Inequality and Deliberative Development: Revisiting Bolivia’s Experience with the PRSP

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The deliberative-development approach to policy-making has gained popularity in both academic and policy circles. However, insufficient attention has been paid to the requirements necessary for deliberation to have beneficial effects on policy, some of which are detailed in this article, in particular the need for equality among deliberators. The article examines Bolivia’s 2000 National Dialogue and demonstrates the effects of inequality – not between elites and non-elites, but between groups within civil society – on the legitimacy of the outcome. Its findings have important implications for the design of deliberative-development institutions.

1 Introduction

Over the past decade, many scholars and development practitioners have argued for directly incorporating consultations with civil society and the general public into the development process. Public discussions potentially overcome two problems endemic to technocratically-based models of policy design. First, such consultations can generate policy reforms more finely tuned to local conditions and challenges than policies designed by technocrats with little local understanding. ‘The poor have better knowledge of their situation and their needs, and can therefore contribute to the design of policies and projects intended to improve their lots’ (Kanbur and Squire, 2001: 214; also see Chambers, 1994; 1997). Second, deliberation among civil society groups may result in compromise solutions that are more acceptable to all, encouraging ownership of the policies and facilitating their implementation (see, for example, Evans, 2004; Rodrik, 1999; Sen, 1999). As Joseph Stiglitz put it, ‘Because individuals have had a

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voice in shaping the changes, in making them acceptable, change is likely to be accepted or even embraced, rather than reversed at the first opportunity’ (2002: 168).

Given the importance of the potential benefits, the use of deliberation in policy-making has been the focus of many scholars interested in development. Most attention has been given to apparently quite successful participatory budgeting in Porto Alegre, Brazil (for example, de Sousa Santos, 1994; Wampler and Avritzer, 2004), where institutions have been set up to allow individuals and representatives of civil society groups to debate, decide on and monitor projects and investments funded by a share of the district budget. These institutions seem to have led to improvements in the legitimacy of public decisions as well as the redistributive nature of government allocations. Similar policy experiments in Kerala, India (Drèze and Sen, 2002; Manikutty, 1997) and Uganda (Blackburn et al., 2000; Francis and James, 2003) also suggest that participation can yield innovative solutions to policy problems while enhancing implementation. Public involvement in the design of policies has also been shown to correlate with their success in several large-N studies (for example, Isham et al., 1995; Jayarajah and Branson, 1995).

Despite these success stories, however, public participation in policy-making has not been a panacea. Participatory budgeting processes modelled on Porto Alegre, for example, have not had the expected returns in other areas of Brazil (Nylen, 2002; Wampler and Avritzer, 2004). Similar variation has occurred in related experiences with ‘democratic decentralisation’ in other parts of the world (Heller, 2001; Manikutty, 1998). And the most systematic attempt to institute deliberative-development institutions around the world – the World Bank and International Monetary Fund’s Poverty Reduction Strategy Paper (PRSP) initiative – is considered by most analysts to have failed in its own objectives.

The PRSP initiative, which arose in 1999 in the context of updating the Heavily Indebted Poor Countries (HIPC) Initiative, required countries to prepare a PRSP prior to receiving debt relief (see International Monetary Fund and International Development Association, 1999). Each country’s PRSP was to outline an overall strategy to reduce poverty, including structural reforms such as trade and privatisation as well as specific anti-poverty programmes. These PRSPs are now required for any World Bank or IMF concessional assistance and are therefore being elaborated in most developing countries.

What made the PRSP initiative particularly innovative and noteworthy was that the Bank and Fund required that the strategy be developed in a ‘participatory’ way. That is, the PRSP needed to be based on some sort of consultative process by which the government solicited input from various societal groups – including local non-governmental organisations (NGOs), businesses and unions – and then incorporated these preferences into policies. The goals of the PRSP initiative seemed to dovetail with the larger literature on participatory policy-making: ‘participation at various stages of the overall process can help build ownership over the strategy, make it more equitable to and representative of various stakeholder interests, increase the transparency of the policy formulation process, and, ultimately, make the strategy more sustainable’ (World Bank, 2002: 240, emphasis added). In the eight years since the PRSP was initiated,  

1. The purpose of the HIPC Initiative was to relieve a portion of the poorest countries’ debt, freeing up government resources for development and reducing poverty.
however, its implementation has been widely criticised by academics and civil society groups in participating countries (Booth, 2003; 2005; Dijkstra, 2005; McGee et al., 2002; Molenaers and Renard, 2003; Moser and Antezana, 2002).

The most common criticism levelled against the process echoes a concern that has been voiced with deliberative-development exercises at other levels of government. For PRSPs, the charge is that the role of participation has been undermined by donors’ insistence on specific policies and governments’ unwillingness to consider changing course on economic policies. ‘Governments were willing to go along with the donors in so far as organising participation was concerned (and as long as the donors financed it), a cosmetic process, but were not so willing to include the results of this process in actual strategies’ (Dijkstra, 2005: 452). This criticism is familiar to scholars who have studied deliberative-development institutions at lower levels of government. For example, several studies have emphasised the ability of mayors and other local officials to hinder the effect of societal participation on policies (Baiocchi, 2001; Nylen, 2002; Wampler, 2004; Wampler and Avritzer, 2004). The principal policy conclusion – at all levels of government – has been that participation is only likely to be successful if the government is fully committed to a dialogue with societal actors.2

This conclusion about the possibilities of deliberation in the context of resistance from the government and donors is an important one, and it should lower the expectations of institutions and individuals seeking to impose deliberative-development institutions from outside. However, the conclusion implies that if the organising government and donors were to allow the deliberative process to take its proper course, it would probably be successful. As this article will show, this implication needs qualification: even in the context of freedom from restrictions by the organising government and donors, participatory development institutions may encounter quite serious problems that jeopardise their success.

