

Public policies and processes in the Bolivian Andes

Diego Muñoz Elsner

A country case study report for:
**Policies that Work for Sustainable Agriculture and
Regenerating Rural Economies**



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Policies that work for sustainable agriculture and regenerating rural economies series

There are enough examples world-wide to suggest that agriculture which is pro-sustainability and pro-people is working. We now understand the concept of 'sustainable' agriculture is not confined within the farm boundary, but has strong links (and a potential to be a dynamic force within) a wider rural economy. So, 'sustainable agriculture' not only contributes to greater agricultural production, but also environmental regeneration and local economic development.

IIED's Sustainable Agriculture and Rural Livelihoods Programme has undertaken collaborative research to look at 'Policies that work for sustainable agriculture and regenerating rural economies'. The overall objective of this research is to understand the policy contexts and instruments that can promote sustainable agriculture and social change. This has been done in high, medium and low income countries in both the South and the North. 'Success stories' have been identified and the policy environment that has permitted these to emerge has been investigated. Are there lessons we can learn from these 'islands of sustainability' that will help us turn islands into continents?

This paper is one of a series of reports from the Policies that Work project, which give the research and methodological background and country specific findings. *The views and opinions reflected in this material do not necessarily reflect those of IIED, its partners or the project donors.*

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Executive Summary

This paper is part of a research programme called *Policies That Work for Sustainable Agriculture and Regenerated Rural Economies* (PTW), carried out simultaneously in 10 different countries in Latin America, Africa, Europe and Australia.¹ The aim of the study was to find in these participating countries some examples of policies which promote sustainable rural development through regenerating and stimulating rural economies based on sustainable approaches to agriculture.

This is an expanded translation of the executive summary of the Bolivian case study report 'Políticas Públicas y Agricultura Camesina' (1999 – Plural & IIED) with case study and conclusions translated in full.

Bolivia was selected as one of the case study countries because amongst its changing politics and regimes there have been some significant experiments whose social and political impacts are worthy of attention. In 1985 Bolivia was one of the first Latin American countries to implement an economic adjustment programme, which is still under way; since 1993 there have been a series of adjusting complementary measures, both social and institutional, which have brought important legislative changes. This set of reforms have attracted the interest not only of other Latin American countries, but also other continents, as well as international agencies and development banks.

Thus this study examined the effect of these reforms on promoting a more sustainable agriculture and regenerate economies amongst the peasant farming sector. It focused largely on an analysis of policies implemented by the government of Sanches de Lozada (1993 - 1997),

¹ Australia, Bolivia, Brazil, India, the United Kingdom, Kenya, Senegal, South Africa, Thailand and Pakistan.

placing these policies in their historical context so as to understand why a policy does or does not work.

Community-level research revealed that the success or failure of many initiatives (both internal or external) depended on a number of factors (such as climate, peasant households diversified economic strategies, local organisational patterns, production systems characteristics, some NGOs projects, etc.), many of which had little to do with the implementation of public policies. This led us to redefine the criteria of policies impact analysis, shifting the emphasis to the analysis of the various types of resources and capitals to which households have access.

The study concludes with an analysis of why the far-reaching reforms have not so far contributed to agricultural sustainability and rural development and makes suggestions for policies and processes that are needed to reverse this situation. These include:

- Maintaining and strengthening democracy
- Developing strong civil society
- Developing an agricultural strategy
- Promoting equity in access to land, credit and productive services
- Promoting participatory policy processes which build on the Law for Popular Participation and which are flexible and adaptable



Introduction

Worldwide there are now enough examples to suggest that sustainable agriculture and participatory approaches are working. The concept of ‘sustainable agriculture’ is not confined to the farm, but has strong links to the wider rural economy. Sustainable agriculture thus contributes to greater agricultural output, as well as to environmental regeneration and local economic development.

An important aspect of promoting and supporting rural development based on sustainable agriculture is through the building of strong rural organisations which can promote social initiatives that drive more equitable rural economies.

To achieve this, it is critical to identify policies which encourage rural economic growth that is socially inclusive and which protects diversity. It is also important to understand how these policies are formulated and implemented, in which contexts and with which instruments. Finally, identifying effective links between food production systems, natural resources, markets, the state, and civil society will help reveal how creative interactions can promote effective local development.

These are the goals of the project *Policies That Work for Sustainable Agriculture and Regenerated Rural Economies* coordinated by IIED. Bolivia was selected as one of the case study countries. Initially Bolivia may have seemed an odd choice, yet recently the country has seen important policy changes worthy of attention. Its early experiences with economic adjustment have been observed with interest, not only by agencies and development banks in Latin American countries, but also by all those countries which are looking for political answers to making structural economic adjustment models more flexible.

Photo © Arabella Cecil/Panos Pictures



Boy herding llama near Curva

Methodology

A workshop held by IIED in 1997 helped to shape the methodological approach taken by all the case studies. The first step in this approach was to identify “islands of success,” where sustainable agriculture can be said to be working. Once identified, the next step would be to analyse the policies supporting these successes.

However, a first finding in the Bolivia case was that for none of the cases identified as “successes” was it possible to identify the influence of public policies in the success of those processes. This finding highlighted the need to deepen the historical analysis of the policy process in Bolivia, and to understand the country’s political structures and functioning mechanisms. This therefore formed the major focus of the case study which developed a new conceptual framework to guide the research.

The research was carried out simultaneously at three levels:

1. National government level
2. Municipal level (two contrasting municipalities in the Andean region)
3. Community level (three communities in each of the two municipalities)

Specific methodological instruments were designed for the research at each level. However, to link the different levels, criteria were established to help frame information collection. The criteria emerged from the global politics of the Sanches de Lozada government and were expressed in two documents, the Social and Economic Development General Plan (El Plan General de Desarrollo Económico y Social, PGDES) and the Agricultural Productive Transformation Strategy (Estrategia de Transformación Productiva del Agro ETPA).

Once information had been compiled for the three levels, the concept of “islands of success” was re-visited to see whether the new information would help to reveal relationships between policies and “successes.” The points of departure were the characteristics of the local production systems and the diverse resources and capitals available to consolidate and strengthen these production systems.

Given these conclusions it was decided to create a conceptual framework for the Bolivian case study which gave priority to Andean peasant agriculture, as opposed to agribusiness.

Conceptual framework

In the Andean region, peasant production systems are characterised by the low use of external inputs, and increasingly combine economic activities in the city and country, and constantly innovate to overcome the negative effects of climate and a deteriorating productive base. The sustainability of rural life in peasant communities in the Andean zone of Bolivia depends on three critical sets of factors which are subject to policy influence:

1. The resources to which the peasant household has access to, which may be expressed in five different forms of 'capital'

- Tangible capital: financial capital, infrastructure, technology etc.
- Human capital: the skills, the knowledge and capacities of a population
- Natural capital: natural resources
- Social capital: the inherent value existing in the networks and social organisations
- Cultural capital: community values and communities' perspectives on life

2. Economic competitiveness

The viability of rural life depends to a large extent on the conditions of the market. However, these are not easily affected by peasant households or local organisations. Hence, peasant households need to expand and improve their access to different types of capital and a more efficient and effective combination of these capitals and economic strategies of survival.

3. Local management and local power

The most important determining factors of a community's or household's capacity to access and use the five forms of capital relate to the region's organisational context. Local organisations can have both positive or negative influences on resources access and use.

Photo © Bill Vorley



Cattle and sheep grazing, altiplano near Patacamaya

The dynamics of national policies within peasant agriculture

Bolivia, a landlocked country, is located in the west-central part of South America. The Andean Ridges contribute great altitudinal variation to the country, which ranges from warm tropical climates closer to sea level to permanent snow fields. This makes Bolivia a diverse country, both ecologically and culturally. Covering an area of 1.1 million km², it has a population of 7.4 million people,² 42.5% of whom live in the rural areas. In the countryside 94% of the productive sector includes peasant farmers who provide the towns and cities with food.

Access to the different types of capitals mentioned above, the structuring of state policies and their sustainability, are all intimately linked to a historical understanding of Bolivia's political processes. Prior to colonial times peasant societies were concentrated in the Andean regions and had developed traditional forms of organisation tied to agricultural production.

After the enactment of the Agrarian Reform of 1953, these peasant organisations became legitimate and politically acknowledged by the state, strengthening this sector. Unfortunately, however, this social recognition was not tied to parallel structural measures which could consolidate production systems and improve services and productive infrastructure.

