DEMOCRATIC DEVELOPMENT AND CITIZEN PARTICIPATION: SUPPORTING ANALYSES

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LIST OF ACRONYMS

ADN:	Acción Democrática Nacional
AGMAB:	Asociación de Gobiernos Municipales Autónomos de Bolivia (Association of Autonomous Municipal Governments of Bolivia)
AIPE:	[coordination and support network for NGOs]
ALCECOOP:	[coordination and support network for NGOs]
ANED:	[coordination and support network for NGOs]
ASBOMUN:	Asociación Boliviana de Municipios (Bolivian Association of Municipalities)
CICON:	Centro para Investigaciones Congresionales (Center for Congressional Research)
CONDEPA:	[political party]
CORDEPAZ:	Corporación de Desarrollo de La Paz
CORDEPO:	Corporación de Desarrollo de Potosí
COU:	Constituent Outreach Unit of CICON
CV:	Comité de Vigilancia (Vigilance Committee)
DDCP:	Democratic Development and Citizen Participation

DEC:	Departmental Electoral Court
DI:	Democratic Institutions project (USAID)
DNIP:	Dirección Nacional de Identificación Personal (National Direction of Personal Identification)
ERBOL:	[coordination and support network for NGOs]
FENASONGS:	[coordination and support network for NGOs]
FNDR:	Fondo Nacional de Desarrollo Regional (National Fund for Regional Development)
GoB:	Government of Bolivia
GTZ:	Deutsche Gesellschaft fur Tecnische Zusammenarbeit (German Agency for Technical Collaboration)
ICAM:	Instituto de Capacitación y Administración Municipal (Institute for Municipal Training)
IDEMU:	Instituto de Desarrollo Municipal (Institute for Municipal Development)
INIDEM:	Instituto de Investigación y Desarrollo Municipal (Institute for Municipal Research and Development)
INTEREP:	[coordination and support network for NGOs]
ITEM:	Instituto Técnico Municipal (Technical Municipal Institute)
LPP:	Ley de Participación Popular (Popular Participation Law)

MAU:	Ministerio de Asuntos Urbanos
MBL:	Movimiento Boliviano Libre
MIR:	Movimiento Izquierdista Revolucionario
MNR:	Movimiento Nacionalista Revolucionario
MRTKL:	Movimiento Revolucionario Tupac Katari de Liberación
NEC:	National Electoral Court
NGO:	Non-governmental organization
OTB:	Organización Territorial de Base (grass roots organization)
OTP:	Oficina Técnico de Presupuesto (Technical Budget Office of CICON)
PAO:	Annual operating plan
PNUD:	United Nations Development Program
PROA:	Programa de Desarrollo Urbano de El Alto (Program for Urban Development, El Alto)
PROADE:	Proyecto Apoyo a Descentralización (Decentralization Support Project)
PROCADE:	Programa Campesina Alternativa de Desarrollo (Alternative Peasant Development Program)

PRODEMU:	Programa de Desarrollo Municipal (Municipal Development Program)
PROSALUD:	Programa de Salud (Bolivian NGO health program)
PVO:	Private voluntary organization
RDC:	Regional development corporations
REDIAP:	[coordination and support network for NGOs]
REIPO:	[coordination and support network for NGOs]
RELISE:	[coordination and support network for NGOs]
RUN:	Registro Unico Nacional (National Registry)
SEC:	Constituent Outreach Service (of CICON)
SNAE:	Secretaría Nacional de Asuntos Etnicos
SNDR:	Secretaría Nacional de Desarrollo Rural
SNPP:	Secretaría Nacional de Población Popular
SUNY/OIP:	State University of New York/ Office Internationl Programs
UAL:	Bill Drafting Unit (of CICON)
UCS:	Union Cívica Solaridad

UDAPE:	Unidad de Análisis de Política Económica (Economic Policy Analysis Unit)
UDAPSO:	Unidad de Análisis de Política Social (Social Policy Analysis Unit)
UII:	Unidad de Investigación e Informática (Research and Information Unit of CICON)
UNDP:	United Nations Development Program
UNICRUZ:	[department-level coordination and support network for NGOs]
UNIOR:	[department-level coordination and support network for NGOs]
UNISUR:	[department-level coordination and support network for NGOs]
UNITAR:	[department-level coordination and support network for NGOs]
UNITAS:	Unión Nacional de Instituciones para el Trabajo de Acción Social (National Union of Institutions for Social Action) [coordination and support network for NGOs]
WB:	World Bank

I. INTRODUCTION AND METHODOLOGY

This report contains four analyses as background information to support the preparation of the Project Paper for USAID Bolivia's Democratic Development and Citizen Participation (DDCP) project. The first analysis describes and evaluates the capacity of various institutions that might be involved in the implementation of the project. The analysis of municipal governance assesses the readiness of municipal governments and grass roots organizations to assume their new roles as defined in the recently promulgated Popular Participation Law (LPP), and identifies areas in which they may need assistance from the DDCP project. The social soundness analysis looks at a set of social, economic, and political factors that need to be considered in designing the project and defines different groups that will benefit directly and indirectly from the project. The fourth analysis examines the technical feasibility of implementing the project in the manner proposed in draft versions of the project paper, and in some instances explores a number of alternative approaches.

These analyses were produced through a methodology based on: interviews with USAID, GOB, municipal government and civil society representatives; field visits; document and newspaper reviews, including materials prepared for the DDCP project, and reports and evaluations of other related projects; and ongoing discussions with members of the DDCP project team at USAID Bolivia. A full list of the people interviewed in La Paz and the field is attached.

II. INSTITUTIONAL ANALYSIS

The purpose of the institutional analysis is to evaluate the capacity of institutions that might be involved in implementing components of the DDCP project. Under the first component related to Effective Citizenship, these will include the National Electoral Court, its ten subsidiary Departmental Electoral Courts, and the four main citizen documentation registries. The second component related to municipal governance may involve NGO networks and their members, and possibly the Departmental Development Corporations and one or other of the institutes involved in municipal affairs. The third component related to representative congress will include the National Congress and the Center for Congressional Research (CICON).

A. Effective Citizenship Component

One objective of the DDCP project is to increase the number of registered voters, particularly among poor women living in rural areas. This would require the collaboration of the NEC and DECs in providing lists of voters for each area where the DDCP project is active, and of the Citizen Documentation Registries in providing citizens with the necessary document to register as a voter. These institutions have been the recipients of technical and financial assistance from USAID under its Democratic Institutions project which is due to end in 1995.

1. Citizen Documentation Registries

In order to register as a voter, a citizen needs to provide one or other of five documents: a birth certificate issued by the Civil Registry; an ID card issued by the Dirección Nacional de Identificación Personal (DNIP); an ID card issued by the recently established Registro Unico Nacional (RUN); a passport; or a certificate of military service issued by military authorities.

The Civil Registry issues certificates of birth, marriage, and death, and is the oldest of the citizen documentation registries, having been established around 1940. Its methods of operation remain pretty much unchanged since it was first set up. A cadre of 3000 - 5000 officials residing in cities and villages throughout the country issue certificates to citizens for a fee, and maintain hand written records in two books. One of these is forwarded to the Civil Registry, and the other is kept in the field office by the official. Fees are not standardized, are relatively expensive (about $20 for a birth certificate for example), and vary from place to place. Officials retain part of this revenue as payment for their services, and send the remainder to the Civil Registry. In earlier times, this revenue was not formally accounted for, and often provided a source of income for political campaigns. In late 1992, Congress passed a bylaw which transferred the Civil Registry, together with its cadre of officials and revenues to the NEC. To date, however, the NEC has not been able to use these revenues. The GoB recognizes that the funds are to accrue to the NEC, but has yet to reach a formal agreement with the NEC specifying how they may be used. This agreement has been delayed in part by the national elections of August 1993.

The DNIP is responsible for issuing the traditional green ID card, which has been in common use throughout the country. To obtain such a card, a citizen has to produce a birth certificate, and evidence of any professional qualifications which are to be listed on the card. It has to be renewed every 5 years at a fee of about $10 or more. For the most part, the DNIP maintains its records manually, though they are gradually being transferred to a computerized database. The ID cards are widely accepted, though fake cards can apparently be obtained quite easily. The DNIP relies largely on the local police force to act as its agents, and surplus income

from issuing ID cards accrues to the police pension fund. The DNIP comes under the Ministry of Government (previously the Interior), and some have argued that it should also be transferred to the NEC. However, due to the difficulties of disentangling personnel and pension funds, this is unlikely to happen, at least in the foreseeable future.

The RUN also issues ID cards, using members of the police force as its agents, but in contrast to the DNIP, actively seeks to register citizens by using mobile brigades that reach out to the population. As a newer institution its system uses simplified procedures, is completely computerized and provides tighter controls. Set up in 1991, as an offshoot of USAID's Democratic Institutions project, the RUN is funded by the GoB and a $4.0 million grant from the Spanish government. Established as an autonomous body, its board is chaired by the Minister of Government, and includes members of the government, the church, political parties, and the private sector. The World Bank is currently considering a further grant of $10 million to enable the RUN to accelerate the process of registering citizens in order that they may eventually receive pension benefits under the government's capitalization program. There are plans to transfer the RUN to the NEC, but the GoB has yet to confirm this. While the NEC would like to subsume the RUN under it in the near future and before the December 1995 municipal elections, a recent evaluation of the Democratic Institutions project recommends waiting until after the elections as the NEC is not institutionally strong enough to take on the RUN.

2. National and Departmental Electoral Courts

The National and Departmental Electoral Courts are responsible for conducting all national and municipal elections. As such, they are mandated to define the boundaries of electoral districts, to conduct the registration of voters, and to prepare and maintain a registry of voters. There are ten Departmental Courts, one for each department with the exception of La Paz which has two. The registries of the ten departmental courts together make up the Electoral Registry. In earlier days, the electoral courts were subject to political manipulation, with major parties having more or less total control over different departmental courts.

After particularly serious abuses in the 1989 elections, new legislation was introduced in 1991 to ensure the political neutrality of the courts and to minimize outside intervention. Under the new legislation, members of the supervisory boards of the NEC and DECs are chosen by members of the National Congress, and each candidate must receive a two-thirds majority vote of approval. This has resulted in the selection of widely respected citizens, most of whom are not directly engaged in politics. The performance of the electoral courts since the new legislation was introduced is regarded as much improved although still lacking in several areas. Outside political interference has been largely eliminated. Poor internal management led to problems in Santa Cruz during the June 1993 national elections, but intensive efforts afterwards had resolved the problems by the time of the municipal elections in December 1993.

In recent years, the electoral courts have received financial and technical assistance through USAID's Democratic Institutions (DI) project, and technical assistance from the Centro de Asistencia y Promoción Electoral (CAPEL), a dependency of the Interamerican Institute of Human Rights. With a US$1.0 million grant from USAID, the courts have been able to fully computerize their voter registries. With assistance from the RUN, the Electoral Registry now includes some 2.3 million voters, which represents some two-thirds of the total number of eligible voters in Bolivia. Analysts estimate, however, that after making allowances for deceased persons whose names remain on the registry, and double counting due to migration, the true number of registered voters is probably closer to 2.0 million.

Operating and maintaining the voter registries involves three main tasks: registering voters in the first place; updating registries to take account of deaths and migration; and handling challenges to registry records lodged by citizens, organizations and other plaintiffs. The first and second tasks would be greatly simplified if the NEC were able to consolidate the various databases of the Civil Registry, the RUN, and the DNIP. While some steps have been taken in this direction, the full consolidation of these databases is a long way from becoming a reality.

A recently completed evaluation of the DI project had these comments to make about the NEC. It remains an anemic organization, and therefore the RUN should not at this time become part of the NEC, since this would sap its limited energies. The NEC's computerized voter registry funded under the DI project does not have the capacity to accommodate the potentially large number of additional registered voters that the DDCP project might generate. DDCP should therefore include US$100,000 for computer equipment plus additional funds for maintaining it. The NEC and the DECs will require technical assistance in order to effectively expand their responsibilities to include the area of voter and citizen education as envisaged in DDCP. In addition, the evaluation identified other constraints to the NEC's effective institutional performance including:

* the manner in which a short time period between the closing of voter registration and the holding of elections make it impossible for the NEC and DECs to input newly registered voters into the national automated electoral registry in time for elections;

* the plan to seat a new court only three months before the December 1995 municipal elections;

* the lack of a firm strategy to carry out the December 1995 municipal elections; and

* an inappropriate staffing pattern for the NEC and DECs, lack of a strong middle management layer, and the resulting inability of Electoral Court judges to delegate administrative functions.

The DI project evaluation suggests USAID design and undertake a policy dialogue with the NEC to ensure that these concerns are addressed.

B. Municipal Governance Component

The second component of the DDCP project responds directly to the GoB's recent initiative embodied in the Popular Participation Law (LPP), and is designed to enhance citizen participation in municipal governance. It will accomplish this by providing training and technical assistance to grass roots organizations (OTBs in the parlance of the LPP), and to municipalities. A related element of this component is designed to provide policy guidance on the implementation of the LPP and municipal governance. This section of the institutional analysis therefore examines three groups of organizations that are or could be involved in these tasks: Regional Development Corporations (RDCs), which under the LPP are given the responsibility of strengthening municipalities; NGOs and their network coordinators, which have traditionally provided support to grass roots organizations; and a set of other institutions that are or might be concerned with

municipal strengthening.

1. Regional Development Corporations

According to the LPP, the main responsibility for strengthening the capacity of municipal governments falls to the Regional Development Corporations (RDCs). The Law does not exclude other institutions from doing this, but the RDCs are the only institutions mentioned in the Law that are specifically given this task.

When the RDCs were originally established some time in the 1960s, their role was mainly confined to providing basic infrastructure in urban areas, most of which in effect was located in the departmental capitals. In the late 1970s, their responsibilities were expanded to include regional planning for the departments, and the local coordination of investments by national government agencies. Until the emergence of the various Fondos in the late 1980s, the RDCs operated in practice as the chief government agents of economic and social development in each department. Funding for the RDCs came chiefly from royalties on natural resources, for example oil in Santa Cruz and mining in Potosí, and more recently a 10% share of coparticipation funds.