Specifically, the article seeks to make two contributions. First, using the deliberative-democracy literature largely spawned by the work of Habermas (1962; 1984), it calls attention to some of the societal and institutional characteristics necessary to ensure that the goals of deliberation are achieved. These include not only the willingness of governments to incorporate the results of deliberation – the principal focus of the literature cited above – but also equality among participants, which has received much less attention in the literature (a notable exception is Baiocchi (2001), discussed below).

The second contribution is an empirical examination of a major deliberative-development exercise – the 2000 National Dialogue in Bolivia – focusing precisely on some of these societal and institutional characteristics. The National Dialogue brought together thousands of citizens at the municipal, departmental (departments in Bolivia are akin to provinces), and national levels to discuss development policy related to the country’s PRSP. It had a direct influence on national development, resulting in the Law of the Dialogue (La Ley del Diálogo) that continues to affect policy to this day. As one of the first countries to complete its PRSP, Bolivia is what Rose (1991) refers to as a

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2. International financial institutions and participating countries have begun to reshape the process with an eye to strengthening the participation-policy linkage in future rounds of policy creation (Driscoll and Evans, 2005; Holmqvist and Metell Cueva, 2006).
‘prototypical’ case, in the sense that it is among the countries that have travelled furthest along the path under study – in this case, the PRSP process. While Bolivia today is different in many ways from what it was in 2000, the effects of the 2000 National Dialogue remain evident. In this sense, Bolivia’s present may give insights into other countries’ future (to paraphrase Rose). This type of case study is well suited to an exploratory empirical analysis (King et al., 1994), which this article is.

Moreover, the Bolivian PRSP experience has received widespread attention from scholars and policy-makers interested in participatory policy-making. The general consensus of these scholars, as outlined in detail below, is that the participatory process did not have a meaningful effect on policy and merely raised expectations of responsiveness that the government and donors were unable to meet. This failure occurred because the government restricted the scope of the participation and had predefined policy preferences it was unwilling to change. In contrast to previous studies, however, we focus here on two policy areas where the government did not have previous policy positions and where the scope of discussion was not externally restricted: the formula for allocating debt relief funds and the mechanism of ‘social control’ enabling citizens to monitor the use of those funds.

Our empirical analysis, based on extensive interviews conducted in Bolivia in 2002 and 2006, examines these two policy areas in detail, in the light of our discussion of the conditions for successful deliberation. We find that these conditions were generally present in one area but not in the other, and we demonstrate how the resulting policies and implementation were influenced by these conditions (or lack thereof). In particular, we find that structures of inequality within the deliberative process had substantial impacts on both the policies enacted and the impact of those policies following the deliberation. Importantly, the salient inequalities in resources and capacities were not between the state and civil society, but rather within civil society. This observation has important implications for both institutional design and expectations about where deliberative-development efforts are likely to be effective.

The article proceeds as follows. The next section contains our analysis of the literature on deliberative democracy, including the goals of deliberation and the necessary conditions for attaining them. The third section contains our empirical analysis of Bolivia’s National Dialogue, and the fourth section examines the record of the policies that emerged from the Dialogue. A fifth section concludes.

## 2 The conditions for successful deliberation

A central issue for advocates of increased public participation in policy-making is to identify the conditions under which discussion leads to the desired outcomes mentioned at the beginning of this article: information-sharing, consensus and ownership. Within political theory, this issue is addressed by the extensive literature on ‘deliberative democracy’.

3. In fact, in addition to being one of the first countries to finish its PRSP, Bolivia was a pilot country in the World Bank’s Comprehensive Development Framework, a direct precursor to the PRSP (Christiansen and Hovland, 2003).

4. The full list of almost 50 interviewees is available from the authors. The interviewees included former and current government officials, donor representatives, NGO representatives and academics.
This literature, which combines normative analyses with empirical studies, argues that bringing people together to talk about policy problems prior to making a decision can result in participants sharing private information; pooling their collective capacity to analyse information; thinking of the common good instead of their own self-interest (or at least justifying their self-interest in terms of the common good); and believing the group’s decision to be more legitimate (Fearon, 1998). However, these results only occur under certain circumstances; simply getting people together to talk while a decision is being made is not sufficient to generate these good outcomes.

Building on the discussions of Cohen (1989) and others in the deliberative-democratic literature, we highlight two of the most important features of a procedure for attaining these goals. First, the deliberation itself must be free, both in the sense that the participants will only be bound by what they decide in deliberation and not by some other factor, and in the sense that they will act after the deliberation according to what they decide. Second, the deliberators must be ‘both formally and substantively equal’ (Cohen, 1989: 22) – formally equal under the rules regulating the procedure, and substantively equal in that ‘the existing distribution of power and resources does not shape their chances to contribute to deliberation, nor does that distribution play an authoritative role in their deliberation’ (ibid.: 23).

