



Pro-Poor  
Livestock  
Policy  
Initiative

# The Politics of Livestock Sector Policy and the Rural Poor in Bolivia

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## PREFACE

This is the fifteenth of a series of Working Papers prepared for the Pro-Poor Livestock Policy Initiative (PPLPI). The purpose of these papers is to explore issues related to livestock development in the context of poverty alleviation.

Livestock is vital to the economies of many developing countries. Animals are a source of food, more specifically protein for human diets, income, employment and possibly foreign exchange. For low income producers, livestock can serve as a store of wealth, provide draught power and organic fertiliser for crop production and a means of transport. Consumption of livestock and livestock products in developing countries, though starting from a low base, is growing rapidly.

This paper presents a case study of how livestock policies are made and implemented in a national context, and how they can be improved to better serve the interests of the poor. It seems that good opportunities for improving rural livelihoods in Bolivia through livestock policy are to be found in the camelid sector. Markets for camelid meat, fiber, and leather are currently small but hold significant potential to benefit poor herders in the Andean highlands.

We hope this paper will provide useful information to its readers and any feedback is welcome by the author, PPLPI and the Livestock Information, Sector Analysis and Policy Branch (AGAL) of the Food and Agriculture Organization (FAO).

### Disclaimer

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### Keywords

Bolivia, policymaking, livestock, rural development, poverty, camelid, altiplano.

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## ACRONYMS

<b>ADN</b>	Democratic Nationalist Action Party (Acción Democrática Nacionalista)
<b>AIGACAA</b>	Integral Association of Camelid Herders of the High Andes (Asociación Integral de Ganaderos en Camélidos de los Andes Altos)
<b>CIOEC</b>	Coordinator for Integration of the Peasant Economic Organizations of Bolivia (Coordinadora de Integración de Organizaciones Económicas Campesinas de Bolivia)
<b>CODEPES</b>	Councils on Productive Economic and Social Development (Consejos de Desarrollo Económico, Productivo y Social)
<b>CONDEPA</b>	Consciousness of the Fatherland Party (Conciencia de Patria)
<b>CSUTCB</b>	Syndical Confederation of Peasant Workers of Bolivia (Confederación Sindical Única de Trabajadores Campesinos de Bolivia)
<b>CV</b>	Vigilance Committees (Comités de Vigilancia)
<b>DANIDA</b>	Royal Danish Ministry of Foreign Affairs
<b>DFID</b>	Department for International Development, British Embassy
<b>FEGASACRUZ</b>	Federation of Cattlemen of Santa Cruz (Federación de Ganaderos de Santa Cruz)
<b>FDTA</b>	Foundation for Development of Agricultural and Livestock Technology (Fundación para el Desarrollo de Tecnología Agropecuaria)
<b>FAM</b>	Federation of Municipal Associations of Bolivia (Federación de Asociaciones Municipales de Bolivia)
<b>FAO</b>	Food and Agriculture Organization, United Nations
<b>FMD</b>	Foot and Mouth Disease
<b>FTAA</b>	Free Trade Area of the Americas
<b>HIPC</b>	Highly Indebted Poor Countries
<b>IDB</b>	Inter-American Development Bank
<b>IICA</b>	Interamerican Institute for Cooperation on Agriculture (Instituto Interamericano de Cooperación para la Agricultura)
<b>IMF</b>	International Monetary Fund
<b>INRA</b>	National Institute of Agrarian Reform (Instituto Nacional de Reforma Agraria)
<b>LPP</b>	Law of Popular Participation (Ley de Participación Popular)
<b>MACIA</b>	Ministry of Peasant, Indigenous and Agricultural Affairs (Ministerio de Asuntos Campesinos, Indígenas y Agropecuarios)
<b>MAGDER</b>	Ministry of Agriculture, Livestock, and Rural Development (Ministerio de Agricultura, Ganadería, y Desarrollo Rural)
<b>MAS</b>	Movement Toward Socialism Party (Movimiento al Socialismo)
<b>MIR</b>	Movement of the Revolutionary Left Party (Movimiento de la Izquierda Revolucionaria)
<b>MIP</b>	Pachakuti Indigenous Movement Party (Movimiento Indígena Pachakuti)
<b>MNR</b>	National Revolutionary Movement Party (Movimiento Nacional Revolucionario)

<b>OECA</b>	Peasant Economic Organizations (Organizaciones Económicas Campesinas)
<b>OTB</b>	Territorial Base Organizations (Organizaciones Territoriales de Base)
<b>PDLA</b>	Program for Milk Development in the Altiplano (Programa de Desarrollo Lechero del Altiplano)
<b>PRODEM</b>	Foundation for Promotion and Development of Microenterprises (Fundación para la Promoción y Desarrollo de la Microempresa)
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>SBPC</b>	Bolivian System of Productivity and Competitiveness (Sistema Boliviano de Productividad y Competitividad)
<b>SENASAG</b>	National Service for Agricultural and Livestock Sanitation (Servicio Nacional de Sanidad Agropecuaria)
<b>SIBTA</b>	Bolivian System of Agricultural and Livestock Technology (Sistema Boliviano de Tecnología Agropecuaria)
<b>UNEPCA</b>	Unit for Execution of the Camelid Project (Unidad Ejecutora Proyecto Camélidos)
<b>UNIVEP</b>	National Unit for Epidemiological Vigilance and Animal Disease Control (Unidad Nacional de Vigilancia Epidemiológica y Control de Enfermedades Animales)
<b>UPC</b>	Unit for Productivity and Competitiveness (Unidad de Productividad y Competitividad)

## EXECUTIVE SUMMARY

The livestock sector in Bolivia could offer important opportunities to improve the livelihoods of the rural poor. Despite accelerated urban migration, a fairly large percentage of the population is still rural, and animals, particularly in the Andean highlands (known as the *altiplano*), can make an important contribution to family income and nutritional resources. This report focuses on South American camelids - llamas and alpacas - the sector which seems to hold the greatest potential for poverty reduction. The families that raise these animals are almost exclusively member of Bolivia's long-marginalized indigenous population. Markets for camelid meat and fiber are presently small, but development of this sector could bring significant improvements in wellbeing to *altiplano* families.

Coherent, proactive public policies will be necessary if poor people involved in the camelid and other sectors are to reap greater benefits from their livestock. The clearest role for the state lies in the establishment and maintenance of Foot and Mouth Disease-free zones. This task obviously requires the direction and enforcement capacity of the central government, since animal movement must be controlled over regions that span many municipalities and departments. Further, measures must be taken to combat the llama parasite sarcocistis and to improve sanitary conditions in slaughterhouses. Beyond these recommendations, however, the exact role that the central government could and should play in promoting pro-poor livestock sector development is unclear. The challenge arises from two not unrelated realities: first, Bolivia possesses an extremely weak state, and second, since 1985, it has faithfully followed neoliberal economic policies that greatly restrict the state's ability to intervene in the economy.

The Bolivian state is penetrated by a logic of patronage politics. Politicians feel tremendous pressure to reward supporters with public sector jobs, and government organizations consequently experience major turnovers of personnel when new administrations take power. The lack of a stable, professional civil service hinders effective articulation and implementation of public policy. Bolivia was one of the first countries in Latin America after Chile to implement neoliberal reforms following a severe bout of hyperinflation. However, structural adjustments of the 1980s and 1990s so far have had little if any success in strengthening the Bolivian state.

This report discusses and illustrates the problems created by the lack of state capacity and its ramifications for the livestock sector in depth. In addition, the study explores in detail opportunities and obstacles for pro-poor development created by the 1994 decentralization reforms. Further, the report describes the various political actors with interests related to the livestock sector and evaluates their potential to serve as protagonists of pro-poor livestock policy.

The report's main findings are as follows:

- The absence of a professionalized, meritocratic bureaucracy within most public sector organizations is a seminal problem that will hinder any attempts to design and implement effective public policies in the livestock, or any other, sector. Further, organizational proliferation and instability in the public sector creates confusion and hinders effective relations with the private sector, including small producers.
- Decentralization has created opportunities for increased participation of the poor in politics and a better geographical distribution of resources, but it has created several problems that must be remedied before it can lead to better developmental outcomes. First, small producers have been left without clear channels for participating in municipal investment decisions. Second, there is a serious lack of coordination between neighboring municipalities, and between the

different levels of government. These shortcomings damage prospects for successful pro-poor development of the livestock sector.

- At present, there are essentially no domestic organizations, be those parties, producers' associations, or peasant unions, that have both the interest in and the power to push for pro-poor livestock policies at the national level, and few groups that have the ability to lobby for such policies at the municipal level.

Small producers' associations are very new and have little experience with lobbying. Peasant unions are older and highly mobilized, but they are presently focused on the issue of access to land and are vociferously anti-neoliberal and anti-globalization in their ideological orientation. The traditional political parties have proven incapable of effectively responding to the needs of the poor, indigenous majority. Finally, the two new indigenous parties do not at present have the capacity to formulate coherent rural policies, nor is the livestock sector among their priorities, given Bolivia's turbulent political climate and the magnitude and breadth of indigenous grievances. As such, donors may have to assume the bulk of the responsibility for promoting policies that favor small producers, at least in the near future.

The report recommends five strategic entry points for the advancement of pro-poor livestock policies and the improvement of opportunities for small producers to benefit from expansion in the livestock sector:

#### ***Strengthening small producers' associations***

If small producers' associations can be consolidated and obtain legal recognition, and if their leaders can acquire the requisite skill, these associations could become significant actors at the municipal or even the national level, capable of significantly advancing their own interests. The international community could further this goal by helping to provide training for small producers' associations or making other resources available to them.

#### ***Strengthening municipal governments***

This course of action has two components: institutional reforms at the national level to improve the legal framework that governs decentralization, and training and technical assistance for municipalities to help them elaborate viable development plans. In addition, clear norms need to be established that facilitate and standardize channels of participation for small producers in the municipalities. Pressure from the international community, combined with efforts by domestic actors, could help advance this agenda.

#### ***Institutionalization reforms***

The international community must continue to pressure administrations to initiate and respect institutional reforms designed to enhance state capacity and eliminate patronage politics in favor of a stable, merit-based bureaucracy. The international community's efforts to date have not achieved an impressive track record, but there is potential for moderate success if these pressures are sustained.

#### ***Redirecting the attention of SENASAG toward the altiplano***

The National Service for Agricultural and Livestock Sanitation (SENASAG) must be persuaded to pay greater attention to the needs of camelid herders in the *altiplano* instead of devoting all of its energies to cattle production in the lowlands, which benefits primarily large, wealthy ranchers. Further, the capacity of this organization to maintain and monitor FMD-free zones must be enhanced.

### ***Land reform***

The poor must have sufficient and secure access to land before initiatives focused on the livestock sector can effectively benefit them. This issue falls outside the scope of the present report. However, given the magnitude of the problems surrounding access to land and land tenure in Bolivia, further research must be conducted in order to understand a) how land insecurity affects livestock production, and b) any implications related to the strategic entry points recommended above.



## OVERVIEW OF THE REPORT

This report proceeds as follows. Section one describes the basic features of rural poverty in Bolivia and the relationship of poor people to the livestock sector. Section two provides an overview of the livestock sector by animal and explains the rationale for focusing on South American camelids. It is argued that this sub-sector holds the greatest potential for poverty reduction.

Section three begins with a discussion of expert policy recommendations for pro-poor development policy, again with a focus on the camelid sector. It proceeds to describe government programs and policies of relevance to the livestock sector. The most important of these is the National Service for Agricultural and Livestock Sanitation (SENASAG), a new government organization that handles issues surrounding animal disease and sanitation. Finally, the various shortcomings of these programs are discussed. Government policies and services in practice have not benefited small producers. In addition, almost all informants asserted that the Sánchez de Lozada administration, which was recently ousted through popular protest, lacked a coherent agricultural and livestock policy. This observation is one manifestation of a generalized lack of capacity on the part of the central government, a problem that stems from the patronage logic of the Bolivian state. This issue is the focus of section four. An additional problem that hinders development of the livestock sector is detailed in section five: a lack of coordination among the many organizations and actors involved.

Section six proceeds to discuss the political system. The section opens with an overview of the decentralization reforms that reshaped politics and the state in 1994. A discussion of the turbulent national political climate follows. Finally, an overview is presented of the various different political actors, including peasant unions, producers' associations, political parties, and the donor community. The capacity and predisposition of each to promote pro-poor livestock policies is assessed.

Section seven suggests and analyzes the feasibility of a number of strategic courses of action for donors that may directly or indirectly help improve opportunities for small producers in the livestock sector. The recommendations include strengthening small producers' associations, strengthening municipal governments, pressuring the central government to implement and respect institutional reforms designed to enhance state capacity, strengthening SENASAG and encouraging it to more actively address the needs of small producers, and attempting to foster coordination among actors involved in development efforts. The report concludes with the suggestion that Bolivia's present political crisis could actually serve as a favorable environment for interventions along some of these dimensions.

## 1. POVERTY, THE RURAL SECTOR AND LIVESTOCK

Bolivia is one of the poorest countries in Latin America. In 1999, 63% of Bolivian families lived under the poverty line, well above the regional average of 36% (PRSP 2001: 22). The Headcount Index of poverty placed 70% of the population (5.6 million people) on an income under US\$2 per day, and 42% of the population in conditions of extreme poverty (ibid.: 21). As is typical of Latin America, inequality is extremely high as well. In 1997, the richest decile earned 37% of total income while the poorest two deciles earned only 4.7% (ECLAC 2002: 62).

According to the World Bank, poverty reduction will depend on both growth and a more equitable distribution of its benefits (PSRP 2001: 23). Whereas economic growth since structural adjustment began in 1985 has been concentrated in the Santa Cruz region, poverty has always been highest in the western valleys and in the Andean highlands, known as the *altiplano*. The Andean region represents 27% of the territory, but includes 70% of the national population (Bellot Alcazar et al 2003: 23).

The Food and Agriculture Organization (FAO) has identified the livestock sector as a strategic entry point for poverty reduction, given the projected rapid growth in this sector and the importance of animals to rural livelihoods. This perspective seems appropriate to the case of Bolivia. First, rural poverty is both extensive and severe. Second, animals are indeed quite important to rural livelihoods in Bolivia.

