



The MDGs in Bolivia: Poverty Reduction in a Post-neoliberal Area

Stephan Rist
José Nuñez del Prado

NCCR North-South Dialogue, no. 43
2012

dialogue

The present study was carried out at the following partner institutions of the NCCR North-South:



Postgrado en Ciencias del Desarrollo (CIDES),
Universidad mayor de San Andrés (UMSA), La Paz,
Bolivia



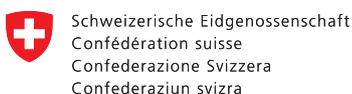
NCCR North-South, Regional Coordination Office
South America (JACS SAM), Postgrado en Ciencias
del Desarrollo (CIDES), La Paz, Bolivia



^b
UNIVERSITÄT
BERN

CDE
CENTRE FOR DEVELOPMENT
AND ENVIRONMENT

NCCR North-South,
Centre for Development and Environment (CDE),
University of Bern, Switzerland



Swiss Agency for Development
and Cooperation SDC

The NCCR North-South (Research Partnerships for Mitigating Syndromes of Global Change) is one of 27 National Centres of Competence in Research established by the Swiss National Science Foundation (SNSF). It is implemented by the SNSF and co-funded by the Swiss Agency for Development and Cooperation (SDC), and the participating institutions. The NCCR North-South carries out disciplinary, interdisciplinary and transdisciplinary research on issues relating to sustainable development in developing and transition countries as well as in Switzerland.

<http://www.north-south.unibe.ch>

The MDGs in Bolivia: Poverty Reduction in a Post-neoliberal Area

Stephan Rist
José Nuñez del Prado

NCCR North-South Dialogue, no. 43
2012

Citation

Rist S, Nuñez del Prado J. 2012. *The MDGs in Bolivia: Poverty Reduction in a Post-neoliberal Area*. NCCR North-South Dialogue 43 (Working Paper, Special Research Project 4 – Beyond the MDGs). Bern, Switzerland: NCCR North-South.

Series Editing

Anne B. Zimmermann, NCCR North-South, Management Centre

Editing

Simon Pare, Urs Geiser

Cover photos

Left: Massive gatherings of peasant organisations were part of the protests that led to a radical process of societal transformation in Bolivia; since the election of Evo Morales, this has turned into a mechanism for negotiating the course of societal change. (Photo courtesy of Agencia Boliviana de Información [ABI], Jueves 30 de junio de 2011)

Right: The improvement of environmentally and socio-culturally well-adapted peasant agriculture is a major challenge for the process of societal change in Bolivia. (Photo by Stephan Rist)

Distribution

The PDF version of this paper can be downloaded from:
<http://www.north-south.unibe.ch> under “Publications”

© The authors and NCCR North-South

Contents

1	A History of the MDGs in Bolivia	7
2	The Situation of the MDGs in 2009	9
3	The Importance of the MDGs in Bolivia	11
3.1	Neoliberal period	11
3.2	Post-neoliberal period	15
3.2.1	Defining indigenous people	17
3.2.2	From a weak to a strong State – the plan of life for the eradication of extreme poverty	20
3.2.3	A broader understanding of poverty	23
3.2.4	Towards a strong state	23
3.2.5	Building on the capabilities and knowledge of indigenous and “common” people	24
3.2.6	“Vivir bien” – dealing with plural notions of well-being	25
4	Debates	27
4.1	Has poverty really been reduced over the past six years of change and how?	27
4.2	Developmentalism and the rights of Mother Earth: clash or dialectical relation?	34
4.3	Debates among intellectuals	36
4.4	The stony path from theory and normative principles to practice	37
5	Conclusions	41
6	References	43
	Working Paper Series, SRP 4 “MDGs”	45
	Acknowledgements	46
	About the Authors	47

Figures

Figure 1:	Evolution of extreme poverty – differentiating between indigenous and non-indigenous people.	16
Figure 2:	Evolution of moderate poverty – differentiating between indigenous and non-indigenous people.	16
Figure 3:	Evolution of the GINI Index over time.	19
Figure 4:	Ratio of income of poorest 10% of people to income of richest 10% in Bolivia.	29
Figure 5:	Direct transfer to schoolchildren, old people and pregnant women in US dollars (millions) and as a % of GDP.	30
Figure 6:	Transfer of financial resources from central to departmental and municipal authorities in millions of Bolivianos.	30
Figure 7:	Evolution of public investment, 2001-2011.	31
Figure 8:	Fiscal situation of public sector, 1950-2010.	31
Figure 9:	Evolution of income per capita with clear boost since 2006.	32
Figure 10:	Evolution of the state's income, with a clear boost since 2006.	33

Tables

Table 1:	Summary of situation regarding MDGs in 2009 and outlook by 2015.	9
Table 2:	Population older than 15 years according to answers about self-definition, the language one speaks and one's mother tongue for the 2001 census.	18
Table 3:	Extreme and moderate poverty at national level and in urban and rural areas.	28

1 A History of the MDGs in Bolivia

After a long and tough experiences under military dictatorship that started in 1964 and was supported by the US and other Western governments, Bolivian society returned to democracy in 1982. The ensuing rapid expansion of state capitalism mainly benefited the strongly unionized sectors of miners and urban-based factory workers – but it also led to unprecedented hyperinflation in 1986. After that, Bolivia entered into two decades of neoliberal structural adjustment promoted by the World Bank, the IMF and the international donor community. A set of policies were successfully applied based on delocalizing workers formerly contracted by state-owned companies in the mining sector, the aggressive privatization of state-owned assets, a reduction in public administration, and delegating the planning and implementation of development projects to local networks of municipalities and NGOs. However, as shown through a great deal of research carried out by Kohl (2002, 2003a, 2003b, 2004), such economic restructuring and privatization led to a decline in government revenues and a persistent economic and political crisis, while also giving transnational firms access to the abundant nationwide oil, gas, mineral and timber reserves and enhancing the power of local elites who had “responsibility” for helping to administer the increasing flow of funds to the municipalities.

When the UN approved the MDGs in 2000, the legitimacy of the neoliberal model followed since 1986 had almost evaporated. Occasional revolts by shifting alliances of people living in rural and urban areas had challenged the Bolivian societal system several times. The revolt against the imposed privatization of drinking water led to the “water war” of Cochabamba, which gained worldwide fame in 2000 (Assies 2003). In this situation, it is not surprising that the neoliberal government’s attempt to regain its claims to “social responsibility” by strongly committing itself to the MDGs has not really struck a chord in society as a whole. The debate about MDGs therefore never spread beyond the circles of experts from international organizations and some Bolivian government officials. The idea of the MDGs virtually perished in the upheavals caused by permanent social and political protest demanding radical change to the neoliberal system as part of broad-based political renewal.

At the same times as this “successful” implementation of neoliberal policies, it was mainly indigenous people – who make up about 64% of the population – started to reorganize themselves outside the classical system of representative democracy, which was almost completely dominated by white and mestizo elites; they developed indigenous and popular social movements with the aim of bring about a new “social contract” through their demands for a new Bolivian constitution. Their main tactics were direct political action, with marches, protests, road blocks, hunger strikes and huge mass mobilizations, which finally led to the democratic “system change” in 2005. The latter was enshrined in a radical new political constitution based on the concept of a plurinational state that stipulates recognition and autonomy for the 36 indigenous nations in Bolivia within the territorial context of the present state, and is based on co-existence and co-governance by indigenous nations and the structures of the existing state. The main goal was to create a better link between the demands of indigenous

social movements that developed over the past two decades and the new constitutional texts that explore alternative forms of citizenship and democracy espoused by indigenous social movement groups (Lupien 2011).

In the light of this wider panorama, the following section traces how the MDGs were emerging in Bolivia and how their political meaning has developed.

2 The Situation of the MDGs in 2009

The sixth progress report on the MDGs presented by the government of Bolivia in 2010 continues to monitor progress and is structured in the same way as previous reports. Table 1 gives an overview of the situation in 2009 and outlook by 2015. One major result consists in providing evidence that the new policies and structural changes are continuing to reduce extreme and moderate poverty. Additionally, the projections presented for 2015 give reasonable evidence that suggests that if poverty reduction continues at the present pace the goal of reducing extreme and moderate poverty will be more than achieved. In contrast to previous reports, there is, for the first time, an inversion of trends. While the general reduction in poverty rates was mainly due to people living in urban areas, the situation has now turned around. Over the 2007-2009 period, the reduction in extreme poverty is almost twice as high (15.8%) as in urban areas (8.9%) (cf. Ministerio de Planificación del Desarrollo del Estado Plurinacional de Bolivia 2010).

Table 1: Summary of situation regarding MDGs in 2009 and outlook by 2015. (Ministerio de Planificación del Desarrollo del Estado Plurinacional de Bolivia 2010)

MDG Goal 1: Eradicate extreme poverty and hunger						
Target	Indicators		Base line	Current rate	MDGs 2015	Gap 2015*
1A: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1 a day	1.	Proportion of people living in extreme poverty	41.2 (1996)	26.1 (2009p)	24.1	-2
	2.	Poverty gap ratio	22.5 (1996)	12.8 (2009p)	-	-
	3.	Participation of the poorest 20% in national income	1.5 (1996)	2.6 (2009p)	-	-
	4.	Proportion of people living in moderate poverty	64.8 (1996)	50.6 (2009p)	-	-
1B: Achieve full and productive employment and decent work for all, including women and young people	1.	GDP growth rate by person employed	1.9 (1996)	0.8 (2009p)	-	-
	2.	Employment to population ratio (percentage)	66.5 (1996)	63.0 (2009p)	-	-
	3.	Proportion of employed people living in extreme poverty	42.0 (1996)	24.2 (2009p)	-	-
	4.	Proportion of own-account and contributing family workers in total employment	66.1 (1996)	55.4 (2009p)	-	-
1C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger	1.	Proportion of children under age three with chronic malnutrition	37.7 (1989)	20.3 (2008)	19.0	-1.3
	2.	Proportion of children under age five who are underweight	13.2 (1989)	6.1 (2008)	6.6	0.5

There have also been significant changes regarding the poverty of indigenous and non-indigenous people. The reduction of extreme poverty between 2006 and 2009 of the “lagging behind” group of indigenous people was more than twice as high (14.6%) as for non-indigenous people (5.8%).

In addition to previous reports, and recognizing that beyond the reduction of poverty the distribution of wealth within the whole society is another important indicator, the 2010 report includes disaggregated data on the evolution of the GINI Index in rural and urban areas.

3 The Importance of the MDGs in Bolivia

In this chapter we present an overview of the changing importance of the MDGs since implementation started in 2000. In the specific context of Bolivia, the comparison before and after Evo Morales' government radical changes started in 2005 seems to be particularly relevant. Such analysis is not only advisable because 2005 was a year of significant change in Bolivian history, but also because it represents a situation that allows us to explore the possibilities and constraints of a fairly radical shift from a neoliberal (Bolivia was considered for a long time as a "model pupil" of neoliberal policymaking; Molenaers and Renard 2003) to a new pattern of social contract. The specific feature of this shift is that the state is at the same time aligning itself far more closely to social, indigenous and political movements that are clearly distinct from the classical political parties, and aims to play a pro-active role in shaping society that explicitly includes shaping relationships within the national and global economy.

3.1 Neoliberal period

Bolivia became a kind of "model pupil" of the "new way" of approaching development, displaying an excellent "track record" approved of by the World Bank and the Inter-American Development Bank (IDB), which allowed the country to generate overall growth and stabilize the political dynamics. However, income poverty was persisting at (too) high levels, although public spending increased from 12% to 16% of GDP between 1995 and 1999 (Komives et al. 2003).

As a consequence social unrest increased and began to target neoliberal policies not as the solution (as promoted by the governments) but as the problem. The former military dictator Hugo Banzer was elected in 1997 with the backing of a mega-coalition of a broad range of increasingly illegitimate "traditional" parties. He was a confessed neoliberalism. In order to cope with the growing social and political unrest promoted by the strengthening of political and indigenous movements operating beyond the control of the established parties, the Banzer government decided in 1997 to organize a "National Dialogue". This initiative was closely coordinated with the HIPC I promoted by IMF and WB.¹ The political objective was to weaken extra-parliamentary opposition by establishing a link between government, parties and social and indigenous movements that aimed to define a joint political agenda. The process started with a first round of consultation with the newly strengthened and democratized local municipal government structures. These were the result of a pretty successful decentralization policy based on a combination of transferring funds and responsibilities from the central state and a formal recognition of civil society's political organizations embraced by the municipalities. Reducing poverty by increasing the share of public investment through the municipalities was an important point on the agenda. The agenda emerging from this first round of

¹ The Heavily Indebted Poor Countries (HIPC) is a group of 39 developing countries with high levels of poverty and debt overhang which are eligible for special assistance from the International Monetary Fund (IMF) and the World Bank.

consultation at the municipal level (perceived by many as successful) should have been further reinforced at departmental and national level. However, since these subsequent steps never happened, the “National Dialogue”, instead of establishing links between the white and mestizo elite of the country (running the government and the formal sector of private economy) and the large majority of mainly indigenous and poor people, further delegitimized the government as along with the policy model they were following (McNeish 2006).

Linking the HIPIC initiative with the implementation of the MDGs, Bolivia’s government was one of the first countries to start work on a Poverty Reduction Strategy Paper (PRSP) as suggested by the convention about the Millennium Development Goals’ framework. A small team of economic technocrats outlined the cornerstones of the PRSP in close collaboration with the World Bank, the IMF and the donor community. Once funding was granted under the HIPC initiative, a new “National Dialogue” was organized in 2000 at municipal level. However, the main consultation was not related to defining a joint political agenda on poverty reduction, but to the question of whether HIPC funds should be transferred to the municipalities or not. As the latter were the only stakeholders that were consulted, it was not surprising that it was decided that these funds had to go to the municipalities (Dijkstra 2011).

After concluding the dialogue with the municipalities the responsibility for elaborating the definitive version of the PRSP was shifted to another team of experts that received strong and direct support from the World Bank and donors aiming to keep their specific interests in certain projects considered in the document. This led to de-link almost completely the consultation processes with wider sectors of the society – instead, the elaboration of the PRSP was based on a format provided by and partially filled by staff of the World Bank, whose macroeconomic framework was heavily influenced by IMF and whose specific aspects mainly reflected the priorities of the donor community (Dijkstra 2011). This PRSP was approved in 2001 by the World Bank and IMF Boards.