Cohen’s notion of freedom requires that deliberation be free from unreasonable constraints and then be enacted. If there is some other factor that is ultimately guiding the outcome, then the deliberation is at best a show. When the deliberators are unaware that the deliberation is not free, the process of dialoguing creates expectations about the outcomes which are likely to remain unfulfilled. When the deliberators do know this, they have no incentive to reveal private information or to pool their resources to forge new policy options. Either way, a discussion lacking in freedom will undermine the ability of the process to add legitimacy to its conclusions (see Michener, 1998). It is not surprising, then, that the lack of freedom has been cited as a major problem of deliberative development in action, as discussed above.

However, even if the discussion is formally free, deliberation will not have the desired effects if some of the deliberators are more powerful than the others, either formally or substantively (Argote et al., 2000; Przeworski, 1998; Stasser and Titus, 1987; Stasser et al., 2000). Inequality in power, resources or ability to communicate can hinder information flows in several ways. First, when some participants in a discussion are perceived as having more expertise or status, others are prone to defer to them (Stasser et al., 2000). Second, the existence of a perceived majority can reduce free discussion, as people are less likely to voice views deemed to go against the majority or to offer information that appears contrary to the prevailing opinion (Myers, 1982; Noelle-Neumann, 1984; Whyte, 1989). Third, cultural differences potentially create moral and/or cognitive disparities among group members that hinder mutual understanding and aggravate inequalities (Valadez, 2001).

Because of these problems, inequality in deliberations will generally result in a decision favouring the more powerful or experienced group and based on less information than an equal setting would have produced. Those who knowingly withhold...
private information or feel at a disadvantage in the deliberation are likely to see the process as less than legitimate, especially if they do not feel represented by the advantaged groups. Thus, there is less confidence that deliberation will achieve legitimacy if participants are not equal.

As mentioned above, many studies have looked at the importance of ‘freedom’ in the context of deliberative development, in the sense that government officials are seen to be key in enabling deliberation to matter for policy. However, very few studies of the effect of inequality on deliberative-development outcomes have been undertaken. Fung and Wright (2001) argue that more equality among societal actors makes more likely the institution of deliberative forms of decision-making; in the absence of this equality, powerful actors have no incentive to deliberate. However, this gives us little insight into the effect of inequality on deliberation itself.

The most important study in this regard is Baiocchi’s (2001) analysis of the extent to which richer and more educated individuals have advantages in deliberation in Porto Alegre. He found some evidence that less educated individuals and women seem less likely to speak and participate in advanced roles in deliberation (such as elected delegates or councillors), but there was no such evidence for racial minorities or poor individuals. In addition, the evidence about less educated individuals and women was not conclusive. Baiocchi argues that ‘ethnographic evidence from district-level meetings did not show any pattern of women or the less educated speaking less often or of conceding authority to educated men’ (2001: 51).

Baiocchi’s work reminds us that salient inequalities in deliberative settings can fall along a number of dimensions – income, gender, race, education and so forth – and indicates the difficulties in designing deliberative institutions that take account of all of these inequalities. In addition, the fact that these cleavages exist on a variety of dimensions implies that divisions and inequalities can exist within civil society, a fact reinforced by numerous studies (such as Foley, 1996). This prospect has received less attention in the deliberative-development literature. While it is certainly imperative to study whether or not participatory institutions are incorporating non-elites into the policy-making process (see, for example, Nylen, 2002), inequalities within these non-elite groups can also have negative effects in terms of reducing legitimacy in deliberative settings.

The next section examines the major deliberative-development exercise leading up to Bolivia’s PRSP in 2000, particularly focusing on the ‘freedom’ of the discussion and how inequalities affected deliberation outcomes. We find, like others, that the possibilities of a successful outcome from deliberation were greatly hindered by the refusal of the authorities to consider seriously the outcome of the deliberation. However, on two issues, the deliberation was reasonably free and did affect the policy outcomes. In the discussion of these issues, structures of inequality had a defining impact on the outcome, as predicted by the deliberative-democracy literature.

3 The 2000 National Dialogue in Bolivia

The 2000 National Dialogue was not Bolivia’s first experiment with a national deliberative-development exercise. In the summer of 1997, Hugo Banzer of the Acción Democrática Nacionalista (ADN) party was elected Bolivia’s President with only 22%
of the vote. He achieved this by aligning his conservative ADN with the formerly socialist Movimiento de Izquierda Revolucionaria and two populist parties, the Conciencia de Patria and the Unión Cívica Solidaridad. A former dictator, Banzer’s legitimacy was low and his ability to govern with such a disparate coalition was dubious. His advisers noted that, if they were to institute any policy changes, it would have to be at substantial cost in terms of concessions to the other parties. The strategy recommended by Banzer’s young vice-president, Jorge Quiroga, was therefore to call for a ‘National Dialogue’ to build consensus with the corporatist groups that have historically been so important in Bolivian governance (see Malloy, 1977). The feeling was that, with this sort of a ‘mandate’, other parties in the coalition could not publicly oppose the direction the ADN was taking. And while the other parties could perhaps see this coming, they could not be seen to disagree publicly with increased societal participation in governance and would have to participate as well.

