group comprises functional organisations that are involved in the maintenance and regulation of communal infrastructure, such as roads and irrigation systems, and organisations centred on the management of communal interests, such as sport, schools and health posts and *juntas escolares* (school committees*).*

A last group consists of organisations that are affiliated to an NGO and consist of households that form the target group of the NGOs' activities. This will be addressed in Section 4.5.7.

4.5.5 The Comité de Vigilancia

In each of the six research municipalities a Comité de Vigilancia is functioning. The task of the Comité de Vigilancia is to exercise popular supervision (or control) over the conduct of local government. The Comités de Vigilancia are established by means of elections. Although the population elects, through the OTBs, the members of the Comités – generally the leaders of the OTBs – the establishment of the first ones after 1994 depended heavily on the initiative of the mayor who called the elections. Once elected, this initiating role was taken over by the population.

There are several ways of electing a Comité de Vigilancia. Following the criterion that each canton[16] within the municipality should be represented in the Comité, the population in some municipalities first elects a committee on the canton level, from which a municipal committee is elected. An example of such a committee is that of Huacareta, Poroma and Sopachuy. Elections in the presence of all the *dirigentes* of all OTBs are held in Monteagudo, Presto and Yotala. According to the director of the departmental office for Communal Strengthening (*Fortalecimiento Comunitaria*), every OTB has to send a delegation of two persons, with *voz y voto,* to the meeting in which the Comité de Vigilancia is being elected.

Table 4.11 gives an overview of the composition of the Comités de Vigilancia in the study area. It can be seen from this table that most members come from the peasant communities, as a result of which rural representatives have a majority. This can be explained by two factors: firstly, because the election of the Comité de Vigilancia is based on the canton division within the municipality. Since the cantons in the research municipality are predominantly rural – except for the canton in which the municipal capital is situated - it is mainly peasants who have a position in this Committee.

Moreover, the election of rural representatives is more efficient considering the distances and limited accessibility of the municipal territory. Generally, the representative of a canton is responsible for his own district for reasons of efficiency, as someone who lives in the canton is better equipped to visit projects than someone who does not live further away in the town.

Table 4.11 Composition of the Comités de Vigilancia by type of OTB, 1999

Municipality	Urban OTBs	Rural OTBs	Total
Yotala	-	4	4
Poroma	-	9	9
Sopachuy	1	5	6
Presto	-	4	4
Monteagudo	1	3	4
Huacareta	1	4	5

Source: Fieldwork 1999.

Secondly, differences in the level of social organisation between the three types of OTBs play a role.

This is illustrated by the case of Yotala, where the president of the Comité de Vigilancia gave the following reply when asked why townspeople are not represented on the Comité de Vigilancia of Yotala:

> 'Because they are not organised, the social structure of the communities is much better and organised. Also, the people of the village are much more oriented towards Sucre: the majority work there and so are not very interested in local, municipal affairs.'

4.5.6 The private sector

The six municipalities offer a varied picture with respect to the presence and characteristics of the private sector. Three categories of municipalities can be distinguished: those were the private sector is relatively well developed (Monteagudo and Yotala), those with a moderately developed private sector (Sopachuy and Huacareta), and those where the private sector is hardly present (Poroma and Presto). The development of the private sector corresponds with the economic structure in the municipalities and despite the differences in the presence of the private sector, the characteristics are more or less the same: it concerns mostly small-scale enterprises with a retail function, mainly based on family labour and not organised in associations. An exception is formed by the owners of the retail shops in Monteagudo, who are organised in the local association of retailers.

4.5.7 Non-governmental organisations

NGOs are another important institutional actor in the research municipalities. In the past 20 years, NGOs have left their mark on the development of rural Bolivia, with projects directed at increasing the agricultural production and strengthening of social organisation. Chapter 3 described the most important implications of the LPP for the NGOs, namely the changing relationship with the Bolivian state, the obligation to collaborate with local government and the loss of financial independence. The LPP implied the curtailment of NGOs, but at the same time created room to diversify activities, such as providing training to OTBs and local government, and consultancies.

All six municipalities have NGOs working within their boundaries (Table 4.12), varying in number from two to five. With respect to the selection of working areas it is remarkable that some NGOs have divided up the 'territory'. An example of such a division is the agreement between the NGOs of ACLO (*Acción Cultural Loyola*) and CEDEC (*Centro de Estudios para el Desarrollo Chuquisaca*). The first carries out activities in the province of Tomina and the municipality of Presto (province of Zudañez), whilst the other works in Villa Serrano and the other municipalities in Zudañez. According to the president of UNISUR (the regional network of NGOs), this territorial division has grown historically. There is a similar agreement between ACLO, PROSCAM and ProAgro concerning the territory around the municipalities of Tarabuco and Zudañez. The aim of such agreements is to allow the NGOs to specialise in certain activities and to obtain more coordination.

The intensity of the contact between the NGO and the municipality varies greatly (see 'duration' in Table 4.12). In some municipalities the NGO has been present for years,

indicating a long and often intense relationship, while in other municipalities the presence is for only one project or only one year.

Table 4.12 Number and main characteristics of NGOs working in the research municipalities (1998-9)

	No.	Name	Origin[1]	Sector	Dura-tion[2]	Agreement
Yotala	2	PROSCAM	C/N	Health	L	Yes
		Caritas	C/I	Health	M	Yes
Poroma	4	ETAPAS	N	Agriculture	L	No
		IPTK	N	Health/Environment	L	Yes
		Plan Internacional	I	Health/Education	S	No
		CARE	I	Health/Basic Sanitation/Agriculture	S	No
Sopachuy	5	ACLO	C	Agriculture/Planning	L	Yes
		PLAFOR	I	Forestry	M	Yes
		COSV	I	Agriculture	M	No
		Caritas	C/I	Health	M	Yes
		SNV	I	Institutional Strengthening	M	Yes
Presto	4	ACLO	C/N	Agriculture/Planning	L	Yes
		CESAT-CH	N	Agriculture	L	Yes
		Peace Corps	I	Agriculture	M	No
		Plan Internacional	I	Agriculture	M	No
Monte-agudo	3	CARE	I	Institutional Strengthening	M	No
		Medicos Mundi	I	Health	M	No
		Peace Corps	I	Institutional Strengthening	S	No
Huacareta	4	Medicos Mundi	I	Health	M	No
		CIAC	N	Institutional Strengthening	S	Yes
		CIPCA	I	Agriculture	S	No
		Peace Corps	I	Institutional Strengthening	S	No

[1] Origin of NGO: C = church-related, N = national, I = international.

[2] Duration of relation between NGO and municipality: S = short (< 1 year), M = medium (1-3 years), L = long (> 3 years).

The presence of ACLO in Sopachuy and Presto is illustrative of the first situation, with 14 and 12 years of experience, respectively, in mainly integrated rural development programmes. ETAPAS in Poroma is another example of an enduring working relation. On the other hand, CIAC in Huacareta is a typical example of a short-term stay, with a clearly defined objective, *i.e.* adjusting the financial and accountability systems of the

municipality. The intensity of the relationship between NGOs and municipalities is important, as a more intense relationship can have important advantages for the municipality in terms of funds and the quality of the support offered. These aspects can determine the potential for good governance as well as local development.
The transformation of NGO activities as a consequence of the implementation of the LPP (see Chapter 3) can also be observed in the study area. Institutional strengthening has become an increasingly important activity in recent years, with OTBs and local government as target groups. Here, a core activity is training in the field of participatory planning.A second new activity concerns the involvement of NGOs in the formulation and elaboration of municipal five-year development plans. Despite the emergence of new working areas, most NGOs continue their initial activities in health, agriculture and education. In this sense, the transformation should be seen as complementary rather than substitutory.

With respect to the origin of the NGOs working in the study area, there are two main groups: nationally based and internationally based NGOs. The respective backgrounds affect the presence of a formal agreement between NGO and municipality. Since 1994, the formal registration of the working relation between the NGO and the municipality is a prerequisite for NGOs to have access to national funds. International NGOs often operate without such a formal agreement with the local government, as they often have sufficient funds at their disposal. The financial situation of national NGOs is often less favourable, and they consequently depend more on the funds available through cooperation with local governments. As can be seen from the last column in Table 4.12, such an agreement is, however, not yet common practice in the six municipalities.

When comparing the six research municipalities with respect to the presence and characteristics of NGOs, three categories of municipalities can be discerned. The first category includes the municipalities with a considerable number of NGOs, with which an agreement is made and with an enduring working relation exists. Both Sopachuy and Presto fit this category. The second category refers to municipalities with a smaller number of NGOs, often without an agreement, and often for a short period. Both Yotala and Poroma are in this category. The third category consists of municipalities that have NGOs working within their boundaries, but generally without agreement and only for short-term activities. The municipalities of Monteagudo and Huacareta are in this category.

4.6 Summary

The foregoing review of the geographical, socio-economic and institutional context showed that the six research municipalities in the department of Chuquisaca form a heterogeneous group. In this final section, we summarise the main findings The main spatial, socio-economic and institutional characteristics of the six research municipalities as described in this chapter are presented in Table 4.13.

The decision to realise the study in the department of Chuquisaca was motivated by three reasons. First, Chuquisaca offers a diverse picture with respect to environmental and socio-economic characteristics. Secondly, the department is one of the poorest departments in Bolivia. Thirdly, the department had some promising experiences with decentralisation prior to 1994. The implementation of the LPP resulted in Chuquisaca in the creation of 28 relatively small and predominantly rural municipalities. Of these 28 municipalities, 6 were selected to realise an in-depth study of the contribution of decentralisation to good governance and local development.

Table 4.13 Summary of the main spatial, socio-economic and institutional characteristics of the research municipalities

	Spatial context	Socio-economic context	Institutional context
Yotala	- high zone - well accessible	- small size municipality - rel. high % non-agrarian activities - employment oriented towards Sucre - mod. migration	- urban local government - moderate number of OTBs - 'rural' CdV - large private sector - 2 NGOs with agreement
Poroma	- high zone - poorly accessible	- medium size municipality - subsistence agriculture - high migration	- peasant mayor, urban council - high number of OTBs - 'rural' CdV - very small private sector - 4 NGOs, 1 with agreement - very small private sector
Sopachuy	- valley - moderately accessible	- small size municipality - subsistence agriculture - high migration	- peasant mayor, urban council - low number of OTBs - 'rural' CdV - 5 NGOs, 4 with agreement - small private sector
Presto	- valley - poorly accessible	- small size municipality - subsistence agriculture - high migration	- urban government - low number of OTBs - 'rural' CdV - very small private sector - 4 NGOs, 2 with agreement
Monteagudo	- lowland - well accessible	- large municipality - regional service centre - high % non-agrarian employment - low migration	- urban government - high number of OTBs - 'rural' CdV - rel. large private sector - 3 NGOs without agreement
Huacareta	- lowland - moderately accessible	- medium size municipality - mod. % non-agrarian employment - low migration	- large farmers in government - mod.private sector - mod. number of OTBs - 4 NGOs, 1 with agreement

The aim of this selection was to obtain a heterogeneous sample of municipalities, with respect to spatial, socio-economic and institutional characteristics.

The six municipalities have a number of socio-economic characteristics in common. First, they are all relatively small municipalities, except Monteagudo. Second, they are mainly rural municipalities, since the majority of the households live in a rural setting, in peasant communities, and work in the agricultural sector. Third, the municipalities can be considered as marginal, located outside the main commercialisation systems, and with a population mainly involved in subsistence agriculture.

The municipalities of Yotala and Monteagudo are an exception, since non-agrarian activities are a more important source of income for the population. Fourth, they are poor municipalities, with scores on the Human Development Index among the lowest in Bolivia.

With respect to the spatial context, the mountainous character of the environment, intersected by rivers, accompanied by soil degradation and erosion, make changes in the current system of agriculture difficult. As a result, levels of migration – both temporary and permanent – are high, particularly in the higher regions of Poroma, Presto and Sopachuy, where there is no alternative employment.

As regards the institutional context, the administrative structure in all municipalities underwent significant changes as a result of the implementation of the LPP in 1994. Each municipality has a local government consisting of a mayor, the municipal council and civil servants. The composition of these new local governments differs. In some municipalities (in particular Monteagudo and Huacareta), traditional elites, urban as well as rural, dominate the local government. In other municipalities (*e.g.* Sopachuy and Poroma), formerly excluded sectors of society (*e.g.* the peasantry) are now involved in local government. Within the OTBs, peasant communities are most common, which is in line with the rural character of the municipalities. Neighbourhood organisations can be found in the villages in all municipalities, whilst indigenous communities are only present in Monteagudo and Huacareta. The main difference between the three types of OTBs is in the degree of organisation. Compared to the two other types, peasant communities tend to be better organised and their communal meetings have higher attendance figures.

In addition to OTBs, there are many other types of community organisation. Since these organisations are not territorially based, hence do not have access to formal decision-making. In each municipality functions a Comité de Vigilancia, the formal representation of the OTBs that is charge with the control of local government on the proper implementation of the Law on Popular Participation. Representatives of rural OTBs have a majority in the composition of these committees.

The private sector is limited in all municipalities except Yotala and Monteagudo. In these two municipalities there are quite a few enterprises. This finding corresponds with the main characteristic features of the economic structure in the research municipalities. By far the majority of the private sector consists of relatively small scale, family run enterprises.

A last actor discussed in this chapter are NGOs. It was observed that although NGOs are working in all municipalities, their characteristics differ greatly with respect to the relation they have with local government (expressed in the presence of an agreement) and the intensity of the contact.

Notes

1. The most recent population census dates from 2001, but the results were not yet available at the time of writing.
2. Most municipalities emphasise their population growth in official documents, since the number of inhabitants in a municipality, as well as the size of the municipal council, is the key to the distribution of funds from the central level to the local level under the LPP. Thus, Yotala grew from 9,486 inhabitants in 1992 to 11,997 in 1998, Poroma from 13,659 to 19,265 (2000), Sopachuy from 6,121 to 7,417 in (1996), Presto from 7,874 to 10,339 (1996), Monteagudo from 25,240 to 26,073 (1996) and Huacareta from 10,015 to 11,989 (1999). (Source: PDMs municipalities and prognose INE 1998).
3. The municipality of Mojocoya, adjacent to Presto, is an exception to this, as the town of Redención Pampa is far more important than the official capital Mojocoya.
4. The HDI combines three variables of human wellbeing: life expectancy, income and education.
5. Chapter 2 contains a more detailed discussion of the concept of local government used in this study.
6. This is five years since the change to the Law on Municipalities in June 1999.
7. Monteagudo is an exception to this, since this municipality was assigned 7 councillors in the 1999 municipal elections.
8. The financial position will be discussed in detail in Chapter 6.
9. According to Art. 3, section I of the LPP (1994) 'Se define como sujetos de la Participación Popular a las Organizaciones Territoriales de Base, expresadas en las comunidades campesinas, pueblos indígenas y juntas vecinales, organizadas según sus usos, costumbres o disposiciones estatutarias'.
10. Interview with the CSUTCB, Sucre, May 1997.
11. According to Archondo (1997b), the different uses of the term OTB were only temporarily, and related to the mixed feelings the introduction of the LPP raised among the *sindicatos*, as they thought the term OTB had been invented in order for the national government to co-opt them. He writes: 'in the course of time, the common denominator for all representative organisations of the municipalities became solidly rooted in popular speech…..' (p. 274).
12. US$ 1 = 5.45 bolivianos (1998).
13. The *sindicato* has a large board or *directiva*, with the *Secretario General* as the most important authority, followed by the *Secretario de Relaciones* and the *Secretario de Actas*. Other representations are that of Finance, Press, Agriculture, Human rights, Sports, Projects.
14. The Chaco region is a desert-like region stretching from the north of Paraguay to the south of Bolivia.
15. This refers to the community of Casapa in Huacareta.
16. A canton is the lowest political-administrative unit in Bolivia. Within each municipality, there are one of more cantons. The most recent population census dates from 2001, but the results were not yet available at the time of writing.

5 DECENTRALISATION AND LOCAL GOVERNANCE

For years, rural Bolivia was ignored by the national government and as such was not represented in decision-making processes. The LPP marked a dramatic change in this, as it broke the hierarchical relationships between civil society and the centralist state, and offered the rural population the possibility to enter into dialogue with lower government levels. Through the LPP, the rural regions became part of the municipalities, and the population of these municipalities had to organise themselves into OTBs (*Organizaciones Territoriales de Base*).

OTBs were based on existing organisations, namely, the *comunidades campesinas* in the rural areas (peasant communities*)*, the *juntas vecinales* in the cities and the towns (neighbourhood organisations*)*, and the *pueblos indígenas* in the lowlands (indigenous communities). Through the LPP, these organisations received the status of OTB, and thus share the same rights and obligations. All OTBs can now direct their own development, influence their living conditions and formulate projects and programmes in line with their demands. They can request funds for these projects from the local government. In order to be sure that all this conforms to the procedures, a delegation of these OTBs – the *Comité de Vigilancia* – was created to control and supervise local government. The role of local government is to manage the process of participatory planning, to translate the priorities into viable projects and to facilitate the implementation of these projects through the acquisition of additional funds, the hiring of contractors and the monitoring of project execution.

In this chapter, we analyse the impact of the Bolivian decentralisation policy on local governance, in particular the element of participation, whilst the contribution of decentralisation to local development will be addressed in Chapter 6.

This chapter reviews the various forms local participation can take. From a political perspective, the implementation of the LPP in 1994 sanctioned the political participation of the population; that is, it empowered the population to elect officials (Section 5.1). The LPP also enabled formerly excluded segments of the population, such as peasants and indigenous groups, to be a part of local government (Section 5.2). Furthermore, representatives of the population can perform functions in the Comité de Vigilancia (Section 5.3). The population can also participate in OTBs and as such become involved in priority setting of demands (Section 5.4). Finally, the population can participate in all stages of participatory planning, from problem identification and priority setting to the design and implementation of projects (Section 5.5). What this all means to the leaders of OTBs, *i.e.* how they perceive participatory planning will be discussed in Section 5.6.

The analysis in this chapter is based on structured interviews with representatives from 101 OTBs (see Appendix 1 for an overview) and interviews with presidents and members of Comités de Vigilancia.

5.1 Political participation

Before decentralisation, electoral behaviour in Bolivia was characterised by a low turnout at both national and municipal elections. With regard to municipal elections, the limited importance of the local level – and thus of the municipality – in terms of financial resources was the reason for such low participation levels. In addition, the majority of the rural population was not entitled to vote before 1995, since they lacked the required

identity card. Consequently, local politics before 1994 was mainly an urban affair and the rural population was not inclined to vote. In this respect, the 1995 municipal elections mark an important turning point in Bolivian electoral history. These were the first post-LPP elections to be held and the general opinion was that the increased share of the population that turned out to vote would illustrate the changes brought about by the LPP at the local level. Table 5.1 demonstrates that the absolute number of the population that voted in the period 1993-9 in municipal elections increased. The table also shows that the share of non-voters of the total population that is entitled to vote decreased in the period 1993-9 from 47.1% to 31.0%.

Table 5.1 Electoral behaviour in municipal elections at the national level, 1993-9

	1993	1995	1999
Non-voters (%)	47.1	35.0	31.0
Abs. number of voters	1,189,896	1,797,526	2,486,743

Source: SNPP 1996; CNE 1999.

The population's increased participation in municipal elections can largely be attributed to the increased attractiveness of local level politics, in the sense that local authorities are now equipped with functions and funds. Another factor contributing to the increase in the number of voters are the efforts made by the government to provide the population with an identity card. Finally, the lowering of the voting age from 21 to 18 had an effect.

Table 5.1 comprises the total urban and the rural population. If one distinguishes between the urban and the rural population at the national level, however, a different picture emerges. Electoral turnout is lower in rural areas because electoral campaigns are primarily directed at the cities. The physical distance to the voting station for rural voters can also be mentioned as an explanation. Although information on the municipal elections is only available for 1999, it shows that the voting behaviour in the six municipalities corresponds with the lower turnout of voters in rural areas observed above (Table 5.2), with turnout ranging from 65% in Sopachuy to 55% in Yotala and Monteagudo.

Table 5.2 Non-voters as share of population entitled to vote in the 1999 municipal elections in the research municipalities

Yotala	Poroma	Sopachuy	Presto	Monteagudo	Huacareta
45%	38%	35%	36%	45%	43%

Source: CNE 1999.

A comparison of the six municipalities shows that turnout is relatively low in Yotala, Monteagudo and Huacareta, and somewhat higher in Poroma, Sopachuy and Presto. This is remarkable, since we found in Chapter 4 that the limiting factor of distance applies more to the latter municipalities than to the first three. This might be explained by the engagement of NGOs in directing the electoral campaign of political parties in Poroma, Presto and Sopachuy at the peasant communities.

5.2 Participation in local government

In addition to the increasing number of voters, the 1995 municipal elections introduced a new phenomenon in local government. The LPP enabled formerly excluded groups, such as peasants and indigenous groups, to obtain a more powerful position in society, by becoming mayor or member of the municipal council.

Before the implementation of the LPP, municipal councils in the research municipalities consisted exclusively of urban representatives. After 1994, this situation seems to change gradually in favour of the rural population. Although the results of the municipal elections of 1995 and 1999 (Table 5.3) show that in all municipalities except Huacareta urban councillors still have a majority, the proportion of rural councillors increases. In Monteagudo, all the municipal councillors are professionals, living and working in the town of Monteagudo.

Table 5.3 Background of the members of the municipal councils as a result of the 1995 and 1999 municipal elections

	1995		1999	
	Urban	Rural	Urban	Rural
Yotala	5		4	1
Poroma	3	2	3	2
Sopachuy	5		3	2
Presto	4	1	4	1
Monteagudo	5		7	
Huacareta		5		5

Source: Fieldwork 1997-9.

Among the councillors with a rural background, distinction should be made between small farmers – peasants – and large ones. The rural municipal councillors in Yotala, Poroma, Sopachuy and Presto belong to the first category. The rural councillors in Huacareta can all be characterised as large to very large farmers, both in 1995 and 1999. The main explanation for these differences is that the Land Reform of 1953 was applied more profoundly in the higher regions and the valleys of the department. In the eastern lowlands of the department, large properties remained almost untouched, maintaining the traditional power structure of large landowners. In all municipal councils, women and indigenous people are not represented.

Peasants are also underrepresented among the mayors in the research municipalities, as can be seen in the last column in Table 5.4. This table presents the main characteristics of the mayors in the study area during the period 1994-9, and also shows that there are frequent changes of mayors (up to six times in some municipalities, excluding changes resulting from the elections), that some political parties dominate local government and that women are hardly present.

Although there have been rural mayors[1] in the research municipalities, their number is rather low. Only two municipalities – Sopachuy and Poroma – had a rural mayor during the period 1995-9. In Huacareta, the same observation can be made with respect to the municipal councillors. The mayors in Huacareta are rural mayors in the pure sense, that is, they make a living in the agricultural sector and live in a peasant community. Nevertheless, the size of their property (sometimes over 500 ha), their standard of living and the fact that they received higher education and have children studying in Santa Cruz

or La Paz means that they should be considered with some care. A comparison between the proportion of rural mayors in the study area resulting from the 1995 elections with the proportion at national level shows that the research municipalities score lower. At the national level, 20% of the municipalities had a peasant or indigenous mayor (Ministério de Desarrollo Humano/SNPP 1997). In the research municipalities this amounted to 17 %.

Table 5.4 Main characteristics of the mayors in the study area, 1994-9

	Period	Type	Political affiliation	Sex	Occupation
Yotala	*94-95*	*U*	*MBL*	*M*	*Agronomist*
	95-98	U	MNR	M	Photographer*
	98-99	*U*	*MBL*	*M*	*Agronomist**
	1999	U	MBL	M	Agronomist
Poroma	94-95	*U*	MNR	M	Agronomist
	95-95	*U*	MNR	M	Entrepreneur
	95-97	U	MBL	M	Law student*
	97-98	R	Eje Pachakuti	M	Small farmer*
	98-99	R	MNR	M	Small farmer*
	1999	*U*	MNR	M	Farmer
Sopachuy	94-95	*U*	MNR	M	Entrepreneur
	95-98	R	MBL	M	Small farmer*
	98-99	U	MBL/ADN	M	Truck driver*
	1999	U	MBL	M	Architect*
Presto	94-95	*U*	MNR	M	Agronomist
	95-97	*U*	*MNR*	*M*	*Agronomist**
	97-99	U	MBL/ADN	M	Agronomy student*
	1999	*U*	*MNR*	*M*	*Agronomist**
Monteagudo	94-96	*U*	MNR	M	Entrepreneur
	97-98	U	ADN	M	Teacher*
	98	U	ADN	F	Entrepreneur*
	98-99	U	ADN	M	Lawyer*
	1999	*U*	MIR	M	Doctor
Huacareta	94-97	*R*	MNR	M	Large farmer
	97-98	R	MNR	M	Large farmer*
	98-99	R	ADN	M	Large farmer*
	1999	*R*	ADN	M	Large farmer

Source: Fieldwork.

Notes: Under 'Period', underlined dates refer to the results of elections.
Under 'Type', R = peasant mayor, U= mayor from the village.
* = mayor was interviewed for this study.
Italics = mayor performed this function twice during the period 1995-9.

The transfer of responsibilities and funds to the local level introduced a completely new scenario and new activities for mayors. Examples are the introduction of participatory local planning, the complex system of financial administration and the cooperation with third parties such as NGOs and departmental government. Although every mayor had to adjust to this new scenario, the rural mayors, in particular the peasants, experienced more difficulties. All three peasant mayors in the study area (two in Poroma and one in

Sopachuy) were political militants, affiliated to different parties with ample experience in the peasant unions at both the community and higher levels. Despite this political experience, all stated that being a mayor with a peasant background caused several problems. Most evident in this respect is the lack of knowledge of administrative and financial regulations. Other aspects frequently mentioned are the lack of knowledge of which funds are available for co-financing projects, how to access these funds and the language problem some peasant mayors experience, since Spanish is not their first language. To address the problem of the lack of knowledge, mayors often hire a personal adviser. In some cases this is a former employee of the Regional Development Corporation, while in other municipalities NGOs perform this role.

The mayor's lack of support from the municipal council is another bottleneck. In some municipalities the weakest council member in terms of capacities, experience and political support is elected mayor. This leaves ample room for the other councillors to manipulate matters.

These bottlenecks are confirmed by a study carried out by Albo in 1999 among rural and indigenous mayors and municipal councillors. Over half (53%) mentioned the lack of knowledge and experience as the main obstacle to performing their role. Internal conflicts related to party politics are mentioned as the second in importance (34%). The idea of being marginalised and even discriminated against was mentioned by 27% of the peasant mayors and councillors, followed by a lack of financial resources to perform their tasks (Albo 1999, p. 84-95).

The newly acquired status of the municipality has led to a situation in which party politics play an increasingly decisive role in local government. The Bolivian electoral system allows persons to stand for municipal office only if they are affiliated to a national party. As a consequence, these parties determine the local agenda. This is also expressed in the frequent changes of the mayors during the period 1994-9 (Table 5.4).

Each time period in Table 5.4 represents a change in mayor. Some of these changes are the result of the 1995 and 1999 elections. Some changes can also be attributed to the fact that mayors should resign 60 days before the elections in order to be re-elected. Finally, some changes are the consequence of the application of article 201 of the Political Constitution of the State, the *voto constructivo de censura*.[2] By means of this clause it is quite easy for a municipal council to get rid of 'annoying' mayors. According to information from the Vice-Ministry of Popular Participation, during the four-year existence of the *voto de censura constructiva*, 189 mayors from a total of 314 municipalities were removed, mainly due to political pressure of the municipal council (Los Tiempos, 01-10-99; La Razón, 30-09-99). In the case of Monteagudo in 1998, the death of the incumbent mayor was the reason to elect a new one. In Poroma, one mayor resigned for personal reasons. In all other cases, the mayor was dismissed because he was no longer supported by the municipal council. In some cases[3] this was because evidence of fraud was found. In two other cases the mayor resigned, with the case of Sopachuy as an extreme example of party politics. As a result of the municipal elections in 1995, a peasant mayor affiliated to the MBL (the party many peasant mayors are affiliated to) was elected by a considerable majority as the only peasant on the municipal council. His election occurred with a large support of the peasant communities and the local NGO.

Once in function, however, he was threatened by the councillors and finally resigned:

> '… I didn't really want to become a mayor. I'm a peasant and not used to dealing with financial administration etc. But I had to, because I was elected: you have to do what the people want you to do. It was the same with my work as dirigente, I didn't want to do that either. Women said to me: 'Man, you'd think you're a *maricón* [pansy], you're scared to death.' It's quite natural, you know, that when you're afraid, you don't do your work well. When you get more responsibilities, you don't eat well, you don't sleep well and you do strange things.'[4]

A truck driver from the village, who was also from the MBL, succeeded him as mayor. After the 1997 elections, which put Banzer's ADN in government, this second mayor deserted the MBL and joined the ADN. One of the MNR councillors did the same. The desertion and joining of another party was considered too much, and as a result one of the remaining loyal MBL councillors was elected mayor.

To sum up, we can conclude that the introduction of the LPP created the opportunity for peasants and other formerly excluded groups to participate in local government, but that their background made it difficult for them to function as mayor or council under the new political configuration and the prevailing political culture. As a result, changes of mayor frequently occur, adversely affecting the efficiency of local government.

5.3 Participation in the Comité de Vigilancia

Becoming a member of the Comité de Vigilancia is a third way to participate in local government. Briefly, the role of this committee is to oversee the local government with respect to (1) the equal distribution of municipal resources between the urban and the rural part of the municipality; (2) the condition that local government spends no more than 15% on overheads and wages; (3) municipal investments; and (4) the participatory character of planning.

The task of the Comité de Vigilancia is thus to exercise popular supervision (or control) over the conduct of local government. This is a delicate job, as the committee, in fact, has to oversee the accountability of local government, a function that is normally performed by the municipal council. In this section, we will assess whether civil society is up to this task.

In all the research municipalities, the Comité de Vigilancia consists mainly of representatives of rural OTBs (see Section 4.5.7). Most committees encounter many problems in the implementation of their responsibilities. The two most frequently mentioned problems – the lack of cooperation of local government and lack of information on rules, norms and projects – are interrelated and come down to the same thing, namely a local government not accepting any control.

The success of the Comité de Vigilancia in the performance of its functions heavily depends on the relationship with the local government. This relationship can take many forms, but generally three main types can be distinguished. Firstly, the municipalities with a Comité de Vigilancia that are co-opted by the local government, as is the case in Monteagudo and Poroma. In these municipalities, local government manipulated the elections of the Comité de Vigilancia and made arrangements with the democratically elected president of the committee in order to secure his support. This means that the president is paid, or receives payment in kind (*e.g.* a house or a job as a civil servant) for his loyalty to the local government. A second type comprises Comités de Vigilancia that

operate in complete isolation from local governments, a situation that applies to Huacareta and Presto.

The Comité de Vigilancia of Huacareta represents the second type: it is completely ignored by the local government. Although this committee was established in 1994, it has never functioned properly: it is not recognised by the local government and, as a result, its members are not informed about the POA, the annual plan (*Plan de Operaciones Anuales*), changes in local policy or other matters. Nor is the committee invited to attend the delivery of projects. Only on special occasions (*e.g.* when foreign delegations visit Huacareta) is the committee invited to appear in public, in order to 'do some handshaking'. In Presto, the mayor illegally dismissed the president of the Comité de Vigilancia, saying that the situation was not workable: he felt excessively obstructed by the committee. The mayor established another committee, an action that was heavily criticised by the former one, which informed the departmental government about the conflict. This occurred in August 1997, just after the mega-coalition of Hugo Banzer had come to power. The MIR/ADN *prefectura* brought the case to La Paz, making it a political conflict, and the mayor (an MBL supporter) was threatened with the freezing of municipal accounts. The political solution to this conflict was that the mayor first reinstated the former Comité de Vigilancia. In order to prevent the freezing of accounts it was also decided that the MIR party would become part of the municipal council, and that the mayor would also become a member of the MIR[5].

The third type of relationship between the Comité de Vigilancia and local government comes closest to the ideal situation, in which the committee operates independently, but in dialogue with the local government, representing the needs of the OTBs. This is the case in the municipalities of Yotala and, to a lesser extent, Sopachuy. In both municipalities, the Comité de Vigilancia is invited to join the meetings of the municipal council, and has access to the financial records of the municipality.

The question is, then, why does the committee not do anything about the attitude of the local government? The answer is simple: there is not much that it can do, except refusing to sign documents and other official paperwork. The missing signature of the president of the Comité de Vigilancia leads in the course of time to the freezing of the municipal accounts. This is, however, a quite drastic approach and often considered the last available measure[6]. As the former president of the Comité de Vigilancia in Sopachuy remarked:

> 'The work of the Comité de Vigilancia is not considered important and we experienced much resistance from the mayor. At a certain moment we decided to freeze the accounts, but after some discussions we changed our minds: we didn't want to wash our dirty linen in public.'

