

CHAPTER 6

WHAT LIES BEHIND DECENTRALIZATION? FOREST, POWERS AND ACTORS IN LOWLAND BOLIVIA

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**Forthcoming in a special issue of the
European Journal of Development Research
Volume 16, Number 1, Spring 2004
Guest Editors: Jesse C. Ribot and Anne M. Larson**

Acknowledgements

The author would like to thank the Center for International Forestry Research (CIFOR), the United States Agency for International Development (USAID), and the Project for Sustainable Forest Management (BOLFOR), for their institutional support to make this research possible. I would also like to thank the staff of the Forestry Superintendence of Bolivia for their permanent collaboration with my research on decentralization of forest management. The author is also grateful to Jesse Ribot, Anne Larson and two anonymous reviewers for their comments on a previous version of this article.

Summary

Bolivia has undertaken important policy reforms since the mid-1990s aimed at institutionalizing popular participation and promoting democratic decentralization. In the forestry sector, municipal governments have received responsibilities, and various mechanisms have been established to hold these governments accountable to local populations. In spite of being among the most advanced forestry sector decentralizations, the democratization of decision-making is limited, with local governments being primarily responsible for monitoring forest management and illegal activities, and promoting forest management by local users. The national government has retained the right to define standards and allocate forest resources. Still, the decentralization has created conditions for local forest users and municipal governments to become stronger players in natural resources governance. Outcomes of decentralization are mixed, mainly due to municipal resources and capacity, local power relationships and the degree to which local economies depend on forest resources.

Introduction

In recent years, developing countries around the world have begun to give local governments greater rights and responsibilities. This trend has resulted either from country initiatives to democratize national political systems, or the influence of international organizations. Decentralization has emphasized the provision of social services (i.e., health and education), although several countries are transferring rights over natural resources, specifically forests, to regional and local governments.

There are several arguments that support the transfer of responsibilities to the local level. Some of them are that decentralization reduces government bureaucracy, democratizes decision-making, and improves efficiency of public service delivery [*Omar et al., 2001*]. In the forestry sector, transferring powers to the local level might contribute to distributing benefits from forest resources more equitably and to regulating forest utilization more effectively [*Ribot, 2001*], and it may in some cases contribute to supporting the collective action of institutions governing forest resources [*Andersson, 2002*]. If the latter conditions are achieved, decentralization could then have positive implications for improving the livelihoods of the multiple users of forest resources, as well as for forest conservation [*Kaimowitz and Ribot, 2002*].

Nevertheless, the implications of decentralization in practice are not so simple. Transferring responsibilities to local governments may lead to contradictory results, and not necessarily the

kind of outcomes decision-makers predict [Ribot, 1999]. While some evidence suggests that decentralization can improve people's welfare by more effectively providing public services to the population and reinforcing a 'good governance' of forest resources, it also can achieve the opposite outcome by reinforcing asymmetric local power relations, which tend to benefit some local elites to the detriment of more marginalized social groups [Larson, 2003; Ferroukhi, 2003]. In this light, the conditions shaping a successful decentralization process are quite complex and depend on a wide array of factors at different levels of government from the central to the local, as well as on the interactions among these levels.

The conditions shaping decentralization may vary depending on the type of decentralization being discussed; that is, on the type of powers and resources that are transferred to lower levels of government. A democratic decentralization occurs when powers and resources are transferred to local authorities representative of and downwardly accountable to local populations [Crook and Manor, 1998], while an administrative decentralization concerns transfers of powers to local branches of the central state [Manor, 1999]. It is believed that democratic decentralization, in contrast to administrative decentralization, might promote better outcomes with regard to social equity and forest conservation [Ferroukhi, 2003; Kaimowitz and Ribot, 2002]. Nevertheless, even as part of a democratic decentralization, governments may transfer only limited powers and resources to local levels of government, and local technical units may be seen simply as implementation units for policies devised at the central level. The latter case is labeled here an "incomplete democratic decentralization".

Agrawal and Ribot [1999] argue that the relation between decentralization and outcomes can be better understood by analyzing it in terms of actors, powers and accountability. Two relations thus become relevant for analyzing the change in power distribution and accountability that constitutes decentralization: the first, between the central state and local governments; and the second, between the latter and local populations [Ribot, 1999; 2001]. The latter basically implies analyzing the actors who receive the powers being allocated and how they interact to address issues regarding: the design of regulations governing the use of natural resources, the enforcement of such regulations, and the potential conflicts emerging from either enforcement of those regulations or the distribution of economic benefits.

The actors, powers and accountability systems approach, however, though relevant to understanding the outcomes of decentralization, does not capture the structural conditions shaping decentralization outcomes for forests and people. In this line of reasoning, Larson [2003] proposes a framework for understanding the environmental and social outcomes of decentralization. Yet, it fails to distinguish properly the attributes of local governments from the exogenous factors shaping their institutional action, and does not acknowledge the influence of other social actors in local governance, except as they influence local government itself.