The LPP radically redefines the role of the RDCs, in effect transferring much of their responsibilities and resources to municipal governments. They retain the task of regional planning, but their responsibility for public works is reduced to larger infrastructure projects of a regional or sub-regional nature. Smaller facilities owned by the RDCs are to be transferred to the municipalities, as is responsibility for new local infrastructure. Instead the RDCs are given the new task of strengthening municipal capacity for management and service delivery. The RDCs 10% share of coparticipation funds is eliminated, and given instead to the municipalities. RDCs now have to rely mainly on royalties, but since these vary widely across the country, the LPP establishes a Departmental Compensation Fund to raise the income of poorer Corporations to the average level for the country. The net effect of these reforms has been to substantially reduce the income of most corporations, which have accordingly been forced to lay off great numbers of employees, in some cases more than two-thirds. The table below shows the reduction of employees in four corporations based on information provided by interviewees.

TABLE 1: CHANGES IN RDC STAFFING DUE TO LPP

Corporation	Staffing prior to LPP	Staffing after LPP	% change
CORDECH	1200	400	-66
CORDECRUZ	1000	300	-70
CORDEPAZ	1115	380	-65
CORDEPO	450	210	-53

To explain the new Law to the staff of the RDCs, the SNPP organized three nine day seminars simultaneously in late April in Cochabamba, Trinidad, and Sucre. The SNPP were assisted in this by members of the PROADE project managed by GTZ.

Subsequently, each RDC has established new divisions responsible for municipal strengthening, and these have since been heavily involved in training and technical assistance to municipalities to explain the intent of the LPP and the way it is to work. A variety of training workshops have been held for municipal officials and community leaders, usually from two to five days in length, covering the LPP, the Ley Orgánico de Municipalides, and the SAFCO law which relates to financial accounting procedures.

RDCs have also provided extensive technical assistance to municipalities for the preparation of annual operating plans (PAOs) and budgets. These must be submitted for certification to the Ministry of Finance, which then authorizes the Central Bank to release coparticipation funds to approved municipalities. The manner in which RDCs have provided this assistance varies. Some have organized brigades, each of which is responsible for a specific group of municipalities. The brigades consist of four to six technical staff, an engineer, economist, social scientist, accountant and suchlike, and these spend from two days to two weeks in each municipality working mainly with local government staff, sometimes arranging workshops with OTBs. CORDEPAZ, on the other hand appointed only one person for each group of municipalities, and this person acted as liaison between the local mayor and teams of technical staff who prepared the necessary documents back at headquarters. The great majority of municipalities, especially the smaller ones, have relied totally on RDC staff to do this work for them, although municipal staff in most of the largest cities prepared their own PAOs and budgets, and a few intermediate sized municipalities hired their own experts.

The cost of all the training and technical assistance to municipalities has been borne to date almost entirely by the RDCs. However, some are seeking additional funding from central government to continue this work in the future, while others talk of eventually charging municipalities at least some part of the cost.

The extent of community participation in preparing these plans and budgets has in most cases been minimal or non-existent, in part because the structure of OTBs and CVs is not yet in place, in part because the government is keen to disburse coparticipation funds to municipalities with a minimum of delay. Given the time constraints, most respondents regarded the lack of community participation as unavoidable, but anticipated that it would gradually increase, once the participatory structure is in place, and the municipal officials learn how to work with community organizations.

Based on the evidence to date, the RDCs have shown that they do have a certain capacity to support municipalities. The speed with which they are completing the task of preparing plans and budgets is impressive, especially given that this is the first time they have done it, and demonstrates they can get a job done when called on to do so. The commitment of RDC personnel to their new responsibilities is also impressive. Respondents reported that their staff had worked evenings and week-ends to accomplish the task, all without extra pay. It is too early to evaluate the quality of the plans and budgets the RDCs produced, but this is a field in which they have some experience, and one can expect that it will at least for the most part be adequate.

Whether RDCs will be able to strengthen municipal capacity in administration, financial management, and the delivery of services, remains to be seen. Though they have some experience in these fields, their own track record is mixed at best, and some aspects, particularly those related to fiscal matters, are new for them. However, before the RDCs can do these things effectively, they will themselves require substantial training in these areas, and they will also need to hire additional professionals with relevant skills.

Whether RDCs will be able to assist municipalities in achieving the most fundamental objective of the LPP, enhancing popular participation in local government, is altogether more doubtful. While they have long been accustomed to receiving local delegations requesting help of one kind or another, this does not mean they are skilled in working directly with communities in the design, execution, operation and maintenance of municipal works and services. They are even less knowledgeable about community participation in larger issues of municipal government, such as revenue collection, taxation, public investment and business development. For that matter, few municipalities in the country are experienced in such things. Some respondents expressed the view that this is not even a responsibility of the RDCs under the LPP. Others said their corporation would be willing to undertake these tasks if they were given the funds to do it. Much will depend on the leadership of individual corporations, but it seems likely in any case that other institutions will have to be involved, and may be better suited to the task.

2. NGOs and NGO networks

A second group of institutions that might be involved under the DDCP project in delivering training and technical assistance for municipal governance are NGOs and their network coordinators. The last twenty years has witnessed a proliferation of national and international NGOs, and with it the formation of several NGO networks. Their activities now extend to population centers throughout Bolivia. According to one informant, there are now some 130 NGOs affiliated with the major networks, 55 of which operate mainly in urban areas, chiefly the departmental capitals, and 75 of which focus on rural areas. Collectively, it is estimated that these 130 NGOs are working in a total of around 3000 communities nationwide. Many NGOs have been working in the same communities for several years, and have established almost a permanent presence there, since few rarely leave.

The activities supported by these NGOs range across the board. Typically they include such things as health and education, agricultural production, skills training, and social organization. Less frequently they include such activities as credit, irrigation, housing, communications, and legal affairs. A few offer expertise in more specialized areas such as human rights, appropriate technology, and radio education programs. Most NGOs started with one or two activities, and have gradually acquired expertise in other areas, partly in response to community needs, partly in accordance with their own predilections. More recently, a number of more forward looking NGOs have anticipated the spirit of the LPP, by moving away from short term projects towards a longer term focus on participatory planning methods, community organization, and institutional strengthening, with the aim of reducing community dependence on NGOs and imparting a greater capacity for self-determination.

With the proliferation of NGOs, several networks have emerged designed to coordinate their activities and provide supporting services. These networks include larger ones such as AIPE, ERBOL, and UNITAS, which was established as far back as 1976; smaller ones like ALCECOOP, ANED, FENASONGS, INTEREP, REDIAP, REIPO and RELISE; and others organised at the departmental level such as UNICRUZ, UNIOR, UNISUR, and UNITAR (all sub-divisions of UNITAS).

Two of these NGO networks, AIPE and UNITAS, recently signed a three year agreement with the SNPP, which aims to establish a mechanism for collaboration between the central government and NGOs to facilitate the implementation of the LPP. The draft agreement seeks to achieve three objectives: to promote the institutional strengthening of OTBs, CVs, other community associations and municipal governments in conformance with the spirit of the LPP; to establish a

permanent system of training for members and officials of these institutions; and to collaborate in the definition of the geographic boundaries of municipal sections and their constituent entities mentioned in the LPP. Activities are to include: institutional strengthening; training and technical assistance; obtaining legal status for OTBs; defining the boundaries of municipal sections and districts; establishing a national information system; and promoting methods for participatory planning involving the OTBs.

The estimated budget for these activities is US$3.0 million, and funding is to be sought from donors. One possible source mentioned is the World Bank's proposed Municipal Strengthening project, to be administered by UNDP. In an interview on 19th August 1994, UNDP's Resident Representative indicated that he had not yet received any communication to this effect, and as the World Bank's proposal stands at present responsibility for managing the technical assistance element is assigned to the FNDR. It should also be noted here that the European Community is also reportedly preparing a project with a budget of US$ 5.0 to 6.0 million, one objective of which is to clarify geographical boundaries of provinces, municipal sections, and possibly municipal districts.

From the point of view of USAID's DDCP project, two main questions need to be answered. First, to what extent do NGOs have the capacity to provide training and technical assistance to community organizations and municipalities for the wide range of matters in which the project will be involved? Second, are NGO network coordinators able to mobilize NGOs in response to DDCP needs, and perhaps to administer this element of the project?

In terms of providing technical assistance to community organizations, there is ample evidence that NGOs in Bolivia could do this, and probably do it as well as or better than anyone else. Among the large number of NGOs that exist in Bolivia, there must be many that have extensive experience in working with grass roots groups, that have long been established in certain communities, and that are familiar with local problems and issues. These can surely be counted on to assist in identifying representative OTBs, obtaining legal status for them, organizing CVs, and training their members to perform the roles expected of them under the LPP, including the identification of needs, prioritizing demands, collaborating with others in the design and execution of projects.

In terms of providing technical assistance to municipalities, however, the situation is less clear. Broadly speaking there are six areas in which municipalities are likely to need assistance under the DDCP project:

- Defining jurisdictional boundaries and municipal districts
- Administration in accordance with central government regulations, including planning, preparing PAOs and budgets
- Financial management, including revenue collection, taxation, expenditure controls, and methods of public accountability
- The design and execution of projects, and delivery of municipal services
- Mechanisms for popular participation in municipal governance, and
- Procedures for contracting NGOs and private firms to perform selected tasks

No doubt NGOs can be found with the necessary skills and experience in some of these areas, but not all. Although many have experience in working with municipalities, Fondos, and other government agencies in the course of planning and implementing community projects, this does not necessarily mean they possess the knowledge to advise them on matters of administrative and financial management. The whole field of municipal management is relatively new in Bolivia, and beyond a few of the larger municipalities, there are probably few institutions in Bolivia that are skilled in these matters. The passage of the LPP now makes municipal strengthening an urgent priority, and no doubt over the next few years several NGOs will develop greater expertise in this area, but at present it is probably quite limited. This suggests the DDCP project should itself aim to improve NGO capacity to provide technical assistance in municipal management.

In answer to the second question posed earlier, network coordinators are clearly the obvious channel to use in locating NGOs with specific skills or with experience in specific parts of the country. They provide an efficient and effective way of obtaining detailed information on numerous NGOs that make up their membership. A few of the bigger ones also appear to be capable of managing large projects. SNPP evidently thinks so. UNITAS, for example, has published a number of reports, and administers PROCADE, the Programa Campesina Alternativa de Desarrollo, which is linked to 14 NGOs, reaching out to some 680 rural communities in about 19 municipalities. A visit to its main offices left this writer with the impression of well managed organization with capable and motivated staff. While none of the major coordinators have yet worked directly with USAID, some have worked with other donors, such as the Swiss and the Dutch.

3. Institutes for Municipal Strengthening and Policy Formulation

A third group of organizations to be considered for delivering training and technical assistance under the DDCP project are institutes for municipal strengthening. Many of these same institutes are also involved in policy analysis and formulation, and therefore need to be considered for the task of providing policy guidance on implementation of the LPP.

These institutions fall into three groups: existing institutes already involved in municipal matters; existing institutes that might expand their agenda to cover municipal matters; and new institutions that are currently under discussion. Also considered here are a couple of other bodies that might serve as a model for policy guidance on municipal governance.

Existing municipal institutes. Three should be mentioned. ICAM (Instituto de Capacitación y Administración Municipal) was set up by the city of La Paz for the purpose of supporting municipalities in the department of La Paz. It is generally regarded as a weak institution and has produced nothing of note. It seems to be mainly concerned with rudimentary chores of training municipal employees in elementary skills, such as computer training for secretaries. It does not appear to be worth further consideration for the purposes of the DDCP project.

PROA, whose acronym derives from the Programa de Desarrollo Urbano de El Alto, was founded in 1988 with funding from USAID as a private non-profit institution in response to a plea for help from the Mayor of the newly established municipality of El Alto. Since that time it has established an excellent reputation for promoting social and economic development in El Alto, working in collaboration with the municipality, grass roots organizations, the private sector and donors. In effect it pursues a policy which is very much in the spirit of the LPP, although it has had limited success in promoting collaboration between the municipality and community organizations. In a midterm evaluation conducted by this writer in 1990, it was recommended that PROA broaden its horizons by transforming itself into "a national organization ... serving municipalities throughout the country, attached as an autonomous entity to a national association of mayors or municipalities". Although PROA chose subsequently not to pursue this route, it has begun to extend its activities by providing technical assistance to a few other municipalities, including Puerto Suarez in the department of Santa Cruz. Although the possibility has not been discussed with PROA, it appears they are not inclined to turn themselves into an institute for municipal policy. However, USAID should consider involving PROA in some capacity in the DDCP project, most likely in providing training and technical assistance to municipalities or other NGOs. They have excellent credentials for the task.

At first sight INIDEM (Insituto de Investigación y Desarrollo Municipal) appears to be the perfect candidate for undertaking tasks envisaged in the DDCP project. Founded in 1987 with funding from the Adenauer Foundation, INIDEM has long been involved in training municipal staff and officials, and has produced quality papers on municipal policy. It was also closely involved in the early stages of formulating policies and strategies underlying the LPP. It is reported, however, that many of the key people responsible for this work left INIDEM to join the SNPP, and that the institution suffers from poor accounting controls and personality conflicts following a change in leadership. GTZ's PROADE program recently contracted INIDEM to perform some minor tasks, and reports they were disappointed with the results. Recent interviews with INIDEM staff leave the strong impression that it has lost the impetus it once had, and is now drifting without any clear vision of the potentially powerful contribution it could make to supporting the implementation of the LPP. Despite its explicit responsibility for municipal matters, it does not at present appear to be an attractive partner in the DDCP project. USAID should however keep tabs on developments at INIDEM, since the right kind of new leadership could revive its promise.

Other existing institutes. Several other institutes exist in Bolivia which undertake training and / or policy related work in fields other than municipal affairs. These include CEBEM, ILDIS, CERES, and CEPEN. Many of these are capable organizations, and have established a reputation for doing good work. However, the problem with locating a unit for policy analysis on municipal affairs in an organization of this kind is that it becomes only one of several areas of concern. As such, its impact becomes more diffused. It would also not be possible to provide it with its own board of directors, and thus it would be difficult to ensure that it properly served its clientele among government, municipalities, and civil organizations concerned with such matters.

Proposed institutions. Apart from existing institutions, two others dealing with municipal affairs are under discussion. In August 1993, the Association of Autonomous Municipal Governments of Bolivia (AGMAB), formally agreed to set up an Instituto de Desarrollo Municipal (IDEMU). The World Bank has agreed to support this financially as part of its Municipal Strengthening project. IDEMU's objectives and functions include a predictable range of activities to promote municipal development, strengthen technical capacity, eliminate duplication, promote exchanges, provide technical assistance, and such like.