Another reason not to freeze municipal accounts lies in the potential reaction of the local government. In some cases of frozen accounts, the local government threatened the Comité de Vigilancia. In Huacareta, the president of the Comité de Vigilancia once threatened to make public the local government's abuse of funds and power. The following day, he found that his water and electricity had been cut off.

In addition to difficulties perceived in the relation with local government, there are some more practical bottlenecks. The lack of a budget for the Comités de Vigilancia seriously obstructs their performance. To do their job, they are supposed to visit all the projects implemented in the municipality. Since most projects are not within walking distance, access to motorised transport would facilitate the control of projects. But for this, the Comités de Vigilancia depend on the goodwill of local government, a cooperation that in most cases is lacking. Another more practical bottleneck is the lack of

coordination between the different members of the committee, caused by the physical distance and absence of members due to labour migration for some months per year. The president of the Comité de Vigilancia in Yotala explained:

> 'We used to have a meeting each month, but now we haven't had a meeting for three months, as the other four members are working in Santa Cruz. This means I'm the only one, and as I can't do all the work myself, much work is left over.'

A last difficulty members of the Comité de Vigilancia are confronted with is the lack of knowledge to properly perform their function. The Comité de Vigilancia should control local government, and thus the financial records. This requires specific knowledge, the members often not have. An example of this is the control of investments. According to the LPP, municipalities should not spend more than 15% of the funds stemming from the LPP on functional costs, such as salaries and expense allowances for members of municipal councils. The Comités de Vigilancia in the research municipalities pointed to the fact that this is difficult to control, since one should know the codes assigned to the LPP-funds in the books.

Although formally the Comité de Vigilancia represents the population and is elected by *dirigentes* of the OTBs, the population does not seem to view them as such. The leaders of the OTBs comment that there is a large gap between the Comité de Vigilancia and them, all with different arguments. The neighbourhood organisations argue that the Comité de Vigilancia is mainly a rural matter, as representatives of the peasant communities form a majority in the committees. The recently established Guaraní communities state that, because they recently joined the municipality, they are seen as taking away funds that could have been invested in other OTBs. The Comité de Vigilancia does not take any actions to defend the rights of these Guaraní communities.

The peasant communities view the Comités de Vigilancia as not representing their interests, because they expect all their wishes to be fulfilled. This is, of course, not a very realistic idea. Sometimes they complained about the attitude of the members of the Comité de Vigilancia , saying they are arrogant once they are elected or are under the control of the mayor.

The knowledge of the leaders of the OTBs about the functions, members and election of the committee, differs between the different types of OTBs. Neighbourhood organisations appear to be much more informed than the peasant communities, since all leaders of the neighbourhood organisations in the sample knew the functions of the Comité de Vigilancia and could mention the name of its President. One explanation for this is distance: as a neighbourhood committee is located relatively close to where the committee works, it hears more about its performance. Surprisingly, a relatively small proportion (50%) of the neighbourhood organisations in the sample participated in the elections of the committee, against 82% of the peasant communities. The rural bias of the committee may play a part in this, as neighbourhood organisations do not feel represented by the committee. Another factor mentioned is that the neighbourhood organisations do not consider the committee as necessary or even helpful. In fact, the neighbourhood organisations bypass the Comité de Vigilancia by consulting the local government directly:

> 'Why should I go to this committee when I need something from the mayor? It's much easier to go straight to him, without the committee interfering.'[7]

Of the pueblos indígenas, only one participated in the elections of the Comité de Vigilancia. As these communities were established only recently and the sample

comprised only three indigenous communities, it is, however, difficult to make any comparisons with the other two types of OTBs.

5.4 Participation in OTBs

In addition to participation in municipal elections, a position in local government or in the *Comité de Vigilancia*, the population can also participate in the OTBs. The dominant type of OTB in the six research municipalities is the peasant community, as described in Chapter 4. Neighbourhood organisations are only found in the municipal capital villages and indigenous communities solely in the lowland municipalities of Monteagudo and Huacareta.

With respect to the peasant communities, all those who live and own a piece of land in a certain territory are considered *afiliados* (members). According to *sindicato* rules, a peasant community should be composed of at least 25 members.[8] The neighbourhood organisations comprise every independent household in a certain neighbourhood. The Guaraní communities, which form indigenous communities, are generally somewhat smaller than the peasant communities. This may be because these communities were created recently and generally have limited areas of land at their disposal.

Each type of OTB has a different type of internal organisation. Peasant communities are led by a board, of which the *dirigente* (leader) is the highest authority. The board consists of several members, each of whom has a specific task. Generally, the board comprises nine members: the general secretary or the *dirigente*, the treasurer, the secretary of sports, the secretary of public affairs, etc. Such boards are elected by the members each year. Since the task of leading the community is considered a *cargo* (duty) that everyone must perform, all members of the *sindicato* are potential candidates. In some cases, performing a function in the community is a first step up the political ladder.

The Guaraní communities are organised in a different way, with a system of *capitania* based on inheritance, and as such the authority is passed from father to son, within the family.

The board of the neighbourhood organisations changes less frequently, as illustrated by the fact that the majority of the representatives held office for more than three years at the time of fieldwork. The board is also elected but since members are not obliged to offer themselves as a candidate, often the same people are elected.

According to the sindical tradition, the peasant communities meet frequently, as do the indigenous communities (Table 5.5). The neighbourhood organisations, in contrast, do not have very frequent assemblies, generally only once or twice a year. This is very unlike the neighbourhood organisations in the large urban areas, and it could indicate a weaker organisational structure.

Table 5.5 Frequency of meetings by type of OTB, as % of all OTBs of that type

	Weekly	Twice a month	Once a month	Less than once a month	Total
Peasant community	19	25	40	16	100
Neighbourhood organisation				100	100
Indigenous community	25	50	25		100

Source: Fieldwork 1997-9.

The assemblies in the peasant communities are held at weekends (56%) or on a set day, such as the fourth day of each month (30%). These *asambleas* are generally held in the communal hall or, if there is no such hall, the school. The meetings start early in the morning and sometimes continue late into the afternoon. Attendance is compulsory, on pain of a fine, and as a result most households attend.
The two indigenous Guaraní communities meet on Sunday, in the school or in the open air. The meetings of both the peasant communities and indigenous communities have an informal character, with ample room for discussion and without a clearly defined agenda. The topics discussed concern communal affairs, such as communal activities, the priorities for projects to be carried out under the LPP and discussions about the interventions of NGOs. Whenever external organisations want to start an activity in the community, they are invited to present their plans at the assembly. At the assemblies of the Guaraní communities, often a representative of the local NGO is present. Since these communities existed for only a short while, the organisational tradition is very weak. The presence of the NGO is aimed at community strengthening, for instance by supporting the organisation of an assembly.

Not only do neighbourhood organisations meet less frequent than the other two OTBs, but also the percentage of members attending these meetings is smaller. According to the presidents of the organisations, this is primarily due to the members' lack of interest. Another reason is that attendance to the meetings of the neighbourhood organisations is not compulsory. The president of one of the neighbourhood organisations in Sopachuy, for example, told me that:

> '….the families in the neighbourhood, which form the base, are not very interested, not in the committee, nor in municipal affairs. They say the local government doesn't do anything. This is reflected in the assemblies: generally only a few people – two or three – attend the biannual assembly, mostly the board.'

The president of a large neighbourhood organisation in Monteagudo, when asked about the way assemblies are arranged, stated that:

> 'If an emergency arises, a meeting is called. Generally, the board is present, some 15 persons, and another 30-40 members of the barrio, out of a total membership of 550. Any initiative by the population is lacking; people are busy with their jobs, with their families, etc.'

This lack of participation by the population creates a problem of representation, as only a few people are actively involved in the neighbourhood organisations[9]. This can be explained by a number of factors. Historically, the neighbourhood organisations in Bolivia emerged as a response to the lack of basic services, such as piped water, access to public transport and sewage. After obtaining these services they tended to dissolve, and after a while even disappeared. The members of the neighbourhood organisations in the research municipalities present the same attitude, mentioning that the LPP is not directed at them, but at the peasant communities, since the villages already have access to the main basic services. This attitude was engendered by the fact that the LPP was explicitly presented as an instrument to improve the living conditions of rural households. A second factor explaining the difference in participation between peasant communities and neighbourhood organisations is the fact that the former have had a well-developed system of communal consultation since the early 1950s.

5.5 Participatory planning

The introduction of the LPP meant the introduction of a new development device, namely that of participatory planning. Within this process, several phases can be discerned: the population can express their demands and set priorities, and on the basis of these priorities a strategy is formulated, which should be the starting point of the annual municipal investment plans. In this section, we discuss the different phases, with an emphasis on the role of the population.

Although the aim of the LPP is to increase the participation of the population, the law does not specify the way in which this should be done (Van Cott 1998, p. 179). The first two years after the introduction of the LPP were therefore spent on elaborating the participatory planning methodology. A complicating factor for the application of this methodology was that it took some time before the population had been registered in OTBs and had some basic knowledge of participatory planning. In connection with this, Van Cott (1998, p. 208) observes that:

> '…the government chose to speed resources to municipalities faster than communities could be trained for effective participation in local development decisions.'

In the six research municipalities this lack of guidance in the first years resulted in rather top-down designed annual plans, prepared by the local government. Generally, the local government announced a meeting at the end of the year at which all the priorities set by the OTBs would be discussed. Thereafter, the OTBs would have to identify their demands. However, this was only done by a very limited number of OTBs, since not all the peasant communities were registered. The registered OTBs discussed the demands in a plenary meeting at the communal level, with all the members present, except the neighbourhood organisations. Once they reached an agreement (often after hours of discussion), the leader of the OTB went to the local government to inform the mayor of the demands. Sometimes these demands had to be written on a piece of paper specially designed for the occasion, while in other cases the leader simply told the mayor the demands of the OTB. On the set date, the leaders of all OTBs in a municipality would meet to discuss the demands proposed. This procedure was not only very time consuming, but it was felt that the OTBs did not have the knowledge and capacity to identify the demands. The collection of demands presented by the OTBs resembled a shopping list, showing much resemblance, since every OTB wanted the same projects: a school, a health post, irrigation and road improvement. The population's lack of knowledge about participatory planning was accompanied by the local governments' lack of experience with this methodology, and with planning in general. Soon after implementation, it appeared that local governments were not prepared to assume the role of facilitating participatory planning. The former mayor of Presto remarked:

> 'We started for the first time in November 1994 by asking the OTBs to present their demands to us. In fact, we didn't know how to organise it, since it was the first time we'd done something like that. So we just let the communities know that they could bring us a list with the projects they wanted for their community, before the end of November. However, not all the OTBs did this, since we were not able to inform all of them. Also, some of the communities that brought us a list were not yet registered; we heard later that that was not possible. On the set date, we had lists from only 14 of the 34 communities. When we saw these lists, we knew something had gone wrong: all the communities wanted a school, a hospital, irrigation, etc. This was also related to the fact that at the

time, not all the OTBs had received training in the objectives of the LPP. We simply didn't have the money to implement all these projects. At the meeting, almost all the communities showed up and we had to explain that not all these projects could be implemented. Of course, they felt cheated: they thought we had millions of dollars to invest, and it turned out that we had much less. They told us we had to find extra money, but we simply didn't know how to do this.'

The population's limited participation and the local governments' lack of knowledge of how to stimulate participation resulted in a dominant role for the local governments in the formulation of annual plans in the first years of the LPP.

In 1996, after two years of pilot projects (Van Cott 1998, p. 207), the Participatory Planning Methodology was introduced. The objective of this methodology is the design of a Municipal Development Plan (*Plan de Desarrollo Municipal* – PDM), that is, a development strategy for a period of five years. This methodology consists of six phases, presented in Figure 5.1. In the preparation and organisation phase (phase 1), the conditions to prepare the PDM are set by identifying the main actors, hiring the executing entity and training communal *promotores*. The second phase (phase 2) involves an analysis of the concrete situation and the problems experienced by the main actors. Subsequently, the PDM is formulated in phase 3. In the subsequent five years, annual plans have to prepared, derived from the PDM (phase 4). The implementation of the annual plans and the administration of implementation comprises phase 5. Finally, over the course of time, the contents of the PDM are evaluated and adjusted as needed (phase 6) (Figure 5.1).

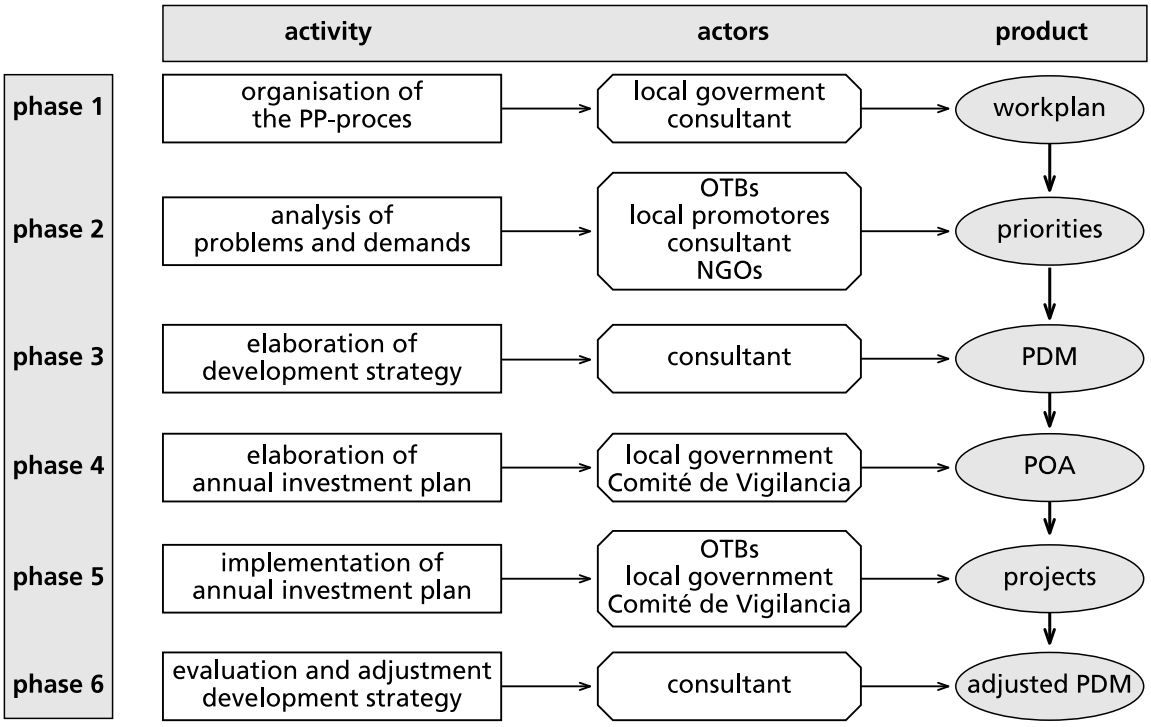

Figure 5.1 Phases, actors and products of the Participatory Planning Methodology. Source: Ministerio de Desarrollo Humano/SNPP 1996 and 1997.

5.5.1 Organisation of the participatory planning process (phase 1)

The first phase of preparation and organisation is the main responsibility of the local government. Some of the municipalities in the study area receive support in this from the Programme for the Development of Rural Communities (*Programa de Desarrollo de Comunidades Rurales* – PDCR). This programme is supported by the World Bank and was aimed in the first phase (1995-9) at the formulation of the PDMs in 129 municipalities[10], under the responsibility of the Sub-secretary of Rural Development. Like in other Bolivian municipalities, the first three phases of the participatory planning in the six research municipalities are contracted out to external parties (NGOs and consultants), since local governments lack the capacity. When the PDCR is involved, they formulate the tender document, hire the consultant and supervise the drawing up of the plan. However, the PDCR does not work in some municipalities (*e.g.* Poroma and Yotala), because the PDCR opted in the first phase for municipalities that already had some experience with participatory planning, through NGOs.[11] The whole process of formulating the PDM takes up to five months and costs US$ 12,000-19,000 (rates of 1999), depending on the size and number of OTBs within the municipality. All the six municipalities had a PDM by 1999 (Table 5.6). With respect to the executing entity, there was a shift from NGOs to consultants.

Table 5.6 Main characteristics of PDMs

Municipality	By whom	Year	Financed by
Yotala	Consultancy	1999	Dutch Embassy
Poroma	Consultancy	1999	PDCR-II; Mun. of Poroma
Sopachuy	NGO	1994	FIS/SNDR
	NGO	1998	PDCR-I
Presto	NGO	1997	PDCR-I
Monteagudo	NGO	1995	FIS/SNDR
	Consultancy	1997	PDCR-I
Huacareta	NGO	1995	FIS/SNDR
	Consultancy	1999	PDCR-I

Source: PDMs municipalities.

The reason for this shift is that in 1994/5 the planning strategy was still in its infancy. Knowledge of participatory planning was absent and there were few consultants available who had obtained experience with this kind of work. NGOs took advantage of this situation, supported by the long experience they had in rural areas. The eagerness of NGOs to engage in the drafting of PDMs was also inspired by the profits they can gain, since NGOs can put their own projects in the PDM, thereby securing funds. The main criteria for the selection of consultants for the design of the PDM are knowledge of the region and participatory planning, the availability of a multidisciplinary team and the availability of own resources. This last criterion is important, as the contracted entity receives the sum in three parts, and thus has to have some financial reserves at its disposal. The stringent guidelines might also be a reason for the observed shift to consultants as executing entities, since especially NGOs complain about the complexity of the guidelines and the number of forms that have to be filled in.

Some municipalities (*e.g.* Sopachuy, Monteagudo and Huacareta) started to draw up a PDM soon after the implementation of the LPP.[12] Others started only recently, not only because of a lack of funds but also because the municipalities question the sense of such a plan. The *oficial mayor* of the municipality of Poroma mentioned in this respect:

> 'The formulation of a PDM is wasted money. It's nothing more than a listing of schools and health posts, and all communities want such projects. It would be much more efficient to use the sectoral analyses we've already made [by NGOs and the CORDECH] for health and agriculture. These were much less expensive and will do. Moreover, coordination between the different institutes working within the municipality is lacking, as is the case in almost all municipalities. Therefore, the implementation of such a plan will be very difficult.'

In the first phase, the consultant is hired and subsequently identifies the main local actors involved, organises the process and trains the communal *promotores* who are assigned to do the *autodiagnóstico* (self-analysis). According to the guidelines, each OTB should assign two representatives, one of each sex. There are three main categories of *promotores*: those that have been involved in projects of NGOs before, those that occupy functions within the OTB (such as communal leaders, the *dirigentes*) and those performing governmental functions, such as *corregidores*. If an NGO that works in the municipality formulates the PDM, this NGO will prefer *promotores* they have worked with before.

5.5.2 Analysis of problems and demands and priority setting (phase 2)

During the PDM's five-month elaboration period, all OTBs are asked for the specific problems they experience (phase 2: diagnosis of the situation and the problems). This consultation has two elements: a communal workshop and questionnaires sent to a number of households. In the communal workshop, the households of the OTB work on an *autodiagnóstico*. The main elements of this analysis are a sketch with some geographical aspects (*e.g.* the location of houses, rivers, land use and irrigation), a description of the production structure of the community, a sketch with information on the availability of services and roads, an overview of the commercialisation system and a description of the institutions working in the community. Questionnaires are also realised with a sample of households[13] in the community in order to obtain in-depth information about the aforementioned aspects.

Although all municipalities have a PDM, sometimes for several years already, only 27% of the peasant communities in the sample mentioned having being involved in the formulation of such a document, compared with 83% of the neighbourhood organisations. Not one of the indigenous communities was involved in the formulation of the PDM (Table 5.7).

Not only did a limited number of OTBs participate in the design of the PDM, but there are also differences in the proportion of households in the OTBs which participate in the communal workshops.

Table 5.7 Percentage of the OTBs in the sample that participated in the elaboration of the PDM, 1999

	Peasant communities	Neighbourhood organisations	Indigenous communities
Yotala	40	0	n.p.
Poroma	29	0	n.p.
Sopachuy	10	0	n.p.
Presto	8	0	n.p.
Monteagudo	33	100	0
Huacareta	22	0	0

Source: Fieldwork 1998-9

n.p. = not present

In the peasant communities almost all households participate – as is the case in the regular meetings of this type of OTB. The following quote illustrates this:

> 'Of course, all households – men and women – participate in the *talleres* [workshops]. This is important, since we can decide what kind of projects they're going to implement. But the fact is, the women don't say much. They're very shy as they're not used to talking in front of an audience. (…) On that day, someone came to explain the objective of this plan. Then, we had to mention the specific problems we faced in our community, the water that is contaminated, the lack of a school, the women who die after giving birth, all those kinds of problems. We had to split up into groups, and each group had to make a sketch of the community, write down what we produce and where we sell it, what kind of school we have and what kind of organisations work here. After we'd done all that, I had to tell the group what we, our group, had written.'

The limited participation of women is also observed in other OTBs, and is generally explained by the fact that 'they are not used to it'. Women mentioned that they are often ignored in such meetings, and that they would prefer to talk about projects in groups with only women present.

In the neighbourhood organisations often only a limited proportion of households participate, as is the case in Sopachuy, Presto and Poroma. The neighbourhood organisations of Monteagudo are an exception to this, since the attendance of households there is much higher than in the other villages. The three indigenous communities in the municipalities of Monteagudo and Huacareta were not consulted, due to their recent establishment.

To provide more insight into the formulated demands, the OTBs in the sample were asked to mention the three main problems they face (Table 5.8). The two main groups of problems were those related to agricultural production and those related to living conditions. The large number of difficulties in the category 'other' concern such problems as river pollution and health care. Comparing the six municipalities, there are no large differences in the problems encountered.

After analysing the main weaknesses and opportunities of the OTBs in the municipalities, the collected data are analysed. The results are discussed at a municipal level meeting, in the presence of local government, a representative of each OTB – generally the *dirigente* – and the Comité de Vigilancia.

Table 5.8 Frequency of problems mentioned by the three different types of OTBs in the six research municipalities, 1998-9

	Peasant communities	Neighbourhood organisations	Indigenous communities
Chagas' disease	35	-	-
Lack of basic services	30	7	-
Livestock diseases	29	-	-
Accessibility	27	2	-
Drought / rain	25	-	-
Human diseases	20	1	2
Low production	13	-	-
Lack of drinking water	13	2	-
Crop diseases	9	-	-
Insufficient housing	4	2	-
Lack of electricity	2	2	-
Other	16	6	-
Total (n =)	260	22	2

Source: Fieldwork 1997-9.

Representatives of NGOs and the departmental government are not always present in this meeting. NGOs explained this by mentioning the lack of coordination with the local government and the fact that the local government does not tolerate any intrusion by NGOs. Often the departmental government is not represented due to a lack of funds.
This meeting, at which all priorities are set, can be characterised as one of ample discussion, sometimes culminating in conflicts. Because of such conflicts, the municipality of Monteagudo decided to organise two separate meetings, one with all the peasant OTBs and one with all the neighbourhood organisations. Various factors contribute to such a situation. Firstly, many OTBs are disappointed when they realise that there is not enough money to implement all their priorities.

Secondly, and more fundamental, not all the demands of the population can be met, in particular those that aim at more fundamental problems, such as the low agricultural production, climate-related problems, etc. At the central meeting, the local government attempts to show the OTBs that it is difficult to solve such problems under the LPP. Local government often advises the OTBs to reformulate their demands so that it these can be taken into consideration. The community of Chimuri in Poroma, for example, asked for the construction of an irrigation system for 20 households. The local government rejected this with the argument that it was not possible for technical reasons, and advised the renovation of the local school.

Thirdly, the OTBs are of the opinion that they should receive annual funds in proportion to the number of inhabitants in the community. As the *dirigente* of the community of La Joya pointed out:

> 'We have 146 inhabitants in our community. This means that this year a project costing US$ 3,504 can be implemented. But at the meeting they told us that there isn't enough money for that. How can they say that, whilst at the same meeting they decide that the community of Molani – which is much smaller than ours – will get two projects next year, which exceeds the amount they have right to?'

A fourth issue worth mentioning here is the distribution of funds between the neighbourhood organisations and the peasant communities. The latter sometimes

consider this distribution to be unfair, since the former already have a school, a medical centre and much better living conditions.

The problems observed can partly be attributed to the lack of knowledge about the LPP and lack of experience with participatory planning. The implementation of the LPP was accompanied by a number of measures intended to inform the population about the law and its consequences. To disseminate the information on the LPP among the population and local government, the *Unidades de Fortalecimiento Institucional* (Units for Institutional Strengthening – UFIs; see also Chapter 3) were created immediately after the LPP came into force. After the Law on Administrative Decentralisation[14] became operative and the CORDES and the UFIs were dismantled, NGOs – and to a lesser extent, the local and departmental government – took over this role.

Two categories of institutional support can be discerned: informal support and formal support, often in the form of training. With respect to the first, the majority of the OTBs in the sample (75%), particularly the peasant communities, received support in formulating their demands and priority setting. This support came mainly from the local schoolteacher (51%), an NGO (16%) or local government (14%). The remaining 18% consisted of support from the departmental government and the church.

With respect to formal training in the LPP and participatory planning, an average of 37% had not had any training or instruction (Table 5.9).

The role of NGOs as providers of training to the OTBs is remarkable and supports our observation in Chapter 3 that the activities of NGOs had changed as a result of the implementation of the LPP. Their actions shifted from projects aimed at increasing agricultural production and training related to economic activities (before the LPP), to training (when the LPP was launched) and support to participatory planning and priority setting after the LPP.

Table 5.9 Participation in training of OTBs, in percentage of total OTBs in the sample, by type of provider

	Yes, provided by				No	Total
	Local government %	NGO %	Prefectura %	Other %	%	%
Yotala (n = 17)	20	26	26	7	21	100
Poroma (n = 23)	24	33	14	5	24	100
Sopachuy (n = 12)	9	18	0	27	46	100
Presto (n = 13)	0	31	15	15	39	100
Monteagudo (n = 21)	19	19	14	14	34	100
Huacareta (n = 14)	10	0	0	20	70	100

Source: Fieldwork 1997-9

The departmental government plays a relatively important role in Yotala, which can be explained by its location close to Sucre, which is the seat of the departmental government. The high percentage of help in the category 'other' in Sopachuy refers to the peasant *sindicato*. Here, the *centralía* (the representation of the *sindicatos* at the provincial level) organised the training in the LPP. In Huacareta, the 20% in the category 'other' refers to training by a German priest who was based in the village.

If we compare the training aspect in the six municipalities, we see that in Huacareta, and to a lesser extent in Sopachuy, a relative high proportion of OTBs received no

training at all (70% and 46%, respectively). The lack of NGOs working in the municipality, the uneven social relations and the reluctant attitude of the local government in Huacareta probably explain this situation. In Sopachuy, however, the relatively small proportion of OTBs that have received training is difficult to explain, since there are many NGOs and relatively well-organised peasant *sindicatos* working in this municipality. The only possible explanation is that the *centralía* aimed the training at a specific group of OTBs. In addition to training in the participatory planning methodology, a considerable number of OTBs receive some support from external actors in the formulation of their demands, namely 60% of the peasant communities and 29% of the neighbourhood organisations (but 0% of the indigenous communities). Within the peasant communities, the local teacher occupies a central position with respect to the formulation of demands (53%). NGOs provide support in 16% and mayors in 17% of the peasant communities. The local government is the main provider of support to neighbourhood organisations.

5.5.3 Formulating the development strategy (phase 3)

After discussing the needs and priorities, the development strategy document is prepared (phase 3: the design of the PDM). Most strategies consist of two parts. The first encompasses an analysis (*diagnóstico*) of the main features and problems of the municipality at the communal level, such as physical aspects, socio-economic characteristics and the main bottlenecks in health, education and production. In the second part, the demands are translated into project proposals which should be implemented in the next five years. These proposals consist of a project description, the target group and the costs involved and the source of funding.

Despite the fact that all six research municipalities had such a PDM in 1999, only a minority of the OTBs in the sample had been told that such a plan existed (Table 5.10), with Yotala and Monteagudo as the municipalities where OTBs are the best informed.

Table 5.10 Percentage of OTBs that were aware of the presence of a development strategy

Yotala	Poroma	Sopachuy	Presto	Monteagudo	Huacareta
40	29	15	15	48	20

Source: Fieldwork 1997-9

The relatively low figures for Sopachuy and Presto can be explained by the fact that these strategies were drew up by the local NGO, ACLO. ACLO has worked for years in many communities, so the data collection for the design of the PDM was mixed up with the NGO's general activities. Another factor explaining these differences is the fact that the PDM of Yotala was designed in 1999, just before the OTBs were interviewed for this study. This might have resulted in a higher percentage of OTBs being aware if the existence of the PDM.

The existence of a PDM represents a population's first step towards participation in local decision-making. However, an analysis of the translation of these PDMs into annual plans and their implementation shows the limited value of these PDMs. A comparison of the projects appearing in the development strategy (PDM) and those in the corresponding investment plans (POA) shows hardly any correspondence. The municipality of Huacareta is a case in point. According to its PDM, Huacareta planned to implement 125

projects in the period 1995-2000. However, only eight of these projects are included in the POAs of 1995-9 and all of these were implemented in 1995. This also occurred in the other municipalities, for various reasons. The main argument of local governments for not using the PDM is that they dispute its contents, by saying that the PDM was not drafted according to the norms and as such does not represent the actual situation. The frequently changing composition of local governments also contributes to the limited use of the PDM, since local governments refuse to use a PDM which was drafted under the previous government, particularly when that government was affiliated to another political party. We return to this aspect in Chapter 6.

5.5.4 From strategy to plan: formulating the annual investment plan (phase 4)

The analysis of participatory planning in the six research municipalities showed that for most actors (OTBs and local governments) the PDM has only recently gained importance. The annual planning document – the POA – appeared to be much more important for the OTBs in the sample. Since the introduction of the LPP, most OTBs have identified some projects (an average of two projects in five years). These are mainly projects related to education and urban improvement. In the peasant communities, the proposed urban improvement projects mainly concerned the improvement of the roofs of the houses, as a defence against Chagas' disease (Table 5.11).

When comparing the characteristics of the planned projects with the problems of the OTBs (Table 5.8), the lack of coincidence between them is obvious. The observed economic bias in the problems identified is not translated into productive projects. The complexity of the observed problems, such as that of drought, is one explaining factor. On the other hand, this phenomenon is inherent to the principle of participatory planning. Most projects are directed at the community as a whole, and thus benefit all families. As productive projects tend to be directed more at individual households, these are less frequently planned. This is especially the case with the peasant communities. Projects in the neighbourhood organisations are more often targeted at a more limited group of families. Examples of such projects are road improvement or the establishment of a kindergarten, which will only benefit families with children or those who plan to have children.

Table 5.11 Projects planned in the OTBs in the sample in the period 1994-8, by sector in absolute numbers

	Peasant community	Neighbourhood organisation	Indigenous community
Educational infrastructure	52	2	1
Health infrastructure	16	1	
Agriculture infrastructure	6	1	2
Irrigation	10		
Roads	37	5	
Housing improvement	26	2	
Basic sanitation	33	4	1
Sports/culture	9		
Other	19	1	
Total (n)	208	16	4

Source: Fieldwork 1997-9.

In all municipalities, the local government makes some modifications to the annual plan without consulting the OTB concerned. This was the case in the municipalities of Yotala and Huacareta. A leader of a peasant community in Yotala commented:

> 'Last year [1997], it took us three months to elaborate the annual plan. The problem was in the distribution of projects between the town of Yotala [the neighbourhood organisations] and the other OTBs. According to the five-year plan, the town's sewage system would be renewed. Such a project is very expensive and would absorb 90% of the funds available that year, so only a few other projects could be implemented. After long discussions, it was decided to split the sewage project into two parts, over two years, so there would be more funds for other projects. However, when the final annual plan was published, the council had put the sewage project on the roll for one year, so that no other project could be financed.'

In 1997, the OTBs in Huacareta proposed a number of projects, but to their surprise not one of them showed up in the definitive plan. The neglect of popular demands and the lack of transparency led to a situation in which the population is no longer eager to participate in project identification and priority setting. Especially in the municipalities of Poroma and Huacareta, the OTBs complain about the local government's lack of motivation to incorporate their demands. Many OTBs feel they are only considered 'a collection of potential votes', as is illustrated by the following quote:

> 'They [the mayor and some members of the council] only come when they need something from us, our support for a programme, a project, our votes, or our labour. . In election times, they come every week and promise a lot: everything will change once we give them our votes. They even come with beer and coca, to seduce us. But once we give them our votes we will not see them again. They never come when we need them.'

Besides not incorporating the demands, some peasant OTBs complain about the mayor's or the municipal council's lack of interest in rural affairs. This is especially the case with mayors who come from a village and are thus not very familiar with rural problems. They also complain about the local government's lack of flexibility, particularly in relation to the implementation of projects. In 1998, many farmers suffered from a long period of drought. Crops could not be harvested and seed as input for the next year's crop was therefore lacking. Many peasant communities asked the local government to support them with seed donations, or to exchange a planned project (*e.g.* road improvement or the construction of a school building) for the purchase of seed. This was, however, refused by all local governments, with the argument that the planning process did not allow modifications on such a short term.