The Agrarian Reform Law came into being following the revolution of the 9th April 1952. This law gave greater freedom to the Indian

² Estimates for 1995 from the censo *Nacional de Población y Vivienda* 1992.

population and started a new era. Until then, the dominance of large haciendas (ranches) had characterised the countryside; the new law gave peasant farmers much greater security.

In October 1982, when Hernan Siles Suazo became constitutional president of the republic, a period of democratic reconstruction was launched. Regrettably this important process began with the worst economic inflation ever seen, as a result of a long preceding period of totalitarian regimes and political and social unsuitability. The government of Siles, as a result of its political weakness, could not solve economic problems; on the contrary, given mistakes and follies in management, the crisis worsened.

The 29th August 1985 saw the enactment of Supreme Decree 21060 which started the process of economic structural adjustment, ending an economic model of state capitalism, and beginning an era of market liberalisation. This decree led to the state abandoning the role it acquired after the 1952 revolution; i.e., its role as a regulatory body and the agency in charge of production and the functioning of the economy. Instead, the state focused on the success and profitability of private investment.

Setting the economic model of structural adjustment in process allowed the country to develop agreements with the International Monetary Fund and the World Bank. No doubt, the most important things achieved during this period of great transformation were stopping hyperinflation and achieving economic stabilisation. However, important levels of international reserves were also reached; there was an efficient management of the exchange rate, and there was the establishment of real interest rates, as well as control of fiscal deficits.

When Gonzalo Sanches de Lozada was elected president in 1993, the country had been under the new economic model for eight years. Whilst political and economic stability had been achieved, growth rates were still unsatisfactory. As a result, Sanches de Lozada's government started to implement a number of political reforms, known as the Second Generation Reforms. These were complementary to the structural

adjustment policies as they planned an important change in the management and functioning of the state.

This new proposal was structured with the following objectives:

- A change in the country's role in the international arena
- Productive transformation
- Equal opportunities for the population
- Widening participative democracy
- Perfecting the democratic system
- Rational use of natural resources and the preservation of the environment, and a harmonious relationship between the population and renewable natural resources

To achieve these objectives a series of strategic policies was developed, focusing on:

- Macroeconomic stability maintenance
- External deficit reduction
- Productive transformation policies
- Human development
- Urban and rural integral development
- Increasing the state legitimacy and the political system
- Natural resources conservation and the preservation of the environment
- Adequate management of population dynamics

The main laws enacted by the government of Sanches de Lozada to implement these reforms included The Law for Restructuring the Executive, The Law for Capitalisation, The Law for Pensions, The Law for Decentralisation, The Law for Educational Reforms, the Law for Popular Participation, the Law for the National Institute of Agrarian Reform and the Agricultural Productive Transformation Strategy.

4.1 Institutional context

The reforms led to the restructuring of the following institutions for the rural sector. This restructuring was needed to develop a more coordinated and integrated approach to policy making. Previously the ministries had been highly sectoralised in their approach:

- **Rural Development Undersecretariat (Subsecretaría de Desarrollo Rural SSDR):** accountable to the Popular Participation Secretariat, SSDR worked with peasant communities and other organisations on various rural issues. The most prominent were: the formulation and implementation of a rural financial system, not just rural credit but entire financial systems; the formulation of policies to channel investment into rural productive infrastructure and support services for production; technical assistance and putting together state supply and municipality demands; technical assistance to support production and food security to promote more dynamic peasant economies.

Agriculture and Husbandry National Secretariat (Secretaría Nacional de Agricultura y Ganadería SNAG): accountable to the Economic Development Ministry, SNAG was responsible for agriculture, forestry development, and husbandry. However the reform process led to the fragmentation of SNAG, weakening it considerably. The most important programmes managed by SNAG were: the Irrigation National Programme, Research and Technical Assistance National System, Agricultural Sanitation Decentralised System, Food Security National Proposal, Agribusiness Development National Plan, Seeds National Programme.

In contrast to the SSDR which focused on social organisations and used participatory planning methods, SNAG emphasised competitive products for the country, regardless of who produced them.

- **Ministry for Sustainable Development and the Environment (Ministerio de Desarrollo Sostenible y Medio Ambiente MIDSMA):** this was the government body in charge of incorporating sustainable development concepts in state planning. Regrettably, this concept was

not internalised by most of the other ministries. This lack of appropriation of the new approach meant that MIDSMA acted in isolation and was seen as the sole ministry dedicated to the regulation of ecological matters (biodiversity and protected areas). On the other hand, the permanent changes this ministry underwent impinged negatively for its development.

Despite these problems MIDSMA did formulate the regulations for the Law for the Environment. This established legal parameters to cope with environmental issues in all sectors. MIDSMA was seen as an example for countries elsewhere in the region, because until then, no other Latin American country had dealt with the topic so clearly in conceptual terms, nor had advanced as far as Bolivia in institutionalising the issue.

However, the new government structure did not improve inter-ministry coordination. Each ministry, besides being led by several political parties of the government coalition, had staff in the executive who did not understand the aim of the reforms, and thus producing resistance to change and a general confusion amongst civil servants, financial bodies and civil society. Thus the restructuring continued to contribute to confusion, duplication and fragmentation. This had a high cost, not only for the feasibility and implementation of reform, but also for the popularity of the president and government management.

4.2 Policy context

The details of the main laws and strategies were as follows:

- **The Law for Popular Participation (Ley de Participación Popular LPP)** is regarded as the most important reform to favour rural areas since agrarian reform in 1953. LPP decentralised fiscal resources and allowed for a good share of national income to be managed by the municipalities in a decentralised manner instead of being arbitrarily managed by centralised bodies.

LPP policies were implemented through the Municipality Development Plans (Planes de Desarrollo Municipal) which were formulated in a participatory manner. However, there were some problems with the implementation of these policies until the end of the government of Sanches de Lozada as follows:

- The size of municipality sections both in terms of population and territory was very irregular
 - Boundaries between cantons, provinces and in some cases departments became evident
 - Overlapping regulations were a widespread issue
 - The funds for municipalities are as yet insufficient
- Agricultural Productive Transformation Strategy (Estrategia de Transformación Productiva del Agro ETPA) set the conditions for promoting a technological revolution in agriculture to support mass consumption. Aimed at the peasant sector, besides benefiting community people, it would have a multiplier effect on consumption centres.

Although ETPA was welcomed by the international community, it did not become operational because its ideas became distorted: government agencies took it as a source of finance; and the strategy did not have a human group or at least a political leader who could push it through. These, and the fact that it was implemented at the end of the government of Sanches de Lozada, all contributed to its lack of success.

However, despite these problems, this strategy did promote some projects which partially incorporated some guidelines and principles of ETPA. These projects were: The Agricultural Research and Promotion Unit (Unidad de Producción e Investigación Agraria UPIA) which worked in its first stage; the Rural Communities Development Programme (Programa de Desarrollo de Comunidades Rurales PDCR II); Technical Assistance Services Programme (Programa de Servicios de Asistencia Técnica PROSAT); Food

Security Support Programme (Programa de Apoyo a la Seguridad Alimentaria PASA); and the Rural Economic Development Promotion Programme (Programa de Promoción al Desarrollo Económico Rural PADER).

- **The Law for the National Institute of Agrarian Reform (Ley del Instituto Nacional de Reforma Agraria INRA)** regulates the legitimacy of land tenure and safeguards a more equitable distribution of land for the population. Like the rest of the reforms passed during the government of Sanches de Lozada, INRA is part of the second generation reforms. In this sense, the INRA law cuts across other reforms and was a point of departure for the laws for Popular Participation and Decentralisation because they dealt with land tenure in a decentralised manner.

The fundamental objectives of INRA are, on the one hand, to establish the institutional setting to manage and regulate land tenure nationwide, and, on the other hand, to establish the legal instruments to achieve a more equitable and efficient land use.

Photo © Bill Vorley



The Municipality: focus of decentralisation reforms in Bolivia (Pucarani)

Case Study

5.1. Background

In the Bolivian context, following a series of policy reforms, it was clear that it would be more useful to study communities located in different ecosystems but at relatively similar distances from the city of La Paz.