It is obvious that different types of decentralization will have different outcomes on forest resources and people. In the same way, the conditions shaping decentralized forest management (i.e., government policies, economic incentives, attributes of the forest resources, social and environmental ideologies, local power relationships and local political economy) are going to have differentiated implications depending on the type of decentralization in effect [Ferroukhi, 2003; Gibson et al., 2000; Kaimowitz et al., 1999; Larson, 2003; Ribot, 2001]. Under the

assumption that democratic decentralizations may allow for more discretionary decisions by local government authorities, the influence of local politics and the local political economy can be even greater. To date, there is no definitive evidence as to what set of factors has greater relevance for explaining specific outcomes.

Nevertheless, rather than a few specific factors, what defines the final outcome of decentralization is the interaction between the type of decentralization and the conditions under which it takes place. Specifically, then, it is most important to understand the combination of powers transferred to the local level, the way these are used to make decisions about natural resources, and the social, political and economic mediations operating at the local level that influence such decisions. In this regard, the way local authorities negotiate decisions over forest resources with local populations is as relevant as the extent to which local actors depend on forest-dependent activities for survival or economic accumulation.

This article discusses the implications of decentralization on forest resources in the Bolivian lowlands. Bolivia is the country in the Latin American region that has decentralized forest management responsibilities to municipalities to the greatest extent [Ferroukhi, 2003]. It has also institutionalized a process of popular participation. Nevertheless, though Bolivia has made important progress in promoting a political environment enabling social participation and in delegating responsibilities to local governments (municipalities) on forest-related issues, the powers that municipalities have received are limited, and most decisions over forest resource allocation and resource use norms and regulations are still made by the central government. This case exemplifies well what we label here an incomplete democratic decentralization.

While in some cases local governments have become key players with regard to forestry issues within their respective territorial jurisdictions, in others they have played a marginal role. The involvement of municipalities in forestry has mainly resulted in the creation of technical units (UFMs) to implement the responsibilities transferred to them, such as: monitoring forest extraction, controlling forest crime, creating municipal forest reserves and granting them as forest concessions to local forest users, and helping local groups develop their logging operations according to official forest management regulations. Nevertheless, not all UFMs have been able to undertake the diverse functions the central government delegated to them, and most have emphasized some functions over others.

Various factors explain these diverse results. To simplify, they can be grouped into two arenas: 1) the attributes of the municipalities (i.e., the extent to which local authorities are willing to support the process, and the availability of financial and technical resources), and 2) structural variables such as the type and magnitude of forest resources, local power relationships, and the local political economy.

The Bolivian case points out limits to decentralization in practice. It also shows that decentralization can be beneficial to marginal groups and the environment, but that outcomes are highly varied with a complex array of causal factors both related and unrelated to decentralization itself. Moving the process forward demands a better understanding of the attributes of local governments, and of the range of factors that shape the outcomes of decentralization. This article seeks to contribute to that objective using the Bolivian case. By so

doing it aims to identify the main shortcomings and prospects of the forest management decentralization process in lowland Bolivia and to propose policy recommendations that would adjust the Bolivian model toward a more democratic decentralization that recognizes the role of local actors in natural resource governance.

This article consists of seven parts including this introduction. The second part describes the characteristics of forests in lowland Bolivia. The third analyses the decentralization model in Bolivia as part of a broader state policy reform undertaken in the mid-1990s. The following section describes the characteristics of local governments and actors, as well as their inter-relationships. The fifth part analyses the main forestry-related initiatives undertaken by the municipalities, and the sixth analyzes the implications of such actions for people and forests. Finally, the last section summarizes the main conclusions.

Forests in Lowland Bolivia

Bolivia is a country covering an area of 1,098,581 sq. km, of which about 70 percent is located in areas below 500 meters above sea level [Montes de Oca, 1989]. About 80 percent of the country's forest (53 million hectares) is located in these lowlands. The lowland economy consists of commercial farming and ranching, small-scale food production, coca cultivation, mining, and petroleum and natural gas production. The forestry sector's contribution to the national economy, including logging and the collection of non-timber forest products, is very low—less than two percent of the GDP on average during the 1990s [Cámara Forestal, 2000].

A large portion of the lowland forest has already been selectively logged, an activity that has become increasingly important since the 1970s. Four species, mahogany (*Swietenia macrophylla*), cedar (*cedrela sp.*), oak (*Amburana cearensis*), and ochoó (*Hura crepitans*) accounted for 60 percent of the timber produced between 1985 and 1994 [Quiroga and Salinas, 1996]. These species are now the least abundant, because unsustainable rates of extraction have threatened their natural regeneration. Both timber companies and local users have thus begun to exploit less valuable species, though their market conditions are far less attractive [Dauber et al., 1999].

Deforestation in Bolivia has been relatively low compared to other forested countries of the region, though forest clearing has increased rapidly, particularly during the last two decades. Deforestation was estimated at about 80 thousand ha/year nationally in the early 1980s, increasing to 250,000 ha/year (0.4 percent year) from the mid-1980s to 1992/94 [Steininger et al., 2000]. Most of this increase resulted from the expansion of large-scale mechanized agriculture for the production of soybeans, currently one of Bolivia's main exports, and to a lesser degree from cattle ranching and small farmers shifting cultivation [Pacheco, 1998].

