CHAPTER 1: INTRODUCTION

1.1 Background and relevance of the study

The framework of this study is the process of decentralisation in Bolivia, initiated since the passing of the Laws of Popular Participation (LPP, 1994) and Administrative Decentralisation (LDA, 1995). Two international and local actors spawned the debate over this process. Firstly, the international funds institutions promoted drastic economic and political reforms in Bolivia since the middle 1980s as they did in most Latin American countries. These reforms implied stepping aside of the traditional model of a centralist state, its administrative inefficiencies, and concentration of power. Secondly, the national actors in regional peripheries along with specific interest groups (unions, women, professionals, and others) demanded more autonomy and participation in the decision-making processes of local development.

As a result, and unlike other countries, Bolivia implemented the process of decentralisation starting with the Law of Popular Participation in 1994. This was an ambitious initiative to include four key changes in the country's political and administrative system. First, it brought the political party system closer to historically marginalized social groups by establishing local elections.[1] Second, it reformulated the municipal governments' responsibilities so as to cover not only urban but also rural areas. Third, it reformed public expenditure by distributing automatically 20 percent of the state central tax revenues on a per capita basis among the 314 municipalities (co-participation resources). And fourth, it encouraged peoples' participation in local development by involving them in the planning, implementation, and monitoring of municipal projects.

The Popular Participation Law became the most widely accepted law within the country.[2] The visible changes in the political participation of the majority indigenous population partly explain the legitimacy of the law. The 1995 and 1999 elections brought between 20 and 25 percent of indigenous people into

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[1] Universal suffrage not based on literacy or property qualifications was introduced in Bolivia only after the 1952 revolution. The Popular Participation Law introduced a formal opportunity for voting on local elections, additionally to the already established national elections. National and local elections take place every five years with each election occurring two and a half years after the other.

[2] According to Rojas (2002: 22), a national inquiry in 1996 showed higher legitimacy of municipal spaces compared to other levels: 45 percent of people strongly support the LPP and 37 percent slightly support it. Rojas also notes that three other

office in the municipal governments (MG), when before were almost none.[3] At the same time, the scale of consultation and information sharing taking place in rural areas was unprecedented. Furthermore, along with the co-participation resources, international projects and external funds started flowing through municipal channels, giving solid economic support to the process.[4]

So far, the major advances of the decentralisation process can be seen in two domains: the strengthening of local democracy and political participation, and the construction of locally planned urban infrastructure, roads, and public service buildings. Despite these advances, some studies point out the many gaps remaining in the application of the LPP and LDA regarding peoples' interests and inclusion, particularly those of indigenous and peasants populations (see for example Ströbele-Gregor, 1999; Calla, 1999; Albó and CIPCA, 1999). The application of the LPP and LDA has also been insufficient in strengthening peoples' income and their local productive capacities (Urioste, 2001) even though demands on productive projects remain high.[5] Both the persistent marginalisation of indigenous and peasant populations by the established mechanisms of representation (mainly in the higher echelons of the political party system) and the decline of living conditions, which the decentralisation process contributes to reverse, constituted the main grievances behind the socio-political unrest of past years.[6]

Social, political, and administrative conditions constrain the potential of the decentralisation process to bring power closer to the people, to respond more effectively to citizen desires, and to improve service delivery. A review of the literature points mainly to the lack of experience in financial and technical handling of projects at the local level, the lack of coherence between regional and local plans, weak economic and human resources and poor infrastructure, and the resistance of both the central governments and the regional dominant groups to give up power. The present study focuses on the social and political conditions that contribute to either expanding or obstructing peoples' participation and empowerment. The importance of local power dynamics is emphasised because it leads to the

surveys (PNUD, ILIS, 1996; USAID, 1998; and CNE, PRONAGOB, 1999). establish a clear difference between national and municipal realms in favor of the latter because people feel more represented there.

[3] More than 464 indigenous authorities were elected in 1995 and more than 500 in 1999 (Ayo, 2003: 141).

[4] The largest amount comes from the initiative of a group of lender countries towards Highly Indebted Poor Countries (HIPC). This initiative and its main instrument, the Dialogue 2000, ended up with the passing of the "Law of National Dialogue 2000" which assigned resources to the health, education and productive sectors through municipal governments.

[5] In a survey of all municipalities in the first three years of the elaboration of the municipal development plans, Nuñez del Prado (2001: 80) found that between 47 to 65 percent of the demands were related to economic productivity, 17 to 47 percent were demands in the social sector, and 5 percent in urbanism and housing.

explicit and implicit exclusion of groups with less capacity to link policy interventions[7] (i.e. LPP and LDA) into their own life worlds. As Harriss (2000: 9) points out: "In practice democratic forms of government, involving the accountability of the executive to an assembly of representatives elected through free, open elections, in the context of freedom of expression and association, can never eliminate altogether the significance of differences of wealth, power and status in society." These differences give place to negotiations, confrontations, and exclusions that shape the outcomes of the democratic decentralisation processes. This is especially the case in hierarchical societies, such as in Bolivia, which are built upon unresolved ethnic, gender, and regional discriminations.

