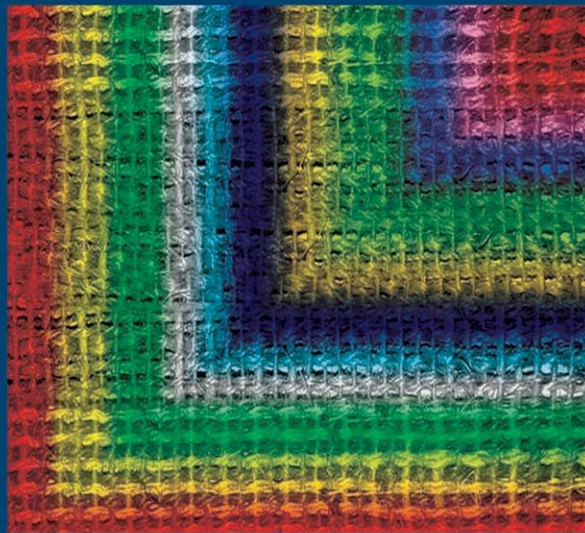


THE POLITICAL PARTY SYSTEM IN BOLIVIA 2004 – 2006:
OPPORTUNITIES FOR PRO-POOR REFORM



ASSESSMENT REPORT AND RECOMMENDATIONS

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS

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The National Democratic Institute for International Affairs (NDI) is a nonprofit organization working to strengthen and expand democracy worldwide. Calling on a global network of volunteer experts, NDI provides practical assistance to civic and political leaders advancing democratic values, practices and institutions. NDI works with democrats in every region of the world to build political and civic organizations, safeguard elections, and promote citizen participation, openness and accountability in government.

Democracy depends on legislatures that represent citizens and oversee the executive, independent judiciaries that safeguard the rule of law, political parties that are open and accountable, and elections in which voters freely choose their representatives in government. Acting as a catalyst for democratic development, NDI bolsters the institutions and processes that allow democracy to flourish.

Build Political and Civic Organizations: NDI helps strengthen the stable, broad-based and well-organized institutions that form the foundation of a strong civic culture. Democracy depends on these mediating institutions—the voice of an informed citizenry, which link citizens to their government and to one another by providing avenues for participation in public policy.

Safeguard Elections: NDI promotes open and democratic elections. Political parties and governments have asked NDI to study electoral codes and to recommend improvements. The Institute also provides technical assistance for political parties and civic groups to conduct voter education campaigns and to organize election monitoring programs. NDI is a world leader in election monitoring, having organized international delegations and supported domestic observer groups to monitor elections in dozens of countries, helping to ensure that polling results reflect the will of the people.

Promote Openness and Accountability: NDI responds to requests from leaders of government, parliament, political parties and civic groups seeking advice on matters from legislative procedures to constituent service to the balance of civil-military relations in a democracy. NDI works to build legislatures and local governments that are professional, accountable, open and responsive to their citizens.

International cooperation is key to promoting democracy effectively and efficiently. It also conveys a deeper message to emerging democracies that while autocracies are inherently isolated and fearful of the outside world, democracies can count on international allies and an active support system. Headquartered in Washington D.C., with field offices in every region of the world, NDI complements the skills of its staff by enlisting volunteer experts from around the world, many of whom are veterans of democratic struggles in their own countries and share valuable perspectives on democratic development.

THE UK DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID) AND AID TO POLITICAL REPRESENTATION OF THE POOR IN LATIN AMERICA

DFID has been working through a series of programmes in Latin America focused on improving the political representation of the poor and achieving more pro-poor policy outcomes and working with the political system since 2003. The goal of our overall programme in this area is:

To increase the representation of the poor in political systems, in order to produce more pro-poor policies and budgets.

We have been particularly concerned with bettering the understanding of two main questions:

1. What is the relationship between parties and the poor and under what conditions do parties better represent these groups? (Inputs)
2. What are the policy positions and platforms of the major political parties and how pro-poor are they? (Outputs)

And for the donor community at a more operational level, we are interested in the following:

1. How can donors improve our understanding and awareness of political issues and actors?
2. How and when should donors engage with different political actors as part of an inclusive policy dialogue on poverty and inequality?
3. What are the current strengths and weaknesses of the political system and how can it be made more pro-poor?
4. Who are the key organizations, methodologies, approaches and best practices that are best suited for this kind of engagement and how can the donor community work with them?

The Regional Andean Politics and Poverty Programme and Country Studies

As part of the overall programme DFID has been supporting a first stage that consisted of a series of studies, workshops and dialogues around the theme of politics, poverty and donors in Central America and the Andean Countries, emphasizing political parties. These programmes have worked through a broad consortium of actors led by International IDEA, and including the National Democratic Institute for International Affairs (NDI), the Multiparty Institute for Democracy (IMD), the United Nations Development Programme (UNDP), the Inter-American Development Bank (IADB) and different local think tanks and institutions, varying on the country.

BETTER UNDERSTANDING THE POLITICAL PROCESS AS PART OF POVERTY REDUCTION IN BOLIVIA

DFID is happy to support the development and presentation of this study done by the National Democratic Institute for International Affairs (NDI) on the Political Party System in Bolivia and the opportunities currently presented for pro-poor reform of that system. This work builds on previous reviews and engagement with political parties, donors and other actors around how to increase political ownership of the Poverty Reduction Strategy (PRS) in 2002-2003. This previous analysis and recommendations by NDI helped to better define our regional programme, which is briefly presented below and was useful in raising a number of issues around how the PRS process was weakened by not obtaining and mobilizing more political support. It also raised a number of important issues around how the incentives of different groups affect their support for different policies.

This current report takes this previous work into the current context under which the political and institutional arrangements of Bolivian democracy are being re-defined, by a pro-poor and popular government, but faced by serious regional and other divisions. At the outset of this work, DFID was keen to better understand the operation of political parties at the departmental level, in order to better understand incentives for pro-poor policies there, and to develop some proposals around how the political system could be reformed in order to achieve and maintain both a pro-poor focus as well as more stable governance.

The analysis provides a good overview of the evolution of the current political situation and political parties in particular, and insights into the internal and external crisis of the political system. It is understandable under these conditions why many groups and citizens have opted for more direct means of political representation, from the streets, to unions and social movements, and regional civic movements. While some of

the roles and functions of political parties are substituted for in creative and beneficial ways, other functions are being neglected or superseded with more negative effects.

The set of recommendations made by NDI should also be of use in challenging the donor community around our level of engagement with political actors and systems, and the consequences of not engaging. We hope these will be of use also to our colleagues in other countries and other regions beyond Bolivia.

Our thanks to NDI for the excellent work and for being flexible enough to adjust to the constantly changing situation in Bolivia, and the numerous updates that the document has required to remain relevant. Thanks also to NDI for their participation the wider partnerships in the Andean Region. We look forward to sharing this useful study and recommendations with members of the donor community, political actors and others in order to better understand the relationships between poverty and ethnic, regional and class organizations and interests.

Lessons for Development Agencies from the Bolivian Experience

The approach taken here to better understand political processes and work with political actors, including the formal political system of parties, congress and elections, as an essential and often overlooked dimension of reducing poverty and inequality, is borne out by two potential explanations. On the one hand, the situation in Bolivia is a prime example of the political empowerment of the poor, with the rise of MAS supported by social movements and leading to the current presidency of Evo Morales.

What seems to have been lacking was a good donor reading of this situation, which might have allowed for better responses and beyond this to better understand how existing donor

strategies and mechanisms helped to lead to this situation – in both positive and negative ways. For example, how did the openings created and supported by the Popular Participation Law, or the National Dialogue process that was essentially a conditionality of the Poverty Reduction Strategy, affect the following course of events?

And a further question that should be asked is how might some of the conflict and polarization been avoided through better engaging and supporting political dialogue and political actors? Most donors did not and do not engage with political parties, unions or social movements – or do so in a very limited fashion. Most donor programmes were heavily focused on working with and through the central government – under PRS and harmonization approaches. Most donors did not have programmes that engaged on building political capacity, negotiation, dialogue between groups – we seemed much stronger on helping build polarizing agendas of a multitude of social movements based on our rights approach – and by doing so enhanced state-society conflict. In the case of Bolivia, the two ends against the middle ended up with a rupture of institutionality, and the current attempts to re-build and re-found this on a different set of principles are running into severe polarization between the indigenist-highlands-state run economy project and the mestizo-lowlands-private sector one.

Clearly Bolivia provides a strong case in point where an essential capacity for development has become eroded and weakened to the point where it becomes a factor in creating instability, volatility, and other conditions that make ‘normal’ development approaches and mechanisms a problem. This is what we might call ‘political capacity’, and includes the ability to negotiate, to dialogue between often radically different viewpoints, to come to agreements for the good of the state, and accept trade-offs. This capacity is even more important in places where basic ‘political settlements’ (see DFID Paper on Fragile States 2007) are eroding given strong differences in the models of economy, society and polity that are arising across Latin America and other regions of the world.

Both the shift of ideological paradigms in South America and the empowerment of new social and ethnic groups in the Andean countries – at times with exclusive tendencies – have generated alternate political schemes that have brought about the redefinition of the State’s role in the economy, new partnerships within the international economic arena, and more direct relations between civil society and the State. These schemes have been reflected through the last elections creating polarizing situations, each time with more regional tendencies (such as in Bolivia or Ecuador, where political organizations are aligned with specific regions of the country).

We might argue that the complete erosion of this political capacity - politicians, parties, congress, as well as mechanisms for dialogue contributed to the popular explosions and movements that occur on the margins of the state in Bolivia since 2003. One of the main development challenges for Bolivia, and other countries in a similar situation, is to rebuild this ‘political capacity’ so that basic settlements between competing groups can be reached, so that these can be institutionalized to allow more stable governance, and that policies can be produced that address the needs of both poor and excluded groups as well as middle class and private sector ones. Without this, loans and grants provided by donors will be difficult to execute, reforms will be blocked or fail, and strong social movements will only create additional instability if the capacity to respond is lacking.

What’s the message for cooperation agencies, particularly multi-lateral lending agencies? We know that addressing poverty and inequality in Latin America and countries like Bolivia is a political process. Therefore, we need to be able to better navigate and understand these processes, create risk mitigation strategies to attempt to respond to them, and in some way contribute in the long run to the reform of political systems and political processes in order to have more stability and responsiveness.

Many of the International Financial Institutions are already moving in this direction, using better analysis of governance and political

situations. But, we must go beyond analysis towards improving and developing the ‘political capital’ that is increasingly needed in highly unequal states to address both direct and open conflicts as well as more localized ones around particular reforms and policies.

Towards a New Kind of Capital: Political Capital

As this publication is being readied for the press, DFID has been developing the lessons into an emerging concept, which we are calling ‘political capital’. Like economic and social capital, there may currently be too scarce a supply of important political capital, which is needed to achieve so many of the changes that development agencies are working to support. Achieving basic political commitments in fragile states, getting support for a challenging and difficult reform in which there will be losers as well as winners, or overcoming policy volatility due to deep swings in governing parties all require a good amount of political capital to achieve. And political capital, like other kinds of capital, can be produced, spent and developed like other kinds of capital. The question is how and by whom?