The criteria for selection of the communities were:

- a) They were linked to the city of La Paz, the most important market in the Andean region.
- b) They were based on municipal boundaries, as with the implementation of the Popular Participation Law, this is the smallest area for planning purposes.
- c) They had different agroecological characteristics
- d) Their production activities had market potential.

The areas chosen were the Central High Plateau (municipality of Caquiaviri in the province of Pacajes, Altiplano Central) and the High Valleys of La Paz (municipality of Irupana in the province of South Yungas, Yungas Paceños).

The object of the case study in Bolivia was to identify changing trends as perceived by local people with regarding:

- 1) The agroecological situation (changes over time in access to natural capital by the communities)
- 2) Production systems (forms of management and control of the five different types of capital) and
- 3) The linking of local internal dynamics with the market and its impact (the relationship between community dynamics and tangible capital).

Various groups were interviewed. Those with small farmers aimed to identify important milestones in Bolivia's political history from the 1953

Agrarian Reform to the introduction of the Popular Participation Law. With municipal authorities, questions focused on the problems involved in municipal government administration.

5.2. Results of the Study on the High Plateau

5.2.1. General Characteristics of the Region

The average altitude of the High Plateau is 3,800 metres. Average annual temperature is 9°C. Prevailing winds are westerly, cold and with little moisture content. Rainfall is concentrated in summer, and average annual rainfall varies between 400 and 600 mm. In general, soils are poor, with low organic material content and weak ionic exchange capacity, giving low fertility. Water and wind erosion are increasing, due to the adoption of technological systems unadapted to soil characteristics (shorter crop rotation cycles, livestock, land sub-division). Communities near Lake Titicaca and the tarmac road from Tiquina to La Paz and Oruro have better ecological conditions, however, they also have higher populations and smaller plots of land. Closer to the salt flats, there is less rainfall, population density is lower, and plots of land are larger. Nearer La Paz, economic strategies are more complex and external factors have a greater impact on land organisation and management.

Risk-reducing diversification strategies (adapted to labour availability) are used by small farmers, to meet subsistence needs and reduce pest damage. These integrated strategies are possible due to the detailed knowledge small farmers have of their ecosystems. However, this culture is threatened by increasing population, progressive sub-division of land, soil erosion and reduced rainfall, and pressure from market dynamics and rules.

In the Central High Plateau the majority of farming families own small plots of land, with cattle farming playing an important role in the economy. Other main crops are potatoes. A few cereals such as oats, barley and quinoa are also grown.

Analysing the sustainability of the High Plateau against access to forms of capital, it may be concluded that the further south the production systems are, the poorer natural capital is, while social and human capital are more developed and have stronger links with ecological dynamics. There is less dependence on tangible capital, while cultural capital is linked to subsistence. To the north, access to natural capital is restricted by population density. Social networks extend outwards to areas beyond the local community. Access to tangible capital depends on the relationship between rural and urban areas. The cultural dimension is adapting to changing trends and is very dependent on climate change and the demands of the market.

5.2.2. General Characteristics of Caquiaviri Municipality

The municipality of Caquiaviri is in Pacajes province on the Central High Plateau, 120 km from La Paz. It is composed of 44 communities in two areas differentiated by land use and management practices. Administration practices have been structured for each of these areas, as they do not necessarily match the political-administrative division.

Llimpi, at an average altitude of 3,900 metres, has 17 communities. The most important farm animal in this area is the llama and the main crops are sweet potatoes, quinoa and a very small quantity of barley.

The pampas area (altitude 3,300 metres) has 27 communities. The main crops are bitter potatoes, barley and cañahua; livestock farming is mainly concentrated on rearing beef cattle and sheep. Drinking water is obtained by digging shallow wells. Its high salt content limits the use of this water for irrigation.

The local economy is strongly linked to markets in El Alto and La Paz as a road runs through the area. Livestock farming enables a certain degree of labour flexibility. This allows people to migrate for short periods, or to devote themselves to non-farming activities such as mining the chalk deposits and trading.

5.2.3. Community Perception of the Impact of Public Policies since the 1953 Agrarian Reform

The Agrarian Reform Law of 1953 was viewed similarly in both Caquiaviri and Irupana. It freed small farmers from domination by landowners, and gave them ownership of their land, as well as bringing schools to rural areas.³ However, some said it encouraged individualism among small farmers, with a negative impact on land and crop management as it reduced the possibility of farming larger areas through community production. This increased fragmentation of the land intensified as population increased. Young people increasingly started to migrate, due to lack of land, increased chances of obtaining paid employment outside and the attractions offered by the cities (access to new forms of human capital, social capital and tangible capital). This division of land also made more farmers switch from llamas to more sedentary cattle.

Migration became widespread by the 1970s. Because of this, several people said that General Banzer's first government, despite being a military dictatorship, had enabled them to increase their meagre income to a certain extent, thanks to sources of employment in La Paz.

Apart from the Agrarian Reform, interviewees did not clearly identify any other public policies that had benefited the country's small farmers. When pressed, the only political measure to be identified was the pact between the military and the small farmers enacted by Barrientos in 1964. This measure brought about the construction and improvement of schools and some roads. During this time the military also took away people's firearms.

In the following period, there was direct conflict with the government (the García Meza dictatorship), when a number of small farmers were arrested and disappeared.

⁴ As far as the impact of public policies on the small farming sector is concerned, it was the agrarian reform law that legitimised small farmers' access to the essential capital which is natural capital, based on access to land.

Hyperinflation came in under the UDP. People lost their cattle because they sold their animals at prices below their replacement value. The structural adjustment measures introduced as a result were “relatively good” because they “gave money back its worth.” However, the economic policy that made agricultural products subject to the free market was detrimental to small farmers on the High Plateau and throughout the country, as it enabled transport operators and traders to deceive farmers in the sale and weighing of their produce. Some expressed the radical opinion that Law 21060 was responsible for all the economic problems affecting the country.

Concerning the small farmers central organisation (CSUTCB⁵), those interviewed mentioned that although it started off as a solid political organisation, it became increasingly weak over time. This began during Banzer’s dictatorship and gradually became the serious crisis it is now. Some said the problem was due to party political manipulation as a result of “democracy,” which has divided the grassroots and corrupted the leaders.

There were conflicting opinions about the Popular Participation Law. Although a good law, it had many problems. The most radical declared it to only cause problems, because planning and resource management lead people to fight while the authorities become corrupt. Others stated that the PPL was originally put forward by the CSUTCB and copied by the Sánchez de Lozada government.

5.2.4. Municipal Authorities’ Perception of the Second Generation Reforms

When the municipal authorities were interviewed, Caquiaviri Municipality was going through a serious institutional crisis. Two municipal governments were in dispute, each claiming legitimacy. This resulted in the freezing of municipal funds by the government, forcing the municipality to halt all planned work until the problems were resolved. The municipality was unable to receive other complementary

⁵ Small Farmers Trade Union Confederation.

funds from state or private sources, as it was required to invest counterpart funds.

The mayor's office was also unable to proceed with tax collection, as both municipal governments lacked legitimate status.⁶ This came on top of existing implementation problems with public projects, and a lack of resources to supervise contractors. The Oversight Committee, which by law should be made up of delegates from the cantons and/or communities, was elected in an open assembly.

Although the municipality had coordinated certain activities with the Prefecture of La Paz through the Sub-Prefect's Office, at the time of the study it had not managed to establish links or relationships with the other municipalities in the province. Under the Popular Participation Law, Caquiaviri Municipal Government has had problems coordinating with the Prefecture. Profound structural differences exist between municipalities and prefectures. Whereas municipalities are legitimated by democratic votes and obliged to attempt agreements among political parties, Prefectures are directly accountable to the President of the Republic. This way of managing the state complicates coordination between the prefecture and the municipalities.

The municipal government did not have the means to oversee investments by private organisations (NGOs, companies, cooperatives etc.). Many people had a poor opinion of these, especially of NGOs, who have always worked with small amounts of money, using funds mostly to cover their operating costs.

One plan mentioned was to enable the villages of Caquiaviri, Vichaya, Achiri or Berengela to become towns by negotiating with other municipalities to tarmac the road that connects La Paz with Charaña (on the Chilean border). This road could form part of the South American integration corridors between the Atlantic and Pacific oceans.

⁶ These problems show that there is a low level of social capital in the municipality. This lack of social capital is making it difficult for the municipal government to gain access to tangible capital (different forms of economic income to enable the municipality to operate and for projects to be carried out).