Increasing forest depletion, as well as a general rise in environmental consciousness, has led the Bolivian government to promote land-use planning and expand its protected areas. In the late 1990s, the three departments covering most of the Bolivian lowlands formulated a land use plan, and several land use planning exercises are underway at the municipal level. The central government's original goal in promoting such plans was to identify areas for conservation,

forests for timber production and, in particular, areas for potential agricultural expansion. Nevertheless, the plans are not often taken into account in development initiatives.

The portion of the country incorporated into the national system of protected areas has become quite significant since the mid-1980s. By the late 1990s, 17 percent of the country's total area was assigned some form of protected status, although the legal designation of 1.9 million hectares of this land had not yet been specified, and only a small fraction of the total had in practice been effectively protected [World Bank, 2000a]. Resources from international donors are crucial to maintaining the areas prioritized for conservation under management plans.

In the mid-1990s, lowland Bolivia had approximately two million inhabitants, of whom 800,000 lived in rural areas, implying an average rural population density of only slightly more than one person per square kilometer. Of these, between 180,000 and 200,000 were indigenous people, and approximately 500,000 to 600,000 people are concentrated in the agricultural colonization areas of the plains near the city of Santa Cruz or in the *Yungas* region of Cochabamba and La Paz [Muñoz, 1996].

Lowland Bolivia is a very heterogeneous region in terms of existing land tenure systems, ranging from indigenous communal systems to private property regimes, and in terms of its population. Rural actors include indigenous people, small-farmer colonists with both communal and individual land tenure systems, and a diverse group of small-scale timber extractors, as well as collectors of non-timber forest products, particularly Brazil nuts (*Bertholletia excelsa*) and palm heart (*Euterpe precatoria*). There are also large and medium landholders and cattle ranchers, as well as forest concessionaries who mainly reside in the region's main towns or cities.

It is unclear how much land is held by each of these groups, though in government redistribution programs, which gave away some 30 million of the region's 76 million hectares, about 23 million hectares went to medium and large commercial farms and ranchers, and 3 million to small-scale agricultural colonists. By 2001, a total of 5.3 million hectares of state public forest had been granted as forest concessions to logging companies, and approximately 2 million hectares had been claimed as municipal forest reserves, but only 430,000 hectares granted as concessions to small-scale loggers within municipal forest reserves had management plans [SF, 2003].

Furthermore, indigenous people have claimed a total area of 22.3 million hectares to be recognized as indigenous territories (*Tierras Comunitarias de Origen*, TCO) from which about five million hectares are suitable for logging [Stocks, 1999]. By the late 1990s, only three million hectares had been titled as TCO [Martinez, 2001].

The Move Towards Decentralization

Since the mid-1980s, the Bolivian government has been implementing a structural adjustment program, entailing an aggressive process of both external and internal market liberalization and the reduction of public spending by cutting, among other things, investment projects and productive sector subsidies [World Bank, 1994]. In the early 1990s, a 'second generation' of reforms aimed to drastically shrink the state apparatus and promote private investment. The

government privatized state-owned companies and decentralized the state administrative system to achieve the first goal. The second required modifying a set of legal instruments regulating the country's strategic economic sectors, including forestry [*Bolivian Government, 2000*].

Decentralization, therefore, was part of a larger package of reforms¹. The cornerstone of these reforms was to attack poverty on the assumption that higher social investment at the local level and, in particular, the creation of conditions enabling economic growth might help the population overcome its precarious living conditions. This discourse of development was not made explicit until the late 1990s [*World Bank, 2000b*].

The most important step towards the administrative decentralization of the state was taken with the approval of the Popular Participation Law (*Ley de Participación Popular, LPP*) in 1994. This law initiated a top-down process to transfer responsibilities to municipal governments—the country's smallest administrative unit—and to enhance institutional mechanisms for grassroots participation in both public investment planning and the monitoring of public expenditures.

Key provisions of the LPP expanded the municipal government's jurisdiction beyond the urban centers to their entire territory, and made municipalities responsible for local schools, health facilities, roads and water systems. To finance these new responsibilities, the law requires that the central government allocate 20 percent of its annual budget to the municipalities in proportion to their population. Furthermore, the administration of rural and urban property taxes was transferred to municipal governments, which now collect them and decide where to invest those revenues.

The LPP was intended to go beyond a simple change in the country's administrative system, because it was also designed to address pressing social and economic problems by attempting to revert a chronic lack of investment in social infrastructure, and the marginality of rural populations from decisions about public investment [*Pérez and Baldivia, 1997*]. The way the LPP proposed to achieve such aims was to redistribute national resources in a more egalitarian manner according to the rule of one *boliviano* (national currency) for each Bolivian [*Centellas, 2000*].