Before IDEMU can take flight, two big problems have to be overcome. IDEMU and AGMAB need to obtain legal status, which hinges in part on GoB approval. The GoB is apparently unwilling to grant this, unless it is represented on the boards of directors. Members of AGMAB, on the other hand, want to retain their autonomy.

IDEMU will be stuck until some way can be found around this impasse. Another problem is that AGMAB has to come up with US$1.4 million to match the World Bank's contribution for the start up costs of IDEMU. This looks unlikely to happen, since AGMAB has limited funds, derived mainly from dues from its member municipalities. In sum, the future of IDEMU looks bleak with little prospect of becoming a reality.

As an alternative to IDEMU, the SNPP has proposed an Instituto Técnico Municipal (ITEM), which would do many of the same things, but not be associated with AGMAB. SNPP apparently wanted the World Bank to accept this alternative, but the Bank declined. SNPP may now be looking to fund it through other channels, possibly through PROGEMU, an ambitious proposal submitted by the Ministry of Human Development to UNDP, which combines skills training and public sector employment generation with strengthening intermediate sized municipalities.

It should be mentioned here that GTZ through its PROADE program is providing limited funds to SNPP for fire fighting urgent policy problems related to the LPP. This is a temporary measure and is unlikely to be continued beyond the present phase of PROADE due to end in 1995.

Another model. An alternative approach to addressing municipal policy issues is the UDAPE model. The Unidad de Análisis de Política Económica is an autonomous unit funded in part by USAID which undertakes a range of policy studies for the GoB cabinet. Though attached to the government, it has established a reputation for independent non-partisan thinking and recommendations. The success of UDAPE has resulted in the establishment of another unit to address social issues, UDAPSO. USAID has been asked for partial funding and is currently considering the idea.

The bottom line here is that there is no clear choice of candidate to serve as a potential policy institute for popular participation and municipal governance. The implications for the DDCP project are taken up in the technical analysis.

C. Representative Congress Component

The purpose of the Representative Congress component of the DDCP project is to enable members of the National Congress to better serve their constituents, and to improve access for constituents to their members in Congress. This is to be achieved by providing training and technical assistance to strengthen the capacity of the Senate to play the role assigned to it under the LPP in responding to calls from the Vigilance Committees, and to strengthen the Constituent Outreach unit of CICON (Center for Congressional Research). The discussion that follows analyses these two institutions to identify potential problems.

1. The National Congress

The National Congress of Bolivia comprises an upper house, the Senate with 27 members, and a lower house, the House of Deputies with 130 members. The leadership of each house is elected each year, and consists of a President, a Vice President, and the secretaries of a number of permanent committees. There are at present twenty of these, the main ones being the Justice and Appropriations Committees, though there are plans to reduce the number to 10.

The administration and management of each House is in the hands of an Oficial Mayor (top staffer), who is appointed by the President of each House every year. Although top staffers are appointed for a period of only one year, they are often reappointed, ensuring some degree of continuity. The top staffers are responsible for handling the budget, staffing, and day to day administrative matters of each House.

Currently, the government is dominated by a coalition of four parties. This is led by the President's party, the MNR (Movimiento Nacionalista Revolucionario), and supported by the MBL, the UCS and the MRTKL. The opposition consists mainly of the ADN, the MIR and CONDEPA, along with a host of "taxi-cab" parties (those small enough to fit in a taxi). Together the government coalition commands two-thirds of the vote in the Senate, and almost two-thirds in the House of Deputies. This puts it in a powerful position to pass any legislation requiring a two-thirds majority vote.

Traditionally, the upper and lower houses have held each other in low regard, in part because the manner in which they conducted business seldom facilitated collaboration between them on legislative matters. This situation has begun to change with the introduction in 1989 of special purpose Mixed Commissions,

which include members of both houses.

Current members of Congress were elected in 1993 on the basis of a plurinominal system of representation. Under this system, political parties select and rank a slate of candidates for each constituency, in this case departments, and representatives are elected from this slate according to the proportion of the total vote won by each party. Under this system, members of Congress need to win the support not of their constituents, but of senior party officials responsible for compiling the slates of candidates for election. Just recently, Congress passed a number of amendments to the Bolivian Constitution, as a result of which one half of the members of the House of Deputies will from now on be elected directly from single-member districts beginning with the next national election in 1997.

2. Center for Congressional Research (CICON)

The introduction of the Mixed Commissions paved the way for the idea of setting up in 1992 a bi-cameral bi-partisan service organization, known as CICON, to support the work of Congress. Funding for CICON was provided by USAID through its Democratic Initiatives (DI) project. CICON is eventually to have four units. The first to be set up was the Technical Budget Office (OTP), which started operations in 1992, and provides information and assistance to members of Congress in the preparation of the national budget. Two other units will come on stream within a month or two. Staff have already been hired, and office space allocated, but they still await equipment. The Bill Drafting Unit (UAL) will, as its name implies, assist members in drafting new legislation. The Research and Information Unit (UII) will conduct research and assemble information on matters requested by legislators. A fourth unit, the Constituent Outreach Unit (COU), is expected to become operational sometime in 1995.

The COU is critical to the success of the third component of the DDCP project, Representative Congress. It has two main tasks. One is to establish a data bank of information on each constituency and its municipalities, including for example: names and parties of mayors and councilors, number of registered voters and previous election results, pending legislation of specific concern to constituents, municipal budgets and receipts from coparticipation funds, details of vigilance committees, population, and principal economic activities. The other task is to compile and publish a directory of members of Congress, which is to be widely circulated to all municipalities. The purpose of all this is to make it easier for citizens to communicate with their representatives, and to enable members of Congress to better serve their constituents. Now that half the members of the House of Deputies are to be elected directly from single-member districts, deputies and candidates will need to properly informed about their districts, and get to know their constituents better, if they are to be successful at election time. All of this should generate considerable demand for COU's services.

In addition to the COU, the other three CICON units mentioned above will also require assistance under the DDCP Project to consolidate and sustain gains made in their establishment under the DI project. Continued, limited training and technical assistance can help these units become better tools for allowing members of Congress to better serve their constituents and in the spirit of representative dewmocracy and citizen participation inherent in the LPP. Although the DI project has been successful in creating these three units, much more can be expected of them in terms of their work product, their full integration into the Congress, and their financial/legal sustainability.

III. MUNICIPAL GOVERNANCE ANALYSIS

This section assesses the present capacity of municipal governments and grass roots organizations to assume their new roles as defined in the recently promulgated LPP, and identifies areas in which support will be needed to strengthen capacity of local players in order for them to fulfill their roles effectively.

A. Overview

The LPP was only recently promulgated in April this year. Although the GoB is moving full speed ahead to implement it, an enormous amount of work is needed to make it effective, and nowhere to the knowledge of the DDCP design team is it yet fully operational.

Under the leadership of the SNPP, various agencies of the central government including other secretariats and Fondos have taken initial steps to promote the Law, and to organize country wide programs of technical assistance. Workshops have already been held to train staff of the regional development corporations (RDCs). The RDCs in turn have taken steps to reorganize themselves in light of the LPP, shedding many employees and setting up divisions for municipal strengthening. RDC staff from these new divisions have conducted short one and two day training sessions for municipal officials and community leaders, and have been extensively engaged in assisting municipalities to prepare annual operating plans and budgets which are required in order for them to receive coparticipation funds from the central government.

The response of municipalities to the LPP ranges across the board. A key factor affecting the nature of response in a municipality is the attitude of the Mayor and his/her capacity to provide strong leadership. Based on interviews and field visits, our impression is that many municipalities are highly supportive of the Law, and are eager to move quickly ahead in implementing it. A few municipalities had even established procedures for citizen participation similar to those described in the LPP before it was published. But it is also clear that a large number of municipalities have little understanding of what the Law requires or implies, and will need substantial assistance to make it a reality. In other municipalities, we found a mixed response. While most acknowledge the merits of the Law, some local councilors are clearly in no hurry to proceed, in part because they do not want incumbent administrations to garner the credit, or because they perceive it as a means to reduce their traditional power to make decisions. In a few cases, such as La Paz and El Alto, where local government is in the hands of political parties opposed to the central government, the Mayor flatly opposes the Law, not necessarily for any substantive reasons, but mainly to embarrass the central government.

While numerous grass roots organizations are to be found in urban and rural areas throughout Bolivia, we found no evidence that mechanisms for popular participation as defined in the LPP were yet in place. However precedents for citizen participation of one form or another are to be found in several municipalities around the country, many of them established through USAID projects and

programs. One of the most comprehensive models for participatory municipal planning is that established to varying degrees and with varying success in close to a dozen municipalities that received assistance under USAID's Amended PVO Management Support Project (511-0578). Under this project, grass roots organizations participated in the planning and execution of public works and services, and in decisions concerning municipal finance and urban planning matters. The mayor of Santa Cruz has also introduced a form of participatory planning in certain districts, where residents work with city officials to design street improvements including water supply and road paving. Many communities that have taken part in USAID's PL480 Food for Work Program have also had some experience of citizen participation, though mainly confined to the execution of public works programs.

While many grass roots organizations may have heard something about the LPP, it is clear that the vast majority have little idea of what it represents, or what steps are required to organize a participatory planning process. In El Alto, it was learned from representatives of neighborhood committees that a local radio station had broadcast a program on the LPP, and that the Civic Committee was holding a one day workshop on the subject. A strong interest in learning more about the Law was evident in all places visited.

B. Present capacity of municipalities and OTBs to implement the LPP

The LPP sets out mechanisms for a participatory planning process which requires among other things the following key actions to be completed:

- definition of the jurisdictional boundaries of the municipal section
- definition of the component cantons in rural areas and districts in urban areas
- selection of a single OTB to represent each constituent "territory" of the municipality, i.e. rural community and urban barrio
- granting of legal status (personalidad juridica) to each OTB
- formation of a Comite de Vigilancia (CV) for the municipality, comprised of elected members representing each canton and district
- election of Agentes Municipales and Sub-Alcaldes for each rural canton and urban district, to work with OTBs in each area
- preparation of an Annual Operating Plan (PAO); to be prepared by the municipal council in collaboration with the CV, aggregating and incorporating the prioritized demands of each OTB

- preparation of a municipal budget based on the PAO
- on receipt and approval of the municipal PAO and budget, transfer of coparticipation funds by the Tesoro General de la Nacion through the Central Bank to the municipality's Popular Participation account
- execution of projects included in the PAO in collaboration with OTBs

The following paragraphs explain what is implied by each of these actions, and the extent to which municipalities have implemented them.

1. Jurisdictional boundaries

The SNPP, in conjunction with the *Instituto Nacional de Estadistica*, the *Instituto Geografico Militar*, and the *Subsecretaria de Ordenamiento Territorial*, has issued preliminary maps delimiting the jurisdictional boundaries of approximately 300 municipal sections covering the entire national territory. Newspaper reports indicate several disputes, both of departmental boundaries and some municipal boundaries. The demarcation of departmental boundaries affects the allocation of royalties to RDCs, and the demarcation of municipal boundaries affects the allocation of coparticipation funds, which are based on the population of each municipal section. These disputes ultimately have to be settled by Congress, and are therefore largely outside the control of individual municipalities. In the meantime, it appears that the distribution of coparticipation funds is to be based on the preliminary definition of boundaries as determined by the SNPP.

2. Delimitation of rural cantons and urban districts

The delimitation of rural cantons is largely based on existing boundaries, and is therefore agreed and established. However, with the exception of Santa Cruz, and possibly a few other cities, where districts had already been defined before the LPP, most municipalities with urban features have yet to delimit urban districts.

Whether this can be completed swiftly or slowly depends largely on the strategy adopted by the mayor, and the compliance of city councilors. In some cases this is being treated largely as a technical matter, where the main concern is to ensure that districts are made up of aggregations of existing barrios. Here the key is to gain the approval of juntas vecinales, before submitting plans for ratification by the council. In other cases, especially where the mayor is politically weak, as for example in Montero, there is a strong possibility that the issue will become politicized, and may become bogged down in dispute. The second regulatory decree to the LPP mandates that an urban district cannot be defined arbitrarily or capriciously by a mayor or council, but must satisfy certain health, education, and other criteria.

Another issue is the number of urban districts to be established in a city, which determines the number of members on the vigilance committee. Those who are opposed to popular participation may be inclined to argue for fewer districts, in order to keep the size of the CV small, and supposedly therefore less powerful. Others may argue for more districts for the opposite reasons. The LPP and subsequent reglamentos seek to control this by requiring that districts satisfy

certain criteria. In addition, districting plans are supposed to be elaborated in conjunction with and approved by OTBs.

3. Selection of OTBs

The LPP recognizes a single OTB for each "territory" of the municipality. The term "territory" has given rise to different interpretations, but the LPP clearly states that this refers to the basic physical unit around which traditional grass roots organizations are organized. In rural cantons this is the community, and in urban areas this is the barrio. In most cases, it appears that the appropriate OTB is likely to be fairly obvious. As the Law recognizes, these will usually be the sindicato campesina, the pueblo indigena or the junta vecinal. Bolivia has a rich tradition of grass roots organizations, which are to be found in rural and urban areas in almost every part of the country. It seems likely that only occasionally will it be necessary to establish organizations where none yet exist; perhaps in more cases, it will be necessary to select one OTB from several constituted in the same territory. This selection process will be negotiated between the interested parties with arbitration from the municipal government and the Departmental Prefect as necessary.

While some municipalities already have established working relationships with grass-roots organizations, the impression gained from field visits is that none have yet started the process of formally identifying OTBs to represent each territory as laid down in the LPP. While the choice of a representative OTB may be disputed in some areas, few of the people interviewed indicated that this was likely to be a major problem.

A more common problem is ensuring that the selected OTB is capable of articulating the needs and demands of the community it represents and functioning effectively as the organ for popular participation in local government. Current capacity varies widely. Some have experience in working with the municipality or donors in planning and executing projects. Others have little or no experience in such matters and will probably need help to acquire the necessary expertise to perform their role effectively.