The first PRSP – relabelled the Bolivian Poverty Reduction Strategy (BPRS) – gives a good picture of the state of neoliberal thinking applied to a Third World country (Government of Bolivia 2001:1-2):

- It was supposedly legitimized through a consultation with “civil society through a National Dialogue in order to reach agreement on policy acting in a transparent and focused framework” (Government of Bolivia 2001:1).²
- The BPRS had four components on which the reduction of poverty had to rely: 1) generation of opportunities, particularly for rural areas and marginal urban areas; 2) an increase in capabilities by placing the emphasis on education and health; 3) increased security and protection; and 4) the promotion of increased participation and integration.
- In addition, three crosscutting themes referred to greater participation by indigenous peoples and ethnic groups, and gender and environmental topics.

2 Original Spanish texts throughout this paper: translated by the authors for the purposes of this study.

The aforementioned priorities reflected an essentially economic epistemology of poverty that is on display in the report's section on "the main determinants of poverty". As it sets the stage for the whole poverty debate, we cite it in its entirety:

14. Urban poverty is linked to the problems of employment and low human capital on the part of workers. On average, 85 percent of urban family income is derived from labor. The growth in labor income, particularly in the entrepreneurial and semi-entrepreneurial sector which has experienced growth rates around of 5 percent a year, stands in contrast with real family sector incomes (through self-employment), which have remained virtually stagnant. In the 1990s, the shifts in wage disparity were explained mainly by the fact that there was greater demand for skilled labor in more advanced sectors of the economy, while those sectors requiring unskilled labor saw incomes lag behind.

15. In rural areas, poverty is explained in large measure by the low productivity of the farm sector and the low prices that farm products fetch in the marketplace. Productivity is affected by the use of small-scale production techniques, unskilled labor, water shortages, a lack of basic production infrastructure, the high cost of capital, lack of definition of ownership rights with respect to the land and natural resources, and other factors that prevent the optimum utilization of the land. Attention has been drawn to the existence of original or native communities (pueblos indígenas originarios) in the lowlands, who still depend on a subsistence economy based on hunting, fishing and gathering; these populations and other communities suffer from problems of access to natural resources and low productive capacity.

16. The lack of road infrastructure results in high transport costs, which in turn have an impact on the value of farm products. This hampers the sale of goods and prevents small producers from expanding their operations. It also gives rise to high transaction costs in sales networks. (Government of Bolivia 2001:3-4)

The above citation clearly shows that poverty is understood as an effect of low labor productivity, inadequate technologies, working conditions, insecure (private) property rights on land and a lack of infrastructure. By putting emphasis on creating favorable conditions (through the state) for the development of human, financial and social capital development orients itself on the ideal of a process that eventually aims at enabling private persons and their associations (firms) to unfold "freely" within the predefined modern (capitalist) society. This particular notion of poverty reduction in Bolivia is very much in line with the idea of "inclusive liberalism" that identifies "modern" with an ontology underlying the 'capitalist' *telos* (Hickey, 2008). A deeper analysis of the special emphasis of the Bolivian PRSP shows that it puts emphasis on promoting largely too generic accountability mechanisms criticized by some for ignoring to analyze the role of extra-national actors (corporations and donors) within particular states, and a tendency to overlook the deeper forms of politics that might underpin effective accountability mechanisms in developing countries (Hickey and Mohan 2008).

Regardless of the significant additional funds garnered the approval of the PRSP, political unrest was steadily growing. When the Banzer government approved a law for privatizing state and otherwise collectively owned water rights (in urban and rural areas) in 2002, the country entered into a phase of open rebellion by “common people” – who increasingly organized themselves in massive social movements. The so-called “water war” in the city of Cochabamba forced the government to revert the law for privatization and led to a fast process through which the social movements were gradually substituting the central power position of the almost completely delegitimized “traditional” political parties on the right and the left. This escalated until the “gas war” in 2003, which marked the abrupt end of neoliberal policies in Bolivia (Kohl 2004).

Three progress reports on the BPRS were produced before 2005. Besides documenting progress in terms of the indicators given by the MDG Charter, they confirmed the relevance of the components and priorities of the BPRS drawn up in 2001.

Although a lot was invested in developing the BPRS and documenting its progress, one can conclude that the issue of a Bolivian PRS has never spread beyond the reduced community of intermediate-level government technocrats and the relevant administrators in international organizations and the donor community. The issue never became a contested issue in the political arena as such, though all actors indeed were concerned about poverty as a social phenomenon of high priority. An answer to the question on why the BPRS never turned into a real political issue is given by an interesting comparative study on PRS in Bolivia, Honduras and Nicaragua. The study by Dijkstra (2011:5130-5131) found that:

- *PRSPs are written because donors want them to be written, and domestic ownership of the strategies is limited. Participation processes are held because the donors want them to be held, but the elected Parliaments are barely involved, the agenda is restricted to technical issues and the participation process exercises hardly any actual influence.*
- *There is a drive among donors to increase budget support relative to project aid, but the existence of PRSPs is not necessary or sufficient. Donors and in particular the World Bank engage in ‘business as usual’ in their programme loans, implying that they attach many detailed policy conditions to budget support, making a fool of the ownership idea.*
- *All this means that aid effectiveness has not increased as a result of PRSPs.*
- *This article has also shown that donors are creating virtual realities in which planning via PRSPs is dominant, but which bear little resemblance to the actual realities in which politics dominate. Recipient governments know how to play the game in order to receive donor money, but alongside these donor-induced processes the real domestic political processes continue.*

- *This donor-induced neglect of politics is not only leading to limited aid effectiveness; it is also harmful. The interference of the virtual with the actual reality has unintended and often undesired consequences, such as a reduced legitimacy of formal laws, a weakening of the domestic accountability of government actions, a reduced legitimacy of formally elected legislative and executive bodies, the capture of donor money by self-interested elites that dominate state power behind a technocratic facade, and (in Bolivia) increased political instability.*

In the view of the authors of this paper who lived in Bolivia during the described period, the findings of Dijkstra's study exactly describe what happened.

3.2 Post-neoliberal period

With the fourth MDG progress report, elaborated by the new government of Evo Morales and presented in 2006, a first broader understanding of the MDGs was made explicit.

A first new element was the fact that, for the first time since they were assessed, the MDGs are an explicit part of a wider effort by the Bolivian government to evaluate the progress of its own national plan of development. This laid the groundwork for contextualizing the MDGs within national policies, as well as for adding new elements to make them compatible with the national plan of development.

One expression of this need to contextualize the MDG progress reports was that the fourth report, instead of just presenting progress in neutral per capita terms, the report for the first time focused on the progress with specific attention to the situation of people belonging to the 36 ethnic nations in the country (called in Spanish "Pueblos Indígenas Originarios"). This was a major breakthrough, because it positively responded to a requirement by the UN Permanent Forum on Indigenous Issues calling for ethnically differentiated policies and monitoring systems.

The importance of ethnically differentiated data about progress on the MDGs shows that there are big gaps for the main indicators between indigenous and non-indigenous people. Taking the example of extreme poverty, an overall view shows that between 1996 and 2006 the average rate of extremely poor people decreased from 41.2% to 37.7% (Figure 1). However, distinguishing between indigenous and non-indigenous people the situation is clearly worse among native people. While 21.3% of non-indigenous people were living in extreme poverty in 2006, the share of indigenous people living in extreme poverty was about more than twice this rate (48.8%; cf. Ministerio de Planificación del Desarrollo 2008). Similar gaps also exist for most other MDGs indicators (Ministerio de Planificación del Desarrollo 2008).

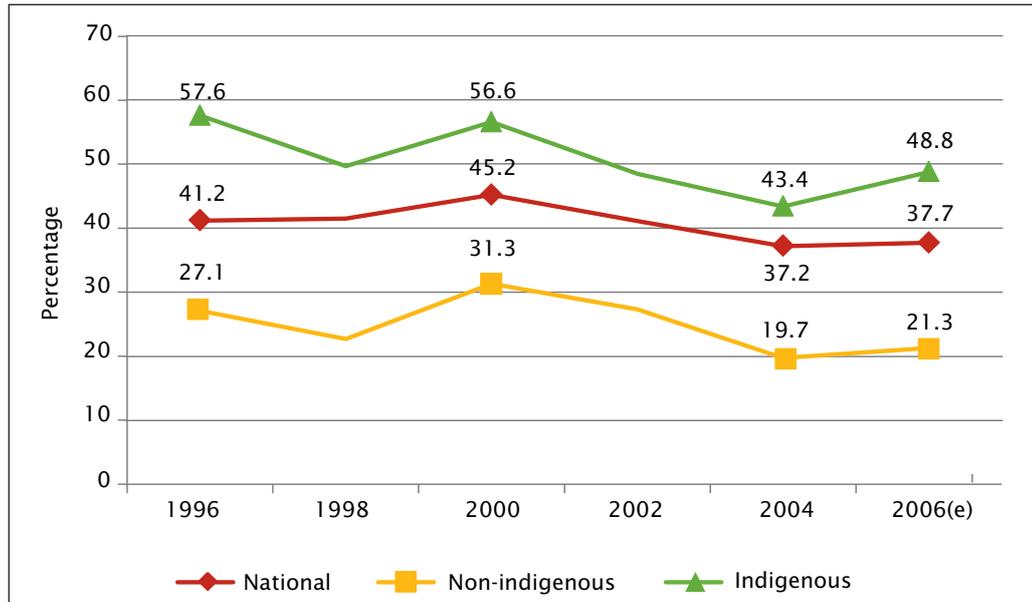


Figure 1: Evolution of extreme poverty – differentiating between indigenous and non-indigenous people. (Adapted on basis of Ministerio de Planificación del Desarrollo 2008)

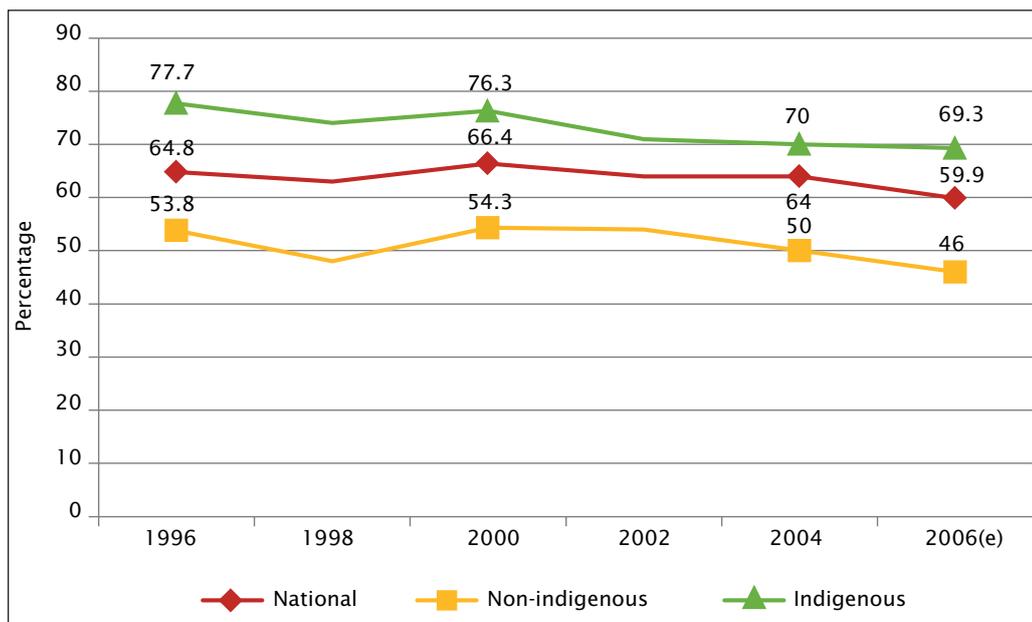


Figure 2: Evolution of moderate poverty – differentiating between indigenous and non-indigenous people. (Adapted on basis of Ministerio de Planificación del Desarrollo 2008)

A similar situation can be observed for the case of moderate poverty (Figure 2). Although the gap between indigenous and non-indigenous people is a little less than in the case of extreme poverty, it is striking that both social categories are heavily affected by moderate poverty. Moreover, the data suggests that in the first year of the new government (being supported by a large majority of the indigenous electorate) the share of non-indigenous people living in moderate poverty was starting to decline, while the share of indigenous people living in moderate poverty slightly increased.

3.2.1 Defining indigenous people

Indigenous people are an important category in Bolivia, despite representing about 62% of the population. However, it is not easy to define what are indigenous people. The fourth MDG progress report in 2006 adopted the definition widely used in Bolivia and in other countries, which is largely based on the UN's definition of indigenous people. Although there is no general agreement on the need for a definition, there are several definitions which are widely accepted as guiding principles for the identification of indigenous peoples, including UN Document A/61/L.67 of 12 September 2007 and the United Nations Declaration on the Rights of Indigenous Peoples, adopted by the UN General Assembly on 13 September 2007. The preamble to this document makes reference to certain characteristics normally attributed to indigenous peoples, such as their distinctiveness, dispossession of lands, territories and natural resources, historical and pre-colonial presence in certain territories, cultural and linguistic characteristics, and political and legal marginalization. Similarly, there is no international agreement on the definition of the term "minorities" or the term "peoples".

While conducting a special study on the problem of discrimination against indigenous peoples, the Special Rapporteur of the UN Sub-Commission on the Promotion and Protection of Human Rights, José Martínez Cobo (1987), formulated a working definition, that adds more concrete aspects to the one cited above:

Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing in those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural, social institutions and legal systems.

For the purpose of measuring the MDGs, the above general principles for defining indigenous people, were refined by the government of Bolivia in terms of ethno-linguist condition (ELC). This definition was developed by Molina and Albó (2006) and includes (in a first place) people's self-definition, the language one speaks at the moment and one's mother tongue.

Table 2: Population older than 15 years according to answers about self-definition, the language one speaks and one's mother tongue for the 2001 census. (Molina and Albó 2006)

Combination	Belongs to:	Ethno-linguist condition		Population over 15	%	Categories
		Speaks:	Learnt to speak in his childhood in:			
1	Indigenous-native	Native language	Native language	1,774,972	36.2	
2	Indigenous-native	Native language	Spanish/other non-native	588,989	12.0	65.8%
3	Indigenous-native	Spanish/other non-native	Native language	23,212	0.5	Indigenous
4	Indigenous-native	Spanish/other non-native	Spanish/other non-native	660,012	13.5	3229239
5	None	Native language	Native language	182,054	3.7	
6	None	Native language	Spanish/other non-native	216,063	4.4	34.2%
7	None	Spanish/other non-native	Native language	8,475	0.2	Non-indigenous
8	None	Spanish/other non-native	Spanish/other non-native	1,450,384	29.6	1674922
		Total		4,904,161	100.0	

According to this definition, 65.8% of the Bolivian population can be considered to belong to one of the 36 indigenous nations (cf. Table 2).