We as donor agencies need to be as aware of the need for political capital as we are of the economic and social kinds, particularly in middle income countries that are democracies, or it is likely that we will be ineffective and inefficient in both the short and long term in achieving the Millennium Development Goals and the reduction of inequality. We need to invest in this kind of capital, and connect it to the technical, economic and social capital that we are already providing and supporting.

Once again our thanks to NDI Bolivia and NDI Washington for helping to frame these important issues and contribute to improved poverty reduction through better democracy. We look forward to continuing our partnership in the future.

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ACRONYMS

ADN	National Democratic Action (<i>Acción Democrática Nacional</i>)
CN	National Agreement (<i>Concertación Nacional</i>)
CNE	National Electoral Court (<i>Corte Nacional Electoral</i>)
CONDEPA	Conscience of the Native Country (<i>Conciencia de Patria</i>)
CPE	Political Constitution of the State (<i>Constitución Política del Estado</i>)
DFID	British Department for International Development
IU	United Left (<i>Izquierda Unida</i>)
MAS	Movement to Socialism (<i>Movimiento al Socialismo</i>)
MBL	Free Bolivia Movement (<i>Movimiento Bolivia Libre</i>)
MIR	Leftist Revolutionary Movement (<i>Movimiento de la Izquierda Revolucionaria</i>)
MNR	Nationalist Revolutionary Movement (<i>Movimiento Nacionalista Revolucionario</i>)
NC	Camba Nation (<i>Nación Camba</i>)
NDI	National Democratic Institute for International Affairs
NGO	Non-Governmental Organization
PODEMOS	Democratic and Social Power (<i>Poder Democrático y Social</i>)
UDAPE	Unit for Economic and Social Policy Analysis (<i>Unidad de Análisis de Políticas Económicas y Sociales</i>)
UN	National Unity (<i>Unidad Nacional</i>)
UNDP	United Nations Development Programme

EXECUTIVE SUMMARY

Pro-poor reform in Bolivia can only be achieved through systematic and sustained policy initiatives that respond to the direct and indirect factors that feed poverty. This report examines recent political developments in Bolivia between 2004 and 2006 and, with an eye to domestic political leaders, revisits historic challenges that have shaped the role of Bolivia's political party system in pro-poor reform processes.

Drawing on an extensive interview process, this report has found that representative and progressive pro-poor policies are challenged by macro-level structural and micro-level institutional conditions that undermine incentives for poverty reduction. Specifically, political parties in Bolivia still lack sufficient capacity to drive reform. Consequently, subnational structures, which have the closest access to citizen need identification, are marginalized from policy formulation. The perpetual cycle of failed economic and wealth distribution policies feeds public cynicism, which has the ultimate effect of self-exclusion from political processes. Similarly, regional polarization on issues of resource exploitation and distribution has only worsened at the hand of failed consensus-building and inter-party negotiation.

Despite these challenges within Bolivia's political system, sustainable poverty reduction will ultimately require the constructive involvement of political parties. Political parties continue to control nearly all levels of state authority and despite ongoing structural changes, will continue to do so. Also, as the bodies that coordinate election to public office, political parties are intimately involved in the decisionmaking process of every elected and appointed official. As the only official non-state link across all levels of government, parties are also one of the few domestic mechanisms capable of sustaining coordinated policymaking.

The need for more effective political management of economic reform in Bolivia is clear, as are the opportunities for reform presented by the rise of a majority government and the Constituent Assembly process, which provides a formal mechanism to address structural issues and foster broad-based political consensus on poverty reduction. The prominent role of domestic actors in this evolving political system means that it is domestic actors, specifically political parties, who are now presented with the greatest political and electoral incentives to develop progressive reforms. The following themes are the most germane to political parties and pro-poor reform:

- o **Constructive competition** among political actors would encourage democratic decision-making structures and incentives for progressive policy formulation.
- o Broad **internal communication** practices within political parties would enhance the use of strategic and systematic mechanisms to identify and prioritize constituent needs and combat public cynicism.
- o Parties can strengthen their **public legitimacy** by better marketing their successes, managing public reform expectations, and making their decision-making processes more transparent.

Looking forward, democratic governance and poverty reduction in Bolivia require political parties to foster reform opportunities through immediate and long-term policies that deter social instability and greater public cynicism. The means by which parties approach these opportunities will depend on internal analysis and the identification of constructive actions for parties to better represent their constituents as well as enable Bolivian citizens to participate more meaningfully in reform processes.

INTRODUCTION

Between 2004 and 2006, Bolivia underwent major domestic political developments. With the 2005 and 2006 electoral processes, Bolivia embarked on significant political reforms sparked by the victory of a majority government and convocation of a Constituent Assembly and a referendum on regional autonomy. In light of this situation, the U.K. Department for International Development (DFID) asked NDI to analyze the impact of this new political context on pro-poor

reform and the role of Bolivian political parties in that process. This study examines recent policies, revisits key challenges to pro-poor reform, and identifies areas of opportunity for parties to strengthen the linkage between political institutions and economic development. The findings presented in this report are intended to generate dialogue around current opportunities for political actors to shape responsive and sustainable solutions for greater economic inclusion.

“PRO-POOR” REFORM DEFINED

Pro-poor development and reform is a multi-faceted process that includes:

- Fostering demand for the resources and skills to which the poor have access;
- Enhancing the resources of the poor – particularly through strengthened health, education, transport and communications infrastructure – to enable their participation in growth processes and productive economic activity; and
- Ensuring that formal institutions of particular relevance to the livelihood of poor sectors are responsive to and held accountable by them.

Summary of “What is ‘pro-poor reform’?” textbox, *Bolivia’s Political Party System and the Incentives for Pro-Poor Reform*, p 6.

In October 2004 with support from DFID, NDI produced Bolivia’s Political Party System and the Incentives for Pro-Poor Reform, a report that examined, through a political economy lens, the incentives and disincentives for the political party system to advance pro-poor reform. NDI conducted desk research and more than 75 interviews with Bolivian political and social actors in each of Bolivia’s nine departments to complete the document. Both in 2004 and in 2006, NDI emphasized the role of Bolivian political parties, and citizen and indigenous groups¹ as the key actors in sustainable poverty reduction for the following reasons: the party system coordinates election to public office and therefore is actively involved in all levels of state authority; and parties are the only official non-

state link among all levels of government, which positions them to coordinate policy formulation and implementation. The 2004 report found that challenges to responsive and sustainable pro-poor policies are the net effect of the internal challenges of the political party system and the policymaking challenges of elected officials. Key obstacles to pro-poor reform as identified in the 2004 report included:

Political Party System

- *Lack of Constructive Competition among Political Actors.* Many parties are born from the leadership of one individual whose image and personality drive top-down decisionmaking within the party and through

¹ Given the constitutional and legal recognition of non-party political entities to participate in Bolivian elections, this document will use “political parties” to refer to all political groups that put forth candidates to run and hold public office, unless otherwise noted.

the party's elected and appointed government representatives. Furthermore, electoral law and other institutional factors weaken parties' motivation to present public policy alternatives, and winning political office is connected to a candidate's ability to mobilize voters regardless of his/her demonstrated capacity to implement effective, responsive policy reform. As a result, the political appointment of the entire civil service and other public offices reinforces politicized electoral contests and the role of parties as vehicles for employment. Political appointment creates party dependence on job distribution rather than identifying technical expertise to fill policymaking posts.

- *Parallel Political Markets and Enhanced Regionalization.* The perpetual influence of existing and emerging informal structures—through exclusive fees to join social organizations, separate education systems for indigenous communities, and exclusive invitations to public meetings—has impelled economically disadvantaged communities to rely on internal solutions thereby inhibiting the capacity of national leaders.
- *Public Cynicism.* Bolivians perceive that historic reform rhetoric has been unaccompanied by changes in quality of life for the majority of the population. Mutually reinforcing ethnic and economic conflict coupled with public perception of limited party capacity to drive tangible reform has exacerbated polarization between traditional parties and citizens. This unstable environment has resulted in the self-exclusion of the poor majority from the policymaking process.

Policymaking Process

- *Structural Issues that Inhibit Pro-Poor Policy Formulation.* Centralized party structures, internal communication practices and decision-making processes hamper the parties' ability to formulate effective responses to the unique economic resource levels and development needs among and within the country's nine departments. As currently

structured, public financing legislation steers parties toward heavy campaign period activity and limited emphasis on outreach with the party base between election cycles. Because multilateral budget and financial assistance defines much of the country's economic or poverty agenda, parties perceive little benefit from proposing macroeconomic or pro-poor programs.

- *Party Capacity Constraints that Inhibit Pro-Poor Policy Implementation.* The disincentives for pro-poor policy formulation are reinforced by political party capacity constraints. For example, party municipal offices are not consistently incorporated into national party structures and parties have limited funding to support think tanks or to gather systematic data on citizens' needs. Further exacerbating the lack of party guidance on national issues, elected officials rarely receive instructions or orientation on the duties, rights and responsibilities of their new positions. As such, government ministries cannot rely on parties to develop responsive pro-poor policies.

Given these challenges, the 2004 study provided recommendations to inform the country assistance strategies of the international development community. Macro-level support programs were encouraged to: recognize the political nature of the policymaking process and poverty alleviation; deconstruct political appointment practices; invest in long-term institutions that bolster social capital (i.e., integrated professional education and formal partisanship);² reinforce healthy political competition; and offer technical assistance in effective citizen advocacy and political communication to targeted civic organizations and elected officials.

This updated assessment aims to examine the evolution of these challenges from a domestic perspective and to provide recommendations for political parties to strengthen their role in promoting pro-poor reform in Bolivia. The steps ultimately taken to increase economic inclusion will be the decision of Bolivian leaders and the citizens they represent.

² Formal partisanship refers to mechanisms that enable political party supporters to differentiate their party's views and policies in contrast to those of other parties.

METHODOLOGY

This report draws on NDI's 2004 study *Bolivia's Political Party System and the Incentives for Pro-Poor Reform*. The driving forces behind the political party system's role in pro-poor reform process identified in 2004 remain valid and mark the starting point of the current analysis. Considering the period from October 2004 to December 2006, NDI identified significant political factors that could have a bearing on pro-poor policy formation and implementation. In the context of the Constituent Assembly, NDI also considered proposed reform areas as potential incentives or disincentives in the reform process.

Between April and June 2006, NDI gathered citizen perceptions through individual and targeted group interviews conducted in Bolivia. NDI conducted new interviews to incorporate observations on Bolivia's political party system and policymaking process since 2004. Interview questions included the following themes: state-society relations at various levels of government, public financing of political parties, the civil service, subnational autonomy, and the electoral system. NDI drew on information from 38 individuals in six of Bolivia's nine departments,³ involving political party members, Constituent Assembly candidates, and departmental and municipal officials and senior staff.