Another issue to be determined is whether some intermediate community organization is needed to liaise between the single CV and OTBs in each canton or district. In municipalities with small populations, this may not be necessary. Punata for example, with an urban population of 13,000 has eight districts and one OTB to represent each district. However, in larger cities such as El Alto, Santa Cruz and Cochabamba, a single urban district may encompass a population of 50,000, and as many as 20 or 30 barrios and OTBs. In such cases, some form of an association of OTBs will be needed at the level of the district, and in some places these already exist.

4. Granting of legal status to OTBs

The LPP also requires that the selected OTB in each territory acquire legal standing in order that it may be formally recognized as the legitimate representative organization of the community for the purposes of the LPP, and enter into contracts on its behalf. Legal status for the OTB is to be established through a resolution of the Prefectura or Sub-Prefectura. Given that few if any municipalities have yet started the process of identifying OTBs to represent each territory, it seems unlikely that any OTBs have yet been granted legal status. The exception might be in the city of Santa Cruz.

There are indications, however, that the process of granting legal status to OTBs may represent a potential bottleneck. Based on limited discussions with representatives of juntas vecinales, it seems that few local leaders know what is required to obtain legal standing, or which government office is responsible. At the same time, it seems few municipal officers know either. Community leaders in El Alto expressed concern that in obtaining legal standing for their junta vecinal they would be sent from one government office to another, and that none of those offices visited would know what was involved or how the process should be completed.

5. Formation of Comites de Vigilancia

The LPP specifies that in each municipality a CV should be established comprised of one representative from each canton and district in the municipality, to be elected by the OTBs in each area. District and county representation on the CV ensures that both rural and urban interests are represented. If a municipality has more districts than counties, the CV will have an urban face; if it has more counties than districts, than the reverse will be true. Since few municipalities have yet made much progress in formally identifying OTBs, and few if any OTBs have yet been granted legal status according to the LPP, it is probably safe to say that no CVs have yet been established at the time of writing.

One factor that has yet to be clarified is the size of the CVs. While the Law provides rules on the number of representatives for each canton and district to be included in the CV, it does not, as mentioned earlier, specify the number of districts to be created in urban areas. Quillacollu, for example, with a population close to 70,000, currently has 1 rural canton and 9 urban districts, which implies a CV with 10 members, which compares to a council with 7 members. However, the mayor speculated that the Juntas Vecinales may push for a larger number of districts, which might result in a CV with as many as 25 members. On the other

hand, the deputy mayor of Cochabamba, with a far larger urban population, indicated that they planned to divide the city into only four districts, in part to keep the size of the CV as small as possible. This could give rise to lengthy arguments which would hold up the formation of CVs, and delay the implementation of the LPP. The design team discovered an example of this in one rural municipality where the Mayor was attempting to provide more strength to urban sectors by districting the small municipal capital in as many districts as counties, obviously a perversion of the LPP.

6. Agentes Municipales and Sub-Alcaldes

Article 17 of the LPP refers to Municipal Agents and Sub-Alcaldes. According to the Law, municipal agents are to be elected for each rural canton with the same term of office as council members. Their job is to support OTBs in conformance with their rights and responsibilities as laid out in the Law. Sub-Alcaldes are to be designated by the mayor for each of the urban districts, and presumably are to perform similar duties for urban OTBs, though the Law does not expressly state this.

Since the Law was published after the most recent municipal elections in December 1993, no municipal agents have presumably yet been elected in rural cantons. With three exceptions, we are not aware of any municipalities that have appointed sub-alcaldes. The exceptions are the three largest cities of La Paz, Santa Cruz and Cochabamba, where the mayors have appointed sub-alcaldes for recently established districts.

7. Preparation of PAOs and municipal budgets

Under the LPP, municipalities are required to prepare and submit annual operating plans and budgets in order to become eligible to receive their share of coparticipation funds from the central government. In theory these plans and budgets are supposed to be prepared through a process of popular participation involving OTBs and the CVs. In practice, since mechanisms for popular participation are still at early stages of being established, this has not been feasible. Many of the larger municipalities have simply gone ahead and prepared their PAOs and budgets, based on ongoing plans, revised to take into account the additional distribution of coparticipation funds. Some of these were even prepared before the publication of the LPP, as is the case for example with Quillacollu, where the council approved the PAO in March this year.

The central government has been making concerted efforts to make sure that all municipalities prepare and submit their PAOs and budgets as rapidly as possible, in order to be able to disburse coparticipation funds and avoid the embarrassment of a logjam. Towards this end, staff from the Municipal Strengthening divisions of the RDCs have been working strenuosly since early June to assist municipalities in preparing these documents. With few exceptions, most of the work has been done by the staff of RDCs. A few others who did not prepare their own documents hired consultants for the purpose.

RDCs started providing technical assistance to municipalities in June, and by mid August, the SNPP reported that municipal councils in 109 of the nearly 300 municipalities had approved these. A large number of other plans and budgets had been completed, and were awaiting approval of municipal councils. At the time of being interviewed in mid August, CORDEPAZ had completed documents for 54 of its 72 municipalities, and CORDEPO had prepared papers for about 40 of its 50 municipalities. A typical submission from a single municipality includes about 30 pages of text, financial data, and cost estimates for proposed projects.

A very important point which must be added here is the fact that coparticipation funds are only one source of municipal resources. In addition, the LPP gives municipal governments important new tax powers, especially on vehicles and real estate, which will help strengthen the municipal resource base locally and independent of the central government.

8. Release of coparticipation funds

Once plans and budgets have been prepared and approved by municipal councils, copies are forwarded to the Ministry of Finance and the SNPP. The Ministry of Finance and the SNPP review the proposals, and if approved issues a certificate instructing the Central Bank to make funds available to the municipality.

In late August, a newspaper article reported the Subsecretary of Support to Municipal Governments at SNPP as saying that the Ministry of Finance had issued certificates to all municipalities in the departments of Potosi and Tarija, 80% of municipalities in the department of La Paz, and more than 50% of municipalities elsewhere. This suggests that coparticipation funds are already beginning to flow to a large number of municipalities.

Enthusiasm over early and rapid success in assisting municipal governments to access coparticipation funds must be checked by the fact that the current model of assistance is most likely not sustainable in that there is little skills transfer to municipal governments. The current model requires high municipal dependence on the Executive Branch through the RDCs. Should this situation continue, it will be troubling the day that an Executive Branch less supportive of the LPP is in power. The objective is to build the capacity of municipal governments to access coparticipation funds and collect taxes locally, on their own. Given that the great majority of the approximately 300 muniicpal governments have never had to do this kind of exercise before, this constitutes a major medium to long-term challenge of the LPP.

Another problem that faces many smaller municipalities in more remote rural areas and that deserves mentioning, is that the banks where they hold their accounts are often a great distance away. This makes it difficult to access their funds, and for payees to cash their checks. One solution that has been proposed is to use the offices of local savings and loan associations to cash these checks, since these are far more widespread than banks. This may help to some extent, but many associations are small operations and may not be able to handle the comparatively large sums of money likely to be paid out to local businesses and employees by municipalities from their coparticipation accounts.

10. Execution of projects

Most municipalities in the past received little or no share of coparticipation funds. Only now for the first time under the new LPP are they receiving sufficient funds to pay for new public works and services. Since these funds have only just recently begun to flow, it is unlikely that any projects are yet very far advanced, if at all. The only projects that have been executed with coparticipation funds are those in larger municipalities that have been receiving funds for several years. However, it is possible that some municipalities are proceeding with the implementation of certain projects in anticipation of receiving funds under the new Law.

C. Policy implications of the LPP

The LPP represents a radical departure from previous practice in Bolivia. The primary objective of the Law is to bring about broad based popular participation in government, primarily at the local level, where government impacts people most directly, but also at the national level too. However, the Law carries far reaching implications for the roles, responsibilities and resources of central and local government, many of which will become better recognized as the Law becomes more widely implemented, and as the players gain more experience from applying it. Following the promulgation of the LPP, the government is now engaged in revising several related laws to ensure that they are consistent with the LPP. In addition, it is considering the pending Law for Administrative Decentralization, much of which will be closely related to the LPP.

Nevertheless, a reading of the Law and regulatory decrees, and interviews with officials from central, departmental and local government, suggest a number of issues that will need attention if municipalities are to effectively fulfill their new roles as intended under the LPP. Some of the issues mentioned during interviews include:

- Mechanisms for providing public services in smaller rural municipalities that lack administrative or technical capacity to do it themselves, such as land-planning and revenue collection;
- Mechanisms for providing public services where economies of scale are to be gained by providing the service through a single larger entity rather than through many smaller municipalities, such as solid waste disposal, road maintenance and rural irrigation systems.

- Need for coordination among municipalities in rationalizing the location of public facilities to avoid duplication and inefficient use of resources, such as health centers, hospitals, high schools, slaughterhouses, and marketplaces.
- Mechanisms to allow municipalities to recover some part of the costs of providing services and facilities which benefit surrounding communities, but which do not directly pay for them, such as hospitals and high schools.
- Need for effective coordination in the planning, management, and operation of services such as health and education where the municipal government is responsible for physical facilities and the central government is responsible for staffing and equipment.
- Clarification of the financial obligations associated with the transfer of services, facilities and ongoing projects from RDCs to municipalities, such as debt repayment and recurrent costs for operation and maintenance.

D. Needs analysis at the municipal level

The foregoing analysis of the current state of readiness of municipal governments and grass roots organizations suggests a number of areas where assistance may be needed to bring about effective popular participation in local government as intended by the LPP.

1. Need to enfranchise citizens

Assistance may be needed:

- to update electoral records of local voters
- to expand the registration of the voting age population
- to promote participation in elections for representatives to Congress and to city council
- to improve access for citizens and local grass roots organizations to their representatives in Congress

2. Need to establish mechanisms for participatory planning

Assistance may be needed:

- to help municipalities resolve ambiguities in jurisdictional boundaries, presenting them to relevant central government agencies, and pursuing cases to a satisfactory conclusion
- to help municipalities with "distritacion", the division of urban areas into districts, and to do this in such a manner that it does not become overly politicized
- to help municipalities to establish sub-alcaldes in urban districts, and municipal agents in rural cantons, and train same in working with OTBs
- to help municipalities explain the LPP to grass roots organizations, help residents select OTBs to represent each "territory" (urban district or rural canton), and possibly to assist in forming intermediate level associations of community organizations in larger cantons and districts
- to help OTBs acquire legal status (personalidad juridica), and to help municipalities (or the Prefectura) set up procedures to expedite the process of granting them legal status
- to help establish vigilance committees, and enable them to perform the functions required of them under the LPP

3. Need to apply mechanisms for participatory planning

Assistance may be needed:

- to help municipal governments work with OTBs in identifying needs, prioritizing them, and preparing preliminary estimates of capital and recurrent costs
- to help municipal governments and CVs aggregate priorities into annual operating plans (PAOs), and prepare budgets showing capital and recurrent expenditures

- to help municipal governments and OTBs to leverage coparticipation funds by identifying complementary sources of financial assistance from Fondos, donors, NGOs and other sources

- to help municipal governments prepare and submit PAOs and budgets to SNPP and the Ministry of Finance, and if necessary lobby for the release of funds

4. Need to apply mechanisms for participatory planning in the delivery of goods and services

Assistance may be needed:

- to help municipal governments contract private firms to provide services or undertake construction of public works
- to help OTBs mobilize community resources as contributory inputs
- to help CVs monitor and evaluate the execution of projects

5. Need to apply mechanisms for participatory planning in relation to larger municipal issues

Assistance may be needed to help municipalities work with community organizations in addressing larger issues such as:

- strengthening fiscal resources through tax reforms, revenue collection, and capital cost recovery
- major public works programs affecting most or all of the population
- promoting business investment, increased trade, expansion of employment opportunities, and overall development of the local economy

6. Need to strengthen specific aspects of municipal capacity

Assistance may be needed to strengthen municipal capacity in specific areas such as:

- financial management, budgeting and control of expenditures
- collection of revenues such as property and vehicle taxes, user fees and licenses
- operation and management of municipal services in collaboration with OTBs
- procedures for contracting goods and services from outside suppliers

E. Needs analysis at the national level

The earlier analysis of the implications of the LPP suggest that assistance is also needed to help the central government think through the ramifications of the LPP for the division of responsibilities and resources between central government, departmental authorities and local government. This is especially important in relation to the capacity of municipal governments to fulfill their role effectively in popular participation. Many of these issues are likely to overlap with decentralization policies currently reflected in the pending Law for Administrative Decentralization, passed by the Senate and awaiting consideration by the Lower House of Congress.

The DDCP project should therefore also include an element addressed to the larger realm of policy issues associated with popular participation and municipal governance. Initially, this make take the form of short term technical assistance to the SNPP, as the primary architects of popular participation policy. For the longer term, USAID should consider establishing some kind of national policy institute to address such policy matters. This idea is discussed in greater detail in the technical analysis.

IV. SOCIAL SOUNDNESS ANALYSIS

The purpose of this section of the report is to examine the feasibility of the DDCP project given the socio-cultural environment in which it will be implemented. The analysis will assess: I) Bolivia's culture of citizen participation; ii) the potential impact of the project on different social and political groups; iii) the constraints and opportunities associated with implementing the project; and iv) factors to consider in sustaining activities after the project terminates, and in replicating activities in other areas of the country.

A. Bolivia's culture of citizen participation

Just prior to the 1952 revolution, municipalities were in place in most urban areas of the country. They were responsible for health, education, and a variety of other local services, which were largely financed from local resources. Mayors and council members were elected, but voting was restricted to privileged sectors of society, including for the most part landowners and taxpayers. Following the revolution, municipal elections were abolished and with them municipal councils. Mayors were nominated by the central government, which assumed responsibility for more important municipal functions, and eliminated many sources of revenue, effectively reducing municipalities to a minor role in government. Their chief source of revenue became a form of customs duty - known as *aduanillas* in Bolivia and *octroi* in south Asia - charged on vehicles and freight entering the municipality.

With the suspension of national and municipal elections, during the long years of military dictatorship, the populace gradually developed other means of voicing their demands and concerns. These included strikes, road blocks, hunger strikes, crucifixions and other forms of civil disturbance. While these were effective in disrupting economic activity, often causing considerable hardship to citizens, they were less successful in achieving their political objectives.

