The Bolivian model of decentralization

The Bolivian decentralization process is a bold social and political wager, originally based on a trade-off between the state and society. It is structured around 2 laws: the 1994 law on popular participation (LPP) and the 1995 law on administrative decentralization. Under these laws, the state grants certain local decision-making powers to civil society. Civil society strongly supports decentralization, which is being implemented systemically throughout the country’s municipalities. Participation proved to be an attractive motivation for the population to commit itself and begin playing a voluntary and active role in local management. This represents considerable success in a country where it is often difficult to implement public policies.

The Bolivian model is distinguished from other decentralization processes by the institutionalization of popular participation in municipal management. The LPP ”municipalized” the country, setting up 311 municipalities (currently 314) that are autonomous within the bounds of their territorial jurisdiction and have...
They are granted competence in specific areas and full authority (arising from election by universal suffrage) to execute this competence. Two smooth elections have been held since the LPP came into force.

The LPP also recognized all traditional organizations based on territory (called Basic Territorial Organizations—BTOs) and granted them legal status, accepting their past customs and procedures in internal matters (Figure 1). Having acquired such rights and obligations, these organizations are now crucial partners in municipal management. BTOs and their Monitoring Committees (Comité de Vigilancia; one per municipality, named by the BTOs, which they represent to municipal authorities) are entitled to take part in the management of health and education services, the setting of priorities, and the municipal budget. They have the right to control the municipality’s financial resources and impose sanctions on parties responsible for fraud or mismanagement. Municipal authorities are obligated to involve BTOs in management.

The law provides for the equitable redistribution of 20% of the central government’s financial resources. A uniform sum is allotted per inhabitant and multiplied by the population of the municipality. In 2000, this funding came to approximately US$ 200 million. To ensure that the national treasury cannot seize, freeze, or manipulate these funds, the law provides that this transfer be effected in an automatic, transparent, and irreversible way. Management of and revenues from land, real estate, and vehicle taxes have been transferred to the municipalities, along with the right to levy various duties and grant patents (subject to approval by Parliament).

Finally, the executive branch of the national government has been reorganized to facilitate implementation of the LPP and consolidation of the newly created municipal structures. The authorities in charge of financing projects at the national level have been directed to grant financial backing to municipal governments and to legally authorize BTOs.

**Background and current situation**

There are several reasons for a process of this scope. Bolivian decentralization is first and foremost the result of growing social pressure since the reinstatement of democracy. The call for decentralization was directly linked to consolidation of the democratic process and aroused a certain amount of opposition from the political parties. Popular participation in municipal management is also rooted in the long-expressed demands of traditional Bolivian farmers’ organizations. It has inherited the vitality and resilience that have allowed farmers to withstand colonialism over the centuries.

Crisis at the national level was another factor. Having successfully reestablished the major elements of macroeconomic equilibrium, the government was completely unable to respond to popular expectations. The population, in turn, no longer had faith in the state’s capacity to improve the country’s situation. As the LPP’s staunchest promoter and main author, President Gonzalo Sanchez de Lozada, put it, “The municipalities will hardly do worse than we do!”

Six years of implementation have brought success on several counts. The relevant authorities and administrative units were set up rapidly. A number of major problems in municipal management persist with respect to technical capacity and transparency. But there are many encouraging developments. Popular participation, which spread faster and more effectively in rural areas than in urban ones, is now an established fact: the population participates in municipal budgetary decisions and monitors their execution (Figure 2). The result is that
local power has become a reality throughout all of Bolivia’s municipalities. This is best illustrated by the staggering growth of municipal investments: US$ 2 million in 1993 compared with 118 million in 1998, and 3700 projects in 1994 compared with over 18,000 in 1997.

The following elements of the LPP determined its acceptance and helped overcome the population’s traditional mistrust of largely discredited public authorities:

• Local actors were granted a number of tangible advantages seen as important by civil society.
• Immediate and irreversible entry into force of relevant legal provisions won the population’s trust, despite ingrained skepticism.
• The simplicity and succinctness of the legal provisions made it easier for local actors to understand them and make them known.

The political will of the instigators of the law and their general determination and commitment to implement reform were very strong at the outset. Unfortunately, the situation has since deteriorated.