In 2008 the Bolivian Government presented the fifth progress report on the MDGs to UNDP. It broadly follows the structure of previous reports, but adds some additional elements that aim to show that addressing poverty in terms of neoliberal thinking is no longer satisfactory. The main elements that are added to the classical look on progress are as follows (Unidad de Análisis de Políticas Sociales y Económicas (UDAPE) 2008):

1. ... and some reserves of minerals – it was possible to significantly extend the presence and capacity of the state as a major player in poverty reduction. It is pointed out that now, instead of working on the symptoms of poverty, the focus of the government is on the structural causes of poverty. In their view, these are expressed in the historic inequality not only of access to basic services provided by the state, but also to the structure of the state in charge of defining and steering the poverty reduction process.

2. The government relates the good progress made on the MDGs to the gradual implementation of the “National Plan of Development for a Dignified, Sovereign, Productive and Democratic Bolivia that Seeks to Live Well” (Plan Nacional de Desarrollo de Bolivia digna, soberana, productiva y democrática para vivir bien”) for 2006-2011. The plan has four pillars:

a. Dignity: Achieving dignity is a structural and individual aim addressed by eliminating poverty and inequality by focusing on structural causes and the creation of transformative agency.

- b. *Sovereignty: This is the basis for strengthening the state as part of a political-societal project and a productive entity that gives access to the political and financial capacity for regulating the levels of redistribution of resources and the access to them needed to overcome exclusion and inequality.*
- c. *Democracy: Although the political support of the new government is clearly above 50% of electoral votes, the structures of state's institutions and the attitudes of the former non-indigenous elite still show manifold signs of colonialism e.g. paternalism, bureaucratization, over-fragmentation of deliberative collective decision-making. This significantly constrains the move towards more direct democratic decision-making.*
- d. *Linking the whole process of 'development' to the concept of "Vivir bien", i.e. to link the very notion of 'development' to a plurality of indigenous or popular visions of 'development' or social evolution and transformation. Although this aspect is extremely novel, the document does not spell out what this really means.*

The fifth progress report clearly aims to establish a more coherent link between the national plan for development and monitoring of the MDGs. However, this is not yet visible in more practical terms.

The sixth progress report on the MDGs presented in 2010 (Ministerio de Planificación del Desarrollo del Estado Plurinacional de Bolivia 2010) continued to monitor progress along the same lines as the previous report. One major result was presenting evidence that shows that the effects of the new policies and structural changes continued to further reduce extreme and moderate poverty. Additionally, the projections presented for 2015 gave reasonable evidence to suggest that if poverty reduction continues at its present pace the goal of reducing extreme and moderate poverty will be more than achieved. Unlike previous reports, there is, for the first time, a reversal of former trends. While the general reduction in poverty rates was mainly due to people living in urban areas, the situation was now reversed: from 2007-2009, the decline of extreme poverty was almost twice as high in the countryside (15.8%) as in urban areas (8.9%).

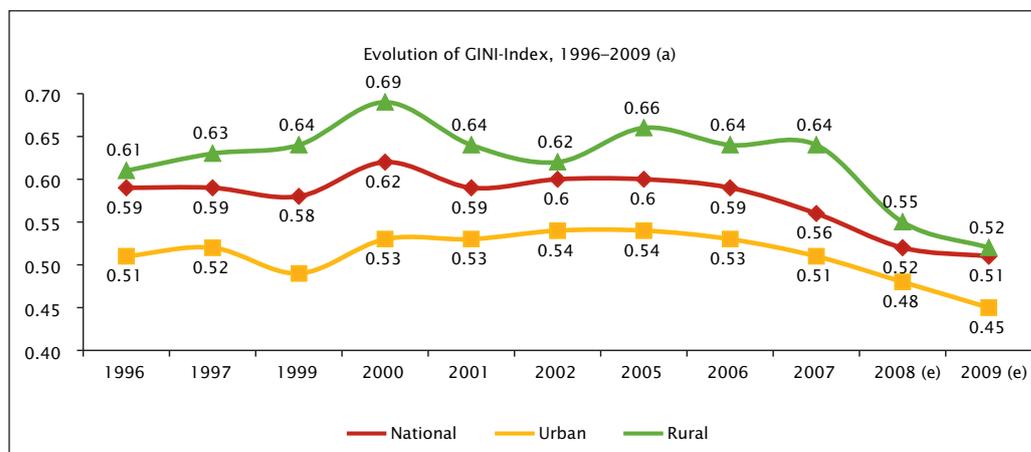


Figure 3: Evolution of the GINI Index over time. (Ministerio de Planificación del Estado Plurinacional de Bolivia, 2010: 37) Source UDAPE with data of INE Encuesta de Hogares: (a) = per capita household income; (e) = estimated

As detailed in Chapter 2, there has also been a significant change in the evolution of poverty regarding indigenous and non-indigenous people, as in the GINI Index (Figure 3).

The data also suggests a reversal of general neoliberal trends according to which high rates of growth of GDP are often associated with an increase in, or stagnation of, the GINI Index. The report maintains that evidence of the state's systematic efforts to increase its redistributive function is displayed by a relatively rapid decline of inequality in income distribution, which ran at a comparatively high level between 1996 and 2005.

3.2.2 From a weak to a strong State – the plan of life for the eradication of extreme poverty

Responding to the contradictions between the state's approach to poverty and the indicators and rationale defined in the MDGs, in 2009 the government presented the Plan of Life for the Eradication of Extreme Poverty (Ministerio de Planificación del Desarrollo 2009).

The Plan "*Vida para la Erradicación de la Extrema Pobreza*" (Life Plan to Eradicate Extreme Poverty or PEEP, for its acronym in Spanish) is the official document of the Plurinational State of Bolivia, and provides information about the poverty situation in 2008. Along with statistical data, the report outlines a new approach to tackling poverty that emphasizes the idea that poverty can only be eradicated through a radical transformation of the legal and political structures of the state and its relationship with organized civil society. The following four elements are fundamental to such a strategy:

- First, a wider understanding of poverty that goes beyond the notion of a lack of income;
- Second, a strong state with high capacity to generate and redistribute financial and political resources is a precondition for establishing adequate interplay between policy goals defined through deliberation, top-down oriented policy implementation under strong and bottom-up driven social control;
- Third, to consider that the majority sectors of indigenous and "common" people – even if they are poor – do have socio-economic, cultural and ecological knowledge and capabilities that are expressed in their own forms of political organization, which should be further valued and exploited by enhancing rather than curtailing policies;
- Building on socio-economic and ecological potentials also means considering a permanent re-orientation of the whole process of social evolution in view of a plurality of indigenous and non-indigenous notions of well-being and 'development' expressed in the diverse forms of "vivir bien" (details see 3.2.6).

This plan, which had the status of a law, was created by, and depends on, the Ministry for Development Planning. It has a strategic framework "aimed at helping a greater

percentage of the population to *vivir bien* and aims, in general terms, to eliminate extreme poverty using a comprehensive community management approach.”

This framework details many specific objectives in line with their expected results such as the promotion of local growth and development and increasing productivity by creating conditions and services to generate income and humane working conditions in areas of extreme poverty; ensuring proper food access to cover the nutritional needs of families in extreme poverty; and improving the nutrition of communities in extreme poverty and increase their income. There are more objectives, all aimed at ensuring the comprehensiveness and complementarity of interventions by following people’s values and customs through culturally relevant technological innovations.

PEEP’s integral implementation strategies establishes, within the frame of the Political Constitution of the State and the principles of the National Plan for Development (PND):

- Strategic and operative alignment (comprehensiveness-concurrence) to generate development and consolidate the new institutional framework of the policy to eradicate poverty;
- Harmonizing public policies, focused program planning and integration within the framework of agreements and strategic alliances;
- Developing methodologies and instruments for community, inter-sectorial and inter-institutional mobilization and articulation;
- Comprehensive community management (based on community values);
- Articulating the public supply and the local demand based on legitimate territorial units of more or less autonomous actors).

Among the components, programs and projects, the first one pertains to nutrition and food, like the Juana Azurduy Family Fund Program that helps to reduce child malnutrition and mortality (by the direct payment of US\$260 to all mothers with children under 2 years of age) and the annual payment of US\$28.50 to every school child from 1st to 6th grade (*bono Juancito Pinto*).

Its economic productive component is based on the concept of *vivir bien* shared by the native indigenous cultures in Bolivia, that is grounded in a cosmocentric vision transcending traditional ethnocentric development approaches, that includes inter-sectorial and inter-institutional articulation processes, integral mobilization and participation of communities to reduce climate risks and production shortages, increase production and productivity, and individual and community development.

This includes water, soil, food production, specialized technical assistance services and training to improve levels of productivity, in order to perfect productive and commercialization processes. It also involves fair trade prices, community funds to provide unique initial start-up credits to each family living in extreme poverty.

It focuses on families through registers based on household surveys that started in 2011 as a strategy to select groups to apply for the PEEP plan. The organizing criterion is applied in line with four poverty indicators (Unsatisfied Basic Needs, Poverty Line, Human Development Index)³ at municipal level. In this context, if the reference according to indicator and municipality tends towards severe extreme poverty. This is inferred for the entire municipality population, therefore all families are direct beneficiaries of the PEEP plan. This would allow them to be registered automatically into the Beneficiary Registry. A main component would be active union participation (a requirement of the 1953 land reform was that peasant communities had organize themselves as “syndicates” of land workers) and native organizations, thus the survey will be coordinated through the traditional sub-central and Jilankos (traditional authorities).⁴

The plan considers a monitoring and assessment system with four main components: poverty measurement and analysis; indicator follow-up and monitoring; evaluation of effects and impacts; and dissemination of results. It is important to emphasize the effort to monitor the tendency of poverty over time and develop new ways to measure poverty with a multidimensional focus, based on the *vivir bien* approach. The first stage of the implementation of the PEEP plan – diagnosis, focalization, indicators and goals – will be defined using objective poverty measurement methods (LP, UBN). The latter stages might include other dimensions, both objective and subjective; thus, “it will be possible to have more complete and precise focalization instruments to identify the poorest within the conceptual framework of *vivir bien*”.

This global plan also considers proposing a Community Plan to Eliminate Poverty that includes: a community base line adapted through studies executed with the beneficiary community for later implementation, including direct transfer or funding, or non-monetary donations to communities; donations negotiated and conditioned with them to comply with a set of goals to eradicate poverty; developing their capacities, abilities and knowledge such as their cultural values; ensuring an efficient process without neglecting their social control mechanisms, complying with their uses and customs of the community where the PEEP plays an articulating role.

During this initial stage, PEEP considers covering 37 municipalities: 12 from Potosi, 15 from Pando, one from La Paz and one from Santa Cruz, where 716,880 people live in conditions of extreme poverty.

To implement this project, in 2008 the World Bank approved a concessionary credit of US\$380 million (available in 2010) to fight poverty in Bolivia, with a 0.75% interest rate, a 10-year grace period and a 41-year term, within an overall funding framework of \$3,000 million for 10 years (Friedman-Rudovsky, 2010).

3 UBN: Unsatisfied basic needs is an indicator used in many Latin American countries for measuring poverty. It encompasses access to clean water, quality of housing, crowding, education level of household head, school attendance and other minor aspects.

4 Jilankos: in the Aymara language this is the highest political authority one can hold in a community.

3.2.3 A broader understanding of poverty

Since poverty is a complex and multidimensional phenomenon, the Plurinational State of Bolivia proposes to use different definitions and measurements of indexes. It understands that the traditional approach to measuring and defining poverty is limited, since it refers to extreme poverty or absolute poverty as the lack of income necessary to satisfy basic nutrition needs. It also criticizes UNDP's concept, which defines general poverty or relative poverty as the lack of income necessary to satisfy basic nutritional needs and basic needs unrelated to nutrition such as clothing, energy and housing.⁵

The document states that it is better to consider Amartya Sen's ideas on the matter. The Plurinational State adds therefore that poverty must not be measured only according to people's access to social and material goods. It should also include the people's capacity to use them effectively and to freely achieve their notions of well-being; this can vary according to cultural group, political affiliation, sex, location and other factors. Thus it defines human poverty not as being focused on what people lack or do not have, but rather on that which people can or cannot do. One way of measuring this indirectly is through their access to goods, services and infrastructure (energy, education, communications, drinking water) needed to develop basic human capacities. The remaining problem would be to determine the type of goods and services that should be selected and how each should be weighted. The approach is similar to the method of Unsatisfied Basic Needs (UBN). It further considers that poverty is aggravated when other dimensions are taken into account such as deprivation, social marginalization and lack of participation, and access to full, productive and humane working conditions and employment for everyone.

Evo Morales' plan for poverty foresees a combination of top-down policies to ensure stability and economic growth and bottom-up policies nurturing individual capacities, improving income distribution and allowing poor people to participate in their quest for better living conditions.

3.2.4 Towards a strong state

Bolivia clearly and directly identifies poverty as a social product that can be eradicated by society. The challenge for Bolivia is to change the development model and implement policies and actions aimed at eliminating extreme poverty, looking for a fair and integrated society where all its inhabitants can exercise all their rights and live well.

The government considers corruption and insufficient investment in public services within rural communities as the causes of poverty in Bolivia. It proposes to solve poverty by focusing on empowering rural actors and movements, facilitating financial access and supporting more sustainable use of natural resources, or "regional goods" (see Chapter xx), addressing problems related with land and water, and strengthening poor rural peasant organizations.

⁵ For international comparisons, the World Bank calculates international poverty lines of 1 and 2 US dollars in terms of purchasing power parity (PPP) for 1993 to measure the relative purchasing power of different countries. Absolute poverty refers to the situation of people living with under 1 US dollar per day; relative poverty refers to those living with less than 2 US dollar per day.