It should be noted that inherent in this strategy was a bypassing of established democratic institutions. This did not go unnoticed. Parties and congressmen in Bolivia were furious about it – and even Banzer himself felt uncomfortable – because it clearly undermined their place in the governing structure. If they were not suitable representatives to debate the pressing problems of the country, who were? This resistance almost led to the cancellation of the 1997 Dialogue, but the press got wind of the event and started publicising it. While many of the civil society participants were left unsatisfied with the Dialogue, the overall result was a boon for Banzer, despite his own initial reluctance. Calling for a National Dialogue enabled Banzer and Quiroga to avoid an extended and fractious debate in Congress and instead attain a mandate with some apparent legitimacy.

One of the conclusions of the first National Dialogue was that this type of dialogue should be institutionalised. It was not, however, until the HIPC Initiative changed the scene. The World Bank and the IMF offered debt-service relief totalling around $1.3 billion, to be delivered ‘when Bolivia has adopted a poverty reduction strategy – in a participatory process with civil society – which has been broadly endorsed by the Bank and Fund Boards and after Bolivia’s other creditors have confirmed their participation in debt relief under the enhanced HIPC Initiative’ (World Bank, 2000). The result was the National Dialogue 2000 (El Diálogo Nacional 2000), a series of government-sponsored public consultations with civil society organisations held from June to August 2000.

It should be noted immediately that the Bolivian government did not have much interest in creating what Cohen (1989) would call a ‘free’ deliberative institution (Molenaers and Renard, 2003). In fact, the results of the deliberation played very little role in shaping Bolivia’s PRSP, the ostensible objective of the Dialogue. The PRSP ended up being written in a government think-tank, by people who did not participate in the Dialogue (Komives et al., 2003). Many civil society organisations were also frustrated that many of the most pressing issues in the country were left off the agenda, including macroeconomic policy and structural reforms, land reform, control of natural resources and regional trade agreements (Dijkstra, 2005).

However, the Dialogue did have an important outcome: the Law of the Dialogue. This Law, building directly on the discussions of the Dialogue, contained two critical components, both related to the resources made available by the HIPC Initiative. The
first was a ‘mechanism of social control’, which was to monitor the spending of the HIPC resources. And the second was a specific formula for distributing those resources throughout the country.

In the context of this article, it is important to note that the government had no previous position on these policies. As the literature on deliberative democracy would have predicted, discussion on them was freer, and the policy outcomes were in fact dictated by the discussions. However, as we demonstrate in the following sections, the structures of inequality in the deliberation of these issues varied significantly. As such, analysing how these outcomes came about – as well as their effects since the Law was enacted – provides a window onto the effect of inequality on the workings and possibilities of deliberative institutions. The results indicate that, while free discussion makes compromise and ownership possible, relative equality among participants is also necessary for the creation of full ownership.

### 3.1 Social control

Among the many complaints by civil society about the 1997 National Dialogue were that no indicators of progress were established and no responsibilities assigned to specific institutions to implement the Dialogue’s conclusions. The second Dialogue sought to avoid this by being as specific as possible in identifying action items and making follow-up explicit. Thus one of the goals set by the second Dialogue’s secretariat was to create a mechanism of social control (MSC) that would oversee the implementation of whatever was decided with regard to the HIPC money.

To understand the conclusion to which the Dialogue came with regard to the MSC, one must understand the role of the Catholic Church in Bolivia. The Church has been highly respected by Bolivians, consistently ranking at the top of public opinion polls as Bolivia’s ‘most respected institution’. Approximately 30% of the country’s health institutions are run by the Church, and the Church administers many schools for the poor in which the government finances the teachers. Links like these between Church and government, however, have led many groups in civil society to see the Church as associated with the state. The Church, for example, has benefited from being in charge of social programmes and did not oppose the government’s termination of subsidies and development banks that many small producers saw as essential to their livelihoods. Because of this image, one would not necessarily have expected the Church to have a powerful role in civil society in the Dialogue.

However, the Church’s organisational capacity and its ties with other organisations allowed it to prepare for the National Dialogue more extensively than other participants. When the HIPC money was offered and the government announced that it would conduct another National Dialogue, the Church remembered its negative experience with the first Dialogue and stated that, while it would participate in the 2000 National Dialogue, it would first hold its own Forum, labelled Jubilee 2000. Thus, from mid-March to mid-April 2000, fora were held in each of Bolivia’s nine departments, each

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6. According to the 2001 Latinobarometer, 82% of respondents said they were very or quite confident about the Catholic Church, while only 17% expressed confidence in the Congress. See http://www.latinobarometro.org/English/pdf/press-release/graficograficos2001ingles.pdf
forum lasting three days and including representatives not only of the Church but also of other civil society groups aligned with the Church. These fora were prefaced by workshops in February for departmental representatives, outlining the objectives and methodology of the fora. Then, from each of these departmental fora (at which there were a total of about 4000 people), 80 delegates were selected to attend a National Forum in La Paz in April, to which the President and his government were invited (though the President did not attend, four cabinet members did, including the Minister of Finance). Out of these meetings emerged a specific proposal of an MSC to be coordinated by the Catholic Church.