Both rival mayors and many of the municipal authorities from both factions were living in La Paz.

5.2.5. Local Perception of the Main Changes in the Municipality over the Last 10 years

Climate

In both municipalities climate change was seen as the greatest change, evident through: higher temperatures during the day and lower temperatures at night, water scarcity, reduction in the number of water sources, less overall rainfall while rains have become more intense, and lengthy droughts. On the High Plateau it is causing the disappearance of useful grasses and plants and the appearance of new, less beneficial ones. Climate change is causing the appearance of crops such as oats and a reduction in others such as barley. Fodder crops are being grown on land that used to be pasture while certain varieties are being replaced by those more adapted to extreme conditions. There is evidence of these changes in the tendency to replace llamas and sheep with cattle. Climate change has resulted in the appearance of new pests and diseases, while overall pest prevalence has increased.

Migration

There is a significant increase in migration by young people to the nearest cities. This is caused by population growth and the deterioration of natural resources. The deterioration in the amount of time land is left fallow has a negative impact on soil fertility. There is a tendency to view temporary migration as part of an economic strategy, particularly in the wealthiest and poorest families. Wealthier farmers can employ local people to look after their crops and animals while they are away, while for the poor migration is a way of obtaining cash income. Cases in which no member of the family migrates are rare.⁷

⁷ The different migration patterns that are emerging are giving rise to processes for building new forms of human, social and tangible capital, as well as generating changes in cultural capital. As people incorporate a pattern of migration into their everyday life, they gradually build up new experiences which enable them to enter the labour market in urban centres, structure new forms of organisation, and generate cash income from activities that have nothing to do with agricultural production.

Certain sectors of the community, especially women and older people, state that migration has caused significant changes in local productive activities.

Regarding social stratification (access to social, human and tangible capital), wealthier people frequently have more activities in the cities of La Paz and El Alto and their presence in the community is sporadic. Many wealthier families are involved in local or regional markets.

Institutions

On the High Plateau the most frequently mentioned changes resulting from the presence of institutions are related to improvements in cattle farming (cattle purchases, veterinary services, vitamin supplements, anti-parasite treatments, etc.).

Agricultural production

There is a clear relationship between access to natural capital and productivity. Differences between wealthier and less wealthy families can be seen in: changing crop varieties, crop rotation cycles and the length of time land is left fallow (greater access to land enables better crop rotation), access to water (irrigation and drinking water / domestic taps and wells), livestock management, fattening up times, genetic improvement of livestock, the use of medicines (vitamin supplements and anti-parasite treatment), the preparation of land for growing oats and the use of tractors and fertiliser.

Regarding economic strategies, on the High Plateau the prevailing tendency is to keep a combination of at least two productive activities going on at the same time. In general there is a tendency to replace crops and other livestock with beef cattle.

Generally production, productivity and income levels are falling. These changes are evident in the growing differences within the community rather than as an overall trend. This fall is mainly due to the loss of soil fertility, linked to the reduction in the amount of time land is left fallow, the reduction in the amount of manure available, and climate change. In

addition, the greater frequency of frost means that land suitable for crops is used more intensively.

Another factor affecting the loss of soil fertility is land sub-division. Areas traditionally used as community pasture are being turned over to grow fodder crops, managed by individual families, and used more intensively. All these changes reflect a widespread reduction in access to natural capital.

5.3. Results of the Study in the High Valleys

5.3.1. General Characteristics of the Region

The High Valleys of La Paz, on the eastern slopes of the Andes are characterised by small valley areas and a temperate and humid climate. The altitude ranges from a high of 3,400 metres down to 500 metres and the region is very variable in terms of ecology, temperature, rainfall and soils. The population is grouped in settlements of small farmers. Roads are narrow and dangerous, so despite its proximity to La Paz this area has poor links to other areas.

5.3.2. General Characteristics of Irupana Municipality

Irupana, in South Yungas province, whose main town is 150 km from La Paz, is one of the most ecologically varied municipalities in the country, extending from permanently snow-covered mountains at an altitude of more than 5,000 metres to very hot tropical regions at 500 metres. In the forested area of the intermediate valleys, where the study was carried out, altitude ranges between 1,000 and 2,300 metres, average annual temperature varies from 16 to 20°C. Average annual rainfall is 1,000 mm.

As a result of the favourable climate this is a densely populated area. Human settlements have transformed the vegetation from tropical forest to cultivated land. Due to deforestation, there are now large areas of

secondary bush forest. Changes are most clearly reflected in prolonged droughts, greater intensity of rains, the appearance of new water sources and a reduced flow in older water sources, and more marked differences between daytime and nighttime temperatures.

Irupana municipality is composed of 62 communities, whose families of small farmers produce coca, coffee and fruit. Subsistence production is limited and includes different varieties of bananas, manioc and racacha. In production terms three distinct levels can be identified. Families frequently have access to land on different levels.

The tropical area (17 communities)

Production is mainly orchard crops (mango, avocado and citrus fruit). This area at the foot of the mountains is hotter and nearer to the main rivers, and the soil is therefore deep and alluvial. Access is difficult due to the absence of roads.

The low valleys (25 communities)

The most important crops are coca, coffee and citrus fruit. The land where these are grown are on steep hillsides with clay soil. Drinking water is taken from springs and small streams.

The high valleys (20 communities)

The most important crops are potatoes, maize and small quantities of vegetables. The lands where these crops are grown are high up the mountainside. This area is humid and cold compared to the other two, and as in the tropical area there is an almost total absence of roads.

Coca is the most important crop for the small farming economy. Although initial investment is high, especially in terms of labour, it produces a harvest three times a year for about 30 years. Coffee, on the other hand, can only be harvested once a year and by contrast is unable to thrive in poor soil. Both crops have relatively stable and regulated local markets.

The main constraint is labour availability, given the nature of the crops and the terrain. Coca, coffee and fruit are grown on small plots, as they require a great deal of labour.

Due to the nature of agricultural production in the region, the main crops do not form part of the basic diet, and there is therefore a need for cash income. This gives rise to a greater and less flexible dependence on the market compared to the High Plateau.

Production systems in the High Valleys are characterised by a close relationships between natural capital (location of productive land, water and slopes) and human capital (mainly labour). The availability of labour is very highly valued. Forms of organisation (social capital) are closely linked to the highly valued coffee and coca crops. This value system has had a strong influence on national policies, which have promoted the channelling of external investments. The subsistence of these production systems is delicate due to producers' total dependence on economic exchanges.

5.3.3. Community Perception of the Impact of Public Policies since the 1953 Agrarian Reform

Opinions expressed regarding the Agrarian Reform Law were similar to those on the High Plateau. It freed small farmers from landowner domination, gave them ownership of their land, and brought schools to rural areas.

Small farmers mentioned that although given the right to vote, this vote has been manipulated and used since by politicians as a “ladder” to gain power. They recognised that for the first time in 1993 a small farmer from Ingavi province was elected to Congress under the new direct voting system. Nevertheless, they said that his presence in parliament had not brought about any changes for small farmers.

As on the High Plateau, aside from this, people did not manage to identify any other public policies that directly benefited them.

They identified a time of direct conflict with government, during the 1979 Natusch Busch coup. There were clashes between the military and small farmers, who blocked the roads to prevent him from remaining in power as de facto president.

During the García Meza dictatorship, however, coca became an issue fraught with conflict. During this dictatorship, government control over coca production increased, leading to fights between individuals and communities as people accused each other of drug trafficking. During this time, the price of coca increased substantially.

After the García Meza dictatorship came hyperinflation. This led to the worst ever fall in coca prices and the total absence of essential goods. The structural adjustment measures taken to halt hyperinflation were known as Law 21060. This legislation was seen as good since “it gave money back its value and re-stocked the markets”. But opinion suggested prices paid for coffee and coca “have not recovered ever since,” while those for rice, pasta, cooking oil and sugar “have not been low ever since.”

Paz Estenssoro’s last term in office is seen as a bad government since during this administration US-imposed policies against coca began to be implemented more strictly.

Concerning second-generation reforms, the Education Reform bill was seen as worse as it caused major conflicts and divided teachers. This meant schools were closed for a large part of the year, which was detrimental to the children.