5.5.5 Participation in the implementation of projects (phase 5)

In most OTBs in our sample, projects have been implemented since 1994, whether or not in collaboration with NGOs or national funds. Table 5.12 gives an overview of the number of projects implemented in each of the three types of OTB.

Table 5.12 Number of local projects implemented in the OTBs in the sample, 1994-9

	0	1	2	3	4	5	Total no. of projects
Peasant communities	19	46	23	8	4	1	108
Neighbourhood organisations	43	-	14	29	14	-	12
Indigenous communities	-	50	50	-	-	-	3

Source: Fieldwork 1999.

The high proportion of neighbourhood organisations that did not have any implemented projects in their *barrio* is remarkable. This can be attributed to the fact that projects implemented in the towns are not always considered (by the *juntas* themselves) as demanded by the neighbourhood organisations. An example of such a project is the construction of the new market building in Monteagudo. The neighbourhood organisations of Monteagudo considered this purely as a project of the market women, not as an improvement of their neighbourhood. Also, the high proportion of neighbourhood organisations without implemented projects can be explained by their relatively small share in funds, based on the number of people affiliated to them.

The projects that were implemented (Table 5.13) largely coincide with the projects that had been planned. The most common project is the improvement or construction of schools. Urban improvement and basic sanitation (principally mains water) ranks second. As can be seen from the table, the implemented projects are directed more at social sectors than economic sectors.

Table 5.13 Implemented projects in the sample OTBs, by sector in %, 1994-8

	Peasant community	Neighbourhood organisation	Indigenous community
Education (infrastrcuture)	34	69	100
Basic sanitation	20	-	-
Urban improvement	14	15	-
Health (infrastructure)	8	-	-
Roads	8	13	-
Irrigation	5	-	-
Sports / culture	5	4	-
Agriculture (infrastructure)	1	-	-
Other	5	-	-
N =	108	12	3

Source: Fieldwork 1997-9.

OTBs sometimes contribute to the implementation of projects, with work, materials and/or money. Peasant communities, in particular, have a long history of performing communal activities, such as working the communal lands or constructing schools. Literature on participation points to the favourable results of the participation of households in the construction of irrigation and road improvement, since the involvement

of households leads to more responsibility for the maintenance of the project. With respect to the contribution of the OTBs to the implementation of projects, there is a difference between peasant communities and neighbourhood organisations (Table 5.14).

Table 5.14 Participation of OTBs in the implementation of projects, as % of total OTBs

	Yes					No
		Kind of contribution (in % of total OTBs that participate):				
		Work	Work and materials	Money	Other	
Peasant communities	92	22	76	2	-	8
Neighbourhood organisations	43	32	-	34	34	57
Indigenous communities	50	-	100	-	-	50

Source: Fieldwork 1997-9.

The contribution from peasant communities consists almost entirely of manual work in the execution of projects, while the contribution from the neighbourhood organisations consists of money. The reason for this difference is simply the fact that peasants do not have any money. The neighbourhood organisations collect money in the form of individual gifts, and by organising *kermesses* (festivities during the town's memorial day), or during the *feria* (special fair). The joint neighbourhood organisations serve drinks and meals, and organise activities for children, such as games. Afterwards, they divide the money they earned and use it to finance projects. Not all members assist in these activities, as a president of a neighbourhood organisation told me:

> 'The attendance of members at the biannual assemblies is very low: hardly 30% attend. The people – the base – is used to having a board that arranges everything (…) People are also very passive, they can be very indolent. An example of such an attitude is the treatment of our houses against mosquitos and vinchugas, offered by a firm specialised in this. Nobody wanted to do this. Well, I did, but as both my neighbours didn't, it was useless. People are very well off, too well off, they complain about all the things they have to do. Another example of peoples' lack of willingness was the Christmas breakfast for the children in our neighbourhood, offered by the municipality. Generally, they offer toys, but we thought a breakfast would be more convenient. So, the municipality paid for the sugar, the chocolate and the flour, with which the neighbourhood committee would prepare a breakfast. We did it all with only five people, a hell of a job, because nobody wanted to help.'

5.5.6 Evaluation and adjustment (phase 6)

According to the Participatory Planning Methodology, the implementation of the development strategy should be regularly evaluated and, when necessary, be adjusted. The local government should take the initiative for this evaluation, but the guidelines remain rather vague about the way of doing this.

In practice, the majority of the municipalities in the study area did not evaluate the contents of the development strategy. The fact that most municipalities have only recently prepared such a strategy and just started the implementation of projects certainly

has much to do with this. Also, as we observed before, some municipalities question the sense of such a plan and consider it more a prerequisite for receiving funds than a useful way for efficient planning. Adjustments are therefore considered as a time and money-consuming activity. When OTBs request alternative projects (*e.g.* the supply of seed after a period of drought), municipalities often decline such requests, for the reason that adjustments in the development strategy would not be allowed.

The development strategy of Monteagudo elaborated in 1997 by the NUR University was evaluated once, at the end of 1999. This evaluation was foreseen in the initial agreement on the elaboration of the plan. The evaluation was also carried out by the NUR, and involved a couple of municipal meetings with the leaders of all OTBs. As a result, some adjustments in the strategy were made, such as the provision of a bus terminal and activities aimed at the training of OTB-leaders. The evaluation left the main contents of the initial strategy remained intact.

5.6 Perceptions of participatory planning

We asked the leaders of OTBs in the six municipalities about their perception of the process of participatory planning in their municipality. Almost 45% regarded planning as a participatory process, but 30% called it a matter for the mayor and municipal council, because the ultimate decision on which projects would be part of the POA was taken by these actors.

Another indication of how participatory is the planning process is the degree to which the leaders of the OTBs are informed by the local government about the outcome of the planning, *i.e.* the contents of the definitive POA. Fifty-two percent of the leaders said they had not been informed about the contents of the POA, 40% had been informed and 8% did not know, mainly because they were not in office at the time. Neither did the majority receive a copy of this plan. Information on the final annual planning document also appeared to be scarce, since 51% of the leaders had not been informed. Again, leaders of the neighbourhood organisations are better informed than the peasant communities.

For the purpose of this study, it is interesting to analyse whether the presence of a peasant mayor makes any difference to the leaders' perceptions of participation. Asked who makes the ultimate decision on the POA, 73% of the leaders of OTBs in Sopachuy said the decision involved everyone. In contrast, 80% of the leaders of OTBs in Huacareta said that this decision was made by the mayor and the council. Peasant communities with a campesino mayor seem to be better informed. This is the case in Sopachuy and Poroma, where 60% of the OTBs had received information on the definitive annual plan. In the other municipalities, with urban mayors, the share of OTBs that had received such information was 35%.

5.7 Summary and conclusions

In this chapter we discussed the different ways of popular participation in the context of decentralisation and the difficulties that accompany this participation. The population can participate in five ways in local decision-making: by voting, by being elected as council or mayor, by participating in the Comité de Vigilancia , through the OTBs in priority setting, and the implementation of projects.

It was shown that indirect participation by means of electing the local government has gained popularity since 1994, as the turnout of voters increased in this period. This may indicate that population feels more involved in local affairs. Direct participation –

expressed by the relative number of formally excluded segments of the population now holding positions in local government – increased in the municipalities of Presto, Sopachuy and Poroma, but in the municipalities of Huacareta and Monteagudo it is still the traditional elite that controls local government.

The third way, participation in the Comité de Vigilancia, is related to the issue of accountability. The Comité de Vigilancia, a representation of the population in the municipality, was established in 1994 to ensure the accountability of local government. The committee is charged with overseeing the local government's use of funds. Although such a committee has been established in all municipalities, their performance was disappointing. The main factors behind this are the troubled relationship with local government (mayors and the municipal council do not want to be controlled) and the lack of funds to properly perform their role.

The fourth option for the population to participate is via one of the three types of OTBs, that is, the peasant communities, the neighbourhood organisations and the indigenous communities. The peasant communities are the dominant OTB in the municipalities, followed by the neighbourhood organisations. Indigenous communities are only present in the municipalities of Monteagudo and Huacareta. Although the LPP recognises the different customs and values of these organisations, they are all expected to fit in the same procedures to plan and implement projects. Because of differences in the organisational structure and historical factors, the peasant communities can be considered the strongest OTBs, because they score high on aspects of participation of the members and participatory planning. The indigenous communities have only recently been established and have weakly developed social organisations. The neighbourhood organisations can be characterised by their members' very low attendance at meetings.

One of the specific aims of the LPP was to increase the participation of women in local decision-making. The data presented in Section 5.1.4 showed that the position of women in all three dimensions of participation (indirect and direct political participation and involvement in OTBs) hardly improved during the period 1994-2000. The participation of rural women in elections is low, and women are absent from local governments. The participation of women in OTBs is very low in the peasant communities, since women do not have the right to vote. The position of women in peasant communities contrasts with that in neighbourhood organisations, since these are often led by women.

Since 1997, participatory planning has been institutionalised in the Bolivian municipalities. Within this methodology several phases can be discerned, resulting in the development strategy. In all municipalities the preparation of the PDM was contracted out to an external consultant. With respect to the implementing entity, a shift has occurred from NGOs to external consultants. The involvement of NGOs in the preparation of PDMs offers both advantages and disadvantages. For NGOs, this is a way of acquiring additional funds both directly and indirectly, since they have the opportunity to influence the projects to be planned.

Theoretically, the participation of the population is most dominant in the second and third phase of participatory planning, respectively analysis and priority setting and the definition of the development strategy, including the projects to be planned. The main problems identified by the OTBs are related to economic activities. This economic bias is, however, not translated into planned and implemented projects, as these are aimed at the improvement of social living conditions. This can be explained by the fact that communal consensus and benefits are important. Moreover, in the process of priority setting, local governments often have to persuade the OTBs that many demands are not viable, since these address more structural problems.

Training appears to play a determining role in participation, planning and implementation. It appeared that many, though not all, OTBs had received training, with Huacareta and Sopachuy lagging behind. NGOs are the most important providers of training, which illustrates the shift in their activities.

Although at the national level strong emphasis is put on the elaboration of the development strategy, the OTBs attach much more importance to the design of the annual plan. This can be attributed to the fact that during the fieldwork period (1998-9), the development strategy had not been elaborated according the participatory planning methodology. Another factor is the limited follow-up to the development strategies by the local government, leading to a distrust among the OTBs with respect to midterm planning. They perceive the annual planning as being much more concrete.

Although participatory planning is an important aspect of the LPP, for the OTBs the implementation of projects is much more important. In the majority of the sampled OTBs at least one project has been implemented since 1994. Most projects concern social sector investments, such as education and health infrastructure, and basic sanitation.

With regard to the contribution of OTBs in the implementation of projects, there is a difference between peasant communities and indigenous communities, on the one hand, and neighbourhood organisations, on the other. The majority of the first two types of communities often contribute to the implementation of projects with work and materials, while the neighbourhood organisations contribute much less. When the neighbourhood organisations contribute to the projects, it is often in the form of money. This difference can be attributed to the fact that peasant communities have a rich tradition of communal participation in projects, while households in the villages are generally wealthier.

To sum up, we may conclude that decentralisation in Bolivia empowered the rural population and gave them considerable more influence on the process of making decisions about public investments. Although there are still several bottlenecks to solve, such as lack of knowledge and conflicts between the urban centre and surrounding rural communities, the model certainly has a surplus value in terms of participation compared to the situation before 1994. Large differences exist, however, between the three types of OTBs with respect to participation in organisations and implementation, while the population does not really cherish the participatory planning methodology (*i.e.* the bottom-up development of five-year plans). The *Comités de Vigilancia*, although a representation of the population, do not function well, due to lack of political will and practical obstacles.

Notes

1. A rural mayor is someone who lives in a peasant community.
2. The relevant passage states: 'Cumplido por lo menos un año desde la posesión del Mayor que hubiese sido elegido conforme al párrafo 6 del artículo 200 (entre los dos más votados, si no hubiese mayoría absoluta), el Concejo podrá censurarlo y removerlo por tres quintos del total de sus miembros, mediante voto constructivo de censura, siempre que simultáneamiente elija al sucesor de entre los concejales. El sucesor así elegido ejercerá el cargo hasta concluir el período respectivo. Este procedimiento no podrá volverse a intentar sino hasta cumplido un año después del cambio de un mayor, ni tampoco en el último año de gestión municipal' (República de Bolivia, 1995, Capítulo V, Título Sexto, Artículo 201).
3. Examples of such cases are that of Lopez in Huacareta, Guzman in Monteagudo, Davila in Presto and Michel and Torres in Poroma.
4. Interview with the mayor of Sopachuy May 1997.
5. Orellana (2000, p. 187) mentions with respect to the functioning of the *Comités de Vigilancia*: 'The possibilities for cooptation, subordination or instrumentalisation of the Committee by the official parties through clientelism or pre-bends loom large. In fact, by now it has become clear that in many

municipalities the Vigilance Committees, if they function at all, are mere appendices of the political parties ensconced in the municipal governments.'

6. See also Ardaya (1998) for an analysis of the difficulties Comités de Vigilancia are faced with.
7. Interview with the president of *neighbourhood organisation* Naranjos Monteagudo.
8. Interview with the CSUTCB, Sucre, May 1997.
9. Schalkwijk (2001) observes in a study on neighbourhood organisations in El Alto, Bolivia, that participation is highest in those neighbourhoods that are not yet consolidated. See also Clisby 1998.
10. The second phase (1999-2003) is directed at improving municipal investment.
11. Interview with Lic. R. Porcel, director PDCR-Chuquisaca, 20-11-1998.
12. The fact that these municipalities already had some experience with micro-regional planning, introduced by NGOs working in the area, undoubtedly played a role in this.
13. The sample is based on the following criteria: if the total population comprises 10 or fewer households, 1 questionnaire is used. Between 10-20 households, 2 questionnaires are used; between 20-40 households: 3 questionnaires; more than 40 households: 4 questionnaires (Ministerio de Desarrollo Humano/SNPP 1997).
14. See Chapter 3; this law regulates the functions of the departmental level.

6 DECENTRALISATION AND LOCAL DEVELOPMENT

While driving through rural Bolivia, one passes numerous small wooden billboards at the side of the road. These billboards announce the implementation of public works in the municipalities, mentioning the name of the contractor, the financing entity and the kind of project. The boards and the projects they refer to are an illustration of the implementation of the LPP in Bolivia. As said in Chapter 2, the implementation of decentralisation policies is often inspired by economic motives. By transferring responsibilities to lower levels, planning in public policy can become more effective and public funds can be allocated more efficiently. Furthermore, decentralisation is believed to have a positive impact on public policy in that projects implemented by lower levels of government respond more and better to local development-related demands. This chapter deals with this theme, by analysing the impact of decentralisation on local development in the six research municipalities.

The first section provides an insight into the development strategies. Next, we present an overview of the financial position of the six research municipalities and analyse the performance of the six local governments in managing the planned budget. Section 6.4 focuses on the main characteristics of the investments made by local governments in the six research municipalities, whilst Section 6.5 analyses where these investments were made. Finally, we analyse whether a multiplier effect occurs as a result of the implementation of the LPP. We do so by highlighting the effects on employment in the construction industry.

6.1 Development strategies

In the first years after the introduction of the LPP, the municipalities in the study area focused on the formulation of the yearly action plan (the POA). According to the mayors of the six municipalities, they experienced many difficulties in elaborating these plans. In the first years, 1994-5, the population was not always organised in OTBs and often lacked the knowledge to understand the purpose of the LPP and the concept of participatory planning. As a result, the first POAs often had an ad-hoc character, and were 'shopping lists' rather than thoroughly discussed products of participatory planning. It was obvious that the formulation of POAs could not serve as a solid base for medium-term planning. The national government therefore stressed the importance of formulating plans in which municipal development over a longer period was planned: the five-year PDMs. The idea was that once general policy lines had been developed, it would be easier to elaborate the annual plans. All Bolivian municipalities were obliged to have a PDM by 1 January 1999, on pain of not receiving money from popular participation funds.[1] In Chapter 5 we paid attention to the participation of the population in the preparation of the PDMs. In this section we focus on the contents of these plans, paying special attention to their development objectives.

PDMs are usually formulated by a consultant (hired by the municipality) who prepares the plan, with input of the local government and the population organised in OTBs. Improving the population's quality of life (generally defined as an increase of income) is the main objective of the PDMs in all research municipalities. A more specific aim is to bring man and nature in balance, as is the case with the PDM of the municipality of Sopachuy. The PDM of Huacareta is different in emphasising the process of participatory

Figure 6.1 Billboards in Poroma announce the execution of projects in three peasant communities, the construction of mains water.

planning. This PDM aims at introducing participatory planning into all communities and stresses the need to train local agents to this end. The development of information systems and technologies for planning and facilitation of the deliberation process between communities and institutions are also mentioned in this regard. As such, the planning process in Huacareta is considered more a goal in itself than an instrument.

Improving the infrastructure in the social sector and road improvement have priority in the development strategies. Increased agricultural production is a second aim of the development strategy in all the research municipalities. Instruments to achieve this include an improvement of production infrastructure (*e.g.* irrigation and storage facilities), improvement of access to credit and diversification of production. The PDMs of Sopachuy and Yotala specifically mention the training of peasants, and that of Sopachuy the coordination of public and private institutions. The PDM of Monteagudo is the only one that attempts to look somewhat further. It mentions explicitly the existence of planning documents at the central and departmental level, and tries to elaborate these into practical planning strategies at the local level. This is also the only plan that clearly discerns general objectives, strategies, policies and activities.

Table 6.1 Total number of projects in PDMs, % of total that concern production-oriented projects and % of projects in PDMs incorporated in the annual plans

	Number of projects in abs. number	production-oriented projects as % of total projects in PDM	projects of PDM in annual plans (POAs) as % of total projects in PDM
Yotala			
PDM 99	230	30	47
Poroma			
PDM 99	155	43	23
Sopachuy			
PDM 94	22	41	16
PDM 98	130	32	42
Presto			
PDM 98	172	25	45
Monteagudo			
PDM 95	254	27	10
PDM 97	152	29	18
Huacareta			
PDM 95	125	14	6
PDM 99	45	8	44

Source: PDMs and POAs municipalities.

Note: Some municipalities started relatively early with the eleboration of PDMs, and updated these PDMs recently.

The majority of the projects in the development strategy of the municipalities is directed at the social sector and road infrastructure. The share of production-oriented projects in the total number of programmed projects in the development strategy (Table 6.1) is relatively small. All municipalities, except Huacareta, comply with the condition of central government that at least 25% of all expenditures have to be invested in production-oriented projects, excluding road infrastructure. Almost all programmed

production-oriented projects concern infrastructural improvements in the agricultural sector, such as micro-irrigation projects, storage yards for agricultural products, veterinary services and the supply of seeds.

It is remarkable is that particularly in the early PDMs (*i.e.* those elaborated in the period 1994-6), only a small percentage of the programmed projects actually show up in the yearly plans (POAs). A comparison of the projects appearing in the PDMs with those in the corresponding POAs shows hardly any correspondence (see the third column in Table 6.1).

The lack of coincidence between the medium term development strategy and the yearly plans is confirmed by a study by Barragán and Fernandez (1999) involving 101 Bolivian municipalities. They found that only 34% of the projects in the POA were incorporated into the PDM.

A first explanation for this lack of correspondence between medium-term (PDM) and short-term planning (POA) lies in the lack of financial resources, as municipalities do not manage to find the required counterpart of one of the external funds.[2] This is related to both external and internal factors. The mayor of Presto mentioned in this regard that a request for co-funding from the Prosabar fund for piped water systems was rejected because the proposal was poorly formulated. The consultant hired to prepare the project profiles had insufficient knowledge to do this, and the municipality, in turn, lacked the knowledge to control it. The funds also follow bureaucratic procedures, causing delays in payments of months and sometimes even years.

A second explanation for the lack of correspondence between the PDMs and POAs is the highly politicised governmental culture. The frequent change of local government, as shown in Chapter 5, provides an example. Since most mayors want to leave their mark on local policy, the policies of former local mayors and councils are rejected. On the other hand, the politicised character is expressed in the relationship between local governments and the departmental and national governments. Representatives of the departmental government in Sucre publicly admitted that requests for support from a municipality affiliated to a different political party are put on the bottom of the pile.

A third explanation is that some local governments consider the PDM as a pure means to secure funds from the central government. Perceived in this way, planning forms a goal in itself, instead of an instrument for local development.

In sum, we may conclude that the 5-year PDMs did not provide the solid basis for medium-term planning they were intended for. Lack of financial resources, a highly politicised governmental culture and not taking PDMs serious as planning instruments make that the early PDMs, in particular, were not translated into yearly development plans or projects. This poor match between PDMs and POAs indicates a failure of the participatory planning methodology. The use of the PDM as a development strategy is considered to be the responsibility of the municipality itself and no regulations exist to guarantee its deployment.[3] As mentioned in Chapter 5, the Comité de Vigilancia does not have the power to oblige local government to implement the PDM.

Nevertheless, support from the PDCR[4] in getting access to national funds provides an incentive for municipalities to implement PDM-related projects, since such support is only offered for projects that form part of the PDM.

6.2 Generating funds

As we already made clear in foregoing chapters, the amount of available funds determines a local government's investment capacity and the opportunities for

contracting a larger and more qualified civil staff, hereby facilitating local development initiatives. This section analyses and explains the financial position of the six research municipalities and the impact it has on local investments.

During the period 1995-2000, all research municipalities experienced an increase in the total budget (Table 6.2). Several peaks and drops can, however, be observed in this period. In 1997, the budget of all municipalities except Yotala and Poroma doubled compared to 1996. This increase can be attributed to the transfer of projects of the ex-CORDECH to the municipalities, as a consequence of the Law on Administrative Decentralisation coming into force. In 1998, all municipalities (except those of Monteagudo and Poroma) experienced a decrease of the municipal budget compared with that of 1997. The main reason for this decrease was the reduction of the aforementioned transfer of funds from the departmental to the local government. The municipal budget comprises the following sources, all of which are discussed in this section:

a. LPP-funds supplied by the central government, the *co-participación tributaria*, a percentage of the national tax income. As is shown in Figure 6.1, the amount allocated to the municipalities under the LPP increases steadily every year. In 1994, each municipality received US$ 9.8 per inhabitant, an amount that increased to US$ 35.2 in 1999. In 2000, the absolute amount of LPP-funds reduced, due to a reduction in national tax income.
b. Own resources. These can be divided into the sale of goods and services, tax income (property, vehicle, patents, and other taxes) and non-tax income (fees, fines, tolls, interest and other rents).
c. Contributions from OTBs in the form of work and materials which can be translated into money.
d. Contributions from NGOs.
e. Other governmental funds: funds supplied by the national and departmental government to pay the wages of public employees, especially in the local health and education sector.
f. National funds: credit and donations. Municipalities can apply for counterpart finance from one of the three national funds:
   - FIS (*Fondo de Inversión Social*), which co-finances projects in the social sector, mainly health, education and basic sanitation.
   - FDC (*Fondo de Desarrollo del Campesinado*), which co-finances projects with a productive character aimed at improving the agricultural sector in rural areas, through investments such as in market buildings, road improvement and irrigation.
   - FNDR (*Fondo Nacional de Desarrollo Regional*), which mainly co-finances projects in the production sphere, such as improvement of marketing facilities etc.
g. Other funds.

Table 6.2 Total programmed budget of the research municipalities, in $US, 1995-2000

	1995	1996	1997	1998	1999	2000
Yotala	327,962	509,622	303,813	718,324	775,226	1,042,642
Poroma	436,403	824,326	536,926	1,148,333	2,024,994	1,593,957
Sopachuy	169,249	384,630	873,055	735,280	678,965	714,157
Presto	169,259	487,581	1,425,224	583,699	654,864	1,251,019
Monteagudo	1,919,910	1,828,976	2,216,538	3,261,732	3,952,506	2,102,261
Huacareta	575,517	454,999	816,948	710,150	693,130	1,008,936

Source: Annual programming six municipalities 1995-2000.

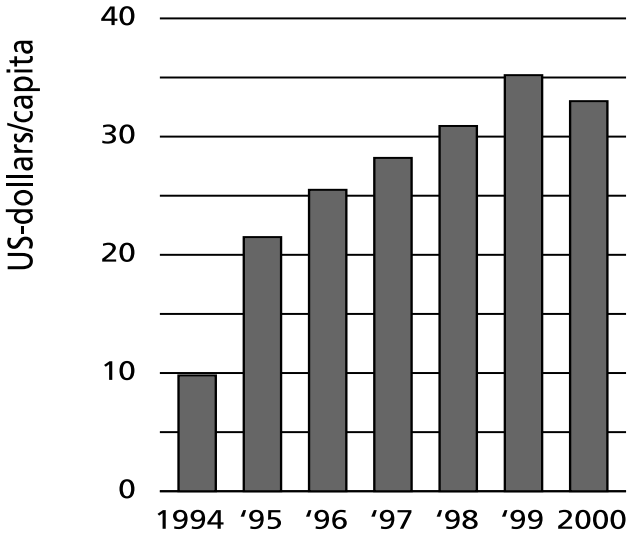

Figure 6.2 LPP-funds transferred to all municipalities in US $/capita, 1994-2000. Source: SNPP, 2000.

Table 6.3 presents the composition of the programmed budget of the six research municipalities in the period 1995-2000, with respect to these different sources. A number of observations can be made with respect to the information in this table.

Table 6.3 Composition of the budget of the six research municipalities, 1995-2000, as % of total budget[2]

	Internal funds			External funds				
	LPP	Own	OTBs	NGOs	Government[a]	Funds	Other	Total
Yotala	41	5	3	15	5	28	3	100
Poroma	42	0	3	8	8	34	5	100
Sopachuy	29	1	5	36	7	16	6	100
Presto	28	1	5	35	8	22	1	100
Monteagudo	30	5	2	14	8	39	2	100
Huacareta	43	2	2	7	10	34	2	100

Source: Financial records 1995-2000 municipalities.

[a] = departmental as well national government

[2] See for a detailed overview of the individual years Appendix III-Tables III.1-III.6.

A first observation is that the LPP-funds stemming from the *coparticipación tributaria*, which account for 28-43% of the annual budget, are not the only source of income for the municipalities. This indicates that the research municipalities are able to mobilise other financial resources. When considering the individual years, a tendency towards a decreasing share of LPP-funds is observed (see Appendix III).

One such alternative source of income is the mobilisation of own resources. Own resources consist mainly of taxes on production – such as on *chicha* (maize beer: US $3 tax per gallon) and leather (US $9 tax per coat) – and on retail sales. The introduction of taxes is not a popular measure and many producers refuse to pay them. From a political perspective, it is therefore difficult to implement. Although preparations have been made to levy taxes on all property, taxes are thus far levied only on urban property such as

land. However, this is only done in Monteagudo and Yotala, since levying taxes is rather complex, due to a lack of a register of property (*catastro*). The share of own resources in the municipal budget ranges from zero to 5%, with the highest shares in Yotala and Monteagudo. Taking into consideration the main characteristics of both municipalities, it appears that these more commercialised villages have more potential to generate own funds. Nevertheless, it was observed that also the other municipalities recently started levying taxes.

In addition to LPP-funds and own resources, the contributions from OTBs constitute another source of income for the municipalities. The contribution of peasant communities is generally paid in kind and then, translated into bolivianos, incorporated in the annual budget. The contribution from the peasant communities may comprise work, food, offering shelter, etc. Neighbourhood organisations generally contribute in cash. Although almost all OTBs are involved in the implementation of, mainly infrastructural, projects, the share of this support in the municipal budget is low, ranging from 2% in Huacareta to 5% in Presto. The share of this source decreased slightly during the period 1995-2000. Local governments indicated that they prefer to execute projects without this contribution from OTBs. Motives against involving OTBs include the difficulties in organising projects and the fact that *comunarios* do not stick to the agreements. They sometimes do not show up and work less than agreed. A last factor limiting the participation of the *comunarios* in the implementation of projects is their lack of knowledge and experience with the technical aspects of project implementation.

This description shows that the share of internal funds (popular participation funds, own resources and the contribution from the OTBs) is an important component of the budgets of the municipalities. Besides internal funds, the acquisition of external funds from NGOs, the departmental government and national funds, forms an important source of income for the research municipalities. During the period 1995-2000, external funds accounted for more than half of the municipal budget. The two main sources of external funds are NGOs and national funds, such as the FIS, the FDC and the FNDR. With regards to the principal source of external funds, the six municipalities in our sample can be divided into two groups. In the budgets of the municipalities of Sopachuy and Presto, NGOs are the main providers of external funds. For the budgets of the other four municipalities, national funds are much more important. The main differences between the contribution of NGOs and national funds are that NGO funding involves smaller amounts of money and that access to NGO funds is relatively easy, since in most cases NGOs and local governments know each other quite well, and that administrative lines are relatively short. Obtaining access to the resources of national funds is relatively difficult, due to complex application procedures. Application is also a rather time-consuming process, since the period between sending the application and the final approval can take up to 20 months[5].

Political differences play a role in the access to funds, as does lack of knowledge of the procedures. As mentioned in Chapter 4, the capacity of small rural municipalities to attract qualified staff is limited and it is therefore mainly the young, less experienced professionals who work in these municipalities. This was also the case in the municipality of Poroma until in 1998, when it decided to contract the former *oficial mayor* of the city of Sucre. This person had ample experience with the acquisition of funds and in exchange for a more than modest salary he arranged several long-term contracts with national funds.

Figure 6.3 Latrines in Yotala, constructed with LPP-funds.

In sum, the availability of funds, hence investment capacity, increased considerably since 1994, especially for the rural municipalities. The contribution of LPP funds and tax incomes to the total budget is important, but access to national funds and funds from NGOs increased substantially. In the next section, we will highlight the kind of investments that are made with these budgets.

6.3 Main characteristics of local investments

The implementation of the LPP in Bolivia meant an enormous increase in the investment capacity of local governments. Immediately after the LPP came into force in June 1994, bank accounts were opened for the new municipalities to receive the LPP-funds channelled by the central government. A substantial part of these funds had to be invested in projects according to the system of participatory planning. We already noted in Chapter 5 that the problems of the OTBs in the research municipalities, which consist mainly of peasant communities, were mainly directed at increasing the agricultural production. Table 6.4 shows the investments by sector the local government made in the six municipalities in the study area in the period 1995-9. Social sector investments dominate, with a substantial proportion of the funds being invested in education, health and basic sanitation. Within the education sector, the construction and improvement of schools were the most important projects. When the LPP was launched, the state of most rural schools was deplorable: many rural communities lacked a school building and classes often were held in small, one-room adobe buildings. Equipment was often limited to wooden benches without writing desks, and school utilities such as books and pencils were absent. The situation with regard to health services was more or less the same: most communities had no health posts and only limited facilities.

The construction and improvement of local rural roads[6] is a second important sector. Ninety-five percent of the vital infrastructure in all the research municipalities consists of tracks. During the rainy season these tracks are vulnerable to washouts and, consequently, many of them are accessible only in the dry season. Municipalities usually start improvement activities around April each year.

A third important category is that of urban improvement. Projects within this sector include improvement of the central square, construction of community buildings and the maintenance of streets within the town.

Institutional strengthening is a fourth category and comprises training of local government officials, leaders of the OTBs and members of Comités de Vigilancia. The figures for the municipalities of Sopachuy and Presto, and to a lesser extent also of Huacareta, show a relative high share of the sector 'unspecified', *i.e.* projects that are specified neither in the budgets nor in the balances of the implemented projects.

Investments aimed at the agricultural sector – the main source of income for the rural households in the study area – are relatively low. This means that the problems of the majority of the OTBs in this field are not translated into projects. The projects implemented in this sector mainly involve improving the production infrastructure by, for example, constructing irrigation systems, storage facilities for cash crops and dykes to protect agricultural land from flooding. 'Energy' refers to the construction of electricity systems, and 'communication' to the provision of radio systems in rural communities. Industry and tourism projects are directed at the provision of facilities (*e.g.* mills) and the promotion of tourism, respectively. The sector sports and culture has two main components: the construction of playing grounds and the organisation of cultural manifestations.

Table 6.4 Investments per sector as % of total investments, 1995-9

	Yotala	Poroma	Sopachuy	Presto	Monteagudo	Huacareta
Social sector						
Education	30	32	21	18	26	18
Health	12	8	7	4	8	10
Sport and culture	4	4	3	1	3	1
Basic sanitation	14	12	4	5	5	2
Communication	0	1	1	0	0	0
Productive sector						
Agriculture	5	4	8	4	4	1
Industry and tourism	0	0	1	0	6	0
Roads and urban infrastructure						
Roads	9	31	10	26	16	22
Energy	1	0	0	1	1	3
Urban improvement	3	12	5	5	5	9
Other						
Institutional strengthening	2	8	12	4	6	11
Other	1	0	2	3	2	0
Local administration	19	7	11	9	12	9
Unspecified	0	6	14	18	5	12
Total investments in US $	1,033,354	1,883,933	2,150,433	1,503,396	6,017,231	1,820,552
	100	100	100	100	100	100

Source: Implementation reports of the municipalities, 1995-9.