The Church’s MSC proposal had a deep effect on the Dialogue because of the formal structure of the Dialogue and the substantial inequalities of the participants. The Dialogue took place in three stages, or mesas, with the first mesa organised around politically relevant groups at the municipal level. At the nine municipal-level mesas, representatives from each of the 314 municipalities convened in their departmental capital. Four representatives were invited from each municipality: the mayor, the vice-president of the Municipal Council (who was automatically from the opposition party), the president of what is called the vigilance committee (comité de vigilancia), and another member of the vigilance committee, who had to be a woman. Vigilance committees were established by the Popular Participation Law in 1994, which decentralised many of the central government’s activities. These committees are made up of representatives of territorial base organisations (organizaciones territoriales de base), which were also created with the decentralisation and are the officially recognised neighbourhood associations in urban areas, and agrarian syndicates or indigenous communities in rural areas. The committees help the municipal governments plan annual social expenditures and oversee the distribution of funds in order to ensure accountability (they have the authority to file negative reports with the central government, which can, and sometimes do, cause the central government to halt disbursements).

At the municipal mesas, 99.7% of the country’s mayors and 97.1% of the presidents of the vigilance committees were present (Proyecto Diálogo Nacional, 2001). Also invited were the uninominal deputies from each district and advisers from each department. In these meetings, the various participants discussed in small groups the problems facing the poor in their areas and policy priorities and then reported their conclusions back to the large groups for further discussion. Members of the Technical Secretariat facilitated the discussions and recorded the conclusions.

At the conclusion of the municipal mesas, the participants chose representatives for the subsequent departmental mesa, where these representatives were joined by

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7. The reason behind choosing a woman was that it was suspected that women would be underrepresented in the three other ‘posts’ (interview with Fernando Medina, Technical Secretariat, 2000 National Dialogue, 28 May 2002). This turned out to be true, with women constituting only 5.4% of mayors, 4.9% of presidents of the vigilance committees, and 14.4% of the vice-presidents of the municipal councils who attended the Dialogue. Including the fourth member of the committee (the designated woman), women made up 30.7% of all delegates (Proyecto Diálogo Nacional, 2001). It should be noted, however, that these women were not chosen to represent ‘women’s issues’, but rather to act as representatives for their groups.

8. By all accounts, the Secretariat of the second National Dialogue was indeed independent, probably as a result of heavy pressure on the government from donors.
departmental civil society and higher-level government officials. In addition to the delegates from the municipalities, the invitees at the departmental level were representatives of the Executive Branch; parliamentarians; advisers from each department; delegates from the Jubilee 2000 movement; delegates from producer associations; and other representatives of civil society, including indigenous groups, peasant groups, unions, universities, civic committees and businessmen. Crucially, the municipal representatives were considerably outnumbered in the departmental mesas, 50% of whose participants were from departmental civil society, while only 20% were from either the municipal government or municipal civil society (Proyecto Diálogo Nacional, 2001). And among civil society representatives, the largest group – over 17% – came from either Jubilee 2000 or the Church itself.

Finally, the Dialogue concluded with a national mesa, where delegates elected from the municipal and departmental mesas were joined by representatives of Congress and the political parties, as well as representatives of national civil society, including national leaders of Jubilee 2000 and the Church, the confederations of indigenous groups, the association of small rural and urban producers, and the confederation of neighbourhood associations. In total 273 people participated at the national mesa, of whom 120 (44%) were municipal delegates, and 50 (18%) were departmental delegates. Governmental participation was fairly low (only 9% of the total participants), but many of them were at a high level, including Vice-President Quiroga, 4 ministers, and 20 vice-ministers. There were also 24 representatives of political parties (Proyecto Diálogo Nacional, 2001).

The key to the MSC outcome was the ability of the Jubilee group to dominate the relevant discussions at the departmental and national mesas, since the importance in terms of determining the final outcome of the Dialogue grew as one progressed towards the national mesa. During the Dialogue, the members of the independent Secretariat noted that, while the municipal delegations had been quite outspoken at the municipal mesas, at the departmental level they did not participate much at all, even though they had been chosen as delegates based on their knowledge and presentational abilities. The Secretariat attributed this to two factors. First, the discussions at the departmental level were at a much more general and specialised level than the specific local problems on which the municipal mesas had focused. Most municipal leaders did not have general knowledge – that is, knowledge about national and departmental problems. They only had specific knowledge about their own locality and therefore did not feel comfortable participating at this level. Thus, regarding national and departmental issues, many of them simply asked the Jubilee members for copies of their proposals, so as to have something to support.

Secondly, reinforcing this dynamic at the departmental and national levels was the presence of pressure groups who wanted access to the HIPC resources. The result was a more argumentative atmosphere, where oratorical skills were essential. As the official record of the National Dialogue (written by the Secretariat, not the government) states:

The weight of different pressure groups was also notable in the results of the Dialogue [at the departmental mesas]. Representatives of civil society (Jubilee Forum) or political parties acted in the deliberation articulately, defending positions or making proposals. This characteristic converted the
departmental *mesas* into an exercise that would be very helpful for the national *mesa*, but which made it a complicated exercise with tense moments … In general, the municipal actors did not have the weight that they should have had, taking into account their number of delegates [at the national *mesa*]. It seems that the better discursive capacities, group control, and practice in leadership of the national and departmental civil society groups (Jubilee, NGOs, *comités cívicos*, etc.) contributed to this result (Proyecto Diálogo Nacional, 2001: 62, 66, our translation).