Pucarani: An exemplary municipality

An Aymaran stronghold plagued by poverty
Pucara was an ancient civilization prior to the arrival of the Spanish. Today the municipality of Pucarani has a total area of 2630 km² and a population estimated at 22,800, composed entirely of rural people of the Aymaran ethnic group. It is located at an altitude of 3800 m in the Andes, 45 km northwest of La Paz, Bolivia’s capital. Production above 5000 m is centered on camelids (llamas and alpacas) and trout farming. Potatoes, barley, and milk are produced in the central zone, and potatoes and fish are produced in the lower zone. Pucarani is characterized by its diverse ecological levels, its social organization, and a political culture of consensus.

Pucarani is organized into rural communities and divided into major and minor agricultural syndicates; original indigenous Andean forms of organization have been lost. The syndicate form of organization was introduced in 1952, when a national revolution brought agricultural reform and the right to vote for all Bolivian citizens. Currently, there are 68 rural communities and 11 urban communities, each of which is a legal entity. The political leaders who govern the municipality, many of whom are rural people, have created a culture of dialogue among political actors, fostering harmony in municipal affairs and civil society. The Monitoring Committee is representative and efficient; this favors popular participation in community decision-making.

The population of Pucarani faces 3 major disadvantages that are widespread throughout the Andean Altiplano: poverty, cultural exclusion, and a lack of basic services. These disadvantages are responsible for a vicious circle of poverty: rapid soil degradation leads to diminished productivity, which in turn induces inappropriate agricultural intensification on small plots, leading to further soil degradation, irreversible environmental damage, and greater poverty.

Application of the law on popular participation
Prior to passage of the law on popular participation, the municipality of Pucarani had an annual budget of US$ 400. Two years later, in 1996, as a result of the transfer of tax revenues under the coparticipatory provisions of the law, the budget was approximately US$ 1 million.

Thanks to the provisions of the law, the municipality has developed a cycle of management in which all the steps of participatory budget-making have been institutionalized in Andean fashion, in a framework of participatory planning for municipal development (Figure 3).
Evaluation and participatory planning—
Municipal management centers on the months of September and October, when the process of participatory planning begins with an evaluation. At a meeting attended by municipal government representatives and rural and urban communities, public authorities give an account of municipal management. A preliminary budget for the next period is considered at this first meeting, guided by overall budgetary constraints. Rural leaders then return to their communities and decide in collective meetings what projects need to be carried out in the coming year. Requests are then forwarded to the Monitoring Committee, which systematizes and prioritizes all community requests. Requests are next passed on to the mayor in a second meeting between the municipal government and the communities.

Finally, in mid-November, the mayor devises an Annual Program of Operation (APO) and a budget, to be submitted for approval by the Council and the Monitoring Committee (Figure 4). The APO requires political approval at the institutional level (Council) and the social level (Monitoring Committee).

Community requests must be made within the approved strategic framework and must also receive social approval in the context of the Municipal Development Plan (MDP) for the medium term, i.e., 5 years. Future visions can thus be harmoniously combined with short-term perspectives or short-term priority needs.

Participatory management—At a third meeting between the communities, the Monitoring Committee, and the Municipal Council in the early weeks of January, the mayor presents the operational and financial components of the development programs and projects approved by civil society. These projects focus on social and human development (health, education, culture, sports, etc) and productive development (regional roads, irrigation, microirrigation, seed distribution, etc).

Social control—Using a timetable for execution and all available technical, administrative, and financial information, the Monitoring Committee oversees preparation of the municipal budget, and the municipal financial council and the communities take part in and oversee the quality of project execution.

After 4 months, all community leaders give accounts of their actions to the entire community in special meetings. The mayor, the president of the Municipal Council, and the president of the Monitoring Committee, in accordance with their specific duties, each present reports on progress relating to public and social management aspects of municipal development. The actors involved report on the efficiency of operations and costs and enumerate corrective actions to be taken in accordance with the needs of each program or project. The people of the community participate by approving or questioning the information presented, especially that provided by the municipal administration.

Difficulties
Even though participatory management is well established in the municipality, this final accounting reveals certain difficulties associated with the poverty of the rural Aymara population. Economic development is limited not so much by land tenure as by the quantity and quality of land and the capacity to exploit it adequately (Figure 5). The municipal government has little competence to deal with these matters. There is also a need for people with the technical qualifications to...
improve municipal management. No blueprint has been found for achieving better results from municipal investment in development and income-producing measures that benefit rural people. Nor is it easy to make qualitative improvements in basic services, health care, and education.

Moreover, there are deficiencies in administrative management due especially to the existence of laws, regulations, and procedures designed for central institutions that are inadequate to the realities of rural municipalities. This is further aggravated by inefficiency, which can generate conditions that breed corruption.