An additional 31 persons participated in three group perception interviews, which consisted of a facilitated discussion of the themes noted above using the "nominal group"⁴ interview technique. NDI conducted these interviews in Chuquisaca, Santa Cruz, and Tarija to capture perspectives in various Bolivian sub-sectors: geographic zones; electoral support or opposition of the current

government; and departmental stances regarding greater departmental autonomy based on the 2006 referendum results. Participants represented social service organizations, departmental and local oversight bodies, labor centers, public and private universities, unions and workers' associations, neighborhood councils, civic committees, and women and youth organizations.

Using the information gathered from interviews and desk research, this report provides an analysis of both challenges and opportunities for pro-poor reform within Bolivia's evolving political party system. The key themes are purposefully derived from the original 2004 recommendations to: 1) convert proposed international aid strategies into actionable items for political parties, and 2) encourage internal reflection by political parties on the country's relative progress in each key theme. The report is intended to generate plural and constructive dialogue among actors from all levels of political parties and policy planning and management.

³ Individual interviews were conducted in the departments of Chuquisaca, Cochabamba, La Paz, Potosí, Santa Cruz and Tarija.

⁴ This technique is used to obtain feedback and to improve decision-making processes without asking participants to measure direct impact or feasibility of a particular policy proposal. In this instance, the group perception interviews served to gauge perceptions of the specific interview themes in the context of the current government and as potential future reform themes in the context of the Constituent Assembly.

BOLIVIAN POLITICAL CONTEXT: 2004-2006

The 2005 and 2006 electoral processes marked important political changes in Bolivia, particularly through the emergence of a majority government and constituent assembly process. Drawing on the 2004 report findings, this section examines recent political developments in Bolivia including constitutional and legislative reforms, presidential succession, the 2005 and 2006 electoral processes, and new national development policy. Poverty reduction remains a challenge for Bolivia. This section demonstrates that recent political developments have not yet translated into greater incentives for effective pro-poor initiatives. However, some of these developments have increased citizens' expectation of change that will have a short-term positive impact in their daily lives. It is within this context of citizen expectation that the current environment of reform can become an opportunity for political and social leaders to shape responsive and sustainable solutions to bring about greater economic inclusion for their citizens.

From 2004 through 2006, the Bolivian political system underwent a series of changes that warrant mention. These factors will provide an updated contextual framework through which to analyze incentives affecting the political parties' role in formulation and implementation of pro-poor policies by political parties.

A. Constitutional and Legislative Reforms

In 2004, the Bolivian Congress passed a series of 15 reforms to the Political Constitution of the State (CPE) as well as various legislative reforms. Three of these reforms bear significance to this assessment report:

CPE Article 1. This article was reformed to recognize the diversity of the Bolivian people, specifically, the words "multiethnic" and "pluri-cultural" were added to characterize Bolivia. On paper, this reform was significant in that it

formally recognized the pre-colonial indigenous populations that still exist in Bolivia. In practice, this reform has not been applied by all democratic institutions, including political parties. The challenge of implementing a political and cultural reform of this magnitude has contributed to tensions between the state and society and has affected the legitimacy of the democratic institutions among citizens.

CPE Article 4. This article created formal mechanisms for citizen participation in political decisionmaking such as a constituent assembly, citizen legislative initiatives, and the popular referendum. This reform was passed in part due to popular pressure for increased citizen access to political decisionmaking, but the underlying spirit of the reform was to strengthen a weak state by expanding and deepening opportunities for citizen participation.

The CPE is a legal and political instrument that gives structure to the state and determines the nature of a citizen's relationship with the state. The Constituent Assembly is a democratic mechanism to address the crisis of representation and the growing fracture among citizens, political parties and the state. The reform of CPE Article 4 implicitly recognizes that political parties have failed to represent, or effectively make decisions on behalf of citizens. Despite this failure, the 2006 Constituent Assembly Law recognized political parties as the only groups allowed to compete for Assembly seats and the chance to rewrite the CPE.

CPE Articles 222-224, Political Party Law No. 1983, Citizen and Indigenous Groups Law. The political party system remains the only mechanism that formally represents citizens' interests in the government. However, this series of constitutional and legislative reforms expanded the universe of political entities that could compete to represent citizens to include

FUNCTIONS OF EFFECTIVE POLITICAL PARTIES

Political parties fulfill several basic functions as part of a country's democratic system. Performance in each of these functional areas directly affects the party's ability to support its elected officials in public policy decisionmaking and broader pro-poor reform processes.

1. *Mediation between State and Citizens:* Parties serve as intermediaries between society and the State by aggregating and channeling citizen demands to the government. Civic and social organizations also mediate by presenting their members' interests for public consideration. In a representative democracy, the roles of the political and civic sectors are differentiated by parties' unique ability to contest public elections and therefore to convert policy proposals into legislation or implemented policy within the government.
2. *Aggregation of Citizen Interests:* From their position between citizens and the State, parties aggregate citizen needs and demands to inform party platforms and policy proposals and to implement reforms from elected office. In doing so, parties face the challenge of distinguishing between specific interests and general public demands. This distinction is particularly pertinent to the effective representation of constituents and for Congress to have the information needed to implement relevant public policies.
3. *Policy Management and Constituency Representation:* Political parties vie among themselves for access to political power through popular election. By voting for a candidate, citizens cede to the candidate the right to make decisions on their behalf. Whether part of the opposition or in government, parties and their elected public officials are in a position to pass legislation and implement policies that represent a constituency's collective needs rather than the more narrow needs of a specific sector. While managing policy implementation, political parties fulfill the dual roles of representing citizen interests and administering public power. When out of power, political parties provide a constructive critical opposition by presenting themselves as the alternative government voters may wish to choose - thus pressuring the incumbents to be more responsive to the public's interests.
4. *Negotiation and Conflict Resolution Among Different Sectors:* The expression of conflicting viewpoints can actually help to create a better understanding of the issues and to identify solutions. The challenge for political parties is to attain new insights or workable compromises from these exchanges. Hence during the processes of aggregating citizen demands and representing citizen interests within the State, a party and its members are continuously called upon to negotiate differences in opinion and to identify consensus needs among the various sectors they represent.
5. *Democratic Education:* As intermediaries between the State and society, parties represent an important vehicle for imparting democratic education among citizens. Parties can provide information and skills training on democracy themes for party members and elected officials and for its constituency. Civic and social organizations can also contribute to strengthening democratic education through independent efforts or in partnership with political parties.

“citizen groups” and “indigenous groups.”⁵ This law represented an effort to open the representation system to actors other than political parties to fulfill this function. Theoretically, the differences among these three entities signify greater openness for the party system. However, in practice, citizen and indigenous groups that compete for power have begun to function like proto-parties.

B. Presidential Succession

Following the resignation of President Gonzalo Sánchez de Lozada in October 2003, then Vice-President Carlos Mesa was sworn-in as president according to the constitutional succession process. During his inaugural address, President Mesa committed his government to three initiatives: convening a Constituent Assembly; holding a popular referendum on the nationalization of the hydrocarbon industry; and pursuing prosecution of former President Sánchez de Lozada. Some analysts believe that Mesa’s address foreshadowed future tribulation to democratic order in Bolivia.

Mesa, who was not backed by a political party, had designed an agenda that coincided with the demands of socio-political groups, whose protests contributed to the demise of the Sánchez de Lozada administration. Mesa’s ability to advance this agenda depended entirely on collaboration with the National Congress, over which he had no political weight as an independent and which was generally opposed to his policies. Under Mesa, the National Congress’ resistance to the executive agenda mirrored citizen frustration with political party representation.

After almost two years in government, mounting public and political opposition and three separate attempts to submit his resignation, Mesa formally resigned in June 2005. The constitutional succession process was marked by a series of political and social demonstrations and

road blockades. Senate President Hormando Vaca Diez and Chamber of Deputies President Mario Cossío both declined the presidency, resulting in the interim presidency of then-Chief Justice of the Supreme Court Eduardo Rodríguez Veltzé. Complying with his succession duties, President Rodríguez convened early elections in December 2005 for the presidency, vice-presidency, national legislature and departmental prefects.

C. Electoral Processes: 2005-2006

1. December 2005 Presidential Election

The December 2005 general election results marked substantial changes in the structure of the Bolivian political party system. The winning party in the presidential race, the Movement to Socialism (MAS), received an unprecedented majority of the national vote. No previous candidate had ever won enough votes to win outright by popular vote. Instead, the winner was selected by Congress in a non-public, political negotiation among the party coalitions. In stark contrast to his predecessors, Evo Morales came to power with a marked popular mandate.

The 2005 presidential elections also represented the first-time participation of new political entities led by veteran political leaders. The electoral alliance Democratic and Social Power (PODEMOS) and political party National Unity (UN) both made their first appearance in a national election and achieved notable support. Despite being the party of fallen president Sánchez de Lozada, the Nationalist Revolutionary Movement (MNR) was the only traditional political party to obtain legislative representation.

2. December 2005 Prefect Election

The 2005 prefect elections reflected greater voter discretion and delineated regional political strongholds. Although citizens were given the unprecedented opportunity to vote directly for

⁵ According to the CPE, citizen groups are political organizations that can participate in political activity and can hold public office on behalf of civil society. Indigenous groups are recognized indigenous peoples organizations that can participate in electoral processes. [http://www.cne.org.bo/org_politica/sistema_partidos.aspx]

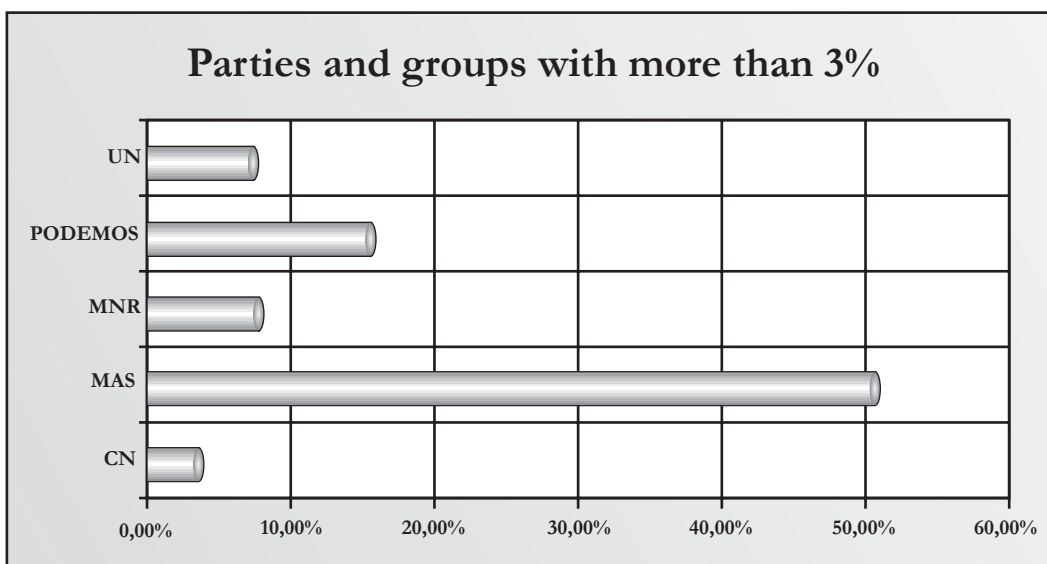
departmental prefects, CPE Article 109 gives the president the ultimate authority to appoint and/or substitute these officials. As one of his first presidential acts, Evo Morales appointed the prefects according to the 2005 popular vote results. Historically, voters cast their support along partisan lines for parties or coalitions that had national structures through which to mobilize votes. The prefect election results showed a notable increase in cross-voting, where citizens cast votes for different parties in the presidential and prefect races. This phenomenon had the effect of strengthening political entities with a concentrated regional presence.