According to the 1992 census, 42% of the population is rural (O'Neill 2003). Although government statistics are not very reliable,<sup>1</sup> it seems clear that rural poverty today is still much more extreme than urban poverty. Bolivia's Poverty Reduction Strategy Paper (PRSP 2001: 34) reports that poverty figures for the rural zones increase to 80%, with 60% living in extreme poverty.<sup>2</sup> The rural poor are distributed among three geographic regions: 47% are found in the inter-Andean valleys, 31% in the *altiplano*, and 22% in the tropical lowlands. According to Bolivia's National Institute of Statistics, poverty levels based on access to basic goods and services in 1998 were 91% in the *altiplano* and 79% in the valleys (Bellot Alcazar et al. 2003: 18). Extreme poverty is highest in the *altiplano*, which encompasses the departments of Potosí, a portion of La Paz, Oruro, Chuquisaca, and a portion of Tarija (PSRP 2001: 32). Population density is low in the *altiplano*, agriculture is unproductive due to harsh climatic conditions, and the largely indigenous inhabitants lack access to basic infrastructure and services. The PSRP (2001: 35) asserts that: "Rural poverty is heavily attributable to the determinants of agricultural and stockbreeding productivity, the absence of production infrastructure, and scant access to markets for agricultural goods."

Although the livestock sector overall represents only 5% of Bolivia's GDP (Bojanic 2001), livestock account for a significant proportion of rural incomes in all departments, except for Cochabamba which contains many peasant coca growers, and the Amazon frontier department of Pando (see Table 1). Generally speaking, poor families raise a variety of different animals to supplement their incomes and to provide security by diversifying their activities. According to Bellot Alcazar et al (2003: 13), raising livestock is a more secure activity than agriculture in the valleys and in the *altiplano*, despite the high incidence of diseases, since crops are more vulnerable than animals to changing climatic conditions such as drought or frosts. The majority of peasants in the valleys and the *altiplano* are engaged in subsistence agriculture due to the small size of their landholdings (see below), ecological constraints, and their lack of access to markets in which to sell their products.

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<sup>1</sup>Several informants note that these figures are old and probably too high; they note that there are incentives to inflate the figures that have to do with aid politics.

<sup>2</sup>These figures are based on per capita household expenditure and the cost of a basic goods basket

Income from livestock in the *altiplano* is particularly important due to the unpredictability of agriculture. Rainfall is low, temperatures undergo extreme variation, and few crops are suitable for cultivation. The average percent of rural income from livestock in the departments that contain a significant proportion of the *altiplano* - La Paz, Oruro, and Potosí - is 47.3 (Rushton et al. 2000: 65).

Table 1: Proportion of rural income from livestock and poverty rates by region.

Approximate Percentage of Rural Income Derived from Livestock, 1992 <sup>3</sup>		Poverty Rates: % Population <sup>4</sup>	
Region	Rural income derived from livestock	Year	
		1992	2001
Pando (Amazon frontier)	12%	83.8	72.4
Cochabamba (valleys)	20%	71.1	55.0
Santa Cruz (eastern lowlands)	28%	60.5	38.0
La Paz ( <i>altiplano</i> and lowlands)	35%	71.1	66.2
Tarija	40%	69.2	50.8
Potosí ( <i>altiplano</i> )	42%	80.5	79.7
Chuquisaca	50%	79.8	70.1
Oruro ( <i>altiplano</i> )	65%	70.2	67.8
Beni (northeastern lowlands)	100%	81.0	76.0
Bolivia		70.9	58.6

Source: Approximate Percentage of Rural Income Derived from Livestock, 1992 *Rushton et al. 2000: 65*  
Poverty Rates: % Population *Rushton et al. 2002*

The type of livestock raised by the poor in Bolivia varies by environmental region. In the valleys and the lowlands, pigs and cows are important to small farmers. In the humid valleys, a peasant family owns on average 6.3 cows, 2.3 horses, 17.9 sheep, and 6.7 goats (Bellot Alcazar et al. 2003: 26). Figures for the dry valleys are similar: 5.5 cows, 1.7 horses, 16.7 sheep, and 9.1 goats. In the *altiplano*, the most important animals are sheep, goats, camelids, and in some regions, cows. A family in the dry *altiplano* owns on average 5.9 horses, 38.6 camelids, 30.2 sheep, and 7 goats (ibid 2003: 25).<sup>5</sup> In the humid *altiplano*, families own an average of 2.7 cows, 3.2 horses, 8.7 camelids, 46.2 sheep, and 4.6 goats.

Available departmental livestock sector data help indicate which animals are most important for the different regions in terms of their economic value to the rural population (see Table 2). Cattle is the most important subsector in the lowland departments of Beni and Santa Cruz, and it is the second most important in the frontier department of Pando. Pigs are the major subsector in Pando, and they are the second most valuable subsector in Santa Cruz. In the departments containing the

<sup>3</sup>These data exclude industrial poultry production, which accounts for by far the majority of the poultry sector, since it does not have an impact on the income of rural families (Rushton 6/17: private communication).

<sup>4</sup>These data are from the INE, 2002. The method used to calculate these rates is based on assessment of inadequate housing in terms of material and in terms of space, inadequate access to water, sewage systems, and energy, insufficient education and inadequate medical service. Rushton et al. (2002: 22-23) note that none of these factors are direct indicators of household income, but that since the method has been used consistently since 1976, the figures give a good measure of changes in poverty rates and relative poverty among the departments.

<sup>5</sup>According to MACIA 2003, the average camelid herd size is 54 animals, and according to Rushton et al. (2000), 50.

interandean valleys, Cochabamba, Chuquisaca, and Tarija, cows, sheep or goats, and pigs are most relevant. In the predominantly altiplano departments of La Paz, Oruro, and Potosi, sheep or goats, camelids, and cows are of most value.

Table 2: Estimates of annual rural per capita income (in USD) by species, 1992<sup>6</sup>

Region	Cows	Poultry	Sheep	Goats	Camelids	Pigs	Total
Beni	598	7	1	1	0	38	644
Chuquisaca	60	8	15	16	0	45	145
Cochabamba	48	9	16	4	1	12	91
La Paz	32	10	33	1	6	11	91
Oruro	25	11	91	0	69	7	203
Pando	14	7	1	0	0	33	55
Potosi	16	9	24	17	11	9	86
Santa Cruz	103	8	3	2	0	45	159
Tarija	98	8	18	18	0	58	200

Source: Rushton et al. 2000: 64

As noted above, the rural poor are small landholders. According to the PSRP (2001: 41), about 2.7 million people live on small farms, which constitute 87% of all agricultural units. These small farms cover only 14% of the country's arable land. Forty six percent of these small farmers live in the valleys, 37% live in the *altiplano*, and 17% live in the lowlands. Small farms in the *altiplano* and the valleys are defined as those spanning 3.5 or fewer hectares, while small farms in the lowlands refer to those with fewer than 50 hectares (ibid.: 41). *Minifundismo* is especially problematic in the valley regions, as a result of repeated subdivision following the 1953 agrarian reform which turned the hacienda lands over to the peasants. Meanwhile, land concentration in the hands of large producers in the Beni and Santa Cruz is dramatic. Just 4% of landholders in the region owned 82% of the land in the 1990s (Urioste and Baldomar).<sup>7</sup>

<sup>6</sup>An exchange rate of \$1=6.41Bolivianos was used to calculate these figures.

<sup>7</sup>The last statistic cites World Bank data but does not mention the year.

## 2. SECTORAL OVERVIEW BY TYPE OF LIVESTOCK

This section provides a closer look at three subsectors within the livestock sector: dairy, cattle, and camelids. These subsectors are worthy of consideration for different reasons. The camelid sector is of special interest because the animals are raised exclusively by the poor and marginalized indigenous populations of the *altiplano*. Public policies designed to promote this sector could have a potentially significant impact on poverty reduction. It will therefore be the focus in the pages that follow. The dairy sector is of interest because it has involved a large number of small producers in the *altiplano*, the valleys, and, to a somewhat lesser extent, the lowlands. However, this sector does not seem to hold much potential for further rural poverty reduction, as will be discussed below. The cattle sector deserves attention because of the strong political influence wielded by the large ranchers who dominate production. As will be discussed later their political influence has implications for the feasibility of obtaining pro-poor policies in other livestock subsectors. The poultry sector, while extremely important in Cochabamba and Santa Cruz, which contain major urban centers, is dominated by large industrial production (Rushton 2003, private communication). Given its low potential as a poverty reduction sector, poultry will not be treated in this study. For lack of time and detailed information, the pork sector will not be discussed either.

### Dairy sector

The dairy sector is of potential interest because, particularly in the *altiplano*, it involves a significant number of small producers. In addition, demand for milk is growing; Bolivia currently imports fresh milk to make up the gap between production and demand. The market for a number of processed milk products such as cheese and yogurt is expanding as well. Cheese is particularly promising; low-income groups tend to purchase it as a meat substitute. As well as supplying the internal market with this product, Bolivia currently exports some cheese to Peru (Interview I).

Small milk producers in the *altiplano* have done fairly well financially over the past decade. The Danish cooperation agency, DANIDA, has been extensively involved with these producers for fifteen years through its financing of the Program for Milk Development in the Altiplano (PDLA, Programa de Desarrollo Lechero del Altiplano), which provided technical assistance, training for producers, artificial insemination services, and a credit program. Project officials assert that through these efforts, incomes of the families involved have risen from US\$100-250 per month to up to US\$500-800 per month (Interview E). When the milk industry was privatized in 1996, DANIDA helped the producers' organization to obtain about a fifth of the stocks in the La Paz processing plant, PIL (Interview I). The processing plant now purchases milk almost exclusively from the producers' association.<sup>8</sup> The largest problem for producers in the *altiplano* seems to be that they receive a low price from PIL, which is a monopoly buyer. Meanwhile, the plant has been increasing consumer prices. The milk sector also faces an uncertain future with the coming of the Free Trade Area of the Americas (FTAA).

Despite the growing demand for milk and the large number of small producers involved, dairy does not satisfy the necessary conditions for prioritization in this study, primarily because it does not seem to offer any clear and politically feasible role for the state in promoting poverty reduction. The small producers involved in milk production can no longer be considered among the poorest of the population. Poverty reduction potential would depend largely on incorporating new families into

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<sup>8</sup>It is required by law to purchase from its stock holders and must consult them before buying from other producers (Interview I).

milk production, and the market, not the state, will play a large role in regulating the entry of new producers. Further expansion in the *altiplano* is not very likely since production in this region is relatively expensive compared to neighboring countries as well as the department of Santa Cruz (Interview I). In addition, given the neoliberal development framework that now holds sway and the private sector's general distrust of the state, the government is not likely to intervene in price disputes between the producers and PIL or to regulate the practices of the plant.<sup>9</sup> If the plant depresses producer prices and raises consumer prices too much, the problem might be resolved by the entry of new dairies into the market. This process is already beginning to take place in the Santa Cruz region. Small producers in that department are also selling raw milk directly to consumers (Interview I). The most important course of action to improve the position of the small milk producers would be to strengthen the lobbying capacity of their producers' associations, which seem to be quite weak at present. This would be an area for further work by cooperation agencies and NGOs.

## Beef sector

Economically and politically, the cattle sector is dominated by large producers in the lowlands. These large producers are represented by departmental Federations of Cattlemen that have significant political influence. Of these federations, the Santa Cruz branch, FEGASACRUZ (Federacion de Ganaderos de Santa Cruz) is the most important. Despite the dominance of the large producers, about 50% of ranchers in the tropics own fewer than 50 cows, and only 6% own more than 25,000 animals (MACIA 2003). Small producers may also hold membership in the cattle federations, but they have little voice within the organizations (Interview g).<sup>10</sup> The federations are currently absorbed with issues surrounding the maintenance and expansion of a Foot and Mouth Disease-free zone in Santa Cruz, a program that will bring no direct benefits to small producers since they do not have the resources to be able to meet the sanitation requirements necessary to take advantage of opportunities for export. However, several informants suggested that small producers might be able to benefit indirectly from a disease free zone (Interviews g, f). If large ranchers move a significant volume of their production into export, the supply of beef to the domestic market may decrease. Small producers would then profit from increased prices and greater marketing opportunities.

Given these considerations, it will be important to support efforts to eliminate Foot and Mouth Disease (FMD) in the lowlands. However, the beef sector will not be prioritized in this report because of the probably limited impact that policies in this sector will have on poor producers. It should also be noted that as is true in the dairy sector, a small producer who owns only one or two cows can no longer be considered among the poorest of the poor (Interview I).

## The camelid sector

Interventions in the camelid sector, in contrast, could bring about significant poverty reduction. The 54,000 families who raise camelids are almost exclusively poor, indigenous residents of the *altiplano*, the most marginalized region of the country (MACIA 2003, Interview N). An average *altiplano* family earns about US\$200-\$300 per year (Interviews L, M, N).<sup>11</sup> In the poorest regions of Northern Potosí, family incomes are as low as about \$70 per year. The highest incomes for small producers in the

<sup>9</sup>It should be noted, however, that the government has shown signs of breaking PIL's monopoly on the supply of powdered milk to the government for a state subsidy program to mothers.

<sup>10</sup>Another source suggested that smaller producers were gaining greater influence within the associations, but time constraints prevented the author from further investigating this possibility (Interview e).

<sup>11</sup>Interviewee N refers to the \$200 per year figure as chronic poverty.

*altiplano* reach around US\$2,000-3,000 per year (Interviews L and M). Recent programs of assistance to the camelid sector such as those administered by UNEPCA (Unidad Ejecutora Proyecto Camélidos), a government project, have not yet undergone evaluation in terms of their impact on rural incomes. However, there is evidence that production of camelid products for the market can significantly improve livelihoods. Healy (2001: 194) describes how Llama raisers in the southern Bolivian province of Pacajes saw their incomes increase from about US\$996 to US\$1,752 per year in 1995 as a result of the services provided by AIGACAA, the herders association of the high Andes, and some assistance from universities and NGOs. Policies designed to support these producers, in theory, therefore, could have a large impact on poverty reduction.

Economically, the camelid subsector is very small; Rushton (2003, private communication) notes that its importance lies primarily in its social value. Of the 54,000 families who raise camelids, approximately 23,700 sell camelid products on the market (Interview N). In the late 1990s, Rushton (2000) estimates that camelid products represented approximately 3.7% of the livestock economy.<sup>12</sup> According to UNEPCA's (2000) study, in 1990, camelids generated about US\$25.2 million, 0.5% of the GNP. However, the camelid sector is growing. In 1997, llamas and alpacas generated an estimated \$38.3 million, representing 0.6% of the nation's GDP. Between 1990 and 2000, fresh meat production in kilograms grew at a rate of 6.7% and dried meat at 9.7%. Over the same time period, fiber production grew at a rate of 7.3%, and leather grew at 8.3%. By contrast, according to MACIA (2003), Bolivia's GDP grew by less than 4% annually over the same period. Camelid meat production generates the greatest amount of value within this sector, followed by fiber. According to Rushton et al. (2000) meat represents 88% of the camelid market, and fiber constituted only 11%.<sup>13</sup> It should be emphasized that all of these statistics should be taken only as very rough estimates given the poor quality of available data.