Table 6.4 covers the period 1995-9. An analysis of each individual year shows that investments in education and roads remain high, and that investments aimed at institutional strengthening gained importance after 1997 (see Appendix III-Table III.7-12). Investments in health and basic sanitation (*e.g.* the construction of sewerage systems and toilets) decreased slightly. This indicates an investment pattern that is strongly aimed at infrastructural projects, with an emphasis on the social sector. This is confirmed by a comparison of investments in production-oriented and non-production-oriented projects. Production-oriented projects are those directed at strengthening the agricultural sector of a municipality. Examples are projects in the agricultural sector (irrigation), marketing and commercialisation, veterinary services, seed supply, forest management and non-agricultural, alternative employment (such as weaving and pottery). In this study, roads are not considered production-oriented investments, nor are investments in education, health, sports, culture or urban improvement. Table 6.5 shows the share of production-oriented projects in the total costs of implemented projects.

The share of production-oriented projects in overall total investments over the period 1995-9 is very low (ranging from 1.4% in Huacareta to 11% in Monteagudo) compared to that in non-production-oriented projects. If the average cost per production-oriented project is compared to that of each non-production-oriented project, the costs of the former are only a quarter to one-third of the latter.

Table 6.5 Share of production-oriented projects in % of total investments

	1995	1996	1997	1998	1999	Mean
Yotala	0	0	1	8	5	4.9
Poroma	0	0	1	3	7	3.6
Sopachuy	3	11	20	3	5	6.7
Presto	7	4	9	7	2	4.6
Monteagudo	16	20	20	3	7	11.0
Huacareta	2	2	0	2	1	1.4

Source: Implementation reports municipalities.

Thus, investment patterns in the six research municipalities can be characterised as directed mainly to infrastructural projects, with an emphasis on projects in the social sector – education, health and basic sanitation, sports and communication - in terms of costs and absolute numbers. These findings contrast with the problems experienced by the population as presented in Chapter 5, which mainly relate to the production sector. Findings of the UIA (1998) show a similar divergence of demand and implementation with respect to production-oriented projects. In their study of 98 Bolivian municipalities, they found that 36% of the problems of OTBs were in the agricultural sector. However, only 3% of investments were made in this sector. The dominance of social sector investments can be attributed to several factors. First, especially during the first years of the LPP, most municipalities were not aware of their possibilities to promote and/or stimulate local economic development. This was enforced by the fact that originally the Lozada government had presented the LPP as a law that improves the social living conditions of the population, thus underestimating the opportunities the law offers for local economic development. In 1997, the Bolivian government tried to correct this by imposing various conditions on the investments of local governments, such as the rule that 30% of all funds stemming from the co-participation funds should be invested in the social sector, 6% in basic security and 25% in the production sector.

Second, the lack of consultation with the private sector, cooperatives and representatives of farmers (*i.e.* producers' associations) in the participatory planning process is another important factor, as noted in the previous chapter.

A third explanation is in the lack of technical capacities among the administrative staff of the municipalities. Production-oriented and technical assistance projects are generally complex to implement (UIA 1998, p. 79), while the construction of a small school building or health post is much easier.

A fourth explanation is related to elections. During the run-up to elections, mayors are primarily concerned with improving their image and thus try to execute as many projects as possible. Since projects in the social sector are the most visible, these will yield most votes and thus receive priority.

6.4 Performance in implementation

It was noted in Section 6.1 that only a small proportion of the projects programmed in PDMs show up in the POAs. However, this analysis referred to the programmed projects, and a more accurate indicator of the performance of local government is the degree to which planned projects in POAs have actually been implemented. Figure 6.4 shows that

the municipality of Sopachuy has by far the best figures in the implementation of the programmed annual budget, followed by Huacareta and Presto. Monteagudo, Poroma and, to a lesser extent, Yotala have less success in implementing the programmed budget. Porcel and Thevoz (1998, p. 107) found in a study on the performance of 101 Bolivian municipalities similar figures. In these municipalities, an average of 45% of the programmed annual budget was implemented.
Most municipalities, except Sopachuy, experienced a reduction in the share of the programmed budget that is implemented in 1999, compared to 1998. A plausible explanation for this is the frequent change of mayors in this year, leading to an interruption in the implementation of projects.

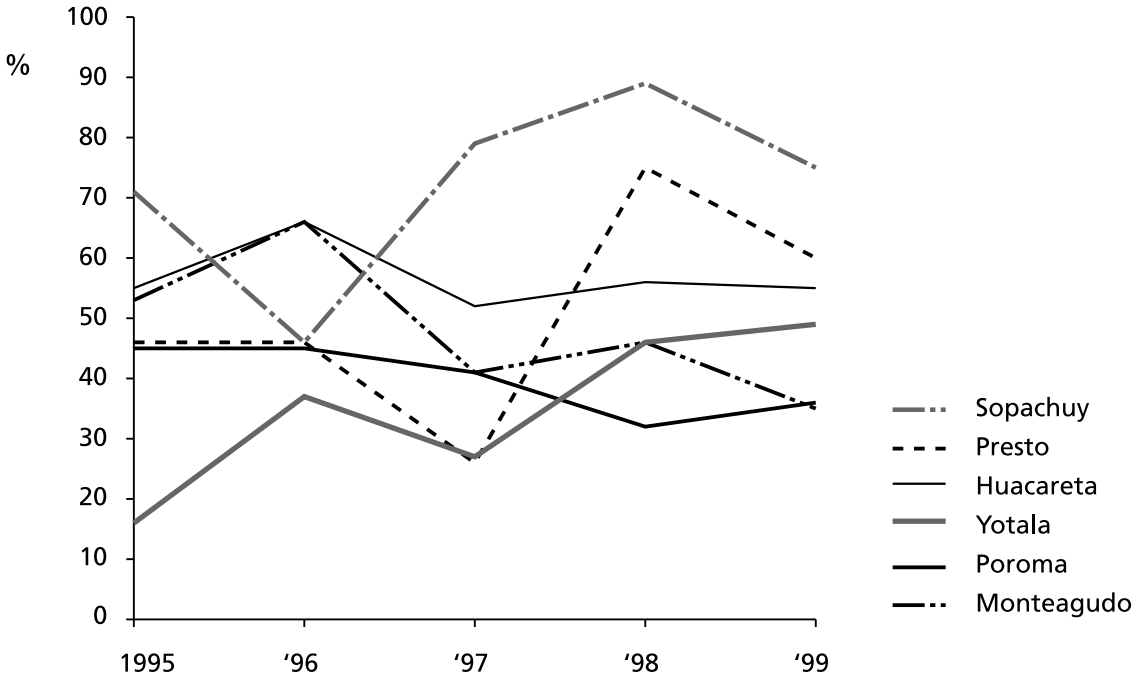

Figure 6.4 Share of programmed annual budget that has been implemented, as % of total programmed budget in the research municipalities

Source: Implementation reports municipalities 1995-9.
See Appendix III-Table III.13 for a detailed overview.

How well a local government performs in the implementation of projects depends on a number of factors. Particularly during the first years of the LPP, the POAs strongly resembled a shopping list: an enumeration of projects accompanied by a randomly chosen amount of budget. The priorities set by the OTBs formed the basis for these plans, but a project profile of the individual projects was not elaborated. Thus the specification of the annual budget was nothing more than a rough calculation. When starting project implementation, it soon became clear that there was not enough budget to implement the project. Moreover, the available LPP-funds were the starting point to finance the projects: when municipalities were short of cash, a project was put under a fictitious post 'FDC' or 'FIS'. This was done without having contacted the relevant fund to check whether a contribution of the fund indeed was possible, meaning that real

support from the funds was very insecure. Afterwards, it often turned out that the hoped for support could not be provided.

Projects almost exclusively financed with internal resources – such as LPP-funds and own resources – appear to have some difficulties with finding contractors to execute the projects. This is related to the lack of experienced, qualified construction firms in the municipalities. This phenomenon occurs most often at the end of the year. In this period, just before the financial year ends and municipalities are judged on their performance in project implementation, a large number of projects still have to be executed. Since the number of capable local contractors is limited, some municipalities cannot implement all planned projects.

Another factor affecting the performance in project implementation is the rainy season, during which it is difficult to implement projects. The Bolivian rainy season starts late October, meaning that the more isolated communities become inaccessible to motorised vehicles and thus project materials cannot be supplied. The start of the rainy season also means that projects in which adobe is used have to be suspended.

All these restrictions are more or less technical in character. A more political explanation for not executing projects is the suspension of projects by the municipal council. This arises from internal troubles, which often have a political character.

In analysing the performance of local governments, it is interesting to see whether the investments made by the municipalities are influenced by the presence of a development strategy, the PDM. When comparing the investment performance of the municipalities that had a PDM in 1995 with those that did not, the former group had more success in the implementation of the planned budget. In contrast, Yotala and Poroma, both without a PDM until 1999, had less success in implementing the programmed budget. In explaining the favourable impact of the presence of a PDM on investment capacity, attention should be paid to the institutional background of these municipalities, with respect to the actors involved in the process of PDM elaboration. In both Sopachuy and Presto, the NGO ACLO elaborated the PDM. Both PDMs include a large share of projects that are implemented by this NGO and, as a consequence, the NGO benefits from the implementation of these projects and will attempt to secure their implementation. The first PDMs of Monteagudo and Huacareta were also formulated by this NGO, but since this NGO is not working in these municipalities and other NGOs were not consulted, the positive effect of the PDM is negligible. Based on this analysis, one can conclude that the presence of a PDM, formulated with the participation of all NGOs present in the municipality will contribute positively to the investment performance of a municipality.

In addition to the projects that were never realised, there is a group of projects that were started but have not been completed. The main reason for not completing the work is that the project appeared not to be implemented according the rules. According to the municipalities, the contractors should be blamed for this. Some construction firms point out, however, that the municipality also plays a role in this, since price and duration are the most important selection criteria in tender procedures, whereas experience is hardly considered (see also Section 6.6.1). Lack of cooperation on the part of the communities is another factor that may contribute to the failing implementation of projects.

A last group of projects are those that have been executed, but badly. There appears to be no difference between social and production-oriented projects in this respect (see also Box 6.1).

Box 6.1 Examples of poorly implemented projects

In 1995, the municipality of Presto started a tender procedure for studies into drinking water facilities in 14 communities. Consultancy X, a small firm in Sucre, was selected to carry out the studies. The 14 studies were duly delivered and the municipality sent them to the FIS for approval. After six months, the FIS informed the municipality that the projects could not be financed because the studies were inadequate: the consultancy firm had visited just one community and had applied the conditions there to the other 13 communities, without taking into account their specific context. Because the guarantee had expired, the municipality could not pass on the extra costs – $US 9,000 – to the consultancy firm.

In 1995, a school was built in a peasant community in Monteagudo. Only after completion it was realised that there were too few children to contract a teacher.

The municipality of Sopachuy was constructing an irrigation channel in cooperation with an NGO. Halfway the construction they discovered that the slope on which the channel was being built was a fracture zone. A possible consequence was that part of the slope would collapse. This had not been foreseen during the feasibility study, but even after the problem had been identified, construction continued because the actors involved did not want to look bad in the eyes of the moneylender, the FDC.

6.5 Kind of investments

Decentralisation can have a favourable impact on inequalities in development opportunities within municipalities, in particular between the more developed municipal capital and the poorer peasant communities. When considering the percentage of projects implemented (as a % of the total number of projects), all municipalities implemented most projects in the rural areas, ranging from 42% in Sopachuy to 70% in Poroma.
When comparing the investments in the urban part of the municipality (the municipal capital) with the investments in the rural areas (the peasant communities) during the period 1995-9, investments in peasant communities dominate, together with investments that are directed at the municipality as a whole (Figure 6.5).

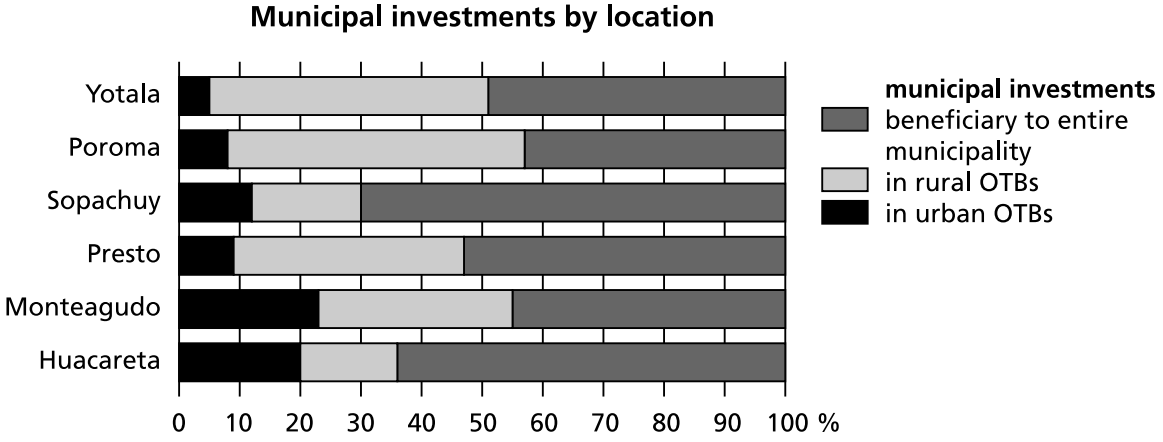

Figure 6.5 Municipal investments according to location as % of total investments

Source: Implementation reports 1995-9.

An important share of local-level investments in the period 1995-9 was oriented towards the rural areas, *i.e.* the peasant communities. These investments concern the construction of irrigation systems, rural roads and rural schools and health posts. A considerable amount of investments was directed at the municipality as a whole, and as such both the neighbourhood organisations and peasant communities benefited. Examples of such projects are school breakfasts, strengthening community organisations (neighbourhood organisations, peasant communities and indigenous communities), forest management and constructing such communal facilities as medical centres. Projects in the urban area are investments that favour only the urban population, such as urban schools, urban improvement and basic sanitation.
Figure 6.5 presents the average investments according to location in the period 1995-9. When considering the individual years (see Appendix III-Table III.14-III.19), two trends can be observed. Firstly, investments in the municipal capitals (the villages) decreased during this period.

Secondly, investments that favour the municipality as a whole increased, resulting in less bias towards the urban centre, in favour of investments in the peasant communities. During the first years, relatively large investments were done in the municipal capitals, which might be attributed to the fact that the neighbourhood organisations were better informed about the opportunities provided by the LPP than the peasant communities, as a result of which they were able to acquire more investments. Moreover, the deplorable situation of some basic services, such as medical centres and secondary schools, led to an emphasis on urban-biased investments in the first few years. The municipal elections in December 1995 are another factor explaining the projects' urban bias. Driven by the desire to be re-elected, many local governments opted for tangible projects in the towns, such as improving the *plaza central,* complete with benches labelled with the name of the mayor, the construction of electricity systems and the upgrading of soccer fields. In later years, OTBs in the peasant communities started formulating their demands more effectively, and local governments became much more conscious of the voting potential in these communities.

The shift towards projects that favour the municipality as a whole was accompanied by a shift towards fewer, but larger projects which could benefit from economies of scale. Related to this is the access to contributions of the national funds. The acquisition of these funds demands much of local governments, and in order to limit the costs and time required to acquire these funds, many local governments decided to bundle requests for funds into larger projects. Moreover, projects favouring the municipality as a whole are an easy way to satisfy the demands of all OTBs.

When analysing the distribution of investments between urban and rural areas in proportion to the population, another picture emerges. Two municipalities (Sopachuy and Yotala) invested relatively less exclusively in the urban part of the municipality than in the rural communities (see Appendix III-Table III.20). Poroma, Presto and Monteagudo invested almost equally in both parts, according to the share of the population living in the urban and rural areas. Huacareta invested relatively more in the municipal capital. In their study on local investments in Bolivia, Barragán and Fernandez (2000, p. 34) found similar results, with 38% of the municipalities investing relatively more in urban areas, 38% more in rural areas, and 24% of the municipalities investing equally in both areas.

6.6 The impact of decentralisation on local employment: the case of the construction sector

In addition to offering conditions for local economic development, the LPP is expected to have a positive impact on employment in the municipalities. Local government can play an important role in this. An example is the increase of employment in the local public sector. It is estimated that, as a result of the LPP, nation-wide at least 32,000 jobs have been created in the local public sector (SNPP 1996). Another sector that has benefited is the hotel and restaurant industry, as a response to the increased number of visits by public sector entities, such as the *prefectura* and NGOs. Before the implementation of the LPP, adequate lodging was lacking in all research municipalities except Monteagudo. In other municipalities, visitors depended on the hospitality of NGOs, the priest or the school. Pensions have now been established, in particular in the municipalities of Huacareta, Sopachuy and Presto.

In 1997, the local government of Sopachuy took the initiative to build the Hotel Municipal, a two-story building on the edge of the central square. Although the guest house of the Sisters of the Congregation provided some lodging possibilities, the municipal council felt that this accommodation did not meet the requirements of today's visitors (*i.e.* representatives of the departmental government, NGOs and embassies). Therefore, they proposed building a new hotel to provide adequate lodging for outside visitors. An additional, attractive prospect was that this would generate extra municipal income, increasing the investment capacity of the municipalities. The hotel was constructed in 1998 by a local contractor with the help of some municipal employees. By taking the initiative to build this hotel, the local government performed a pronounced entrepreneurial role. Although such initiatives are promising, the question arises why individual entrepreneurs in Sopachuy were not interested in such an enterprise. This may have had something to do with the viability of the hotel. Although the council thought the hotel would attract enough guests to survive, no feasibility study or cost/benefit analysis was made. Neither agreements were drawn up about the organisation and administration of the hotel.

In Presto, the only accommodation available was the guest house of the priest and there were no restaurants, although it was always possible to ask the women who prepared the *almuerzo* (dinner) for the personnel of the NGO ACLO to prepare an extra tray of rice and chicken. In 1998, during the second visit to Presto, the family had transformed the living room into a 12-seater restaurant. In 1999, business was good and they decided to build some extra bedrooms on the patio. This was mainly the initiative of the mother of the family, who expanded her business slowly but steadily.

Expansion of the hotel sector also took place in Huacareta, where the female owner of the local restaurant decided to expand her business and transformed a bedroom on the patio into a comfortable guest room. Her main incentive to do this, as she pointed out, was the increase of visitors since the mid-1990s and the lack of appropriate lodging in the village.

In addition to increased employment in the public sector and services, one would also expect a positive effect of the LPP on the construction industry, through increased employment as a result of the execution of infrastructural projects, such as schools, health posts and storage facilities, at local level. To check whether this is the case, in the next section we look at the effects of decentralisation on the construction industry.

6.6.1 Tender procedures

At the municipal level, there are two[7] types of tendering: the public tender and direct invitation. The choice between them is determined by the amount of money involved and the type of finance. Projects with a total cost of less than US $ 3500 can be tendered locally, within the municipality. Projects with a cost above US $ 3500 have to be tendered externally. Projects involving co-funding from one of the national funds also have to be put out to public tender. In practice, these two criteria are interrelated, as projects co-financed by national funds involve larger sums. Locally tendered projects are announced in the town hall, while some municipalities send invitations to local contractors that are registered in the RUC (*Registro Único de Contribuyentes; 'los que tienen RUC'*). The contractors receive the project's terms of reference and have to mention a price. The type of contract in the tender procedures is already known. There are three types of contract:

- *Mano de obra*: the municipality provides the materials and the contractor is paid to do the work.
- *Obra vendida* (or closed contract/lump sum): the contractor receives a sum of money with which to pay for materials and labour, and is responsible for both.
- *Contrato compartido* (shared contract): the community has to provide some unskilled labourers; this can also imply that the community has to provide meals and/or sleeping accommodation. Another component of such a contract is turning in a monthly progress report.

During the first years of the LPP, the *obra vendida* was the most used contract. Recently, however, the preference has shifted to the *mano de obra*. The collaboration of OTBs in municipal projects used to be very popular from both a financial and participatory viewpoint. It was thought that if households participated in the implementation of a project they would later take better care of it. The first results, however, were disappointing: OTBs did not stick to the agreements and lacked the skills to perform the activities well.

The local government makes the final selection of the contractor through a qualification committee *(comisión calificadora*). When a co-financing institute is involved, it joins the committee. The committee has four members: the head of the administration, the legal officer, the technical officer and another municipal employee. According to various sources, the mayor is not a member of this committee, although he is able to reject the selected contractor or the offer made. The criteria for choosing the contractor are his quotation for the work, the planned time schedule and his experience with the specific kind of project.

An interesting question is whether tendering procedures are determined by nepotism. Are projects given to the construction firms of relatives or political twin souls? In other words, is the process transparent? Bearing in mind that Latin American culture is permeated with clientelism and patronage mechanisms, the expected answer to this question is no. Interviews with contractors, civil servants and other key informants, however, indicate the absence of such mechanisms. In most municipalities the tender procedures seem to progress smoothly, although some people point at the existence of nepotism:

> '… Well, there are some suppositions that some firms obtain more projects than others, for political reasons, *padrinismo*, but you can never prove it.'[8]

In addition to political padrinismo, religious belief was mentioned as influencing the selection of implementing entity:

> 'The best contractors in town are *miristas* (political affiliates to the MIR – GN), I think, and another is *emebelista* (political affiliates to the MBL). But for the mayor, religion – he's is a convinced Catholic – is far more important than political affiliation'[9]

This does not mean that the selection of contractors is a transparent process. A contractor from Monteagudo mentioned lobbying as a quite efficient strategy to obtain work. He maintains good relationships with the mayor of Monteagudo, and nowadays also works in the adjacent municipalities of Huacareta and Padilla. But, as he also mentioned, it is not difficult to benefit since there is hardly any competition from other contractors.

Another indicator of the lack of transparency in the selection of contractors is the payment of fees to local government officials. During interviews with representatives of the municipalities and contractors, it was mentioned that contractors have to pay a 'fee' (*comisión para obras* or *apoyo al partido*) of 10-30% of the total programmed costs to the municipality in order to be considered in the selection process.

This situation applies to projects implemented purely with popular participation funds or local resources. What about projects financed by central government agencies, such as the FIS and the FNDR? In her study on decentralisation in two municipalities in Guatemala, Rendón Labadan (1996) mentions the influence of central government agencies in the selection of contractors, resulting in nepotism that favours firms from the larger cities. In the six research municipalities, there is evidence that these agencies – the national funds - exert some influence on the selection of the contractors. In interviews, external contractors – from La Paz and Santa Cruz - mentioned lobbying as an effective instrument to benefit during the selection process.

The influence op nepotism at the local level appears to be limited. How can this relative absence be explained? Perhaps the limited number of construction companies explains the absence, forcing rural municipalities to look outside the municipal boundaries in tendering procedures. Table 6.6 shows the share of the economically active population employed in the construction sector. In most municipalities there are only a limited number of construction workers, and of them only a few are qualified in the sense that they can implement larger projects. The relatively high share of this sector in Yotala can be attributed to the proximity of the labour market of Sucre.

The selection of contractors from other regions means at least that there are have been no previous relations with local government, and that nepotism could not have developed yet. Also, the small scale on which projects are executed means that almost every inhabitant knows who does what, thus discouraging large-scale nepotism.

Table 6.6 Percentage of the population that is working in the construction sector and absolute number of construction numbers in the research municipalities, 1992

	% construction	Abs. number
Yotala	1.5	91
Poroma	0.1	18
Sopachuy	0.3	20
Presto	0.2	14
Monteagudo	0.4	104
Huacareta	0.6	57

Source: CNPV, 1992.

6.6.2 The impact on local employment

Although there are conditions for a positive impact of the LPP on employment possibilities in the construction sector, the impact itself is limited. Figure 6.6 shows the percentage of projects that was executed by local contractors[10] and the percentage of the budget that was implemented by local contractors, in the period 1996 –7.

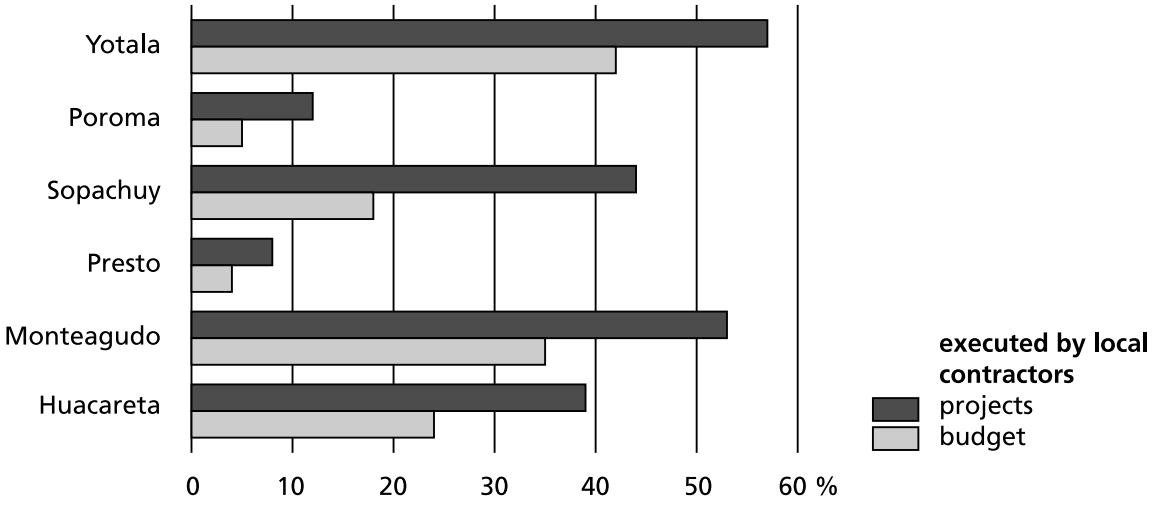

Figure 6.6 Percentage of projects executed by local contractors and percentage of the budget executed by local contractors, 1996-7; Source: Fieldwork 1997.

Two issues appear from this figure: firstly, the share of local contractors in the execution of projects is limited, ranging from 8% in Presto to 57% in Yotala. This means that external contractors are brought in to carry out at least 40% of the projects. Also, the smaller municipalities more often contract external contractors than the larger ones. Secondly, the overall tendency is for local contractors to be contracted only for smaller projects, which involve less money. This means not only that locals execute a limited number of projects, but also that the bulk of municipal investment flows to other regions, limiting a multiplier effect and the positive effect on local development. Most larger projects are executed by firms from one of the three large cities: La Paz, Cochabamba and Santa Cruz. The use of external firms can be explained by the limited presence, and experience, of the construction sector in the predominantly rural municipalities.

Although each municipality has a certain number of construction workers, by far the majority of them are unskilled labourers (*mano de obra non-calificada*). They are perfectly able to work under supervision or build a simple construction, but lack the skills to design and implement larger projects. Besides deficient qualifications, local construction firms often also lack the legal requirements for being contracted for larger projects. In order to be considered for larger projects, firms must show their financial viability by means of bank guarantees. They must also be registered at the departmental Chamber of Construction. Most local construction firms or workers are not able to meet these requirements. The 10-30% 'fee' that has to be paid to the municipality also limits the acquisition of projects for local contractors, since these are generally less wealthy than large construction firms.

In addition to the outflow of investments, another less favourable aspect of contracts with outsiders is the use of labour and materials by these firms. Most external firms do not use

the unskilled labourers living in the municipality concerned, but bring labourers with them. As one supervisor stated:

> 'Most large projects are executed by firms from outside. They come here with large trucks and bring both materials and labour. Sometimes we suggest the input of local workers, but the contractors reject this, arguing that they can better manage the input of their own people, generally workers they have worked with before.'

Thus, the employment generated by the LPP in the construction sector is limited, as is the occurrence of a multiplier effect as a boost for the local economy resulting of the use of local materials. Although some municipalities, such as Monteagudo, tried to curb this development by municipal regulations, such regulations are largely ignored by construction firms.

The contractors have different opinions about working on municipal projects. Although most of them said that the amount of work has increased, all indicated that the number of contractors has increased as well, leading to more competition for projects. Most small contractors prefer working for the private sector – individual households and firms -, because local governments pay less. The amount being paid is the most common complaint: the municipality pays one price, whilst projects in a more isolated canton are more expensive than other projects due to transportation costs. Another unfavourable aspect of executing municipal projects is the 10% guarantee, which means that 10% of the project is paid only after the guarantee period has expired, generally after one to three months. In case of defects in the project, the contractor has to make improvements. The 10% is paid only when there are no defects left. Another frequently mentioned problem, which makes municipal projects less attractive to execute, is the cooperation with the communities. The communication with the population is often dissatisfactory, and sometimes the population refuses to make their contribution.

6.7 Summary and conclusions

This chapter discussed the impact of the LPP on local development, through the implementation of projects in the context of the LPP, starting with the main characteristics of the municipal development strategy, the PDM. By 1999, all six research municipalities had such a plan. Although the PDMs aim at a broad consultation of relevant actors, this consultation is generally limited to local government and OTBs. Sectoral organisations (*e.g.* producers' associations) are not involved in strategy development and priority-setting, nor are other government levels. The position of NGOs is a special one. If an NGO is the institution that formulates the PDM, the projects are often incorporated into the PDM. Other NGOs, however, are seldom consulted.

Improving the population's living conditions (and especially increasing its income) is the main objective of all plans. Nevertheless, the majority of the programmed budget is directed at the social sector and the improvement of roads. The reasons for this social bias are the complexity of most production-oriented projects and the absence of sectoral organisations in the planning process. With regard to the yearly implementation of the PDM (*i.e.* the formulation of the POA), the lack of correspondence with the PDMs is obvious. Only a small number of projects in the PDM are actually included in the POAs.

Section 6.2 examined the financial position of the municipalities. The municipalities depend on LPP-funds for 28-43% of their budget. The importance of own resources in municipal budgets remains small, which can be explained by the fact that the base for levying tax is weak in most municipalities. Next to LPP-funds, the municipalities depend

for an important share of their income on external funds, such as NGO and national funds. These last entail a risk, since the procedures followed in order to obtain co-financing by these funds are complex and time-consuming. In this regard, it would be more efficient for municipalities to attract NGOs.

An overview of the projects implemented in the period 1995-9 in the six municipalities shows that investments in the social sector dominate in all municipalities, followed by improvements in road infrastructure and, to a lesser extent, agriculture-oriented investments. The relatively small share of such investments is remarkable, considering the predominantly rural character of the municipalities, the bias in the problems of OTBs towards agriculture, and the relatively high share of production-oriented projects that are incorporated into the municipal development strategies, as expressed in the PDMs.

With regard to the performance of local government in the implementation of projects, the share of programmed budget that is invested is limited. Problems in the implementation of projects are the communal contribution, climatological factors and the shortage of funds. The findings show a slight relation between the presence of a PDM and the implementation of programmed projects. However, this is only the case if an NGO was the executing entity that also works in the municipalities.

According to the LPP, investments should be distributed equally between the village and the rural areas within a municipality, depending on the population of each sector. During the first years of the LPP, there was a slight prevalence of urban investments. This was corrected in later years in favour of the peasant communities and investments aimed at the municipality as a whole, leading to a relatively equal distribution of funds between the municipal capital and the surrounding peasant communities. The findings show that this is the case in the six research municipalities. However, there are fewer investments in the villages, and generally the implemented projects are more expensive. Over the course of time, the investments in the villages have decreased and the share of investments directed at the municipality as a whole has increased.

Decentralisation can also have an important multiplier effect, by generating extra local employment through the execution of local public works by the construction industry. An analysis of the impact of the LPP on the construction industry showed that employment increased only slightly, growth being restricted by the limited supply (in absolute number and with respect to capabilities) of contractors. This results in the contracting of external construction firms for the larger projects, in particular, whereas the smallest projects are left for local contractors. Besides the slight increase in employment in the construction industry, LPP-related employment in the public sector increased as well, as is probably income generation in the hotel and restaurant industry.

Based on the findings in this chapter, it is fair to assume that decentralisation contributes to local development. The implementation of decentralisation in Bolivia has resulted in an increased investment capacity of the six research municipalities, an increased number of projects implemented at the local level and an increase in local employment in the construction sector. However, the extent of this contribution is strongly related to the way planning is designed and the opportunities to acquire other funds. A development strategy elaborated without the participation of the relevant actors is doomed to failure, as the cases of Monteagudo and Huacareta have shown. In this regard it would be positive to select only NGOs that work in the area for the formulation of the PDMs. However, this also entails some risks, as these NGOs also perform a role in project implementation. On the other hand, the cooperation with NGOs is supposed to offer more income security for the municipalities, with higher investment capacity as a result.

To secure the aims defined in the local development strategy, mechanisms for accountability and transparency are essential. At this moment there are no such mechanisms, and in this respect local governments have the option to go their own way, whether or not using the participatory development strategy.