3. July 2006 Constituent Assembly Delegate Election

Taking office in January 2006 as Bolivia’s first indigenous president, Evo Morales immediately delivered on several campaign promises, most notably convening a Constituent Assembly to rewrite the country’s constitution during a one year period. Many citizens perceived the much anticipated Constituent Assembly as the solution to correcting historic political and economic

marginalization experienced most sharply by indigenous and rural sectors of the population.

Results from the July 2, 2006 Constituent Assembly elections reflected the proliferation of political entities since the 2004 efforts to open the political party system. Of the 23 political entities that participated in the 2006 elections, 14 won seats in the Assembly. In terms of the number of political entities participating, the reform was effective in allowing for a broad selection of participating entities; however, very few of the competing political entities had a strong national presence. Only five political groups surpassed a 3 percent threshold in the national vote, of which three are political parties and two are citizen groups. Collectively, these five entities obtained 84 percent of the total vote. Four of the five entities existed before the election; citizen group National Agreement (CN) formed just prior to the July 2006 election. The MAS won 50.72 percent of valid votes, electing 137 of the 255 representatives, or 53.72 percent of the Assembly seats. PODEMOS obtained 60 representatives (or 23.5 percent of the seats). The MNR and its allies won 18 seats, and the UN obtained eight seats.



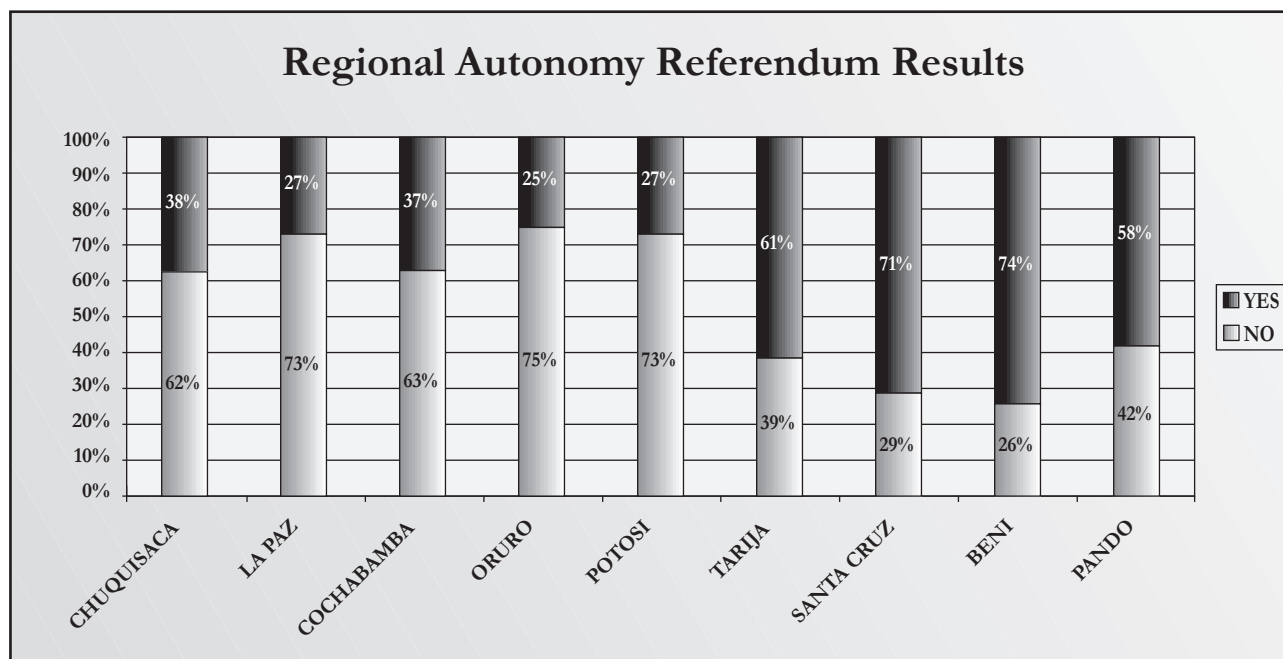
Source: National Electoral Court (CNE) official statistics, July 2, 2006. Graphic prepared by Castillo and Morón.

The July 2006 Constituent Assembly elections saw only five political groups surpass a 3 percent threshold in the national vote, of which three were political parties and two were citizen groups. Collectively, these five entities obtained 84 percent of the total vote.

4. July 2006 Referendum on Regional Autonomy

Opposition forces successfully pushed for a national referendum on regional autonomy to be held on the same date as Constituent Assembly elections. Regional and political divisions were played out in the referendum on regional autonomy. The petition signed by autonomy advocates to convene the referendum promoted a regional autonomy model that would establish departmental governments based on the existing prefecture offices.⁶ Regional autonomy was never clearly defined during the campaign or on the referendum ballot. A YES vote was to be binding for the Assembly, obligating it to consider departmental decentralization models in the new constitution.

In the four “Half Moon” eastern departments the YES vote won an average of 66 percent while the NO vote won an average of 69.2 percent in the five western departments; the overall national vote resulted in a NO vote against the referendum. The majority of constitutional experts consulted for this study believe that the referendum results reflected individual predisposition or partisan voter mobilization rather than informed voter decisionmaking. At the time of the vote, many citizens could not articulate which autonomy model they were voting for or what the referendum outcome would be given that the Constituent Assembly’s jurisdiction was as yet undefined.



Source: CNE official statistics, July 2, 2006. Graphic prepared by Castillo and Morón.

⁶National referendum petitioners subscribed to the following concept of autonomy: “... the citizens convened ... to request the opening of this book of signatures collected for the purpose of petitioning the National Congress through a citizens’ legislative initiative to call for a national referendum that is binding at the departmental level and that defines and establishes departmental autonomy in this country. Departmental autonomy denotes the effective transfer of jurisdiction and authority such that each territorial jurisdiction has the power to freely allocate its resources, choose its leaders and administer itself. The purpose of departmental autonomy is to improve the quality of life of the residents of each department and of the nation pursuant to the powers granted to the people by CPE Article 4. It is hereby established that the signatures of the citizens in this register constitute an expression of their will, desire, aspiration, and acceptance to institute and implement autonomous departmental governments in Bolivia.”

D. National Development Policy under Evo Morales

The rhetoric of pro-poor reform is not new to Bolivia's political parties and citizens. As discussed in the 2004 assessment report, Bolivian development policy of the last two decades has included a variety of policy efforts, which have generally failed to improve the lives of its economically disadvantaged citizens. Given the cyclical pattern of pro-poor reform policy, poverty continues to challenge both the Bolivian government and the political parties that strive to govern. The MAS presented itself as the political instrument for the freedom and sovereignty of the people, empowered by political backing from the landless movements, farm groups, informal trade unions, indigenous peoples, and other social interest groups. MAS campaign promises of inclusion have increased expectations that pro-poor reform will be the primary objective of President Morales' national development plan.

Winning on a campaign of inclusion, President Morales and the MAS have increased expectations that pro-poor reform will be a principal political objective of the current administration.

For many analysts, the 2005 general elections represented the rejection of over fifteen years of national economic policies characterized by internationally-guided structural reforms, high levels of foreign investment, and unbalanced income distribution. In the context of growing tension with foreign corporations, weak job creation, sluggish economic diversification and waning foreign investment portfolios, political parties' proposals responded to the social unrest of recent years and citizen frustration with limited economic opportunity. In 2005, political parties presented economic platforms for greater state intervention with a strong emphasis on direct citizen participation, focusing on the involvement of indigenous communities. The current legitimacy of the Bolivian government,

which is based as much on the election by an absolute majority as on its participatory approach to governance, represents an incentive to create policies that are in tune with the general population's needs.

Morales' National Development Plan proposes pro-poor development policies that include the strategic government exploitation of natural resources and state intervention to stimulate micro-enterprise to mid-sized companies – especially by means of financing and access to productive land for small farmers. The plan also proposes distributing the proceeds generated by natural resource exploitation through social programs such as education, health, and housing.

Vocal citizen demand for greater inclusion and the electoral success of Morales' pro-poor campaign could be factors that move the political party system, including opposition parties, toward addressing poverty through more responsive and pro-poor policies. This report will now turn to an analysis of the current incentives and challenges surrounding the political party system and pro-poor reform.

ANALYSIS OF PRO-POOR REFORM CHALLENGES IN BOLIVIA'S POLITICAL SYSTEM

Between April and June 2006, NDI gathered citizen and political actor perceptions regarding Bolivia's political party system and pro-poor reform through 69 individual and targeted group interviews. Although these were new interviews, the findings pointed to many of the same structural and institutional challenges encountered in 2004.

A. Political Party Structure

Rigid political party structures and centralized decisionmaking weakens the connection between parties and citizens, stifles emerging leadership, and distorts policy coordination between the national and subnational levels.

Citizens perceive that political parties in Bolivia continue to be closed to emerging local leadership. The rigidity of party structures inhibits external communication and feeds public distrust of party representatives and elected officials. Yet, the levels of electoral democracy in Bolivia are above average for the Latin American region.⁷ The indicators for Bolivia's electoral democracy include: a strong record of clean elections for public office; massive voter participation in public elections, with a voter turnout of over 90 percent of eligible voters; and a substantial increase in recent years of the number of elected leaders that belong to historically marginalized groups, notably indigenous populations, women and youth. Looking beyond electoral participation, consideration of parties' structural rigidity sheds light on the ongoing struggle with real and perceived citizen political exclusion.

Bolivian political parties display a heavy reliance on centralized structures. A purely national-based organizational structure hinders the party from working with different groups and factions to identify citizen needs and discourages

the emergence of young, new leadership who can develop innovative responses to those needs. Despite the fact that political parties exist to mediate between citizens and the state, Bolivians most commonly claim that they make their public needs known through the media. When asked to identify the institution that best represents them, the majority of Bolivians name the Church, followed by neighborhood councils (Juntas de Vecinos).⁸

Party rigidity has contributed to real and perceived political exclusion internally by hindering emerging leadership and externally by inhibiting a meaningful connection with a party's constituents.

The disconnect between national and local political party structures feeds the public perception that party structure rigidity has undermined the channels of representation. Bolivian parties are organized around territorial interests rather than alliances among the strategic sectors of society, and the generation of emerging political leaders has a decidedly municipal or departmental outlook. After winning a subnational election, these leaders confront a political leadership ceiling and are rarely able to transcend regional politics for national public office. Conversely, successful subnational governance is not capitalized upon by the parties that the elected officials represent. At the national level, representative offices in the Senate and Chamber of Deputies are more often treated as individual departmental victories rather than as positions of national leadership within the party. Bolivia's presidential system mirrors the country's political culture, which prefers to delegate power and responsibility to individual alliances rather than to groups or institutions:

⁷ UNDP [PNUD] (2004), "La democracia en América Latina – hacia una democracia de ciudadanas y ciudadanos."