Studies on power relation in the context of the decentralisation process in Bolivia are few despite that some researchers consider it as one of the most successful examples of democratic decentralisation in the continent and beyond.[8] Therefore, the stage that the LPP and LDA set up for resseting the power dynamics in municipal governments is ideal for studying the interplay among actors with different power and status. This study concentrates on how local actors reshape the multiple dimensions of social relations and struggle over positions of power at the local level. It distinguishes itself from prior studies on decentralisation in Bolivia mainly because the few other studies that approach the theme from a power relations' perspective are not comparative but focus on single regions or groups such as the Quechua or Aymara communities. Among them are the studies of Rojas et al (2000) and Albó and CIPCA (1999). The former focuses his study on local elites in the eastern department of Beni, highlighting the paternalistic, patrimonial, and clientelist dominant relations of its conservative society, along with the possibilities of more democratic scenarios. Based on a wide set of questionnaires, Albó and CIPCA analysed the general characteristics of indigenous peasants' participation in 80 municipal governments between 1995 and 1999. Both studies give important insights on how local actors

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[6] For a description of the last Bolivian riots, see section 3.7.

[7] Throughout this work, I use the word "intervention" as used by Long (2001: 248) to refer to "institutional forms of intervention involving the setting up of development projects or coordinated programmes of development." It implies to put in practice normative conceptions on how to achieve particular goals.

[8] For example, Jütting et al (2004: 12) classify the Bolivian case of decentralisation along with cases from Philippines and India (West Bengal) as the most "positive" among 19 country study cases of decentralisation. Hadenius (2003: 8) calls the case of Bolivia as "the most-far reaching programme of decentralisation" when compared to the cases of India and South Africa while Bardhan (2002: 20) refers to its outcomes as the "less well known but quite dramatic success of the post-1994 decentralization initiative in Bolivia." The achievements on citizen participation and decentralisation in Bolivia gave place to an agreement between the Organisation of the American States (OAS) and the Bolivian State in order for the latter to supervise other interamerican countries and spread the "Bolivian Model of Decentralisation" at an international level (Ministerio de Desarrollo Humano y Participación Popular, 1997: 14).

organise new responses on their particular socio-political environment, but do not aim to explain how these responses differ from others on different socio-political sets.

Comparative country studies on decentralisation, including Bolivia, are available but fail to give insights into what decentralisation intervention means on daily lives and how local power transformations take place. Among them are the studies of Blair (2000), Rowland (2001), Willis et al (1999) and, more recently, Jütting et al (2004).[9] These studies are broad based, offering relevant analysis on cornerstones and formation of different decentralisation models and their functioning, but most of them do not pay attention to socio-political variables and instead approach the topic of decentralisation from the point of view of fiscal descentralisation, pro-poor policies, size of municipalities, and others.

A study comparable to mine is that of Nijenhuis (2002), which discusses the case of six municipalities also in the department of Chuquisaca in Bolivia. Her study analyses the contribution of institutional, spatial, and socio-economic contexts to local governance and development within the decentralisation process. Nijenhuis concludes that institutional factors, especially the presence of NGOs, the power structure, and the role of political parties are more relevant than spatial and socio-economic factors. Although my study focuses not on local governance and development but on the transformation of power relations, her conclusion stresses the importance for my study to analyse how and through which mechanisms the power structure, including the role of political parties and the presence of NGOs, determines the outcomes of the decentralisation process.

My study concentrates in detail on the transformation of power relations and the role of actors and organisations in this transformation in eight municipalities with different socio-political complexity. In that way, it contributes to the almost non-existent body of comparative studies on power transformation in Bolivia after the application of the decentralisation policies. It also aims to contribute to the academic discussion of the relationship between local power structures and the outcomes of the decentralisation and popular participation policies.

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[9] The institutional comparative analysis on indigenous politics and democracy in Latin America carried out by Yashar (1997) may also be included.

1.2 Objective and main definitions

The general objective of this study is to compare the changes in power relations between high and low socio-politically differentiated municipalities after decentralisation interventions. In spite of a common history as a nation, Bolivian regions developed different social structures as a result of the original composition of the native population, geographical characteristics, colonisation processes, state policies and the actions of their population themselves. Therefore, the extensive variety of social structures of Bolivian municipalities allows a comparative analysis between municipalities with different degrees of social differentiation, under a common set of legal and bureaucratic rules and arrangements.