The LPP approval entailed a dramatic change with respect to the pre-LPP reality. Previously, nearly 92 percent of national spending went to three cities—La Paz, Santa Cruz, and Cochabamba—with most of the remainder flowing to the other six departmental capitals. Hence, social investment in rural areas was very low and was not a priority except for a few specific projects [*Rojas, 1996; Centellas, 2000*].

The Administrative Decentralization Law was passed one year later. It abolished the previously existing regional development corporations², and transferred their functions and most of their

¹ This reform package included the *Ley de Reforma Educativa* (Law of Educational Reform), *Ley de Capitalización* (Law of Capitalization), *Ley de Pensiones* (Law of Pensions), and the *Ley de Reforma Administrativa* (Law of Administrative Reform), all of which were passed in the first half of the 1990s.

² The Development Corporations were set up in the 1970s. Their main functions were to plan and implement development projects for both urban and rural areas. The corporations' income came mostly from petroleum, gas, mineral, and timber royalties, and a portion from the national treasury.

assets to the prefectures (departmental governments), which would then become more involved in technical issues, in addition to their traditional role of maintaining public order. This law also created councils to oversee the prefects, elected by the municipal councils from each province [Urioste, 2001]. It did not change the fact that governors are still nominated by the central government.

In 1996, both forest and agrarian laws were reformed³. These two laws dramatically changed the way public forest and land are allocated and their use monitored. The forestry law creates a new monitoring and enforcement system, along with market-oriented regulations and taxes intended to make unsustainable forestry operations unattractive⁴. The main purpose of the agrarian law is to clarify land ownership rights through a process of title regularization (*saneamiento*), new titling and the consolidation of the rural property cadastre. The agrarian law has merged the rights over the land and forest, and since its approval, social, economic and ecological considerations constitute legitimate ways to justify land ownership⁵.

The new Forestry Law has also dramatically changed the way forest resources are managed by creating a new set of regulations for forest management and clear cutting. It is worth mentioning that it was also aimed at democratizing access to forest resources by recognizing private landholders' and indigenous peoples' forest rights. Furthermore, it allocated a portion of public forest to municipalities as municipal forest reserves. These areas must be granted as forest concessions to small-scale loggers. Previously, these groups of loggers had no formal access to forest resources and were forced to operate illegally within areas granted as forest concessions [Kraljevic, 1996; Pacheco and Kaimowitz, 1998].

The Forestry Law transferred a number of powers to prefectures and municipalities. Prefectures' responsibilities include implementing forestry research and extension programs and forest conservation at the departmental level, as well as developing programs for strengthening municipal institutional capacity in the forestry sector. Municipal governments' new responsibilities include monitoring logging activities and inspecting raw material supply and processing programs. They are also in charge of delimiting municipal reserves to be assigned as community concessions for local forest users in up to 20 percent of the total public forest within their jurisdiction. In order for local forest users to gain access to municipal reserves, they must fulfill several requirements to be recognized as a 'local social association' (*Asociación Social del Lugar*, ASL) by the Ministry of Sustainable Development and Planning (*Ministerio de Desarrollo Sostenible y Planificación*, MDSP)⁶.

³ That was done through the approval by Congress of the new Forestry Law (*Ley Forestal*, No. 1700), in July 1996, followed by its implementing regulations some months later, and the National Service of Agrarian Reform Law (*Ley del Servicio Nacional de Reforma Agraria*, known as INRA law, No. 1715), in October 1996.

⁴ Forest logging fees are equivalent to US\$1 per hectare/year. Forest concessions were originally mandated to pay for the concessions' total area, indigenous people and private landholders to pay only for the total area to be annually logged. Clear cutting fees are equivalent to US\$ 15, plus 15 percent of the estimated value of the timber from the cleared area (cf. Forestry Law, No 1700, Art. 37).

⁵ This has implied a drastic shift in agrarian ideology from the old concept "land for those who work it" to a new one in which conservation is also legitimate for ownership. The reality, however, is a bit different.

⁶ The requisites for small-scale loggers to create an ASL are as follow: 1) their members have to reside in the same municipality where they are claiming forest concessions, 2) the organization should be in existence for at least five years, and 3) a minimum of 20 people must be affiliated (cf. DS 24453, Título I).

In order to carry out their new functions, municipal governments are expected to create municipal forestry units (*Unidades Forestales Municipales*, UFM). The law also allows municipalities to form consortiums with other municipalities to create such units. The UFM are accountable to the municipalities, but they have to comply with the orientations and guidelines defined by the Forestry Superintendence (*Superintendencia Forestal*, SF), which is the national entity, under the MDSP, in charge of implementing the new forestry regime. The SF is the primary entity responsible for allocating concessions and forest permits, authorizing and monitoring forest management plans, collecting forest taxes and controlling illegal logging and forestry crime. This institutional system, in theory, should be entirely financed with the revenues coming from both forest extraction and clear cutting fees⁷. It is worth mentioning that municipalities have not received any specific responsibilities related to promoting forest initiatives within indigenous territories.