According to the Vice-President of Bolivia, strengthening the state is a task that is oriented towards changing the relationship between different conflicting political forces, a change of fundamental institutional frameworks and the main ideas, discourses and symbols (García Linera 2009). The change in the balance of political forces was expressed by replacing the exclusive circles of politicians, business people, experts, intellectuals and functionaries who were formerly the main actors governing Bolivia, by a rather heterogeneous but nevertheless consistent political alliance of rural and urban syndicates, neighborhood organizations in urban areas and minor groups of supportive professionals and intellectuals. As these social sectors represent social and cultural practices that are very different from those of the hitherto dominant group of actors, they emphasized the need to recognize institutional diversity. Instead of an essentially homogenizing state, indigenous people opted for pluralizing each fundamental institutional domain as varied as the economy (plural economy), the legal framework (legal pluralism), education (cultural diversity) and territorial organization (regional autonomies). Regarding the relationship between plural institutions and the structure of the national state, there is a focus on complementarity rather than competition. In order to strengthen the state the areas of ideas, discourses and symbols, the concept that is put forward is one of the co-existence of different civilizations – expressed in the Bolivian version as the co-existence of individualist, mercantilist and modernist civilization along with several civilizations that are represented through the social, political, technological and symbolic practices of the indigenous nations (García Linera 2009).

These three guiding lines for a strengthening of the state found their first expression and formalization in the new political constitution of Bolivia that was approved by a large majority of the population in 2009. Such a broad-based reconstitution of the state within the Bolivian society set the stage for a whole raft of new policies that transformed key aspects of the socio-political structures. One key element, which was also crucial in poverty reduction terms, was the re-nationalization of Bolivia's natural resources - mainly gas, oil, water, minerals and forests. This made it possible to raise state revenues to unprecedented levels, creating the financial basis for poverty reduction through a combination of policies to improve material and social infrastructure while also channeling state revenue to poor and marginalized people through annual payments (pensions to old people and vouchers for schoolchildren and pregnant women).

3.2.5 Building on the capabilities and knowledge of indigenous and “common” people

The government's plan contrasts with paternalistic programs' and projects' view of the “rural poor” that ignores the fact that rural people are endowed with immeasurable amounts of cultural and intellectual capital that is yet to be exploited. It states that cooperation efforts should not be limited to finding more markets or to providing technical help and non-refundable grants, but should rather bring about radical changes to production, distribution and power relations within societies, nations and peoples based on a respect for peoples' endogenous knowledge.

Among the various forms of capital possessed by extremely poor families that are expected to multiply the impact of programs to combat poverty are: 1) Their efficient use of resources (they manage to survive with scarce resources, thus, any improvement, however small, catalyses a great impact); 2) Their productive efficiency (they exploit the scarce and seasonal availability of water and provide food for the internal market); 3) They are receptive, as they are especially likely to receive and make proper use of available facilities (social services, public services or housing). Thus, it is socially highly profitable to provide services to the poorest population. Families living in extreme poverty are deemed to stick together well, since they are well-integrated communities with mechanisms of social reciprocity and solidarity that are backed up by ancestral modes of organization (Ministerio de Planificación del Desarrollo 2009)

3.2.6 “Vivir bien” – dealing with plural notions of well-being

Vivir bien is a translation of fundamental notions known in the language of the nation of Aymara as “suma kamaña”, in Quechua as “sumaj kausay“, and in Guaraní as “ñandereko”. The English translation of the Spanish translation would be something like “living well/good living”. It is a concept derived from several of the most important indigenous nations in Bolivia and from South America in general. According to Albó (2011) it is a cultural concept that is shared – in different forms but with important similarities nonetheless - by almost all native indigenous cultures in Bolivia. It means having access to, and enjoying, the necessary material goods required for a plentiful emotional, intellectual and spiritual life, which strives for harmony with nature and prioritizes community living. There are four dimensions to it: access to the spiritual goods to live well with what is needed; emotional and spiritual and intellectual realization by preserving and nurturing one’s identity, with access to celebration and leisure; interculturality without asymmetries of power, since one cannot live well if others do not; and doing everything in harmony with the environment.

The indigenous foreign minister David Choquehuanca stated that, on the one hand, Living Well is related to democracy, liberty, justice, dignity, development and human rights; and on the other, Living Well involves consensus, complementarity, equilibrium, identity and cosmic rights, because talk of human rights excludes Mother Nature. He also stated that the native indigenous conception of Living Well coincides neither with capitalism, where the main thing is money, nor with socialism, where humans are the most important element (Choquehuanca 2010).

The originally rather cultural notion of vivir bien had to be transformed into a political concept because the majority of Bolivians decided to use it as the foundation of the new political constitution approved in 2009. The need to orient societal evolution toward the principle of vivir bien is expressed as the overall guiding principle in the preamble to the constitution, as well as serving as a basic guideline for the economy and the education system.

By placing emphasis on the integrality and transversality of life that is expressed as a continuum and embraces society, nature, cosmos, past, presence and future, the notion of vivir bien clearly transcends classical categories of policymaking, which tend to ad-

dress these aspects by first conceptually separating them and then carving out targeted policies for each sector. This means that *vivir bien* now has to be translated into public policies, programs and projects - and a corresponding system of public administration.

The diversity of possible linguistic interpretations should be acknowledged, such as “Living Well” together, which is specifically oriented toward communities, and “Living Fully” with all society’s means to express a new form of development based on intermediate positions and living together that is linked to modernity. Thus the current process of change and the accompanying democratic and cultural revolution expresses this paradigm. Furthermore, there are other more radical visions attached to indigenism and ancestry that are not marginalized and have therefore to be taken into account.

A first concrete expression of this orientation is the approval of the 2010 Mother Earth Law, which is understood as a fundamental law (Asamblea Legislativa Plurinacional de Bolivia 2010a). It is a law that seeks to define and recognize the rights of Mother Earth – understood as a living being – and regulates how human society has to behave in order to establish a satisfactory relationship with nature. The law enunciates as a basic principle that the relationships between human society and Mother Earth have to be completely reshaped to strive for harmony, prioritize collective over private goods, guarantee the regeneration of Mother Earth, avoid treating nature as a mere commodity and respect interculturality. The law further defines the duties of the state and its people in the realization of these principles and defines the constitution of the legal entity responsible for overseeing the correct implementation of the law.

At first glance, one might conclude that *vivir bien* and the rights of Mother Earth have little to do with an analysis of how the MDGs are addressed in Bolivia. However, as we will show in the next chapter, it is precisely the dialectical relationship between a constitutionalized version of *vivir bien* and Mother Earth on the one hand and the need to generate material and financial profit and progress on the other that became the focus for debates, tension and conflict between groups of actors within and outside the political alliances that are currently dominant and back the government.

4 Debates

In this chapter we summarize the main ongoing debates. We try to focus on aspects directly related to poverty, although as the history of approaches to poverty above clearly showed, this is only possible for the neoliberal period. During the post-neoliberal period, poverty has ceased to be the concern of well-paid and generally non-indigenous technocrats from national and international organizations. Poverty turned out to be a starting point for a quest to identify and cure its many-faceted, structural root causes. Poverty was not seen any longer as a failure of “modern” liberal, capitalist society, but as its logical consequence.

4.1 Has poverty really been reduced over the past six years of change and how?

There is permanent debate about whether poverty has really been reduced in recent years and, if so, to what degree this can be attributed to the policies of the new government. Initially, the effectiveness of Evo Morales’ new policies was mainly disputed by the shrunken political opposition, largely made up of the former socio-economic elites of large land-owners and the private sector. They were generally not directly involved in questioning these aspects, but as they also have close connections to mainstream mass media (press, TV, radio) and many civil society groups opposed to the present government, they can count on numerous groups of experts and political activists who seek to identify weaknesses in the dominant political movements and government policies.

However, as the quality of their information is often not well sustained and based more on fairly generic philosophical principles about how a liberal society should function, their readings of current political tendencies have not really managed to sway large sectors of Bolivian society. A good example of this kind of initiative is the NGO Prisma’s weekly journal “Nueva Cronica y Buen Gobierno”. Their journalists regularly declare that the government’s economic policies offer no answers to the goals and needs of poor people and that the slow progress shows how difficult it is to change the still largely colonial structure of the state (Grossmann 2011). There are frequent, generalizing allusions of the type that can be made about the ongoing process regarding its achievements and shortcomings. The only conclusion that such articles present is that the “whole endeavor is failing”, although they provide no concrete evidence to back this up.

The chorus of criticism of economic policies became louder when a group of marginalized or retired intellectuals and development experts who had served as officials and ministers in the new government published a manifesto in 2011⁶ campaigned for the

6 Original text see: www.somossur.net/index.php?option=com_content&view=article&id=707:documento-por-la-recuperacion-del-proceso-de-cambio&catid=82:los-movimientos-sociales-en-tiempos-de-evo&Itemid=104.

process of change in Bolivia to be reviewed. Based on unconvincing and partial data, they came to the conclusion that the process of change had got stuck and that it must be revived through a broad domestic debate that extended beyond the dominant power structures of the government alliance.

The reaction of the government to this criticism from conservative former civil servants consisted of providing detailed information about the effectiveness of their policies. This had the positive effect of making the debate far more coherent and statistically based, leading to the conclusion that although the effects could have been greater, the current set of policies has indeed helped to reduce poverty significantly (see the data presented in the following sections).

In order to respond to criticism that “almost nothing has really changed”, the information was presented in such a way that it gives a feel of the ongoing debates about such data. This involves presenting and interpreting the changing data “before” and “after” neoliberal policies, which is identical to “before” and “after” the arrival in power of the “Movement towards Socialism” (MAS in Spanish) as the political instrument of a heterogeneous group of indigenous and social movements.

In 2006, when Evo Morales and the social movements started to govern, 60.6% of the population lived on less than two USD/day (moderate poverty) and 38.2% lived on less than one US dollar/day (extreme poverty). In urban areas 24.3% of the population lived in extreme poverty, while in rural areas 62.9% of the people were living on less than one US dollar/day (see Table 1, p. 9).

Table 3: Extreme and moderate poverty at national level and in urban and rural areas.
(García Linera 2011a:15)

DETAIL	2000	2005	2010(e)
MODERATE POVERTY			
National			
Percentage (%)	66.4	60.6	49.6
Thousands of people	5,638	5,708	5,166
Urban			
Percentage (%)	54.5	51.5	41.7
Thousands of people	2,837	3,091	2,886
Rural			
Percentage (%)	87.0	77.6	65.1
Thousands of people	2,801	2,616	2,280
EXTREME POVERTY			
National			
Percentage (%)	45.2	38.2	25.4
Thousands of people	3,869	3,592	2,637
Urban			
Percentage (%)	27.9	24.3	15.5
Thousands of people	1,455	1,471	1,071
Rural			
Percentage (%)	75.0	62.9	44.7
Thousands of people	2,415	2,121	1,566

According to Table 3, between 2005 and 2010 the new government reduced moderate poverty from 60.6% to 49.6% and extreme poverty from 38.2% to 25.4% (at national level). Moderate poverty in urban areas decreased from 51.5% to 41.7%, and from 77.6% to 65.1% in rural areas. Extreme poverty decreased in rural areas from 24.3% to 15.5% and in rural areas from 62.9% to 44.7%.

In other words, between 2005 and 2010 about 1 million people passed from the condition of being “poor” to being persons with a “medium income” (Programa de las Naciones Unidas para el Desarrollo (PNUD) 2011).

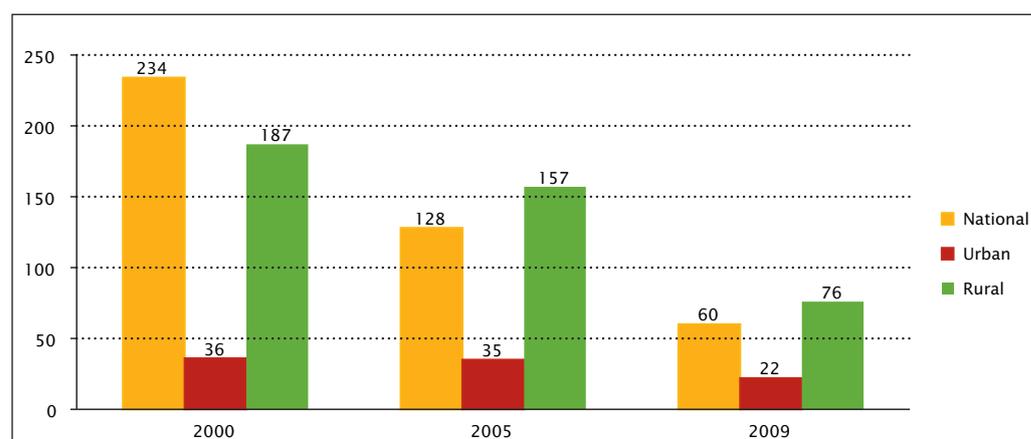


Figure 4: Ratio of income of poorest 10% of people to income of richest 10% in Bolivia. (García Linera 2011:17)

This had a positive effect not only in terms of poverty reduction, but also in relation to differences of income between the richest and poorest population strata. In 2005 the richest 10% of people earned 128 times more than the poorest 10%, which ranked Bolivia among the most unequal societies on Earth. By 2009 the difference between the poorest and richest 10% had fallen to 60 (Figure 4).

The significant progress made regarding poverty reduction since 2005 is the result of a concerted effort to restore the state’s position as a major player that doesn’t only intervene in legal matters, but also to control an economically and politically significant share of GDP. The major momentum for this was provided by the Bolivian government’s nationalization of gas and oil reserves in 2006. Its control of GDP rose from 17% in 2005 to 34% in 2009.

Greater control of GDP has allowed the government to significantly increase the redistribution of national income from the better-off part of the private sector to the poor majority. The redistribution mechanism is through direct payments to children (in basic school age), pregnant women, and men and women over 65 years. These “bonos” increased the direct redistribution of GDP from 0.5% in 2001 to 1.6% in 2010 (Figure 5).