In the 1980s, things began to change. Since 1983, national governments have been elected democratically. In 1987, municipal elections were reintroduced, and these have been held every two years since then. Until recently, both national and municipal elections were based on the system of party lists described earlier. At the municipal level and until the recently promulgated Constitutional Amendemnts Law, council members chose a mayor from among themselves, usually someone belonging to the majority party. In practice, however, municipal elections have affected only the larger cities. Although council members are elected to smaller municipalities, few bother to register and pick up their credentials, in part because until now there has been little for them to do. This party list system of election suffers from a major drawback, in that the electorate is given the choice of voting only for a party, not individual representatives, council members, or mayors. Partly because of this, and partly because smaller municipalities have been largely impotent, few citizens in smaller towns and rural areas have in the past bothered to register to vote, still less to exercise their vote in municipal elections.

The recently promulgated Popular Participation and Constitutional Amendments Laws have introduced dramatic changes that advance democracy and create opportunities for popular participation in municipal government far beyond that which existed previously in Bolivia, or for that matter that which exists in most countries of Latin America and developing countries of the world. Under the

Constitutional Amendments Law, half the members of the National Congress and the mayors and members of municipal councils are now to be directly elected from single member districts, which means voters will be able to vote for individuals not parties. This will increase accountability between voters and their representatives. Municipal elections are to be held at intervals of five years instead of the present two years. Under the LPP, municipalities are to recognize grass roots organizations (OTBs) and vigilance committees (CVs) made up of elected representatives of OTBs, and are to involve them in all matters of municipal governance. Since the LPP now places increased resources and responsibilities in the hands of municipalities, citizens will have greater opportunities to influence the future of their own communities, and therefore a bigger incentive to participate in local government.

Some people now fear that, since municipalities have acquired greater resources and responsibilities under the LPP, local government will become much more politicized than in the past, especially in smaller places and more rural areas. The fear is that national political parties will seek to build support among OTBs, as bases for national and municipal election campaigns. Certainly, there are precedents for this, as for example in El Alto where CONDEPA is reported to favor communities whose leaders support that party, or more distantly in Santiago, Chile, in the years preceding and during the Allende regime. While this will may happen in some places, particularly in larger cities, other evidence suggests that it is unlikely to reach a point of undermining effective popular participation in local government. Most of the rural population in Bolivia has never been closely involved in national politics, and few expect them now to become particularly active. Experience from Nicaragua, which recently suffered ten years of civil war, also suggests that people are far more interested in working together to develop their neighborhoods than to engage in party politics that jeopardize progress.

Outside of government, there also exist in Bolivia a multitude of institutions and organizations with strong traditions of popular participation in community development. These include not only those mentioned in the LPP, such as the juntas vecinales in urban areas, and the sindicatos campesinos and pueblos indigenas in rural areas, but a host of other groups organized for more specific purposes. These traditional social structures, some of which have ancient origins, have long fulfilled the functions of local government in administering justice, allocating the use of land and water resources, and carrying out community works. By legally recognizing these groups, the LPP seeks to build on in promoting popular participation in the structure of municipal government.

B. Project beneficiaries

The matter of who will benefit and who will suffer from the DDCP project can be discussed in terms of each of its three components: Effective Citizenship, Municipal Governance, and Representative Congress.

1. Effective Citizenship

Under the Effective Citizenship component, DDCP aims to increase the registration of voters, particularly in harder to reach rural communities. The direct beneficiaries will be the NEC and DECs, which will receive financial assistance to publish lists of voters by municipal section, and the RUN's brigade staff, who will receive training as agents of both civil and electoral agencies, enabling them both to document and register eligible voters. The indirect beneficiaries will be those people who are registered as citizens and voters. A major benefit of being registered as a citizen is that they will in due course become eligible to receive retirement pensions under the government's capitalization program, while those who are registered to vote will be able to participate in national and municipal elections.

To the extent that the DDCP project achieves its aim, most of these beneficiaries are likely to be poor women in rural areas, since these constitute the bulk of those not currently registered. RUN brigades will be working in municipalities throughout the country, but registration drives will be especially intensive in those municipalities which receive technical assistance from the DDCP project. Taking only these into account, it is estimated that DDCP will register some 120,000 voters. This estimate is based on the following assumptions: that the project reaches 40 municipalities, each with an average population of 20,000 inhabitants, half of whom are of voting age; that one third of these are not yet registered to vote; and that the project achieves its target of registering 90% of those not yet registered.

2. Municipal Governance.

The Municipal Governance component of the project aims to advance popular participation in municipal governance at both the national and the local level. At the national level, the project will set up an institution for public policy matters related to municipal governance, and may assist AGMAB, a national association of municipalities. At the local level, the primary contractor will provide technical assistance to some 20 municipalities, and a further 20 municipalities may be assisted by NGOs through the Popular Participation Fund.

At the national level, the direct beneficiaries will be the policy institute and possibly AGMAB. Support to the policy institute will indirectly benefit those responsible for making policy, both in and out of government. Since the institute will concern itself with policies related to popular participation and municipal governance, then DDCP support to the institute can be expected in a more general sense to indirectly benefit municipalities and civil society at large. Likewise, DDCP support to AGMAB would indirectly benefit both its members and other municipalities throughout the country.

At the local level, the direct beneficiaries of the project will be those who participate in the training and technical assistance programs of the project. Roughly speaking this will include about 40 mayors, some 250 councilors, another 250 municipal staff, and between 2000 and 3000 community leaders and other members of the OTBs and CVs. Other direct beneficiaries will include some 10 to 20 NGOs that receive technical assistance through the project, and funding from the Popular Participation Fund for assistance to municipalities not served by the primary contractor. The indirect beneficiaries will include the grass roots organizations that become involved in the participatory planning process, the communities they represent, and in a broader sense the entire population of the municipalities receiving assistance. Assuming again that the project reaches 40 municipalities with an average population of 20,000, this could be as many as 800,000 people, or one eighth of Bolivia's total population.

These are just the bald numbers, but the DDCP project will impact these communities in complex ways. The LPP allocates substantially increased resources to municipalities, especially the smaller ones, and makes these resources far more available to rural populations than was the case before. The real impact of the DDCP project will have to measured in terms of the extent to which it enables communities to influence municipal decisions, to reallocate these resources, and ultimately to enhance their standards of living.

If the DDCP project is successful in making the LPP work in the manner intended, in strengthening municipal capacity, and in enabling communities to influence decisions, a number of outcomes can be anticipated. First, more funds are likely to reach poorer communities in both urban and rural areas, bringing improved infrastructure and services, and thus better living conditions. Second, if communities choose do so, some of these resources might be used to support job training and agricultural production, which would help to raise household incomes. Third, active involvement of citizens in local government will help municipalities to do their job better, making it easier for them to collect revenues, to generate income, and to provide better services, all to the ultimate benefit of their inhabitants. Finally, in the longer term, smaller towns could become more attractive places to live and work in. This does not mean it would reduce rural to urban migration, but it could mean more rural migrants will choose to settle in nearby smaller towns, rather than heading for the largest cities such as La Paz, El Alto, Cochambamba, Santa Cruz, and growing intermediate cities.

Inevitably, there will also be some losers. The most obvious losers will be local elites who have traditionally monopolized political power and decision making. These are likely to include the civic committees and big business associations in larger cities, and old guard civic leaders and políticos everywhere. Many of them can be expected to resist opening the door to meaningful popular participation. But if DDCP is successful in establishing mechanisms that allow community organizations to participate effectively in decision making, then clearly these traditional elites will gradually lose their dominant influence. Some have suggested that another group of losers will be those communities that previously benefited from the largesse of the elites, especially those in urban areas. A few probably will, but the larger picture is less clear. Since almost all municipalities will receive substantially greater income from coparticipation funds, urban areas will not necessarily lose out in the redistribution of resources to rural areas.

Others fear that the LPP implies heavier tax burdens for owners of property. If DDCP is successful in helping municipalities improve the collection of property taxes, then those that have not paid in the past, or have not paid in full, will have to pay more. But the ramifications for property owners are difficult to determine, and the subject of considerable discussion among theorists. Owners of small properties may pay more, but this could be offset by greater benefits in the form of improved municipal services. Owners of large properties may lose to the extent they are unable to pass on the cost to tenants in the form of higher rents, share holders through reduced dividends, employees through lower wages, or consumers through higher prices. The outcome for individuals is obscure to say the least, though society as a whole stands to gain if municipalities use the revenues to provide greater benefits than would otherwise have been the case.

3. Representative Congress

This Component of the Project aims to: first consolidate and strengthen the three existing legislative support units of CICON so that these may help the Congress better assume its more representative functions implicit in the LPP an dexplicit in the Constitutional Amendments Law; and second, make it easier for citizens to communicate with their representatives in the National Congress, and to enable members of Congress to better serve their constituents, through CICON's Constituent Outreach Unit (COU), to be established. The main direct beneficiary of DDCP support will be the COU, which will receive technical assistance to develop a data bank of information on each muniipality and to facilitate communications between citizens and their representatives. The three existing CICON units will receive technical assistance from DDCP, to better enable them to support the COU.

The primary indirect beneficiaries will include those that make use of CICON's legislative support services, namely members of Congress and their constituents. Since the mayors and civic leaders of larger cities generally tend to have better access to central government and the National Congress, it is the citizens of smaller towns and rural areas that are likely to experience the greatest improvement in communications with Congress that result from Representative Congress activities. The combined impact of the LPP, which embraces rural areas within municipal boundaries, and DDCP efforts to register new voters, many of whom will be women, implies that rural inhabitants and the newly enfranchised will benefit most from the opportunity to voice their concerns in Congressional debates.

C. Constraints and opportunities

Those involved in the DDCP project should be aware of certain constraints and opportunities that need to be taken Into account in its design and implementation. Recognizing these ahead of time wlll help to avoid potential pitfalls and enhance the prospects of successfully achieving the project's goals.

1. Skepticism and lack of understanding

The first thing to note is that most people know little about the Popular Participation Law, and many are skeptical that it will benefit them. Most mayors and some councilors have attended seminars to explain the Law, and know something about it, even if they do not yet understand properly how it is intended to work. A few have held their own meetings to explain the Law to local communities. Field interviews, however, indicate that while there is considerable interest in the Law, most community leaders and the vast majority of the population have received only scanty information about it and understand very little. Since the Law is only four months old, none of this is surprising. But, the lack of information has given rise to rumors, erroneous interpretations, and fears of the consequences. Many regard it as mere government rhetoric, another example of promises never to be fulfilled, and are skeptical anything significant will come of it.

By the time the DDCP project reaches the field, the situation will hopefully have improved somewhat, but it is clear that a preliminary task on arrival in each municipality will have to be a campaign of public education. This should aim to provide accurate information about the Law, explain what it means for their rights and duties as citizens, and dispel false rumors and ungrounded fears. A respondent at SNAE reports that on arriving in remote indian communities, they were often met with distrust and outright hostility, but that once the Law was properly understood, people became enthused and eager to apply it. Those implementing DDCP should therefore give careful thought to alternative methods of getting the word out to large populations in big cities, and scattered populations in rural municipalities.

2. Weak municipal administrative capacity

A second constraint that needs to be taken into account is that many municipalities, particularly smaller ones in rural areas, have weak capacity for administration and financial management. With scant resources and little to do, these municipalities often have few employees and barely any professionally qualified staff. Records may be incomplete, revenue collection poor, and accounting methods rudimentary. This coupled with low salaries is often a recipe for corruption and misuse of funds. Few of them are in a position to handle the enormous increase in funds they will receive through coparticipation, or to undertake their expanded responsibilities, let alone to organize methods of participatory planning as envisaged in the LPP. Currently, most of them are relying on the RDCs to do many tasks for them, but this is an emergency stopgap

measure, not a long term solution. A related problem is that there is usually a high turnover of staff with each newly elected administration, and thus the risk that skills and expertise acquired under one administration may be largely lost when the new one takes over. Though this problem will be ameliorated now that municipal elections are to be held every five years instead of two, it still remains.

This raises a fundamental issue, which DDCP staff will need to consider. Given that smaller municipalities have limited funds for staff and salaries, and that it is difficult to attract and retain skilled professionals in rural areas, is it feasible to attempt to establish self-sufficient administrations in every municipality? This question is taken up below in the section on sustainability.

3. Caciquismo

Those familiar with working at the level of local communities have drawn attention to another potential constraint in applying the LPP, the practice of caciquismo. In many communities, particularly in rural areas but also in some urban areas, community leaders are often in a privileged position, acting as intermediaries between the local community and the rarefied world of government agencies, donors and other outside organizations. In this capacity, they can often acquire a monopoly on the flow of much valuable information, knowledge, and resources between the community and the outside world. Skillful operators can turn this role into a position of power and influence by acting as a broker or cacique, trading information and favors between politicians, municipal officials and members of their community. Some see the LPP as opening up new opportunities for caciques, who as leaders of OTBs will be in a position to reinforce their power and influence as brokers of information and favors. Instead of promoting popular participation in the spirit of the LPP, they fear caciques will attempt to exploit the Law for their own further advantage, and may try to obstruct or manipulate efforts by outsiders intent on strengthening community involvement. DDCP staffers should be aware of these possibilities, and should be prepared to deal with them if they arise.

4. Coparticipation funds.

While many municipalities may suffer from the lack of administrative capacity, the availability of coparticipation funds from central government provides a great opportunity to promote popular participation. In 1994-5, the average sized municipality with a population of 20,000 stands to receive close to US$300,000 in coparticipation funds, in addition to revenues generated from its own resources. While this does not represent great wealth, it compares favorably with many other countries with similar levels of per capital income, such as Nicaragua for one. More importantly, it represents a dramatic increase over earlier years, and for many municipalities the first time they have had any financial resources worth mentioning. Some commentators have argued that most of these funds will be needed to repair school buildings, health clinics and other facilities, which have now been transferred to municipalities, and which have been seriously neglected while under the care of central government. This may or may not be the case, but the main point is that municipalities now control the purse strings, and local communities have a voice in deciding how to use these funds. They may decide to repair these facilities, or they may prefer to do something else.

But the presence of these funds means that participation need not be an empty exercise in wishful thinking, but will lead to concrete results affecting people's

communities. The message here for DDCP staffers is that, while coparticipation funds provide a big incentive for people to become involved, they should focus community energies on short term projects that can be achieved with the resources currently available, and should not dissipate this energy on ambitious long term plans which may lead to frustration and disillusionment.