⁸ García Linera, A., et. al. (2005), Op cit.

“The distancing of the political party system from the needs of the people is due to the alliances that parties have made based on group, regional or sector specific interests.”⁹ In the end, policy decisions are dictated from the top-down.

Internal party rigidity combined with low entry barriers to the political system have resulted in the proliferation of new political entities. Local leaders who show political potential but are unable to find room for advancement within their original party have sought to advance their political careers through the creation of new political parties. Of the four new political parties formed for the December 2005 general elections, only two still retain their legal status; this phenomenon plays out among political parties and citizen groups alike. The constant creation and rapid disappearance of new political parties weakens and distorts the channels of representation, inhibiting the implementation of responsive pro-poor policies.

B. Political Party Capacity and Resources

Political parties confront important capacity and resource limitations (i.e., internal communication structures, management capacity, and the strategic use of its elected officials) to drive progressive reform.

Capacity and resource limitations affect parties’ ability to develop policy proposals and to implement public policies, and these limitations in turn affect the relationship between elected officials and their constituents. Citizens perceive a gap in the relationship between elected officials as representatives of voters concerns: “There is a split between elected officials and voters. Elected officials are more interested in fulfilling their ambitions for power than keeping their promises.”¹⁰ By law, all political actors participating in elections must submit a political platform to the CNE. Although there have been serious efforts in recent years to make the contents of these political platforms more widely known, very few issues are contested among candidates during campaign

periods. Consequently, few Bolivians report considering candidate platforms in their voting decisions. In practice, this is a self-perpetuating cycle that reinforces citizens’ perception that their voices are not being represented and the lack of incentive for parties to strengthen and publicize their platforms more.

Citizens express concern with the transparency of political parties’ activities, suggesting that parties face limitations in their internal and external communication capacity. In 2005, Bolivia ranked 117 out of 146 countries in Transparency International’s annual international corruption perceptions index, which reflects a high degree of public awareness or perception of corruption-related problems. Bolivian political parties are considered to display limited transparency, specifically in decision-making processes and resource management. According to a 2004 United Nations Development Programme (UNDP) study that measured democratic indicators in Latin America, Bolivian political parties show low levels of competition or transparency in the selection of candidates, with no mandatory primary elections. In regards to resource management, Bolivian law requires that the amount received and allocated by each political actor – in campaigns, investigation of constituent needs and demands, proposal development, membership training, media and publications – be made public.¹¹ However, most interviewees contacted for this study, regardless of political party or persuasion, agreed that party financing and expenditures are not publicized. This lack of data feeds the public perception that these resources are not used appropriately to survey social demands and promote policy proposals.

C. Political Party Public Legitimacy

Persistent public cynicism regarding political party mediation, representation, decisionmaking and leadership threatens the legitimacy of political parties as citizens’ representatives.

⁹ This is the opinion of a resident of Sucre, who is referring to the period of “Democracy by Agreement” between 1997 and 2003.

¹⁰ This quote was taken from an interview with an MBL female party member in Cochabamba.

¹¹ Law of Political Parties, Law for the Convening of the Constituent Assembly.

Despite improved public opinion over the last two years, political parties still struggle for legitimacy with Bolivian citizens. A recent analysis of public opinion regarding public actors and institutions shows that in 1999 only 3 percent of Bolivian citizens surveyed believed that political parties represented them. This percentage rose to 6.7 percent in 2004.¹² A 2004 CNE survey regarding Bolivian political culture demonstrated similar conclusions. Yet, according to the CNE survey, among other public institutions, political parties still generate the highest level of negative public opinion response (56 percent) and are only perceived positively by 3.8 percent of the public. Without exception, those interviewed by NDI echoed these concerns with the quality of political parties' mediation and representation of citizens. Internal and external communication challenges weaken the capacity of parties to develop responsive and representative platforms and policy proposals, which perpetuates public cynicism towards political parties. Today, a good number of Bolivians feel that no existing political party represents their interests.¹³

Frustration with weak or limited political representation and the negative image of the political parties have contributed to the increasingly common occurrence of civil society organizations entering the political arena.¹⁴ Blurring the lines between the functions of civil society and political parties detracts from the effectiveness of each sector in conveying citizen concerns and in aggregating and representing those concerns in government, respectively.

The political party system mediates on behalf of citizens and represents them in government by aggregating the needs and interests of a broader, public constituency. In addition to political parties,

civil society organizations such as neighborhood councils, informal trade guilds, unions and student organizations mediate on behalf of citizens by channeling specific interests to the government. Over time, as Bolivian parties lost legitimacy as intermediaries, long standing civil society groups such as the Bolivian Workers' Union (COB) and the western civic committees also faltered in their ability to channel citizens' interests to the government. The mediation void was filled by other civil society actors: civic committees of the Eastern departments, municipal neighborhood councils, and newer civil society entities such as water and gas community coordinators and the Joint Chiefs of Staff of the People (Estado Mayor del Pueblo). Thus, civil society groups that had previously served as intermediaries for particular sectors of society began to assume roles of representation through the political party system. Political analyst Andrés Torrez characterizes the crisis of party legitimacy:

“Mass internal migration¹⁵ and the Popular Participation Law¹⁶ changed the political map for social actors. Political party structures failed to respond to these processes by making structural and organizational changes. As a result, farm unions and informal trade guilds (coca growers and informal merchants) became new channels of representation. Instead, political parties responded to the new political model (municipal decentralization) by adapting their structural relationships with strategic social movements to reflect the new geographic and political model. This change fractured their relationship with the most influential social actors.”

Despite the growing influence of civil society over political processes, civil society organizations ultimately differ from political parties. Civil

¹² See Tapia Mealla, L., “Cuadernos de Futuro: Retos y Dilemas de la representación Política;” and García Linera, A., et.al., “Democracia en Bolivia.”

¹³ See “Democracia en Bolivia: cinco análisis temáticos” by the National Electoral Court.

¹⁴ Civil society is defined as the involvement of private individuals in public activities to convey social concerns. Civil society is essential both for transforming the domain of the state into a public domain and for helping to create the conditions for the consolidation of democratic governance—Andrés Tórréz. Interview conducted by Martín del Castillo, La Paz, June 2006.

¹⁵ The 1985 stabilization and liberalization reforms comprised by the New Political Economy and the closure of state-owned and operated mines led to massive internal migration to the Chapare region where informal economic groups formed. This phenomenon is referred to in Bolivia as “relocalización,” or the relocation of people in response to changing economic realities.

¹⁶ Supreme Decree 21060, 1985. Popular Participation Law N° 1551, April 1994.

DEMOCRACY AND CITIZEN PARTICIPATION IN BOLIVIA

Frustration with exclusionary government decisionmaking and unrepresentative public policies has grown among individual citizens and organized social movements, feeding the perception that representative democracy does not work in Bolivia. The nature of citizen participation relative to state and government decisionmaking can affect the pro-poor nature of policy outcomes.

Bolivia's representative democracy has adopted various constitutional mechanisms to allow for greater citizen participation, such as the public referendum, citizen legislative initiatives and the constituent assembly process. These mechanisms explicitly allow for citizen input in political decisionmaking and can strengthen the representative nature of and lend public legitimacy to the policy or reform outcome. This model of participatory representative democracy can be an incentive for pro-poor reform policies; however, moving toward a model of direct democracy where citizen participation replaces or supersedes democratic institutional deliberation can overshadow the interests of the unorganized poorer sectors of society.

Calls for direct democracy imply a political decisionmaking model where citizen or voter interests are channeled directly to the government and are not aggregated by an institutional intermediary such as the political party system. While this model may empower some groups, it does so at the expense of others and represents several risks for pro-poor reform:

- Where popularly elected officials are meant to represent the general public good included in their electoral district, social organizations represent the specific professional, political or social interests of particular segments of the population. Social organizations, therefore, would influence policy only for a portion of the electorate and there would be little incentive for other, particularly economically marginalized, sectors' interests and needs to be taken into consideration.
- Social movements and organizations do not have a broad enough organizational structure or sufficient technical capacity to develop and implement effective policy or govern efficiently. These challenges would result in a lack of consideration for the interest of the poor in policy decisions and public services.
- Political decisionmaking by the "people" without an intermediary institution would eliminate accountability for policy outcomes. If the decision makers are not elected, there is limited democratic recourse for those groups or individuals who do not feel represented by the resulting policies or who are negatively affected, particularly among the most vulnerable socio-economic sectors.

In the context of the Constituent Assembly, the proposal of a citizen branch of government that would supersede the other three existing branches should be considered against the disincentives mentioned above. If democratic institutions and clear lines of accountability were removed from political decisionmaking, this would have a negative effect on the development and implementation of effective pro-poor policies.

society mediation is not subject to popular vote, and therefore civil society organizations are neither selected by citizens to represent collective interests nor can they be held accountable to develop responsive public policies. Moreover, civil society organizations generally do not have access to the necessary public resources in order to implement public initiatives. As such, MAS and Camba Nation (NC) represent two important cases of civil society movements that chose to enter the political party system in order to have greater reach with their public agenda.

D. Inter-Party Political Competition

The transition from ruling mega-coalitions to a majority government has altered inter-party political competition and access to political power.

DEMOCRACY'S GREY MARKETS: PARALLEL INSTITUTIONS, REAL AND PERCEIVED

Popular frustrations with representative democracy – and demands for more participatory democracy – have been reinforced by the strength of segregated, informal structures governing political and economic life. Parallel informal structures of the elite minority and the poor majority exist throughout Bolivian society. This includes the economy, the education systems, systems for addressing community infrastructure needs, and methods of accessing government office or civil society. The perpetuation of these systems serves as an invisible influence on the capacity of Bolivia's political leadership to pursue genuine pro-poor reform.

Bolivia's Political Party System and the Incentives for Pro-Poor Reform, p. 18.

elite and has attempted to incorporate quasi-political structures, such as unions and citizen associations, into policy formulation processes.

The residual perception from the “pacted democracy” period that government institutions formulate policies in response to social groups and pressures has fed concern that the political minority's voice could be completely overshadowed by the new political majority. In Bolivia, increasingly direct citizen participation had resulted in political institutions governing to avoid the social pressure of specific groups and sectors. This reactionary relationship deters

1. Alternation of National Power

During Bolivia's “pacted democracy” period, the national presidency in the Executive branch was not the only contest at stake. Political appointments through other branches of the state, most notably the civil service, were divided among the coalition members. Stemming from the mega-coalition government, the political elite capture of government and state institutions fed the generation of alternative channels of managing political and economic needs at the subnational level. NDI's 2004 report characterized these subnational grey markets of service provision as described in the text box below. The victory of a majority government has opened the civil service and government bureaucracy to non-political

political institutions, particularly parties, from developing proactive ties to the citizenry that would enable pro-poor reform. This situation has produced ineffective and inefficient public policies that respond to specific organizations instead of to the Bolivian people as a whole.