5.3.4. Municipal Authorities’ Perception of the Second Generation Reforms

In contrast to Caquiaviri, Irupana Municipality had a well-established government. The mayor had previous experience, the Municipal Council was solid, and the Oversight Committee was elected.

According to the Mayor, Popular Participation funds were distributed among the communities in the cantons. This was done on the basis of the social and territorial structure of the local small farmers federation, since it is the one that has been used since 1953.

To allocate Popular Participation funds, the method applied here was as follows:

1. Every year the municipalities receive a different amount from the Treasury based on state income. This is divided by the total number of municipal inhabitants, using the official demographic data published by the INE⁸ based on the last national population and housing census (1992⁹).
2. Funds are distributed by canton, on the basis of the number of inhabitants recorded in the last census.
3. Cantons distribute the funds from the Mayor's Office to union authorities in the agricultural trade union branches and sub-branches, using the same method.
4. The methods used to distribute the funds between communities varied because the final amount for each community was too little to carry out public works projects. Meetings were therefore held in the agricultural union branches or sub-branches to decide which community or communities would have public works projects funded that year using the whole amount allocated to the union. Each year one, two, or a maximum of three communities receive Popular Participation funds to carry out the public works project which the community saw as its top priority.

Investments in the communities using Popular Participation funds had already been planned until 2001.¹⁰ Based on this way of distributing resources, one- and three-year operational plans have now been drawn up in all the communities in the municipal section. Thanks to this way of planning, Irupana Municipal Government has reduced to a minimum conflicts arising from deciding where investments are made. In Irupana the communities plan their investments and realise how limited resources really are.

⁸ INE = National Institute of Statistics

⁹ According to figures provided by the Irupana Municipal Government, in 1997 (the year in which this research was carried out) the funds received per inhabitant amounted to Bs 126.35 (approx = US\$ 25).

¹⁰ The Irupana authorities were interviewed in July 1997.

Moreover, each Agricultural Trade Union has registered itself as a Grassroots Territorial Organisation (OTB) as this enables it to obtain the legal status awarding it recognition by the state. Communities that are not legally registered are not taken into account by the municipal government for the distribution of funds.

However, it should be explained that most territorial boundaries in the communities' area of influence do not coincide with the canton arrangement established by the Popular Participation Law. There are many communities whose territory straddles two or more cantons. To overcome this constraint it was decided on the basis of agreements with the Irupana Small Farmers Federation to give priority to the territorial boundaries structure used by the Federation since all the communities are familiar with it.

According to the Mayor, 1997 was the first time funds were distributed in this way. He mentioned that if no major conflicts arose, the same method would be applied as a norm. This method resulted from the authorities' knowledge of small farmers' organisational structures and territorial boundaries and was enabled by the solid and effective small farmers organisation in the municipality.

Since the enactment of the Popular Participation Law, most investment has been allocated to infrastructure (schools, roads, health posts, etc), with few resources aimed at local production systems.

One way for the municipality to make an impact on production is by signing agreements with NGOs or producers organisations (e.g., CORACA¹¹) as they have experience with communities. The municipal government's responsibility is to undertake the political negotiations for the projects, while the institutions are responsible for the technical implementation.

The municipality works with the prefecture by means of project agreements (for example, providing drinking water, electrification and inter-provincial roads).

¹¹ La Corporación Agropecuaria Campesina

With regard to links with other municipalities, those in South Yungas province together with others in the tropical region of the department are trying to set up an association of municipalities based on common problems.

The road network is seen as a high priority for investment. According to the mayor, if the municipal section had more financial resources it could improve its roads, so that produce could be taken in and out at a lower cost and to connect the region with the departments of Oruro and Beni. Other access routes could link Irupana with La Paz and El Alto.

5.3.5. Local Perception of the Main Changes in the Municipality over the Last 10 Years

Climate

As on the High Plateau, climate change was seen as the major issue: higher temperatures during the day and lower temperatures at night, water scarcity, reduction in the number of water sources, less overall rainfall while rains have become more intense, and the emergence of lengthy periods of drought.

These changes have given rise to the appearance of new varieties of coffee and have caused the production of citrus fruit to fall. New pests and diseases previously unknown have appeared, while those that already existed have increased.

Migration

Demographic trends are similar to the High Plateau. Migration by young people to the nearest cities (mainly La Paz) and other areas of the High Valleys is increasing. There is a lack of opportunity for young people in the region as well as problems affecting agriculture.

However, since crops in this region are perennial rather than annual, migration patterns are different. Wealthy or poor families who have coca and coffee crops are less likely to migrate than people on the High Plateau, as they require more attention. Thus migration from the High Valleys tends to be permanent.

Agricultural production

In the High Valleys soil exhaustion is the biggest trend. Increasing numbers of families are establishing coca and coffee plantations on plots previously devoted to coca or orchards, which had been abandoned due to fertility problems.

The widespread perception among women is that there is a serious scarcity of labour, while men suggest the major problem is scarcity of inputs and land.

Differences between the wealthier and less wealthy families can be seen in the following ways: changing crop varieties, crop rotation cycles and the length of time land is left fallow, access to water (especially drinking water), and the surface area, quality and tending of coffee and coca crops.

Income-generating activities other than farming are similar to the High Plateau. Less wealthy families tend to migrate or sell their labour. Men sell their labour locally while women do so in their own community. Wealthier families have small trading concerns in the community, in La Paz and other regions of the High Valleys.

Income-generating strategies tend to combine at least two productive activities. In the High Valleys this is mainly based on simultaneous production of coffee and coca, but some also have small trading concerns. This enables them to spend short periods of time away from the High Valleys or the community.

Other strategies include crop substitution and the clearing of distant plots of land. In the case of coffee, strategies include increasing cultivated area and changing varieties. Improved varieties are grown to be marketed as organic coffee for export.

As in Caquiaviri, production, productivity and income levels are falling. These changes are evident in the growing differences within the community rather than as an overall trend.

The main cause of the reduction in yields in the High Valleys is loss of soil fertility. Other causes include scarcity of drinking water, followed by the appearance of pests and diseases.

Because crops are perennial, loss of soil fertility is associated with the possibility of increasing the amount of land under cultivation. This is also affected by population increase, leading to the clearance of forested areas further away, increased burning and loss of moisture in the soil.

Institutions

The most frequent changes resulting from the presence of institutions were related to changes in varieties of coffee.

5.4. Common Community Perceptions of the Main Changes over the last 10 years in Both Municipalities

This section presents the results and conclusions relevant to issues common to both municipalities. Since these issues are wider and lend themselves more easily to generalisation, they are more closely related to the formulation, dynamics and implementation of public policies. The main points are:

Changes in production:

- **Climate change.** The majority of people said that this is due to the pollution caused by the burning of cleared land, the sun “coming closer to the earth”, and the earth and the ozone layer getting “older”.
- **Loss of vegetation.** People said that this is due to population increase, the presence of institutions, and markets which are experiences copied from other areas.
- **Increased migration.** People said that this is due to the emergence of new needs, changes in customs, low crop yields and the division of land into smaller plots.

The causes of change identified are notably related to climate, which according to “scientific” criteria can only be perceived over very long periods of time. However, this perception has led people to make drastic changes in the type of crops they grow, the sorts of livestock they farm and the way in which these are managed.

There has clearly been a tendency to change areas of activity and varieties over the last 12 years. Income generating activities have either disappeared or changed in terms of priority. However, this does not mean that the tendency is to change to alternative or more viable activities. It often involves improvements and/or adaptations in the production process or in the use of inputs (seeds, natural and chemical fertiliser, etc). Other significant trends include drastic falls in yields and the productivity of livestock farming, the widespread increase in work and reduced access to key resources for farming.

With regard to the fall in yields in income-generating farming activities, the main cause identified was the deterioration in natural resources as a result of climate change, population increase and the loss of soil fertility.

Regarding the widespread increase in work, the explanation repeated most often in both municipalities was an increase in pests and diseases affecting both crops and livestock. The causes identified were the same as those mentioned for the fall in yields.

Regarding the reduction in access to key resources for farming (water, soil and fertility), the explanation given in both areas was climate change, increased intensity of rains, prolonged droughts and greater fluctuations in temperature between day and night. These factors are explained in turn by population increase, reduction in crop rotation cycles and the length of time land is left fallow, and increases in the amount of land under cultivation. People also said that these factors affected the overall loss of moisture in the ecosystem.