5. Community organizations

Another factor that greatly facilitates the implementation of the DDCP project is the rich social capital represented by the multitude of community organizations to be found throughout Bolivia, many of which have long traditions. Were it not for these organizations the LPP would probably never have been formulated, certainly not in the way it was. Nevertheless, DDCP staffers should not overestimate their capacity, nor expect too much of them. The LPP already assigns OTBs and CVs considerable responsibilities in the planning, design, and execution of municipal works using coparticipation funds. In Punata, the planning and preparation of projects alone required people to participate in seven one day workshops. The DDCP project paper envisages assigning OTBs and CVs further tasks associated with educating citizens in popular participation, registering voters, and cleaning lists of voters.

It should not be assumed, however, that people have unlimited amounts of time to devote to community activities. Low income households, the self-employed, and those without a job, are too preoccupied earning a living or seeking employment to have much energy left over to contribute to community work. Those with time to spare may be motivated to participate in activities where there are prospects of concrete benefits, but some respondents warn that traditions of voluntary work for the public good - such as public education and voter registration - are not as strong in Bolivia as in some other countries. Those responsible should bear this in mind when preparing workplans for implementing DDCP activities in each municipality, and be careful to spread wide the burden of tasks among different groups. Voter registration tasks, for example, might be better assigned not to the CV, but to a separate special purpose committee, linked if appropriate to the CV.

6. Community resources

While households may have limited amounts of time to contribute to community works, field reports indicate they may be able and willing to contribute financially. It is often assumed that since income levels are low in Bolivia relative to most Latin American countries, there is little prospect of households contributing financially to the cost of public works. However, piecemeal evidence suggests otherwise. In Punata, for example, communities agreed to pay US$100 per household for a connection to a new water supply system, and about US$50 a year (BS9.00 each two weeks) for service, a sum which allows the municipality to amortize the capital costs of the project over a thirty year period. USAID's own Title II program has found that it is feasible to require participants in community public works projects to raise 25% of the total costs in cash, in addition to any contributions in

the form of land, labor or materials. One informant reported that a rural community offered to contribute 50% of a teacher's salary in order to fill a position in the local school. PROSALUD, a Bolivian NGO, has demonstrated they can finance basic community health care services in low income neighborhoods entirely from user fees. The message here for the DDCP project is that if the community actively participates in the planning and design of facilities and services, they are more willing to mobilize their own resources to pay for a share of the capital and operating costs.

7. Choice of projects

Some commentators have expressed a fear that, given a choice, communities may decide to spend coparticipation funds on frivolous or misguided activities rather than more productive infrastructure and services. They point to proposals for repainting the walls of a cemetery, constructing an expensive community center or football stadium in a small village, or more frequently building school rooms or health clinics without securing a commitment from central government to pay the salaries of teachers and medical staff. Certainly, such examples exist, but communities can also come up with surprisingly innovative ideas. In Tihuanacu, a rural community has requested funds be used to provide them with technical assistance for agricultural production. In El Alto, PROA has responded to community requests to start a nursery for fruit and vegetables. In other communities, women's cooperatives have requested assistance to start a pig farm, a bakery, and a knitting workshop.

The lesson here is that communities will come up with both good and bad ideas, but they should be encouraged to make their own decisions, not to lean on outsiders to make decisions for them. The task for DDCP staff will be to assist community organizations to make wise decisions based on accurate information, advice, and available resources, but they should avoid coercing participants into doing things they do not wish to do, or vetoing proposals that have broad support. Some mistakes will be made, but a community will learn far more quickly from its mistakes than from technical advisors.

8. The role of NGOs

As mentioned previously, the past decade has witnessed a proliferation of NGOs working with communities in urban and rural areas throughout Bolivia in all manner of fields. Many have worked with the same communities for several years, are well established there, and knowledgeable about local conditions. Collectively, they represent a valuable resource for implementing the LPP, having already in many instances introduced principles of popular participation in their own projects. Recognizing this, the DDCP project plans to collaborate with NGOs in delivering technical assistance to municipalities not directly assisted by the primary contractor.

However, those responsible for implementing DDCP should be aware of certain drawbacks when contracting NGOs to work in municipalities where they have long been established. In smaller places, the NGO is likely to be far more capable than

the municipal administration, and better connected to other outside organizations. As such, it may be tempted to adopt a paternalistic attitude towards its client, taking charge of many tasks and responsibilities that should properly be handled by the municipality itself. In the words of one writer, they may "comer" (consume) the municipality, with the result that instead of learning to stand on their own feet, the administration becomes even more dependent on the NGO. Project staffers should alert NGOs receiving support from DDCP's popular participation fund of this danger, and should include actions in the NGO's scope of work to ensure that they help municipalities to become more self-sufficient.

D. Potential for sustainability and replication

The issues of sustainability and replication mainly relate to voter registration and aspects of the Municipal Governance component of the DDCP project.

1. Voter registration.

Voter registration activities initiated under the project should not be difficult to sustain and replicate. The primary actors here are the NEC, the DECs, and the RUN. RUN brigades will receive training to extend their present duties of civil registration to include the registration of voters. Once this process is internalized and becomes a regular part of their work, there should be little problem in continuing this activity, perhaps with occasional refresher courses. Since the RUN already operates throughout the country, the training and methods imparted through DDCP for working in DDCP municipalities will be carried with the brigades as they work in other parts of the country. The main factor here is the expected life of the RUN. Assuming the RUN receives funding from the World Bank, as anticipated, then its activities will at least be sustained for the duration of World Bank support. Longer term plans call for the RUN to be transferred to the NEC, and since this provides a basic service of national importance, it is reasonable to assume that the RUN will continue its voter registration activities for the foreseeable future.

2. Delivery of technical assistance to municipalities.

Suggestions for ensuring that the delivery of technical assistance to municipalities is sustained after the project terminates are presented in the technical analysis. Briefly, it is proposed that responsibility for providing technical assistance to municipalities be transferred in year four from the primary contractor to NGOs, and that the management of the Popular Participation Fund also be transferred the same year to a Bolivian institution, possibly an NGO network devoted to popular participation. This means that these activities will be sustained at least until the end of the DDCP project in year seven. By the end of the project, several NGOs will have acquired expertise in providing technical assistance to municipalities and their communities in a range of areas encompassed by DDCP.

NGOs should be able to sustain these activities, and replicate them in other municipalities, as long as someone is willing to pay for their services. One way is for the Fund to secure additional funding from other donors or the GoB. Another

way is for municipalities themselves to pay for the technical assistance they receive. This is the more sustainable solution, and in the long haul this is what should happen. Larger municipalities already contract consultants for certain tasks and there is no reason not to expect others to follow suit, though it may be some time before this occurs on a widespread basis. Another possibility is for the NGOs through its network to seek contracts from the RDCs to assist them in serving municipalities. Either way, assuming the LPP is here to stay, municipalities will continue to need, demand, and have resources for technical assistance, and resource-backed demand is the surest way to sustain an activity.

3. Municipal capacity

Perhaps one of the most difficult challenges of the DDCP project is how to sustain improvements in municipal administration and financial management among the municipalities assisted through the project, especially among smaller ones with limited funds for salaries and staff. The DDCP field team will have to give this considerable thought, since there is no easy answer. One thing seems clear. Given their resources, smaller municipalities will only be able to undertake a limited array of municipal functions themselves. The LPP partially foresees this need, when it refers to municipalities with less than 5000 inhabitants forming commonwealths, but those with more than 5000 inhabitants will face similar problems. How to solve this problem is an issue not only for the DDCP field team, but also for the national policy institute which is to be established under the project.

Economies of scale dictate that many functions - such as revenue collection, issuing of business and vehicle licenses, land planning, and solid waste disposal - would be more efficiently provided by another entity on behalf of groups of smaller municipalities. Other functions - such as project engineering designs, construction of public works, and accounting services - might better be contracted out piecemeal.

The challenge for the DDCP field team is to determine which municipal functions should be strengthened through technical assistance, and which would be better farmed out to others. To ensure that improvements in municipal capacity are sustained, technical assistance should be directed only to those functions that the municipality can realistically be expected to perform given available resources.

4. Popular Participation

The key to sustaining popular participation is to ensure that it leads to concrete results and improvements in living conditions for those who participate. If so, then the motivation for communities to continue participating in municipal affairs will remain strong. But if communities see little or no reward for their efforts, initial enthusiasm will give way to disappointment and disillusionment, and their commitment to popular participation can be expected to wither away. This may happen for a couple of reasons. Old elites may manage to hold on to power, treating popular participation as mere window dressing, but denying citizens any real say in decision making. Or a few communities, perhaps in urban areas, may manage to monopolize coparticipation resources and benefits, at the expense of other communities in the municipality. To avoid this, and to sustain commitment to

popular participation, the DDCP field team should establish clear guidelines and procedures to ensure an equitable system for the distribution of benefits among communities that actively participate.

5. Investments in community facilities

The value of an investment in a community facility is sustained only as long as it is properly operated and maintained. Throughout Bolivia, there are countless examples of public facilities such as schools and health clinics falling into disrepair for want of proper maintenance. Ironically, many of these are now to be transferred to municipalities under the LPP. This decay is due in part to an almost universal preference among government agencies to build new facilities rather than to maintain existing stock. Often this is a consequence of a misplaced eagerness to allocate scarce financial resources to capital rather than recurrent budgets. There is a hint of this in the LPP, which puts ceilings on the amount of coparticipation funds that municipalities are allowed to devote to salaries, part of which goes to maintenance crews. The DDCP field team should be alert to this danger, and devise guidelines for municipalities to ensure that adequate provision is made for maintenance.

Another strategy to sustain the value of community investments in public works is to involve the community itself in looking after the infrastructure and facilities they have initiated. Since their own resources are involved, they have an added incentive to ensure the facility is kept in running order. USAID's Title II program, for example, requires two or three members of the community to receive training in the operation and maintenance of any facilities constructed under the program. DDCP staff should adopt this practice in its own work with communities.

V. TECHNICAL ANALYSIS

This section evaluates the design of the DDCP project as proposed in the draft Project Paper, focusing in particular on the financial and logistical feasibility of implementing the project in the manner described. For each component of the project, the analysis describes what is to be achieved and the manner in which it is to be achieved; identifies the key actors involved and the tasks each are to perform; and assesses the problems and risks involved, and the feasibility of the methods proposed.

A. Effective Citizenship Component

The objective of the first component of the DDCP project is to increase the number of registered voters, particularly among poor women living in rural areas, and enhance the ability of voters to participate democratically. This is to be achieved mainly by generating local demand for citizen documentation and voter registration services, by strengthening the ability of national democratic institutions (especially the NEC and DECs) to supply the services needed to meet this demand and to educate voters through a variety of modalities. The focus of this effort will be the selected municipal sections in which the DDCP project operates.

1. Voter lists

To achieve this objective, the DDCP project will need the collaboration of several organizations. First, the DEC and NECs will have to provide lists of registered voters in each municipal section extracted from the Electoral Registry, showing names and addresses. This would not only indicate who is registered and who isn't, but would also reveal areas and communities within the municipality where few citizens had so far been registered. The electoral courts possess this information, and are required by law to publish it, but so far have not, due apparently to lack of demand.

The DDCP project would generate demand, at least in Project-asissted municipalities, but it is uncertain whether or when the NEC would release the information. Rather than releasing lists on an ad hoc basis in response to individual requests, it would make more sense for the NEC to publish lists for the entire country, starting ideally with the first one in mid 1995 in time for the municipal elections in December. Apparently, the NEC may not at present have funds to do this, in which case it may be necessary to include an allowance in the DDCP budget for this purpose, at least for the publication of the first list. Given the time needed to get the DDCP project up and running, however, it may not be feasible to expect to publish the first list in time for the December 95 elections. Publication of subsequent lists should be financed by the GoB, since this is a mandated requirement. Funds for this purpose could come from the surplus income earned by the Civil Registry, which supposedly is to be made available to the NEC.

Another factor which may cause the NEC to hesitate in publishing such lists, is that once published, they open the door to all manner of complaints from individuals and groups around the country challenging the accuracy of the contents. While procedures for challenges are laid down in the *Ley Electoral*, in

practice the electoral courts are poorly prepared at present to handle such matters on any large scale.

2. Civil registration

The DDCP project will also need collaboration from the RUN for the purpose of civil registration and issuing the documents required to register as a voter. Assuming the RUN receives additional financial support from the World Bank as anticipated in the Touche Ross proposal, this should not be a problem. Given the importance of citizen registration in identifying beneficiaries of the government's capitalization and pension program, it is reasonable to assume such funds will be forthcoming, and that the RUN will be able to perform this function for the DDCP project.

The registration of voters is performed by the DECs. In the past, the electoral courts have concentrated their voter registration drives in the periods preceding elections, hiring large numbers of assistants for the purpose. Recently, it has been suggested that the RUN expand its activities to include voter registration, which would be done at the same time as civil registration. Now that officials of the Civil Registry are employees of the NEC, it has also been suggested that their duties be extended to include voter registration. This would make it possible to register as a voter throughout the year rather than only during the weeks preceding an election.

3. Voter registration in remote areas

A more important problem for the DDCP project is how to reach out to the target population of poor women in distant rural areas. One possibility is to rely on the mobile brigades of the RUN. They may be equipped with jeeps, and may be able to reach smaller villages, but it isn't cost effective to expect them to visit large numbers of rural households in far flung places. A more efficient and cost-effective solution would be to have the mobile units set up voter registration posts at marketplaces and village centers on specific dates, and to employ the local network of OTBs linked to the Vigilance Committees in rural areas to get the word out and encourage rural women to register at the times and places visited by the mobile units. The use of officials from the civil registry would also facilitate voter registration for the target population, since many of these officials are already resident in rural areas. So far, no firm decision has yet been made on whether these officials should also register voters, but it seems a logical and relatively simple measure to introduce, and thus quite likely.

4. Screening of voter lists

The DDCP project also envisages undertaking a related task of screening or updating lists of registered voters. The manner in which the project proposes to do this would also require the collaboration of Vigilance Committees and the local network of OTBs. OTBs would check the list of voters in their own community and report errors and omissions to the CV. The CV would produce a summary report for the Alcaldia and the local electoral notary, who would formally forward the findings to the DEC. The DEC would make any necessary corrections, and forward these for approval by the NEC.