The markets for Llama meat and fiber are growing as well. Although llamas were used primarily as pack animals, llama meat has been consumed by the indigenous *altiplano* population since the times of the Incas. However, its sale was restricted in colonial days both because the Spaniards wanted to expand the market for their cattle and because the Catholic Church found the prohibition of llama meat a useful way to restrict the practice of indigenous religions, in which llama sacrifice plays a central role (Healy 2001: 191). Llama meat remained illegal until the mid 1990s; however, its relative importance to the indigenous population increased as the spread of roads and modern forms of transportation undermined the role of llamas as pack animals. Racism in conjunction with an association between llama meat and the poor indigenous population led the middle and upper classes in Bolivia to view the commodity as an inferior good. However, the camelid herders' AIGACAA began a lobbying campaign in the 1980s to promote llama meat (*ibid.*: 202). As a result of their efforts, the Bolivian government eventually legalized the sale of llama meat in 1996. Since that time, the image of llama meat has gradually improved, in part due to publicity campaigns undertaken by the government in conjunction with the private sector. It is now served in the high-end restaurants of La Paz, and a niche market for the meat is emerging in Europe as well as Japan (Interview N). Indeed, llama meat could prove to be a highly successful export to the developed world because of three desirable qualities: it is very low in fat and cholesterol, extremely high in protein, and

<sup>12</sup>In contrast to the UNEPCA study, Rushton's estimates do not take into account value or employment added down the marketing chain.

<sup>13</sup>UNEPCA figures for 1997 are somewhat different: leather represented 22.3% of the "Produccion Bruta" in 1997, yarn 22.4%, *ganaderia* 16.2%, and meat 39.0%. It should be noted that the quality of all of the data presented in this paragraph is probably quite poor. Rushton's figures are only estimates. Further, one knowledgeable informant issued the following caveat regarding the UNEPCA study: there is a poor understanding among researchers in the country of herd dynamics, which need to be properly incorporated into macro-analyses (Interview A).

it is organically produced.<sup>14</sup> Niche markets for meat will probably be small, but export could still be profitable since compliance with regulations will be primarily a matter of improved sanitation (see discussion below), which need not involve great expense. Presently, very little if any meat is exported. According to one government official, 60% of the meat is consumed by the producers and 40% goes to market in La Paz (Interview C).

Camelid fiber also has potential for success on the national and international markets. Peru is a major competitor in terms of fiber production; however, its animal population consists primarily of alpacas. In contrast, Bolivia's camelid population is approximately 88% llamas, and the country has about twice as many llamas as Peru in 1990 (UNEPCA). Llama fiber, if the fine hairs are properly separated from the rougher and thicker hairs, is of higher quality than alpaca fiber. In a crude sense, then, Bolivia may be said to have a latent comparative advantage in fiber production.

The government has officially recognized the potential value of the camelid sector; the Ministry of Economic Development under the Banzer administration designated it as one of fourteen prioritized production chains selected for the potential competitiveness and value of its products for export. However, various policies would be necessary in order for the country to exploit its natural advantage in the camelid sector. Before discussing the needed actions, I describe the problems that currently hinder the ability of herders in the *altiplano* to supply high quality camelid products. Each subsector will be treated in turn.

*Table 3: Value of camelid exports (Thousands of USD).*

Export item	1990	1997
Animals	592	913
Fiber products	2,561	51,647
Leather products	935	2,265

Source: UNEPCA 2000

The key factors that presently limit production and economic growth in the fiber sector are the importance of the quality of the raw material and the lack of a processing industry within Bolivia. Producers need information about the importance of the quality of the fiber on the market, and they need training in order to properly remove the coarse fibers. In addition, if the country is to reap the maximum benefits from fiber production, it needs to develop a national processing industry to produce the yarn and "tops" that are then made into clothing. Most of Bolivia's fiber travels uncontrolled across the border to Peru, where it is processed and then exported either directly to Europe or back to Bolivia (Interview N). According to one informed observer, the only Bolivian plant that processes fiber, run by AIGACAA and supplied by its members, is not economically efficient (Interview N). Bolivia thus loses a significant amount of value added to Peru.

The main factors that limit the potential of the meat sector have to do with sanitary conditions. First, animal diseases limit the market potential for meat. Llamas are susceptible to a parasite known as sarcocystis, which creates cysts in the flesh. The cysts are essentially an aesthetic problem; the parasite is not dangerous to humans. However, sarcocystiosis is confused with cysticercosis which can be found in pork, and this latter parasite does pose a threat to human health. Experts involved in the camelid sector noted that both animal health and human education campaigns are necessary to eliminate the economic limitations imposed by sarcocystiosis. Further

<sup>14</sup>Llama meat contains only 3% fat and has one of the highest protein contents of any meat: 45%.



research is necessary to better understand how sarcosistiosis is transmitted and how it can be prevented, detected, and cured.

Second, sanitary slaughter conditions must be achieved. Most llama meat comes from animals that have been slaughtered by families in the home with no attention to hygienic conditions. There are municipally owned *mataderos* as well as a few operations runs by NGOs, and a few have achieved sufficient standards to sell meat to expensive hotels in La Paz. However, informants noted that for the most part, sanitation in slaughter and meat transport are completely lacking. Only a few operations currently have refrigeration facilities for meat storage and transport. Regulation of sanitary conditions in the *mataderos* falls under the jurisdiction of the municipalities, which were created by the decentralization reforms of 1994. However, municipalities have not proven capable of executing this task. Municipal veterinarians charged with inspecting animals brought to the *mataderos* are often under tremendous social pressure to overlook unhealthy animals rather than turn them away or destroy them. Better facilities are also needed. Although there have been some efforts by municipalities to encourage private investment in the *mataderos*, they have not been fruitful (Interview C). Given these considerations, export seems a distant dream. One NGO contacted during this study has worked to develop a mobile system for animal slaughter. Despite its real achievements in sanitary standards, Japanese inspectors advised the organization that it would require another 10 years of experience and improvement before it could achieve the quality necessary for export (Interview U).

Third, above and beyond these issues, an FMD-free zone will have to be created in the *altiplano* before llama meat can be exported in consequential quantities. Although FMD is a more serious problem among cattle in the lowlands, llamas can carry the disease, and it is an important issue given the global community's concern with controlling the disease.<sup>15</sup>

A number of additional factors affect the productivity of the camelid sector in general. Informants note that the genetic quality of the herds is deteriorating due to inbreeding and lack of control over the reproductive process. Mortality rates among juvenile animals are very high. The animals need better care and shelter from the harsh cold at night. Producers need education and training to reduce these problems. Further, research is needed on such topics as appropriate food supplements and the optimal age for slaughter.

If producers are to improve the livelihoods their camelids provide them, they need training, better animal health services, and improved markets for their primary products. Credit, at lower interests rates than currently prevail and with repayment schedules catered to the agricultural cycle, is also essential. Different informants prioritize these needs differently, but there seems to be a consensus that all of these elements are critical.

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<sup>15</sup>It should be noted that there have been no recorded outbreaks of FMD in South American camelids under natural conditions (personal communication with interviewee A).

### 3. PUBLIC POLICY

## Recommended policies, current government programs and their shortcomings

### Expert recommendations for public policy

Informants agree on the particular problems facing the camelid sector and the general conditions that would be necessary to improve production. They also agree that the state has an important role to play in promoting development of the camelid sector and supporting small producers in general. The clearest role for the state lies in the establishment and maintenance of disease-free zones. This task obviously requires the direction and enforcement capacity of the central government, since animal movement must be controlled over regions that span many municipalities and departments. The public sector could also stimulate demand for camelid meat through publicity campaigns; the Ministry of Agriculture has been active in this area, although I do not know the extent of the promotional initiatives or their impact.

Beyond these recommendations, the exact role of the central government in promoting pro-poor livestock sector development is less clear. President Paz Estensoro implemented a structural adjustment program in 1985 to contain the country's disastrous 26,000% hyperinflation, and all administrations since that time have continued to follow neoliberal economic policies. Donor influence in this very poor and highly indebted country reinforces neoliberalism, although there has been growing popular resistance to these policies in recent years (see section six). However, it seems clear that the days of state agrarian development banks and other means of direct state intervention in the economy are past. Nor would the state have the capacity to play a strong developmental role along the lines of the model followed by East Asian countries such as Japan, South Korea, and Taiwan.

In accordance with the neoliberal economic framework, most informants proposed a model in which the state collaborates with the private sector in providing services and facilitating growth. For example, the public sector might contract out research projects or animal health service provision to private sector actors such as universities and research institutions (Interview S). Indirect state support for production was a common theme in interviews.<sup>16</sup> Most informants stressed the importance of production chains, but they placed emphasis on different stages within the chain. For example, PRODEM, a commercial microcredit institution, favors a strategy of promoting investment in the intermediate enterprises that buy raw materials from small producers to generate demand for production. UNEPCA emphasized the importance of creating and expanding markets. In the opinion of almost all informants, the less public sector involvement in the administration of projects and policies, the better. A few informants conceived of the state's role as simply channeling donor funds to the municipalities, at which level investment decisions, at least in theory, are made through participative processes. All of these visions stem from an extreme lack of confidence in the state and its administrative capacity. The nature of the state, its lack of capacity and patrimonial logic, and the consequences for development prospects will be discussed in detail below.

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<sup>16</sup>Despite repeated inquiries, the author was able to obtain only a few concrete examples to help clarify what exactly such indirect support might entail. One example involved joint certification for para-vets trained by private organizations signed by municipal governments and by the regional SENASAG representative. SENASAG is the new government organization responsible for animal and plant health and sanitation (Interview U). Another example involved indirect state support for production chains in the form of keeping tariffs on irrigation equipment low to stimulate rural demand (Interview L and Interview M).

Informants differed somewhat in their opinions regarding the relative importance of the domestic market and export markets. Some experts, in accordance with the prevailing economic model, stress exports. They argue that Bolivia's internal market is too small to spur the growth needed to reduce poverty. Others doubt the potential of an export-based strategy, since small producers tend to be disadvantaged for lack of resources in the export realm due to quality requirements (Interview e). Montenegro (2002: 14) adds that Bolivia's geographical location and its lack of infrastructure make exports less competitive for both large and small producers. He and others feel that more attention should be focused on the internal market in order to improve the position of small producers (Interview e).

### Government programs related to the livestock sector as of July 2003

Bolivia has a number of new government organizations, policies and projects related to the livestock sector. These include the National Service for Agricultural and Livestock Sanitation (SENASAG, Servicio Nacional de Sanidad Agropecuaria), the Bolivian System of Productivity and Competitiveness (SBPC, Sistema Boliviana de Productividad y Competividad), and the Bolivian System of Agricultural and Livestock Technology (SIBTA, Sistema Boliviana de Tecnología Agropecuaria).

SENASAG is probably the most important of these initiatives. It is a new government agency created in 2000 to handle plant and animal disease issues as well as food safety. SENASAG's resources to date have been employed primarily in a campaign to create a zone free of Foot and Mouth disease in the Santa Cruz region of the eastern lowlands of Bolivia in order to open up new export markets for beef. SENASAG recently declared the eastern part of this region free of the disease; the World Animal Health Organization awarded a formal certificate confirming the achievement in May of 2003 (Interview g). Since then, there have been ongoing negotiations with Chile regarding potential beef exports. SENASAG's goal is to eradicate FMD from Bolivia by the year 2006 in accord with a hemispheric agreement fomented by the Panamerican Center on Foot and Mouth Disease. According to government officials, SENASAG has begun to work in the *altiplano* as well. A region of Western Oruro near the Peruvian and Chilean borders will serve as the nucleus for an *altiplano* FMD-free zone (Interview a). Achieving this goal would pave the way for llama meat exports to the Europe.<sup>17</sup> SENASAG, by law, is responsible for maintaining these disease-free zones. To do so, however, it is attempting to coordinate with a wide range of entities such as producers' federations, NGOs, universities, and municipalities (Interview J).

SBPC is executed by the Ministry of Economic Development and involves a range of other relevant ministries including the Ministry of Economic Development and the Ministry of External Commerce. SBPC grew out of the National Dialog that was held in 2000 as a required step in formulating the PRSP for the World Bank's Highly Indebted Poor Countries (HIPC) debt relief initiative. SBPC's goal is to help coordinate strategic alliances among actors within the private sector in order to strengthen fourteen prioritized production chains, which include both beef and camelids.<sup>18</sup> Various public sector institutions will help provide "capital operativo" for the chains. Each production chain project is to proceed through three stages. First, the government commissions a study on the production chain to map out the various linkages and identify bottlenecks. Once the study is complete, if SBPC decides that the chain has reached a minimal level of development such that it can benefit from the program, it begins to work with the private sector. SBPC plays a facilitating role in this second stage, helping the different actors in the production chain to select representatives for a Production Committee. In the third stage, SBPC holds a number of workshops in

<sup>17</sup>The Swiss are apparently interested in buying a large quantity of meat from this region (Interview a).

<sup>18</sup>The full list of prioritized products is as follows: quinoa, soya, wood, cotton textiles, leather, *avicola*, tourism, bananas, *palmitos*, beef, grapes, wine, and wheat.

which the representatives of the private sector and representatives of the relevant public institutions engage in strategic planning for the production chain. At the end of this process, the participants sign a Production Pact (*Pacto Productivo*). The Production Committees help to oversee the distribution of funds to the production chain from various ministries (and presumably donors).

At present, pacts have been signed for only two of the fourteen prioritized production chains, quinoa and soya. Four more, among them leather, are almost ready to be signed. One informant indicated that production chains were likely to be one of the three major focuses of the next National Dialog, which was to be held in late 2003. The informant indicated that three more pacts were likely to be signed during the Dialog (Interview R). Given the resignation of President Sánchez de Lozada in October 2003 following the completion of field research for this project, however, the status of the production pacts is now unclear.

SIBTA was created in 2000 with funds from a number of different sources including the Interamerican Development Bank to replace the ineffective Bolivian Institute of Agricultural and Livestock Technology (*Instituto Boliviano de Tecnología Agropecuaria*, IBTA). SIBTA's prerogative is technological development and extension for the agriculture and livestock sectors. SIBTA is organizationally decentralized. It is composed of four regional Foundations for the Development of Agricultural and Livestock Technology (FDTAs, *Fundaciones para el Desarrollo de Tecnología Agropecuaria*) which have administrative autonomy. The FDTAs are meant to be private entities that act in the public interest ('*entidades privadas, de derecho público*'); they have '*estatuto privado*' but operate with public funds. The private-public nature of the FDTAs is best illustrated by the composition of their advisory boards. Two thirds of the members are representatives from the private sector, while the remaining third is drawn from the public sector. This organizational design is meant to insulate the institutions from political pressures (Interview o). The FDTAs are supposed to act as brokers between the services supplied by the private sector and the demand for these services generated by producers. They evaluate project proposals submitted by producers, peasants, indigenous organizations or other types of associations. Selected projects are contracted out to the private sector. SIBTA is supposed to receive human and financial resources from a wide range of entities including the Ministry of Agriculture, producers' associations, prefectures and municipal governments, the private sector, and international cooperation.