Regarding additional income-generating activities (access to human capital and tangible capital), in both regions the tendency among the

less wealthy is to migrate or sell their labour, locally in the case of men and in their own community in the case of women. Wealthier families run small trading concerns in the community and in El Alto and La Paz. However in general this does not mean that they have found real alternatives that would eventually lead to them abandoning farming. Depending on socio-economic status and gender, these are temporary means to gain alternative sources of additional income.

The market is increasingly important. Increasingly, families sell what they produce. Due to low yields, lack of water and smaller areas of land being used for both crops and pasture (reduced natural capital), this situation is giving rise to a reduction in benefits.

However, this is a trend occurring at the family level. At the community level there is a reverse situation due to population increase. As a result, although the quantities sold are increasing this does not mean that prices or quality are increasing or that there are greater market opportunities, better transport or more roads. Moreover, there is evidently a growing need for more money, which is explained by the fall in production, greater need and the increasing adoption of new consumption habits and technological changes.

Wealthier people view the market as positive and beneficial. They also stated that there is now more transport and more trade than before, which works in their favour. Women and the less wealthy, however, stated that in fact living conditions are becoming more impoverished, and the economic situation in particular is getting worse. This forces them to sell their labour more often and to exploit available natural resources more. Women also perceived that there are fewer sources of work for them than for men.

It is interesting to see how marked differences have arisen depending on socio-economic status. In general, wealthier families are more involved in profitable farming activities. There are two explanations for this: it could be due to the greater intensification of production processes at the cost of increasing pressure on natural resources (abuse of natural

capital), or because in many cases these families are in a better position to benefit from projects (greater access to social and tangible capital).

With regard to the impact of investments, two types of parameters were identified: negative trends in income-generating activities, and whether or not the investments focused on the communities' strategic production activities.

In this respect there is a lack of connection between agroecological and socio-economic conditions and the investments made. Investments were mainly aimed at income-generating production activities. This meant that the projects had more of an impact on increasing productivity in farming and on yields in these activities, while they did not have an impact on other variables such as sales and markets. However, these investments did not reverse the downward trend in productivity in the main production activities.

Taking into account the activities that generate the most income, investments have mainly been made in the form of loans (targeted and/or freely available). These loans were used to buy seeds, fodder, livestock, veterinary treatment, etc. The constraints affecting these loans were that they were very small sums, short-term and had to be paid back in monthly instalments.

In general, investments in production have benefited only small groups in the community. The components and scale of the projects were more relevant to the conditions of the wealthier members of the community, since they have more time available, better livestock and crops, and own more land and more money.

It is important to mention that in both areas there was no evidence that any project had benefited only the poor. This is important if the philosophy of these projects is analysed, since they generally intend their investments to benefit the poorest of the poor.

People were clearly aware of the activities of institutions working in the area of social infrastructure (improvement/refurbishment/construction of classrooms and schools, drinking water, road building and improvement, health posts, etc), even in cases where the main activity was related to production.

When investments in pest and disease control for crops and livestock are analysed, these are perceived as specific technical support.

On the other hand, there was a tendency to consider activities that had at some point been carried out by institutions as the community's own. This was clear from the terminology used by the small farmers and from the knowledge and management of certain activities (coffee, cattle and grasslands).

No significant differences could be detected between the impacts of investments in farming, whether these were made by the state or by NGOs. This is important because in both areas the presence of NGOs is more constant than that of the state in terms of investments linked to production. This can be explained, especially in the case of Irupana, by the fact that the economic investments made by the state (Agroyungas) have been comparatively much more significant than those made by the NGOs, over a shorter period of time.

Finally, trends with regard to alternatives for future investments are closely related to the characteristics and conditions in each community. Those communities that have more problems with the deterioration of their productive base (deterioration of natural capital) tend to promote investments that will make improvements in farming activities. Those that have received greater investment, have good roads and strong links to the market (better conditions of access to natural, tangible, social and human capital) tend to plan for future investments to improve marketing and increase income.

5.5. Conclusions

Overall results of the fieldwork in the municipalities show:

- A noticeable difference between both municipalities regarding ecological conditions, forms and systems of production and marketing, forms of small farmer and municipal organisation, and the issues causing conflict with the state.
- A growing deterioration of the production base, perceived by local inhabitants as a consequence of climate change and population increase.
- A highly critical situation in farming due to the downward trend in production capacity, perceived by the inhabitants in the rapid fall in production, productivity and income.
- An increasing intensification of the search for, and combination of, other types of capital (social, human and tangible), not necessarily related to farming.
- A change in cultural capital as a result of introducing new elements into social customs following interaction with cities and other places.
- The existence of diversified strategies used by small farmers and therefore different views depending on socio-economic conditions and gender.
- A high degree of flexibility for adapting and re-adapting production systems in order to address the changes taking place in local dynamics (environmental, productive and demographic).
- A growing tendency to migrate temporarily as part of the diversification of strategies, in response to the lack of alternatives in farming and/or outside farming.

- Investments are barely or not at all aimed at reversing the rapid loss of productive capacity among small farming families.
- Investments fail to consider the characteristics of the ecosystems, the agroecological changes detected by the local people and the diversified strategies used by small farmers.
- The significant investments made in both municipalities were scattered and had little impact. These investments generally had a marked tendency to benefit wealthy men in the communities.
- Municipal governments are still weak as policy administration bodies and will need time to become consolidated.
- Whether the municipalities do become consolidated depends on the way in which reforms are handled politically. If central government is clear and coherent in the way it relates to the municipalities, these will be able to consolidate themselves. Otherwise the process could be difficult and fraught with conflict.

photo © Bill Vorley



El Alto and La Paz: principle market for the altiplano and High Valleys

Discussion

The policies and institutions that emerged from the second generation reforms seemed to promise a new and distinct society. Reality has shown, however, that although those policies had started generating changes, these are still small and they will take a long time to consolidate.

Although the reforms were well structured and well thought out, they had three fundamental problems:

1. The state's weak institutional and political setting, which was not improved by the restructuring of the executive. This weakness did not allow the process of policy implementation to stabilise and consolidate due to the fact that there were many operating problems to be faced.
2. The reforms were too drastic to implement and consolidate in four years.
3. Many technical instruments used for reform implementation were not effective enough.

Here we examine why this was the case.

6.1 Weakness of the State: Policy implementation and distortion

Reviewing the history of policies in Bolivia revealed that one recurring theme has been the great weakness of the state both in policy formulation and implementation. This problem is due, to a large extent, to the poverty of the country. The degree of corruption in recent years has been scandalous. The system works in such a way that the closer a

person or group of people get politically or socially to powerful groups, the greater access they may have to economic or political benefits.

In this way laws and policies are up for negotiation by powerful groups and thus diverse powerful groups have been empowered and economically consolidated, while on an individual level many civil servants have had their finances 'improved.' This has resulted in a state that is weak, always dominated by corporate interests, and frequently postponing strategic issues.

In this sense, the peasant sector is one of the most marginal of social sectors in Bolivian society, they see little relationship between their activities and distant public policies which hardly affect them. The very many problems that peasant societies face are solved by means of highly flexible economic and productive diversification strategies. The latter respond to situations of permanent uncertainty and bear no relationship to the implementation of public policies.

Although there are good laws, they cannot be adequately applied because there are not the necessary instruments, and, in some cases, nor is there the political will, to carry them out.

It is also important to consider that good public policy formulation takes time and effort, given that consensus needs to be achieved. Once the policy is formulated, there should also be minimum funds for its implementation; getting those also takes time. By the time the government has taken all these steps, elections come around and many policies are modified for political reasons. This dynamic, common to all democracies, gives policies and processes different goals, sometimes incompatible.

Lastly, weak governments, due to lack of clarity in their policies, do not contribute to strengthening state institutions because authorities are busy with day-to-day management. In contrast, strong governments (that is, those with clear programmes and proposals) are those which, for better or for worse, make an impact on institutions of the state.

6.2 Weakened social institutions

The corruption described above has resulted in a feeling of mistrust and permanent lack of credibility in the political system and its authorities on the part of the people. This lack of confidence, plus the existence of important organisations such as trade unions (which emerged at the outset of the 1952 revolution), has set in train a vicious circle of permanent struggle between the government and social organisations that have been expressed by street rallying, street blockades, symbolic crucifixions, hunger strikes etc.