In the end, the MSC adopted was almost identical to that proposed by the delegates of Jubilee 2000. It set up committees at the departmental level to oversee the distribution of HIPC funds, mirroring the function of the vigilance committees at the municipal level. In addition, all of these committees were put under the control of a National MSC, to be overseen initially by the Catholic Church. It is not surprising that a World Bank report stated that, in the National Dialogue, ‘The biggest “winner”… was the Catholic Church in securing a role for itself, and for civil society in general, in the Social Control mechanism’ (World Bank, 2001).

### 3.2 HIPC funds allocation

The second important conclusion of the Dialogue was the establishment of a transparent formula that distributed HIPC resources and compensated the poorest areas, regardless of political factors. It allocated 70% of the resources to municipalities according to poverty indicators and 30% equally among the departments, with the 30% distributed among each department’s municipalities according to population. This resulted in a tripling of the resources poor municipalities had been receiving, helping to consolidate the Bolivian decentralisation reforms of 1994 (Amellar Terrazas, 2002; Booth and Piron, 2004).

That the resources were allocated along territorial lines is not surprising, given that the Dialogue was structured along such lines. Furthermore, the fact that the funds were to be distributed among municipalities was likely once the structure of the Dialogue ensured that by far the largest group of delegates at the national *mesa* was that of municipal delegates (see above). However, among these municipal delegates there were widely varying interests in how to allocate the funds, since municipalities vary a great deal in their characteristics. Nevertheless, the municipal leaders did not face many informational inequalities in the relevant discussions. In contrast to policy discussions, the topic of financial distribution requires very little technical information. As such, this particular area seems to have been a relatively good setting for a deliberation.

The final discussion of the formula took place at the national *mesa* and was principally an argument between municipalities in the richer and larger departments (namely, Santa Cruz and La Paz) adamant that the money should be divided proportionally on population lines, and the poorer departments (such as Chuquisaca) that wanted an allocation along poverty lines. This proved to be an extremely difficult
negotiation, extending far into the night. At one point, the mayor of Cochabamba was arguing in front of the group about the benefits of allocating based on population, when another mayor stood up and said, ‘Es muy mesquino!’ (‘You’re very stingy!’) and that if his city were as rich as Cochabamba he would insist on reallocating the money to the poorer departments. At this, the embarrassed mayor of Cochabamba tried to defend himself, saying it was very important to help the poor. The Secretariat attributed the final 70/30 compromise to this kind of moral admonishment. Booth and Piron also argue that it is doubtful that this outcome would have been obtained without a deliberative process: ‘The issue of the distribution formula was hard fought, and the outcome was strongly influenced by the fact that all municipalities were consulted’ (2004: 25, emphasis in original).

On 31 July 2001, this pro-poor formula and the MSC were passed unanimously into law by the Bolivian Congress as part of the National Dialogue Law, which also called for a similar National Dialogue process to be held every three years. At the time, donors and many in Bolivian society thought the Law was a great advance. Nevertheless, the discussion here has demonstrated that the Dialogue generally fell far short of the requirements deliberative democrats regard as necessary for successful deliberation. In most areas, the deliberation was not free, in the sense that it had no effect on national policies. In the two areas where the Dialogue was free, one – social control – was subject to inequalities in the deliberation process that directly affected the outcome. Only in one area, the HIPC allocation, were the conditions for deliberation seemingly present. The following section examines the effects of these two policies in the subsequent years.

4 HIPC allocations and social control since the 2000 National Dialogue

Bolivia has experienced a tumultuous period since the 2000 National Dialogue. A closely contested election in 2002 resulted in a minority government led by Gonzalo Sánchez de Lozada, who resigned in the face of massive protests in 2003. The interim President who succeeded him, Carlos Mesa, resigned in 2005, and the next interim President (Eduardo Rodriguez) called a national election in December of that year, the surprising result of which was a clear majority for Evo Morales, the first indigenous President in the country’s history (Singer, 2007). Despite all this upheaval, however, the National Dialogue Law has remained intact and functioning. In fact, amazingly in the context of the turmoil, another National Dialogue was held in 2004, as required by the Law. The results of the two policies discussed above, however, have been somewhat disappointing.

The more successful of the two has been the HIPC allocation, the area in which participants seemed the most equal. Despite the turmoil in the executive and legislature, the HIPC resources have been budgeted and disbursed as the Law demanded, a great achievement in itself in view of the opposition of the richer departments. While representatives of wealthy areas have occasionally floated proposals to reallocate these resources, they have never gained any following within the Congress or the public. It is difficult to reject the hypothesis that the legitimacy imposed by the discussion at the
National Dialogue has prevented richer departments from succeeding in changing the allocation formula.

However, this is not to say the HIPC allocation has been a complete success. For a variety of reasons, much of the money that has been given to the municipalities remains unspent – not stolen or lost or wasted, just unspent. In no year have the municipalities spent more than three-quarters of what they have been given, and the average of resources spent since 2002 has been about 62%. The problem is particularly acute in the area of health, where spending has never exceeded 50% of the resources available and was 38% in 2005. The reasons for this failure centre principally on a lack of technical capacity in the municipalities to develop and oversee projects on which to spend the money. Government spending in Bolivia must now comply with certain regulations from the central government that can be highly (some would argue excessively) complex, and many municipalities simply do not have the capacity to comply with them. Although the total spending ratio was worse in 2005 (58%) than in 2004 (65%), it might be hoped that municipalities will eventually develop the capacity to spend the funds, and it could be argued that this capacity will not be built up without having funds available.