Under the new regulatory framework, as mentioned earlier, indigenous people have exclusive rights to use the forest resources within their territories; and private property owners have acquired rights over the forest resources on their lands. The state still reserves the right to allocate public forests through a system of long-term forest concessions to private companies, in addition to approving applications as requested by the ASLs. In practice, the definition and enforcement of these rights, such as the titling of indigenous territories and the creation of municipal forest reserves, depends on a long and bureaucratic process of title regularization over which municipal governments have little influence [Contreras and Vargas, 2001; Pacheco, 2000]. Since 2002, municipalities have begun to participate in land titling issues mainly by prioritizing the areas in which the agrarian reform agency has a title regularization process underway.

The forest actors mentioned above are all required to formulate and implement forest management plans as a requisite to extracting timber or non-timber forest products. Land use plans at the farm level are also required for farmers to obtain clear-cutting permits. The SF is the entity responsible for approving those management plans. The supervision of such plans is in the hands of the SF, though as was mentioned earlier, forest-monitoring activities should be implemented in coordination with the UFM. Forestry regulations also prohibit the use of chainsaws for logging.

In summary, the transfer of powers to municipal governments has been a gradual process that has progressively incorporated forest management responsibilities. Key decisions about *who* has the right to access to forest resources and regulations for forest resources use have been retained at the central level. Forest monitoring and promotion of local forest management initiatives are shared with the municipal governments. The departmental governments have become responsible for forestry research and extension systems, and should develop programs to strengthen the institutional capacity of the municipal governments.

⁷ Prefectures receive 35 percent of concession fees and 25 percent of the fees charged for clear cutting operations. Municipal governments receive 25 percent of both types of fees. The FONABOSQUE—the entity in charge of funding sustainable forest management projects—receives 10 percent of the concession fees and 50 percent of the clear cutting fees. The SF gets 30 percent of the concession fees (cf. Forestry Law, No. 1700, Art. 38).

There is an apparent paradox in the way the Bolivian model was formulated and implemented. On the one hand, since the popular participation law was launched there is an ongoing process aimed at strengthening the political role of municipal government and promoting broad social participation in the local arena. On the other hand, only limited powers and responsibilities are transferred to the municipal level regarding forest management, and municipal governments have little voice in decisions regarding who has access to resources, and the rules for resource use.

Municipal Governments and Local Actors

Decentralization has reshaped the nature of power relations at the local level. Before 1985, mayors were appointed by the central government, and municipalities had very few financial resources. In 1985 a new municipalities law was approved. It established the election of municipal governments, though there were no other mechanisms in place to guarantee these leaders' downward accountability to the population. Thus, mayors were primarily accountable to their political parties.

Municipal governments were restricted to making decisions about a limited range of urban services, since their jurisdiction was only urban. Mayors themselves had little influence on local politics, which were dominated by non-resident landholders, along with merchants, professionals, ranchers and sawmill operators. Traditional organizations for both small farmers and indigenous peoples, which were important at the community level, had little influence in the municipal arena because their main interlocutors were rooted at the departmental and national levels, respectively.

In 1994, the LPP strengthened municipal governments, made them more democratic and expanded their jurisdictions. Rural populations gained the right to participate in municipal elections and to run for election to the Municipal Council for a five-year period. Nevertheless, national political parties still mediate all individual candidates. This mechanism allows political parties to maintain their control over local political agendas, and to reproduce a system of political patronage.

Municipal councils are responsible for appointing mayors among their elected members, which is done, in practice, through political alliances negotiated by political parties at the national level. They may also remove mayors through the so-called 'constructive censure' that every year makes it possible for municipal councils to vote out mayors for poor performance. This system still continues in place in spite of an intense debate in Bolivia about the perverse effects it may produce.

The law has also sought to introduce community control over municipal governments by recognizing local social organizations (i.e., farmer organizations, neighborhood committees, and indigenous groups) as territorially based grassroots organizations (*Organización Territorial de Base*, OTB). These are permitted to influence municipal investment decisions through a participatory planning process conducted by the municipalities that should result in the formulation of a medium-term Municipal Development Plan. Each year, the municipalities have to develop a participatory operational plan. Furthermore, local organizations are allowed to constitute a community-based vigilance committee in each municipality, which oversees

municipal financial management and can request Congress to ‘freeze’ a municipal account if there are suspicions of fraud or severe mismanagement.

Although the mechanisms described above constitute innovative ways to allow citizens and communities to hold municipal governments accountable [*World Bank, 2000c*], in practice they are not what they seem for at least two reasons. First, the ‘constructive vote’ does not necessarily reflect whether it was a ‘bad’ or ‘good’ administration, but rather the political intentions of the councilors. The latter has led to an indiscriminate replacement of mayors [*Rojas, 1998*]. Second, even though the given mechanisms are intended to democratize public investment decision-making, the planning process has not been particularly participatory. Moreover, the formulation of these plans depends on external expertise, and they are rarely implemented fully. Furthermore, the vigilance committees do not always work in practice, and when they do, their composition is usually biased in favor of urban residents, or they have been co-opted by the locally hegemonic political parties [*Urioste, 2001*].