Those struggles, which during military dictatorship helped recuperate democracy, are slowly losing strength and credibility. No doubt one of the main causes which led to the weakening of social organisations was the neoliberal process started in 1985. This process, passing from political to economic market-like criteria, took from the trade union movement the political and social roles it had had since 1952.

In the rural areas, the relationship of the citizen with the vote has changed significantly since the Law for Popular Participation was passed. Before this law, when the only elections were for the president, voting in the countryside was a formal act and bore no relationship to everyday life. However, given territory municipality and the restoration of municipal elections, the people who live in the provinces and particularly peasants, find a greater link between voting and their everyday lives.

This new situation has opened a new political debate locally between peasants and residents of the towns and province capitals. Each of the sectors wishes to keep control in the local government to defend sectoral interests. This struggle of interests generates a new political dynamic which uses parties as means to access politics and to fight for power. For example, in both Caquiaviri and Irupana, organised peasant sectors have become involved in one or several parties (no matter the ideology) so as to enter political circuits locally and thus be able to defend their interests.

6.3 Irrelevant and badly-timed policies

Policy timing and maintaining relevance are two fundamental variables which should be taken into consideration when formulating and implementing policies.

One reason for the weak relationship between policy formulation and rural reality is the mismatch between the timing of political processes and the timing of rural processes. The fact that there have been deep changes, particularly in agroecological and productive dynamics, which at the same time have shown changes in the population dynamics, requires a discussion on public policy formulation and processes for sustainability.

Taking this last point as a departure, laws related to population, shifting populations and territory settlement are not relevant in the context of important changes in population dynamics and ecosystems which are generating new forms of territory occupation.¹² A clear example of this problem is the impact of the Agrarian Reform in 1953. This law changed the Andean region's production systems through changes in land tenure. However, it contributed decisively to the deterioration of natural resources both in the Andean region as well as in the lowlands. This problem arose because the Agrarian Reform was politically motivated, and as such it did not take into account the problems of the lowlands because at the time these areas did not represent a problem to the state.

The Agrarian Reform Law has not been updated since its enactment in 1953. It would be important to set in place a mechanism for revising the law so that it can keep pace with changes.

6.4 Weak peasant organisations

Because of the weakness of the state, in almost all regions of peasant agriculture in the country, agricultural systems have been developed

¹² As a result of permanent or temporary migration between the countryside and the cities or between one rural zone and another.

with their own regulations. Although there is no statute or written law which allows it, these norms work and are in action. One example of this is the way in which communities manage land tenure and pastures

It is evident, however, that these 'traditional' regulations are getting weaker, mainly due to the accelerated deterioration of natural resources which increases poverty in rural areas, plus the influence of modernisation. The impoverishment of rural communities' organisational and cultural systems have led to peasant farmers concentrating on short-term problem-solving, losing their long-term perspectives in the process. This situation is a serious problem when dealing with coherent and viable policy and programme implementation.

The increasing deterioration of peasant production systems in many parts of the Andean region is reaching really critical levels that can no longer be tackled by the communities' own technological and political instruments. For these cases it is mandatory to count on public resources and policies to stop the ecological deterioration, improve productive conditions and the marketing of agricultural products.¹³

Finally, another issue which impinges upon the mismatch between public policies and peasant strategies is that because the peasant sector is one of the most marginal and dispersed in society, their political issues are regarded by the 'political class' as low priority. Politicians will answer with greater speed to better organised urban sectors because they have greater and better mechanisms for negotiation and political pressure.

The lack of a strategic framework

The lack of a strategic approach to agriculture has led to ad hoc rural investments and projects and a missed opportunity for improving rural output, productivity and income. This lack of a strategic framework has

¹³ In the last 30 years the state has developed several programmes to cope with new technologies for peasant agriculture. Most of these programmes have not worked and have represented a high financial cost to the state.

also meant that international organisations (WB, IMF etc.) are the ones defining investment priorities.

For example, at present the Agrarian Superintendency has problems carrying out its fiscal duties because there is no mandatory plan within which it can work. Although the Agrarian Reform law (INRA) sets the rules for this superintendency's work, INRA focuses on the regulations for land access and tenure and not on policies to face comprehensibly productive matters.

Although the Agricultural Productive Transformation Strategy (ETPA) was intended to create such a strategy, it did not prosper. It is worth mentioning, however, that for a short or long-term strategy aiming at sustainability both in agribusiness and peasant societies, it is mandatory to have a coherent design of agrarian policies. Without this policy instrument, we cannot face the agricultural themes in an effective and coherent manner.

6.5 Land access and tenure

There is little point in promoting natural resource sustainability if land tenure issues are not dealt with first, because people do not care for what does not belong to them or what may be confiscated. Furthermore, having land title also increases land value and promotes investment. Since the enactment of the INRA, the state is exclusively working with rural registration systems and the normalisation of property titles.

The issue of land tenure is particularly critical in the lowlands because it was in these regions where the Law for Agrarian Reform did not take place or where it did not get implemented at all; this law did not fit adequately those ecosystems.

For the Andean region, the most serious problem is not the legitimacy of the land tenure, but rather the unfeasibly small size of the landholdings and the deterioration of the land base. These themes are not being taken into consideration by the state with the same intensity and priority as

was given to property titles, because the Andean region has less economic and productive potential than the Amazon region.

The state has decided to invest its very limited resources to solve the problem of legitimisation of land tenure which is most serious problem in the country's lowlands. This orientation of public policies on this theme for the Andean regions means, once again, that state policy has overlooked the central problems of the region.

Those countries which have been able to liberalise land markets fully, with some rules, have improved their agricultural systems. These include the United States and Chile. Therefore the best approach for Andean peasants in the present circumstances would be to free the land market totally. The state does not have, nor will it have, agricultural support and subsidies like those existing in other countries to keep control of land property fragmentation through economic incentives and supplying access to services¹⁴. However, regarding this last point, and taking the experience of the case studies, it should be pointed out that in the Andean region a land market system has existed for a long time which gets increasingly sophisticated the closer the area gets to the cities, towns and roads which link productive regions with the main consumption markets.

Remote communities which do not have access to main consumption centres, to a greater or lesser extent, depending on their degree of isolation, land tenure and management, tend to structure their production by alternating between individual and community production systems. On the other hand, communities that are closer to markets, cities and basic services, because of these external influences, tend to structure more individual productive systems that change from one year to another, depending on the opportunities available. This land access and tenure, which is determined by closeness to urban centres and service availability (greater or lesser tangible capital or human capital) would not change significantly if a free land market law was enacted.

¹⁴ Not only in terms of costs but also in terms of infrastructure and services.

6.6 Market consolidation and dynamics

Agricultural system sustainability depends to a large extent on the dynamics and strength of markets. It is markets which allow or make easier agricultural production sales, and allow or make easier input purchases for production, with the exception of labour supply.

In Bolivia there are few policies which truly affect the marketing processes of peasant agricultural products. Perhaps the most important has been the Law for Agrarian Reform which disbanded the monopoly markets of the *haciendas* and promoted the creation of peasant markets and fair systems, which are fully in use now in all provinces or departments of the country. Another important measure, 32 years later, was the 21060 Supreme Decree which opened frontiers and allowed all kinds of products to enter Bolivia. This measure had a negative impact on peasant markets because it allowed agricultural commodities to flood the market. Lastly, for coca producing regions, the 1008 Law was also relevant because it allowed traditional production zones to consolidate marketing systems, and it generated serious economic and social conflicts in coca surplus producing regions.

The lack of services infrastructure, support and assistance to producers in marketing their produce, make Bolivian commercialising systems the worst in Latin America. This gives Bolivia a comparative disadvantage in other markets of the region. The lack of services, besides making marketing agricultural products difficult, also hinders the possibilities of transforming primary into secondary products; thus inhibiting the development of vibrant markets.

Furthermore, diversification – one of the strategies for natural resource and soil conservation – is only possible if there are markets for the products. With all the problems Bolivia has for commercialising its production, there is little support for those peasants who try to diversify their activities.

Finally, it is important to mention that the state regulations for commercialising agricultural products are at present inequitable. Large

producers and agribusiness enjoy a series of tax and credit privileges which favours them, distorting the markets of some agricultural products.