Nevertheless, the fact that so many resources are remaining unused in a country with needs as immediate as those of Bolivia is difficult to justify (and goes against the original intention of the HIPC initiative, to channel debt-service funds to social programmes quickly).

The irony, then, is that the deliberative process legitimised an outcome which may not have been workable, at least without altering government regulations regarding spending. Of course, failures in policy design are not unique to deliberative processes, and it is unclear that a technocratic policy-making process would have arrived at a better result. In fact, a deliberative process should in theory improve information exchange so that fewer mistakes will be made than in other types of decision-making processes. However, the Bolivian experience raises the possibility that a faulty policy decision arrived at through a deliberative process may be difficult to change – more difficult than a decision arrived at through a different decision-making process with fewer participants. This may be an important topic for future study in deliberative development.

In any event, despite its flaws, the HIPC allocation process seems a resounding success when compared with the mechanism of social control. At the national level, the MSC has in essence ceased to function, after never really getting off the ground. A recent extensive review of the MSC (España et al., 2005) found implementation at the departmental level erratic, and co-ordination with the vigilance committees at municipal level problematic, as many of the committees have little contact with the departmental MSCs. In fact, many of them regard the departmental MSCs as redundant and even as competitors.

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10. Data in this paragraph come from the Unidad de Programación Fiscal of the Ministry of Finance: www.upf.hacienda.gov
11. The Dialogue Law requires that at least 10% of the total HIPC resources must be spent on health, and 20% on education.
12. However, it could also be argued that the HIPC funds, along with other funds from the central government, are discouraging municipalities from generating their own taxation capacity.
The most striking aspect of the social control story is that its downfall is due principally to infighting within civil society, after supposedly being a product of deliberation within civil society in both the formal Dialogue and the related Jubilee discussions. As discussed above, the Church was the biggest promoter of the MSC, and also the apparent ‘winner’ when it came to running the mechanism. Nevertheless, as detailed above, the Church played a dominant role in the Dialogue, and the ‘consensus’ around social control – and particularly the Church’s role in it – appears to have been an illusion, as evident in the fact that, very quickly after the mechanism took shape, other civil society groups began to fight the Church for influence in it.

The battle was principally between Church-backed groups and the Comité de Enlace (the ‘link committee’), an umbrella organisation of small producer organisations (mainly mining co-operatives, peasant organisations and artisan groups) that was formed in 1999. This organisation was relatively new at the time of the Dialogue, and so was unable to co-ordinate its members around an alternative to the Catholic Church’s proposals. However, it was particularly successful in lobbying the government during the PRSP formulation process to achieve greater support for micro-enterprises as a development strategy, and these successes built the group’s reputation. Enlace saw (and sees) itself as truly representative of the poor and regards Church-backed groups as interfering outsiders, and it put up a surprisingly strong fight in the election of the first Directorate of the national MSC. Not only did it win the presidency of the Directorate, but its candidates also won about half the seats on the Directorate, with the other half going to Church-backed groups. Groups which did not belong to either of these camps (such as indigenous people’s or women’s groups) were effectively excluded. This pattern has been repeated at the departmental level, with the departmental MSCs controlled by either a Church-backed organisation or an Enlace-backed one.

This division had a major impact on the workings of the MSC. Perhaps most importantly, having lost the election for the Directorate, the Church was no longer interested in funding the national mechanism. This was critical, because the National Dialogue Law had provided the mechanism with no funding of its own, presumably assuming that the Church would finance it. As such, the mechanism has been searching, unsuccessfully, for funding since its inception. Its principal hope lies in the allowance by the World Bank and IMF of 2% of HIPC funds to be used (at the government’s discretion) for monitoring and other administrative expenses. The national MSC has been fighting to get this 2%, but the proposal is fiercely opposed by the municipal governments, which are certain to win in any battle in Congress.

In addition, because the MSC has been dominated by the Church and Enlace, other civil society groups either do not know about it or feel it does not represent them. As one observer put it, the mechanism has ‘legality without legitimacy’. In their study of the MSC, España et al. found that ‘Representatives of social organisations and independent citizens know little about the workings of the national and departmental mechanisms of social control, and they consider the mechanisms to be elitist and

13. Eyben (2003), who was working for the British donor agency in Bolivia at this time, provides an interesting discussion of how this contest also pitted donor against donor, as some donors (principally the Germans) supported the Church groups and other donors (principally the British) supported Enlace.
centred on themselves or small circles of groups … [T]he perception of the social control mechanism is of a bureaucratic space, financed by international aid, that is occupied and fought over by NGOs, producer organisations, and the Church’ (2005: 68-9, our translation). In sum, despite extensive deliberation about the MSC, the Dialogue was unsuccessful in producing a legitimate policy.

5 Conclusion

This article has argued for increased attention to the societal and institutional characteristics necessary for a deliberative approach to development to be successful. While one of these – the need for policy-makers to allow deliberation to affect outcomes – has been well studied in the literature, there are others. The need for equality among deliberators has received far less attention. Our analysis of the National Dialogue in Bolivia indicates that inequalities can indeed have critical impacts on the outcomes of deliberation, rendering them illegitimate and contested. At least as important, the inequalities we identified as particularly harmful were not between rich and poor, or elite and non-elite, but rather between groups within civil society.