Finally, while research for this project was being conducted, a new national agricultural strategy document drafted by a group of consultants was being submitted to government authorities. The document will be distributed and discussed in departmental workshops. It was expected to be another focal point of the National Dialog, but once again, with the political turmoil of September and October 2003, its present status is uncertain. This document employs a cluster methodology emphasizing not only value-adding chains but also the web of actors and institutions that provide services and inputs at various stages. Centerpieces of the strategy include the following: strengthening municipalities and the principle of popular participation, which was introduced with the 1994 decentralization reforms;<sup>19</sup> facilitating cooperation among all economic actors in a given region in order to agree on prioritization of two or three key productive activities with a competitive advantage; and accelerating the process of awarding land titles and clarifying property ownership rights.<sup>20</sup> In addition, there are several proposals in the strategy

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<sup>19</sup>See section six.

<sup>20</sup>Land tenure at present is in desperate need of clarification. Properties distributed in the 1953 agrarian reform have since experienced several generations of subdivision. Many families who have worked their land for decades do not have legal titles to their properties, and at the opposite extreme, several different owners may have overlapping property titles. The situation is complicated by continued migration from the *altiplano* region to the lowlands by families seeking a better standard of living and cheap land. A new landless peasant movement, modeled on the Brazilian MST, has become

aimed specifically at small producers. First is the suggestion that financial resources be transferred directly to peasants without conditionality. The recipients would be able to decide for themselves when and where to invest these funds. As the author understands this proposal, these funds would come directly from donors such as the World Bank without passing through either the national level or the municipal level governments.<sup>21</sup> Such resource transfers would constitute direct subsidies to those at the very bottom of production chains. Second is a proposal to strengthen small producers' associations. The most effective of the existing associations would receive resources to enhance their ability to articulate the needs of their members. A new legal framework would be introduced to strengthen the associations, which could involve returning to a system of mandatory dues-paying membership. The strategy document focuses on the domestic market as well as exports (Interview k, Interview S).

### The gap between theory and practice

These programs and institutions may seem impressive on paper, but reality has proved disappointing. Informants outside of the government unanimously agreed that there exist essentially no public policies related to the agricultural and livestock sectors of any practical significance at all, a problem that is even more marked in relation to small producers.<sup>22</sup> One informant, when questioned about the new agricultural policy being drafted, expressed disgust that the Sánchez de Lozada government, after over a year in office, still did not have an official agricultural policy beyond the projects that were inherited from the previous government. Several informants noted that the production chains methodology is sound and useful in theory, but that in SBPC's several years of existence, very little had been accomplished. Similar opinions were expressed in relation to the FDTAs. Opinions on SENASAG in relation to the anti-FMD campaign in the lowlands varied widely. However, informants concurred that this institution, as is true of essentially all state institutions, is fraught with politicization to an extent that threatens to seriously hinder its performance.

The critiques related to the gap between government policies on paper and in practice are particularly pertinent in the case of the camelid sector. SENASAG may now be considering the possibilities for creating an FMD free zone in the *altiplano*, but it has not yet focused any attention on the problem of sarcocistiosis, which is an equally important if not more relevant problem for llama health and the marketing of llama meat. As for the efforts of the Unidad de Productividad y Competitividad (UPC), the operative wing of the SBPC, progress on the camelid production chain has been slow. The first stage, which involves a study of the chain, is only just getting underway; IICA (Instituto Interamericano de Cooperación para la Agricultura) is now beginning the research.<sup>23</sup> In an effort to accelerate the process, UPC has already convoked a Committee for the camelid chain. In addition, according to one informant, the UPC is currently refining a dynamic model of the camelid sector with the collaboration of World Bank economists (Interview R). Nevertheless, the camelid chain was not among the production chains expected to achieve the signing of a Production Pact at the end of the year (*ibid.*).

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increasingly active in the last six months as well. The INRA law, passed during Sánchez de Lozada's first presidential administration, was designed to "clean up" land tenure problems and create a viable registry of properties. Despite ample financial assistance from external sources such as the World Bank, the process has proceeded very slowly and has accomplished little due to the magnitude of the disarray that INRA faces. Sánchez de Lozada had shown an interest in prioritizing the cleaning process during his second, incomplete presidential term (Interview k).

<sup>21</sup>A copy of the proposal could not be obtained for study.

<sup>22</sup>"No hay políticas" -- there are no policies -- was a strikingly common refrain.

<sup>23</sup>This slow progress seems particularly surprising given that numerous studies of the camelid chain have already been conducted by a variety of investigators over the past five to ten years.

More generally, none of the government's programs seem to have reached small producers. SENASAG, for example, has not yet directly addressed the needs of small producers, be they in the *altiplano* or in the tropics. With its focus on FMD eradication in the Santa Cruz region, SENASAG is catering primarily to the interests of large beef producers. This sector, headed by FEGASACRUZ, is very well organized and politically powerful. As previously noted, it is the large producers who will be able to benefit from the export opportunities created by a disease free zone; small producers will not be able to meet the required quality standards. FEGASACRUZ is in fact helping to finance SENASAG's activities in the lowlands. Camelid producers' associations in the *altiplano* certainly cannot compete for attention on such a playing field.

SIBTA has not yet had a real impact on the small producer sector either. The newness of the FDTAs as well as the lengthy process they must follow have contributed to a slow turnover time in terms of approving projects and making funds available to the institutions that will execute them. In one case, an organization selected to execute a particular project had been waiting for almost a year for the relevant FDTA to authorize the initiation of the project (Interview I).<sup>24</sup> Another set of problems has to do with demand for projects. Many producers are not yet aware that they can submit project proposals to these institutions. Further, groups submitting proposals are required to provide the FDTA with 15% of the project funds requested in order to capitalize the institution. This requirement has depressed demand from poor producers who are not able to garner such financial resources (Interview I, Interview m). During its first stage of existence, the FDTAs have compensated for a lack of demand by promoting the production chains prioritized by the SBPC, most of which are irrelevant for small-scale producers (Interview I). Further, in the tropical lowlands where the powerful large agricultural and livestock producers are to be found, the regional FDTA seems to serve predominantly their interests. Aside from a few projects that are in their very early stages, the Humid Tropics FDTA has not yet managed to extend technical services to small producers.<sup>25</sup> Finally, one informant added that SIBTA and the FDTAs have not even managed to spend their budgets and asserted that the model was clearly failing to achieve its stated objectives (private communication with Interviewee B).<sup>26</sup>

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<sup>24</sup>Such delays create more than inconvenience. By the time funds become available, the leadership of the group that proposed the project may have changed, and the new directors may want a completely different project (Interview I). Of course, this situation also indicates weakness and an ineffective articulation of demands on the part of the producers' association involved, a general problem that will be discussed later.

<sup>25</sup>The author did not ask informants directly about the *Altiplano* FDTA, so these observations may or may not be relevant to that organization. However, the *Altiplano* FDTA was rarely mentioned in earlier interviews with experts on camelids, which suggests that this organization had yet to establish itself as an important actor in this sector.

<sup>26</sup>This informant further asserted that a similar model to SIBTA and the FDTAs had been previously adopted and then abandoned in Chile, presumably because of similar shortcomings.

## 4. THE BOLIVIAN STATE AND POLITICAL PATRONAGE

In order to understand why government policies have fallen so short of expectations on the ground, one must first comprehend the nature of the Bolivian state. The Bolivian state is extremely weak and has very little capacity in most policy areas, of which agriculture and livestock is merely one example. Informants variously describe the state as patrimonial and "*medio-prebendal*" (Interview P). Indeed, Gamarra and Malloy (1995) classify Bolivia as an extreme case of patrimonial politics. Consequently, the state has not been able to play an effectual role in fostering and directing development.

This regrettable situation stems from deep historical roots. According to Malloy (1977: 459), Bolivia achieved one of the closest approximations of "delayed dependent development" in Latin America. With its mono-product export economy, based on tin, Bolivia resembled the 'banana republics' of Central America more than its South American neighbors. Tin exports accounted for essentially all of the country's economic activity until the 1950s, and the mining operations were controlled by a mere three large, private operations. Given this extreme concentration of power and wealth, the urban middle class developed patron-client linkages to those who controlled the export economy. Further, the middle class became increasingly dependent on the public sector as a source of employment. The political party system developed around a patronage logic based on the distribution of public sector jobs (ibid: 460). Factionalism, personalism and clientelism proliferated.

This logic remains strong today. Bolivia is far from having a Weberian bureaucracy characterized by corporate loyalty, prestige and merit based recruitment (Evans 1989). In contrast, positions within all institutions are political appointments. When administrations change, public sector employees are replaced by a new set of political appointees. This situation generates tremendous instability. According to Gamarra and Malloy (1970: 404): "One of the constants of Bolivian politics has been the conflict between those who are in power and those who demand a greater share of patronage."

This patronage logic is exacerbated by electoral rules. Bolivia is unique among Latin American countries in that it has what Mayorga (1996, 1997) calls a "parliamentarized presidential" system. If no presidential candidate wins a majority in the polls, the legislature decides among the top two vote receivers. Given Bolivia's fragmented party system, the outcome of every presidential election since redemocratization in 1982 has been decided in the legislature. This electoral system is designed to promote governability, a real concern in the 1980s given the fragmented party system, by requiring the formation of a legislative majority that supports the president. Mayorga argues that this system did in fact help diminish the number of parties and create a moderate multiparty system in the 1990s.<sup>27</sup> One negative side effect, however, is that distribution of patronage is a prominent feature of the politicking surrounding the selection of the president. Battles over patronage do not end after the legislative coalition has formed. Indeed, many of the present conflicts within the governing MNR-MIR coalition arise over the distribution of quotas of power and political positions. One informant, for example, exclaimed in disgust that the present government, after a year in power, is still negotiating appointments down to the level of politicians' chauffeurs (Interview X).

The dynamics described above clearly hinder state capacity. The rapid turnover of public officials and technical staff destroys any effective continuity in public policies that might otherwise be achieved. Strategies focused on the long-term are extremely

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<sup>27</sup>The rise of two new indigenous parties with fairly radical and anti-political elite rhetoric in the 2002 election may signal a reversal of this trend. (See Section six.)

difficult to sustain. In addition, in the absence of meritocratic selection criteria, there is no assurance that public officials will have the technical expertise or competence to effectively execute their jobs.

Efforts toward building state capacity, largely spurred by donors, have followed a logic similar to what Evans (1989: 577) describes in the case of Brazil: "Unable to transform the bureaucracy as a whole, political leaders try to create 'pockets of efficiency' within the bureaucracy... thus modernizing the state apparatus by addition rather than transformation." Institutions that become ineffective due to patronage dynamics or other problems are frequently replaced by new institutions with the support of, and often because of, pressure from international donors. It is not clear if any successful enclaves of efficiency currently exist in Bolivia.<sup>28</sup> One informant mentioned as a possible example the tax service, which received extensive technical assistance from the World Bank in the mid 1980s (Interview T).<sup>29</sup> The central point, however, is that clientelism and personalism remain the pervasive logic within the state and threaten to engulf any enclaves of efficiency that have been established unless they are rigorously defended against these forces.

The recent history of SENASAG is illustrative of the issues described above. Although SENASAG has regional offices, it is a centralized institution, and it is of national-level importance. A logic of efficiency and efficacy would have dictated that the headquarters be located either in the political capital, La Paz, or in Santa Cruz, the economic center of the country. However, politics generated a different outcome. The central offices of SENASAG are in Trinidad, the remote capital of the Beni, due to the influence of officials in the Ministry of Agriculture at the time who had connections to that department. Infrastructure in this tropical frontier zone is severely lacking. One informant asserted that it may take several weeks for mail to travel back and forth from Trinidad to the rest of the country (Interview J). That SENASAG headquarters is located in this city clearly hinders the efficiency of its operations. Regional offices are administratively accountable to the central office; they must coordinate with headquarters and receive authorization for the initiatives they propose (Interview g, Interview f).<sup>30</sup>

Instability of employment within SENASAG due to political pressures has hindered its capacity as well. This problem dates back to the very creation of SENASAG. SENASAG took over the functions of all other programs that dealt with animal health and sanitation issues. UNIVEP (Unidad Nacional de Vigilancia Epidemiológica y Control de Enfermedades Animales), an institution that had previously handled epidemiology and economic research, was therefore absorbed into the new structure.<sup>31</sup> In the Santa Cruz region, however, SENASAG retained only one technician from UNIVEP, resulting in a clear loss of experience and expertise (Interview g). With the change of government in 2002, SENASAG officials at various levels were replaced with new political appointees.<sup>32</sup> Informants asserted that the new president of SENASAG is a professional who holds a degree in a field that has no relevance at all to animal or plant health and sanitation. According to several informants, the Santa Cruz office survived the transition relatively unscathed, due to the strong support it receives from the private

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<sup>28</sup>One dissident voice asserted that various state enterprises including the oil company, the national bank, and the dairy industry, PIL, were actually quite successful and profitable before structural adjustment was initiated. This informant argued that they were privatized for purely ideological reasons (Interview X).

<sup>29</sup>This suggestion is partially confirmed by Bird (1992: 15), who points to the relative success of the 1986 tax and tax administration reforms in Bolivia. However, he suspects that tax administration was deteriorating in the early 1990s due to inadequate resources (ibid.: 18).

<sup>30</sup>Great frustration was expressed with this situation. One informant colorfully exclaimed that dealing with the Trinidad headquarters was as bad as living with one's mother in law.

<sup>31</sup>One knowledgeable informant asserts that UNIVEP was a reasonably effective program that ran into political problems because it operated too independently of the Ministry of Agriculture (Interview A).

<sup>32</sup>An informant within the government asserted that at the national level, only one of eight officials was replaced. He asserted that turnover was more prevalent at the regional level (Interview a).



sector and the fact that it had performed reasonably well over the previous two years (Interview g, Interview f). Other offices did not fare so well; the Beni offices, for example, were heavily affected by political interference (Interview g, Interview f).

SIBTA is afflicted by many of these same problems. Informants indicated that the FDTAs were fraught with the same instability of personnel due to political pressures, despite the heavy private sector presence within the FDTAs, which is supposed to insulate them from such pressures (Interview l, Interview m, Interview n). In addition, the private sector representatives have interests of their own, and these interests influence decision making within the FDTAs. One informant asserted that in the case of the Humid Tropics FDA, politics is the primary criterion operative in selecting organizations to execute projects, formal procedures notwithstanding, so much so that this individual considered bidding for a project to be a waste of time. Large producers with political connections, he asserts, are the beneficiaries of these dynamics (Interview n).