Notes

1. According to the 1997 census of Bolivian Municipalities (*Primer Censo de Gobiernos Municipales*), 127 of all Bolivian municipalities have a PDM, and 116 of all 311 (37%) Bolivian municipalities used this plan for project identification (Ministério de Hacienda, 1998). All the research municipalities stated that they have a PDM.
2. As explained later in this chapter, municipalities can finance projects with funds they receive in the context of the LPP, with resources generated by themselves (such as taxes), with support from NGOs, and by asking a contribution from one of the national funds (FIS, FDC, FNDR).
3. Interview with Ruben Porcel, director PDCR-Chuquisaca.
4. *Proyecto de Desarrollo de Comunidades Rurales*: World Bank financed project that supports Bolivian municipalities in the formulation and implementation of the medium-term development strategy (see Chapter 5).
5. Interview with the Directors of the FIS-Chuquisaca and the FDC-Chuquisaca and the mayors of the research municipalities.
6. The maintenance of interdepartmental roads is the responsibility of the departmental government.
7. The Basic Norms for the Administration of Goods and Services (*Resolución Suprema 216145 del 3 de agosto 1995*) mention two other forms of tendering, which, however, will not be considered in this study as they were not used in the study area.
8. Interview with a constructor from Monteagudo on 18-12-1999.
9. Interview with the *oficial mayor* of Sopachuy on 23-05-1997.
10. Local contractors are contractors coming from the municipality itself.

7 THE DIFFERENTIATED IMPACT OF DECENTRALISATION

In Chapter 2, we discussed the factors that condition the impact of decentralisation on local governance and local development (Figure 2.1). In this chapter we aim to assess the role of the different categories of conditioning factors in the six research municipalities. As such, this chapter will serve as the basis for the main conclusions of this study. The three broad categories of factors that exert an influence on the impact of decentralisation are the spatial context, the socio-economic context and the institutional context, including the characteristics of local government.

In the first section, we focus on the role of the spatial context, in particular the accessibility of municipalities. The second section discusses the influence of the socio-economic context, including the size of the municipality and its economic structure. Next, we discuss the institutional context, by analysing the role of OTBs, the characteristics of local government (*i.e.* the issues of capacity and politics), the role of intra-governmental organisations, the power structure, NGOs, and the private sector. The chapter ends with the main conclusions on the factors that condition the impact of decentralisation in the six research municipalities.

7.1 The spatial context

The main spatial factor conditioning the effects of decentralisation on local governance and local development is accessibility, defined in this section as the distance between the communities and the municipal capital, expressed in hours, and the presence of roads. Accessibility affects local governance and local development for a number of reasons.

Firstly, accessibility influences the knowledge of the population about general aspects of the LPP and the Comité de Vigilancia, and the assistance of the OTBs at meetings. Also, differences can be observed in the perception of OTBs on the changes brought by the LPP. With respect to the relation between the knowledge of OTB-members of the LPP and accessibility, it appeared that the leaders of the OTBs in less accessible areas[1] had less knowledge about the LPP and the functions of the Comités de Vigilancia. Also, leaders of less accessible assisted less to municipal meetings. The leader of Mala Vista, a peasant community in the municipality of Presto, refers in this respect to the considerable distance he has to bridge to reach the village of Presto. It takes him two days to walk there and, as he remarked, he does so only in case of an emergency. Many leaders of rural OTBs are in such a situation, and because of these long distances, their level of participation in municipal meetings is relatively low.

With respect to the changes brought by the LPP, it appears that particularly the well accessible OTBs are of the opinion that the LPP resulted in an increased participation of the OTBs (Table 7.1).

Secondly, accessibility does directly impact on accountability, as illustrated by experiences of the Comité de Vigilancia in the municipality of Huacareta, for example.

Table 7.1 Knowledge, assistance and perceptions on the LPP: the difference between the leaders of the well and less accessible OTBs

	Well accessible OTBs %	Less accessible OTBs %
Knowledge of LPP:		
- high	61	27
- low	39	63
Knowledge of functions Comité de Vigilancia:		
- high	68	39
- low	32	61
Assistance to municipal meetings:		
- frequent	78	46
- low	22	54
Changes brought by the LPP:		
- no changes	52	75
- more participation	28	5
- more projects	20	20

Source: Fieldwork 1998-9.

This Comité de Vigilancia consists of four members, each representing one of the four cantons in the municipality. The canton of Ingre is located in the north-eastern part of the municipality, separated by a chain of hills from the rest of Huacareta. To travel to the village of Huacareta, the people first have to travel to the town of Monteagudo, and then further south to Huacareta, which is a rather long trip of 9 hours. This makes the communication with local government and control of local projects quite difficult.

A third aspect of accessibility is the presence of the media and their role in informing the population about the performance of the local, departmental and national government. In the urban centres of the municipalities, primarily local and national newspapers, but in some cases also local broadcasting companies play an important role in transmitting information (Box 7.1).

Box 7.1 The role of the media: television in Monteagudo

In the study area, only the municipality of Monteagudo is served by a local television station. Each day, the local broadcasting station transmits local news for two hours. In the programmes, much attention is paid to the local government: the mayor is seen opening a new school, or sitting on a bulldozer at the start of a road construction project. Every Friday a special bulletin is dedicated to the meeting of the municipal council that day. However, much of the information presented by the station is somewhat coloured – emphasising the positive role of local government – which might be related to the fact that the local government financially supports the television station.

In the rural areas, the role of television is minimal, since most remote areas do not have electricity. Neither newspapers are common here, and the distribution is limited to a couple of copies for the teacher. A last obstacle to access to information in newspapers in remote areas is the large proportion of illiterate people among the population. Instead of

written sources, radio is an important medium in the peasant communities. Radios are relatively cheap, can function independent of electricity and have multiple functions.

Table 7.2 Distance bias in investments in OTBs by accessibility of OTBs: in average number of projects per type of OTB and as % of all investments, 1995-9

	Well accessible		Less accessible	
	Average no. projects	% of total investments	Average no. projects	% of total investments
Yotala	2.6	65	1.4	35
Poroma	1.9	52	0.7	48
Sopachuy	2.8	42	4.8	58
Presto	4.3	57	1.8	43
Monteagudo	3.9	66	2.5	34
Huacareta	2.3	56	2.3	44

Source: Implementation reports 1995-9.

Fourthly, the accessibility of OTBs affects local investments. In Chapter 6 we demonstrated that the distribution of investments between urban and rural areas within the municipalities is relatively even distributed, when the size of the population is taken into account. Table 7.2 shows the implemented projects in well accessible and less accessible OTBs.

The findings show that all municipalities, except Sopachuy and Huacareta, implemented fewer projects in the OTBs that are relatively less accessible, in absolute number as well as in total investments, than in OTBs that are relatively well accessible. Several factors explain this. The limited participation of the population in less accessible areas, as mentioned above, results in the local government receiving fewer demands. Since there are fewer demands, fewer projects are planned and consequently fewer are implemented.

Also, problems in project implementation, as mentioned in the previous chapter, explain the differences in investments between the two types of OTBs. To implement projects, materials need to be transported to the project site. Since the transport of materials to remote areas involves a larger physical distance and is often possible only by making use of mules, the costs of projects in remote communities are higher than those in more accessible communities. Often, however, these additional costs are not included in the budget. As a consequence, local governments experience problems hiring contractors to implement these projects, resulting in the delay of implementation of projects. A constructor in Presto remarked in this respect:

> 'Last year the local government put out a project to build a community house in Alto Waylla Pampa. This community can only be reached by mules, and you can imagine how long it takes to transport all the necessary materials. We refused to do it, and it looks like nobody wants to implement, since last week the local government tendered it again, with a remarkable increase of the budget.'

Climatological factors, such as the heavy rainfall in summer, also hinder project implementation in more remote areas, since many local roads are impassable in the rainy season, causing often delays in project implementation.

Figure 7.1 Transport of people and goods in the municipality of Poroma. Public transport, in the form of a micro-bus often serves only the municipal capitals. Transport by large trucks is much more common, because it offers the opportunity to transport also goods, such as potatoes, and small animals.

Fifthly, accessibility is an important criterion employed by NGOs in the selection of their working area. NGOs are an important actor in the planning and implementation of LPP projects. The NGOs in the research municipalities prefer working in areas that are located near Sucre and that are relatively well accessible. Looking at the relation between the presence of NGOs and the accessibility of the municipalities, it appears that indeed accessibility plays a role in the presence of NGOs, since Poroma, Huacareta and Monteagudo – all less accessible municipalities – have relatively fewer NGOs working within their boundaries. This does not explain, however, why few NGOs are working in Yotala, which is situated relatively close to the city of Sucre. Asked why they do not work in Yotala, NGOs mentioned that the local government of this municipality is not very open to NGOs. Yotala has a municipal council the councillors of which work in the city of Sucre. According to the NGOs, these councillors are therefore much more oriented towards the city of Sucre and not very concerned with development issues within their own municipality, or the role NGOs can play herein.
Within municipalities, a similar bias can be observed, as in all research municipalities the number of NGOs working in well accessible OTBs is considerably higher than in OTBs that are less accessible (Table 7.3).

Table 7.3 Average number of NGOs working in OTBs by accessibility of the OTBs, 1998-9

	Well accessible OTBs	Less accessible OTBs
Yotala	0.9	0.8
Poroma	1.3	0.7
Sopachuy	1.4	1.3
Presto	1.3	1.0
Monteagudo	0.8	0.5
Huacareta	0.8	0.3

Source: Fieldwork 1998-9.

The difference is relatively large in Poroma, and relatively small in Yotala and Sopachuy. This might be attributed to the fact that Poroma is by far the least accessible municipality, as it is a very large municipality, with very few roads and tracks. In contrast, Yotala and Sopachuy are both relatively small and relatively well accessible municipalities.

To conclude: the spatial context, discussed in this section in terms of accessibility, is a conditioning factor on the impact of decentralisation on local governance and local development. With respect to the issues of participation and accountability, differences in accessibility explain variations in the knowledge of OTBs on several aspects of the LPP and the assistance to municipal meetings, and the presence of NGOs. Moreover, it was shown that the number of projects in less accessible OTBs, and the investments involved, is relatively less than in well accessible OTBs. This results in differences in development opportunities within municipalities.

7.2 The socio-economic context

In this section we focus on the influence of the socio-economic context on local governance and local development opportunities, in particular population size, economic structure and the poverty level. The decentralisation model in Bolivia discerns only one criterion for the allocation of funds to the municipalities, namely the number of persons registered in the municipality according to the 1992 census. Such criteria as poverty, HDI or economic potential are not considered, and as such the Bolivian model offers only a few possibilities for redistribution between resource richer and resource poorer municipalities. In fact, it is often argued that the current criteria deepen existing differences, because larger and more prosperous municipalities are able to benefit more, through the higher amount of funds transferred.

In Chapter 2 it was held that the size of a municipality is expected to influence the contribution of decentralisation to good governance, since smaller municipalities are expected to have a disadvantaged position with regard to the amount of funds available and the mobilisation of funds.[2] When comparing the size of the six municipalities (in population number) with the size of the budget, there appears to be no relation between the two. Table 7.4 presents the implemented budget per capita in US$ in the period 1995-9. The table shows that there is hardly any relation between the population size of the municipality and its budget size. Monteagudo, which is by far the largest of the six municipalities, had the largest budget in only three of the six years.

Table 7.4 Municipal budget per capita in US $ 1995-2000

	1995	1996	1997	1998	1999	2000[a]
Yotala	50	31	102	75	76	112
Poroma	30	59	112	111	150	119
Sopachuy	20	64	142	119	113	119
Presto	34	60	177	76	92	162
Monteagudo	81	48	87	145	158	87
Huacareta	56	45	79	69	69	103

Source: Financial records 1995-9 and POAs 2000 municipalities.
[a] = programmed

An explanation for this lack of correspondence between population size and budget size is that even though the larger municipalities in the study area (*i.e.* Monteagudo and to a lesser extent Poroma) receive more money from the central government and generate more own, local resources, the share of external funds is much more important for the budget size. In Chapter 6 it was shown that the share of own resources was the largest in Monteagudo, Yotala and – to a lesser extent – Huacareta. This points to the assumption that the capacity to generate own resources depends much more on the economic structure, the existing tax base, than on the size of the total population.

As we saw in Chapter 6, the base for tax raising is small in most rural municipalities, as a tax system is lacking and taxes on rural property are not levied. This implies that the raised taxes stem from non-agricultural activities, such as urban property and the retail trade. Both Monteagudo and Yotala have a relatively diversified economic structure.

Agriculture forms a less important source of income here, and the share of retail, industry and services is considerably higher than in the other four municipalities. Both municipalities levy taxes on economic activities. Examples of such taxes are those on bakeries, market places, ambulant vendors and the processing of agricultural products, such as *chicha*, leather and meat. The taxes are raised on the basis of an annually updated inventory of contributors. The criteria for selecting contributors are discussed in the municipal council and are subject to change. An example of this is the discussion at the meeting of the municipal council of Monteagudo in the spring of 1997 on whether the (mainly female) vendors of bread who do not bake should also be subject to taxes. After a heated 30-minute discussion, and despite a representative of the street-vending bakers explaining the precarious financial position of the mainly female-headed households, it was decided that these women should pay tax.

Also, the economic structure has an impact on the occurrence of a multiplier effect. A more diversified economic structure in rural areas might impact positively on the multiplier effect. The analysis of the multiplier effect in the construction industry in Chapter 6 showed that this effect is highest in Monteagudo and Yotala, which also have the highest number of contractors.

A last aspect worth mentioning is the relation between the poverty level of municipalities and the type of investments. Within the sample of research municipalities, there are some variations with respect to the level of poverty. Yotala, Poroma, Sopachuy and Presto can be characterised as the poorest municipalities in the sample (with index-figures for Human Development (HDI) of respectively 0,328, 0.317, 0.276 and 0.270), and Monteagudo, and Huacareta as the, relatively, richer municipalities (with index-figures for Human Development (HDI) of 0.387 and 0.337).

An analysis of the type of investments in relation to the poverty level in these municipalities shows that there are no large differences between the poorer municipalities and the richer municipalities (Appendix III:Table III.7-Table III.12). This lack of correspondence can be attributed to the fact that all municipalities in the sample are faced with the same constraints: deficient facilities in health- and education services and deficient road infrastructure.

7.3 The institutional context

This section explores the conditioning role of the institutional context in the contribution of decentralisation to local governance and local development. The institutional context in the six municipalities changed after the implementation of the LPP, since new actors emerged and the role of others changed. Within the institutional context there are several actors, each of which has a different influence on decentralisation, local governance and local development.

7.3.1 The number and type of OTBs

Several authors assume a relation between the number of OTBs within a municipality and the impact of decentralisation on governance in terms of participation, accountability, efficiency and effectiveness (see also Rowland 2001). This assumption is based on the fact that the participation of fewer groups in local decision-making is easier than in cases where there are many groups. The number of OTBs does impact on the way participatory planning is organised. As we saw in Chapter 5, Monteagudo and Poroma –

municipalities with a relatively high number of OTBs – tend to deconcentrate municipal planning by using districts. Each of these districts is assigned a proportion of the total budget and the OTBs within these districts have to divide this. Within the other municipalities, there is no such intermediate level and planning is done at the municipal level. The number of OTBs in this way affects the applied planning methodology.
The number of OTBs in a municipality has also an impact on local development, since a large number of OTBs can result in the extreme dispersion of funds. Table 7.5 shows the number of OTBs in the municipalities and the average size per project per OTB in the period 1995-9. The table shows that there is a slight relation between the number of OTBs and the average size of project per OTB, with a relatively high number of OTBs resulting in a larger dispersion of funds. In Monteagudo, however, which has the highest number of OTBs, the average size of project per OTB is considerably higher than in the other two municipalities with relatively many OTBs, Poroma and Yotala. This can be explained by the fact that the local government of Monteagudo attempts to concentrate on larger projects that benefit more than one particular OTB.

Table 7.5 Number of OTBs and average size of project in US$, 1995-9

	Nº. of OTBs	Absolute number of projects	Average size projects per OTB in US$
Yotala	52	176	91
Poroma	79	205	69
Sopachuy	23	167	338
Presto	27	252	277
Monteagudo	80	416	155
Huacareta	29	177	252

Source: Implementation reports municipalities 1995-9.

It is also worth paying attention to the relation between the type of OTB and the impact of decentralisation on participation and equity. The findings in Chapters 4, 5 and 6 showed that peasant communities are by far the best organised OTBs: attendance at communal meetings is higher than in the two other types. However, the neighbourhood organisations – being well accessible OTBs - are better informed thanks to their relative proximity to local government. This corresponds with the findings of Blanes (2000, p. 66) who points out that, generally, training on the LPP takes place in the village of the municipality, benefiting mainly the leaders of those OTBs that are located near the village. Despite these observations, there appears to be hardly any relation between the type of OTB and the impact of decentralisation on local governance and local development. As was shown in Chapter 6, investments are relatively even distributed – in proportion to the population – between peasant communities and neighbourhood organisations.

7.3.2 The local government

Several studies have shown that the capacity of local government, in terms of the number of employees and of professional experience, determines the success of local governments in generating local development opportunities, through policy making, the

acquisition of external funds and the success in project implementation. In addition to paying attention to capacity, we will also address the role of politics at the local level.

Capacity of local government

The capacity of local government – comprising the mayor, municipal council and civil servants – affects the implementation of projects and the mobilisation of funds. When the LPP was implemented, the overall administrative capacity of the research municipalities was low. In fact, the municipalities – particularly the smaller ones – had to start from scratch. The lack of capacity can be observed in several fields, to start with the administrative infrastructure.

All municipalities except Monteagudo lacked a municipal infrastructure, such as appropriate housing, communication media and modern administration systems. The fact that Monteagudo has a rather large urban centre meant that its local government also performed some tasks before 1994, and as such established some infrastructure. In the other municipalities, however, the municipal infrastructure was limited to an adobe building and sometimes a typewriter. As soon as the municipalities received funds from the LPP, they started to upgrade their infrastructure. In Huacareta and Presto, in 1995 a new town hall was constructed, while the other municipalities renovated their existing buildings. Communication was also improved, by installing phone lines (in Yotala) and a fax. In the municipalities of Poroma, Presto, Sopachuy and Huacareta, the local government does not have its own phone line. Here, local government uses the *cabina* in town, an ENTEL office. In 1997, all municipalities but Poroma had personal computers. In Huacareta, the PC could only be used in the evening, since the generator is turned on between 6 and 10 p.m. only. The municipality of Poroma is a special case, since the village of Poroma does not have electricity, meaning that it is not possible to use a computer. This, and the poor accessibility of the village, led to the establishment of an office on the outskirts of Sucre.

A second field in which the capacity of the municipalities is expressed is that of human resources, *i.e.* civil servants. Except Monteagudo, not one of the research municipalities had, besides a mayor, additional staff. Local governments started hiring the head of the administrative departments of the local governments (the *oficial mayor*), charged with overall administrative management, such as accountability systems, the application of the *Ley Safco*[3], issues concerning contracting of projects, etc. However, administrative capacity building within local governments is seriously hindered by lack of funds, since governments are not allowed to use more than 15% of the funds stemming from the LPP to cover functional costs. By mid-1998, investments stemming from other funds were conditioned, too. This was most evident in Monteagudo, where prior to 1998 a large proportion of the staff was paid for with other funds. Due to the new conditions imposed on municipal spending, the municipal staff was reduced by almost 50%. To increase the capacity of local governments within the legal framework, municipalities employ various strategies. One such strategy is to hire professionals for a relatively short period to perform a specific activity. This is common practice in all municipalities in the study area, and is reflected in the composition of municipal staff. Although an increase can be observed in the absolute number of employees, the total number of person hours per month remains the same. This is mostly found with activities aimed at accountability (*e.g.* working on the balances in the last months of the year) and specific technical activities (*e.g.* hiring an architect to design a project).

Another strategy is to contract an expert to fulfil the function of *oficial mayor*. This was done by the municipality of Poroma, which contracted the former *oficial mayor* of

the city of Sucre, a man who had gained ample experience with the acquisition of funds. As a result, implementation figures and the acquisition of external funds increased.

Besides municipal staff, the characteristics of the mayor and the municipal council are also thought to have an impact on the performance of a local government. In Chapter 4 it was assumed that a directly elected peasant mayor in a municipality that is predominantly rural would be positive for the participation of the population in local decision-making. However, in other fields – such as the mobilisation of funds and the overall planning and implementation of projects – it was supposed to be negative.

Chapters 4 and 5 dealt with the presence of peasant mayors as opposed to professional urban mayors. We observed that the former experience a number of difficulties, such as lack of knowledge of administrative affairs and acquiring funds. To what extent do these difficulties limit the performance of these mayors, and thus local government? Figure 6.2 presented the implementation ratio of the six research municipalities in the period 1995-9. In Sopachuy there was a directly elected peasant mayor in 1996-8, and Poroma had a peasant mayor during the period 1997-8. Both municipalities experienced a decrease in the implementation of the programmed budget in those years, in Sopachuy in 1996 and in Poroma in 1997-8. In interviews with the peasant mayor in Sopachuy it appeared that ever since he had taken office, the municipal council had obstructed policy implementation. He was also confronted with his inability to manage the *alcaldía*. As a result, he simply did not dare to implement projects or to take decisions, since he was afraid he would make the wrong decision. As a result, implementation paralysed and the mayor was criticised for his wavering style of management. The mayor in Poroma explained the decrease in the implementation of the programmed budget by his lack of experience in overall management, and his deficient knowledge of Spanish. It took him much time to understand procedures.

It was also observed that local governments with a representation of peasants are perceived – by the leaders of the peasant communities in these municipalities - as being more susceptible to the specific problems rural households are faced with. Asked for the relationship with the local government in this period, 54% of the leaders of the peasant communities in Poroma and 61% of those in Sopachuy mentioned in particular the rural background of the mayor, and his knowledge of agriculture, an advantage of having a peasant mayor, as is illustrated by the following quote of the leader of a OTB in Poroma.

> 'The former mayor was a lawyer, and didn't know anything about agriculture. Last year, we didn't have enough seed for potatoes, a consequence of the drought of the year before. We went to the mayor to ask him whether the alcaldía could support us with seed. He refused, because of the lack of funds, and because we hadn't asked it before the annual plan was prepared. This year, the same happened, but the new mayor, he is a *campesin*o too, directly took action. He called an NGO, and they will provide us with seed.'

A last issue that can influence the implementation of the planned budget is the stability of the local government. It was observed before that most municipalities undergo frequent changes of government. However, since all municipalities are affected by this phenomenon, it is difficult to measure its impact on local governance and local development for each municipality. Nevertheless, some general remarks on the impact of this phenomenon can be made. First, the frequent change of mayors often leads to a change of municipal staff. This means a loss of expertise and knowledge, since many mayors and municipal employees will have received training on specific tasks. Secondly,

the change of mayors leads to a situation wherein his successor wants to leave his own mark on local management. Decisions are cancelled and planned projects are abandoned and replaced by others. However, the impact of the frequent changes of government should not be exaggerated: the maximum authority of local government is the municipal council, and generally this body remains intact. Moreover, some municipalities employ an increasingly technocratic way of management, and abandon the partisan way of governing. In the next subsection, we will discuss this issue in more detail.

The role of politics

The implementation of the LPP resulted in a revaluation of the local level by political parties. Before 1994, political parties were hardly interested in marginal areas, because of the lack of a population entitled to vote and the limited amount of power and funds at this level. Since 1994, increased funds and power assigned to local governments augmented the attractiveness of local level politics for political parties. Calla (2000, p. 87) points towards the same trend by stating that: 'the political party that once had a barely perceivable presence in rural areas, and then only during electoral periods, now has become a daily reality at the local level.'

It was held that the number of voters has increased since the implementation of the LPP. It was also observed that the political background of the local governments is rather heterogeneous in all municipalities. Here, we present an analysis of the role of politics in local governance and local development, first by examining the way elections are organised and the reasons to do it this way, and by looking at the influence of the political composition of local government on local governance and local development.

Although some Bolivian political parties are discussing 'democratisation' and fair play, practice shows that during election campaigns these principles are discarded. All political parties admit that votes are bought by exchanging them either for gifts or a position in the public sector. Generally, this way of acquiring votes is considered the most effective way to win an election. At the national level, the buying of votes is achieved by distributing flowers in the streets of La Paz or the implementation of (small) public works.

In the six research municipalities, politics before 1994 generally remained limited to the urban sphere. Nowadays, the rural areas are fully integrated into and part of the election campaigns, for local as well as national elections. In these campaigns, neither pain nor expenses are spared to acquire votes, as illustrated in Box 7.2.

Box 7.2 The buying of votes

An interesting example of the strategy of buying votes is what happened in Huacareta. The MNR hoped to win the election of 1997, an apparently difficult task since Sánchez de Lozada was not to be re-elected. The mayor of Huacareta – an MNR militant through and through – was in a precarious situation at the time, because he had been accused of fraud. He was aware that a new government of the opposition would make his position impossible, and decided to acquire as many votes as possible. Two weeks before the elections, he provided a number of recently created *pueblos indígenas* without most basic services with a fence to prevent the livestock from escaping. He also provided the households with identity cards, which are a prerequisite for being able to vote. Early in the morning on election day, a truck picked up the voters from the rural communities and took them to the village of Huacareta, where they were provided with beer and food. After voting, the group waited in the square for the truck to take them back to their community. However, in the afternoon, radios announced the dramatic loss of the MNR. The mayor was furious and refused to take the voters back to their communities, so they had to walk. Then, two days later, a technician from the *alcaldia* came and removed the fence.

Election campaigns are paid for by the parties, although the largest ones do receive a contribution from the central government. In rural areas, often the one who has the most money rules: '*el que tiene la plata manda'*. This explains also the important role of traditional elites in Monteagudo and Huacareta.

It is interesting to analyse whether the composition of the municipal council, including the mayor, influences the performance of local government. Table 7.6 shows the composition of the local government in each of the six research municipalities after the December 1995 elections.

Table 7.6 Composition of local government by political party, January 1996 – December 1999

	Mayor	Council
Yotala	MNR	2 MBL; 1 MIR; 1 ADN
Poroma	MBL	1 MBL; 1 ADN; 1 MNR; 1 Eje
Sopachuy	MBL	2 MBL; 1 MNR; 1 MIR
Presto	MBL	1 MBL; 2 MNR; 1 MIR
Monteagudo	ADN	1 ADN; 2 MNR; 1 UCS
Huacareta	MNR	1 MBL; 3 MNR

Source: Fieldwork 1997-9.

The table shows that in the period January 1996-December 1999, all municipalities except Huacareta had a municipal council in which various political parties were represented. When using this information as a basis for further analysis, it should be kept in mind that at the MBL and MNR were in charge at the national and departmental level until June 1997.

With respect to the character of the relation between the mayor and the municipal council, only in Huacareta this relation can be characterised as rather fluid, with both the mayor and the council being part of the national government. In Sopachuy, on paper there seems to be a pretty harmonious relation. In practice, however, conflicts are also present within the MBL. The other urban MBL militants found it hard to accept that a peasant had been directly elected, also because they were convinced that he had too little capacity to perform this job. Instead of supporting him, they did everything to obstruct him. In Poroma and Presto, in contrast, this relation might be characterised as being conflictive, resulting in various changes of the mayor. In Monteagudo, there are some conflicts, especially between the ADN and the MNR, but as one of the councillors pointed out: 'We're used to it. We've known each other for years, and although there are some differences, we'd never permit escalation'. Finally, in Yotala, the relation between the mayor and the municipal council could be characterised as fairly good, despite the differences in political background of the members of local government.

A multi-party local government is assumed to have a positive effect on the accountability of local government. As shown in Chapter 5, it did, however, also result in frequent changes of mayors, hence instability of government.

Fraud should be mentioned in this respect. A mayor of a small municipality does not earn much, and since he has the authority to do whatever he wants and control mechanisms were lacking in the early years, fraud is often used to increase the income. Mayors of Poroma, Presto, Yotala and Huacareta are an example. Although these cases

of fraud are taken to court, trials generally take a lot of time so the ex-mayors continue to be on the councils.
Another explanation for the instability is the increased intervention of political parties at the local level. Since 1994, national political agendas have tended to dominate local affairs. This is illustrated by the fact that the results of the national elections in 1997, which took the ADN-MIR government to power, led to changes in the predominantly MNR-MBL local governments in the period 1997-9 (Chapter 5). According to Ayo (1999: 131) the main instrument used for this is the application of the *voto de censura*, through which mayors can be removed. Mayors in the research municipalities who had been removed said that this instrument was often used at the instigation of political parties at the central level.

Local governments also attempt to secure access to funds through supporting higher government levels and affiliating themselves to the parties that are in government. The ex-MBL-mayor of Sopachuy is an example in case. He remarked that his main motive for joining the ADN in 1998 was the threat of being marginalised in terms of access to national funds and governmental support programmes. A third factor contributing to instability is that many municipal councils make an internal deal by giving each councillor a certain period as mayor. In this way, everyone can obtain the maximum benefits of the office, varying from US$ 250 to US$ 700 per month. The opportunities for such agreements were limited by the 1999 Law on Municipalities, in which it is defined that, in case of a change of mayor, the council that acquired most votes should choose the mayor.

7.3.3 Intra-governmental relations

With the implementation of the LDA, the subnational government – represented by the *prefectura*, the *subprefectura* and the *corregimiento* (the provincial and cantonal representatives of government) – is supposed to perform a facilitating role with respect to the process of popular participation and local policy implementation. We observed in Chapter 2 that UFIs (Units for Institutional Strengthening) were created at the departmental level in the first year of the LPP (*i.e.* 1994/5), in order to inform local governments and OTBs about the LPP and its consequences. After the Law on Administrative Decentralisation came into effect, the UFIs were dismantled and their responsibilities were taken over by the departmental Units for Municipal Strengthening (UFMs). The UFM in Chuquisaca was rather small, comprising three technicians. The Unit supported municipalities in planning and administrative affairs and trained leaders and members of the OTBs in the formulation of demands and priority setting. In the period 1996-7, the employees of this unit displayed a rather high commitment. Municipalities were content with the support offered. This might also be explained by the political relations between the departmental level and the political colour of local governments which both were related to the MNR/MBL. In the summer of 1997, when it became clear that the MNR had lost the elections, this relatively fluid collaboration between the departmental and local level disappeared. Employees started to look for other jobs, offices were dismantled, and activities ceased. The new departmental government consists of many parties, with the ADN and the MIR sharing the most important posts. However, because of frequent conflicts, activities remained paralysed.

The director of the Unit for Strengthening of Communities remarked:

> 'I've worked with this department for four months, and it's a chaos. We've already had two different directors. The current one is from the ADN, and we're all MIR. Each time I propose a project, it's rejected. There's no continuity; we can't make any progress. The departmental directors change every month, and each one want to do his own thing. In the meantime, we sit here twiddling our thumbs.'[4]

Another problem is that new employees had hardly any knowledge about the LPP, participatory planning or administrative issues.

The politicised environment of the *prefecturas* impacted the municipalities in several ways. First, the municipalities perceived a reduction in the support of the departmental level. Secondly, the few projects that were implemented favoured ADN/MIR local governments. Requests for support from opposition municipalities were denied. In this respect, local governments point to the conditioned support of the prefectura. This is also confirmed by interviews with representatives of the departmental government. Municipalities ruled by the opposition parties, such as MNR and MBL, suffer much delay in the transfer of funds of the prefectura, which is reflected in the balances of the prefectura. In 1998, the 11 MBL-MNR municipalities received the funds only in November, whilst the ADN-MIR municipalities had the money in their bank accounts by February. This is confirmed by employees of the prefectura, who state that it is common to manipulate departmental support to the detriment of opposition municipalities, with respect not only to the transfer of funds, but also to other activities, such as the programme for municipal strengthening and training of municipal employees:

> '… although not official policy, in practice requests from ADN-MIR municipalities for support have priority over those from MNR-MBL municipalities.'[5]

7.3.4 The power structure

We explained in Chapters 3 and 4 that the land reform in 1953 impacted heavily on the traditional power structures in rural Bolivia. Before 1953, the *hacendados*, the large landowners, constituted the most powerful group, since they owned the land. The land reform of 1953 resulted in some areas in a redistribution of land in favour of the formerly serfs. In other areas, however, the impact was much less. Within the study area, this differentiated impact can also be observed, between the higher zone and the valleys, on the one hand, and the subtropical lowlands, on the other.

In the higher zone and the valleys, where the municipalities of Poroma, Yotala, Sopachuy and Presto are located, a considerable amount of land was redistributed. As a result, the position of the large landowners was weakened and the power was placed in the hands of the peasant unions. Within these four municipalities, some differences can be observed with respect to the relation between the impact of the land reform of 1953 and the actual power structure. In Yotala, there still are a few large landowners. However, they hardly interfere in local affairs, and as such occupy a minor position in the current power structure. Much more important in Yotala's actual local power structure is the increasing proportion of the urban population that works in the city of Sucre. This group is mainly oriented towards the city of Sucre, and as such is not very much interested in the rural areas of this municipality. In Poroma, two power groups function side by side. On the one hand, there is a group of former large landowners, which became

impoverished after the land reform, but continued to exercise considerable power. Members of these families fulfilled the functions of mayor and sub-prefect. With the implementation of the LPP in 1994, a second power group emerged, consisting mainly of urban-based professionals. From time to time, severe conflicts occur between these groups, resulting in accusations of fraud and the establishment of two local governments in January 1996 (*Correo del Sur,* 21-01-96). In Presto, a somewhat similar situation can be observed, with several groups striving for power. However, the position of the population is somewhat different here, since the peasant unions, the present OTBs, have more power. In Sopachuy, there is a group of more powerful, urban and rural families that previously dominated public affairs. After the implementation of the LPP, however, rural population gradually took control. This was supported by a strong syndical organisation that mobilised peasants with the support of NGOs. In fact, in these four municipalities, traditional elites were not able to maintain their power position, also because they were fragmented due to internal conflicts. New actors emerged in the context of the LPP, in which the distinction between urban and rural groups gained in importance.