The analysis of the situation in Bolivia raises a number of important issues for future work. We highlight two of the most important here, focusing on the two conditions for successful deliberation discussed in the article. The first is that we need far more analyses of the substantive effects of inequality on deliberative-development outcomes. The deliberative setting in Bolivia seemed to deal adequately with inequalities when they were between rich and poor, as in the discussions about the HIPC allocation. This in fact echoes the findings of Baiocchi (2001) in Porto Alegre. However, the Bolivian setting did not deal well with cleavages among non-elite groups. It is beyond the scope of this article to analyse whether these kinds of inequalities within civil society may be responsible for less successful experiences with deliberative development in Brazil and elsewhere. However, it should be noted that these kinds of inequalities are likely to exist in just about every country. Developing the ability to identify beforehand where the important inequalities lie, and designing institutions to handle them, should form an important part of future policy and research regarding deliberative development.

While this article focuses in greatest depth on the effect of inequality on deliberative outcomes, an important issue remains with respect to the ‘freedom’ condition that successful deliberation requires. While there has been extensive documentation in other studies about how lack of this freedom has doomed many PRSP processes, less attention has been paid to the indirect effects this lack has had on the subsequent policy-making processes in developing countries. For example, in Bolivia, the HIPC allocation and the MSC were the two areas in which the deliberation in the Dialogue was free. In every other area, the deliberation had essentially no effect on government policy. However, it would be wrong to conclude that the Dialogue has therefore had no other effect on Bolivian policy-making. On the contrary, there is evidence that the ‘show’ of getting people together to provide input into government policies and then ignoring that input, as the government largely did in the 2000 National Dialogue, has generated increased cynicism on the part of citizens with regard to their government and future deliberative efforts (España et al., 2005). Moreover, it appears
that the institution of the Dialogue has weakened the deliberative political institution that existed before the Dialogue; namely, Congress.\footnote{It may be noted that Congress was already weak for several reasons, including the fragmentation among political parties and the inability to act decisively.}

An episode that illustrates both of these dynamics occurred in the run-up to the 2004 National Dialogue. In order to bring civil society into the organising phase of the Dialogue, a National Dialogue Directorate was assembled, consisting of 22 people: 10 from the government, 10 from civil society, and two from municipal organisations.\footnote{Note that the municipal voice in this Dialogue was far less than in that of 2000, which was organised largely in favour of the municipalities. Because of this, one member of the 2004 Secretariat called the 2004 Dialogue, which focused on the needs of producers, the ‘revenge of the sectors’.

Very quickly, the civil society organisations in this Directorate adopted a combative attitude towards the government participants, and demanded a number of policy actions by the government \textit{before} the Dialogue took place, ‘to give good signals to society’ (De Jong et al., 2006: 9, our translation). Being relatively weak at the time, the government agreed to these policies and issued them as Supreme Decrees, bypassing Congress.

Among them was \textit{Compro Boliviano}, a policy that had major implications for government spending. Prior to this policy, Bolivian companies had had to compete on a level playing field with foreign companies for office supply contracts from the government. As such, most government supplies were bought from foreign companies. With \textit{Compro Boliviano}, Bolivian companies were given an advantage, essentially lowering the standards for Bolivian producers. Despite the fact that this was decided \textit{before} the 2004 Dialogue took place – a Dialogue that cost several million dollars and involved close on 70,000 participants – a 2004 Secretariat member interviewed called \textit{Compro Boliviano} the one important policy achievement traceable to the Dialogue process. This is almost certainly accurate, as the governments during and after the Dialogue have put none of its conclusions into practice.

Regardless of the merits of the \textit{Compro Boliviano} policy, it is clear that Bolivian civil society has learned that policies decided in the National Dialogues have little effect. The strategy in 2004 was to exploit the bargaining power that existed \textit{before} the Dialogue took place, since the government needed to be seen as holding a legitimate Dialogue and ensuring broad civil society participation. Now that many of the civil society representatives are in positions of authority in Evo Morales’ government, it is not surprising that little has been uttered by the government about the National Dialogue mandated by the Dialogue Law to be held in 2007. Instead, the government is focusing on a Constituent Assembly that seems to be focused on altering the rules of the political game, not just particular poverty strategies. Presumably, such an alteration would make National Dialogues no longer necessary in its view. However, the findings of this article would predict that outcomes from that assembly would have legitimacy problems among groups who felt that their interests had not been heard.

The presence or absence of the conditions necessary for successful deliberation therefore seems to have had far-reaching effects in Bolivia, and not just (in fact, perhaps least of all) on the PRSP. However, our understanding of these conditions and how to ensure their presence remains limited. Given the rather paltry record of the elitist development policy-making approaches of earlier decades, the deliberative-development approach has been justifiably greeted with optimism by observers.
Nevertheless, if deliberation is to be recommended as a development policy-making tool, we need more systematic research about how and when deliberative processes can aid development. This case study has suggested some necessary conditions, but more rigorous conclusions can only be achieved by careful comparative research of a number of cases, focusing on the institutional details of deliberative processes as well as their outcomes over time. The PRSP experiment has provided social scientists with dozens of cases with cross-sectional variance and increasingly (as in Bolivia) some time-series variance as well. Other deliberative-development approaches at the sub-national level might also be compared. While the fieldwork and in-depth data collection required to conduct a study of these cases would be substantial, so too would be the improvement in our understanding of the possibilities of deliberative development.

References