The nearly complete absence of a professionalized, meritocratic bureaucracy within government institutions is a seminal problem that will hinder any attempts to implement effective public policies in the livestock or any other sector. Institutional proliferation and organizational instability, two related issues that stem from the underlying problem of the weak, patrimonial state, further debilitate development efforts. Government institutions are frequently restructured. For example, President Sánchez de Lozada reorganized the government ministries in February 2003 in the aftermath of a popular revolt following a proposed tax reform. What had previously been MAGDER, the Ministry of Agriculture, Livestock, and Rural Development (Ministerio de Agricultura, Ganadería, y Desarrollo Rural) became MACIA, the Ministry of Peasant, Indigenous and Agricultural Affairs (Ministerio de Asuntos Campesinos, Indígenas y Agropecuarios). This change was primarily organizational, as opposed to substantive; various existing programs were shuffled between ministries.<sup>33</sup> However, this kind of institutional instability creates confusion and hinders effective relations between the public and private sectors. This problem is exacerbated by the fact that numerous different institutions are responsible for different aspects of agricultural and livestock policy. The Ministry of Economic Development, the Ministry of External Commerce, and the National Institute of Agrarian Reform (INRA), in addition to MACIA, SENASAG, and SBPC, are among these institutions. The agricultural and livestock sectors therefore have no single, stable institutional reference point through which to communicate with the state (Interview k).

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<sup>33</sup>For example, Campesino and Indigenous affairs had previously been an independent ministry (EIU Country Report April 2003:14).

## 5. THE ABSENCE OF COORDINATION AMONG INSTITUTIONS AND ACTORS

Institutional proliferation is one piece of an even more general and extensive problem: an impressive lack of coordination among the institutions and actors involved in development efforts in Bolivia. First, there is little effective coordination between the different institutions of the central government that handle agricultural and livestock issues; instead, there is a proliferation of distinct ideas and short-lived projects (Interview H). Second, decentralization has generated a lack of coordination between different levels of government. Neither the central government nor the departmental governments, nor, in most cases, the municipal governments themselves have managed to coordinate development programs among municipalities that together form what should be coherent economic units. With a handful of exceptions, each municipality is struggling to articulate its own individual development plan in isolation from its neighbors. However, these plans will likely fail in the absence of coordination at the regional level, if not at the national level as well (Interview H). For example, it is hard to imagine effective control of an FMD-free zone in the *altiplano* in the absence of effective coordination between SENASAG, departmental governments, and municipalities.<sup>34</sup>

Adding to the institutional morass of the state is a mind-numbing proliferation of projects and programs financed by donors, international cooperation organizations, and NGOs. Projects financed or administered by these sectors, it seems, have proliferated as the expression of numerous individual attempts to fill the vacuum left by the state. Some of these projects and programs have no doubt experienced success at the micro-level, but from a broader developmental perspective, their impact appears quite limited. These problems are most apparent in the camelid sector. Despite the fact that a large quantity of funding in fact has been channeled into the highlands by various actors, including the central government (Interview a), the region remains poor and underdeveloped. Lack of coordination among different efforts is one key factor that has impeded success at a more macro-level.<sup>35</sup> The order of the day seems to be a tremendous duplication of efforts.<sup>36</sup>

Informants expressed divergent opinions regarding the degree of coordination among donors and cooperation agencies in Bolivia. At the macro-level, there is a clear consensus on promoting a neoliberal development model with a restricted role for the state and pressuring for institutional reforms designed to bolster state capacity.<sup>37</sup> One informant in the international cooperation sector asserted that Bolivia is the country in which the donor sector is the most coordinated (Interview o). He noted that, for example, a wide range of donors including the IDB, cooperation agencies of the governments of Holland, Denmark, Britain, Germany, Japan, and USAID, is contributing to a “basket fund” which finances SIBTA. On the other hand, another informant in the international cooperation sector asserted that despite the agreement on macro-issues, donors and cooperation agencies in general do not coordinate their developmental programs at the level of specific projects; each tends to work individually with the government and hopes to leave its own distinct legacy (Interview

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<sup>34</sup>Decentralization and the problems it has engendered will be discussed in more detail section six.

<sup>35</sup>Other problems that have debilitated these efforts include excessive administrative costs and an inability to effectively channel resources to producers for lack of infrastructure and lack of attention to the broader factors that influence production, such as markets and other links in the production chain. An “asistencialista” approach has also diminished the long-term impact of many projects. Resources were commonly provided to producers at no cost without any assessment as to whether or not the projects would be sustainable after external funding was terminated.

<sup>36</sup>Again, this can be seen in the camelid sector. Studies proliferate—UNEPCA has produced a report, the FAO has reports, and SBPC is about to do a study-- yet the implementation stage never seems to be reached (Interview N).

<sup>37</sup>These efforts will be discussed in more detail later.

H).<sup>38</sup> In his opinion, given the lack of coherency and long-term vision within the government, lack of coordination among donors does not provide strategic opportunities for the government to pick and choose among projects or to play donors off against each other to its own advantage; rather, it simply exacerbates inefficiency.

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<sup>38</sup>USAID is seen as the worst of the donors in terms of pushing an independent agenda without regard for coordination with other efforts (Interview S).

## 6. POLITICAL CONTEXT

Before considering strategies to improve government policies and services related to the livestock sector and prospects for benefiting small producers, it is important to understand Bolivia's political system and the actors that comprise it in more detail. In this section, I first describe decentralization and some of the challenges, in addition to the opportunities, that it has created for development. I then discuss the various political actors with interests related to the livestock sector and evaluate their potential to serve as protagonists of pro-poor livestock policy.

### Decentralization

In 1994, sweeping decentralization reforms were passed in Bolivia. A variety of factors, including donor pressure, combined to make these reforms possible. Donors believed that decentralization would help make the state more responsive to citizens and could lead to better governance and better development outcomes. According to O'Neill (2003), Sánchez de Lozada, who spearheaded decentralization during his first presidential administration, believed that his party, the MNR (Movimiento Nacional Revolucionario), would benefit politically from the reforms.<sup>39</sup>

Decentralization, as detailed in the Law of Popular Participation (LPP), made more resources available for the nine existing departmental governments, which are headed by executive appointees. Most importantly, the LPP created 308 new *municipios*, which will be translated here as municipalities (O'Neill 2003: 4).<sup>40</sup> These municipalities joined previously marginalized rural areas with urban centers in an effort to give the rural population a greater voice in government and improved access to resources (Hiskey and Seligson 2003). The reforms devolved responsibility for the maintenance of infrastructure to the municipalities (Faguet 2000) and provided them with financial resources; twenty percent of central government tax revenue is distributed among the municipalities proportionally to their population. According to Faguet (2000:4): "The per capita criterion results in a massive shift of resources in favor of the smaller, poorer municipalities in Bolivia."

The LPP established new governing mechanisms at the local level designed to foster popular participation in government and to increase 'social control' over the management of resources. Municipal governments consist of mayors, municipal councils, and Vigilance Committees (CVs, Comites de Vigilancia). Mayors, if no candidate receives a majority of the vote, are selected by the municipal councils, whose members are elected based on proportional representation (Hiskey and Seligson 2003). Vigilance Committees are formed by representatives from Territorial Base Organizations (OTBs, Organizaciones Territoriales de Base). These may be neighborhood associations, indigenous organizations, or other grass-roots organizations that form in the municipality and apply for legal registry (*pesonaria juridica*). The LPP gave the OTBs the authority to participate in the elaboration of the municipalities' annual operating plans. At present, the CVs are supposed to review and approve the municipality's budget and annual operating plan (Rowland 2001). Municipalities do not get their funds from the central government until the CVs approve the budget (ibid.). The CV's main function is to oversee the municipal government and make sure that funds received from the central government are handled without corruption and invested according to the plans elaborated. According to the law, no more than 10% of the funds may be spent on administrative costs

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<sup>39</sup>The MNR had undergone a structural reorganization along regional lines in 1990, and it still enjoyed significant rural support due to the legacy of the 1952 agrarian reform which it had implemented (O'Neill 2003).

<sup>40</sup>Several additional municipalities have been created since 1994, raising the present number to 320 (FAM: Agenda Municipal Boliviana. La Paz, Bolivia).

(O'Neill 1998). If a CV determines that the municipal government has violated the regulations, it may submit a report to the central government and request that funding be suspended (*ibid*). A second mechanism of "social control" is the Constructive Vote of Censure (*Voto Constructivo de Censura*). Municipal Councils have the power to revoke the mayor in cases of misconduct with the vote of a three fifths supermajority (Hiskey and Seligson 2003).

Decentralization is extremely important from the perspective of this study because it creates new opportunities for poor people to voice their needs and advocate policies that advance their interests. However, the decentralized system is very new, and accordingly, there are many problems that must be resolved if it is to serve as an effective means to reduce poverty and spur development. I will first briefly list some of the general political problems that currently afflict the system, since it is important to have a general view of how politics work at the local level. I will then discuss in more detail the issues that are most relevant to the plight of small producers.

Decentralization has certainly provided an important opportunity for poor people to participate in government. However, the various mechanisms designed to make local government responsive to the citizens generally have not worked well. The Vote of Censure has been frequently abused for political purposes. For example, when the national government changed in 1997, the Vote was used in many municipalities to expel incumbent mayors and replace them with those from the party of the new administration (Hiskey and Seligson 2003). The Vote of Censure has helped generate a large degree of instability at the level of the municipal government, which can create difficulties for development projects that require municipal cooperation (Interview A). The CVs in general have not functioned effectively either. In many cases they have been permeated by corruption. Their members serve on a voluntary basis without financial remuneration (Interview e). The OTBs that they represent are often composed of very poor people without access to resources. This situation creates a breeding ground for clientelism and corruption. Mayors or council members are often able to buy the support of CV members, neutralizing their capacity to exercise independent control over the municipal government (Interview T).

In addition to these general political problems, there are several issues related to municipal investment patterns and decision-making processes that more directly impact small producers and their ability to advance their interests. Municipalities have to date invested very little in productive activity despite the fact that they are required by law to invest 25% of the fund they receive in production (Interview G). Resources in the late 1990s were used to address the social deficit; the new municipalities invested overwhelmingly in social services and infrastructure. In 1996, municipalities spent 80% of their funds on urban development (32%), education (22%), sanitation (16%) and transportation (10%) (Kohl 2001). Investment in the agriculture and livestock sector actually decreased as a result of decentralization (Faguet 2000: 4). In 1995, investment in this sector amounted to only 1.7% of total investment by the municipalities (Bade and Casanovas 1998: 18). Spending on social services and improvements responded to a clear demand and has obviously benefited poor citizens; central government spending on education, urban development, and sanitation together had represented less than 10% of central government investment from 1991-1993 (Faguet 2000: 6). However, the municipalities will not be economically viable unless they increase investment in production.

The lack of attention to production in the late 1990s was probably exacerbated by the fact that producers' associations were not allowed to register as OTBs, which would have allowed them to participate in municipal investment decisions. This problem was ameliorated on paper as a result of the 2000 National Dialog. In the Law of the National Dialog, which was drafted by the representatives of civil society organizations who participated in the process and unanimously approved by the national legislature in 2001 (Morrison and Singer 2003: 23), producers' associations

won the right to legal recognition at the municipal level, and channels were opened for them to participate in municipal investment decisions (Ley del Dialogo Nacional 2000: Article 4). In practice, however, the law has not resolved the problem it was intended to address. The letter of the law is quite vague as to the mechanisms through which these groups may participate in municipal investment decisions.<sup>41</sup> One informant explained that the municipal councils now have the power to convoke Councils on Productive Economic and Social Development (Consejos de Desarrollo Economico Productivo y Social, CODEPES), which are to bring together representatives from the most important economic sectors in the municipality. However, he points out that very few CODEPES have actually been convened, and the existing ones do not function very well (Interview i). Another informant adds that the CODEPES simply have not worked (Interview V).

Over the past three or five years, the problem of under-investment in productive activities has been widely recognized. There is much talk now of the 'productive municipality.' No figures were obtained that would allow an evaluation of whether or not this awareness has yet translated into increased investment in production. However, two factors in addition to those already described continue to hinder progress toward this goal: a lack of capacity at the municipal level, and the lack of coordination among municipalities mentioned in the preceding section. At present, there is a shortage of leaders at the municipal level with the skills and training needed to effectively design and execute development plans (Interview e, Interview Y). Municipalities often propose projects that either lack clear goals, do not fit with actual investment needs, or are simply not feasible. Members of municipal governments need training and assistance to be able to engage in successful strategic planning. Regarding the second factor, the current legal framework structuring the decentralized system has not facilitated coordination among municipalities. Departmental governments have not played a central role in development functions (Interview V, Interview T).<sup>42</sup> Coordination seems to have been left to the will of the individual municipalities. There are a number of cases of municipalities that have formed *mancomunidades*, which are voluntary associations of municipalities working together to elaborate coherent and coordinated regional development plans. Neither of the two *mancomunidades* that have been identified as successful is located in the *altiplano*, and neither of these has identified livestock as a sector for strategic cooperation. Again, it is not clear from the legal framework what functions the *mancomunidades* should be serving and what functions the departmental governments should handle. In sum, there is a need for improved capacity at the municipal level, further institutional refinement of decentralization, and greater coordination among the various levels of government if development projects, including those focused on the livestock sector, are to succeed.

## The national political scene

Bolivia seems to be in a state of perpetual political crisis. As in much of Latin America, the traditional political parties are in decline in the sense that they no longer seem to be fulfilling their representational functions or contributing to effective governance.<sup>43</sup> Given parties' persistent clientelism and corruption alongside their inability to resolve pressing social and economic issues, citizens have developed profoundly anti-party sentiments. These sentiments have been expressed in growing calls for governing mechanisms designed to circumvent political parties and move

<sup>41</sup>It simply states that the governments at the various different levels will "facilitate" small producer participation and that the Executive will elaborate norms for small producer participation (Ley del Diálogo Nacional 2000).

<sup>42</sup>According to one academic, this problem stems from a lack of resources (Interview T).