2. Civil Service and Policy Makers

Bolivia's public administration culture, which includes the politicized distribution of public jobs, has represented a major obstacle to inclusive policy implementation as policymakers did not represent the poor majority or identify

with their needs. The MAS transition from opposition to governing party has not only vindicated the social demands advocated by MAS supporters, but has also resulted in the inclusion of individuals from

In Bolivia, increasingly direct citizen participation has resulted in political institutions that govern to avoid the social pressure of specific groups and sectors.

grassroots organizations in public administration positions. Simultaneously, the MAS transition to government has “unionized” the public service career culture, shifting the emphasis from party to union membership. In general, the inclusion of a historically marginalized population in these positions, who are in closer contact with sectors of the population most affected by poverty and inequality, could be an important factor in fostering pro-poor reform and the distribution of economic growth. However, the advantage of close contact with grassroots sectors could be overshadowed by civil servants responding to the specific needs of unions, especially if these unions are regionally based (as in Western Bolivia). Citizens interviewed perceived that MAS had brought about a more inclusive public administration and civil service; however, some expressed reservations about the “unionization” of the bureaucracy, fearing this may shift the historic emphasis on political affiliation to union membership¹⁷ as a prerequisite for placement in the civil service.

The use of political appointment to distribute jobs in the public administration – regardless of the people being selected – perpetuates the cycle of officials entrusted with formulating public policy appointed not on the basis of competition or merit, but rather for discretionary political reasons. Political appointees are dependent on the elected official whose time horizon is limited to their term in office. Politically appointed

civil servants are subject to replacement under subsequent administrations, which comes at the expense of policy continuity and institutional memory. Moreover, a high turnover of purely technical personnel in the bureaucracy greatly limits the possibilities for creating sustainable and effective public policies.

In addition to discretionary hiring practices, there continues to be little oversight of the policymaking process and limited evaluation of civil servants’ performance. There is a proven lack of oversight of the highest-ranking civil servants, although the work and leadership of these officials is vital to the optimum performance of the government bureaucracy, and, specifically, to the implementation of public policy. Moreover, the majority of civil service regulations do not include procedures for evaluating officials. Unregulated employee oversight makes it difficult to justify the dismissal of an underperforming official.¹⁸

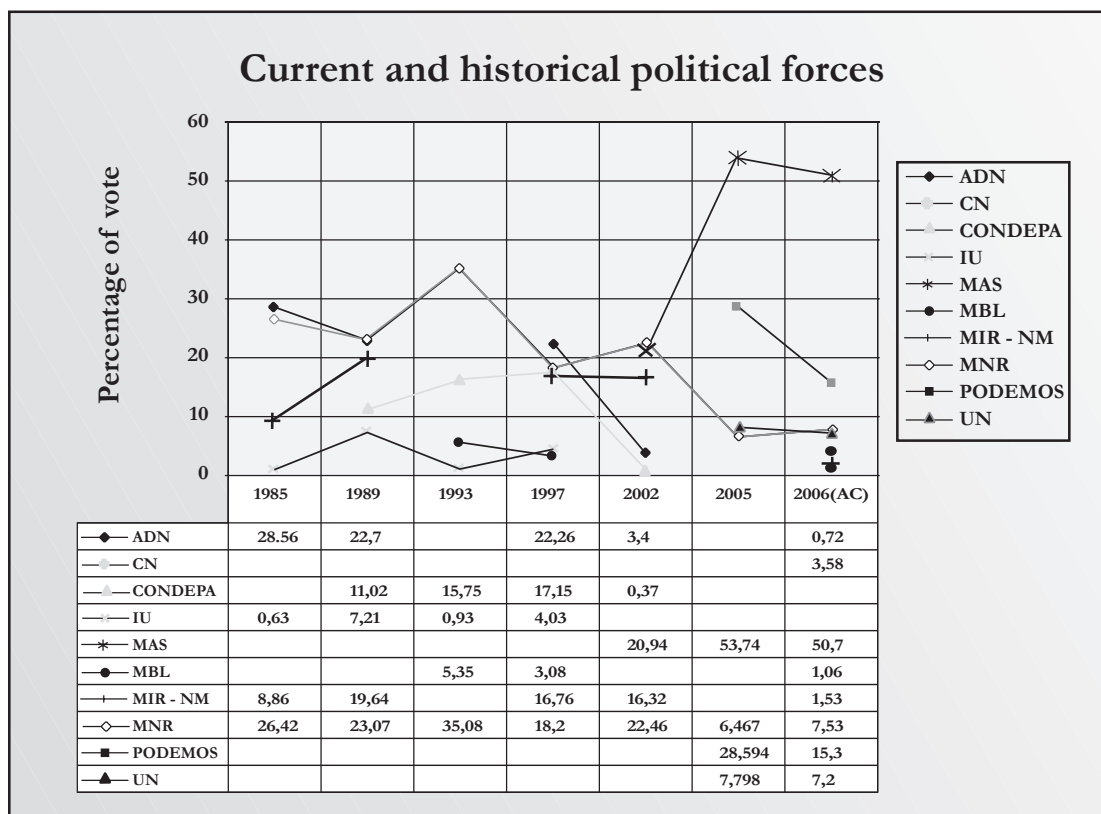
3. Low Entry Barriers to Political Party System

The Bolivia political party system remains fluid, enhancing competition but also generating party entities that are inexperienced and lack awareness about policymaking: “In Bolivia, it is very easy to create a political force that competes in elections.”¹⁹ Pluralism denotes the existence of multiple political parties that participate on equal terms to develop diverse, competing national strategies. According to political analyst Jimena Costa, the current Bolivian political party system encourages pluralism through the 2004 legal recognition and subsequent participation of new citizen groups. Since 1985, when Bolivia commenced its current democratic path, 46 political forces have participated in elections. To date, only ten of these have participated in more than three national elections or are currently represented in the Constituent Assembly. PODEMOS was the only non-political party

¹⁷ Several interviewees noted the “unionization” effect on the civil service, including a political analyst in La Paz, and PODEMOS and UN political actors in Santa Cruz, Tarija, and Chuquisaca.

¹⁸ Ibid.

¹⁹ Costa, J. (2004), “Participación y Representación Política de las Agrupaciones Ciudadanas.”



Source: CNE official statistics. Graphic prepared by Castillo and Morón.

Since 1985, 46 political parties have competed in elections and only 10 of those parties have participated in more than three national elections or are currently represented in the Constituent Assembly.

to achieve national representation in the 2005 general elections, and several citizen groups were elected to public offices at the departmental and municipal levels.

The majority of political actors interviewed indicated that it is necessary to promote the participation of political actors, including citizen groups, at various levels of public administration and government as a means of maintaining a connection between politicians and their constituencies. However, with the exception of PODEMOS representatives, the political actors interviewed felt that citizen groups have yet to consolidate their structures, and, in many cases, still serve as vehicles for traditional political actors to refresh their image in the public eye. The short party life span and continuous influx of recently formed political entities and groups presents the following pro-poor policy challenges:

- o Policy management: To mediate effectively between the government and the people, recently constituted citizen groups and indigenous towns must undergo an accelerated learning curve. In the interim, these groups have struggled with the management of effective policy implementation.
- o Public legitimacy: Even if members of citizen groups have prior experience in public administration and policy management, often through “recycled” traditional political leaders, they still must establish a track record as a new political entity to earn public legitimacy. In the short-run, the lack of legitimacy tied to their relative newness on the political scene affects citizen groups’ capacity to govern and implement public policies.
- o Political party financing and inter-party competition: Public financing for political

actors is allocated according to representation in the national legislature. Citizen groups may have different levels of support at the subnational level, as demonstrated by the number

Volatile voter preferences and the persistent lack of an institutionalized party system ultimately inhibit political parties from developing long-term economic strategies.

of signatures collected to register or election results. However, all citizen groups without national level representation are equally excluded by public finance regulations. For example, in the July 2006 Constituent Assembly elections, only the MAS, MNR, PODEMOS, and UN received public financing.²⁰ Using national representation as criteria for public financing eligibility does provide an incentive for parties to develop national platforms and structures; however, it also prevents rising subnational entities from competing on an equal playing field with larger political parties. The allocation and reconciliation requirements surrounding party financing inherently promote spending on political campaigns, and restrict, or make more difficult, investigating citizen demands. Skewed spending toward campaign activity has led to weak performance on party functions, including mediation and democratic education, and detracted from parties' legitimacy. Overall, over- and under-regulation of party public financing can equally translate into disincentives for pro-poor policy development.

Both traditional political parties and newer political entities, such as citizen groups and indigenous people, face limited incentives to consolidate institutional structures at the national level. In general, Bolivian parties face party life

cycles of less than ten years. The Bolivian political party system is still new and requires complete and permanent party structures that can develop young leaders capable of interacting with diverse, new strategic actors. Finally, a high degree of voter volatility has been observed due to citizens' search for new reference points or actors that are able to represent their needs.²¹ Volatile voter preferences and the persistent lack of an institutionalized party system ultimately inhibit political parties from developing long-term economic strategies.

E. Regional Decentralization and Party Structures

The regional decentralization process has contributed to the regionalization of political party structures and decision-making mechanisms, which affect parties' ability to translate citizen priorities into effective national poverty reduction proposals.

1. Varying Models for Regional Autonomy and Decentralization

In the months following the July 2006 autonomy referendum, different views on decentralization and departmental autonomy have arisen. Some proponents of autonomy define it as a territorial process involving political (i.e. legislative) decentralization and the departmental authority to administer taxation. This vision is generally shared and promoted by the social, business, civil and political sectors in the departments of the "Half Moon" region in Eastern Bolivia comprised of the departments Beni, Pando, Santa Cruz and Tarija. Yet the Half Moon departments do not agree on or advocate for the same conceptual elements within their respective regional autonomy models. For example, autonomy advocates in Santa Cruz propose a two-tiered, legislative autonomy, in which national laws would be generated at the national level and municipal norms and regulations would be generated at the departmental level.

²⁰ Special Law for the convening of a Constituent Assembly, March 2006. (1.25 percent of the national budget distributed in response to votes received by political parties with parliamentary representation, administered by the National Electoral Court (CNE).

²¹ The volatility index for voting in Bolivia (UNDP 2004) is 37.8, above the Latin American average (23), and only exceeded by Guatemala and Peru.

The municipal governments would be absorbed within the departmental government framework, thereby creating a second force strong enough to break the national-level monopoly over legislative powers. This framework is modeled after Spain's subnational territories. In contrast, Tarija proposes that the subnational tier of government be established at the provincial level; accordingly, municipal public policies would continue to be aligned with departmental policies. Both the Santa Cruz and Tarija proposals would be challenging to implement in that a natural tension would likely arise between the municipal and departmental governance structures. The former has already undergone a significant decentralization process, and the latter has historically had little real autonomy from the central government.