The first assumption is that the OTBs will collaborate in this task. Better organized ones probably will, but others may not, or may not produce useable results. For CVs in smaller municipalities this may be feasible, but in larger towns and cities, this may be more than they can handle. It is not clear why they need produce a report, if this is only forwarded to the municipality. CV can coordinate OTBs, but maybe simpler if OTBs reported directly to the Municipality, with copies to the CV as a check. In any case, it is clear both CVs and OTBs will need technical assistance in order to perform these tasks effectively.

Next, it's unclear what DECs will do with this information. Since DECs are responsible for maintaining electoral registries, they cannot accept municipal reports verbatim, but will have to do their own checking and investigation. This is were a logjam is likely to occur. Given the present status of civil registry records, this is not a task that can be done easily and quickly. More likely it will be slow and time and consuming, at least until civil records are computerized.

It has been suggested that the GoB issue a set of reglamentos to accompany the Ley Electoral, which among other things would authorize municipalities to act as agents of the electoral courts in screening voter lists through the CVs and OTBs. This way the municipalities would do the work for the courts. But it seems highly unlikely that this proposal would be adopted, since it would violate the autonomy of the courts and their non-partisan status.

Despite these potential problems, there is clearly an important role for civil society to play at the grass roots level in maintaining the electoral registry, especially in harder to reach rural communities. Members of the local community can recognize errors and omissions in the lists of voters better than anyone else, and this information can undoubtedly help the DECs to do their job better, even if they still have to double check the information according to their own procedures.

B. Municipal Governance

The second component of the DDCP project seeks to provide training and technical assistance to municipalities and grass roots organizations and to assist them in implementing the LPP and enhancing community participation in local governance. Five aspects of the design of this component are discussed here: breadth vs. depth in assistance to municipalities; the selection of municipalities; scope of technical assistance; sustaining the delivery of technical assistance; and use of the technical assistance fund.

1. Breadth vs. depth.

One basic issue is the choice of strategy to promote the goal of enhanced participation in municipal governance. Are funds better used to provide limited support to a large number of places, or more intensive support to fewer places? The former suggests a strategy of training intermediary organizations such as RDCs, the Fondos and NGOs, and relying on them to deliver technical assistance to a broad audience. The latter suggests a strategy of working directly with municipalities, but over longer periods.

Since the LPP is new, and the GoB is keen to implement it with a minimum of delay, it has opted for a first phase strategy of getting the word out as fast and as far and wide as possible. Towards this end, the RDCs are performing tasks on behalf of the municipalities, rather than attempting at this point to transfer specific skills and build local capacity. Second phase efforts close to implementation provide more detailed assistance, but focus on specific objectives. Technical assistance provided by the FNDR under the World Bank's Municipal Strengthening project, which was designed prior to passage of the LPP, aims primarily to generate investment proposals, improve financial management capacity, and generally prepare municipalities to become eligible borrowers. Under a project being planned by the SNDR, which will also be financed by the World Bank, the aim is to introduce a participatory planning methodology which will generate investment proposals to be financed by various Fondos. However, it is clear that strengthening the capacity of most municipalities and community organizations to the point where they can more or less fulfill the roles and responsibilities expected of them under the LPP will require intensive on site technical assistance over an extended period of time.

The strategy adopted in DDCP represents an intelligent compromise. During the earlier years of the project, efforts will focus on providing in depth assistance in

key areas to a few municipalities, and using this experience to evolve and perfect replicable models and procedures. In later years, project resources will be devoted to establishing a technical assistance delivery system using other actors, probably for the most part NGOs, which will apply the models and procedures developed earlier. In this way, it is estimated that by the end of the project DDCP should have enabled between 30 and 40 municipalities and their community organizations to function more or less in the spirit of the LPP.

2. Selection of municipalities.

Since the project cannot include all 300 odd municipalities in the country, it will be necessary to establish procedures and criteria for selecting municipalities to receive assistance. During the first year, to get the project off to a fast start, and to allow the principal contractor for the implementation of local level activities to advance quickly with developing model procedures, it is recommended that four or five municipalities be selected up front. In years two through four, municipalities meeting certain conditions of eligibility should be invited to apply for assistance from the contractor, and four or five should be chosen from among those who apply. This means the principal contractor would assist a total of some 16 to 20 municipalities during the first four years. A process of inviting municipalities to apply for assistance is preferred, since it is not only more open and democratic, but more likely to generate candidates with greater initiative, motivation and political support, where the chances of success are higher.

Eligibility conditions are needed to restrict the number of applications, and to avoid unnecessary effort and disappointment among those which are not selected. Initially, eligibility conditions should be more restrictive, targeting municipalities with bigger populations and larger budgets, for example those with at least 20,000 inhabitants and a coparticipation budget larger than $300,000, where project resources are likely to achieve greater impacts. In later years, these conditions can be changed or gradually relaxed to allow smaller municipalities to apply.

Criteria for evaluating applicants and selecting those to receive assistance should reflect several considerations. One is evidence of a serious intent to implement the LPP, such as Warnes where the mayor has already contracted a lawyer and a finance expert to work with community groups in identifying projects. Another is aptitude for adopting innovations, as indicated by earlier initiatives and efforts to promote reforms and community participation in municipal activities, such as Punata which successfully applied participatory planning methods introduced by Planning Assistance under USAID's PVO project. A third is potential impact as measured by the population of the municipality or the number of OTBs. A fourth is potential future impact as measured by the growth of the local economy and the number of recent in-migrants. A fifth is municipal capacity to apply technical assistance as reflected by the quality and range of professional staff. A sixth is the potential to survive a change of local government and to sustain innovations over the long term, for example where community organizations are strong and NGOs are well established. A seventh is the scope for improving the lives of the poor, where participatory planning methods might bring about a significant shift in the allocation of resources to poor or rural communities. A final consideration is the

scope for increasing the number of registered voters, particularly municipalities with large rural populations, where only a small proportion are registered. Applicants are unlikely to score highly on all of these criteria, but they should do so at least on two or three.

3. Scope of technical assistance.

In order to make the LPP fully operational, and to bring about effective community participation in local government affairs, the DDCP project contractor will need to provide technical assistance in four main areas. As summarized by the Project Paper, these include support for:

- the process of establishing democratically legitimate state and civil society actors described by the LPP;
- the process of establishing and applying mechanisms for participatory municipal-level planning involving the municipal governments, OTBs and vigilance committees;
- the process by which local governments transparently capture and use resources in a way that supports the delivery of public works and services identified by OTBs and articulated by vigilance committees; and
- the process by which municipalities activated in the popular participation process are linked to the National Congress.

The Project Paper provides illustrative menus of actions required in each of these areas, which together add up to 25 kinds of activities, and doubtless more will emerge in the course of implementation. Given the newness of the LPP, and the feeble state of most municipalities in the country, the great majority of them need assistance in almost every activity, and even the larger better organized municipalities need help in most of them. If the DDCP project were to attempt to cover all activities required in each of the places in which it works, the entire budget could quickly be consumed in as few as 5 or 6 municipalities.

To avoid this situation, the project contractor should adopt three strategies. The first is to select municipalities where a marginal increment in assistance will generate significant improvements in citizen participation in local government. Santa Cruz, for example, already has in place a structure of sub-alcaldes serving community groups in each district, but help may be needed to figure out workable operational procedures for the vigilance committee to communicate effectively with the large number of OTBs in the city. The second is to coordinate closely with numerous other agencies involved in implementing the LPP - such as the National Secretariats, Fondos, RDCs, and NGOs - in order to maximize the use of existing resources, and to target DDCP resources at key bottlenecks not addressed by others. In many places, these will likely be related to voter registration and linking popular participation to the National Congress. The third strategy, and one which

should be applied in each case, is to identify serious deficiencies, rank them in order of importance, and limit DDCP assistance to those activities which are likely to have the most far reaching impacts, and to be the most sustainable. In some cases, for example, this might entail setting up mechanisms for regular meaningful dialogue between municipal officials and rural OTBs. In other cases, this might entail setting up basic systems for managing municipal finances that include regular and reliable reports to the vigilance committee.

In every case, it is strongly recommended that any program of training or technical assistance be based on an agreement drawn up between the municipality and the entity providing assistance, whether it be the principal contractor or an NGO. This agreement should clearly specify the tasks to be undertaken, who is responsible for each task, when these are to be completed, and what indicators are to be used in measuring completion of tasks. Each agreement should also be accompanied by a statement from the vigilance committee indicating that the community has participated in drawing up the program of assistance and approves it.

4. The Popular Participation Grant Fund.

Under the Municipal Governance component of the DDCP project, a Popular Participation Grant Fund is to be set up, to issue small grants to NGOs for providing technical assistance on municipal governance matters to other municipalities not assisted directly by the primary contractor.

One of the underlying objectives of the project is to strengthen municipal governments, and by implication to promote local autonomy. Ideally, therefore, it would be preferable to issue the grants not to NGOs but directly to municipalities, allowing them to hire NGOs for needed purposes. This would inculcate a greater sense of self-determination, making the NGOs answerable to the municipality rather than the primary contractor.

There are some difficulties with this, however. Many municipalities, especially those that have not received any previous technical assistance, may lack the capacity to manage the process of writing scopes of work, handling contracts, and accounting for the use of funds to the grantee. Also, since the primary contractor will be held responsible by USAID for the grant funds, they may be reluctant to deal with untried municipalities, especially if they feel there is a risk grants will not be properly used.

Nevertheless, USAID should explore ways to circumvent or minimize these problems. For example, grant funds need not necessarily be paid to the municipality, but held on account by the primary contractor and paid to the NGO in installments, once the municipality (and possibly the vigilance committee) approve the satisfactory completion of work. Also, the NGO could assist the municipality in preparing necessary application papers, contracts, and scopes of work. In the case of larger better organized municipalities, the risks of misusing grant funds may be no greater than with NGOs. In any case, it is recommended that grants be issued not only to NGOs, but also where practicable to municipalities as well.

5. Sustainability of technical assistance.

Another concern is how to ensure that the system developed under the DDCP project for delivering technical assistance to municipalities will be sustained once the project ends. Towards this end, it is recommended that the delivery system be designed in three phases. During the first phase, technical assistance should be provided mainly by the primary contractor. The contractor will at the same time be

responsible for two other tasks: developing replicable modules and procedures; and training the staff of interested NGOs in areas where they are weak or lack specific expertise, most likely in matters of municipal administration and financial management.

During the second phase, which should begin before the first phase ends, the primary contractor should initiate the Grant Fund, and start to make increasing use of NGOs for delivering technical assistance. Midway through the project, the contractor should identify a Bolivian institution to take over the management of the Grant Fund, and provide any necessary training for the staff of that institution, particularly in US government rules and regulations for administering public funds. One possibility would be to set up an NGO network coordinator for popular participation. Before the end of the second phase, the contractor should terminate its own technical assistance, and transfer management of the Grant Fund to the Bolivian institution.

During the third phase all technical assistance should be delivered through NGOs. Since USAID contributions to the Grant Fund will terminate at the end of the project, efforts should be made to secure alternative sources of funding, both from other donors, as well as from charges to recipients of technical assistance.

C. National elements of Municipal Governance

The LPP represents a radical innovation in public policy, the full ramifications of which are only beginning to be recognized as the numerous actors involved in implementing the Law gradually understand better their roles in it and how it affects them. However, it is already clear that the Law suffers from one serious omission. It fails to take into account the fundamental issues of how popular participation policy is itself formulated, or how key constituencies affected by the Law can themselves participate in the process. At the same time, there is a clear need to establish a national entity to analyze the whole realm of public policy related to popular participation and municipal governance, and to assist government and civil society in forging solutions that realize the full promise of the Law. Since USAID is the recognized leader among donors in the field of democratic institutions, it is strongly recommended that the DDCP project should include elements that address these deficiencies.

1. Representation of Municipal Governments

At present, municipal governments are not adequately represented in national debates on public policy. For decades after the 1952 revolution, they were deprived of responsibilities, resources and political legitimacy, and played a largely inconsequential role as junior partners in government. Things began to change in the late 1980s with the rapid growth of population in larger urban areas, the reintroduction of municipal elections, and the introduction of coparticipation funds, the bulk of which accrued to the municipalities of departmental capitals. The more dynamic mayors of these cities began to speak up and to attract more widespread support in public debates. By legitimizing more than 300 municipalities throughout the country, and dramatically expanding their roles and resources, the LPP, whether intentionally or not, will inevitably add significant momentum to the growing political strength of municipal governments. It is inconceivable that these entities, which now account for a sizable share of total public spending, will not demand an increased role in shaping national policy. If central government has not already recognized this, it will soon be forced to do so, and to make provision for it.

On a more immediate and pragmatic level, the successful implementation of the LPP itself requires improved channels of communication between central and local government. In the course of learning how to play their new roles and carrying out their new functions under the LPP, municipal governments will inevitably confront many problems which will need to be resolved. Many of these will be common to

most municipal governments, and some mechanism is needed to articulate these common concerns, to facilitate a dialogue with central government agencies, and to allow municipal governments to actively participate in policy discussions related not just to the LPP, but other aspects of municipal government.

Currently, municipal governments are not well organized. In the past few years, various municipal associations have been set up, including five departmental associations (in Santa Cruz, Cochabamba, Oruro, La Paz and Potosi), which are affiliated to the Bolivian Association of Municipalities, ASBOMUN, and more recently a number of regional ones in the department of Cochabamba. For the most part, however, they are paper organizations, with scant financial resources and little ability to function effectively on behalf of their membership. In 1989, the municipal governments of the nine departmental capitals plus El Alto established their own association, AGMAB (Asociación de Gobiernos Municipales Autónomos de Bolivia). Since then membership has been extended to other municipal governments, and it now has a total of 58 members, representing a substantial part of the nation's urban population, but still only a fraction of the total number of 300 odd municipalities. AGMAB is currently seeking to obtain legal status, but apparently the central government is unwilling to grant this unless it is also represented on AGMAB's board of directors. While two or three of the more prominent mayors among AGMAB's member municipalities appear to have ready access to the President of Bolivia, AGMAB itself does not yet seem to have achieved formal recognition by central government. It is therefore handicapped in representing its membership in public debates, to the detriment of smaller municipalities in particular.