There is still a certain monopoly of national political parties in terms of power sharing; this forces leaders to register in a party in order to be candidates for the Municipal Council or for mayor. Municipal democracy continues to be indirect, favoring the influence of parties and excluding voters from decision-making processes. Finally, the resources of coparticipation that have devolved from the national level are still not sufficient to allow governments to deal effectively with the crucial problem of poverty.

**The impacts of popular participation**

Despite the difficulties, the law on popular participation has been implemented in a broadly positive fashion. The resources that the municipal government had at its disposal prior to passage of the law allowed it to carry out 2 or 3 projects annually. Governmental authorities and political leaders were accountable to national public institutions and international development institutions. In just 6 years under the law, the municipal government and rural communities have carried out more than 300 projects concerned with social issues and productivity. This amounts to more than 4 projects per community, representing a dramatic increase in the level of development and the quality of life for rural people in the community.

**Crucial factors in the experience of Pucarani**

Experience with the law on popular participation in Pucarani indicates success in 2 main areas: (1) cohesion in social organization and (2) accountability on the part of political elites. Work between the BTOs and the Monitoring Committee, which is organized in accordance with customs and practices in rural communities, is cohesive and integrated. The level of representation on the committee is a result of its grassroots base—a feature that legitimizes its authority. Thus, the committee very clearly expresses to the municipal government the community demands, needs, and aspirations that it represents.

Rural communities conduct themselves in an especially responsible and decisive way. They exhibit a high degree of organization and jealously guard their social autonomy against leaders and political parties who are tempted to coopt them. Syndicate-related (sectoral) and territorial characteristics are combined in a
dense network of relations involving the rural community and the syndicates.

The political parties that participate in municipal elections have local influence but have so far not been able to attain a majority in the Council that would allow them to govern the municipality independently; this makes multiparty alliances necessary. One feature of these alliances is that they have produced an element essential for public management: political and institutional stability. A dynamic equilibrium has been created between the mayor and the Municipal Council, characterized by the submission of partisan and group interests to those of the community.

This has made it possible for the municipality of Pucarani to consolidate local initiatives that provide a significant impulse to development and, above all, to develop local management capacity in collaboration with municipal actors. This achievement in governance, which signifies previous success, also represents great hope for the future.

Main challenges and outlook

Decentralization must be rooted in collective decisions and a widely approved social process. Bolivia offers a good example of this paramount lesson. Political will is the determining factor in confronting social demands for governmental reform and its implementation. Social support for decentralization is equally important to ensure that reform measures are executed in practice and not just decreed. Finally, the specific dynamics among actors in each municipality determine whether local implementation of measures is satisfactory or distorted.

It will take some time until Bolivia can claim to be truly decentralized. The competence and credibility of municipal administrations must be reinforced. The central government and international development organizations should not blame municipalities for shortcomings in the public sector; both tend to ask municipal authorities to do what they are unable to do themselves, making local management particularly difficult. As municipal management is more political than technical, popular participation is likely to remain the principal guarantee of good local management and governance. The greatest obstacles may be encountered in towns that have hitherto proved timid in implementing the LPP.

Decentralization is an ongoing process. It needs to be developed and improved, particularly in the smallest and poorest municipalities in the country’s rural regions. Coordination (intermunicipal and with regional and national authorities) and the already perceptible danger of new areas of competence being transferred to the municipalities without allocation of corresponding resources also require consideration.

Irreversible, long-term decentralization in Bolivia will be largely determined by the extent to which municipalities succeed in making themselves heard. The development of municipal associations (under the umbrella Federation of Municipal Associations) is a major step toward strong partnership characterized by associations that can stand up to national and regional authorities in defense of local interests. The transfer of all national resources earmarked for the fight against poverty as part of HIPC-2, the new package for debt relief of Heavily Indebted Poor Countries, is already a resounding success.

There is a fair chance that popular participation will be irreversibly established in Bolivia. But neither the promulgation of the LPP nor its general acceptance is enough to ensure this. The determining element will be effective implementation. This will depend partly on the commitment of the authorities and the civil service. The issue now is whether the government will withstand the temptation to distort day-to-day execution of the law by manipulation.

Civil society also has an important part to play. Will it be organized well enough to avert a possible takeover of the LPP by small but powerful groups at the local level? Hesitation by the central government and different forms of popular participation in different municipalities show that the battle for successful implementation of the law has not yet been won.