The current national government supports a five-tier decentralization model based on both territorial and ethnic identities among Bolivia's indigenous peoples. This model treats departmental, regional, provincial, municipal and indigenous autonomy with hierarchical equality, each with distinct authority and responsibilities. None of these subnational levels would have its own legislative capacity. The proposal does not clarify the territorial delineation of indigenous autonomy areas. The flat hierarchical structure and legislative dependence on the central government could represent potential disincentives for the generation of pro-poor reform, in particular at the already decentralized municipal level, as there would be multiple governance systems operating at the same administrative level: "With only a few departments favoring territorial autonomy (coincidentally the most productive and with the greatest potential in strategic sectors such as energy, land and forests), if the referendum results are adhered to, it would necessarily create a dual state."²² Despite its innovation and orientation to empower the indigenous poor majority, the analysts interviewed also considered the proposal difficult to implement.

The divergences among the various regional autonomy proposals are considerable and would have to be mitigated in order to avoid a governance crisis, the bureaucratization of legislative decisions, and inefficiency in implementing pro-poor policies.

2. Effect of Historic Factors on Decentralization Proposals

Citizen perceptions of autonomy and decentralization are influenced by Bolivia's history of mega-coalitions and political and economic parallel markets. Several of the interviewees indicated that the concept of autonomy in Bolivia is becoming disassociated with the concept of decentralization and, instead, implies regional separatism between a "centralized" western area and an "autonomous" eastern area. Furthermore, impressions and expectations regarding the potential impact of autonomy on the implementation of pro-poor reforms vary according to social class, department of origin and political inclination. For example, the western regions of the country tend to associate autonomy with negative outcomes, specifically separatism, hegemony of the business oligarchy in departmental governments and fascist and/or racist stances of certain political actors. This regional polarization and the limited understanding of different decentralization models make it challenging to adopt an effective and efficient decentralization model in the new constitution. The analysts consulted indicate that the "demonization" of autonomy has contributed to the lack of consensus on this issue. Without consensus on the model that is ultimately implemented, the autonomy process runs the risk of incomplete implementation and exacerbation of the geographic rifts between rich and poor departments. If the poorer departments are sidelined from the process (by choice or political maneuvering), regional autonomy could result in transferring power from the national elite to a smaller elite at the departmental level.

²² The stated opinion of a Santa Cruz departmental administrative official regarding the effects of the autonomy referendum results.

Other factors affecting ongoing discussions of regional autonomy are government performance and public administration. Historic government corruption and the distribution of favors were based on centralism. In addition to winning the presidency, the winning party or coalition doled out jobs, distributed land, and procured bids

from the seat of power. The current governing party also employs a state-driven, centralized approach towards economic management and planning. The preservation of this centralized power is contrary to the devolution of legislative and administrative powers – and therefore pro-poor reform – to subnational levels. For example,

DEPARTMENTAL PLAN FOR ECONOMIC AND SOCIAL DEVELOPMENT (PDDES)

As established by the National Planning System (SISPLAN), the Departmental Plan for Economic and Social Development (PDDES) is the principal planning document for a prefecture's public spending. Recently, subnational governments have partnered with DFID and other groups to include variables, policies and programs into the PDDES planning process to prioritize development among disadvantaged segments of the population. Based on principles of participation and equity, an open dialogue process with citizens for more than one year helped to shape the 2006-2010 PDDES with particular success in Santa Cruz.

some analysts argue that the central government has delegated insufficient power and funds to the current prefectures for them to follow through on their 2005 campaign promises. This reality could shift the public mood from one of hopeful expectation after having voted for prefects, to one of increasing impatience for short term results.²³ Given the historic relationship between the central government and the prefects, many proponents of autonomy would rather slow down the transfer of power to the provinces.

3. Bureaucratization of Pro-Poor Reform Policies

From an institutional viewpoint, a larger bureaucracy associated with greater decentralization and regional autonomy could have the effect of undermining policymaking capacity in the short-term as well as increasing public cynicism: "The transfer of power to the future departmental governments will cause a significant deficit in both the quantity and capacity of human resources."²⁴ For example, Santa Cruz's

regional autonomy proposal advocates for greater decentralization from prefects to deputy prefects. Under this proposal, a deputy prefect would implement policies and projects and provide goods and services; meanwhile, the prefect would play a managerial role in planning, coordinating and implementing departmental administration. This model seeks to create a departmental government that allows for the needs of each sub-region to be targeted in localized public policy and departmental planning.

For this model to work, a greater number of departmental entities and trained personnel would be needed to coordinate with already existing municipal governments. Given the current capacity of prefecture offices to absorb additional powers and responsibilities, many of the interviewees expressed that this process would prove difficult to attain in the short-to medium-term. Most of the interviewees felt that the political party system should not ignore these challenges because only effective public administration can ensure the success

²³ Many participants in the citizen perception discussions acknowledged that their prefects are not implementing the reforms they promised during the campaign. These participants often did not realize that the prefectures do not yet have the necessary authority to implement such reforms.

²⁴ The opinion of an MNR municipal council member in Caraparí, Tarija regarding the autonomy referendum results

of geographic and political decentralization. Proponents of the Santa Cruz model also advocate for the direct election of deputy prefects, which would force the political party system to have greater depth at the subnational level. Greater citizen oversight combined with the democratic election of new local officials would contribute to policy formulation that better reflects the needs of citizens. However, at the same time, the decentralization of decisionmaking could fragment that process and have a negative effect on the vertical integration of public policy between the national and the subnational levels. Alone, the institutionalization of decentralized and autonomous structures does not remedy the need for citizen-legislative mechanisms.²⁵

F. Challenges to Pro-Poor Reform in Bolivia

The future political viability of political parties will be affected by their ability to link ongoing structural processes to internal institutional change such that they can generate sustainable mechanisms for pro-poor growth and greater economic inclusion of Bolivians.

Many of the structural and institutional challenges to pro-poor reform in 2004 were embedded in the 2006 interview findings. Yet, within the current context of reform, the challenges to pro-poor policy can become opportunities for political parties to take a strong role in the identification of reform areas and subsequent action. The prominent role of domestic actors in this evolving political system means that it is domestic actors, specifically political parties, who are now presented with the greatest opportunities for self-reflection and development. It will be up to each political entity to link ongoing structural processes to internal institutional change in such a way as to construct responsive and sustainable mechanisms for the greater economic inclusion of their constituencies.

Upon comparison of the new interview findings with the political party and policymaking

challenges outlined in 2004, the following themes are the most germane to political parties and pro-poor reform:

- o **Constructive competition** among political actors encourages democratic decision-making structures and incentives for progressive policy formulation.
- o Broad **internal communication** practices within political parties would enhance the use of strategic and systematic mechanisms to identify and prioritize constituent needs and combat public cynicism.
- o Parties can strengthen their **public legitimacy** by better marketing their successes, managing public reform expectations, and making more transparent their decision-making processes.

Since the 2004 study, a majority government has altered the dynamic of the political party competition system and the Constituent Assembly in and of itself represents a tool to address structural issues and foster broad-based political consensus on poverty reduction.

The political existence and electoral livelihood of all Bolivian political parties depends on their ability to convert pro-poor policy challenges into pro-poor opportunities. The following section will provide political parties actionable items as well as themes for internal analysis on how these reforms could be developed.

²⁵ For additional information about regional autonomy and the decentralization process in Bolivia please see Further Reading (page 35) following the Bibliography.

LOOKING AHEAD: OPPORTUNITIES FOR PRO-POOR REFORM IN BOLIVIA

Poverty is a national challenge, with nationally-based roots and manifestations. As political parties are the primary domestic actors with the capacity and opportunity both to address structural issues and foster broad-based political consensus, sustainable poverty reduction in Bolivia will ultimately require political parties' constructive involvement. The role of Bolivia's political parties in pro-poor reform has been profoundly affected by recent political developments from 2004 to 2006 – specifically the altered political competition environment, greater public attention to regional autonomy and the Constituent Assembly – and with these developments, the political obstacles and opportunities for poverty reduction have evolved.

Looking forward, democratic governance and poverty reduction in Bolivia require political parties to foster immediate and long-term opportunities that deter social instability and greater public cynicism. Following is a synthesis of opportunities for political parties to advance pro-poor policies. The means by which parties approach these opportunities will depend on internal analysis and the identification of constructive actions for parties to better represent their constituents as well as enable Bolivian citizens to participate more meaningfully in reform processes.

A. The Political Party System and Political Competition

➤ *Recently introduced mechanisms for citizen participation and representation as well as the transition from mega-coalition to majority government have altered political competition within the party system. As such, political parties confront the challenge of reforming their traditional modus operandi in order to successfully compete in this new environment.*

As observed in the October 2004 report, the fluid political party system that characterized

Bolivian politics encouraged pluralism, but impeded continuity and sustainability in pro-poor reform policies. Since 2004, the political system in Bolivia has undergone a transition from fluid competition to an electoral ambit dominated by four key political actors – MAS, PODEMOS, MNR and UN. At the same time, citizen and indigenous groups have begun to imitate political party behavior. Similarly, civil society organizations continue to pursue political goals and service delivery through the formal, as opposed to informal, political arena.

The impetus for these transitions came with the unprecedented majority vote for Evo Morales. A majority government has opened civil service and government bureaucracy to non-political elite and has attempted to incorporate quasi-political structures, such as unions and citizen associations, into policy formulation. The new government won the 2005 elections on a platform of inclusion and participatory governance, enabling new entry points for citizen participation with the Constituent Assembly, citizen legislative initiatives, popular referendums and the popular election of prefects. However, the trend toward inclusion and greater citizen participation has given rise to reactive, rather than proactive, governance as elected officials respond to the social pressures of interest groups rather than their broader constituency. The evolving power dynamic between traditional and non-traditional political actors as well as new participatory mechanisms have contributed to increased citizen expectations for real socio-economic relief and improvements in their daily lives.