<sup>43</sup> See for example Conaghan, Catherine M. 1996. "A Deficit of Democratic Authenticity: Political Linkage and the Public in Andean Polities." *Studies in Comparative International Development* 31 (3): 32-55.

toward direct democracy. Society, meanwhile, is highly mobilized. And mobilized social groups continue to direct their demands at the state, despite the latter's diminished resource base. The neoliberal thesis that cutting back the size and functions of the state will prevent social actors from looking to the state to solve their problems may have proved true in Pinochet's Chile, but it has definitively failed in Bolivia. The country's long marginalized indigenous peoples are among the most mobilized groups, and the state seems to view them and their demands as serious threats. Given that indigenous groups represent 62% of the population according to the 2001 census, the state's preoccupations are not surprising (Van Cott 2003: 3). Over the past decade, Bolivia has experienced a strong popular backlash against privatization as exemplified by the Cochabamba water wars during the Banzer administration, periodic road blockades and general strikes, often national in scope, by a wide variety of actors such as unemployed miners, truck drivers, and indigenous groups, all seeking redress to their various demands, nationwide indigenous and peasant marches to the capital over land rights, and in February 2003, a popular revolt in La Paz prompted by the president's attempt to introduce a new income tax under pressure from the IMF. The latter incident culminated in riots that claimed the lives of 32 people and rumors of a plotted coup against the government.

These examples should give an idea of the magnitude of the political turmoil that engulfs the country. The ripples from the February crisis were still propagating through the political system while field research for this project was being conducted. The Sánchez de Lozada administration clearly hoped that the next National Dialog, which was expected to be held toward the end of 2003, would help to mollify the numerous disaffected social groups and restore governability. Meanwhile, tensions within the governing MNR-MIR coalition continued unabated, and the government faced intransigent opposition in congress from two new indigenous parties.

Bolivia's political crisis escalated to unprecedented levels in mid-September and October 2003 after field research for this report had been completed. Tensions between the indigenous opposition and the government grew over issues surrounding the proposed export of natural gas. The indigenous opposition demanded that the energy needs of all Bolivians should be met before the export of any natural gas. Some sectors denounced the export plans as perpetuating exploitation by multinational companies and even called upon the government to nationalize the gas reserves and stimulate economic development by promoting a domestic gas industry capable of capturing value added (EIU 2003). Leaders of the indigenous opposition parties initiated a series of protests, road blockades and national strikes that continued throughout September and October. Nationalistic sentiments fuelled the flames of popular protest. The natural gas would most likely leave Bolivia by way of a pipeline through Chile, but anti-Chilean sentiments stemming from Bolivia's loss of its only port to that country in the war of 1879-1883 made the proposal particularly unpopular. The crisis culminated in the resignation of President Sánchez de Lozada on October 17. His position has been assumed by the vice president, Carlos Mesa. At the time of this writing, it was unclear if Mesa would serve out the remaining 4 years of Sánchez de Lozada's term, or if elections would be called in the more proximate future.<sup>44</sup>

## Political actors

Against this turbulent political backdrop, who are the political actors that have an interest in livestock policies? What political influence do organizations representing

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<sup>44</sup>See for example the following: Rohter, Larry, "Bolivia's New Leader Takes Over a Chaotic and Angry Nation," *The New York Times*, October 19, 2003; Rohter, Larry, "Bolivian Leader Resigns and His Vice President Steps In," *The New York Times*, October 18, 2003; "COB and Evo Follow Quispe's Lead," *Latin American Weekly Review*, September 30, 2003; "Highly Flammable: Bolivia," *The Economist* 368 (8341), September 13, 2003.

small producers possess? How do indigenous political dynamics affect the prospects for implementing pro-poor livestock policies? I explore these questions in the following sections. I will conclude that there are essentially no domestic organizations, be they parties, producers' associations, or peasants unions, that currently have both the interest in and the power to push for pro-poor livestock policies at the national level and few groups that have the ability to lobby for such policies at the municipal level. Domestic organizations may be able to serve as allies in promoting pro-poor policies, but the impetus behind such efforts will probably have to come from outside the country.

### **Peasant unions, indigenous organizations, and small producers' associations**

Bolivia has a history of peasant and indigenous organizing that dates back to the 1952 Revolution led by the MNR. The MNR hoped to found a stable, hegemonic regime based on the model of Mexico's PRI. The MNR accordingly attempted to imitate the PRI's internal organization, based on incorporation of workers and peasants (Malloy 1977: 465). The MNR was not successful in its efforts to create an institutionalized party based on the middle class, workers, and peasants, but the peasant unions and the workers' central that were once associated with it persisted long after the revolution.

Peasant unions were organized by the MNR in the early 1950s to help carry out agrarian reform (Healy 2001: 71). Peasant farmers long represented a bastion of support for the MNR because of the 1953 reform which distributed land to the peasants and broke up the hacienda system that had subjugated the indigenous population to near servitude. In the decades of military dictatorship that followed the revolution, peasants supported the military rulers in exchange for continued agrarian reform, including land grants and colonization programs (Klein 2003). In the 1970s, however, new peasant demands for credit and price supports brought the peasantry into conflict with the Banzer administration, culminating in a massacre in 1974 (ibid.: 230). Under a militant new leader, the peasant unions ended their support for the state in the late 1970s (Healy 2001: 71).

Peasant unions have national level representation in the CSUTCB (Confederacion Sindical Unica de Trabajadores Campesinos de Bolivia), a confederation of peasant workers founded in 1979 by Aymaran intellectuals (Van Cott 2003). That year, the confederation organized a ten-day road blockade that shut down the national economy and led to the temporary suspension of an IMF package (Healy 2001: 71). Under the leadership of Felipe Quispe, a radical nationalist Aymara leader, the CSUTCB "led massive roadblocks in the highlands that forced concessions on agrarian policy" in 2000 (Van Cott 2003: 7). According to Van Cott, the confederation remains today "The most important contemporary highland indigenous organization."

Despite its long history and mobilizational capacity, the CSUTCB is extremely fragmented. The confederation declined as a political force in the 1980s until the rise of the coca growers unions, which organized in response to the government's accelerated efforts to eliminate cultivation (Van Cott 2003). The CSUTCB now encompasses highland Aymaran peasant unions, Quechua peasant unions in the valleys, the coca growers, and western indigenous groups. These sectors each have particular and distinct interests (Interview T, Interview W, Interview d). The coca growers' unions are focused on forcing the government to change its policy toward coca production, whereas the western indigenous groups and the Aymara have demands primarily related to ethnic and cultural issues (Interview T). The diversity within the organization makes it difficult for the CSUTCB to maintain unity and articulate coherent demands at the national level. Further, the CSUTCB has been fraught with destructive internal political rivalries. Quispe, who now holds a seat in congress as the head of the political party MIP, still leads one faction of the CSUTCB, but his position is being challenged by a rival leader. A national newspaper reported



in July that this situation had created significant confusion; the government was unsure as to which leader it should recognize.

Aside from advancing the coca growers' specific demands, the CSUTCB does not seem to be promoting any coherent rural development policies. This fact, in combination with its present weakness, makes it an unlikely protagonist in the realm of pro-poor livestock policy. In the words of one informant, the peasant and indigenous unions are at most rhetorically interested in production issues (Interview X). At present, these groups tend to be highly and even exclusively mobilized around land tenure issues. Indigenous groups are pushing the government to formally recognize more indigenous territories, and meanwhile, an incipient landless workers' movement based on the Brazilian model has initiated land invasions to force the government to accelerate the land reform and titling process sanctioned in the 1996 INRA Law.<sup>45</sup> It is probably fair to say that these groups perceive livestock policy to be of little immediate interest.

There is an emerging sector of small producers' associations, some of which have an interest in livestock policy. At present, these associations are very new and politically very weak at both the municipal and the national level. These associations are distinct in nature from the various peasant and indigenous unions. Informants agreed that the unions are much more political in nature. Their purpose is to demand resources from the state, legitimizing their demands with calls for social justice (Interview X). Their tactics are frequently disruptive; road blocks are a favorite way to force the government to address their concerns. Peasant and indigenous unions, when they have become involved in production, often at the impetus of an externally financed project, have not been economically viable (Interview N, Interview S). The new small producers' associations are beginning to move away from the syndical model. They are more centrally interested in securing conditions necessary to increase their production and profitability.

However, the small producers' associations are politically weaker than the peasant and indigenous unions. Unlike the latter, they do not have ties to political parties, and for the most part, they have not managed to effectively lobby in favor of their interests. Some informants reported cases of small producers' associations that have succeeded in working with municipal governments to promote production. In general, however, most informants agreed that these groups still have very little political influence in the municipalities. Many of these groups, for example, still do not have *personeria juridica* (legal recognition) (Interview e). Small producers' associations are weaker yet at the national level. There are a number of different regional producers' associations, but at least in the camelid sector, there seems to be very little coordination between them (Kuan 2003: 8). One informant noted that there are many rivalries between the different producers' associations; each wants to portray itself as the most representative and encompassing organization (Interview R).<sup>46</sup> These associations do not seem to effectively articulate their demands or successfully lobby the government (Interview N).

There is an emerging national confederation of small producers associations, CIOEC (Coordinadora de Integración de Organizaciones Económicas Campesinas de Bolivia). It coordinates among various Peasant Economic Organizations (Organizaciones Económicas Campesinas, OECAs) and does attempt to lobby the government on policy matters. CIOEC is a relatively new organization, and it does not yet seem to have significant political influence. One informant suggested that it has achieved some success in the past surrounding water issues (Interview d). In the opinion of another

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<sup>45</sup>See also Footnote 17. Land tenure issues are seminal in Bolivia today; however, a detailed analysis of this complex problem lies outside the scope of this paper.

<sup>46</sup>This informant was the only one to assert that the camelid producers' associations nonetheless have significant political weight and are able to effectively lobby the central government.

informant, the OECAs have flourished, but the government has paid them little attention (Interview k). Morrison and Singer (2003: 27) assert that the “unions of small producers... were able to get their concerns included in the PRSP because of their tremendous organization and consistent pressure.” (They do not detail the nature of these concerns.) CIOEC may well have been the force that coordinated these efforts. If so, this observation could indicate that CIOEC has the potential to become an important political actor in the future. At the moment, CIOEC does not seem to be active around livestock issues, although bad timing made it impossible to interview officials from the organization in order to verify this impression. It is possible, nevertheless, that CIOEC could become an important political actor in the realm of livestock policy in the future. CIOEC, like most other indigenous and peasant organizations, maintains a strong anti-neoliberal position.

The weakness of small producers associations perpetuates government inattention to their needs. Associations such as FEGASACRUZ that represent large producers have the political power necessary to secure the public policies they favor. In addition, their organizational strength makes it easier for the government to provide them with services. The small producers associations, in contrast, have not been able to successfully articulate their demands to the government, and it is therefore difficult for the government to work with them (Interview S).

### Political parties

As previously discussed, the MNR-MIR coalition’s policies before the forced resignation of Sánchez de Lozada in practice responded primarily to the needs of large and politically powerful producers like FEGASACRUZ and had little impact on small producers. According to one informant, most of the MNR’s congressional delegates come from Santa Cruz and are connected to the powerful agro-livestock actors (Interview n). Although the MNR enjoyed high levels of rural support—the legacy of the 1953 land reform—until as recently as 1995, it seems to have since lost most of its appeal to the peasantry. Given these considerations, these traditional parties are unlikely to play a strong role in promoting and implementing pro-poor livestock policies in the near future.

In fact, the MNR, along with the rest of Bolivia’s traditional political parties, is in deep crisis. These parties have lost the confidence of the electorate given their inability to resolve the social and economic problems facing the country and the high level of corruption within their ranks, as noted previously. Party system collapse of the sort experienced in Venezuela and Peru is a distinct possibility (Interview X, Interview W), particularly in the aftermath of the October 2003 crisis. In Venezuela and Peru, the major parties that had competed for power over several decades saw their vote shares decline into oblivion over the course of no more than two presidential elections; political outsiders with strong authoritarian tendencies, Chavez and Fujimori, rode the waves of popular disenchantment to power.<sup>47</sup> Bolivia could be headed in a similar direction, for as Van Cott (2003) observes, “the axis of competition has shifted from intra-elite competition, to competition between the ‘systemic’ and ‘anti-systemic’ parties.” These anti-systemic parties are striving to represent the country’s long marginalized indigenous majority.

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<sup>47</sup>Party system collapse is a key area of research in Latin American politics today. See for example Seawright, Jason, forthcoming, “The ‘Demand Side’ of Party System Collapse: Political Preferences and Votes for Insurgent Parties;” and Roberts, Kenneth, 2002, “Social Inequalities Without Class Cleavages in Latin America’s Neoliberal Era,” *Studies in Comparative International Development* 36 (4): 3-33. For more on Peru, see Levitsky and Cameron forthcoming, “Democracy without Parties? Political Parties and Regime Change in Fujimori’s Peru,” and for Venezuela, Coppedge, Michael, “Explaining Democratic Deterioration in Venezuela through Nested Induction,” Paper presented at the Annual Meeting of the American Political Science Association, San Francisco, Sept. 2-5 2001. See also Stokes, Susan, 2001, *Mandates and Democracy: Neoliberalism by Surprise in Latin America*, Cambridge University Press.

Popular frustration with the political parties, along with the new institutional framework created by decentralization and several other conjunctural factors, have allowed the emergence of two new indigenous parties, MAS and MIP, that are contesting the dominance of the traditional powers in Bolivia. Together, these new actors managed to capture 27% of the vote in the 2002 elections (ibid: 3). Van Cott (2003: 3) refers to their electoral performance as “a revolutionary result for the politically under-represented indigenous majority. In previous national elections, the best result for all indigenous parties combined was 4.6 percent.”

MAS (Movimiento al Socialismo) is the larger of the two new indigenous parties. This peasant based party grew out of the coca growers’ unions which had organized in the 1980s in response to the government’s eradication programs.<sup>48</sup> The coca unions decided to organize a political wing in order to compete in the first municipal elections of 1995. Another institutional reform, promulgated in 1995, facilitated MAS’s entry onto the national political scene: the creation of 68 single-member congressional districts. Previously, all deputies were elected through proportional representation, and party lists were national. Under that system, it was difficult for incipient and often regionally based indigenous parties to compete and win the 3% of the vote at the national level required to retain legal registration (Van Cott 2003: 4). In the 2002 elections, MAS’s leader, Evo Morales, took second place in the popular presidential election, and the party won 27 seats in Congress, making it the leading opposition force to the MNR-MIR coalition. MAS also received protest votes from among a broader electorate disillusioned with the traditional political parties.<sup>49</sup>

The second new indigenous party is the MIP (Movimiento Indígena Pachakutik), headed by Felipe Quispe. This party has its base in the Aymaran peasant unions of the highlands. MIP also benefited from the electoral reforms described above and performed better than expected in the 2002 election, winning six seats in Congress. The collapse of two previously important political parties, the ADN and CONDEPA, also contributed to the success of both MIP and MAS (Van Cott 2003).<sup>50</sup>

MAS and MIP’s potential to improve their electoral prospects will depend on their ability to attract constituencies beyond their grass-roots bases. The MIP is the narrower of the two parties; its support is restricted to a handful of provinces in the district of La Paz (Interview W, Interview T). Its radical ideology of Aymaran ethno-nationalism will likely prevent it from expanding its support base. Quispe has gone as far as to suggest the creation of a separate Aymaran nation organized around the indigenous social unit, the *ayllu*. MAS’s possibilities may be more promising; it is growing at the municipal level (Interview X), and it may be able to expand its appeal by supporting the increasingly active landless worker’s movement and other popular causes (Interview k). However, MAS’s future will depend on the performance of its congressional delegation over the next three years as well as its ability to distance itself from the coca unions in order to appeal to a broader electorate (Interview T). The latter will involve a difficult balancing act, given that MAS’s organizational base is strongly rooted in the coca unions. The party is also struggling to successfully balance a syndical, mass action political strategy on the one hand with a parliamentary political strategy on the other hand.