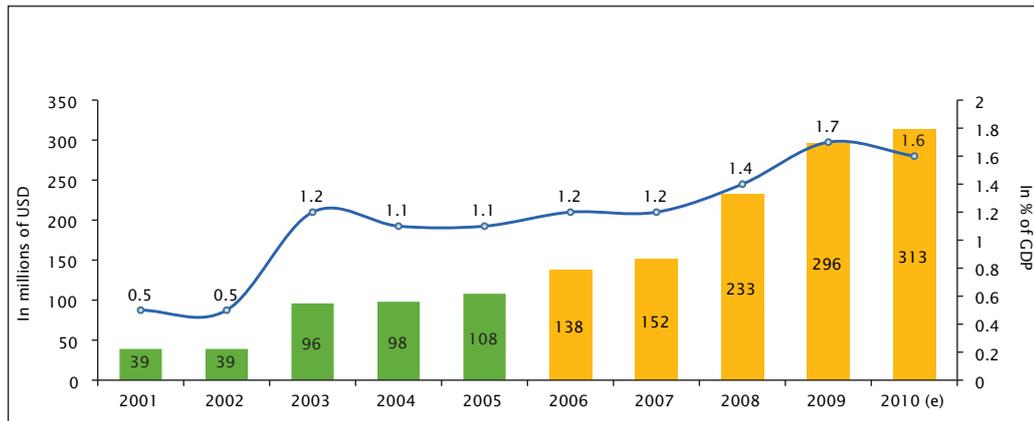


Figure 5: Direct transfer to schoolchildren, old people and pregnant women in US dollars (millions) and as a % of GDP. (García Linera 2011:19) (e) Estimated, (1) Bonosol period 2001-2007. Source: Implementing Unit BIP, AP and Implementing Unit Bonus Juana Azurduy

Besides direct payments, the state’s increased control of a significant part of GDP also led to an increase in financial transfers from the central state to regional (departments) and local (municipal) levels (Figure 6).

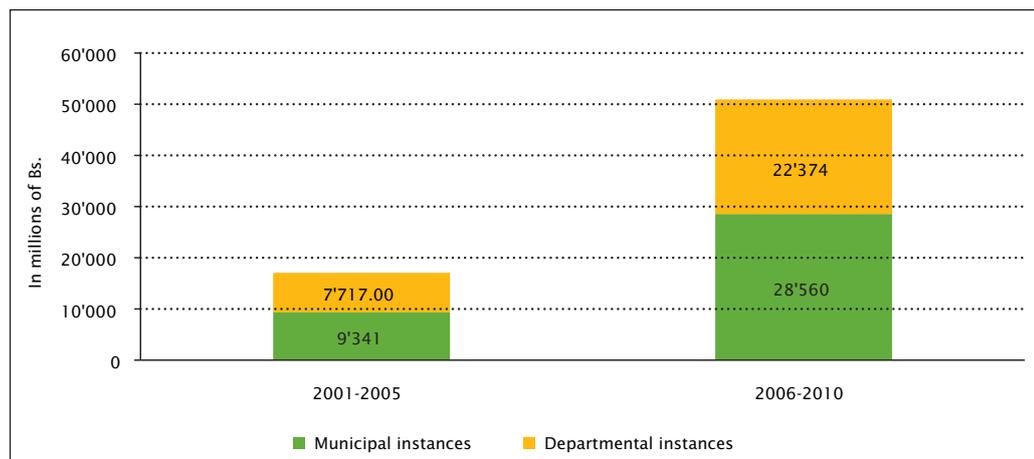


Figure 6: Transfer of financial resources from central to departmental and municipal authorities in millions of Bolivianos. (García Linera 2011:21).

The reappearance of the state, after 20 years of its being sapped by neoliberal policies, was only possible by increasing its capacity to invest directly in strategically important sectors and through state-controlled companies.

Total public investment increased fivefold between 2001 and 2011 (Figure 7).

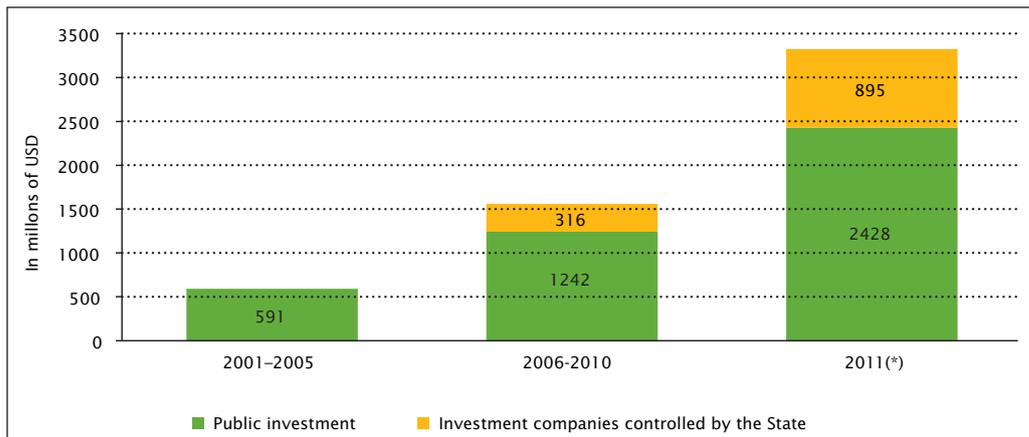


Figure 7: Evolution of public investment, 2001-2011. (García Linera 2011:21)

Regarding the fiscal situation, the new policy of strengthening the state did not lead to a worsening of the situation compared to the supposedly more favorable conditions created by neoliberal policies. On the contrary; for the first time since 1950, from 2006 onwards national accounting reported no fiscal deficit, but rather a fiscal surplus (Figure 8).

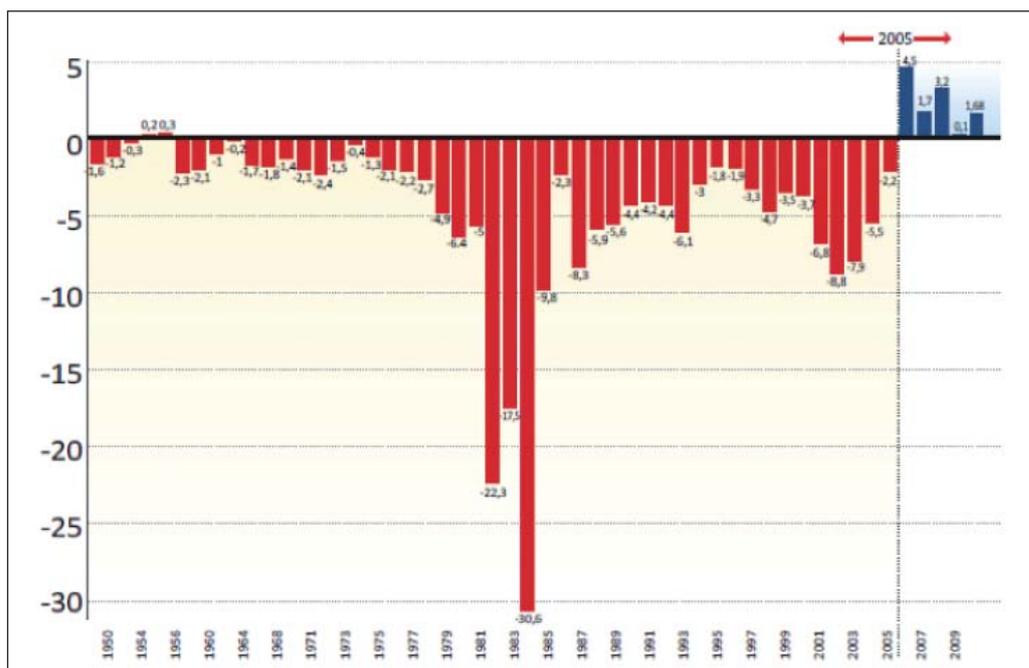


Figure 8: Fiscal situation of public sector, 1950-2010. (García Linera 2011:85)

At the end of 2009, the worst global recession for decades, the economy of a small and controversial country like Bolivia was complimented by the IMF for its “firm macro-economic management and an effective political response to mitigate the impact of the global crisis”, where “it experienced one of the highest growths in Latin America and has significantly decreased its inflation”. Friedman-Rudovsky (Friedman-Rudovsky 2010) said the country possessed a solid fiscal policy, a favorable attitude to some reforms and flexibility when managing the fluctuating currency exchange within a defined scope.

This allowed the country to maintain relatively high rates of growth and translate this into a significant increase in income per capita, which is especially high if compared with the situation of the neoliberal period (cf. Figure 9).

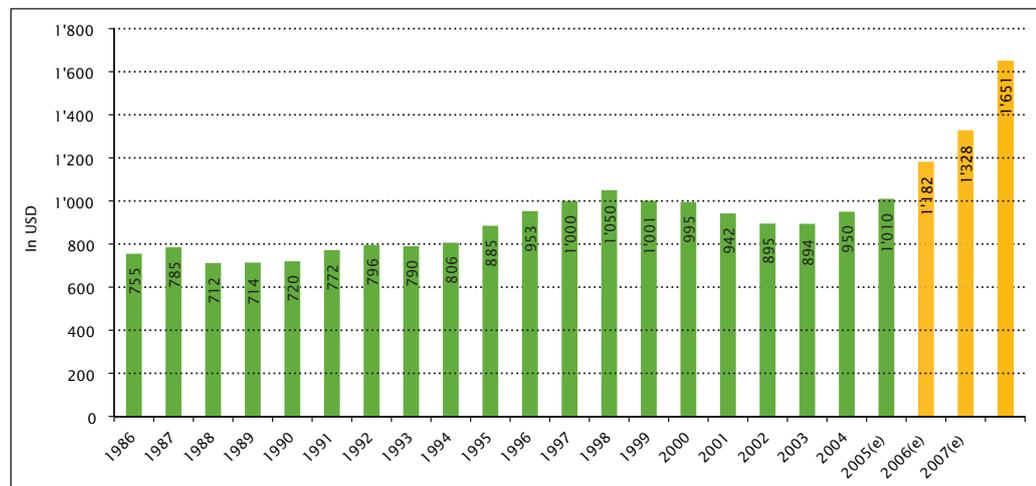


Figure 9: Evolution of income per capita with clear boost since 2006. (Source: Ministry of the Presidency, 2010.)

It is important to note that the aforementioned positive evolution is not the result of opening the national to the global economy through liberalization, but through an explicit strengthening of the state’s capacity to intervene directly in the national economy (through direct public investment) or through imposing social justice measures on the private sector. The degree to which the state has been strengthened as an economic player can be illustrated by income generated by tax and other contributions (Figure 10).

The 2006 nationalization of hydrocarbon reserves forced oil companies inside the country to renegotiate their terms with the government, increasing the state’s share of profits many times over. Between 2004 and 2008, the state’s income was US\$3,500 million, increasing its per capita collection from US\$58 to US\$401. This explains the huge increase of fiscal income over the last six years to its current level of 20% of GNP. The government decided to save a large part of these resources, since in 2008 its international reserves constituted 41% of GNP; currently, they are close to US\$10,000 million, or about 50% of GNP (García Linera 2011a).

It is also thought that “when the crisis set in, the government had already implemented a timely public works program, sustained it and introduced additional resources to stimulate the economy.”⁷ 6% of GNP was devoted to infrastructure development, public works, consumer bonds and other investments in 2008. In 2009 expenditure increased to 10.1% of GNP. Another macroeconomic decision that worked well, according to certain analysts, was sustaining a hybrid fluctuating currency exchange rate band system consisting of a fixed exchange rate constantly readjusted even without

7 Gonzalo Chávez, researcher in verbal communication at the Catholic University of La Paz. 2010 (personal communication).

public knowledge. The government worked to increase confidence in the Bolivian currency and managed to convince economic agents to “bolivianize” their financial assets, thus partially de-dollarizing transactions.

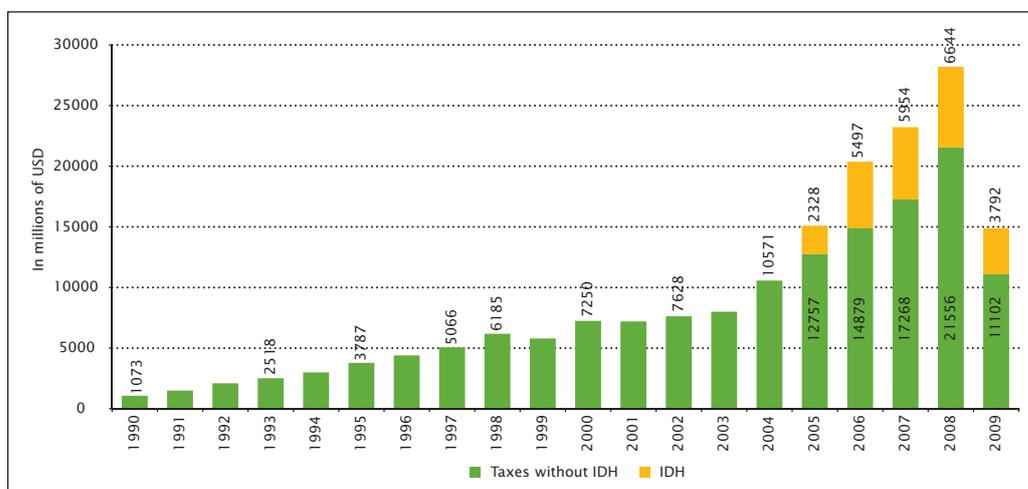


Figure 10: Evolution of the state's income, with a clear boost since 2006. (Source: Ministry of the Presidency, 2010.)

Inflation increased in March 2008, but the government resisted pressure to reduce growth on the grounds that it was due to an external shock caused by rising energy prices. According to Friedman-Rudovsky, the government’s move paid off because inflation reached only 0.8% and the GNP debt ratio decreased from 84% in 2003 to 37% in 2010. Furthermore, in spite of the impact on the informal sectors, most analysts agree that the economy is on the right tracks. “Controlled inflation, fiscal surplus, moderate growth. In spite of President Morales’ discourse, the country seems to be following the guidelines established by the IMF, the World Bank and other institutions”⁸. On the other hand, a congressman from the opposition stated: “The true reason of our growth is not the boom in raw materials. Let’s think of the country as an airplane. It used to have only one motor – exporting raw materials – and we would have crashed when those prices decreased. Now we have another motor: domestic demand. That’s the secret.” It is not easy to create an internal market with a poverty index above 60%, where half the population live in extreme poverty. However, the internal demand is increasing at an annual rate of 6%, well above the 2% and 3% rates before Evo Morales was elected president. However, Minister Arce emphasizes financial and banking trends. In 2006 savings amounted to US\$360 million dollars, most in long term fixed rate accounts and 20% in saving accounts. In 2010, 36% of the deposits were in savings accounts. He said, “This shows people possess a surplus to save and there is trust in our banks.”

