

**Bolivia's Political Party System  
and the Incentives for Pro-Poor Reform**  
Assessment Report and Program Recommendations  
October 2004

**The National Democratic Institute for International Affairs**

## **Acknowledgements**

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

The British Department for International Development (DFID) is the arm of the UK Government that manages Britain's aid to poor countries and works to eradicate extreme poverty. Its development efforts focus on improving access to health, education, and trade, fighting the spread of HIV & AIDS and other diseases, and ensuring environmental protection. DFID works directly in over 150 countries worldwide and also in partnership with governments, civil society, the private sector and multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

This report was prepared by NDI with the financial support of DFID. Its findings are based on a combination of in-depth desk and field research, assessment interviews, and NDI program experience with Bolivian political party actors. Assessment interviews took place in May 2004, and a more in-depth series of structured interviews, based on findings from May 2004, were conducted in all of Bolivia's nine departments in August 2004.

This report was written by Alicia Phillips Mandaville, NDI Senior Program Officer for Governance and Poverty Reduction. Comments and revisions were provided by Matt Dippell, NDI Deputy Regional Director for Latin America and the Caribbean, Francisco Herrero, Resident Director Bolivia, and Alison Miranda, NDI Program Officer for Latin America and the Caribbean.

© Copyright National Democratic Institute for International Affairs (NDI) 2005. All rights reserved. Portions of this work may be reproduced and/or translated for non-commercial purposes provided NDI and DFID are acknowledged as the source of the material and are sent copies of any translation.

## Table of Contents

Acronyms .....	2
Section I	
Executive Summary and Recommendations .....	3
Section II	
Methodology and Terms .....	5
Section III	
Conceptual Framework .....	6
Section IV	
Unpacking Bolivia's Political System and Reform Process .....	11
Section V	
The Impact of the Political System on Reform Policy and Process .....	27
Section VI	
Recommendations for the International Community .....	33
Section VII	
Conclusion .....	38
Notes .....	40
Select Bibliography .....	48

## **Acronyms**

<b>ADN</b>	Acción Nacionalista Democrática (Nationalist Democratic Action)
<b>ACOBOL</b>	Asociación de Concejalas de Bolivia (Association of Women Councilors of Bolivia)
<b>COMIBOL</b>	Corporación Minera de Bolivia (Mining Corporation of Bolivia)
<b>CSUTCB</b>	Confederación Sindical Unica de Trabajadores (Confederation of Bolivian Peasant Workers)
<b>DFID</b>	UK Department for International Development
<b>MAS</b>	Movimiento al Socialismo (Movement Toward Socialism)
<b>MBL</b>	Movimiento Bolivia Libre (Free Bolivia Movement)
<b>MIP</b>	Movimiento Indigenista Pachakuti (Pachakuti Indigenous Movement)
<b>MIR</b>	Movimiento de Izquierda Revolucionario (Movement of the Revolutionary Left)
<b>MNR</b>	Movimiento Nacionalista Revolucionario (Nationalist Revolutionary Movement)
<b>MRTK</b>	Movimiento Revolucionario Túpac Katari (Túpac Katari Revolutionary Movement)
<b>MSM</b>	Movimiento Sin Miedo (Movement Without Fear)
<b>NDI</b>	National Democratic Institute for International Affairs
<b>NFR</b>	Nueva Fuerza Republicana (New Republican Force)
<b>NGO</b>	Non-Governmental Organization
<b>OAS</b>	Organization of American States
<b>UCS</b>	Unidad Cívica Solidaridad (Civic Solidarity Union)
<b>UNDP</b>	United Nations Development Programme
<b>USAID</b>	U.S. Agency for International Development

## SECTION I

### **Executive Summary & Recommendations**

This report examines the Bolivian political party system in order to highlight incentives and disincentives for advancing pro-poor reform, with an eye to direct budget support. Despite the country's excellent strategic plans, the implementation of major reforms, and a commitment to democracy and capitalism, gross inequality has mired a large part of the population in poverty. Domestic reforms and significant foreign assistance packages have had limited success in promoting economic inclusion. In 2003, Bolivia experienced some of the most violent and politically destabilizing events in recent history. Immediately following the proposal of significant economic reforms, the country exploded into widespread anti-government protests, which led to the deaths of nearly 80 civilians and, ultimately, to the resignation of then-President Gonzalo Sanchez de Lozada. A host of factors contributed to the tensions that motivated the protest and chaos of 2003, but many have wondered how Bolivia's outwardly democratic political system could have enabled technically sound strategic reform and yet produced such intense social unrest.

The explanation is, in part, embedded in the structures, institutions, and behaviors that make up the Bolivian political system. Built on a cartel-like party structure with substantial vested interests, the political system will need to be reformed before poverty reduction efforts will be successful. Beneath Bolivia's democratic institutions, mutually reinforcing networks of wealth, ethnicity, and political authority perpetuate exclusion. Historical experience and ongoing inequality contribute to widespread public dissatisfaction with the political elite, and to general sentiment that the country's political leaders are too self-interested to promote any meaningful reform.

Despite the challenges built into Bolivia's political system, sustainable poverty reduction will ultimately require the constructive involvement of political parties. At present, the parties control nearly all levers of state authority, and will likely continue to do so for some time. As the bodies that coordinate election to public office, they are intimately involved in the decision-making process of every elected and appointed official. As the only official non-state link among all levels of government, parties are also one of the few domestic mechanisms capable of sustaining coordination of policy formulation and implementation.

The need for more effective political management of economic reform in Bolivia is clear; most poorer Bolivians believe that the country's political leaders have been unable and unwilling to correct for years of economic, social, and political exclusion. Although political parties are not opposed to poverty reduction, it appears that there are several strong disincentives for actively pursuing the types of reform needed to achieve sustainable

change. This has led to the development of a centralized party system that lacks the internal communication, decision making, and coordination mechanisms needed to pursue specific reforms in a consistent and effective manner.

Based on this analysis, NDI makes the following recommendations to members of the international development community presently formulating their country assistance strategies for Bolivia:

1. Organizations hoping to support political stability and pro-poor reform at a macro-structural level should emphasize the following:
  - Structural reform that deconstructs political appointment practices and reinforces healthy political competition. Recognize that these reforms are political by nature and therefore likely to meet strong resistance from entrenched interests.
  - Long-term institutions that not only bolster the social capital needed to overcome years of political and economic exclusion, but that also satisfy the demands of emerging democratic institutions (professional education; partisanship; civic education).
  - Lending and monitoring mechanisms or timetables that are sufficiently flexible to accommodate the inherently political process of reducing poverty and exclusion.
2. Organizations hoping to provide technical assistance that fosters stable transition and alleviates short-run insecurity should focus on the following:
  - Promotion of healthy political competition.
  - Focusing new political actors on the constructive aspects of formal political involvement.
  - Restoring confidence in political communication through public education and expectation management.