As this study deals with the configuration of power relations, it is important to define power relations as it appears in the present discussion. In this study, power relations refer to the set of social relations that determine both domination and subordination positions in three dimensions: representation, influence over decisions that affect the entire municipal population, and control over local government's performance.

The terms high and low differentiated municipalities refer to the classification of the municipalities according to their socio-cultural and socio-economic diversity and political party preferences (see section 1.4). These three sets of characteristics, developed in section 1.4, are used to classify the eight municipalities under study.[10]

1.3 Research questions and assumptions

The passing of the LPP and LDA implied the application of a set of policy interventions. As such, it is important to recognise the concept of "intervention" as "an ongoing, socially constructed and negotiated process, not simply the execution of an already-specified plan of action, with expected outcomes" (Long, 2001: 31). Therefore, the central research question of this study is *How do local actors from high and low differentiated municipalities re-create dynamics of power relations in the framework of the LPP and LDA interventions?* To answer this question, I pose the following four secondary research questions:

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[10] The study of social structures formally pays attention to differences in class, race, gender, and ethnicity as interrelated categories of analysis. Other authors also include aspects such as generational layers, religion, cast, occupation, and even the use of territorial space (Paulson, 1999) according to the relevance of these variables on the studied subject. As a

1. How did the dynamics of local representation change after the decentralisation process started?

2. To what extent did people gain influence on local decisions and the planning process?

3. To what extent do people exert control over the processes established by the LPP and LDA?

4. What are the main threats to reach the main objectives of the LPP and LDA in terms of democratic participation?

The main assumption of this study is that the application of the same decentralisation policies in different social contexts in Bolivia results in different allocations of power depending on the pre-existing local social structures.[11] This assumption draws on two complementary claims. The first one, developed in detail from the actor oriented approach (see Long, 2001), maintains that social actors possess the knowledge and capability to assess problematic situations and organise 'appropriate' responses. As such, social actors are not just passive subjects of central normative and development interventions. A second claim of the assumption implies that 'history matters' and that real constraints and possibilities are built up over time. Critical junctures or historical events claimed as "transitions that establish certain directions of change and foreclose others in a way that shapes politics for years to come" (Collier and Collier, 2002: 27) play a role in defining these constraints and possibilities. In other words, this research aims to identify the historical events and on-going mechanisms that influence the current power configurations while at the same time avoiding the reification of policies and historical events as predeterminers of people's actions and choices. This point is further elaborated in section 1.5.

The following three more specific assumptions derive from the main one:

1.Striving for maximum benefits from decentralisation interventions, local actors are changing their bargaining power and roles, bringing about:

   * The co-optation of power by already established powerful groups in high differentiated municipalities. This occurs due to a greater capacity for powerful groups to maneouvre and the fragmented set of interests among different social groups.

consequence, there is not a totally agreed definition of social structure. In general terms, it is assumed as the differentiation of social groups by specific social variables.

* The emergence of a politically powerful group responsive to most people in low differentiated municipalities due to the cohesion of similar socio-cultural groups around less differentiated set of interests.

This means that implementing decentralisaton policies in high differentiated socio-political structures generates opportunities for local elites to enhance their power, because different social groups structured in different layers of status and interests find more difficulty in organising and agreeing on common interests. More homogeneous groups in less differentiated municipalities, however, may demand responses from groups in power with greater capacity.

2. The presence of highly educated people in high differentiated municipalities make those municipalities more efficient in applying and taking advantage of the norms that regulate the decentralisation process, but the benefits that accrue from this process distribute less equitably than in low differentiated municipalities. This is because highly educated people privilege bureaucratic planning over participatory planning, while in low differentiated municipalities wide and strong people's participation on planning favours a more equitable distribution.

3. External conditions, such as continuous regulatory changes and poverty threaten to reverse the legitimacy of the popular participation process, particularly in high differentiated municipalities where the impact of peoples' participation on planning and accountability tend to be more diluted by the presence of several groups with different particular interests.

1.4 The study area: high and low differentiated municipalities

The selected municipalities all situate in the department of Chuquisaca in the south of Bolivia (see map 1.1). Chuquisaca is the third poorest of the nine departments in Bolivia with 70.1 percent of its population living without basic needs fulfilled. This percentage is 11.5 percent higher than the national average for the second poorest country in Latin America. The capital of Chuquisaca, Sucre, has also been the capital of Bolivia since the independence of the country in 1825 and establishment of judicial power. However, the central government including the executive and legislative powers, concentrates in La Paz since 1898.

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[11] The LPP and LDA are considered as uniform interventions because the same norms are applicable everywhere in Bolivia. The only difference is that allocation of resources is defined per capita so that municipalities with greater populations receive more funds.