On the other hand, according to CEDLA, the Centre for Labour and Agrarian Studies: “Bolivia is one of the countries with greatest inequality in the region, where the richest population (20%) appropriates 58.5% of total income; by contrast, the poorest sectors access 3.7% of income. This is due to the varying degrees of worker qualifications and the sector they work in. In spite of some advances, women in our country are still mar-

⁸ Gonzalo Chávez, researcher in verbal communication at the Catholic University of La Paz. 2010 (personal communication).

ginalized and discriminated in a labor market that prefers men” (Rojas Callejas 2009)

4.2 Developmentalism and the rights of Mother Earth: clash or dialectical relation?

The approach of the Bolivian government to view declining poverty rates as an indicator of progress of deep structural change is shared by the population and almost every civil society organization, including the depleted center-right political parties. Dissent does not concern this approach as such, but rather its implementation and the requisite setting of priorities that are the most typical policymaking dilemmas.

The dilemma that has turned into a permanent source of dissent is the government’s aggressive promotion of economic growth as the main driver for strengthening the state’s position as a direct player (not only regulator) and as a precondition for its redistributive function. This apparently contradicts the principle of *vivir bien* and the rights of Mother Earth, known in indigenous languages as Pachamama.

The objective contradictions and tensions between what people conceptualize as developmentalism and Pachamamism turned into a major field of politics in which almost all relevant societal actors compete to impose their specific visions, priorities and connections between two opposing poles (development and Pachamama).

Although these positions diverge radically, unfolding a policy arena that covers most of the fundamental poles of the human/nature dilemma, as part of the political agenda it configures and allows a common – though controversial – political arena and “playground” that did not exist before. The resulting struggles express themselves in constant deliberation and mobilization by different social, indigenous and environmental movements that support or challenge the course the government is charting through the dilemma of developmentalism and Pachamamism.

Moments in which these struggles become most visible are the resistance against so-called mega development projects, e.g. the building of a national road through a large protected area called the TIPNIS Park, the corresponding construction of bridges, or the construction of medium-sized dams to convert the country’s energy production from exclusively non-renewable to renewable sources (hydropower). The different positions of the actors involved in these conflicts and their debates can be easily situated on a scale from developmentalism to Pachamamism. While most political organizations related to the government consider development as the material and financial precondition for achieving the goals they associate with *vivir bien*, incorporating the rights of Mother Earth into the generation of material and financial wealth incrementally, many opposing organizations argue that development is the cause of growing denial of the rights of Mother Earth and hence that *vivir bien* can only be achieved by forgetting the classical notions of development and putting the environment first.

A fundamentally new feature of these debates is that anyone wanting to articulate his position aims to do so with or through indigenous social movements. Nowadays, even the formerly powerful environmentalist and conservationist NGOs of the political

groups that search to articulate new basis for opposing Evo Morale's government are aiming to create alliances with indigenous groups that can then support the claims of their civil society allies. A more detailed account of these new networks can be found for the case of TIPNIS Park in Frantz (2011).

Frantz (2010) points out that an important feature of the conflict is not the often cited clash of indigenous/Pachamamist against developmentalist/governmental points of view, yet it would be "erroneous and essentialist to assume that all indigenous peoples, including those opposed to the TIPNIS highway, are inherently 'pure' and committed to human rights or environmental preservation."

However, the government fiercely contests Frantz's argument about the assumption that many indigenous organizations support the political movement associated with the government of Evo Morales, and yet remain critical and thus work to improve the very movement. Bolivia's Vice-President, a renowned intellectual and sociologist, penned an incendiary riposte. In a recent publication entitled "NGOism, infantile sickness of the right - or how the "recondition" of the process of change is neoliberal restoration" (García Linera 2011a) he aims to reveal that behind the mobilization of parts of indigenous organizations against the national road in the TIPNIS Park are to be found mainly (though not exclusively) former political backers of the neoliberal style of government. This style was based on an alliance of international donors funding national NGOs as part of governmental policies, and these NGOs thus became a key player in the development of rural areas. How this worked out in practice in the Bolivian highlands is shown in a critical scientific article that argues that "redefinition of indigenous identities includes the representation and validation of subjects and actors within transnational discourses cohering neoliberalism and multiculturalism" (Andolina et al. 2005:678).

Through the Vice-President, the government assumes the right of the Bolivian society to maintain a metabolic exchange with nature that accepts that both sides have specific needs for their reproduction, and that these must be satisfied in an interdependent way. Paraphrasing Marx's economic and philosophic manuscripts (Marx 1988[1844]), the government states that achieving the goal of interdependent reproduction means "humanizing nature and naturalizing human beings". Consequently, the government is not against the recognition of the rights of Mother Earth, but sees the challenge of "development/vivir bien" as constructing metabolic relations between society and nature based on dialogical/dialectical? interaction of the two points of view. The government therefore focuses on addressing the tension between developmentalism and Pachamamism not as part of a debate for or against the present government, but as an inherent contradiction of the process of change in Bolivia, which must, however, avoid that these inherent contradictions are instrumentalized by political actors that want to set-back structural change to the times before 2005.

Garcia Linera (2011b) in another recent text paints a broader canvas of this and other debates about the contradictions of the government's current policies by pointing to the fact that the emerging contradiction between developmentalism and Pachamamism must be understood as part of a set of basic contradictions that are inherent to the pro-

cess of change in Bolivia. These are tensions related to the questions on how to strike a balance between 1) the principles of governance of the national state and diverse forms of governance of diverse social movements, 2) the hegemonic flexibility without giving up the social core of the present political configuration, 3) the interests of the common public good, with private and particular interests, and 4) the idea of socialism and notions of communitarian notions of *vivir bien* (García Linera 2011b). The process through which these inherent tensions must be resolved in his view is clearly not by confronting two types of mutually exclusive models of society, but as part of dialectical internal process that constantly reconfigures the relationships between the societal core of the process of change – which is also in constant evolution – with the relation it develops with the surrounding external political and natural/ecological conditions.

Regardless of one's stance, the fact that these debates are played out through shifting alliances of non-indigenous civil society with indigenous organizations (which make up 64% of the population) are an interesting indicator and demonstrate that in terms of political representation, Bolivia succeeded in radically changing the respective role and importance of previous majority and marginalized groups in society.

4.3 Debates among intellectuals

There are clearly two active groups in the intellectual sphere in Bolivia. A first group of intellectuals focuses on the perceived negative aspects of the present process of radical transformation. They have a rather ambiguous position that consists of criticizing the government – compared with its discourse - for not implementing “truly” left-wing or anti-capitalist policies. But they do not claim that they themselves would - or the government should - carry out more coherent “left-wing” policies. A good example is a recent book on capitalism in Bolivia, “The Dilemmas of Development” (Molina and Oporto 2011), in which the authors aim to provide a better understanding of the root causes of “our underdevelopment”. It also seeks to demonstrate how the stuck dynamics of capitalism favored by the lack of any serious development policy (by the present government) is not allowing the Bolivian process of change to benefit from the successful visions guiding the transformation of neighboring countries such as Brazil, Peru or Paraguay. However, in order to understand what this really means, we suggest that it is an important Bprocess that is much more fundamental than the more social-democratic approaches of Brazil or Paraguay (Sader 2008).

The other groups are intellectuals who are closely linked to the dominant social movements and the current government apparatus. One renowned representative is the Vice President Alvaro Gracia Linera who, together with his group of intellectuals (the *comuna* group) from La Paz, has published numerous books and other publications both before and since Evo Morales' election. They claim to conceptualize the emerging experiences within the sphere of power not from a purely academic point of view, but as a means of constructively analyzing the forces, dynamics and actors underlying the everyday process of change. A good example of this is a book that conceptualizes the process of change since 2005 in terms of “The State as a Field of Struggle” between hegemonic and counter-hegemonic forces and actors written by four intellectu-

als closely associated with the comuna group (Garcia Linera et al. 2010). It is obvious that their point of view starts from the process of change and aims to understand how it is configured and to learn how it can be better directed.

Regarding research on behalf of the international scientific communities, a lot of work has been done on systematizing the factors and actors involved in pushing forward a rapid and deep structural transformation in Bolivia (Kohl, 2004, Lupien 2011). Another strand of research focuses on the constraints that the process of transformation might face when different theoretical orientations are taken as a reference. The notion of ‘governmentality’ (in a Foucauldian sense) has become rather frequent. One example is Androlina et al.’s (2005) research on recent political change in the highlands of Bolivia in which they argue that “redefinition of indigenous identities includes the representation and validation of subjects and actors within transnational discourses cohering neoliberalism and multiculturalism. As indigenous movement platforms and concepts become increasingly embedded in official agencies and policy frameworks, their demands for culturally appropriate government and development are in practice implemented as governmentally and developmentally appropriate culture” (ibid, 678). The authors conclude, however, that the observed overlap between indigeneity and neoliberalism is limited and has not been able to get rid of a non-capitalist tradition that was always present too and that indigenous identities and agendas could be constructed in order to oppose neoliberalism and state-driven decentralization. Taking account of these works, we support the conclusion of Sebebart (2008:187) that “complex interactions between governmental and non-governmental actors on all levels, from local to global, turn policy-making into cumbersome and slow negotiation processes, but at the same time provide unprecedented opportunities to initiate development processes in line with social, economic, environmental and cultural sustainability.”

4.4 The stony path from theory and normative principles to practice

Another constant debate refers to the ways in which the goals of poverty reduction – which indeed require an ingredient of material development and economic growth – should be balanced with the somehow conflicting principles of *vivir bien* and the rights of Mother Earth. Unfortunately, the discussion about such fundamental issues has become part of a superficial political debate that is mainly promoted through commercial newspapers, radio and TV stations that are traditionally aligned to center-right politics. Nowadays they are clearly offering public media space for any kind of political opposition to the present government. Clear signs are the astonishing support that such media are currently (May 2012) giving to the radical left-wing confederation of trade unions Central Obrera Boliviana (COB) who struggles to increase the minimum wage from presently 1000 to 8000 Bolivianos per month. A further example of this is the exclusive space these media offer to some indigenous groups from the lowlands, which, with strong support from some radical conservationist NGOs and right-wing political groups from the Santa Cruz elites, are fighting against the construction of a road through the Indigenous Territory and National Park Isiboro Sécure (TIPNIS). Drawing attention to this situation does not deny the need for discussions about salary

increases or road and infrastructure construction in the common or national interest. It intends only to make clear that the commercial media instead of promoting a fair debate about complex and controversial issues – which do indeed need discussing – is preventing this by unilaterally manipulating the issues for political capital and to distract from the really important issues. Instead of acknowledging that both aspects – development, poverty reduction and the rights of Mother Earth and related ideas of *vivir bien* - are fundamental parts of the new political constitution, the political debate becomes abstract. This reduces the arguments to fruitless discussions about whether the government's entire political project is failing, e.g. due to the construction of a road or due to not over-increasing the minimum wage to the average salary of a professional with a PhD working for an international company.

As a result, there is almost no debate about the potential and limitations of the wide range of current transformations, e.g. related to new laws on decentralization, autonomous powers, legal pluralism, interculturality and public administration, struggles against corruption, reform of the juridical system as a whole, or the linkages of macro with micro economic policies, environmental protection, infrastructure development, etc.

In the following section, we shall illustrate and assess how the government intends to chart a course through the conflicting needs of the Mother Earth Law and rural development. The field of rural development is a top priority for the new government and yet the proportion of people living in extreme and relative poverty is highest in rural areas and cannot only be improved by more effective agrarian development policies.

The main instrument for reshaping rural development according to the new constitution is Law No. 144 on the “Productive, Communitarian and Agricultural and Livestock Revolution” (Asamblea Legislativa Plurinacional de Bolivia 2010b). The law aims to guarantee food sovereignty as a major goal by establishing institutional, political, technical, financial and trade-related measures that take account of the diversity of economic actors, the co-existence of diverse forms of economies (economic pluralism), credits and the rights of Mother Earth. The main target groups of the law are the huge number of indigenous economic organizations. While these actors have been greatly empowered politically through the decentralization, the re-territorialization of indigenous nations' autonomous powers and the considerable increase in the powers devolved and financial resources granted compared to previous governments, their productive situation has not improved accordingly. This is the entry point through which this law aims to translate general change into rural development.

The main instruments provided by the law are therefore the recognition of indigenous economic organizations and associations as formal partners in the design, execution and monitoring of the activities that are supposed to guide their “productive, communitarian and agricultural and livestock revolution”. A total of 16 specific policy lines cover aspects ranging from the organizational strengthening of economic actors, increase in productivity through research, technical innovation, fair trade and fair price mechanisms, agricultural assurance, prevention and management of risks, protection and conservation of natural resources in the long run, guaranteeing provision of high-

quality food in sufficient quantities, considering central government's and indigenous nations' shared responsibility towards the whole population of the plurinational state and the rights of Mother Earth.

Each specific policy line expresses a compromise between three basic values that refer simultaneously to the need for increased economic productivity and financial income of labor invested in food production, doing this in accordance with the cultural preferences and socio-productive wisdom and practices of the different indigenous nations and other local populations, and the need to protect the rights of Mother Earth in the long term.

The principle of shared responsibility is expressed in some articles that focus more on the responsibilities and rights of the communities, while other sections emphasize those of the state. A common feature of both these foci is that they aim to specify the needs of "development" and "Mother Earth" by differentiating between their specific responsibilities. A case for the first focus is Article 13 that refers to the strengthening of the productive base. The text prescribes that "the productive base has to be strengthened through emphasis on local and ancestral practices of the communities used for integrative management that optimizes the use and access to water for irrigation, in view of watershed requirements and that protects the water for life, recuperates soil fertility through the reposition of vegetation cover, use of organic fertilizers, terraces and the conservation and increase of biodiversity through the recuperation and cultivation of native seeds and the use of improved seeds and other actions that protect the biodiversity against bio-piracy and transnational private companies' tendency to monopolize seeds". The general principle of Article 13 is further specified for the main natural resources, pointing out the need for:

- 1) Integrated soil management that considers ancestral and new knowledge, technologies and communitarian forms of production that are compatible with the natural potential of land and soil types, including a gradual replacement of mineral fertilizers and pesticides;
- 2) Integrated water management, based on increased irrigation infrastructure that stresses communitarian or other forms of self-administration and the needs of water of related ecosystems;
- 3) Integrated management of seeds and genetic resources, based on communitarian in-situ and public ex-situ conservation, in order to maintain and increase genetic variety as a major resource for agricultural production.