As a consequence the implementation of decentralisation had a positive impact on the participation of the traditional excluded groups in local decision-making, in particular the peasant population. Moreover, the LPP had a positive effect on the access to development opportunities of the peasant communities. In Chapter 6 it was shown that the LPP resulted in an even distribution of investments between the peasant communities and the neighbourhood organisations.

In the subtropical lowlands, where there is less pressure on land, there was no land reform and the landed elites kept their power. Healy (1983) distinguishes two groups of elites in the province of Hernando Siles, which consists of the research municipalities of Monteagudo and Huacareta: *caciques* (urban-based elites) and *patrones* or *hacendados*. Healy defines *caciques* as a group of elites with an identical way of dominating: informal, autocratic, personalistic and arbitrary (Healy 1983, p. 251). He observes that the phenomenon of *caciquismo* in the province of Hernando Siles emerged in the 1960s, when a small group of people took control of all public affairs. This was possible because of the economic changes, referred to by Healy as 'modernisation in this pole of development', including the opening up of roads, the establishment of a provincial entity of the CORDECH in Monteagudo and the establishment of various small enterprises. Healy's study reveals how this small group occupied the most important functions of mayor, sub-prefect, police commander, director of the local cooperative, tax collector, president of the Civic Committee and head of the CORDECH entity. This group not only accumulated power, but also controlled all public affairs, hereby accumulating wealth. Whereas the *caciques* were in control of the main urban affairs, the *patrones* controlled the rural areas of the province. Healy (1930, p. 103) estimates that in the 1970s, a group of 15 *hacendados* (1% of the rural population of the province) owned 32% of the land. The dominant mode of production was that of the *hacienda*, with Guaraní people working the land, often without remuneration and within a system that stimulated indebtedness. By effectively limiting access to education, the Guaraní remained subdued. With the implementation of the LPP, traditional elites in Monteagudo and Huacareta – the *caciques* and *hacendados* – not only maintained their position but were even able to strengthen it. In Monteagudo this is expressed in the composition of local government, that consists purely of the traditional *caciques* and their descendants. Someone from the old caciques also occupied the post of sub-prefect in the period 1993-7. After the national elections in 1997, he was succeeded by another *cacique*.[6]

In Huacareta the *hacendados* continue to dominate local government. Since the implementation of the LPP, the local government has consisted of *hacendados*, with one of them holding the office of mayor. Another interesting feature is that in Huacareta, the *hacendados* very quickly adopted the LPP by registering their property, including the Guaraní people who work on it, as an OTB, thus securing access to resources and projects. This was made possible through the firm relationships between the *hacendados*. This resulted in projects that favoured particular communities, such as the community of Añimbo in Huacareta (Box 7.3).

Often, the other communities are not able to change this situation, since they depend on these families for their income. Also, the recently established indigenous Guaraní communities are weakly organised.

Box 7.3 The mechanisms of traditional power structure in Huacareta

The peasant OTB of Añimbo is an excellent example of the adoption of the LPP by the powerful hacendados, The community is situated in the south-western part of the municipality of Huacareta, on a four hours drive (in the dry season) from the town of Huacareta. The community counts 120 inhabitants, most of them living in the small village. Añimbo is also the home of the Garcia family, traditionally hacendados, owning cattle and cultivating maize on various hacienda-like properties. The three sons all occupy positions in the local institutions: son Marco is a member of the municipal council, son Roberto is member of the Comité de Vigilancia, and son Alejandro is in charge of the function of agente municipal. Uncle Román owns one of the largest properties in the province. His son, nephew Miguel, is deputy in La Paz for the political party Movimiento Nacional Revolucionário. This network of relatives seems to be very important for the acquisition of projects, as since 1994 Añimbo was endowed with no less then eight projects; an impressive amount compared to other communities.

These findings correspond with other empirical evidence. Booth *et al.* (1998) point out that in Moxos (in the department of Beni) 'the *alcaldía* and the municipal council remained firmly in the hands of the whites and mestizos of the town, …with a strong representation of ranching interests'. Calla (2000: 86) observes the same process:

> '... [the LPP] boosted the position of sectors of the local *vecino-mestizo* elites who were – directly or indirectly – associated with the regime of *haciendas* and *latifundios* and traditionally adverse to the Indian-peasant masses. ... this new-found strength derives from the co-participation resources which the state channels to the sectional municipalities. These resources have allowed the *vecino-mestizo* to resurface and form a new nucleus of political, economic and social hegemony at the local level.'

Thus, in the subtropical lowlands the impact of decentralisation on local governance and local development is much more obstructed by the prevalent power structure. As a consequence, the formerly excluded groups face many problems in participating in local decision-making, through being elected or through the OTBs, and in expressing their demands to local governments. The influence of the power structure on local development is more difficult to assess. In Monteagudo, where urban caciques dominate

local government, there are no signs of using a position in local government to obtain direct personal benefits, through projects. In Huacareta, there are a few examples of the abuse of public local funds for the personal benefit of large landowners, such as the case of Añimbo. However, the lack of hard evidence makes it impossible to draw any conclusions on this aspect.

7.3.5 Non-governmental organisations

Before 1994, the activities of NGOs were mainly directed at an increase of the agricultural production, such as small irrigation projects and horticulture, often with a training component. A characteristic feature of NGOs was their independent position: the funds they depended on came largely from international donors, completed with support from one of the three national funds, the FIS, FDC and FNDR.

After the implementation of the LPP in 1994, the emphasis on agriculture continued, but more and more NGOs paid attention to informing the communities, now OTBs, on their rights and obligations under the LPP, with an emphasis on awareness raising. More important was the change in the access to the national funds: the LPP forced NGOs to cooperate with the new local governments in the requests for financial support.

Thus, the relation between the OTBs and NGOs changed. When asked about the main results of the LPP, the leaders of OTBs in the sample mentioned that they now have a stronger position in negotiations with NGOs on the type of projects that are implemented. Before 1994, the population was more dependent on the supply, that is, the projects offered by the NGOs, since this was often the only access to projects. With the LPP, they are in a position to select the projects that correspond with their demands.

The presence of NGOs can have a positive impact on both local governance and local development, since the activities of NGOs facilitate the implementation of investments though institutional strengthening and training focused on the LPP. This might have a positive impact on the ability of the population to participate in local decision-making. The presence of NGOs may also lead to an increase of the municipal budget, since NGOs have to cooperate with municipalities in order to access one of the national funds.

With respect to institutional strengthening, NGOs play an important role in the training of OTBs on the contents of the LPP. The impact of this kind of NGO support differs between the research communities, since the number of NGOs varies among them. Moreover, as noted before, NGO activities do not cover all OTBs in the municipalities, with well accessible OTBs being favoured more. The working area within the municipality hardly changed due to the LPP, since NGOs continue to work in OTBs where they already worked before the implementation of the LPP. Thus, although activities of NGOs changed, the main target groups remained the same, with well accessible OTBs having an advantage.

The differences in presence of NGOs result in a differentiated impact of decentralisation. Firstly, we already noted before that the presence of NGOs has a positive impact on the budget of municipalities and the implementation of projects: municipalities with a relatively high number of NGOs are more successful in implementing the planned budget. These findings correspond with that of Kohl (1999), who shows in his study on economic and political restructuring in Bolivia that the short-term success of participatory planning is strongly related to who elaborated the Municipal Development Plan. The planning process in municipalities that were served by NGOs had a higher level of citizen participation and a higher degree of citizen involvement than the planning process in municipalities that had a strategy developed by a consultant with little previous experience in the municipalities.

Secondly, the presence of NGOs contributes to institutional strengthening, thus stimulating participation.
Besides these positive impacts, there are also two bottlenecks. First, there is the risk that NGOs assume the role of local government in municipalities where this government is relatively weak.

Kohl points in this respect to the importance of the LPP for the legitimacy of NGOs:

> 'In all cases, the higher level of citizen participation was related to the fact that NGOs with political, as well as social, projects used the planning exercise to further their own agendas.' (1999, p. 151)

In municipalities with a relatively weak local government, NGOs can strengthen the dependent position of local governments. This happened particularly in the first years after the implementation of the LPP. NGOs considered the local governments very weak, in particular as regards their experience with local planning and project implementation. An example of a paternalistic relationship between an NGO and weak local government is that between ACLO and the local government in Presto (Box 7.4).

Box 7.4 The relation between local government and NGOs: the example of ACLO in Presto

An example of the uneven, paternalistic relation between NGOs and local governments can be found in Presto, where ACLO is active. ACLO had been operating in Presto since 1983, first in only one community, but later gradually extending its activities to 20 communities. Traditionally, ACLO activities in Presto were directed at improving agricultural production. In the 1990s, this was extended to soil management, and a gender component was incorporated into the programme. In the first year after the LPP, there were no spectacular changes in the relation with the municipality; ACLO continued its activities as before. In December 1995, municipal elections were held, which resulted in Presto in an alcalde campesino, affiliated to the MBL. This corresponded more with ACLO ideology, because the organisation has its roots in the Jesuit community, but is nowadays strongly related to the MBL (the subsequent directors were also MBL affiliates). The former mayor had been someone from the town of Presto and was affiliated to the MNR.

After the new mayor was installed, ACLO started to interfere in local decision-making, despite the lack of a formal agreement with the municipality: there was only a declaration that the municipality sanctions the presence of ACLO in its territory. In 1995, this resulted in ACLO being selected to formulate the Municipal Development Plan. ACLO also established a new Comité de Vigilancia, as it thought that the old Comité was not functioning properly. ACLO was always present at council meetings and gave advice to members. In this way, it administered the whole municipality and denied access to other organisations, resulting in a conflict of interests. In 1998, however, the situation changed completely. The office of ACLO on the main square was closed, the crew was reduced and collaboration with the local government – in the form of regular meetings and informal talks – stopped. Although it would seem that this change was brought about by a changeover from a left-wing (MBL) to a right-wing (ADN) mayor, ACLO denies any coincidence.

A second potential bottleneck is the lack of coordination between the different NGOs. The number of NGOs in Chuquisaca increased considerably the last few years. The main difference with the older NGOs is that the new ones are dedicated primarily at the activities directly derived from the LPP, such as the elaboration of the municipal planning strategies and training municipal staff in administrative issues. Part of this increase in NGOs can be attributed to the change of national – and thus departmental – government in 1997. Many MNR/MBL militants, who worked at the departmental office for Municipal Strengthening during the period 1994-7, were aware of the demand for their expertise and decided to start an own consultancy, under the denominator of NGO.
The increase of NGOs and the fragmentation of activities led to a lack of coordination regarding interventions and the working area, resulting in an overlap of activities and inefficient use of scarce financial resources. Although many NGOs complain about this development, up to now few attempts have been made by them to solve the problem. In some municipalities it is tried to combine forces by creating a coordinating committee consisting of various private and public municipal actors. An example of such a committee was established in Sopachuy by SNV (the Dutch development organisation) in collaboration with all the other NGOs in the area. However, the achievements of this committee have been limited, partly because the local government (both the mayor and the council) was not interested in consulting the NGOs and partly because the NGOs were not very cooperative. They refuse to be open about their affairs – such as their financial position and implementation figures – and do not want to limit themselves to jointly determined intervention lines.

7.3.6 The private sector

The private sector can play a role in local development, by actively becoming involved in local planning and project implementation, and as such stimulating the increase of employment and income. As detailed in Chapter 4, the characteristics of the private sector differ very much from municipality to municipality. In the municipalities of Poroma and Presto, the entrepreneurial sector is limited to a few retail shops. The other municipalities, and particularly Monteagudo, offer a more differentiated picture.

So far, the role of the private sector in local decision-making is very limited, due to the lack of communication with the local government. Although representatives of the private sector, particularly in Monteagudo, expressed the wish to be involved in planning, they do not have a formal role in local-decision making in the context of the LPP, since they are not territorially organised. All the local governments in the research municipalities do not consider the private sector as a potential actor in achieving local development and refuse to incorporate this sector in negotiations. Another bottleneck is the lack of organisation of the private sector. It concerns mainly small-scale entrepreneurs such as constructors, retailers and providers of services who, due to lack of tradition, are not associated.

Some initiatives are aimed at making local governments more conscious of the potential to collaborate with the private sector, such as PADER (the Project for the Promotion of Rural Economic Development), a joint effort by the Swiss Development Corporation and the Bolivian Government. This project is active in two of the research municipalities (Sopachuy and Monteagudo) and intends to promote the economic development of rural municipalities, by using the concept of the *município productivo,* the 'productive municipality'. Rather than emphasising the development potential of natural resources, population or economic structure, PADER focuses on the role of human resources in local development. Its activities aim to stimulate communication and

coordination between different actors, through the organisation of seminars and workshops and the implementation of small projects. In practice, however, also the PADER project is confronted with a poorly organised private sector and, as a result, the economic potential of non-agricultural activities and spatial factors appear to be more important criteria in the selection of pilot projects than the potential of human resources.[7]

7.4 The factors conditioning the effects of decentralisation in the six research municipalities: conclusions

This chapter dealt with the conditioning role of three categories of factors which influence the impact of decentralisation on local governance and local development. The analysis shows that the role of some factors appears to be less significant than one would expect from the review of literature. Other factors appear to be much more important.

The spatial context has an important impact on the participation of the population, the presence of NGOs, the distribution of investments within the municipalities and the aspect of accountability within the municipalities. It was shown that leaders and members of relatively well accessible OTBs have more knowledge about the LPP and are more involved in participatory planning. Also, in well accessible OTBs, relatively more projects are implemented. In addition, accessibility impacts on the presence of NGOs, since NGOs tend to select municipalities and OTBs, which are well accessible. Lastly, accessibility influences the degree to which accountability can be exerted. This is easier in municipalities where OTBs are easily accessible and the members can meet frequently. Also, the supervision of projects in easily accessible OTBs is more convenient. A last factor is that information about the performance of local government with respect to investments is better in well accessible OTBs than in less accessible OTBs.

We also analysed the impact of population size and the features of the economic structure of the municipalities on the performance of decentralisation. The impact of the size of the municipality on the size of the budget is relatively small, since there is hardly any relation with the capacity to generate own resources. It is much more the economic structure that impacts on the mobilisation of own resources, by offering a tax base for the mobilisation of funds. The degree of poverty, expressed in HDI, appears to have little impact on the type of investments made, since all research municipalities face more or less the same constraints.

The role of the spatial and socio-economic context in the contribution of decentralisation to local governance and local development is differentiated and relatively small. Much more important is the institutional context of the municipalities, in particular the presence of NGOs, the power structure and the role of political parties. It was shown that the presence of NGOs is very important for the size of the budget, and is a determining factor in the successful implementation of the planned budget. The power structure conditions the access of the population to positions in local government and to participatory planning. The administrative capacity of all the research municipalities is relatively small. However, the municipalities handle different strategies to overcome this problem.

The analysis in this chapter showed that, of the three contexts studied, the institutional context has the greatest influence on the impact of decentralisation on both local governance and local development. The spatial context might be classified as the second conditioning role, influencing in particular local governance, but also the issue of inequality within municipalities. The socio-economic context appeared to be the least

important, as this only affects the ability of municipalities to generate own resources, an element that is of minor importance in the total budget of the municipalities.

Notes

1. Well accessible OTBs are those that can be reached with motorised transport and within a three-hours walk from the municipal capital and less accessible OTBs are those that can not be reached with motorised transport or that are located at least a three hours walk from the municipal capital. See Appendix I for the classification of both types of OTBs in the research municipalities.
2. In a study on the impact of the size of the municipality in Mexico and Bolivia, Rowland (2001) demonstrates that units of government that include small populations are more accountable than larger ones because people can – and do – have closer interactions with local government officials. On the other hand, smaller municipalities appear to face greater constraints under decentralisation because of limited local sources of finance.
3. The Law 1178, or SAFCO *(Sistema de Administracion Financiera y Control Gubernamental*) of the system for financial administration and governmental control came into effect in 1990. This law establishes the norms for the planning and organisation of administrative and budgetary issues of governmental policy at all level (Medina and Galindo 1997, p.136).
4. Interview with F. Sarabia, Director *Fortalecimiento Comunitaria*.
5. Interview with F. Sarabia and L. Flores, Units for Communal and Municipal Strengthening.
6. In 1999, the former sub-prefect was elected president of the *Comité de Vigilancia* in Monteagudo.
7. Interview with E. Zelada, Director PADER-Chuquisaca.

8 SUMMARY AND CONCLUSIONS

This study has analysed the impact of decentralisation policy on local governance and local development, and the factors behind this impact. This final chapter has four purposes. Firstly, to summarise the background, objectives and approach of the study. Secondly, to present the main findings concerning the impact of decentralisation policy on local governance and local development in the Bolivian context. Thirdly, to put the findings in the context of the academic debate presented in Chapter 2, and to clarify what insights this study contributes to decentralisation, local governance and local development. Fourthly, to reflect on relevant issues to be considered in the design of decentralisation policies.

8.1 Background, objectives and approach

Since the 1980s, decentralisation – defined in Chapter 2 as "the transfer of authority, responsibility and funds for public functions from the central government to subordinate, lower government organisations or the private sector" – has received much attention both in academic research and in the political arena. It is difficult to make generalisations about the impact of decentralisation policies, since decentralisation involves different backgrounds, forms, motives and results. In Latin America, the decentralisation drive should be interpreted against the background of traditional state centralism. Since the end of the 1970s, the developmental centralist state has suffered a loss of legitimacy because of its inability to implement policies that respond to the needs of the vast majority.

Decentralisation was considered an effective policy measure in overcoming the problems caused by excessive centralism, and the reasons were predominantly economic. In the course of the 1990s, however, this predominantly economic view on decentralisation became increasingly inspired by political motives. This shift was expressed in the growing importance of "governance", calling for a more comprehensive approach to decision-making at the different government levels. In contrast to government, 'governance' explicitly refers to the relationships between the state and civil society in the management of economy and society. Governance goes beyond the public sector, and as such includes the wider population.

Governance has been conceptualised as a four-dimensional issue. It is considered to be 'good' when four conditions are met: accountability, transparency, participation and equity. Civil society should have a voice in decision-making, and equal access to and use of resources should be policy priority. The increasing attention paid to both decentralisation and governance led to a focus on the role of local government, since this government level is viewed as the most responsive to a population's demands, being the best suited to achieve good governance and stimulate local development. Local development is understood as increasing the development opportunities, in terms of general well-being, employment and income for the population, and ensuring that these opportunities are evenly distributed among the different groups.

In this study, we dealt with the implementation of decentralisation policy in Bolivia. The objective of this study, as set out in Chapter 1, was to analyse the impact of decentralisation policy on local governance and local development in Bolivia, and to identify the factors that explain this impact.

Therefore, three research questions were formulated:

1. What are the main characteristics of the Bolivian decentralisation process, and how do these compare with the characteristics of decentralisation in other Latin American countries?

2. To what extent does decentralisation policy result in local governance that is participatory, transparent and accountable and contributes to equity?

3. To what extent do decentralisation and governance contribute to increased local development opportunities?

We have analysed the impact of decentralisation in six municipalities in Chuquisaca, one of the poorest departments in Bolivia. The six research municipalities can be described as poor, predominantly rural and relatively small. These municipalities, ranging in size from 6,000 to 25,000 inhabitants, are situated in different agro-ecological zones, comprising higher valleys, lower valleys and the subtropical lowlands of the Chaco. They form a diverse sample with respect to spatial, socio-economic and institutional characteristics. Subsistence agriculture is the main source of employment. Migration, temporary as well as permanent, forms an important additional source of income for the peasant households, in particular in the higher zones.

The municipalities encompass three types of territorially based organisations (*Organizaciones Territoriales de Base* – OTBs), of which the peasant communities are the most important. Neighbourhood organisations are found in the towns, while indigenous communities are only present in the two municipalities in the subtropical zone. These are recently established Guaraní communities. The OTBs represent the territorially based institutionalisation of the relationship between civil society and the state. Another important actor in the study area are NGOs, which have an enduring history of development activities in most research municipalities.

8.2 The main characteristics of the Bolivian decentralisation process in the regional perspective

The first research question – *What are the main characteristics of the Bolivian decentralisation process, and how do these compare with the characteristics of decentralisation in other Latin American countries?* – was discussed in Chapters 2 and 3.

The Bolivian decentralisation policy, which was launched in 1994, was embraced – particularly at the international level – as a model that complied with all the conditions to achieve both good governance and local development. Like other Latin American countries, the political-administrative structure of Bolivia used to be organised in a very top-down manner. At the local level, only the country's three largest cities received funds from the central state. Moreover, the pre-1994 municipalities were purely urban municipalities, with a municipal administration covering the urban settlements only, thus excluding the rural population from local decision-making.

The Bolivian decentralisation model has been formalised in two laws: the 1994 Law on Popular Participation (LPP) and the 1995 Law on Administrative Decentralisation (LDA). Although suggesting a particular focus on participation, the LPP aims primarily at the transfer of responsibilities and funds from the central to the local level. The three main elements of this law are (1) the creation of 311 urban-rural municipalities that are assigned a number of responsibilities mainly concerning the social and production

infrastructure. These municipalities receive funds from the central government, but are supposed to generate additional resources through taxes and the acquisition of external funds, from both non-governmental organisations and national funds. The participatory objective of the law is expressed in (2) the assignation of responsibilities in the field of priority-setting to the population, through the existing territorially based peasant communities, neighbourhood organisations and indigenous communities, now referred to as OTBs. To secure the participatory and fair implementation of the LPP (3), at the local level the *Comités de Vigilancia* were established, composed of representatives of the local population. The LDA is mainly directed at the departmental level and assigns specific functions to the *prefectura*, the departmental government. Both laws had important consequences for the structure and functions and performance of the departmental and local government.

Comparing the Bolivian decentralisation model with those applied in other countries a number of similarities and differences can be observed. Most Latin American countries started decentralisation in the 1980s, mainly for economic reasons, that is, to increase efficiency of public policy implementation. More recently, since the 1990s, measures have been added which aim more at political decentralisation. Compared to other Latin American countries, Bolivia introduced decentralisation relatively late, in 1994. The introduction of Bolivia's decentralisation project can be traced back to political motives. By decentralising power and functions to the lower levels, the government responded to the call for more autonomy at the subnational level, as well as the call for a more participatory approach of local decision-making that emerged at the end of the 1980s.

The design of decentralisation in Bolivia has resulted in a relatively high level of decentralisation, with 27% of total public expenditure managed at the local level. However, with respect to the functions involved and the authority of allocation remaining at the central level, the Bolivian model largely follows the way decentralisation has been implemented in other Latin American countries. Decentralisation in Bolivia can be characterised as devolution, since an important share of decision-making functions has been transferred to the local level, although the central government retains most authority of resource allocation.

The most outstanding component of the Bolivian model, compared to other Latin American models, is the institutionalised form of popular participation, through the OTBs. Only in few other Latin American countries is there such an integrative approach to popular participation. The success of the Bolivian model – in terms of popular participation – may be attributed to the fact that the institutions for popular participation were existent organisations with a tradition in social organisation, a strategy that proves to function better than one that would involve new institutional structures, as has been done in Mexico and Brazil (Nederveen Pietersen 2001). In achieving participation, the level of social capital (i.e. the characteristics of social organisation, such as traditions, norms and networks that can improve the efficiency of society by facilitating coordinated actions) of the different communities is considered a critical condition. Access to resources is much easier to realise in communities that show a high level of cohesiveness and organisational development and that share the same norms and traditions (Canel, 2001, p. 37; see also Putnam 1993). Where this social capital is absent, popular participation, although sometimes formalised in laws, is much more weakly developed, and only has a limited consultative character (Canel 2001, p. 34). This is the case in Honduras, Nicaragua and El Salvador.

Moreover, the Bolivian model was implemented nation-wide. Other experiments in Latin America that include far-reaching popular participation – such as the *mesas de concertación* in Colombia, the partnership model in Chile and participatory budgeting in

Porto Alegre and Montevideo – have been applied on a much smaller scale and involve only a small part of the total number of municipalities.

Another issue in which the Bolivian model differs from other models is the establishment of popular organisations that control local government actions. The Bolivian *Comités de Vigilancia* are a unique instrument, as Blair (2001) observes. In other Latin American countries, the issue of accountability has often been limited to traditional forms, such as referenda and the media. Formal, institutionalised popular control, like in Bolivia, is absent in all other countries, or it is left to the municipal councils.

8.3 Decentralisation and local governance

The second research question – *To what extent does decentralisation policy results in local governance that is participatory, transparent and accountable and contributes to equity?* – was answered in the Chapters 5 and 7. To qualify as 'good' governance, local governance must be participatory, transparent and accountable and lead to equity. This study took the element of participation as point of departure, by identifying the different forms of popular participation in local governance. We analysed to what extent these different forms lead to an increased participation of formerly excluded segments in local decision-making, and to an increase of accountability, transparency and equity.

First, popular participation is possible through municipal elections. The findings of this study show that turnout at municipal elections has increased since the implementation of decentralisation policy in 1994. Although it is tempting to attribute this to the increased attractiveness of the local level for both the population and political parties, measures taken by the central government aimed at increasing the number of people entitled to vote appear to have played a major role.

A second important way for the population to participate in local governance is through the election of OTB members for positions in local government. Before the implementation of the LPP, municipal elections resulted in local governments composed of urban mayors and councillors. Since 1994, there has been a shift in the composition of the local government in the six research municipalities, resulting in an increased number of mayors and councillors with a rural background – a formerly absent segment of the population in local government. Despite this increase, however, the large majority of local government still consists of urban representatives.

The third form – the participation in OTBs – appeared to be the most comprehensive form of popular participation. We demonstrated that the OTBs in the research municipalities quickly adopted the new planning procedures and presented their priorities to the municipalities. Over the course of time, there has been a shift in the way these priorities are set. In the early years, priority-setting was done annually, with OTBs presenting a list of communally defined priorities to the local government. To overcome this shopping-list character of priorities and to make planning more efficient, also on the longer term, the participatory planning methodology was introduced in 1996. The five-year municipal development strategy, which is based on an extensive process of problem identification carried out by the OTBs, is the product of this methodology. However, since this methodology had only recently been implemented, the OTBs in the study area had not had much experience with it.

The fourth form of participation involves OTBs taking part in the implementation of projects. This form is thought to have a positive effect on the viability of projects. The contribution of OTBs can take two forms: in kind (i.e. labour or materials) and in cash. It was shown that particularly the peasant communities participate in the implementation of

projects by contributing in kind. The neighbourhood organisations contribute much less and their contribution mainly takes the form of providing financial support.

The Bolivian decentralisation model includes a potentially powerful mechanism which was created to ensure the transparency and accountability of local government actions, through the establishment of the Comités de Vigilancia, the fifth form of popular participation. These Comités consist mainly of representatives of the rural OTBs, indicating a high degree of participation of the rural population. In practice, however, the added value of these committees appears to be very limited. The committees in all the six research municipalities are seriously hindered by a lack of legitimacy in their task to control the actions of local government. In some of the municipalities, local governments refuse to provide information on budgets and projects, the committees do not have the funds to exercise their functions properly, and practical problems – such as the difficult access to rural areas – seriously inhibit their performance. Transparency – creating the information flow on the way public policy-making is being made and implemented – is a weak element in the Bolivian model. Since the Comités have not been able to provide this information, the population depends on other instruments, such as newspapers and television in the towns of the municipalities and radio in the peasant communities.

In general terms, the implementation of decentralisation in Bolivia has resulted in local governance that is much more participatory with respect to formerly excluded segments of society and compared to the situation prior to 1994. However, with respect to participation this impact is not the same for all groups among the population, resulting in unequal access to local decision-making processes.

First, the Bolivian decentralisation model advocates genuine participation, structured according to a blueprint. Although it provides space for the different *usos y costumbres* within the three types of OTBs, it fits the peasant and indigenous communities more than the urban neighbourhood organisations. Traditionally, the peasant and indigenous communities have an intensive deliberation structure, with frequent meetings and officials who are changed each year. This facilitates the process of problem identification and priority-setting at the communal level. Also, the solid organisational structure of peasant communities, with high attendance levels at communal meetings, provides the conditions for representative participation, including the entire communal population. Within the neighbourhood organisations, deliberation is not so common, and these organisations are characterised by a low degree of attendance at meetings. In addition, decision-making is mainly done by the board.

Second, the impact of decentralisation on the participation of population in local decision-making is highly dependent on the accessibility within the municipalities. Neighbourhood organisations in the village and well accessible peasant communities are much better informed on the possibilities to become involved in local decision-making than the less favourably located communities. This is also related to the larger presence of NGOs in well accessible areas. The unintended consequence of this all is that decentralisation appears to promote the inequality between communities.

Third, the impact of decentralisation on local governance is differentiated due to the prevalent traditional power structures in the six research municipalities. The variance is strongly related to the degree to which the land tenure systems were affected by the 1953 Land Reform. In the subtropical lowlands the majority of the large properties remained untouched by this reform. As a result, the large landowners were able to maintain their position of power and even strengthen it, taking advantage of the LPP by controlling local government. In the more densely populated regions, those located in the higher zones and the valleys, the land reform led to the dismantling of large properties and the establishment of new communities. Although some of the former landowners still derive

some power from their historical background, there is much more room for new power groups, especially since 1994.

In sum, decentralisation in Bolivia resulted in a local governance system that is aimed at a dialogue between the public sector, the local government and the local population, organised in OTBs. The emphasis on OTBs resulted in the exclusion of other, functional organisations in local decision-making, such as producer associations and women groups. This implies that these other groups are not involved in planning and as such are not able to express their demands. This is a weak aspect of the Bolivian model, especially since there are no other ways for these organisations to become involved in local decision-making. The emphasis on OTBs as the main actors in participatory planning also resulted in a bias towards communal priorities, which are often projects in the social sector, benefiting the community as a whole. As such, the decentralisation policy applied in Bolivia stimulates mainly social sector investments.

A bottleneck in the implementation of decentralisation is the instability of local government, with frequent changes of mayors – urban as well as rural – due to a conflictive political environment and the lack of capacity. This instability leads to the instability of the local governance system as a whole, since new mayors refuse to use the same policies set out by their predecessors. They tend to adjust the priorities set before, and change the municipal staff, leading to a loss of experience and knowledge. Moreover, this also results in a wavering style of municipal management, leading to disruption of the planning and implementation.

We may conclude that decentralisation in Bolivia has contributed positively to local governance. This applies in particular to participation, certainly compared to the situation prior to 1994, when the rural population was not involved in local decision-making. With respect to accountable and transparent local governance, the impact of decentralisation is somewhat disappointing, however, since the Comités de Vigilancia are not able to control local affairs, due to a lack of cooperation of local government.

Moreover, decentralisation appears to have a differentiated impact with respect to equity, with neighbourhood organisations and well accessible peasant communities being much better informed and able to participate. This is reinforced by the fact that NGOs prefer to work in relatively well accessible OTBs, resulting in a relatively larger presence of NGOs these OTBs.

8.4 Decentralisation and local development

The third research question – *To what extent do decentralisation policies and governance contribute to an increase of local development opportunities?* – was dealt with in Chapters 6 and 7. In these chapters we discussed the financial position of the municipalities, the characteristics of local investments, the performance in investments, the impact on employment generation, and the conditioning role of the spatial, socio-economic and institutional context.

The concept of local development in this study refers to improved access for people to development opportunities, such as income, employment and living conditions, by both increasing the amount of opportunities and ensuring that they are evenly distributed. Compared to the pre-1994 situation, decentralisation has undoubtedly contributed to an increase of opportunities, when expressed in the size of the budget of the municipalities. The six research municipalities receive considerably more funds than they did before the implementation of the LPP, when the budget was almost zero. Surprisingly, the funds stemming from the central government – the LPP funds (*coparticipación tributaria)* – are

not the most important source of income for the six, relatively small municipalities. In all municipalities these funds only account for 28-43% of the budget. The municipalities have managed to acquire considerable additional funds from NGOs and/or one of the national funds. The share of own resources – collected by tax levying – in the budget is limited, and is highest in those municipalities having a larger urban area and a more diversified economic structure.