On the other hand, small farmers and indigenous people have been elected to office for the first time in many lowland municipalities. In those cases, municipal governments have politically supported local actors’ claims for resource access⁸: by indigenous groups to reinforce their land claims, by small-scale loggers to negotiate temporary logging authorizations, and by small farmers’ to modify land use and forest regulations. This has also occurred in areas where these groups have strong organizations with capacity to influence municipal decisions or where they represent the majority of voters. In these cases, municipal governments may amplify the social actors’ demands.

In other cases, transferring responsibilities and resources to municipalities has led to the reinforcement of pre-existing local elites, particularly in northern Bolivia, where cattle ranchers are highly influential in local politics. Those local elites have, in some cases, influenced municipal governments to build local alliances against indigenous land claims [*Kaimowitz et al., 1999*].

The political mediations that political parties introduce at the municipal level have often led to distortions in local political representation. This factor impedes indigenous and peasant leaders from running in municipal elections, or forces them to negotiate with national political parties at the risk of losing their ties with the social groups from which they emerged. The politicization of oversight committees and their co-optation by political parties constitutes an associated phenomenon.

⁸ Three main exceptional regimes have been approved by the SF: 1) one allowed logging in private properties of 200 ha or less; this regime lasted longer than expected and was extended until August, 1998; 2) another allowed small farmers to log timber in areas under three hectares without the presentation of a farm-level land use plan; and 3) the last one permitted local forest user groups (organized in *Asociaciones Sociales del Lugar*, ASLs) to initiate their forestry operations without having had their Forest Management Plans formulated and approved, and, further, without having had their forest concessions formally allocated within the municipal forest reserves (Pacheco 2000, Contreras and Vargas 2001).

Municipal Governments and Forest Management

Although it is hard to generalize, the findings suggest that decentralization has changed national public investment patterns, particularly in the sectors of education, water management and sanitation, health and transport. Faguet [2001] argues that municipal investment might now be reflecting real local needs. Yet evidence also suggests that this investment may be disproportionately oriented towards the urban centers, thus largely discriminating against rural populations [Vargas, 1998]. In that context, municipal governments have neglected natural resource-related projects, except for a few dispersed initiatives to maintain tree nurseries and support occasional agroforestry activities in rural communities [Pacheco and Kaimowitz, 1998]. Municipalities have little interest in spending resources on land use planning or conservation.

Nevertheless, resources spent on the forestry sector have sharply increased in relation to the past, mainly because of the portion of forest taxes that 109 municipalities with forest resources began to receive since 1997. In 1998, municipalities were benefited with over US\$2 million, but that amount decreased to half during the next year, and in 2001 the SF transferred only US\$460 000 to the municipalities. This drastic reduction in four years is because most forest concessionaries have not been paying their taxes. In March 2003, a government decree was issued stating that the companies with forest concessions no longer have to pay for the total concession area but rather for the area annually logged. This measure will, therefore, consolidate the reduction of municipal income from concessions.

In addition, the distribution of these resources is quite uneven, with half of them going to only 13 municipalities. By 2002, most municipalities in the lowlands had created their UFM, even though a large proportion had to fully allocate the financial resources from concessions to support these units, due to the limited funding they receive for this purpose. The limited budgets of these units make it difficult for them to operate with little more than basic personnel and equipment [de Urioste, 2000; Pacheco, 2000]. Furthermore, municipal governments are unwilling to budget their own resources to support the UFM's operational costs. And the municipalities that receive the larger proportion of resources from forest taxes tend to spend those resources on other sectors besides forestry [Flores and Rider, 2000; de Urioste, 2000].

In practice, there are few municipalities able to implement all the responsibilities they have received. This is because their investment priorities lie in other sectors, and because of the lack of financial resources. The municipalities most interested in building some technical capacities in forestry were those receiving the largest proportion of resources from forest fees, reflecting the importance of forestry in their local economies. Other factors influencing the establishment of UFM were the political will of mayors, the existence of forestry projects, and social pressures to set up these units [Pacheco and Kaimowitz, 1998].

The UFM have spent most of their efforts and resources on delimiting the municipal forest reserves and establishing agreements with groups of small-scale loggers on how forest concessions should be allocated. Furthermore, they have had to carry out inspections in those areas in order to avoid encroachment from illegal loggers. Nevertheless, the process of creating municipal forest reserves has been slow and bureaucratic. By March of 2000, 16 municipalities had requested a total of 2.4 million hectares to be declared as municipal reserves by the MDSP.

Two years later, in 2002 the MDSP had only declared 681,315 hectares as municipal forest reserves [Pacheco, 2003]. In the same year, the SF had approved forest management plans for a total area of 430,000 hectares favoring 16 local forest user groups [SF, 2003]. The ASLs produced about 16,000 m³ of timber in 1999, representing five percent of the country's legal production of timber [Contreras and Vargas, 2000].