➤ *Enhanced electoral accountability associated with the consolidation of political actors and increased mechanisms for citizen participation indicate that political parties have greater incentive to pursue internal reforms that enable the parties to better respond to citizen's poverty reduction expectations.*

Political parties seeking to benefit from heightened electoral accountability can consider the following internal party reforms:

- **Market policy successes in order to mitigate citizen expectations.** Political participants, whether they represent political parties, movements, indigenous peoples or citizens' groups, should have ideological guidelines, a vision for the country, and a policy agenda that is widely disseminated and whose drafting process has been participatory. Once these ideological pillars have been developed, political parties can, in no particular sequence, encourage and train elected officials to generate and publicize realistic timelines on specific reform initiatives. Political parties and their elected officials can also host dissemination campaigns and public ceremonies aimed at marketing successful reform projects. Throughout the policy development process, parties can manage citizen expectations by being more transparent about local government budget allocation and decision-making processes and reporting public expenditures.
- **Outreach to new sectors in order to channel citizen participation within the formal political sphere.** Political party leaders can agree to enhance outlets for effective citizen advocacy, such as citizen-party consultations that incorporate citizens and citizen advocacy groups into party decision-making processes. Meanwhile, parties can train their elected officials who are targeted by citizen advocacy so that they attain the necessary management, administration, negotiation, budgeting and communication skills in order to better respond to citizens' needs and interests.
- **Train party affiliates to build sustainable outreach structures.** The structure of political parties should allow for party members to sustain information gathering and participation in party program development, regardless of whether the party is in power or in the opposition. To this end, political parties can train their members, emphasizing the subnational levels, to approach the citizenry, increase party support, and integrate themselves into the party's political initiatives, especially in non-campaign periods. These activities will make it possible to improve the party's capacity to represent its constituents, meanwhile strengthening its regional structures and discouraging intra-party schisms.
- **Connect parties with constituents between election cycles.** Through periodic visits and consultations, political and elected leadership can obtain a better grasp of poverty issues affecting communities and ensure that the party is considering and responding to these concerns. These visits would also allow parties to provide citizens with updates on efforts to address their concerns and reassure them that political leaders are working to address their needs. In non-campaign periods, political leaders can train a network of party members and volunteers to assist with door-to-door canvassing, festivals, rallies, discussions and roundtables with community leaders, and neighborhood events.
- **Broaden participation in candidate and leadership selection processes.** Parties have reported that as they integrate democratic procedures into their selection processes, candidates are of a higher caliber and corruption surrounding party positions and nominations becomes less frequent. Including a broader sector of the party structure in both candidate and leadership selection can help to ensure that these leaders better represent the party and its constituency. Creating codes of conduct can openly declare the members' expectations of their elected leaders and candidates. Similarly, term limits can help to limit opportunities for corruption arising from the use of influence and party machinery by incumbents.
- **Promote youth from various organizations, such as community service organizations and high school and university clubs to participate in the party.**

Support youth party organizations in high schools and universities. Political parties can also provide opportunities for party youth to participate in the policy development process. This can help youth to understand that they can influence the decisions of the party, and in time, the government, when the party is elected. Party training institutes can represent a mechanism to intellectually engage youth and incorporate them into party ideology and policy development processes. Parties can also encourage youth to seek elected office. This can ensure that the youth perspective is included in the political party, even after it elects its members to the legislature, publicly showing new faces and commitment to party renewal.

- **Promote political participation of women.** The more women participate in political life—as voters, political party leaders or government officials—the more public policy reflects women’s poverty concerns and perspectives. However, women remain seriously under-represented in Bolivia’s political sphere despite the commitment expressed by a broad spectrum of political leaders to encourage their greater political participation. Gender quotas were enacted in Bolivia in 2001 and 2004 which sought to increase the number of elected women officials. Yet, in the 2005 elections, Bolivian women – although comprising more than half the population – only gained 16.9 percent of the seats in the Lower House and 3.7 percent in the Upper House. The exclusion of Bolivian women at the local and departmental levels is similarly evidenced by the absence of female prefects and low percentages of women mayors and councilwomen. Political parties seeking to elevate the role of women in the formal political sphere can: reach out to women voters; recruit and train women as political party leaders, activists and candidates; provide resources to women candidates; and ensure that female and male candidates are treated equally. Political parties can also educate citizens regarding the importance

of equality between men and women in the public sphere.

B. Regional Autonomy and Political Party Structure

- *National debate on regional autonomy highlights the regionalization of political-economic issues and flailing public legitimacy at the hand of conflicting national agendas and subnational needs. Political parties lack integrated, local capacity to respond to these challenges.*

Building on decentralization trends derived from the 1990’s, the Citizen Groups and Indigenous Peoples Law has contributed to the creation of regionally-based parties. These regional parties have positively enabled contact between political parties and citizens at the subnational level; however, policy coordination between the regional and national levels has been increasingly difficult. Meanwhile, ongoing debate over greater regional autonomy and the mixed results of the 2006 referendum have forced political parties to acknowledge the need for greater coordination between national and subnational party chapters, more inclusive policy development mechanisms, and more trained personnel to work at departmental and other subnational government levels. Across all autonomy model proposals, greater decentralization will require a larger bureaucracy and greater capacity on the part of political parties to feed the civil service and offer citizen oversight. As such, the political parties will need to undo leadership ceilings over policy formulation and implementation, which ultimately impedes national structures from drawing on local leadership capacity.

Throughout the decentralization and autonomy processes in Bolivia, there has been a growing divide between “Half Moon” and non-“Half Moon” departments derived from the strategic distribution of natural resources, such as energy, land and forests. This divide has sparked debate over minority rights and majority priorities so that the priorities of the majority do not overshadow the rights of minority groups. Parties have had difficulty responding to this

political tension because of cyclical, negative public perception and the disconnection between national and subnational party structures. If they are able to mitigate these tensions, political parties can leverage the decentralization process to create mechanisms that foster solidarity among regions and thus improve voter support.

- *With greater attention to the departments and municipalities, political parties have greater incentive to strengthen subnational party chapters as well as decentralize the public administration of reform policies, bringing parties and their elected officials closer to the poverty needs of their constituents.*

Political parties and elected officials seeking to align internal party reform with ongoing decentralization policy initiatives can consider the following actions:

- **Strengthen municipal and local party structures.** As Bolivians consider various models and aspects of decentralization, it will be necessary to strengthen the capacity of political actors to formulate and manage development policies that reflect local resources and needs. In light of the scarcity of trained public administrators at the local level, political parties can seek to maximize their organizational capacity and human resources by designing internal structures that are divided into geographical and functional units. Parties benefit by both facilitating new membership and developing policies that are tailored to the geographical, ideological and ethnic diversity of their constituents. National structures can offer greater autonomy to local party structures in order to enable local leadership sufficient flexibility to respond to local concerns and support the national leadership. Moreover, parties can include both horizontal and vertical leadership in internal decision-making processes.
- **Promote regional leaders at the national level.** Truly national parties would be in a better position to make compromise proposals for how best to balance the interests of various regions against national interests as well as reduce prospects for two “Bolivias”—e.g. the “Half-Moon” versus non-“Half-Moon.” As such, political parties, citizens’ groups and indigenous peoples can restructure their political entities to bring about a more ample relationship with strategic social partners as well as foster an effective presence at the regional level. Political parties can also promote and rotate regional officials towards the national sphere, and offer training to all levels of the party leadership on management, public policy formulation and oversight.
- **Develop strategies to identify economic development needs at the departmental level.** In Bolivia, there is growing concern regarding national dependence on the provision of goods and services as well as the exploitation of natural resources to propel Gross Domestic Product (GDP) growth. Within the context of current decentralization trends, political parties can develop strategies to identify the productive potentials and vocations for each department. These strategies can include identifying existing research and fomenting party chapter knowledge on local economic issues through questionnaires and forums. In order to implement these strategies, political parties should seek synergies with civic groups, academics, international organizations and citizens, specifically in the identification of financial resources for research. Parties can also create working groups who focus on the application of economic research through policy platform development, the identification of policy implementation strategies and policy monitoring and evaluation.
- **Design platforms and promote public policies that reflect public priorities on key poverty issues,** such as: job creation, security, healthcare and education. Engaging party members at subnational levels in policy development processes is important to building stronger platforms. As political parties consider policy platforms and initiatives,

parties can host public consultations with local and regional chapters as well as other members of the parties' natural constituency on specific poverty issues.

C. The Constituent Assembly and Structural Reforms

➤ *The Constituent Assembly process demonstrates that more regulation is not the panacea to an effective political party system and pro-poor reform. Political parties confront the challenge of identifying entry points to address structural reform within the context of a fluid reform environment.*

The Constituent Assembly should be considered part of the general context of reform processes in Bolivia and demonstrates the general public's desire for future positive changes. This reform environment represents an opportunity to consider structural areas that affect poverty reduction, such as state structures, decentralization, and land distribution, among others. Within the current political arena, the influence that party and government structures have on each other is not always transparent or accountable. Civil service is an example where party structures have had significant influence over the government. As such, the recent inclusion of non-traditional actors within the civil service is considered progressive; however, this inclusion is due to the swinging of the electoral pendulum rather than a sustainable reform of the civil service system, allowing for inclusive and effective hiring practices. Similarly, government structures have significant influence over parties through political party financing law. As currently structured, the law emphasizes national representation and campaign period funding, which present disincentives for subnational actors to influence the national political arena where they might advocate for policies that address local poverty needs, and for parties' use of public funds for constituency outreach beyond campaign periods. Overall, the internal make-up of political structures and checks and balances between structures has a significant impact on sustainable pro-poor reform policy.

➤ *This reform environment provides greater incentive*

for political parties to seek strategies and forge alliances to address structural challenges that have historically impeded pro-poor policy formulation and implementation.

Political parties seeking to respond to the current demand for a response to poverty and inequality might consider the following policy issues:

- **Creation of a professional civil service.** Through ongoing reform processes, political parties might introduce an efficient civil service program that contributes positively to the establishment and evaluation of public officials who are trained in the implementation long-term reforms in favor of the poor. Moreover, the management of public policy would be assigned to career civil servants committed to the execution of the proposed policies and reforms. Since there is an inherent incentive for political parties to exercise as much power as possible to attract supporters, the commitment of the entire political party system would be essential to carry out such reforms both within and outside of the Constituent Assembly.
- **Identification of entry points to address the public financing of political parties.** Political parties should be transparent about the sources and use of private funding; meanwhile, adhere to national regulations on the use of public funds. These actions would strengthen the trust of private citizens in the party system and oblige political actors to be more efficient with the resources at their disposal.
- **Promoting checks and balances among the government branches.** To avoid the concentration of power, political parties might seek provisions that foster and ensure the independence of the branches of government—e.g. the executive, legislative and judicial branches. Political parties might seek mechanisms to enable the transparent selection of civil servants without inter-branch interference.

- **Delineation of regulation on political pluralism.** Political parties might preserve the pluralistic nature of the political system by fostering the participation of pluralistic visions in the political system and implementing reasonable regulations on admission barriers and legal standing.

These do not represent a comprehensive list of reform proposals but rather policy considerations, which were generated from the interviews and political analyses conducted in this study. These alternatives should be considered a jumping board for domestic debate on the structural developments necessary to enable political parties to play an effective and sustainable role in poverty reduction. Regardless of the merits of these proposals, it is ultimately the Bolivians themselves who will ascertain what changes are appropriate and construct their political system accordingly.

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FURTHER READING ON DEPARTMENTAL AUTONOMY

The following list includes a range of publications and resources with additional information regarding departmental autonomy in Bolivia. With this list, NDI intends not to endorse any of the viewpoints expressed but rather to provide a brief list of resources for those readers seeking additional information on the topic.

Decentralization in Bolivia

Ameller, Vladimir. *Diálogo para la descentralización; Provocaciones, avances y desengaños*. Agencia Suiza para el Desarrollo y la Cooperación (COSUDE). La Paz, Bolivia, 2002.

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Fundación Friedrich Ebert (FES) – Instituto Latinoamericano de Investigaciones Sociales: Ayo, Diego (entrevistas). *Descentralización y participación # 7. Voces críticas de la descentralización; una década de participación popular*. PLURAL. La Paz, Bolivia 2004.

Regional Autonomy and Specific Proposals

Asamblea Constituyente: [www.constituyente.bo]

Corte Nacional Electoral. *Autonomías*. Impresiones Weinberg, La Paz, Bolivia, 2005.

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