Given USAID's policy priorities of strengthening democratic institutions, and given that no other donors are explicitly addressing the governance aspects of the LPP, it is recommended that USAID include an element in the DDCP project to strengthen AGMAB. Further discussions are needed with AGMAB to determine tits needs, and what assistance DDCP could or should provide, but the main tasks appear to be four:

- to assist AGMAB in obtaining legal status;
- to help AGMAB enhance its role as the representative of all Bolivia's municipalities, both large and small, either through expanding its membership, or by establishing a network of municipal associations throughout the country; (in this regard, the LPP will undoubtedly spur the growth of municipal associations);
- to help AGMAB win central government recognition as the nation's legitimate association of municipal governments, and thereby gain a more effective voice

in national policy debates; and

- to link AGMAB to the proposed Foundation for Participatory Local Government, which would provide AGMAB with guidance and support on policy matters related to municipal governance.

These tasks would require some technical assistance to AGMAB, but would mainly involve conducting an ongoing dialogue between DDCP staff, AGMAB representatives and central government officials. The cost would be minimal, but the potential impact in terms of improved representation of municipal governments would be substantial and long lasting.

2. Policy guidance unit

The second national element of municipal governance that the DDCP project should address is policy guidance. As explained before, there is a need to establish a unit to provide guidance to government and civil society on policy matters related to popular participation and municipal governance. The main questions here are: what should this institute do; where and how should this unit be set up?

To answer the first question, there are three key functions it should perform, and a number of other activities it might undertake, depending in part on where it set up, and whether other institutions are willing and able to do these things better. The three key functions are:

- to provide policy guidance on matters related to popular participation and municipal governance. This is perhaps the most urgent task, since numerous issues are bound to arise during the course of implementing the LPP, which will need to be resolved promptly to maintain momentum and build public confidence that popular participation not only works, but significantly improves people's living standards. More broadly, the unit should also provide guidance on all public policy issues that affect municipal government, including for example the pending legislation on administrative decentralization.
- to promote democracy in local government through broad public education of citizens, community leaders, elected representatives, and officials of central and local government;
- to advance the interests of civil society in local government and to act as an advocate for municipal governments in public policy debates.

Additional responsibilities might include:

- promoting better practice in local government administration and financial management by developing operational guidelines and model procedures for municipalities;
- facilitating the exchange of information and experience among Bolivian municipalities, and their counterparts in other countries, through publications, research and seminars;
- building and maintaining a directory of resources for municipal governments, and using this to provide a referral service for training, technical assistance, donor finance, and other supporting services, occasionally collaborating with

other agencies in delivering such support.

In answer to the question of where this unit should be set up, there are a number of options to consider, but none are entirely satisfactory. One is to start by establishing a policy unit within SNPP, and eventually launching it as an autonomous institution. SNPP has already secured limited funding from GTZ's PROADE project for emergency short term consultant support, and is due to share with MAU some $300 - 400,000 from the World Bank's municipal strengthening project for the same purpose, once this comes on stream. USAID might consider providing additional financial support through DDCP or some other channel to establish a core team of one or two professionals right away. This unit might later be transformed into a larger semi-autonomous institution with more substantial financial support from DDCP and broader responsibilities as outlined above. The potential drawback with setting up a policy guidance unit attached to a government entity is that it tends to look at the world from the vantage point of that entity's own mandate, in SNPP's case through the prism of popular participation. To properly encompass the wider realm of municipal governance, the institution will need a broader, more detached perspective.

A second option is to reinvigorate INIDEM. As mentioned earlier, INIDEM's mandate is pretty close to the one outlined above, and it has already established its position in the field. Unfortunately, although it has had a creditable track record in the past, it is currently in a debilitated state. However, since INIDEM is a private independent institution, and one that has not previously received support from USAID, it is unclear to what extent USAID or others might be able to bring about the changes needed to reinvigorate it, and to direct its energies to the priority tasks outlined above. While INIDEM, and other free standing institutions without formal institutional links to either municipalities or central government, have the advantage of a more detached perspective, they suffer from two drawbacks: they lack secure financial support; and ultimately they risk being ineffectual or ignored, since they are remote from executing agencies.

A third option is for USAID to throw its weight behind the IDEMU proposal, or something like it, and work with the World Bank, AGMAB, and the central government to get this up and running. As presently constituted, however, IDEMU would be controlled by AGMAB members, and as a service institution to AGMAB, its mandate is somewhat narrower than the one envisaged above. Nevertheless, a draft description of its activities include many of those mentioned above, the World Bank has already agreed to contribute a hefty $1.4 million towards it, and it has the support of AGMAB. Assuming DDCP includes an element of support for AGMAB, this would be a logical and complementary route to go. Furthermore,

since USAID would be a financial contributor, and since IDEMU is not yet established, USAID would be in a strong position to argue for any restructuring or reformulation of its mandate that it felt was necessary.

A fourth option is to start from scratch and establish an entirely new institution, such as the one described in the DDCP project paper. Given its constituencies, it would be desirable to establish this as an autonomous public-private body, to be funded by central and local government, donors, and the private sector. Its board of directors should include representatives of central government, municipal government (through AGMAB), and grass roots organizations, and might also include members from academia, civic committees and other private sector organizations. The disadvantages of forming a new institution are that USAID will have to mobilize support for the idea, and that it risks duplicating the functions of existing institutions, especially if IDEMU eventually becomes a reality. A proliferation of institutions claiming expertise in matters of municipal governance may add up to a forceful political lobby, but the risk is that it will result in a cacophony of discordant voices. But perhaps that's democracy!

Of these options, the fourth appears at present to be the most feasible alternative, not necessarily an ideal, but the best under the circumstances. However, circumstances may change in the next couple of years before a final decision has to be made. In the interim, USAID should closely monitor the progress of IDEMU and events at INIDEM, and initiate a dialogue with the SNPP, WB, AGMAB, and other key parties to explore the other options outlined above. The main priority is to reach a consensus solution that all will support.

D. Representative Congress

As mentioned before, much of the success of DDCP's third component, Representative Congress, hinges on CICON's COU. Assuming the contractor for the DI project successfully completes its activities, the COU will be staffed and ready for buisness sometime before the end of 1995. The DI contractor is already at work designing a databank, and locating necessary sources of data. COU's tasks of developing this data bank and preparing a directory of Congressional representatives are fairly straightforward and unlikely to encounter any major problems.

However, the future of CICON, which houses the COU and three other legislative support units, is up in the air. USAID funding expires in December 1995, and CICON's survival depends on whether the GoB agrees to provide the necessary funding and legal status for CICON. The amendment to the DI project, which carries it through until Dec 1995, calls for the contractor to do three things: to prepare legislation that will formally establish CICON as a government entity; to lobby for funding for CICON; and to set up the COU.

At this point GoB funding is uncertain. If no decision is made before the end of 1995, it may be expedient for USAID to include a further year's support for CICON in the DDCP project, but only if there are clear indications that the GoB will eventually agree to assume responsibility. If the GoB declines to fund CICON, and no donor picks it up, then CICON will die, and COU with it. In this case, the third component of the DDCP project will have to be recast or done away with.

E. Project implementation

In terms of project implementation, a key question is how to allocate the different tasks among contractors. There are three basic options to consider. The first option, the one proposed in the draft project paper, is to divide the work according to national and local level activities, and hire a separate contractor for each level. A second option is to divide the work according to project components, hiring one contractor for Municipal Governance activities, and a second contractor for the other two components, Effective Citizenship and Representative Congress. A third option is to hire a single primary contractor for everything.

1. Divide national and local level activities among two contractors

The first option is to hire one contractor for activities related to national institutions, and another for activities related to municipalities at the local level. The argument here is that the greater part of project resources will be focused on popular participation at the local level, and it makes sense therefore to have one contractor concentrate their energies on this, and not have to be distracted by other activities at the national level, which are better handled by a separate contractor.

This arrangement appears to be a neat division of labor, but it has several drawbacks. First, the division of labor will in practice not be nearly so neat. The field contractor responsible for delivering technical assistance to municipalities will inevitably have to spend a lot of time at the national level, liaising with the many entities involved in popular participation and technical assistance, including SNPP, other national secretariats, the Fondos, donors, not to mention NGOs and the like. This, in addition to the normal exchanges with USAID.

Second, in the course of their work, the field contractor is likely to become far better versed in national policy issues related to popular participation and municipal government than the national contractor. Not only will they acquire a broad knowledge of the institutional framework behind popular participation and municipal government, but also a detailed understanding of the operational problems faced by municipalities and community organizations in implementing the LPP. Consequently, it is hard to see how the field contractor will be able to avoid being drawn into discussions with government agencies and other organizations that concern the setting up a policy institute, even if this task is not assigned to them.

A third drawback to this option is that it results in a duplication of effort and an inefficient use of resources. To undertake the task of setting up a policy institute, the national contractor will need to assign to the task at least one, and possibly two, senior specialists in popular participation and municipal affairs. At the same time, the field contractor will also need to hire people with similar skills. The national contractor's expert(s) will wind up spending time with the same people and institutions that the field contractor will have to deal with, covering much of the same ground. Furthermore, experts in municipal affairs are likely to be expensive, since this kind of expertise is hard to find in Bolivia, and they may have to be hired from the US.

2. Divide the three components among two contractors

Another option is to divide responsibility along the lines of the components, one contractor for Municipal Governance, another for Effective Citizenship and Representative Congress. The main argument in favor of this division of labor is that it is based on substantive areas of expertise, and is more likely to match the capabilities and expertise of contractors. This arrangement would also make more efficient use of resources, eliminating the potential duplication of effort mentioned above, since the same senior consultant(s) could be employed to work both on designing a policy institute and guiding technical assistance to municipalities.

One argument that has been presented against this arrangement is that a single contractor cannot feasibly manage an extensive program of field support to municipalities, and at the same time work at the national level in promoting a new policy institute and possibly supporting AGMAB. The time and attention required to do one task satisfactorily would undermine the contractor's ability to perform the other job properly.

This need not be so. It is largely a question of managing human resources, how the contractor chooses to organize the team and allocate tasks among staff. One group may be primarily responsible for the delivery of technical assistance to municipalities, and another group for handling the policy institute and possibly AGMAB. But members of one group can periodically assist with tasks of another group without necessarily jeopardizing the success of either.

There are also precedents for such an arrangement. For its Municipal Decentralization and Development project, USAID Nicaragua plans to hire a single institutional contractor to handle a very similar set of tasks to those envisaged in Bolivia. These include technical assistance to municipalities around the country, management of a fund, assistance to a national government entity responsible for municipal affairs, and support to a newly established national association of municipalities. The main difference between the two projects is that in Bolivia, the contractor will be servicing a larger number of municipalities over a longer time frame, and will have some additional tasks at the local level related to voter registration and citizen relations with Congress. However, the latter tasks represent a relatively minor increment in the total level of effort required, since the main work for these components will be done at the national level by a separate contractor.

3. Hire a single contractor

The third option is to hire a single primary contractor to undertake the entire DDCP project. One virtue of this option is that the process of inviting proposals from prospective bidders would generate a variety of approaches to handling the three components, some of which may not have occurred to the DDCP project committee. USAID could then decide which approach they preferred. Dealing with only one contractor instead of two would also presumably mean some savings in USAID's cost of administering the project, although the contractor's overheads might be greater.

The downside of this arrangement is that there is risk of losing the expertise acquired by the SUNY/OIP team during the DI project. This would happen if SUNY/OIP was not a member of the winning team. In addition, the wide array of Project activities to be implemented at the local and national levels could be logistically difficult for one contractor.

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VII. ATTACHMENT B: LIST OF PEOPLE INTERVIEWED

CIUDAD DE LA PAZ:

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Ms. Isabel Girardot-Berg, Rural Development Project design team

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Mr. Piet Werbrouck

CIPCA

Lic. Arnold Loehuental

Lic. Gonzalo Roja

CORDEPAZ

Lic. Bartelemi, Gerente General

CORDEPO

Arq. Guzmán, Representante, La Paz

FNDR

Lic. Ronald Quinteros Limpias

Lic. León Gallindo

GTZ/PROADE

Mr. Peter Palesch

INIDEM

Lic. Humberto Delgado, Director

PNUD

Lic. Walter Franco, Resident Representative

PROCOSI

Lic. Berta Pooley, Director

Secretaría Nacional de Desarrollo Provincial y Rural

Lic. Luz María Calvo, Sub-Secretaria Asuntos Etnicos

Secretaría Nacional de Participación Popular

Dr. Roberto Barbery, Sub-Secretario Apoyo a los Municipios

Arq. Luis Ramirez, Sub-Secretario de Apoyo a las OTBs

Lic. Claudia Palma, Consultor

Lic. Ruben Ardaya, Sub-Secretaría Apoyo a los Municipios

SNAU

Arq. Porcel, Director Nacional de Catastro

SNDR

Lic. Martha García

SNPP/OTBs

Lic. Gonzalo García, Sub-Secretaría Apoyo a las OTBs

Charles Patterson, ex-Director of Planning Assistance

UNITAS

Lic. José ("Coco") Pinello, Director

Lic. Leonor Arauco

USAID/PL480 Program

Lic. Luis Fernando Moreno

DEPARTAMENTO DE LA PAZ:

PROA, El Alto

Lic. Gaston Mejía, Director

Lic. Jaime Cusicanqui

Lic. Winston Pacheco

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Sr. Felix Acarapi, Presidente, 3ra sección

Sra. Elizabeth Jimenez, Sec. 3ra sección

Sra. Francisca Mamani, Club de Madres

Sr. Renato Flores, PROA Administrador

Junta de Vecinos de Brazil, El Alto

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Sr. Antonio Calleza, Vice Presidente

Sr. Pablo Apasar, Secretaria

Municipio de Tihuanacu

Sr. Gastón Rios, ex-Presidente del Consejo (Municipal)

Sr. Sixto Loza, Consejal

DEPARTAMENTO DE SANTA CRUZ

CORDECRUZ

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Lic. Jorge Hurtado, Asesor

Lic. Franco, i/c Popular Participation

Lic. Bernedicio, Jefe de Departamento de Administración

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Municipio de Warnes

Alcalde

Miembros del Consejo

Asesores

Municipio de Monteros

Alcalde

Miembros de Consejo

DEPARTAMENTO DE COCHABAMBA

CORDECO

Lic. Alvaro Moscoso, Presidente

Lic. Martha Escobar, Gerente de Planificación

Jefe de Finanzas

Municipio de Cochabamba

Vice Alcalde

Asesor Legal

Jefe de Protocol

Municipio de Quillacollo

Lic. Lorenzo Flores Canedo, Alcalde

Municipio de Punata

Lic. José Antonio Gonzáles, Presidente de la Junta Municipal/ex-Alcalde