The challenge for the municipalities that have been able to allocate concessions for local forest users within their municipal forest reserves has been to find some way to support the ASLs in developing their logging operations (i.e., forestry inventories, forest management plans, organizational support). The UFM, in general, have been unable to meet such demands without the support of one of several forestry projects that have begun to collaborate with municipalities. Nevertheless, a few municipalities have oriented resources to the support of ASL operations through road improvements to facilitate access to their forest areas.

The UFM's response to controlling illegal logging has been ambivalent. On the one hand, the units intervene to monitor logging when there is pressure from the SF to do so, rather than on their own initiative. The UFM have been more active in patrolling the municipal forest reserves as a way to avoid illegal extraction of forest resources. On the other hand, UFM tend to collaborate with the SF in inspections aimed at controlling the forestry operations of absentee forest concessionaires more than those of producers residing in the area.

The UFM are much more active in monitoring and penalizing illegal clear cutting, because the municipalities receive a portion of the fines imposed on producers who clear cut without authorization. The municipalities, however, have not established systems for monitoring forest clearing, and their attention is most often drawn to illegal clearing as a result of specific denouncements from citizens [Kaimowitz et al., 1999].

Implications For People And Forests

It is difficult to separate the implications of the decentralization process itself from the effects of the other policy reforms that were undertaken along with it. Furthermore, the overall process of popular participation and decentralization has some effects that are indirect but have decisive importance in shaping outcomes. For example, even though both popular participation and decentralization have opened opportunities for groups previously marginalized from access and benefit from forest resources, forestry regulations have discriminated against small-scale farmers and loggers and limited their ability to take full advantage of such opportunities.

The direct effects of decentralization are as follows: the municipalities have begun to receive resources from forestry fees; they have gained rights to manage a portion of public forests as municipal forest reserves; and some small-scale loggers can make legitimate use of such resources through a system of forest concessions as well as obtain some technical assistance from the technical units created within the municipalities with forest resources. Furthermore, municipalities have become active players in issues related to forest management and the control of forest crime, and there are an increasing number of initiatives to develop agroforestry projects, fire control and environmental education programs, among others. The next paragraphs will discuss the indirect and direct implications enumerated here.

To some extent, decentralization has created new opportunities for indigenous people, small farmers, and small-scale timber producers by increasing their bargaining power with other social actors. But most pre-existing local elites have not lost their power, and a large number of forested municipalities are still dominated by local merchants, professionals, ranchers, and sawmill operators. Strengthening municipal governments has reinforced these groups as well. However, they are under increasing pressure to acknowledge the presence of and negotiate with groups that have been previously marginalized. In any case, the complexity of the power dynamics in these relationships makes it difficult to generalize [*Pacheco and Kaimowitz, 1998*].

Indigenous groups have obtained lands in common property, and as was mentioned earlier, have exclusive rights to use and manage the forest resources within their territories. Land regularization, however, has become a long and bureaucratic process, and only a yet-unknown portion of the claimed land will likely be titled as indigenous territory. Municipal governments have had an ambiguous position regarding indigenous territories. In some cases, they have been supportive of indigenous demands, mainly when indigenous groups are an important actor in the municipality and have gained some political representation within the local government. In the cases where local elites are hegemonic, they have resisted the creation of indigenous territories within their jurisdictions [*Pacheco and Kaimowitz, 1998*].

A large group of small-scale loggers have had difficulties in exploiting timber, and along with indigenous people have been compelled to adjust their management practices to standards determined as part of the new forestry regulations (i.e., rotation cycles and cut diameters, among others). These groups also lack managerial skills to undertake post-harvest operations, and the chainsaw use prohibition has limited their options for using forest resources. Where these loggers have been able to influence the municipal governments, the latter's intervention has been key to creating a political platform to support demands to accelerate the municipal reserve creation and services provision process.

Small-scale farmers have been affected by the regulations governing clear cutting and logging on their plots, because an unknown proportion have been unable to meet the conditions for formulating farm-level land use plans. The main obstacle has been the lack of land titles and the costs of title regularization. There have also been cases where small farmers have used clear-cutting authorizations to justify logging, because the cost of formulating land use plans was lower than the cost of designing forest management plans. In general, the actions intended to control illegal logging have made life difficult for small farmers and small-scale loggers [*Pacheco, 2000*]. But the UFM's have rarely intervened.

The allocation of up to 20 percent of public forests for local community groups recognized as ASLs potentially represents an important opportunity for groups of small-scale loggers to exploit forest resources legally. Yet the process of delimitation and allocation has been extremely centralized in the MDSP. To date, there is no quick and easy mechanism allowing municipalities to delimit those reserves, because the process largely depends on land rights regularization by the National Agrarian Reform Institute (*Instituto Nacional de Reforma Agraria, INRA*). In some municipalities, the areas chosen as municipal reserves have overlapping conflicts with indigenous territories and other private property land claims [*Pacheco, 2000; 2003*].

Moreover, a large portion of ASLs lack the managerial and financial capacities necessary to develop their forestry operations efficiently. Even though the municipal forest units have gained direct control over a portion of timber royalties, these resources are not sufficient to support the social forestry initiatives within the municipalities' jurisdictions. This scheme, therefore, becomes highly dependent on technical and financial assistance from international cooperation, public projects and non-governmental organizations [Kaimowitz *et al.*, 1999]. Thus, it is not clear to what extent these groups' livelihoods have improved.