Only a limited part of the annual budget of the municipalities was effectively spent during the period 1995-9. The main reasons for this were the uncertain access to funds and the inefficient way of planning. With respect to the uncertain access to funds, we observed that particularly those municipalities that depend on contributions from national funds experience delays in the transfer of money. In contrast, municipalities with a relatively large presence of NGOs have much more success in spending the planned budget. This crucial role of NGOs is explained by the fact that since the implementation of the LPP, NGOs only gain access to one of the national funds if they form a partnership with local government. This means a shift in the relation between the NGOs and the state. In order to have access to national funds, NGOs now have to cooperate with the local government. This shift also resulted in a changing relationship between NGOs and the OTBs. Before 1994, NGOs decided on the projects to be implemented in the peasant communities. Now, in the context of participatory planning, this relationship is perceived as more equal by the peasant OTBs. Nevertheless, the financial interdependence of NGOs and local governments created by the LPP may also constitute a threat to participatory planning. Local government may decide to collaborate with an NGO regardless of the priorities of OTBs, in order to secure its own financial position.

With respect to inefficient planning we discovered that particularly during the first years of decentralisation, the planning of the budget at the local level was done without having checked that external funds would be forthcoming. As a result of a lack of knowledge and the limited capacity of administrative staff, local governments expected to acquire funds, unaware of the procedures operated by the funds and the long project pipeline. Requests for financial support were often declined or postponed, leaving the local governments without the necessary funds to execute the projects.

In the first five years of decentralisation, the focus of local investments was mainly on infrastructural projects, with an emphasis on the social sector (education, health and basic sanitation). Production-oriented projects, which are intended to directly increase agricultural production in the predominantly rural municipalities, accounted for a limited share of the investments. The emphasis on social projects is the result of several factors.

Firstly, it is related to the communal focus of the participatory planning methodology. This approach resulted in demand-driven investments aimed at communal needs. However, the projects do not reflect the main problems experienced by individual households in the OTBs. This is most evident in peasant communities, where the problems of the households are mainly related to their main source of employment, agriculture. Before the implementation of the LPP, most projects were executed by NGOs, which often only worked with a selected group of households. As such, projects aimed at increasing the agricultural production were possible. Now, within the context of the LPP, this is difficult to realise due to the communal focus. Within the neighbourhood organisations, the situation is different, since these organisations are traditionally more focused on the acquisition of common goods, and generally the member households do not consider the neighbourhood organisation as an instrument to solve problems related to the economic activities of the members.

Secondly, the relatively complexity of projects intended to increase agricultural production (e.g. small-scale irrigation projects) leads to local governments preferring

projects that are relatively easier to implement, such as the upgrading of school buildings and health posts. This is particularly so in election periods, when mayors, with an eye to their re-election, concentrate on 'visible' projects that can be executed in a relatively short period.

Thirdly, the way the central government presented the Bolivian decentralisation project – as a measure to improve general living conditions – stimulated social sector projects. Fourthly, the exclusion of functional organisations, such as producer associations, as formal actors in the process of participatory planning means that specific economic demands are not emphasised.

Local investments in the municipalities mostly go to relatively small projects. This leads to a dispersion of funds. From a developmental perspective, it would be more efficient to concentrate investments in larger projects and thus make a substantial contribution to local development. However, the participatory planning methodology results in the annual allocation of funds that tends to favour all the OTBs in the municipalities. Recently, local governments have started to concentrate funds in fewer, larger projects, thereby benefiting from economies of scale. This is enhanced by the elaboration of five-year development strategies.

The impact of decentralisation on the generation of employment in the municipalities is limited. It is largest in the construction industry, and also evident in the local public sector and services (hotels). The success in generating employment in the construction industry is largest in those municipalities with a relatively high share of qualified construction workers. In municipalities with less experienced construction workers this impact is less. In these municipalities, the majority of the projects are contracted out to large, external construction firms, often from La Paz or Santa Cruz. Since these firms tend to bring their own workers and materials, the multiplier effect, with local funds being invested in the municipality, is limited.

The impact of decentralisation on the even distribution of the development opportunities was analysed at two different levels: the distribution of investments between the urban and the rural OTBs, and that between relatively well and relatively less accessible OTBs. With respect to the former, there is an even distribution – in proportion to the population – of investments between urban and rural OTBs. With respect to the latter, the distribution of investments favours the well accessible OTBs in all research municipalities. Three factors explain this. First, the limited participation of the leaders of less accessible OTBs in municipal meetings results in fewer priorities being presented to the local government. Second, the larger presence of NGOs in well accessible OTBs leads to a larger number of investments in these OTBs. Third, projects in less accessible OTBs experience more logistical problems in project implementation, such as the difficult and expensive transport of materials and the impassable roads in the rainy season.

To sum up, decentralisation has resulted in an increase of the development opportunities, by increasing the investment capacity of local governments, compared to the situation prior to 1994. The local development actions concern particularly the improvement of the economic and social infrastructure, with an emphasis on the social sector. There appears to be no equal access to development opportunities, particularly between well and less accessible OTBs. The institutional context appears to be most important in explaining the differentiated impact of decentralisation, particularly the presence of NGOs. Although the capacity of local government, including the administrative staff, impacts on the ability of municipalities to acquire additional funds, it was revealed that local governments apply different strategies to overcome capacity problems, such as the hiring of part-time specialists. In contrast, the local political culture

impacts dramatically on the stability of local government, resulting in the loss of qualified and experienced administrative staff. The spatial and socio-economic contexts appear to be of minor importance in explaining this differentiated impact.

8.5 The link between decentralisation, governance and local development: recommendations for policy design

As most studies on decentralisation have shown, it is not realistic to expect that decentralisation in the simplest form – that is, the transfer of functions and funds to lower government levels – results in good local governance and local development. In fact, such administrative decentralisation only provides the conditions for the increase of development opportunities: the increase of funds. The funds available at the local level are often insufficient to cover the expenses needed for development actions. Mechanisms that aim at an increase of funds are therefore necessary. This can be the power to raise additional funds at the local level (e.g. a local tax system), but also the creation of mechanisms that bundle different channels for co-financing, such as national funds or NGOs. The Bolivian case showed the crucial role of such decentralised co-financing systems in the success that municipalities have in the acquisition of additional funds and the implementation of the budget.

This study showed that the analysis of the impact of decentralisation on local development through the concept of governance is a valuable approach. Local development is impossible without simultaneous measures that aim at achieving good governance: equal access to development opportunities through participatory, transparent and accountable decision-making. In this way, local governance can be considered as the missing link between decentralisation and local development. Political decentralisation is a necessary condition for this, since it also transfers decision-making processes to the lower level.

Efforts to achieve good governance through political decentralisation are, however, not the panacea for development problems, if structural problems are not addressed. Spatial and socio-economic factors, such as differences in accessibility and existing inequalities between resource rich and resource-poor regions, and historically determined features of the institutional context, such as unequal power structures and differences in social capital, proved to be major obstacles in achieving both good governance and local development. With this in mind, some elements can be identified that impact on the efforts of decentralisation policies and that should be taken into account when designing future policies.

Firstly, the Bolivian case shows that the contribution of decentralisation to the reduction of inequalities both within and between municipalities is quite disappointing. Decentralisation has resulted in a more equal distribution of funds between municipalities compared to the pre-1994 situation and in an improvement of the investment capacity, a first condition to increase development opportunities, but existing differences between resource-poor and resource-rich municipalities have not been evened out. The fact that the decentralisation of funds in Bolivia is based on the number of heads per municipality explains this. Nor has decentralisation reduced inequalities within municipalities or ensured that different groups within the municipalities have equal access to development opportunities. The population in less accessible areas receives relatively fewer projects and fewer investments. This could be addressed by incorporating other distribution criteria into the design of decentralisation policy. A viable option is to distribute funds according to poverty level (*e.g.* the HDI) between and within each municipality. Some

efforts are currently being made to introduce such measures, through the Poverty Reduction Strategy introduced in 2001.

Secondly, the accountability of local government appeared to be the Achilles' heel in achieving good local governance in Bolivia. One can create different instruments to secure accountability of public actions, such as the Comités de Vigilancia in Bolivia, or referenda and media in other countries, but until these instruments are given the facilities and authority to properly carry out their job, it is not realistic to expect these accountability measures to produce miraculous results. To achieve accountability, such institutions as the Bolivian Comités de Vigilancia should be facilitated in two ways. First, they should be assigned a fixed budget to oversee projects, and with an allowance to cover some of the time and energy spent. These funds should not be allocated by the local government, since this involves the risk of political co-optation, but come from higher government levels. Second, such institutions should be assigned formal authority to impose measures. Examples of such measures could be the establishment of a national institute for accountability, facilitating the local institutes in imposing measures.

Another way to increase accountability at the local level is to grant local parties access to municipal elections. Previous experiments with local parties show that these are much more sensitive to the demands of the population, and thus more accountable.

Thirdly, decentralisation has failed to respond adequately to the problems of the population related to the production sphere. Most of the investments are directed at infrastructural projects in the social sector, such as education and health. In the long term, these investments can have a positive effect on employment and income opportunities. However, to achieve local development, the structural problems of the municipalities should also be addressed, in particular those concerning the lack of alternative employment and the uneven local power structures. These fundamental problems deserve more attention from the central government. This would be a viable approach as is shown by the announcement of the INRA law in Bolivia, which will regulate the tax levying on land. Although not yet approved, many large landowners have already reacted to it by selling parts of their property to avoid huge tax bills. This has changed the local power structure and empowered new communities.

Another way to address more structural, economic, problems is to make the planning system less exclusive and less focused on communal social demands, by incorporating representatives of the private sector in local planning, such as producers' associations.

Given the character of decentralisation in Bolivia and the problems surrounding its implementation, it is too early to establish whether the original formal objectives – achieving good governance and local development – have been realised. One thing is clear, however: Bolivian municipalities acquired decentralisation within a very short period. Although counteracting developments have taken place at the central level (i.e. through the actions of the Banzer government), the local level has kept on going and has even been able to develop its own dynamics. This is the case for local governments, but probably even more for the population. The support of international development agencies, directly and through NGOs, strengthened these local dynamics considerably.

However, the character of the decentralisation policy has changed since 1997. At the national level there has been a shift to a more technical approach, with the issue of participation being played down. In reaction, international donor organisations, particularly bilateral donors, threatened to cease their support and some of them actually freed the channelling of funds. All this happened in the context of increasing economic malaise and social unrest. The Banzer government, afraid of losing a considerable amount of funds, responded to this by establishing a renewed dialogue between the state and civil society, which served as the basis for the Poverty Reduction Strategy, which

was launched in 2002. However, the law regulating the channelling of funds has not been approved yet.

In June 2002 national elections will be held, with Gonzalo Sánchez de Lozada again standing for the MNR. Most of the election campaigns focus on how the economic crisis will be combated. Further decentralisation – in particular the more equal distribution of funds between resource-rich and resource-poor regions, in favour of the resource-poor regions – is considered in most programmes as way to tackle the problem, by satisfying the main basic needs of the population. To ensure the dynamics of local governance and local development, the new Bolivian government is also playing an essential role in encouraging participation, by facilitating administrative capacity-building, stimulating participatory planning and developing actions aimed at the structural problems faced by the Bolivian economy and the Bolivian society.

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APPENDIX I. METHODOLOGY

Bibliographical research was carried out in the Netherlands and Bolivia during three periods (January-July 1997, July 1998-January 1999 and September 2000). During the first period, interviews were held with a large number of national and international experts in the field of popular participation. Based on these interviews, Chuquisaca was chosen as research area. Subsequently, six municipalities within this department were selected for an in-depth study.

A large part of this study is based on the analysis of secondary sources, that is, annual and five-year development plans, and financial records (implementation reports and balances). These were gathered from the municipalities and the archive of the Departmental Unit for Municipal Strengthening at La Madonna, Sucre. The data contained in these plans, reports and balances were analysed with the support of the programme SPSS. Variables considered include the type of project, total costs, the location, the period of implementation, the beneficiary OTB and the characteristics of the execution of the project. This resulted in a database of 2,014 programmed and 1,393 implemented projects.

During each period of fieldwork semi-structured interviews were held with the mayor, councillors and presidents of the Comités de Vigilancia of the six municipalities, with respect to their personal background, municipal management and the planning process. Also, NGOs working in the municipalities were interviewed about their history of working in the municipality, their activities and their relation with local government, especially with respect to planning.

During the second period of fieldwork a survey was held among 101 leaders of OTBs in the six municipalities. The sample was determined as follows. Of the total number of OTBs, a distinction was made between the three types of OTBs, that is, peasant communities, neighbourhood organisations and indigenous communities. This allowed for the determination of the sample fraction of, respectively, peasant communities, neighbourhood organisations and indigenous communities (the last are present only in Monteagudo and Huacareta):

- Yotala: 1:3 peasant communities, 3 neighbourhood organisations;
- Poroma: 1:3 peasant communities, 1 neighbourhood organisation;
- Sopachuy: 1:2 peasant communities, 1 neighbourhood organisation;
- Presto: 1:2 peasant communities, 1 neighbourhood organisation;
- Monteagudo: 1:5 peasant communities, 1 neighbourhood organisation, 3 indigenous communities;
- Huacareta: 1:2 peasant communities, 1 neighbourhood organisation, 3 indigenous communities.

The OTBs were randomly selected from each type of OTB present in the municipalities. The selection included easily accessible and less accessible OTBs. Non-response was zero.

Table I.I Composition of the sample in the six research municipalities

Municipality	Total number OTBs	OTBs in sample			
		Peasant communities	Neighbourhood organisations	Indigenous communities	Total
Yotala	52	16	1	-	17
Poroma	79	22	1	-	23
Sopachuy	23	12	2	-	14
Presto	27	12	2	-	14
Monteagudo	80	16	4	1	21
Huacareta	29	10	1	1	12
Total	290	87	11	2	101

The survey consisted of three parts: the first concerned questions about the main characteristics of the OTBs, such as number of households, economic activity (including migration), the presence and activities of NGOs, and the main problems experienced. The second part focused on the characteristics of the leader of the OTB, such as background and experience. The third part contained questions about the process of planning within the OTB, the projects planned and implemented, and the relation with local government and NGOs.

Definitions

Well accessible OTBs: OTBs that can be reached with motorised transport or are within a three-hour walk from the municipal capital.
Less accessible OTBs: OTBs that cannot be reached by motorised transport or are more than a three-hour walk from the municipal capital.
Production-oriented projects: projects directed at strengthening the production structure of a municipality. Examples are projects in the agricultural sector (irrigation), marketing and commercialisation, veterinary services, seed supply, forest management and non-agricultural, alternative employment (e.g. weaving and pottery). In this study, roads are not considered production-oriented investments, nor are investments in education, health, sports, culture or urban improvement.

Interviews

National government

M. Lea Plaza, Director Participatory Planning, Secretary of Popular Participation.
N. Vejara, Coordinator of the project for Communal Strengthening of the Secretary of Popular Participation.
V. Balcazar, Head of the Unit for International Cooperation of the Secretary of Popular Participation.

Departmental government of Chuquisaca

J. Bonifaz, Advisor prefect of Chuquisaca
J. Zapata, Advisor Participatory Planning
D. Pacheco, Director Departmental Unit for Municipal Strengthening 1996-1997
G. Salguero, Advisor Communal Strengthening, 1994-1997

J. Duran, Advisor Unit for Municipal Stregnthening 1994-1997
M. Ibañez, Advisor Unit for Municipal Strengthening 1994--
L. Flores, Director Departmental Unit for Municipal Strengthening 1997-1999
J. Villegas, Director Departmental Unit for Productive Development, 1994-1997
F. Sarabia, Director Departmental Unit for Communal Strengthening 1997--
A. Villagomez, Departmental Unit of Budget, 1997--

Provincial government

R. Calvimontes, subprefect of the province of Hernando Siles
J. Quiroga, subprefect of the province of Tomina
L. Arancibia, subprefect of the province of Oropeza

Non-governmental organizations

ACLO
CARE
CARITAS
CCCH
CEDEC
CIAC
ETAPAS
Peace Corps
PLAFOR
Plan Internacional
PROSCAM
SNV-Regional Office Chuquisaca
TREVERIS
UNISUR

Other

M. Pumar, Director Fund for Rural Development (FDC)-Chuquiasaca
D. Borda, Director Social Investment Fund (FIS)-Chuquisaca
E. Zelada, Departmental Coordinator PADER Chuquisaca
L. Ramirez, member of the group of 12 that prepared the Law on Popular Participation
T. Beetstra, Director CDID
J. Michel, President of the Association of Municipalities in the department of Chuquisaca
M. Galindo, member of the group of 12 that prepared the Law on Popular Participation and former Vice Minister of Popular Participation
E. Petersen, Director INRA-Chuquisaca
R. Porcel, Director PDCR-Chuquisaca
L. Noort, Dutch Embassy La Paz
J. Cortez, Dutch Embassy La Paz

Municipality of Yotala
F. Vera, mayor
J. Sandy, mayor
M. Miranda, President Comité de Vigilancia 1996-1998
B. Galeano, President Comité de Vigilancia 1998--
J. Lopez, Head technical department municipality

C. Mamani, Constructor
D. Perez, Constructor

Municipality of Poroma
J. Michel, former mayor and councillor
B. Torihuano, mayor
P. Saavedra, mayor
R. Cabrera, councillor
J. Fiengo, councillor
J. Hurtado, practitioner health post
M. Cruz, President Comité de Vigilancia 1998-1999
P. Flores, President Comité de Vigilancia 1996-1997

Municipality of Sopachuy
A. Jimenez, mayor
A. Mercado, mayor
J. Mendoza, Corregidor
J. Daza, municipal councillor
D. Campos, former mayor
R. Sifuentes, Supervisor of projects
P. Campos, President Comité de Vigilancia 1996-1998
P. Galarza, President Comité de Vigilancia 1998-2000
H. Diaz, Constructor
J. Ortega, Constructor

Municipality of Presto
H. Pari, mayor
J. Davila, former mayor
Y. Tapia, President Comité Civico
L. Batista, President of the Comité de Vigilancia
R. Perez, Supervisor of projects municipality
A.Castro, Priest
M. Martinez, Constructor

Municipality of Monteagudo
J. Vargas, mayor 1996-1998
J. Hinojosa, mayor 1998-1999
J. Abdelnur, Subprefect province of Hernando Siles 1993-1997
M. Ortuno, President Comité de Vigilancia 1996-1999
H. Abdelnur, president Civic Committee
G. Campos, head technical department municipality
D. Sensano, President of the Integral Association for the Development of Women
F. Garibaldi, Constructor
B. Lopez, Constructor
B. Florin, entrepreneur
F. Rodrigeuz, entrepreneur

Municipality of Huacareta
C. Miranda, mayor
J. Dorado, technician municipality

J. Delgadillo, councillor 1995-1999
W. Ibanez, President Civic Committee
B. Vasquez, member Comité de Vigilancia, 1995-1998
C. Villegas, President Comité de Vigilancia 1996-1998
M. Crespo, member Comité de Vigilancia 1995-1998
G. Escobar, Supervisor of projects municipality
G. Andrade, Corregidor
R. Rojas, Oficial mayor municipality
H. Stoffel, priest
C. Quispe, constructor
R. de la Cruz. constructor

Survey among OTBs

Yotala

Well accessible OTBs	Less accessible OTBs
Villa Santa Rosa	Picantura
Cachimayu	Anfaya
Cabezas	Cancha Pampa
Huasa Nucchu	Higueras
Pulqui	Huayllas
Tambo Achatilla	Palamana
Tuero Chico	Calera
Barrio 1 de Mayo	Tasapampa
	Ollisco

Poroma

Well accessible OTBs	Less accessible OTBs
Copavilque	Cucuri
Chijmuri	Portillo
Alamos	Palca
Huanoma	Tejawuasi
Kolla Pucara	Kolka
Piocera	Milluni
Pomanasa	Marcavi
Horcas	Chillchista
Zanabria	Challcca
Salquina	Tomavia
Sacabamba	Soicoco
Barrio Poroma	

Sopachuy

Well accessible OTBs	Less accessible OTBs
Milanes	Alizos
Orcas	Rio Grande
Achatala	Matela Baja
Silva	Sipicani
San Antonio	Sauceal Pampa
Barrio Ayacucho	San Juan
Barrio Sarla	Rio Grande

Presto

Well accessible OTBs	Less accessible OTBs
Corralon	Mala Vista
Khochi	Wualla Pampa
Pasopaya	La Joya
Pasopayita	Molani
Tomoroco	Rodeo
Motoya	
Barrio 14 de Enero	
Barrio 6 de Julio	
El Peral	

Monteagudo

Well accessible OTBs	Less accessible OTBs
Barrio 1 de Mayo	Roldana
Barrio Avenida Petrolero	La Capilla
Barrio los Naranjos	Rodeo
Barrio Los Pinos	Potreros
Sivinga Mayu	Pucamayu
Bohorquez	San Lorenzo
Bartolo	Caravallo
Cruce Piraimiri	Fernández
Zapallar	Naureñda
San Miguel del Banado	
Candua	
Pampas de San Miguel	

Huacareta

Well accessible OTBs	Less accessible OTBs
Piraicito	Añimbo
Santa Maria	Uruguay
Pampa Grande	Nacamiri
San José	Tacurvite
Abra de Ivio	Rosario del Ingre
Yumao	Huirasay

Exchange rates:

1995: 1 US$ = 4,8003 bs.
1996: 1 US$ = 5,0746 bs.
1997: 1 US$ = 5,2543 bs.
1998: 1 US$ = 5,4501 bs.
1999: 1 US$ = 5,8491 bs.
2000: 1 US$ = 6,2782 bs.

APPENDIX II. POLITICAL PARTIES IN BOLIVIA

ADN - Acción Democrático y Nacionalista, founded in 1979 by Hugo Banzer. In the 1985 national elections Banzer received most votes, but since the MNR formed a coalition with the MIR, Paz Estenssoro became president. The ADN also won the 1989 elections, but through a deal with Paz Zamora the MIR provided the president. In 1993, Banzer decided to retire, but returned in 1996 in the run-up to the 1997 elections. The ADN won these elections but was forced to form a broad and – as later became clear – difficult coalition with the MIR, CONDEPA and the UCS.

CONDEPA – the populist Conciencia de Patria, founded in 1988 by Carlos Palenque, a charismatic television personality who by means of the daily broadcast Tribuna Libre provided the poor with an opportunity to speak freely about the injustices they face. Together with his then wife Monica Medína (former mayor of the city of La Paz) and the *comadre* Remedios Loza, who is of Aymara descent, CONDEPA forms an attractive alternative for the poor Aymara and Quechua population of El Alto and La Paz. Palenque died in 1998 and conflicts between Monica Medína, the comadre Remedios and Veronica (the daughter of Carlos) over the financial and political heritage led to internal problems.

Eje Pachakuti – a radical party whose followers are mostly peasants in the high altitude areas of the departments of Potosí and Chuquisaca.

MBL – Movimiento Bolivia Libre is a split-off from the MIR. Officially founded in 1991 and quite successful in the 1993 elections, particularly among the rural population of Chuquisaca. The leaders are Juan del Granado, Miguel Urioste and Antonio Araníbar. The MBL did very well in the 1995 municipal elections in Chuquisaca. In 1999, the party lost many municipalities to the ADN and the MIR.

MIR – Movimiento de Izquierda Revolucionario, founded in 1971 by Jaime Paz Zamora. The MIR governed, with Paz Zamora as president, in the period 1989-93. This period saw increased corruption and links with narcotrafficers at the presidential level as well as that of several other high authorities.

MNR – Movimiento Nacionalista Revolucionario, founded in 1941 by Victor Paz Estenssoro, Hernan Siles Suazo and others. The MNR initiated the 1952 revolution and the 1985 new economic policy. In 1993, the MNR won the national elections with Gonzalo ('Goni') Sánchez de Lozada as presidential candidate and the Aymara leader Victor Hugo Cárdenas of the MRTKL (a small indigenous party which promotes the emancipation of the Indian population) as the candidate for vice-president. Its election campaign – the Plan de Todos – resulted in the implementation of decentralisation policy.

UCS – the Unión Cívica Solidaridad, founded in 1989 by the self-made Cruceño beer magnate, Max Fernández. A populist party strongly linked with the national beer brewery, Cervecería Boliviana Nacional. The main target groups of the UCS are small traders, truck drivers and retailers. Fernández died in a plane crash in the mid-1990s. His son Johnny, former mayor of the city of Santa Cruz, succeeded him.

Source: Gamarra and Malloy 1995; Zegada 1996

APPENDIX III. TABLES

Table III.1 Composition of the budget by source of the municipality of Yotala, 1995-2000

	1995	1996	1997	1998	1999	2000
Internal						
LPP-funds	44	45	85	41	42	28
Own	2	4	4	4	7	7
OTBs	6	-	-	5	4	1
External						
NGOs	14	10	-	11	30	10
Other gov.	4	17	-	6	5	2
Funds	30	18	12	31	9	46
Other	-					
Total	100	100	100	100	100	100

Source: Financial records 1995-2000 municipalities.

Table III.2 Composition of the budget by source of the municipality of Poroma, 1995-2000

	1995	1996	1997	1998	1999	2000
Internal						
LPP-funds	75	59	98	52	22	26
Own	-	-	-	-	-	1
OTBs	-	10	-	6	1	3
External						
NGOs	-	-	-	1	2	27
Other gov.	16	-	-	7	17	3
Funds	2	31	2	32	51	33
Other	7	-	-	2	6	8
Total	100	100	100	100	100	100

Source: Financial records 1995-2000 municipalities.

Table III.3 Composition of the budget by source of the municipality of Sopachuy, 1995-2000

	1995	1996	1997	1998	1999	2000
Internal						
LPP-funds	63	39	20	27	31	26
Own	-	1	-	2	2	2
OTBs	-	2	5	3	9	6
External						
NGOs	37	31	26	47	26	47
Other gov.	-	4	15	1	9	5
Funds	-	10	21	20	17	12
Other	-	13	11	-	7	1
Total	100	100	100	100	100	100

Source: Financial records 1995-2000 municipalities.

Table III.4 Composition of the budget by source of the municipality of Presto, 1995-2000

	1995	1996	1997	1998	1999	2000
Internal						
LPP-funds	88	54	18	42	38	19
Own	12	-	-	-	2	-
OTBs	-	2	7	-	5	8
External						
NGOs	-	10	33	24	35	52
Other gov.	-	7	10	14	8	4
Funds	-	27	32	19	12	13
Other	-	-	-	1		4
Total	100	100	100	100	100	100

Source: Financial records 1995-2000 municipalities.

Table III.5 Composition of the budget by source of the municipality of Monteagudo, 1995-2000

	1995	1996	1997	1998	1999	2000
Internal						
LPP-funds	34	40	36	34	22	36
Own	6	7	5	3	5	8
OTBs	3	1	1	-	4	3
External						
NGOs	4	2	5	2	29	27
Other gov.	13	7	10	12	6	2
Funds	38	43	37	58	34	23
Other	4	-	5	-	2	2
Total	100	100	100	100	100	100

Source: Financial records 1995-2000 municipalities.

Table III.6 Composition of the budget by source of the municipality of Huacareta, 1995-2000

	1995	1996	1997	1998	1999	2000
Internal						
LPP-funds	52	66	36	45	49	30
Own	1	6	2	4	2	1
OTBs	1	2	2	3	1	1
External						
NGOs	-	15	12	12	2	3
Other gov.	11	7	16	13	12	4
Funds	35	5	33	18	28	59
Other	-	-	-	5	6	1
Total	100	100	100	100	100	100

Source: Financial records 1995-2000 municipalities.

Table III.7 Investments per sector as % of total investments in the municipality of Yotala, 1995-9

	1995	1996	1997	1998	1999
Education	17	14	31	29	32
Health	16	13	14	9	14
Roads	11	12	19	6	6
Sport and culture	2	9	8	2	3
Basic sanitation	-	1	14	21	8
Energy	-	-	-	1	2
Urban improvement	11	10	7	1	1
Agriculture	3	-	1	8	5
Communication	-	-	-	-	-
Industry and tourism	-	-	-	-	-
Institutional strengthening	8	14	-	2	-
Other	10	13	3	4	-
Local administration	22	14	5	17	29
Unspecified	-	-	-	-	-
Total investments (US$)	52,474	188,560	82,030	330,429	379,861
Total	100	100	100	100	100

Source: Financial records 1995-9 municipalities.

Table III.8 Investments per sector as % of total investments in the municipality of Poroma, 1995-9

	1995	1996	1997	1998	1999
Education	42	27	26	32	20
Health	-	5	9	7	4
Roads	35	24	23	31	21
Sport and culture	-	8	2	3	1
Basic sanitation	-	17	11	7	5
Energy	-	-	-	-	-
Urban improvement	-	10	7	6	8
Agriculture	-	-	-	3	7
Communication	9	-	-	-	-
Industry and tourism	-	-	-	-	-
Institutional strengthening	-	-	-	-	14
Other	2	-	5	1	-
Local administration	12	9	12	8	14
Unspecified	-	-	5	3	7
Total investments (US$)	196,381	370,947	220,140	367,467	728,998
Total	100	100	100	100	100

Source: Financial records 1995-9 municipalities.

Table III.9 Investments per sector as % of total investments in the municipality of Sopachuy, 1995-9

	1995	1996	1997	1998	1999
Education	14	18	7	7	14
Health	4	7	8	6	7
Roads	9	22	18	6	12
Sport and culture	25	2	1	2	2
Basic sanitation	-	3	1	5	8
Energy	-	1	-	-	-
Urban improvement	6	3	6	-	15
Agriculture	-	1	16	3	5
Communication	4	0	-	1	-
Industry and tourism	-	9	1	-	-
Institutional strengthening	-	6	7	7	16
Other	23	4	1	-	6
Local administration	15	22	14	6	12
Unspecified	-	2	20	57	3
Total investments (US$)	120,167	176,930	689,713	654,399	509,224
Total	100	100	100	100	100

Source: Financial records 1995-9 municipalities.

Table III.10 Investments per sector as % of total investments in the municipality of Presto, 1995-9

	1995	1996	1997	1998	1999
Education	15	7	15	16	7
Health	7	3	16	3	3
Roads	11	26	43	38	12
Sport and culture	0	1	1	1	1
Basic sanitation	6	6	-	7	5
Energy	9	1	-	2	-
Urban improvement	6	14	3	5	4
Agriculture	7	3	7	6	3
Communication	-	-	-	-	-
Industry and tourism	-	1	-	-	-
Institutional strengthening	2	22	-	1	-
Other	-	-	3	10	52
Local administration	11	16	12	11	13
Unspecified	26	-	-	-	-
Total investments (US$)	77,859	224,287	370,558	437,774	392,918
Total	100	100	100	100	100

Source: Financial records 1995-9 municipalities.

Table III.11 Investments per sector as % of total investments in the municipality of Monteagudo, 1995-9

	1995	1996	1997	1998	1999
Education	23	9	26	39	22
Health	2	5	10	4	15
Roads	44	17	7	7	24
Sport and culture	4	5	2	3	2
Basic sanitation	-	2	-	12	3
Energy	3	2	-	1	-
Urban improvement	6	14	7	2	2
Agriculture	16	4	2	2	5
Communication	1	-	-	-	-
Industry and tourism	-	11	17	1	2
Institutional strengthening	1	10	7	2	10
Other	-	6	-	3	3
Local administration	-	13	13	14	12
Unspecified	-	2	9	0	-
Total investments (US$)	1,017,552	1,207,124	908,781	1,500,397	1,383,377
Total	100	100	100	100	100

Source: Financial records 1995-9 municipalities.

Table III.12 Investments per sector as % of total investments in the municipality of Huacareta, 1995-9

	1995	1996	1997	1998	1999
Education	5	16	12	26	25
Health	3	9	13	13	8
Roads	15	22	26	18	28
Sport and culture	3	2	-	-	1
Basic sanitation	10	2	-	1	-
Energy	14	5	-	2	-
Urban improvement	3	5	6	20	3
Agriculture	2	1	-	2	1
Communication	-	-	-	1	-
Industry and tourism	-	-	-	-	-
Institutional strengthening	3	2	3	2	22
Other	-	2	13	1	-
Local administration	12	11	10	14	12
Unspecified	30	23	17	-	-
Total investments (US$)	316,534	300,299	424,813	397,684	381,222
Total	100	100	100	100	100

Source: Financial records 1995-9 municipalities.

Table III.13 Share of programmed annual budget that has been implemented, as % of total programmed budget in the research municipalities, 1995-9

	1995	1996	1997	1998	1999	Average
Yotala	16	37	27	46	49	32
Poroma	45	45	41	32	36	36
Sopachuy	71	46	79	89	75	77
Presto	46	46	26	75	60	52
Monteagudo	53	66	41	46	35	44
Huacareta	55	66	52	56	55	54

Source: Financial records 1995-9 municipalities.

Table III.14 Yotala: municipal investments according to location, as % of total investments 1995-9

	Municipal investments		
	% in urban OTBs	% in rural OTBs	% beneficiary to entire municipality
1995	27	59	14
1996	21	54	25
1997	4	55	41
1998	5	57	38
1999	6	32	62

Source: Financial records 1995-9 municipalities.

Table III.15 Poroma: municipal investments according to location as % of total investments 1995-9

	Municipal investments		
	% in urban OTBs	% in rural OTBs	% beneficiary to entire municipality
1995	16	64	20
1996	11	70	19
1997	8	57	35
1998	7	44	49
1999	9	40	51

Source: Financial records 1995-9 municipalities.