Article 19 refers to trade and commercialization and summarizes specific responsibilities of the state, which must ensure that production, commercialization and trade contribute to maintaining food sovereignty "based on the principles of reciprocity, complementarity, and a redistribution of agricultural products with the aim of serving human society rather than just the market". More concretely, this means establishing the state's active role in the regulation (based on agreement with the productive sectors) of the type and volumes of food produced, ensuring that exportation and impor-

tation are not hampering the establishment of markets for domestic production and consumption. One fundamental instrument in this regard is the establishment of state-owned marketing boards (public marketing companies) and community-based storage facilities (called according to the Inca traditions “Pirwas” and defined in Article 17). In order to operationalize the population’s right to co-determine the rural development policies, the law foresees the constitution of “economic-productive committees” in which the governing bodies of indigenous and other local and national peasant and farmer organizations represent the population against the state at municipal, provincial, departmental and national level.

Against the background of the heated public debates propagated in the urban mass media about the “illusionists’ aspiration” to establish the rights of Mother Earth and the principles of *vivir bien* as parts of national development policies, this law turns out to be quite rational and surprisingly consistent with the more progressive and culturally sensitive notions of “sustainability”, at least considering the principles, contents and measures of the law summarized above.

Although there has been little time to evaluate a law that has only been in existence for a year, the involvement of the authors of this paper in some major related projects⁹ allows us to highlight some critical points that should be debated if we are to create a space to accompany - and where necessary criticize – the implementation of this (and other) policies in a constructive fashion.

Our experience shows that the main challenge so far is not the impossibility of translating the principles of “development”, *vivir bien* and the rights of Mother Earth enshrined in the constitution into balanced laws and regulations. The challenge is instead related to the different speeds at which the (fast-moving) legal framework is changing and the process of internalizing the changing values, attitudes, skills, knowledge and new forms of organizations required for implementing the new norms, which is a rather slow process. This means that the different patterns of action and behavior that social actor categories need to be able to express starts to emerge as a critical factor in the whole process of change.

A clear sign of this aspect in relation to the law on “Productive, Communitarian and Agricultural and Livestock Revolution” discussed above is Evo Morales’ inauguration speech¹⁰ at the 15th General Assembly of the powerful Peasant Federation of the Department of Cochabamba, in which he reminded the peasants to start forming the “economic-productive committees”, which, although not yet in place are making it difficult to better negotiate and coordinate top-down and bottom-up policies, which should converge in a jointly managed dynamic of change.

9 Both authors are part of the monitoring unit of the national program „BioCultura“ which is a pilot program aiming at promoting rural development based on the simultaneous promotion of cultural and biological diversity carried out by the Vice-ministry of Environment, Biodiversity, and Climate Change financed by SDC (<http://biocultura-ume.org/>). Through the cooperation agreement of the CDE/University of Berne and AGRUCO/University Mayor de San Simon (UMSS) Stephan Rist is involved in various training courses for peasant leaders and professionals of the public administration and Bolivian policy makers involved in making operational this and other laws.

10 Speech given at 11 May 2012 transmitted live through Television Boliviana (TVB).

5 Conclusions

The Plurinational State of Bolivia has decided to try to achieve the MDGs through a much wider political framework as part of fundamental changes to the social contract of the actors in Bolivian society. Achieving the MDGs is not a goal in itself, but an indicator that shows the progress and failures of the process of structural change promoted by the government and its associated social, indigenous and popular movements.

A center-piece of this broad societal strategy was the formulation of “Life Plan to Eradicate Extreme Poverty” (PEEP in its Spanish acronym). It stated that 6 million of the 10 million Bolivians were poor in 2006; 3.7 million of them lived in extreme poverty, mainly in rural areas and overwhelmingly native indigenous peoples, women, children and elderly people.

The government plan acknowledges that families living in extreme poverty have potential that can multiply the impact of programs and extend efficiently them to the rest of society, since they survive on scarce resources. Thus any slight improvement in their income is a catalyst for large-scale impact. Furthermore, these people demonstrate a high level of mutual support and constitute integrated communities in rural areas and well-organized neighborhoods in the cities.

The plan involves specific transfer payments (bonos, vouchers) to the most vulnerable groups – elderly people, mothers, infants, and children who have left school. The productive economic component based on *vivir bien* includes water and soil, food production, specialized technical assistance services and training to improve productivity, fair trade and community funds to provide start-up and non-refundable grants. The plan deems it necessary to promote new poverty measurements with a multidimensional approach based on Living Well that also includes a Community Plan to Eradicate Poverty with a community baseline.

According to the last MDG progress report from 2010 (cf. Chapter 3.2), one major result is to have provided evidence that the effects of the new policies and structural change are continuing to further reduce extreme and moderate poverty. Additionally, the projections presented for 2015 give reasonable evidence that if poverty reduction continues at its present pace, the goal of reducing extreme and moderate poverty will be more than achieved. In contrast to former reports, there is, for the first time, a reversal of former trends. While the general reduction in poverty rates was mainly due to people living in urban areas, the situation has now turned around. From 2007-2009 the decline in extreme poverty is almost twice as high (15.8%) as in urban areas (8.9%).

The main debates and conflicts do not directly concern the present and future of the MDGs. Such debates remained - both before 2005 and after Evo Morales' election - limited to a small circle of formerly well-paid technocrats from national government and international organizations. Present debates, however, are addressing the achievements, constraints and contradictions of the overall process of structural transformation, rather than simply focusing on its outcomes for MDG-related poverty indicators.

The process of change is based on a comprehensive transformation of Bolivia, in which basically four highly contested political fields are emerging. They are related to the need to recombine in a new way: 1) the principles of state governance and diverse forms of governance of diverse social movements; 2) hegemonic flexibility without ceding the social core of the present political configuration; 3) the interests of the common public good, with private and particular interests; and 4) the idea of socialism and communitarian notions of *vivir bien*.

These political arenas are sources of permanent tension arising from the dilemmas they represent. However, it was the government's agenda to open up this controversial area of political debate and dissent and to search for agreement by emphasizing discussion about the aggressive promotion of economic growth – as for the main way to strengthen the state's role as a direct player (not only regulator) and as a precondition for its redistributive function – and on the other hand the establishment of apparently contradicting principles of *vivir bien* and the rights of Mother Earth or Pachamama.

The objective contradictions and tensions between what people conceptualize as developmentalism and Pachamamism became a dominant field of politics, in which almost all relevant societal actors are struggling to impose their specific visions, priorities and links between the opposing poles of development and Pachamama.

Although the positions diverge radically, the unfolding of a policy arena as part of the political agenda configures a common – and indeed controversial – political arena that establishes a common “playground” that did not exist before. The resulting struggles express themselves in the constant deliberation and mobilization of different social, indigenous and environmental movements that support or challenge the course they are charting through the dilemma of developmentalism or Pachamamism.

Differences are also apparent in the conceptions that serve as the backdrop to Living Well, as well as in the position social actors occupy. Previously, poverty was a central part of national strategy and was often used to promote the government's public image and as a communications strategy to reduce poverty. This is in contrast to the current context, where it is no longer at the center of leaders' preoccupations or their strategies, though it is often talked about. It is a paradox that previously, when those in positions of power were not poor, poverty was much talked about; and now that the poor are in the government, this topic is not a priority.

This does not mean that the issue of poverty and inequality is not important. Though the government has a counter-hegemonic perspective that opposes the centuries-old western capitalist approach, it is time to deploy the true dimension of cosmovisions of life based on indigeneity and ancestrality that challenge almost every plane of life and propose alternative future paths. This, of course, includes matters such as growth, the economy, distribution, development, society and also poverty, its conceptualization and its treatment. These will be the lens through which the set of variables at stake will be seen between now and 2015 and beyond. The culture of poverty is a colonial legacy, not an indigenous one, since Andean societies are full of potential, capacities and possibilities for generating wealth, particularly based on processes of decolonization and different paradigms.

6 References

- Albó, X. 2011. Suma qamaña = Convivir bien. How to measure it? Pages 133–144 in I. Farah and L. Vasapollo, editors. *Vivir bien: ¿Paradigma no capitalista?* Postgrado en Ciencias del Desarrollo de la Universidad Mayor de San Andrés (cides-umsa) de Bolivia y el Departamento de Economía de la Universidad de Roma “La Sapienza” de Italia., La Paz. Bolivia.
- Andolina, R., S. Radcliffe, and N. Laurie. 2005. Development and culture: Transnational identity-making in Bolivia. *Political Geography* **24**:678–702.
- Asamblea Legislativa Plurinacional de Bolivia. 2010a. *Ley de Derechos de la Madre Tierra*. La Paz. Bolivia, 4p.
- Asamblea Legislativa Plurinacional de Bolivia. 2010b. *Ley de Revolución Productiva Comunitaria Agropecuaria*. Ley No. 144., La Paz. 26 de junio de 2011.
- Assies, W. 2003. David versus Goliath in Cochabamba: Water Rights, Neoliberalism, and the Revival of Social Protest in Bolivia. *Latin American Perspectives* **30**:14–36.
- Choquehuanca, D. 2010. Una vida armónica entre el hombre y la naturaleza. Pp. 207–212 in Viceministerio de Medio Ambiente Biodiversidad y Cambio Climático y de Gestión de Desarrollo Forestal, editor. *Construcción de la Sustentabilidad desde la visión de los pueblos indígenas de Latinoamérica*. Ministerio de Medio Ambiente y Agua de Bolivia, La Paz.
- Cobo, J. M. 1987. *Study of the Problem of Discrimination Against Indigenous Populations*.
- Delgado, F., S. Rist, and C. Escóbar. 2010. *El Desarrollo Endógeno Sustentable como interfaz para implementar el Vivir Bien en la gestión pública Boliviana*. AGRUCO. CAPTURED. UMSS. PLURAL. Libro ganador del premio nacional ciencia tecnología e innovación en la sección “ciencias indígenas” de la Asociación Boliviana para el Avance de la Ciencia, (abac), la Asociación Interamericana Interciencia (aii), con sede en Canadá, y el Viceministerio de Ciencia y Tecnología (vcyt) del Gobierno del Estado Plurinacional de Bolivia., La Paz. Bolivia.
- Dijkstra, G. 2011. The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua. *Development Policy Review* **29**:110–133.
- Frantz, C. 2011. *The TIPNIS Affair: Indigenous Conflicts and the Limits on “Pink Tide” States Under Capitalist Realities*. Washington, Council on Hemispheric Affairs, December 16, 2011 (<http://www.coha.org/the-tipnis-affair-indigenous-conflicts-and-the-limits-on-pink-tide-states-under-capitalist-realities/>).
- Friedman-Rudovsky, J. A. E. 2010. El gobierno de Evo Morales sorprende por sus logros. Evoconomista, las claves del caso Bolivia. *La Razon*, Periodico La Paz. Bolivia. Domingo 12 de Septiembre de 2010
- García Linera, Á. 2008. Capítulo I: Marxismo y mundo agrario. Pages 23–51 in C. Coediciones, editor. *La Potencia Plebeya – Acción colectiva e identidades indígenas, obreras y populares en Bolivia*. *Antología y presentación de Pablo Stefanoni*. CLACSO - PROMETEO, Buenos Aires.
- García Linera, Á. 2009. *El Estado Plurinacional*. La Paz. Bolivia, 18 pp.
- García Linera, Á. 2011a. *El “Oenegismo”, Enfermedad infantil del Derechismo (O cómo la “reconducción” del Proceso de Cambio es la restauración neoliberal)* Vicepresidencia del Estado Plurinacional de Bolivia.
- García Linera, Á. 2011b. *Las tensiones creativas de la Revolución – La quinta fase del Proceso de Cambio*. Vicepresidencia del Estado Plurinacional de Bolivia, La Paz. Bolivia.
- García Linera, Á., R. Prada Alcoreza, L. Tapia Mealla, and O. Vega Camacho, editors. 2010. *El Estado. Campo de lucha. La muela del diablo*. CLACSO. Comuna. , La Paz.
- Government of Bolivia. 2001. *Poverty reduction and social protection network: Bolivian Poverty Reduction Strategy*. Inter-American Development Bank, Washington D.C.
- Grossmann, B. 2011. *A cinco años del Plan Nacional de Desarrollo. Nueva Crónica*. Prisma. Plural., La Paz, p.6–7.
- Hickey, S. and G. Mohan. 2008. The politics of establishing pro-poor accountability: What can poverty reduction strategies achieve? *Review of International Political Economy* **15**:234–258.
- Kohl, B. 2002. Stabilizing Neoliberalism in Bolivia: Popular Participation and Privatization. *Political Geography* **21**:449–472.

- Kohl, B. 2003a. Democratizing Decentralization in Bolivia: The Law of Popular Participation. *Journal of Planning Education and Research* **23**:153–164.
- Kohl, B. 2003b. Nongovernmental organizations as intermediaries for decentralization in Bolivia. *Environment and Planning C-Government and Policy* **21**:317–331.
- Kohl, B. 2004. Privatization Bolivian style: A cautionary tale. *International Journal of Urban and Regional Research* **28**:893.
- Komives, K., J. , C. Aguilar, C. Larrea, and G. Dijkstra. 2003. *La Estrategia Boliviana de Reducción de Pobreza: La Nueva Brillante Idea?* ISS, The Hague.
- Lupien, P. 2011. The incorporation of indigenous concepts of plurinationality into the new constitutions of Ecuador and Bolivia. *Democratization* **18**:774–796.
- Marx, K. 1988. *Economic and philosophic manuscripts of 1844*. Prometheus Books, New York.
- McNeish, J.-A. 2006. Stones on the Road: The Politics of Participation and the Generation of Crisis in Bolivia. *Bulletin of Latin American Research* **25**:220–240.
- Ministerio de Planificación del Desarrollo del Estado Plurinacional de Bolivia. 2010. *Sexto informe de progreso de los Objetivos de Desarrollo del Milenio en Bolivia*. La Paz. Bolivia, 154p.
- Ministerio de Planificación del Desarrollo 2008. *Quinto informe de progreso de los Objetivos de Desarrollo del Milenio en Bolivia*. Unidad de Análisis de Políticas Sociales y Económicas (UDAPE) Comité Interinstitucional de las Metas de Desarrollo del Milenio (CIMDM). La Paz. Bolivia.
- Ministerio de Planificación del Desarrollo. 2009. *Plan Vida para la Erradicación de la Extrema Pobreza*. República de Bolivia, La Paz, Bolivia.
- Molenaers, N. and R. Renard. 2003. The World Bank, participation and PRSP: The Bolivian case revisited. *The European Journal of Development Research* **15**:133–161.
- Molina, F. and H. Oporto, editors. 2011. *Capitalismo en Bolivia – Los dilemas del desarrollo*. Fundación Vicente Pazos Kanki, La Paz. Bolivia.
- Molina, R. and X. Albó. 2006. *Gama étnica y lingüística de la población boliviana*. Sistema de las Naciones Unidas, La Paz. Bolivia.
- Núñez del Prado, J. 2002 *Pueblos Indígenas y Originarios de Bolivia. Diagnóstico Nacional*. MAPIO – BM., La Paz.
- Núñez del Prado, J. 2002. *Visiones comparadas sobre desarrollo rural*. Ed. G-DRU - ILDIS. , La Paz.
- Programa de las Naciones Unidas para el Desarrollo (PNUD). 2011. *Los cambios detrás del cambio - Desigualdades y movilidad social en Bolivia*. La Paz. Bolivia.
- Rist, S. and A. Simmen. 2012. Das ist nicht mehr die Zeit der politischen Rezepte! Gespräch mit Alvaro García Linera in La Paz am 27. und 28. Februar 2011. Pages 11–32 in Á. García Linera, editor. *Vom Rand ins Zentrum*. Rotpunktverlag, Zuerich.
- Rojas Callejas, B. 2009. *Los salarios no alcanzan para Vivir Bien*. CEDLA – Bolivia, La Paz
- Sader, E. 2008. The weakest link? Neoliberalism in Latin America. *New Left Review* **52**:5–31.
- Sevilla Guzmán, E. 2010. *Sobre los orígenes de la Argoecología en el Pensamiento Marxista y Libertario*. AGRUCO-PLURAL-NCCR Norte Sur-CDE-Universidad de Berna, La Paz.
- Unidad de Análisis de Políticas Sociales y Económicas (UDAPE). 2008. *Quinto informe de progreso de los Objetivos de Desarrollo del Milenio en Bolivia*. Comité Interinstitucional de las Metas de Desarrollo del Milenio (CIMDM), La Paz. Bolivia.