Although it is not a priority, some municipal governments are willing to spend resources on agroforestry projects to support demands from small farmers and indigenous communities. A few are also interested in developing environmental education programs, particularly those that have a portion of their territory in protected areas. In recent years, a few forest projects (such as the Forest Management Project BOLFOR) have developed a system of fire control initiatives involving municipalities.

The effects of decentralization on forest conservation are not yet known. It could be assumed, however, that if decentralization supports groups that manage forests better, then it should have positive effects on maintaining forest conditions. Thus, actions such as giving greater control over forest resources to indigenous people and facilitating access to forest resources for small-scale loggers could have some positive effects on forest conservation and improving these people's livelihoods. Nevertheless, those actions might not achieve their expected outcomes if such groups do not have the technical and financial capacities and incentives to build a competitive forest management system with clear rules for the distribution of economic benefits. Municipalities alone can do little to guarantee that this system will work.

Similarly, enforcing a system of regulations aimed at managing forest resources in a sustainable manner may have positive implications for forest conditions. Yet the standards these regulations impose are difficult for some of the local populations who depend on forest resources to implement. Also, the fact that forest regulations are hard to enforce makes it difficult to control forest crime in lowland Bolivia. Furthermore, the decentralized forest management model has largely emphasized the monitoring role of the UFMs within an institutional context of little collaboration among the different public entities, where there is low motivation for local authorities to sanction forest crimes, particularly if this means penalizing influential local actors.

Conclusions

The main lessons that emerge from the Bolivian case are that municipal governments are becoming more involved in forest-related activities, but that outcomes are diverse. Nevertheless, the Bolivian experience shows that strengthening the role of municipal governments in forest management can lead to greater social equity and perhaps to more sustainable resource use. It also shows that these outcomes are by no means assured. Decentralization has created new opportunities for indigenous people, small farmers and small-scale loggers, but these groups lack access to financial resources and markets that would allow them to take full advantage of those opportunities, and municipal government assistance in forest management has so far been quite limited.

The extent to which municipal governments have undertaken their responsibilities (facilitating local groups' access to and helping them benefit from forest resources, or implementing actions to control forest crime and penalize illegal logging or forest clearing) have mainly depended on local power relations, the degree to which local governments are accountable to their constituents and the degree to which the local economy depends on forest resources.

In other words, the type of activities the municipalities implement in practice depends on which social actors benefit from forest resource use, and how influential they are in local decision-making. But decisions also depend in important ways on how accountable the municipal authorities are to their constituents, and how willing they are to resolve disparate demands coming from diverse local groups, or to support them at higher levels of decision-making. Furthermore, authorities from municipalities where the local economy and, hence, people's livelihoods depend more extensively on forest resources will tend to privilege the forest sector in their agenda of priorities. In contrast, local governments are less willing to become involved in forest management, and to monitor illegal clearing, in cases in which local economies depend on activities supporting forest clearing.

It was mentioned that although municipalities receive a portfolio of responsibilities, they often prioritize the most locally relevant ones. The efficiency with which they implement such tasks depends on the attributes of the technical units (availability of financial and human resources with good technical skills and equipment to operate) and the political support local authorities give these technical units. Many of the decisions the UFM's should make are political rather than technical, but, in practice, they do not have the legal authority to make political decisions. Therefore, the little discretionary power that municipal governments hold over political decisions regarding forest resources has limited the impact of the UFM's, mostly on issues regarding access to and use of forest resources.

Some of the municipalities have been able to negotiate financial resources from external sources to support their forest programs, but in most cases the forestry projects and NGOs working closely with municipalities have tended to replace, rather than complement or reinforce, the UFM's role, particularly regarding the provision of technical assistance to local forest users. Though this may have increased short-term results, the way in which technical assistance is being developed tends to create a strong dependence on projects and international donors in the long term. This could be overcome through actions that strengthen the creation and consolidation of municipal consortiums. Those initiatives are still in their infancy.

The main lesson from the Bolivian case is that the model implemented had the embedded notion that all municipalities were somewhat homogeneous, and that the reality of forests and actors was reasonably uniform. Thus, the instruments that have been proposed for promoting forest conservation and improving local livelihoods at the same time do not work properly when faced with local realities that are more complex. In this light, it is important to advance toward a real democratic decentralization, but acknowledging the lack of homogeneity, as well as understanding that local systems of forest resource governance are not completely embedded within municipal governance systems.

This means that not all responsibilities should be transferred equally to every municipality, and that a better system of checks and balances, involving the whole public system (both vertically and horizontally), must be implemented to ensure greater transparency and accountability in decision-making. At the same time, local actors require greater scope for establishing forest resource use contracts and agreements, as well as for municipalities to intervene in decisions about forest resource allocation. There should also be greater flexibility in the design of mechanisms of service provision to local populations that account for different economies of scale and differentiated social group preferences.

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