Table III.16 Sopachuy: municipal investments according to location as % of total investments 1995-9

	Municipal investments		
	% in urban OTBs	% in rural OTBs	% beneficiary to entire municipality
1995	30	12	58
1996	14	40	46
1997	8	22	70
1998	6	12	82
1999	24	24	52

Source: Financial records 1995-9 municipalities.

Table III.17 Presto: municipal investments according to location as % of total investments 1995-9

	Municipal investments		
	% in urban OTBs	% in rural OTBs	% beneficiary to entire municipality
1995	12	36	52
1996	14	39	47
1997	3	62	35
1998	10	62	28
1999	21	49	30

Source: Financial records 1995-9 municipalities.

Table III.18 Monteagudo: municipal investments according to location as % of total investments 1995-9

	Municipal investments		
	% in urban OTBs	% in rural OTBs	% beneficiary to entire municipality
1995	45	37	18
1996	29	21	50
1997	25	24	51
1998	24	35	41
1999	12	35	53

Source: Financial reports 1995-9 municipalities.

Table III.19 Huacareta: municipal investments according to location as % of total investments 1995-9

	Municipal investments		
	% in urban OTBs	% in rural OTBs	% beneficiary to entire municipality
1995	35	45	20
1996	22	50	28
1997	28	23	39
1998	30	23	47
1999	15	11	74

Source: Financial reports 1995-9 municipalities.

Table III.20 Proportion of the population in urban and rural OTBs and municipal investments in urban and rural OTBs in the period 1995-9.

	Urban OTBs		Rural OTBs	
	Population as % of total population	Investments as % of total investments	Population as % of total population	Investments as % of total investments
Yotala	14	5	86	46
Poroma	3	8	97	49
Sopachuy	21	12	79	18
Presto	6	9	94	38
Monteagudo	26	23	74	32
Huacareta	12	20	88	16

Source: Financial reports 1995-9 municipalities.

SAMENVATTING

Decentralisatie en bevolkingsparticipatie in Bolivia. De relatie tussen lokaal bestuur en lokale ontwikkeling.

Decentralisatie is sinds de jaren ’80 een veel toegepast beleidsinstrument van overheden in Latijns Amerika. Decentralisatie staat in deze studie voor de overheveling van taken, verantwoordelijkheden en financiële middelen van het centrale overheidsniveau naar sub-nationale niveaus. Decentralisatie wordt verwacht een positieve uitwerking te hebben op het ontwikkelingsproces. Het zou de met centralisme geassocieerde inefficiëntie van overheidsbeleid kunnen verkleinen, de overheid meer bewust maken van de behoeften van de bevolking op lokaal niveau en intra-regionale ongelijkheid kunnen verkleinen.

Meer recentelijk wordt decentralisatie tevens gezien als een voorwaarde om *good governance*, goed bestuur, te bereiken. Goed bestuur heeft betrekking op de relaties tussen de staat en de maatschappij, tussen bestuurders en hen die bestuurd worden. Het begrip doelt op de uitoefening van economische, politieke en bestuurlijke macht om staatsaangelegenheden op alle niveaus te beheren en omvat de mechanismen, processen en instituties waardoor burgers and organisaties hun belangen uiten, hun rechten opeisen, hun plichten vervullen en op één lijn trachten te komen. Bestuur kan als goed worden beschouwd minimaal aan vier voorwaarden wordt voldaan: 1) de bevolking kan participeren in lokale besluitvormingsprocessen; 2) de besluitvorming is een transparant proces met duidelijk afgebakende taken; 3) de bestuurders kunnen verantwoordelijk worden gesteld voor het gevoerde beleid; 4) burgers hebben in dezelfde mate toegang tot besluitvormingsprocessen. In deze zin zijn decentralisatie en goed bestuur onlosmakelijk met elkaar verbonden. Bovendien worden beiden gezien als voorwaarden voor lokale ontwikkeling. Bevindingen uit de literatuur laten zien dat decentralisatie vele vormen aan kan nemen en dat de invoering van decentralisatie op verschillende manieren uitpakt.

Tegen deze achtergrond analyseert deze studie de invloed van decentralisatiebeleid op lokaal bestuur en lokale ontwikkeling in Bolivia, alsmede de factoren welke deze invloed bepalen. Hiertoe zijn de volgende onderzoekvragen geformuleerd:

a) Wat zijn de belangrijkste kenmerken van het Boliviaanse decentralisatiebeleid, en welke verschillen en overeenkomsten zijn er tussen dit beleid en het decentralisatiebeleid zoals dit in andere Latijns-Amerikaanse landen gevoerd is?
b) In hoeverre leidt het Boliviaanse decentralisatiebeleid tot lokaal bestuur dat participatief is, transparant en met duidelijk afgebakende verantwoordelijkheden, met gelijke toegang tot lokale besluitvormingsprocessen voor alle groepen van de bevolking?
c) In hoeverre leidt het Boliviaanse decentralisatiebeleid tot een toename van de mogelijkheden voor lokale ontwikkeling?

Het onderzoek voor deze studie werd uitgevoerd in zes plattelandsgemeenten in het departement Chuquisaca, één van de armste regio’s in Bolivia. Zoals beschreven wordt in hoofdstuk 4 vertegenwoordigen de zes onderzoekgemeenten verschillende ruimtelijke contexten, met betrekking tot agro-ecologische condities, toegankelijkheid, sociaal-economische kenmerken (bevolkingsomvang, economische structuur en etniciteit) en institutionele context (zoals aanwezigheid van NGO’s en de achtergrond van de burgemeester). In de keuze van de onderzoekgemeenten is vooral gestreefd naar diversiteit, veel meer dan representativiteit.

De gegevens zijn gedurende drie veldwerkperioden in 1997-1999 verzameld door middel van gestructureerde interviews met vertegenwoordigers van lokale overheden, zowel burgemeesters als gemeenteraadsleden, een survey onder leiders van bevolkingsorganisaties en interviews met vertegenwoordigers van niet-gouvernementele organisaties en overige overheidsinstanties. Bovendien heeft er een uitgebreide analyse van secundair bronnenmateriaal plaatsgevonden, zoals korte- en middellange planningsdocumenten, budgettaire informatie, projectinformatie en balansen.

Het Boliviaanse decentralisatiemodel

In de hoofdstukken 2 en 3 komt de eerste onderzoekvraag aan bod. Hiertoe biedt hoofdstuk 2 een overzicht van het theoretisch debat dat zich de afgelopen jaren rondom het thema van decentralisatie, goed bestuur en lokale ontwikkeling in Latijns-Amerika heeft ontwikkeld. Daarbij werd ondermeer aandacht geschonken aan de achtergrond van het decentralisatiebeleid in Latijns-Amerika, de diverse vormen van decentralisatie en de ervaringen met decentralisatiebeleid en bevolkingsparticipatie in andere landen.

In Hoofdstuk 3 werden de achtergrond en de kenmerken van het Boliviaanse decentralisatiebeleid behandeld. Het decentralisatiebeleid in Bolivia wordt gezien als een zeer innovatief model, dat tevens de basisvoorwaarden aanreikt om te komen tot goed lokaal bestuur en lokale ontwikkeling. Zoals de meeste Latijns Amerikaanse landen werd Bolivia van oudsher gekenmerkt door een sterk centralistisch ingerichte politiek-administratieve structuur. Het lokale, gemeentelijke niveau had slechts beperkte verantwoordelijkheden en vooral ook middelen, waarbij alleen de drie grootste steden financiële middelen van de centrale overheid ontvingen. Bovendien waren de gemeenten voor 1994 puur urbane gemeenten, met een lokaal bestuur dat alleen de urbane nederzettingen in acht nam. Hierdoor was de plattelandsbevolking uitgesloten van lokale besluitvorming.

Deze situatie veranderde met de invoering van decentralisatie in 1994. Een jaar eerder was Gonzalo Sánchez de Lozada tot president gekozen met het ambitieuze verkiezingsprogramma Plan de Todos (Plan voor Allen). Dit programma behelsde een aantal hervormingen, zoals de privatisering van enkele staatsondernemingen, de herziening van landbezitverhoudingen en het pensioenstelsel en de invoering van tweetalig onderwijs. Het decentralisatiebeleid vormde de basis voor al deze hervormingen. Het Boliviaanse decentralisatiemodel is in twee wetten uitgewerkt: de Wet op de Bevolkingsparticipatie (LPP, april 1994) en de Wet op de Bestuurlijke Decentralisatie (LDA, juli 1995).

De Wet op de Bevolkingsparticipatie heeft drie componenten. Allereerst werden 311 gemeenten opgericht. Bijzonder is dat de nieuwe gemeenten (specifiek) urbaan-rurale gemeenten zijn en dus ook het voorheen buitengesloten platteland omvatten. Het takenpakket van deze gemeenten werd uitgebreid, waarmee de gemeenten vooral verantwoordelijk worden voor de infrastructuur op het gebied van gezondheid, onderwijs, sport en wegen. Daarnaast wordt de nieuwe gemeenten een belangrijke rol toegedicht wat betreft stimulering van de lokale ontwikkeling.

Een tweede element betreft de overheveling van middelen naar de nieuwe gemeenten. Sinds 1994 wordt 20% van de nationale belastingopbrengsten gealloceerd aan de gemeentelijke overheden, op basis van inwonertal. Daarnaast kunnen gemeenten hun budget vergroten door samen te werken met niet-gouvernementele organisaties (NGO's) of door een beroep te doen op één of enkele van de nationale fondsen voor ontwikkeling.

Een derde element betreft de invoering van participatieve planning. Bestaande bevolkingsorganisaties, zoals de boerengemeenschappen op het platteland, de

wijkorganisaties in de steden en dorpen en de inheemse gemeenschappen in het laagland, mogen zich aanmelden als territoriale basisorganisatie (OTB). Als OTB kunnen zij hun prioriteiten voor projecten indienen bij de lokale overheid. Deze projecten kunnen met de verworven middelen worden gefinancierd.
Om een correcte handhaving van de wet op lokaal niveau te garanderen, zoals een gelijke verdeling van middelen tussen het platteland en de dorpen, werd in elke gemeente een Comité de Vigilancia (Waakzaamheidcomité) opgericht, samengesteld uit vertegenwoordigers van de lokale bevolking.

De Wet op Bestuurlijke Decentralisatie beoogt de reorganisatie van de overheid op met name het departementale niveau, door het toewijzen van functies die eerder op het nationale niveau werden uitgevoerd. Deze studie richt zich vooral op de invloed van de Wet op de Bevolkingsparticipatie, dat wil zeggen op de lokale bestuursprocessen in de zes onderzoekgemeenten.

Als we het Boliviaanse decentralisatiemodel vergelijken met modellen zoals die in andere Latijns-Amerikaanse landen zijn toegepast kunnen we een aantal overeenkomsten en verschillen constateren. De meeste Latijns-Amerikaanse landen voerden in de jaren tachtig decentralisatiebeleid in, met een voornamelijk economische drijfveer, te weten een verhoogde efficiëntie van overheidsbeleid. Meer recentelijk, sinds het begin van de jaren negentig, gaan economische motieven vergezeld van maatregelen die meer gericht zijn op politieke decentralisatie en die democratisering voorstaan.

Vergeleken met andere landen in Latijns Amerika heeft Bolivia relatief laat decentralisatiebeleid ingevoerd. De invoering van het Boliviaanse decentralisatiebeleid kan herleid worden tot politieke motieven. Door de overheveling van macht en functies naar lagere niveaus reageerde de Boliviaanse overheid op de roep van vooral maatschappelijke organisaties, waaronder NGO's, om meer autonomie voor deze niveaus. Bovendien paste het concept van een meer participatieve benadering van lokale besluitvorming in de meer algemene, door internationale donoren ondersteunde, trend naar democratisering.

Het Boliviaanse model heeft geresulteerd in een relatief hoog niveau van decentralisatie: 27% van de totale overheidsuitgaven wordt gerealiseerd door het lokale niveau. Echter, indien we de functies die overgeheveld worden en de autoriteit voor de toewijzing van fondsen in acht nemen, volgt Bolivia de meeste andere landen in Latijns Amerika. Decentralisatie in Bolivia kan gekenmerkt worden als devolutie, aangezien een belangrijk deel van de besluitvorming is overgeheveld naar het lokale gemeentelijke niveau, hoewel de centrale overheid de meeste macht heeft behouden ten aanzien van de toewijzing van de fondsen.

Het meest opzienbarende in het Boliviaanse model is de wijze waarop participatieve planning is geïnstitutionaliseerd, via de territoriale basisorganisaties. In slechts een aantal Latijns-Amerikaanse landen is dit ook het geval. Het succes van het Boliviaanse model ten aanzien van bevolkingsparticipatie kan worden toegeschreven aan het feit dat het hier reeds bestaande organisaties betrof met een traditie in sociale organisatie. Dit is een strategie die beter blijkt uit te werken dan één waarin nieuwe organisaties voor dit doel worden opgericht, zoals het geval is geweest in Brazilië en Mexico. Bovendien werd het Boliviaanse model landelijk ingevoerd. Andere experimenten met bevolkingsparticipatie in Latijns-Amerika werden voornamelijk op kleine schaal toegepast en hadden betrekking op slechts een klein deel van de gemeenten.
Een ander bijzonder element van het Boliviaanse decentralisatiemodel betreft de instelling van bevolkingsorganisaties die het beleid van lokale overheden controleren. De Boliviaanse Comités de Vigilancia zijn uniek in Latijns-Amerika. In andere Latijns-

Amerikaanse landen blijft dit veelal beperkt tot meer traditionele vormen, zoals referenda en journalistieke media. Formele, geïnstitutionaliseerde controle vanuit de bevolking is daar afwezig of wordt overgelaten aan de gemeenteraad.

Decentralisatie en goed bestuur

In hoofdstuk 5 komt de relatie tussen decentralisatiebeleid en lokaal bestuur aan de orde. Lokaal bestuur kan als goed gekwalificeerd worden indien de bevolking hierin kan participeren. Bovendien dient er sprake te zijn van transparant besluitvorming, waarbij de verantwoordelijkheden duidelijk afgebakend zijn en de betrokken actoren afgerekend kunnen worden op het gevoerde beleid. Dit laatste wordt ook wel *accountability* genoemd. Tevens is er bij goed bestuur sprake van gelijke toegang tot lokale besluitvormingsprocessen. Deze studie richtte zich vooral op het element van participatie, waarbij verschillende vormen van bevolkingsparticipatie in lokaal bestuur geïdentificeerd werden.

De bevolking kan allereerst participeren door middel van gemeentelijke verkiezingen. De bevindingen van deze studie laten zien dat deelname aan deze verkiezingen is toegenomen sinds de invoering van het decentralisatiebeleid in 1994. Deze toename dient vooral te worden toegeschreven aan maatregelen van de centrale overheid om het aantal kiesgerechtigden te verhogen.

Een tweede belangrijke vorm voor de bevolking om te participeren is door de verkiezing van leden van OTB's als vertegenwoordigers in de lokale overheid, op de post van burgemeester of als gemeenteraadslid. Vóór de invoering van de LPP in 1994 werden deze posten veelal bezet door afgevaardigden uit de stedelijke kernen van de huidige gemeenten. Vanaf 1994 kan hierin een verandering geconstateerd worden in de zes onderzoekgemeenten, hetgeen heeft geresulteerd in een toename van het aantal burgemeesters en gemeenteraadsleden van het platteland, een groep die hiervoor ontbrak. Desondanks bestaat de meerderheid van de lokale gezagsdragers nog steeds uit urbane afgevaardigden.

De derde vorm, participatie van de bevolking in OTB's, is de meest omvattende vorm. Deze studie laat zien dat de OTB's al vrij snel bekend waren met de nieuwe vormen van lokale besluitvormen en hun prioriteiten voor projecten presenteerden aan de lokale overheid. In de loop der tijd is er een wijziging opgetreden in de manier waarop deze prioriteiten worden geformuleerd. In de eerste jaren van de LPP was dit een jaarlijks terugkerende exercitie, waarbij de OTB's een lijstje van projecten indienden bij de lokale overheid. Deze lijstjes hadden vaak het karakter van een 'boodschappenlijstje', een opsomming van gezondheidsposten, scholen en projecten gericht op de verbetering van wegen. Om dit te vermijden en om planning minder tijdsintensief te maken, werd in 1996 de participatieve planningsmethodologie geïntroduceerd. Het eindproduct van deze methodologie is de gemeentelijke ontwikkelingsstrategie, welke gebaseerd is op een uitgebreid proces van probleemidentificatie door de bevolking die in OTB's verenigd is. Omdat deze methodologie pas recentelijk op grote schaal wordt toegepast hebben de OTB's in het onderzoekgebied nog niet veel ervaring met deze methodologie.

De vierde vorm van participatie betreft de deelname in de praktische uitvoering van projecten. Algemeen geldt dat deze vorm een positief effect heeft op de levensvatbaarheid van projecten. De bijdrage van OTB's kan op twee manieren plaatsvinden: in natura, door middel van arbeid en materialen, of in geld. De boerengemeenschappen leveren vooral een bijdrage door middel van arbeid en materialen. De wijkorganisaties in de dorpen dragen minder bij in natura dan de OTB's op het platteland. Ze beschikken meestal over meer geld en hun bijdrage bestaat vooral uit een financiële tegemoetkoming in de kosten van projecten.

Het Boliviaanse decentralisatiemodel bevat een in potentie krachtig mechanisme dat was gecreëerd om de transparantie van besluitvorming en het afleggen van verantwoordelijkheid met betrekking tot de interventies van lokale overheden veilig te stellen, door de Comités de Vigilancia, de vijfde vorm van participatie. De Comités de Vigilancia in de onderzoekgemeenten zijn samengesteld uit vooral afgevaardigden van de plattelandsbevolking. De toegevoegde waarde van deze Comités is echter beperkt. In alle onderzoekgemeenten worden deze Comités gehinderd door de lokale overheid in de uitoefening van hun taken. In een aantal gemeenten hebben de Comités geen toegang tot informatie over planning en implementatie en budgetten. Tevens belemmeren praktische problemen, zoals de slechte toegankelijkheid van de regio, een goede uitoefening van de taken. Transparantie, de informatievoorziening over de wijze waarop lokale besluitvorming plaatsvindt, is mede hierdoor een zwak element in het Boliviaanse decentralisatie model. De Comités de Vigilancia schieten hierin tekort en alternatieve mechanismen, zoals kranten, komen in de slecht toegankelijke gebieden met een hoog percentage analfabetisme, slechts moeizaam tot ontwikkeling.

Vergeleken met de situatie voor 1994 heeft de invoering van decentralisatiebeleid in Bolivia in de zes onderzoekgemeenten geleid tot veel meer mogelijkheden voor de bevolking om te participeren in lokaal bestuur. De bevindingen van deze studie laten echter zien dat sommige bevolkingsgroepen meer toegang hebben tot lokale besluitvormingsprocessen dan andere groepen.

Van de drie groepen OTB's lijkt het Boliviaanse decentralisatiemodel vooral toegeschreven te zijn op de boerengemeenschappen. Van oudsher hebben deze organisaties een intensieve overlegstructuur, met wekelijkse vergaderingen. Dit vergemakkelijkt de besluitvorming op gemeenschapsniveau. Bovendien biedt dit systeem de beste mogelijkheden voor representatieve participatie, waarbij de totale bevolking kan participeren. De wijkorganisaties in de dorpen daarentegen hebben een minder hechte sociale structuur, vergaderen minder, waarbij tevens de opkomst relatief laag is en worden vooral geleid door het bestuur.

Een tweede verschil is dat OTB's die relatief goed toegankelijk zijn beter op de hoogte zijn van de mogelijkheden om te participeren in lokale besluitvorming dan de OTB's die minder goed toegankelijk zijn.

De nadruk op territoriaal georganiseerde organisatie heeft ertoe geleid dat functionele organisaties, zoals de vrouwengroepen en producentenorganisaties, worden uitgesloten van lokale besluitvorming. Dit impliceert dat deze, van oudsher belangrijke groepen op het Boliviaanse platteland, niet vertegenwoordigd zijn in lokale besluitvorming.

Decentralisatie en lokale ontwikkeling

De vraag in hoeverre decentralisatiebeleid leidt tot een toename van lokale ontwikkeling wordt behandeld in hoofdstuk 6. Het concept van lokale ontwikkeling zoals dat in deze studie gehanteerd wordt heeft betrekking op de verbeterde toegang tot ontwikkelingsmogelijkheden voor de bevolking, zoals inkomen, werkgelegenheid en algemene levensomstandigheden. Hierbij wordt niet alleen de toename van het aantal mogelijkheden beoogd, maar vooral ook een gelijke verdeling van de mogelijkheden.

Vergeleken met de situatie vóór 1994 heeft het Boliviaanse decentralisatiebeleid bijgedragen tot een vergroting van de mogelijkheden tot lokale ontwikkeling, doordat de omvang van het budget van de onderzoekgemeenten aanzienlijk gestegen is. Opmerkelijk is dat de middelen die de gemeenten in het kader van de LPP van de centrale overheid

ontvangen niet de enige middelen zijn: deze bedragen ongeveer 28-43% van het totale budget van het gemeenten. De onderzoekgemeenten zijn in staat aanzienlijke middelen uit andere fondsen te verwerven, onder andere via samenwerking met NGO's en de nationale fondsen. Het aandeel van zogeheten 'eigen middelen', opbrengsten uit lokale belastinginkomsten, is beperkt. Het is relatief het hoogst in die gemeenten die een redelijk ontwikkeld voorzieningenstructuur hebben en een meer gediversifieerde economische structuur.

Hoewel het budget van de gemeenten is toegenomen wordt slechts een beperkt deel van het geprogrammeerde jaarlijkse ontwikkelingsplan van de gemeenten ook daadwerkelijk uitgevoerd. De belangrijkste redenen voor de beperkte uitvoering is de onzekere toegang tot fondsen en de wijze van planning.

Met betrekking tot de onzekere toegang tot fondsen blijkt dat met name die gemeenten die sterk afhankelijk zijn van de nationale fondsen te kampen hebben met vertraagde uitbetaling. Gemeenten die veel samenwerken met NGO's ondervinden hiermee veel minder problemen, en slagen er beter in om het geprogrammeerde ontwikkelingsplan ook daadwerkelijk uit te voeren. Deze cruciale rol van NGO's kan worden verklaard door het feit dat NGO's sinds 1994 alleen toegang hebben tot middelen van de overheid indien zij samen met een gemeente een aanvraag indienen. Dit betekent ook een wijziging in de relatie tussen NGO's en de OTB's. Vóór 1994 waren het met name de NGO's die besloten welke projecten zij uitvoerden op het platteland. Nu, tegen de achtergrond van participatieve planning, wordt deze relatie door de OTB's opgevat als veel meer gelijkwaardig, waarbij de OTB's zelf kunnen aangeven welke projecten zij willen.

Ten aanzien van de wijze van planning geldt dat de onderzoekgemeenten in de eerste jaren projecten planden zonder vooraf na te gaan of de benodigde fondsen ook daadwerkelijk beschikbaar waren.

In de eerste vijf jaar van decentralisatie waren investeringen van de gemeenten vooral gericht op infrastructurele projecten, met name in de sociale sector, zoals schooltjes en gezondheidsposten. Productieve projecten gericht op een verhoging van de agrarische productie in de overwegend plattelandsgemeenten, vormden een minderheid. Deze nadruk op investeringen in de sociale sector komt voort uit een viertal factoren.

Zo resulteert de methodologie van participatieve planning vooral in projecten die op gemeenschappelijke behoeften gericht zijn. Hoewel men hierbij kan spreken van vraaggestuurde projecten weerspiegelen deze projecten veelal niet de problemen van de individuele huishoudens. Dit is vooral het geval in de boerengemeenschappen, waar de problemen van de individuele huishoudens vooral gerelateerd zijn aan de belangrijkste bron van inkomsten: de landbouw.

Daarnaast leidt de relatieve complexiteit van projecten welke zich richten op productie-verhoging (zoals irrigatiesystemen) ertoe dat gemeentelijke overheden een voorkeur hebben voor eenvoudiger uit te voeren projecten (zoals scholen en gezondheidsposten).

Een andere factor die meespeelt is dat het decentralisatiebeleid met name in de eerste jaren vooral werd gepresenteerd als een beleid dat de verbetering van algemene levensomstandigheden centraal stelde.

Een vierde factor is de uitsluiting van functionele organisaties in de planningsmethodologie. Wanneer bijvoorbeeld producentenassociaties een rol in de participatieve planning zouden hebben, dan lijkt het voor de hand te liggen dat economische projecten meer aandacht zouden krijgen.

De directe invloed van decentralisatie op een verhoging van de werkgelegenheid is beperkt. Deze studie richtte zich hierbij vooral op de bouwsector; daarnaast is er sprake van een toename van de werkgelegenheid in de lokale overheidssector en de horeca. Met betrekking tot de bouwsector blijkt dat in de meeste gemeenten de projecten uitgevoerd worden door externe aannemers en bouwondernemingen, die arbeid en materiaal veelal niet uit de gemeenten zelf betrekken.

De invloed van decentralisatie op een meer gelijke verdeling van ontwikkelingsmogelijkheden is geanalyseerd op twee niveaus: de verdeling van investeringen tussen urbaan en rurale OTB's en die tussen de relatief goed toegankelijk en minder goed toegankelijke OTB's. De gemeentelijke investeringen worden relatief gelijkelijk verdeeld tussen de urbane en rurale OTB's. Maar er bestaat een aanzienlijk verschil tussen de goed toegankelijke en de minder goed toegankelijke OTB's, waarbij de eerste groep relatief meer investeringen ontvangt. Redenen hiervoor zijn de beperkte participatie van de leiders van de slecht ontsloten OTB's, het grotere aantal NGO's dat in goed ontsloten OTB's werkt en de logistieke problemen van projectuitvoering in slecht ontsloten OTB's.

Op basis van het voorgaande blijkt dat decentralisatiebeleid niet per definitie resulteert in lokale ontwikkeling. Administratieve decentralisatie blijkt vooral voorwaardenscheppend te zijn voor een verhoging van de ontwikkelingsmogelijkheden: de toename van de beschikbare fondsen op het lokale niveau.

Aanbevelingen voor beleid

Decentralisatie in Bolivia heeft geleid tot een meer evenredige verdeling van fondsen tussen de gemeenten in vergelijking tot de situatie voor 1994. Tevens is er sprake van een verhoging van de investeringscapaciteit, een eerste voorwaarde voor een toename van mogelijkheden tot ontwikkeling. Maar de gehanteerde verdeelsleutel, te weten het aantal inwoners per gemeente, heeft ertoe geleid dat verschillen in rijkere en armere gemeenten niet werden gecorrigeerd. Bovendien heeft decentralisatiebeleid niet geresulteerd in vermindering van ongelijkheden binnen gemeenten: in vrijwel alle onderzoekgemeenten is er minder geïnvesteerd in die OTB's die minder goed toegankelijk zijn.

Deze situatie zou kunnen worden aangepast door andere verdeelsleutels voor de fondsen toe te passen in het ontwerp van decentralisatiebeleid. Eén mogelijkheid hiertoe is het verdelen van de middelen op basis van armoedeniveau van de gemeenten en van gebieden binnen de gemeenten. Dit wordt in Bolivia reeds toegepast door middel van de Armoede Bestrijdingsstrategie, waarbij armere gemeenten (uitgedrukt in niveau van basisbehoeften) relatief meer middelen ontvangen dan rijkere gemeenten.

Accountability, de mate waarin de lokale overheid kan worden afgerekend op beleidsuitvoering, blijkt een zwakke plek te zijn in het Boliviaanse decentralisatiemodel. Om dit veilig te stellen kunnen verschillende instrumenten worden gehanteerd, zoals de specifiek hiervoor in het leven geroepen Comités de Vigilancia in Bolivia, of referenda en kranten zoals dat in andere Latijns-Amerikaanse landen gebruik is geworden. Zolang zulke instrumenten niet gefaciliteerd worden, en het deze instituties aan formele macht ontbreekt, is het niet realistisch om hiervan wonderen te verwachten. Om hun functies naar behoren uit te voeren dienen dergelijke instituties op twee wijzen gefaciliteerd te worden. In de eerste plaats dient er een budget te zijn, om de projecten te controleren, alsmede een onkostenvergoeding om in ieder geval een deel van de geïnvesteerde tijd en energie te compenseren. Dit budget dient niet afkomstig te zijn van de lokale overheid zelf, aangezien dit een afhankelijkheidssituatie in de hand werk. Het zou van hogere overheidsinstanties moeten komen. Daarnaast zouden deze instituties met formele machtsmiddelen uitgerust moeten worden.

Een andere wijze waarop accountability verbeterd zou kunnen worden is het toegankelijk maken van gemeentelijke verkiezingen voor lokale partijen. Ervaringen met lokale partijen laten zien dat deze veelal meer open staan voor lokale behoeften en dat zij hierdoor tevens meer accountable zijn.

Decentralisatiebeleid in Bolivia heeft niet adequaat kunnen antwoorden op problemen gerelateerd aan de belangrijkste economische activiteit op het platteland: landbouw. De overgrote meerderheid van investeringen zijn gedaan in de sociale sector, gericht op een verbetering van de infrastructuur in onderwijs en gezondheid. Op de lange termijn kunnen deze investeringen een positief effect hebben op een toename van werkgelegenheid en inkomen. Maar om lokale ontwikkeling te bereiken dienen ook meer structurele problemen aangepakt te worden, in het bijzonder die problemen die betrekking hebben op het gebrek aan alternatieve werkgelegenheid en op de ongelijke machtsstructuren. Deze meer fundamentele problemen verdienen meer aandacht van de centrale overheid. Zoals de toepassing van de hernieuwde wet op de landhervorming (INRA), die het heffen van belasting op grond zal reguleren, in Bolivia laat zien is dit een doelmatige benadering: grootgrondbezitters hebben inderdaad al delen van hun land verkocht, hetgeen ten gunste komt van de bevolking zonder land. Dit heeft de lokale machtsstructuren gewijzigd en heeft tevens geleid tot een versterking van nieuwe boerengemeenschappen.

Een andere mogelijkheid om meer structurele, economische problemen aan te pakken is het planningssysteem open te stellen voor functionele organisaties, zoals producentenassociaties.

Het is nog te vroeg om vast te stellen of de beide centrale doelstellingen van het Boliviaanse decentralisatiebeleid, goed lokaal bestuur en lokale ontwikkeling, behaald zijn. Eén ding is echter duidelijk: de Boliviaanse gemeenten hebben zich het model zeer snel eigen gemaakt. Hoewel tegenwerkende krachten hebben plaatsgevonden op het centrale niveau, door het beleid van de regering-Banzer, heeft het lokale niveau een eigen dynamiek ontwikkeld. Dit is het geval van lokale overheden, maar het geldt nog meer voor de bevolking zelf. Internationale donororganisaties en niet-gouvernementele organisaties hebben dit krachtig ondersteund.

Het karakter van decentralisatie is echter wel aan verandering onderhevig, met name vanaf 1997. Op het nationale niveau is er kentering zichtbaar richting een meer technocratische benadering, met veel minder aandacht voor het thema van bevolkingsparticipatie. In een reactie hebben veel donororganisaties gedreigd hun steun stop te zetten. Dit vond plaats in een periode van veel politieke en sociale onrust en economische malaise. De regering-Banzer, bang om een aanzienlijk deel van deviezen te verliezen, reageerde hierop door middel van een nieuwe dialoog (*Dialogo Nacional*) op te zetten tussen staat en maatschappij. Deze resulteerde in de Armoede Bestrijdingsstrategie, in 2002. De formele parlementaire goedkeuring, nodig om de overheveling van fondsen in werking te stellen, is echter nog niet rond.

In juni 2002 staan er opnieuw nationale verkiezingen op de agenda, met ex-president Gonzalo Sánchez de Lozada als kandidaat voor de MNR. De meeste nadruk van de verkiezingscampagnes ligt op het terugdringen van de economische crisis. Daarnaast speelt een aanpassing van het decentralisatiebeleid een rol, met bijzondere aandacht voor de problematiek van armere gemeenten.

Eén ding is zeker: de richting die het lokale bestuur is opgegaan, met de toegenomen participatie van de bevolking, is onomkeerbaar, ongeacht de politieke identiteit van de toekomstige regering.

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Gery Nijenhuis was born on 23 February 1969 in Winterswijk, the Netherlands. She completed her secondary school education (VWO) at the Rijksscholengemeenschap Hamaland in Winterswijk in 1987, and went on to study Human Geography at Utrecht University. She specialised in the human geography of developing countries and in 1993 was awarded her *doctorandus* degree. In 1993-4 she conducted research in Bolivia on the role of the SNV-Netherlands Development Organisation in Bolivia in the period 1969-94. Subsequently she worked as project officer at the Development Research Institute (IVO) in Tilburg. She started her PhD research on decentralisation and popular participation in Bolivia in 1996. This research was financed by the Faculty of Geographical Sciences of Utrecht University and the Centre for Latin American Research and Documentation (CEDLA) in Amsterdam. She is currently assistant professor at the Faculty of Geographical Sciences of Utrecht University.