Working Paper Series, SRP 4 “MDGs”

The present study is part of the Working Paper Series for the Special Research Project on “Poverty-oriented development policy beyond the Millennium Development Goals”.

With 2015 fast approaching, a sense of disenchantment is growing in some circles as many working towards the high-profile Millennium Development Goals realise how far out of reach they remain. Disillusionment is already giving way to critical reflection, however, and the contours of a new critical discourse on global poverty and development are beginning to emerge. Many have begun questioning implicit norms and assumptions that underpin the MDGs. Critics see the first goal in particular – “to reduce by half the proportion of people living on less than a dollar a day” – as subtly re-enforcing a mainstream view of poverty couched in ideals of global capitalism and market growth.

An NCCR North-South working group is examining the emerging critical debates, which are likely to shape development policy and interventions for years to come. The working group is seeking to generate an overview of the debates within a range of specific countries, i.e. India, Nepal, Pakistan, Ethiopia, Ivory Coast, Costa Rica, Bolivia, and Switzerland. The overviews will define core dimensions that characterise these debates, and critically assess them in light of NCCR North-South research findings. This will help formulate recommendations for a post-2015 development agenda based on differentiated experiences and understandings – globally and locally – of poverty, poverty alleviation, and well-being. Please follow the project at <http://www.north-south.unibe.ch/content.php/page/id/320>

The present Working Paper by Stephan Rist and José Nuñez del Prado provides the working group with an overview of related debates at global level. Responsibility for its content rests with the author.

Zurich / Bern, May 2011, Urs Geiser and Didier Péclard, Project Coordinators

Contact

Author: stephan.rist@cde.unibe.ch

Project Coordinators: urs.geiser@geo.uzh.ch, didier.peclard@swisspeace.ch

Acknowledgements

The authors would like to thank Urs Geiser, University of Zurich, for his very constructive comments on an earlier draft of this working paper. They would also like to thank Patricia Suarez, Regional Coordination Office South America (JACS SAM), for translating and recreating the graphs, tables and figures.

About the Authors

Stephan Rist is lecturer in Human Geography at the University of Bern, Switzerland. He holds a PhD in sociology from the Technical University of Munich, Germany, specialising in rural indigenous people in Bolivia. He habilitated at the University of Bern, Switzerland, with a thesis on natural resource governance, agrarian systems, and rural sociology in South America as well as Europe and Switzerland. Rist works as a senior research scientist at the Centre for Development and Environment (CDE), University of Bern, and is Co-leader of Research Project 13 of the Swiss National Centre of Competence in Research (NCCR) North-South on the transformation of agrarian systems. He also directs a research project entitled “Governance of Forest Multiple Outcomes in Bolivian Lowlands: Reconciling Livelihoods, Biodiversity Conservation and Carbon Sequestration” of the Swiss National Science Foundation’s Swiss Network for International Studies (SNIS) and participates in the Graduate School on Transcultural Management and Governance in Latin America (TransGELA), a joint venture of the University of St. Gallen (Centro Latinoamericano-Suizo), the Graduate Institute of International and Development Studies in Geneva, and the University of Bern (Centre for Development and Environment).

Email: stephan.rist@cde.unibe.ch

José Nuñez del Prado is a well-known economist from Bolivia. He studied first at the Universidad Católica in La Paz, earned a Master’s degree in Rural Sociology of the Latin American Faculty of Social Sciences (FLACSO-LAFSS), and concluded with a PhD in Development Sciences awarded by the renowned Centre for Development Studies (CIDES) of the public University of San Andrés (UMSA) in La Paz. He has twice been director of CIDES, has an ample record on publications mainly on rural development, and has served as executive director of the secretariat of the national programme “Peasantry and Development” run by a federation of Bolivian NGOs. He is currently working as a researcher and scientist at CIDES. He also works as an independent consultant on agro-rural topics, peasant economies, solidarity and communitarian economy, development planning, and macro-economics.

NCCR North-South Dialogues Series

- 1 *Human and Animal Health in Nomadic Pastoralist Communities of Chad: Zoonoses, Morbidity and Health Services*. Esther Schelling. 2002¹, rev. 2007²
- 2 *Understanding Institutions and Their Links to Resource Management from a New Institutionalism Perspective*. Tobias Haller. 2002¹, rev. 2007²
- 3 *Dialogue Workshop Methodology: Adapting the Interactive Problem-Solving Method to an Environmental Conflict*. Simon A. Mason. 2003¹, rev. 2007²
- 4 *The Globalisation Discourse*. Norman Backhaus. 2003¹, rev. 2007²
- 5 *Reforming Agriculture in a Globalising World – The Road Ahead for Kerala*. K.N. Nair, Vineetha Menon. 2004¹, rev. 2007²
- 6 *Simen Mountains Study 2004*. Eva Ludi. 2005¹, rev. 2007²
- 7 *“Should I Buy a Cow or a TV?” Reflections on the Conceptual Framework of the NCCR North-South*. Christine Bichsel, Silvia Hostettler, Balz Strasser. 2005¹, rev. 2007²
- 8 *An Overview of Different Vulnerability Approaches and Definitions*. Martin Cassel-Gintz. 2006¹, rev. 2007²
- 9 *Forestry in the Princely State of Swat and Kalam (North-West Pakistan)*. Sultan-i-Rome. 2005¹, rev. 2007²
- 10 *Livelihood Strategies in North-West Pakistan*. Bernd Steimann. 2005¹, rev. 2007²
- 11 *The Critical Issue of Land Ownership: Violent Conflict, Somali Region of Ethiopia*. Ayele Gebre-Mariam. 2005¹, rev. 2007²
- 12 *Marginality: Concepts and Their Limitations*. Ghana S. Gurung, Michael Kollmair. 2005¹, rev. 2007²
- 13 *Political Ecology in Development Research*. Jon Schubert. 2005¹, rev. 2007²
- 14 *Ethiopia and the Nile: The Dilemma of National and Regional Hydro-politics*. Yacob Arsano. 2005¹, rev. 2007²
- 15 *Social Networks and Migration: Far West Nepalese Labour Migrants in Delhi*. Susan Thieme. 2006¹, rev. 2007²
- 16 *Conducting Field Research in Contexts of Violent Conflict*. Nathalie Gasser. 2006¹, rev. 2007²
- 17 *Bridging Research and Development: Capitalisation on Experience with Partnership Actions for Mitigating Syndromes*. Peter Messerli, Annika Salmi, Karl Herweg, Franziska Pfister, Thomas Breu. 2007
- 18 *Governmental Complexity in the Swiss Alps: Planning Structures Relevant to a World Natural Heritage Site*. Jöri Hoppler, Astrid Wallner, Urs Wiesmann. 2008
- 19 *PhD Reader: PhD Theses within the Framework of the Swiss National Centre of Competence in Research (NCCR) North-South*. NCCR North-South. 2008
- 20 *People and “Territories”: Urban Sociology Meets the Livelihood Approach in the South*. Luca Pattaroni, Vincent Kaufmann, Yves Pedrazzini, Jean-Claude Bolay, Adriana Rabinovich. 2008
- 21 *International Conference on Research for Development (ICRD 2008): Pre-conference Proceedings*. University of Bern, Switzerland, 2–4 July 2008. NCCR North-South. 2008
- 22 *People’s Choice First: A 4-Country Comparative Validation of the HCES Planning Approach for Environmental Sanitation*. Christoph Lüthi, Antoine Morel, Petra Kohler, Elizabeth Tilley. 2009
- 23 *Making Research Relevant to Policy-makers, Development Actors, and Local Communities: NCCR North-South Report on Effectiveness of Research for Development*. Claudia Michel, Eva Maria Heim, Karl Herweg, Anne B. Zimmermann, Thomas Breu. 2010
- 24 *State of Statistical Data on Migration and Selected Development Indicators*. Nadia Schoch. 2010
- 25 *Changing Development Discourses over 40 Years of Swiss–Bolivian Development Cooperation*. Andrea Weder, Claudia Zingerli. 2010
- 26 *The Effect of Global Coffee Price Changes on Rural Livelihoods and Natural Resource Management in Ethiopia: A Case Study from Jimma Area*. Aklilu Amsalu, Eva Ludi. 2010
- 27 *An Analysis of the Coffee Value Chain in the Kilimanjaro Region, Tanzania*. David Gongwe Mhando, Gimbage Mbeyale. 2010
- 28 *The Political Economy of Coffee in Kenya: A Case Study of Rumukia and Mathira North Co-operative Societies in the Mount Kenya Area*. Wanjiku Chiuri. 2011
- 29 *Does it work in practice? Fostering Knowledge Exchange for Sustainable Development: Second NCCR North-South Report on Effectiveness*. Eva Maria Heim, Claudia Michel, Annika Salmi, Thomas Breu. 2011

- 30 *Millennium Development Goal 1 (Poverty Reduction) and the Swiss Debate on Development Assistance*. Bernd Steimann. 2011
- 31 *The Millennium Development Goals and the Global (Northern) Poverty Debate: A Short Review of Global (Northern) Debates on the MDGs*. Bernd Steimann. 2011
- 32 *Contested Rural Development in Nepal*. Manandhar Prabin. 2011¹, rev. 2011¹
- 33 *La Résilience sociale multi-strates : une nouvelle approche de recherche pour l'adaptation au changement global*. Brigit Obrist, Constanze Pfeiffer, Robert Henley. 2011
- 34 *Kilimanjaro and Oromia Coffee Value Chain Case Studies: Producer Benefits from Fair Trade and Free Market Channels*. Christopher Coles. 2011
- 35 *Miles to Go Before We Sleep: Poverty and the Millennium Development Goals in Nepal*. Sagar Sharma. 2011
- 36 *Contemporary Political and Socioeconomic Processes in Bolivia*. Gonzalo Rojas Ortuste, Christian Lunstedt Tapia. 2011
- 37 *Glossary of Terms in Water Supply and Sanitation (in Vietnamese)*. Nguyen Viet Hung, Hoang Van Minh, Vuong Tuan Anh, Tran Thi Tuyet Hanh, Vu Van Tu, Pham Duc Phuc, Nguyen Hong Nhung, Nguyen Thi Bich Thao. 2011
- 38 *India and the Millennium Development Goals: Progress and Challenges*. R. Ramakumar, 2011.
- 39 *The Roads of Decentralisation: The History of Rural Road Construction in Ethiopia*. Rony Emmenegger. 2012
- 40 *Critical Gender Issues with Regard to Food, Land, and Water. A Compendium for Policy-makers, NGOs, and Researchers*. Kristina Lanz, Sabin Bieri, Lilian Fankhauser. 2012
- 41 *Roles de los investigadores en la coproducción de conocimiento: Experiencias de la +investigación sobre sostenibilidad en Kenia, Suiza, Bolivia y Nepal*. Christian Pohl, Stephan Rist, Anne Zimmermann, Patricia Fry, Ghana S. Gurung, Flurina Schneider, Chinwe Ifejika Speranza, Boniface Kiteme, Sébastien Boillat, Elvira Serrano, Gertrude Hirsch Hadorn, Urs Wiesmann. 2012
- 42 *Tracking Alumni Career Paths. Third NCCR North-South Report on Effectiveness*. Eva Maria Heim, Sonja Engelage, Anne B. Zimmermann, Karl Herweg, Claudia Michel, Thomas Breu. 2012
- 43 *The MDGs in Bolivia: Poverty Reduction in a Post-neoliberal Area*. Stephan Rist, José Nuñez del Prado, 2012

Between 1986 and 2005 Bolivia went through a tough phase characterized by the successful implementation of neoliberal policies. Resisting this, indigenous people – representing about 64% of the population – started to reorganize themselves beyond the classical system of representative democracy, which was almost completely dominated by white and mestizo elites; these indigenous people developed indigenous and popular social movements aiming at a new “social contract” and expressed the need for a new constitution for Bolivia. Their main strategy was direct political action, based on marches, demonstrations, road blockages, hunger strikes, and huge mass mobilizations, which finally led to a democratic “system change” in 2005, when Evo Morales was elected as the first indigenous president in Bolivian history. This was consolidated by a radical new political constitution, based on the concept of a plurinational state that stipulates recognition and autonomy of the 36 indigenous nations in Bolivia within the territorial context of the present state, and is based on the co-existence and co-governance of indigenous nations and the structures of the existing state.

With the transition from an essentially neoliberal to a radically new societal setting, the role and understanding of the MDGs and related policies changed as well. This paper presents what we can learn from these changes for future debates about the MDGs in Bolivia.

The NCCR North-South Dialogue Series presents reflections on research topics of concern to programme members throughout the world.

dialogue