Whether or not these two parties manage to increase their vote shares, they show little potential to function as effective advocates of pro-poor livestock policies. Like the peasant and indigenous unions to which they are linked, they presently lack the

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<sup>48</sup>Due to technicalities, this new party, originally the Instrumento Politico para la Soberanía de los Pueblos, was forced to register under the name of a defunct leftist party (Van Cott 2003).

<sup>49</sup>MAS also benefited electorally from the US ambassador’s hostility towards it; his warning to Bolivians citizens not to vote for MAS’s presidential candidate, Evo Morales, backfired and generated a hike in the leader’s popularity (see Van Cott 2003).

<sup>50</sup>The leaders of both parties died prior to the elections. ADN further suffered negative fallout due to the tremendously unsuccessful and unpopular Banzer administration.

capacity to propose and promote coherent rural development policies. MAS, for example, has made little progress on this front. Its discourse is primarily based on anti-neoliberal rhetoric, opposition to the coca eradication policies, and more recently, opposition to natural gas export and calls for greater state involvement in the economy; it has not yet been able to propose concrete alternative development strategies. One informant notes the irony of what he calls a peasant-indigenous party that lacks a peasant-indigenous rural development policy (Interview X). Further, MAS is a very poorly organized political party, to such an extent that one informant asserted that it borders on internal chaos (Interview X). It has no formal political cadres and lacks experienced leaders (Interview W). This shortcoming is exacerbated by the fact that party activists tend to be quite distrustful of intellectuals (Interview X). Because of its organizational weakness and lack of capacity, as well as the fact that it has other priorities, MAS is unlikely to become a forceful advocate of pro-poor livestock policies in the near future. The MIP's prospects for playing such a role are no better.

It is worth reinforcing at this point that indigenous and peasant parties and unions do not seem to be able to pressure the government to implement concrete policies that would benefit their constituencies and members, despite their extremely high levels of mobilization. Yet at the same time, they are capable of bringing the country to a standstill and even ousting the president, as demonstrated by the events of October 2003. Indeed, Quispe initiated the first strikes that set popular protest into motion in mid-September, and Morales soon called on his supporters to engage in similar demonstrations against the government and its gas export plans. The somewhat surprising failure of the indigenous parties and unions to gain concrete policy concessions surrounding issues of everyday importance, despite the power of their mobilizational tactics, can be partly attributed to the fact that the government has simply lacked the resources to meet the demands being placed on it. As is clear from the foregoing discussions, however, this outcome is also attributable to the numerous internal divisions that weaken individual indigenous organizations and prevent them from forming effective cross alliances (Interview T). At the national level, for example, MAS and MIP have not cooperated in a coordinated or formalized manner; Morales and Quispe are often portrayed in the press as arch rivals. The indigenous organizations' and parties' weakness is compounded by their lack of clearly articulated agendas and the particularistic, regional nature of many of their demands (Interview X, Interview W).

### **Donors and the international community**

International financial institutions and cooperation agencies are important political players in Bolivia. This fact is not surprising given Bolivia's dependence on foreign aid; World Bank Development Indicators show that in 2001, aid represented 33% of central government expenditures, the highest figure among South American countries.<sup>51</sup> The IMF and World Bank have long histories in the country. In the mid 1980s, Bolivia served as the first testing ground for the IMF's structural adjustment policies. The World Bank is particularly influential in Bolivia, and the country has served as a pilot for many of its projects as well (Interview H). The World Bank strongly promoted decentralization, and a new political institution, the National Dialog, was institutionalized in 2000 as a requisite for participation in the World Bank's HIPC debt relief program. USAID and development agencies of numerous European governments are quite active in Bolivia as well.

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<sup>51</sup>This figure decreased gradually throughout the 1990s from a high of 70% in 1989. Bolivia had the highest aid to expenditure ratio in South America up through 2001; however, Central American countries such as Nicaragua and El Salvador by 2001 had much higher ratios (World Bank World Development Indicators).

The influence of the donor sector seems to vary by projects and policy areas according to how much their goals conflict or jive with the interests of the government. These dynamics are complicated. The critical example of donor-promoted reforms designed to strengthen state capacity will be discussed in depth below. Although I cannot provide detailed evidence here to back the assertion, it seems clear that the international sector has much more political power than those domestic actors that have an interest in pro-poor livestock policies. Further, the donor and international cooperation sector has been very active around issues related to livestock policy. They are providing funding not only for specific development projects (for example, DFID has worked for many years with small milk producers in the *alitplano*), but also for government programs including SENASAG and SIBTA. For these reasons, these international actors have the potential to be the most important proponents of pro-poor livestock and related policies in Bolivia.

## 7. STRATEGIC ENTRY POINTS

This section presents some recommended strategies that may help to advance pro-poor livestock policies and improve the opportunities for small producers to benefit from expansion within the livestock sector. These strategies are presented as suggested actions for the donor community, although in some cases there are domestic actors that are working on these fronts. The suggested agenda includes strengthening small producers' associations, strengthening municipal governments, pressuring the central government to implement and respect institutional reforms designed to enhance state capacity, strengthening SENASAG and encouraging it to actively initiate programs in the *altiplano*, and attempting to foster coordination among actors involved in development efforts. The prospects for success of each course of action are discussed, taking into account political feasibility.

### Strengthening small producers' associations

All informants agree on the need to strengthen small producers' associations. If their organizations can be consolidated and obtain legal registration, and if their leaders can obtain the requisite skills, these associations could become significant actors at the municipal level capable of significantly advancing their own interests. In one municipality, for example, a well-organized producers' association was able to convince the municipality to provide the funds it needed in order to submit a project proposal to SIBTA (Interview I). Regional and national small producers' associations must be strengthened as well. They need to be enabled to present an articulate agenda and lobby the government in the same way that the large producers' federations do. Some international organizations are already engaged with small producers associations. For example, Holland's cooperation agency has worked to some extent with the OECAs.

Politically, this recommended course of action should be quite feasible. Producers' associations, in contrast to the peasant unions which presently have greater political power, follow more of a self-help logic and do not demand resources from the state in the same way that the unions do. As such, they are functional to neoliberalism, and the state should have an interest in strengthening them in relation to the older peasant organizations such as the CSUTCB. Several informants within the government acknowledged the importance of strengthening producers' associations, and as previously detailed, the agricultural strategy policy submitted to the Sánchez de Lozada administration addressed this issue as well. The fate of this proposal under the new president remains to be seen. However, given the above considerations, strengthening small producers associations can certainly be considered a strategic entry point.

### Strengthening municipal governments

This course of action has two components: institutional reforms at the national level to improve the legal framework that governs decentralization, and training and technical assistance for municipalities to help them elaborate viable development plans. Institutional reforms should be designed not only to strengthen municipal capacity, but also to clarify what functions fall under the auspices of municipal governments and which belong to departmental governments. The role of *mancomunidades* and of departmental governments need to be clarified as well within the institutional framework. Such clarifications would hopefully help clear the way for better coordination between departmental governments and the municipalities they encompass. In addition, clear norms need to be established that facilitate and standardize channels of participation for small producers in the municipalities.

Training and technical assistance to municipalities throughout the process of designing, evaluating and implementing development plans could in theory be provided by the government, although NGO and donor support in this realm is probably more plausible. The FAO in La Paz has a very promising program in this area. They are currently working with seven municipalities in the *altiplano*. Stressing popular participation, the FAO helps the municipalities evaluate their development needs and design projects that will be economically viable. It also tries to foster regional development strategies and reinforce the coordinating role of the prefectures. In addition, the FAO team has recently signed an agreement with the Ministry of Education to create an alternative adult education program that will award high-school level degrees in municipal development (Interview Y). The FAO is currently developing the curriculum for the program, which will be designed to give local leaders the skills they need to administer municipal development.

The strategies suggested here if successful should pave the way for the emergence of true 'productive municipalities,' in which small producers work actively with local governments on investment decisions and development plans, and in which there exist sufficient resources and capacity to guarantee sanitary conditions in *mataderos*. This course of action would also pave the way for more effective joint action on creating and maintaining FMD-free zones.

The Federation of Municipal Associations of Bolivia, FAM (Federación de Asociaciones Municipales de Bolivia), will be an important domestic ally for international actors interested in promoting the agenda presented above. This organization, formed in 1999, is composed of representatives from municipal associations and *mancomunidades* in each of the nine departments. It actively lobbies the central government on a range of issues related to deepening decentralization and strengthening municipalities and *mancomunidades*.<sup>52</sup> In addition, it attempts to coordinate among municipalities and to act as an intermediary between different levels of government (Interview e).

Two political events in 2003 impacted prospects for strengthening municipalities. First, in the aftermath of the February crisis, President Sánchez de Lozada disbanded the Ministry of Municipal Development. According to a knowledgeable informant, this act was a political move designed to undercut the increasing political strength of the MIR, which controlled the Ministry (Interview e).<sup>53</sup> The closure of the Ministry represents a serious setback; the FAM had maintained good working relations with the institution, and actors promoting municipal development no longer have an obvious institutional reference point within the state. Second, the crisis of September and October delayed plans for a National Dialog. When field research for this project was completed in July, it appeared that the National Dialog, expected to be held in late 2003, would present an important opportunity for progress on this front, especially in the area of institutional reforms. The FAM participated actively in the last National Dialog, and it had already elaborated a detailed agenda for the next dialog. At the time of this writing, Bolivian newspapers were reporting that a National Dialog would be held in late November, a logical step from the perspective of the new president given his need to legitimate his leadership and calm the crisis.<sup>54</sup> However, detailed information on the planned agenda of the Dialog beyond a referendum on natural gas development plans was not available.

Despite these setbacks, securing reforms designed to create a more coherent institutional framework to govern decentralization and better channels for small

<sup>52</sup>See FAM: Agenda Municipal Boliviana. La Paz, Bolivia (no date).

<sup>53</sup>The MNR feared that the MIR would be able to use its position in the Ministry to advance its electoral position for the coming municipal elections. The fact that the MIR participates in the governing alliance with the MNR apparently did not abate the rivalry between the two.

<sup>54</sup>*La Razon* (18/11/2003) [http://ea.gmcsa.net/2003/11-Noviembre/20031118/El\\_evento/Noviembre/eve031118a.html](http://ea.gmcsa.net/2003/11-Noviembre/20031118/El_evento/Noviembre/eve031118a.html) .

producer participation in municipal decision-making should be a feasible goal for the future. Such reforms would appear to be in the interest of most actors, or, at least, they do not seem to threaten the interests of any powerful political actors. It might be possible to significantly advance this agenda if pressure from international actors were to coincide (or coordinate) with pressure from civil society organizations such as FAM.

## Institutionalization reforms

As discussed previously, the lack of state capacity lies at the heart of Bolivia's developmental woes. All actors are aware of this problem and the difficulty of addressing it. The international community in recent years has been particularly active in pressuring Bolivian governments to initiate institutional reforms designed to enhance state capacity and eliminate patronage politics in favor of a stable, merit-based bureaucracy. At least in so far as these reforms have touched institutions involved with the livestock sector, they have not achieved an impressive track record. However, there is at least some potential for modest success if the international community sustains its pressures.

In 2001 at the end of the Banzer administration, members of the international community including the World Bank, the IDB, and European cooperation agencies, initiated an institutional reform program with the government. The Ministry of Agriculture served as a pilot for the project. The reform program for the Ministry had two objectives: first, to restructure it organizationally in a more efficient manner, and second, to create professional technical staff that would be isolated from the pressures of political patronage. The donors financed a public contest to select the most qualified candidates and agreed to pay their salaries for a period of four years. Thereafter, the donors will pay a decreasing proportion of the civil servants' salaries while the government incrementally takes on this financial responsibility (Interview a). A similar institutionalization program has targeted SENASAG.

Overall, these institutionalization processes have not been very successful. Informants within the government paint a very positive picture, asserting that the Sánchez de Lozada administration, which took office in 2002, retained approximately 80% of the technical staff in the Ministry of Agriculture that had been selected through the institutionalization process on a merit basis. However, the picture is not as rosy as this figure suggests. Several informants outside the Ministry doubt that the retention figures are as high as 80% (Interview k, Interview o). Further, many of the technicians who were retained have been moved around within the Ministry and are no longer performing the jobs for which they were selected, or they have been marginalized through other means (Interview o). In addition, the new administration rejected the structural reorganization proposed by the consultants working with the donors. Instead of the recommended single Vice Ministry, the Ministry of Agriculture now has five Vice Ministries, an arrangement that permits greater opportunities for job patronage (*ibid.*). SENASAG's institutionalization process has been even less successful. The Sánchez de Lozada administration, to the frustration of the donor community, replaced many officials within the institution, responding to the powerful logic of political patronage (Interview S, Interview J, Interview g).

Given these experiences, many informants are quite pessimistic as to the feasibility of institutionalization reforms (Interview W, Interview k). They feel that the logic of patronage politics is simply too strong to overcome, despite donor pressure. One informant points out that the MIR remained in control of the Ministry of Agriculture after the 2002 elections, yet the new Minister does not support the institutionalization process (Interview o). Pressures to rearrange the Ministry and replace the staff with a new set of appointees will be even stronger if and when a different political party gains control of the Ministry. Further, there are worries as to whether or not the institutionalization process will hold at all once the government has inherited full



responsibility for the salaries of the technical staff (Interview a). Finally, even if an institution such as SENASAG could be forged into a 'pocket of efficiency' within the state, its long-term future would likely remain uncertain. There is a constant danger that such a pocket of efficiency will revert back to the status quo in a system otherwise characterized by pervasive patronage as soon as vigilance declines (Evans 1989: 577-578, Geddes 1990).<sup>55</sup> In the words of Evans (1989: 577): "As long as these pockets are surrounded by a sea of traditional clientelistic norms, they are dependent on the personal protection of individual presidents."