6.7 Rural credit

Another important difficulty Bolivian agriculture has is the management of rural credit. There have always been inequities between peasant zones and mechanised agriculture in this respect. While mechanised agriculture received important amounts of money which contributed to the growth of the debt, small farmer peasants had no, or restricted, access to credit. The small size of peasant holdings have little commercial value for the banks and are not accepted as collateral in traditional credit systems. This problem, however, is not only a banking issue because INRA itself has determined that peasant lands are non-transferable, and, as such they cannot be used as collateral.

Of course, since the rise of NGOs in the agricultural arena, there have been diverse credit services, mostly part of development projects. These services had various forms, such as rotating funds among families, credit in kind and devolution in kind, and credit in the main subjects of projects to be carried out. However, these initiatives were mostly unsuccessful because the amounts were too small, and because institutions had a double role. On the one hand, they were responsible for credit handling and follow-up, and on the other hand, they were in charge of investments which necessarily were part of the project. This reduced the pressure on peasants to pay back their debts because the investments made using the credit were always seen as an institutional responsibility. In this sense, if the project was successful, then producers analysed to what extent they should pay back, but if it did not, the failure was the full responsibility of the organisation. Besides, given that projects did not have adequate collateral systems, they did not have many responsibilities to recover the borrowed amounts either.

These experiences were very complicated for NGOs because their projects ended up carrying large debts which had to be justified and re-negotiated with financing institutions.

Although collateral is still one of the main issues in peasant agriculture, in the last 10 years there have been many financial non-banking institutions which work like NGOs and which specialise in credit for small peasant farmers. These institutions have developed a credit system of small amounts of money which uses social collateral instead of material collateral.¹⁵ This new way of guaranteeing credit has worked because it has placed great social value on the person or group of people, and this is very important in peasant communities. Although these are an improvement, small amounts of money are still a problem because management and handling costs are not economically justifiable.

Because of these issues, peasants prefer the more efficient informal credit provided by lenders and/or ‘compadres,’ who despite charging higher interest rates, fit in with peasant times and customs, which neither banks nor credit institutions do. In this sense, informal credit systems have achieved a combination of reciprocity which is integral to Andean communities.

6.8 International co-operation

Bolivia depends to a large extent on international co-operation to implement public policies. This dependency always conditions and interferes with the formulation and implementation of these policies, whether directly or indirectly, because policy viability depends to a large extent on external resources both for its formulation as well as its implementation.

This economic dependency is part and parcel of a greater dependency which is political because both international financing organisations of country donors or lenders do not approve any credit or donation if investments are not framed within those countries’ or organisations’ policies.

¹⁵ Shared collateral that belongs to the peasant community itself.

The consequences of this political conditioning are million dollar projects or programmes which international officers, as well as national authorities, know will not work, because their policies and approaches do not fit the political nor social dynamics of the country. Furthermore, there have been cases in which these huge projects have undermined local initiatives or smaller projects, whether state or private, by doing identical activities but using much more money.

Subsidies for fundamental inputs, such as food or seed, further undermine sustainable initiatives because by providing these vital inputs for peasants at no cost, they wipe out all need to look for a real solution to a structural problem. It also means that once the external intervention ends and the subsidy is removed, the consequences are catastrophic because the project intervention has destroyed many fragile and subtle equilibria which existed in the community before the investments took place.

Recommendations

We conclude with a list of issues to be taken into account when formulating and implementing public policies which affect Bolivia's peasant agriculture.

Maintaining and strengthening democracy

- In order to make policies that really work it will be critical for civil servants' posts to become professional, rather than dependant on political lobbying or 'sharing'.¹⁶ This is also vital to consolidate and improve the state institutional structure. The system needs to be changed so that the civil servant sees himself as a public servant and not as an opportunist who sees the state as the "hen that lays the golden eggs." Of course, this is just as much an ethical as a political matter.
- There is an urgent need for democracy to give greater credibility to the vote. Using the vote as a springboard for lobbying and partisan political agreements will bring serious problems because voters will become disillusioned.
- There should be greater care taken with the system of political alliances because the lack of focus and strategy is driving the political system to collapse. Government coalitions in large alliances in parliament are highly inefficient in the executive because they have to give jobs to too many people from coalition parties. They also have to agree amongst parties for policy and programme implementation, resulting in more differences than agreements. This pattern of state management is not only highly inefficient but above all highly corrupt, as resources are divided among many people and many parties, leaving too little for the state.

¹⁶ Translator's note: "Cuoteo" in the Spanish text which may best be translated as the situation whereby posts are seen as partisan, always politically aligned, in some organisation or agency of the state. It refers to the 'shares' political parties get after negotiations.

- It is very important that resources invested, both for public policies or project implementation, are correctly scaled. Over-large programs, besides distorting reality and de-structuring local processes, feed corruption.

Developing strong civil society

- It is important for the maintenance of Bolivian democracy that new channels of citizen representation are found that are not necessarily political parties because of their general misuse of power.
- Trade union organisations, besides having to find new organisational forms and new ways of defending their rights and interests, should develop greater capacity to achieve better representativeness of their sector. Obsolete forms of ‘struggle’ have promoted a general disapproval by society against them.

Developing an agricultural strategy

- An integrated strategy is needed to guide agricultural development. This strategy should be long term, as this is the only way to achieve positive impacts both on agricultural production systems and natural resource management. If there is a change in agricultural strategies each time there is a change in government, little will be done to improve the quality of life for peasants and raise output rates. The Agricultural Productive Transformation Strategy (ETPA) is a good start in this direction.
- Policies for natural resource management (husbandry, forestry, land tenure, water management, etc.) need to take into account the complexity of peasant economic systems (the combination of all kinds of available capitals). They also must adapt to the evolving forms of peasant economic and productive systems, which are changing in pace with the decrease of available resources and/or in pace with the growth in new subsistence alternatives in the cities.
- There is increasingly urgent need to find policies which allow the development of agricultural research and experimentation to address the deterioration of the productive base. This problem should be one

of the most important ‘meeting points’ between peasants, agribusiness and the state.

- Transport, communication and service systems in agricultural production are a real problem. If the state does not tackle these problems decisively, it will be very difficult for Bolivian agricultural production to be truly competitive.
- Commercialising Bolivia’s agricultural sector is one of the most important bottlenecks in agriculture. There is thus a need to strengthen and promote policies that:
 - Improve the infrastructure of commercialisation and production services
 - Encourage producer training in commercialisation and post-harvest production management
 - Improve roads and provincial, department, national, and international transport systems
- For public policies to be effective, the state organisational structure needs to be strengthened, not by changing the structure of the executive, but by improving the technical levels and ensuring continuity of processes.
- International financing organisations, given their economic and political might, have significantly influenced public policy formulation and implementation. The existence of a national strategy, agreed with these organisations, would help channel those available resources (national, bilateral and multilateral) and this would generate the conditions to establish better meeting points between the state and international cooperation.

Promoting equity

- Given that Bolivia is a diverse country in every sense, policies establishing norms for land tenure and natural resources management should include social, ethnic, and gender differentiation. This differentiation will allow a more equitable implementation of laws.

- There should be promotion of policies which give incentives for equity in access to credit and productive services for both large and small producers.
- The state will need to give more priority to the problems of land tenure in the Andean region. Neglecting the increasing division of property and consequent deterioration of the productive base are the main stimuli for peasant migration to the cities. A good law for the land should take into account likely changes over the next 30 or 40 years. This law should include flexibility in regulation with the different sectors involved in the implementation and execution of this law.
- To affect peasant productivity positively, production and income financing systems need to be more accessible and need to relate better to peasant transactions, collateral, timing and culture. Formal credit institutions should perhaps adopt some of the approaches of money lenders and *compadres* (informal credit systems) and other credit management forms. It could be that through these distinct ways of handling credit, formal financial organisations could promote rural credit combining the concept of credit and the concept of reciprocity.

Promoting participatory policy processes

- The Law for Popular Participation is one of the best political instruments that the country has to bridge the gap between public policies and peasant strategies. If strengthened or deepened in the next few years, it could well be an instrument to structure local policies able to link local to national levels. To achieve this, it is essential to strengthen municipality governments both economically and professionally.
- Policies that work are ones which are flexible and adaptable so that they can fit the ever-changing situations of reality. The state should therefore develop channels to allow the monitoring and evaluation of their policies continually in order to analyse the effectiveness of public policies, to plan future actions or to revise current policies. These mechanisms, if well applied, could be worthy instruments to get together public officials and civil societies, both urban and rural.

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