However, despite the above considerations, the institutionalization process promoted by donors has potential to achieve a degree of success in Bolivia if it is strategically executed. According to a knowledgeable informant, the institutionalization process was bound to fail because it was initiated at the end of a presidential administration (Interview S). The new government, which had not taken part in the project, would of course push to insert its own people into the Ministry of Agriculture and SENASAG. Institutionalization needs to be promoted at the onset of a new administration. If the institution's performance is clearly improved as a result of the reforms before the administration changes again, it may be able to escape political interference (Interview S), as long as the international community continues to actively oppose such an outcome. Politicians tend to leave those institutions that function effectively alone so as not to incur unfavorable press (Interview S, Interview g). The fact that SENASAG's Santa Cruz office managed to survive the change of administration with relatively little interference compared to other regional offices supports this thesis. The Santa Cruz office according to many informants is performing well in its campaign against FMD and has the strong support of the private sector. Politicians may be under significant pressure to distribute jobs to their supporters, but they have no desire to "kill the golden goose" (Interview g).

In late July, it appeared that conditions were favorable for moving the institutional process forward, despite the setbacks incurred in 2002. Several sources asserted that the president was strongly committed to institutionalizing SENASAG (after his administration had successfully inserted its own appointees into the institution) (Interview J, Interview H, Interview a). In addition, the private sector strongly supports the reforms. In the aftermath of the political turbulence of September and October and the resignation of Sánchez de Lozada, conditions for institutionalization might still be propitious. Carlos Mesa is a political outsider who does not belong to any established political party. Sánchez de Lozada originally chose Mesa, a television journalist and historian, precisely because of his status as an independent, and because Mesa has a strong reputation for fighting corruption (Rohter 2003). Because he is a political outsider, Mesa could be more immune to the logic of patronage: in contrast to a career politician, he has no organized constituency of his own which he must reward with public sector jobs.<sup>56</sup> However, on the other hand, Mesa has no

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<sup>55</sup>Such was the fate of Brazil's National Development Bank, which had been a good example of a pocket of efficiency in the 1950s. The Bank became an effective branch of the state under President Kubitscheck, who used it as a key instrument to execute his developmental projects. Unlike most of the state bureaucracy, the Bank's staff was selected based on merit through public examinations, and the Bank offered its employees a rewarding and predictable career path (Evans 1989: 577). It could thus be said to have roughly approximated the ideal type of a Weberian bureaucracy. However, when Goulart inherited the presidency after the resignation of Kubitscheck's successor, the Bank began to succumb to patronage pressures. Goulart's political position was extremely weak, so he sought support through whatever means were available, including attempts to distribute patronage positions in the Bank and other sectors of the bureaucracy that had previously been isolated from such interference. The Bank was thus unable to survive as an effective bureaucratic institution beyond the tenure of its chief proponent, Kubitscheck, although it was able to mount some resistance to political interference (Geddes 1990).

<sup>56</sup>The literature on neoliberal reforms in Latin America supports this possibility. Geddes (1994) argues that executives who are political outsiders are more likely to initiate neoliberal reforms, such as cutting back public sector jobs, because such measures do not threaten their own self interest. Outsiders do not have established patronage networks, so such reforms damage only their political opponents, who do depend on patronage resources such as public sector jobs (Weyland 2003:31). Following this logic, one could hypothesize that it is in the interest of President Mesa to support reforms that establish meritocratic recruitment to jobs in state institutions, because so doing would undermine the political patronage resources of

supporters of his own in the legislature who would automatically back his initiatives. A thorough evaluation of prospects for institutionalization would require a more careful study of the interests of current politicians, political incentives, and decision-making processes within the state than can be undertaken here.<sup>57</sup> Nevertheless, these preliminary speculations suggest that the combination of concerted donor and private sector pressure for institutionalization might yet achieve results in Bolivia.<sup>58</sup>

## SENASAG

In addition to institutionalizing SENASAG, actions need to be taken to redress the problem of the location of its central office and to encourage it to focus attention on the *altiplano*. One informant suggests that given the political infeasibility of moving the headquarters, decentralization, which would give the regional offices greater autonomy, would be a savvy approach (Interview g). Alongside efforts to direct SENASAG's attention to the *altiplano*, camelid producers need to be educated on the importance of creating an FMD-free zone to open up export opportunities, even though FMD is not a disease that usually afflicts llamas and alpacas. At present, there is little understanding of this issue (Interview P), and SENASAG's efforts could be hindered by popular distrust of the state. According to one informant, SENASAG showed interest in conducting a census of the camelid population, but the producers themselves resisted for fear that they would be forced to pay additional taxes (Interview Q).<sup>59</sup> In addition to working on an *altiplano* FMD-free zone, SENASAG must be convinced to invest resources in sarcocistiosis prevention, an even more salient problem for the camelid sector, as well as other animal health and sanitation issues specific to camelids.

Despite significant challenges, these lines of action may be politically feasible. First, it is in the interests of the large producers who stand to benefit from export opportunities to have a strong and functional SENASAG. The regional Cattlemen's Federations may therefore be potential allies in decentralizing the institution, if they are convinced that that such an approach would improve SENASAG's performance. Further, as long as SENASAG continues its work in the lowlands, the powerful large cattle ranchers will have nothing to lose if the institution initiates concerted actions in the *altiplano*, so they are unlikely to mount any opposition. Given the weakness of the camelid producers' associations, however, the political and financial impetus for this shift in focus will probably have to originate from the donor community.

SENASAG also needs to be encouraged to pay greater attention to small producers in the lowlands. Small producers need better access to veterinary medicines and vaccines, for example. Vaccines are often sold in quantities that are too large for them to use or afford. Current conditions may be growing more favorable for this course of action. Informants within the institution assert that SENASAG has begun to work with small producers. For example, a vaccination campaign is planned for the

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the traditional parties with which he frequently clashed during his prior tenure as vice president (Rohter 2003). Of course, more extensive research would be required to refine and evaluate such a hypothesis.

<sup>57</sup>This direction for future research follows Geddes' (1990: 232) approach to studying state reforms: "Political leaders can be expected to promote reforms designed to increase bureaucratic honesty and competence only when the benefits to them individually of doing so outweigh these costs [of decreased access to patronage resources]. Their individual interests depend on the political institutions within which they operate."

<sup>58</sup>Another informant proposes that donors would do well to forget about institutionalizing the Ministry of Agriculture and focus their efforts exclusively on services such as SENASAG and SIBTA. In his opinion, the Ministry will always remain the domain of the politicians, but services can be isolated from politics through schemes such as SIBTA's private-public administrative design (Interview o).

<sup>59</sup>It should be noted, however, that conducting a camelid census is not necessarily a wise or necessary use of resources (private communication with Interviewee A). This example is used here only to highlight the distrust of the state among inhabitants of the *altiplano*. The same informant also commented that SENASAG vets also need further information regarding what steps are truly essential in establishing an FMD-free zone. In this informant's opinion, SENASAG vets have a weak bargaining position compared to Chilean officials, who are demanding measures that might better be ignored.

end of 2003 focused on small holders. Brazil has donated a quantity of vaccine to be used for this purpose, and SENASAG will make it available to the small producers at only the administrative cost of provision (Interview g, Interview J). Again, if SENASAG manages to successfully maintain the disease free zone, small producers might be able to benefit indirectly from increased domestic demand for beef (Interviews g, f).

Opinions as to SENASAG's capacity to maintain disease-free zones vary. Some informants are quite skeptical regarding SENASAG's ability to control the recently declared disease-free zone in the lowlands. They point out that it will be quite easy for ranchers to avoid checkpoints designed to control animal movement (Interview A, Interview O). Other informants, including but not limited to those within SENASAG, and especially those informants interviewed in Santa Cruz, are much more optimistic. At any rate, donors need to work with the institution to enhance its capacity. Continued donor pressure for institutionalization as discussed above will hopefully prove to be a step in the right direction.

An FMD-free zone in the *altiplano* should be logistically easier to establish and maintain (Interview g). The disease is far less prevalent in this region; the cattle population is much smaller, and camelids are less susceptible. The FMD-free zone will begin with a region near the Chilean boarder and could be gradually extended toward the northern *altiplano*. Efforts to strengthen producers' associations, municipal governments, and departmental governments suggested above should further facilitate the declaration and maintenance of an FMD-free zone in the *altiplano*.

Further, if SENASAG were to begin serious operations in the *altiplano*, there is some possibility that it could help establish a positive feedback dynamic with producers' associations. SENASAG might be able to provide incentives and a locus for organization among producers. Literature on the state in political science points out that efficient state institutions can create strong civil society (Evans 1995). In a best case scenario, a stronger SENASAG could help strengthen producers' organizations and help them engage more productively with the state, and those producers' associations, by engaging with the state and making demands that could be granted in a market system (as opposed to for example the anti-globalization demands that indigenous groups have been making to prevent natural gas exports), could simultaneously reinforce the institutional importance and capacity of SENASAG. However, given that the indigenous population of the *altiplano* is extremely suspicious (to say the least) of the state and does not yet have an understanding of why sanitation measures surrounding FMD are necessary or could potentially benefit them, it will be difficult to establish such a positive feedback dynamic between producers' associations and SENASAG.

## Fostering coordination

International actors need to pay special attention to fostering coordination and cooperation among all of the actors, organizations, and levels of government involved in the livestock development sector. Studies have been done and redone, particularly in regard to the camelid sector. There seems to be sufficient consensus on the problems afflicting the sector that it is time to take definitive and coordinated actions rather than additional isolated projects.

## Land reform

Finally, although the issue of land reform lies outside the scope of the present report, resolution of the problems that surround access to land and legal tenure must be resolved. These issues are in many ways of prior concern to pro-poor development policies focused on the livestock or any other sector. The poor must have sufficient and secure access to land before initiatives focused on the livestock sector can effectively benefit them. Further research on land issues should be conducted in

order to understand how land insecurity affects livestock production and the strategic entry points recommended in this report.

## Political crisis as an opportunity?

Various scholars have postulated that institutional change tends to take place during times of crisis. Krasner, in his 1984 review of literature on the state, employs the notion of punctuated equilibrium from evolutionary biology to describe the formation and evolution of institutions. He emphasizes that “new structures originate during periods of crisis,” (Krasner 1984: 240). Numerous examples of works that follow a similar approach to the formation of institutions can be found in the literature on Latin America. Collier and Collier (1991), for example, trace the origin of the representative institutions that shaped politics in Latin America for much of the 20th century, including political parties and structures governing labor-state relations, back to a period of crisis precipitated by the rise of the working class and the need to incorporate it in some manner into the political system. Further, many authors have discussed the importance of economic crises in creating the political conditions necessary to implement neoliberal reforms of the type carried out in many Latin American countries in the late 1980s and 1990s.<sup>60</sup> Indeed, extreme hyperinflation in the mid-1980s is one factor that seems to have motivated politicians in Bolivia, Argentina, and Peru to pass stabilization initiatives that inflicted considerable pain on the populace (Weyland 2002, Remmer 1998). Mayorga (1997: 145) argues that the political and economic crisis of the early 1980s in Bolivia further “marked the start of a remarkable... process of learning and institution-building” that ushered in the country’s system of “parliamentarized presidentialism,” discussed in section four.

Following a similar vein of argument, Bolivia’s current political crisis might potentially facilitate strategic interventions related to the dimensions discussed above. The Mesa administration could conceivably be predisposed to take international community recommendations to heart so as to prove its will to govern more effectively. It might also be more open to implementing proposals that arise from within civil society in an effort to steer the country out of crisis. Prospects for reforms designed to strengthen municipalities and channels of participation for small producers’ associations at that level might be particularly promising if pressures from international actors and domestic actors could be brought to bear simultaneously on the government. The hypothesis that Bolivia’s political crisis might facilitate institutional reforms and other measures promoted by international actors and civil society is clearly quite tentative given the unstable political climate prevailing in Bolivia at the time of this writing and the newness of the Mesa administration. Substantial research would have to be undertaken in order to evaluate the plausibility of this hypothesis. Nonetheless, the considerations presented here suggest that Bolivia’s turbulent political climate should not automatically be viewed as a hindrance to action on the strategic entry points identified in this report.

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<sup>60</sup>See for example Weyland (2002). For the case of Bolivia, see Morales 1993 and Mayorga (1997). Bird (1992) discusses the role of economic crisis as a prerequisite for tax reform in Latin America, and particularly for the 1986 tax reform in Bolivia.

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## INTERVIEWS

A.	La Paz, 08/06/03.	Livestock professional.
B.	La Paz, 10/06/03.	Sociologist.
C.	La Paz, 11/06/03.	Government official.
D.	La Paz, 11/06/03.	Government official.
E.	El Alto, 13/06/03.	Development professional.
F.	El Alto, 13/06/03.	Livestock professional.
G.	El Alto, 13/06/03.	Producers' association official.
H.	La Paz, 12/06/03.	International cooperation official.
I.	La Paz, 12/06/03.	International cooperation official.
J.	La Paz, 13/06/03.	SENASAG official.
K.	La Paz, 16/06/03.	NGO director.
L.	La Paz, 16/06/03.	Microcredit professional.
M.	La Paz, 16/06/03.	Microcredit professional.
N.	La Paz, 17/06/03.	Development project official.
O.	La Paz, 17/06/03.	International Cooperation official.
P.	La Paz, 20/06/03.	NGO official.
Q.	El Alto, 20/06/03.	Producers' association official.
R.	La Paz, 23/06/03.	Professional working in government.
S.	La Paz, 24/06/03.	Consultant.
T.	Cochabamba, 24/06/03.	Phone interview. Academic.
U.	Cochabamba, 25/06/03.	Phone interview. NGO official.
V.	La Paz, 25/06/03.	NGO official.
W.	La Paz, 25/06/03.	Academic.
X.	La Paz, 25/06/03.	Academic.
Y.	La Paz, 26/06/03.	FAO consultant.
Z.	La Paz, 26/06/03.	Academic.
a.	La Paz, 26/06/03.	Government official.
b.	La Paz, 30/06/03.	Academic.
c.	La Paz, 30/06/03.	NGO official.
d.	La Paz, 01/07/03.	NGO official.
e.	La Paz, 02/07/03.	NGO official.
f.	Santa Cruz, 03/07/03.	SENASAG official.
g.	Santa Cruz, 03/07/03.	SENASAG official.
h.	Santa Cruz, 03/07/03.	Producers' association official.
i.	Santa Cruz, 03/07/03.	NGO official.
j.	Santa Cruz, 04/07/03.	Technical extension professional.

- k. Santa Cruz, 04/07/03. Producers' association official.
- l. Santa Cruz, 07/07/03. Technical extension professional.
- m. Santa Cruz, 07/07/03. Technical extension professional.
- n. Santa Cruz, 07/07/03. NGO official.
- o. La Paz, 08/07/03. International Cooperation official.