

*De la Solidaridad a la Dignidad:  
Grassroots Participation and Bolivia's Universal Social Pension Scheme*

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## TABLE OF CONTENTS

### CHAPTER ONE: INTRODUCTION

1.1 Introduction.....	1
1.2 Central Hypothesis.....	3
1.3 Relevance.....	5
1.4 Justification.....	6
1.5 Methodology and Structure.....	7

### CHAPTER TWO: SOCIAL POLICY ANTECEDENTS

2.1 The Emergence of Social Policy in Latin America.....	9
2.2 What the 'Lost Decade' meant for Social Policy in Latin America.....	11
2.3 Internal and External Responses to the 'Lost Decade'.....	13

### CHAPTER THREE: THE NEW SOCIAL POLICY

3.1 Participation, Empowerment and the New Social Policy.....	16
3.2 The Dominant Models of the New Social Policy in Practise.....	20

### CHAPTER FOUR: EARLY GRASSROOTS PARTICIPATION

4.1 The Introduction of the Bolivian Universal Social Pension Scheme.....	24
4.2 Popular Participation?.....	26
4.3 Laying the Foundations.....	29

### CHAPTER FIVE: DE LA SOLIDARIDAD A LA DIGNIDAD

5.1 Coordination at the Grassroots Level.....	31
5.2 Expanding the Opportunities for Participation and Empowerment.....	33
5.3 De la Solidaridad a la Dignidad.....	35
5.4 The Catalysts for Change.....	39

### CHAPTER SIX: SUMMARY AND CONCLUSIONS

6.1 Summary and Conclusions.....	43
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BIBLIOGRAPHY.....	46
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## ABBREVIATIONS

ANAMBO	<i>Asociación Nacional del Adulto Mayor de Bolivia</i> (National Association of Elderly Bolivians)
AOP	Annual Operating Plan
CCT	Conditional Cash Transfer
COSL	<i>Centro de Orientación Sociolegal de La Paz y El Alto</i> (La Paz y El Alto Sociolegal Guidance Centre)
FCC	<i>Fondo de Capitalización Colectiva</i> (Collective Capitalisation Fund)
IDH	<i>Impuesto Directo a los Hidrocarburos</i> (Direct Hydrocarbons Tax)
IMF	International Monetary Fund
ISI	Import Substitution Industrialisation
LPP	<i>Ley de Participación Popular</i> (Popular Participation Law)
LRD	<i>La Renta Dignidad</i> (Dignity Pension)
MAS	<i>Movimiento al Socialismo</i> (Movement towards Socialism)
MDG	Millennium Development Goal
NGO	Non-Governmental Organisation
PRSP	Poverty Reduction Strategy Papers
UNDP	United Nations Development Programme

## ABSTRACT

Introduced by a neoliberal reformist government and expanded by the incumbent developmentalist administration, the uniqueness of Bolivia's universal social pension scheme goes beyond its domestic political architecture and implementation. This social policy measure challenges the dominant model of conditional cash transfers (CCTs) that has recently prevailed throughout Latin America, in addition to contradicting the recommendations of many international financial and development institutions who have favoured targeted social assistance as a means to address poverty and inequality in middle and low-income countries.

This paper seeks to understand what has sustained this controversial social security measure for over a decade. In doing so, it concludes that grassroots' pressure and popular participation have played an influential role in the evolution and perpetuation of Bolivia's universal social pension scheme. This development could have interesting implications for the formulation of future social policy in the region and may possibly provide credence to a more participatory approach to social policy-making as opposed to the traditional top-down and clientelistic models of recent decades.

## CHAPTER ONE

### INTRODUCTION

#### **1.1 Introduction**

The neoliberal economic policies that were implemented in Bolivia during the latter part of the 1980s led to a difficult period of adjustment for many Bolivians, of which elderly citizens constituted a particularly vulnerable group. In an effort to balance soaring fiscal deficits, social spending was reigned in by the neoliberal reformist government, to the extent that state-sponsored safety nets were virtually non-existent. The persistence of high informality in the labour force and a shift to defined contribution pension schemes also precluded many workers approaching retirement age from any sort of formal pension scheme to provide for their needs in old-age. Thus when the *Bono Solidario* or Bonosol, a non-contributory social pension benefit, was introduced by the administration of Gonzalo Sánchez de Lozada in 1997 it was welcomed by many elderly Bolivians who, in the absence of a pension or personal savings, faced an old age characterised by impoverishment, marginalisation and indignity.

The Bonosol was funded by the proceeds gained from the privatisation of state enterprises and paid out from the Collective Capitalisation Fund (*Fondo de Capitalización Colectiva*, FCC), a move that was viewed by many as a 'sweetener' to the destabilising effects of the macroeconomic reforms (Crabtree, 2009). Both within Bolivia's borders and further afield the Bonosol caused controversy from the outset. Although it allowed for the transfer of state resources to elderly Bolivians in the form of an annual payment, its promulgation under the cloak of privatisation raised

concerns in Bolivia that the country was undermining its future capacity to generate revenue for its social and economic development. The lack of consultation with grassroots organisations also led to certain shortcomings with the scheme.

Social policy experts also questioned the financial sustainability and effectiveness of the universal nature of the social policy measure, arguing that means-tested social assistance programmes or conditional cash-transfers (CCTs) would be more beneficial for the most indigent sectors of society and a state encumbered by fiscal deficits (Leach, 1998: 3). Issues surrounding its financial viability would remain at the forefront of the controversy surrounding the Bonosol throughout its highly politicised lifespan.

The beginning of the 21<sup>st</sup> century in Bolivia witnessed growing scenes of political turmoil and unrest, with many governments facing a crisis of legitimacy due to poor state-society relations. The rise of the Movimiento al Socialismo (MAS) political party culminated in the December 2005 election of Bolivia's first indigenous president, Evo Morales, whose developmentalist administration inherited the Bonosol scheme in a state of financial disarray. Sources of funding from the FCC were exhausted leading to doubts over whether the Bonosol would be continued.

This provoked a strong response from civil society representatives and elderly groups who were concerned at the possibility of losing this social benefit. Making use of newly-opened channels for political participation and representation, elderly citizens gathered together to lobby the government in an effort to ensure the continuation of the scheme. Civil society organisations also assisted representatives of elderly Bolivians, providing capacity-building training so that representatives could create a

coherent and widely supported platform from which they were able to place demands directly on the MAS administration and ensure the voices of ordinary citizens were heard.

Under pressure from elderly groups and civil society representatives the eventual response of the government was to discontinue the Bonosol and propose the introduction of a more generous and expansive universal social benefit to elderly Bolivians entitled “La Renta Dignidad”, [LRD, (Dignity Pension)]. The benefit is currently funded by the proceeds from the recent nationalisation of the hydrocarbons industry or the Direct Hydrocarbons Tax (*Impuesto Directo a los Hidrocarburos*, IDH). However this entailed a cut in revenues received by the various departments, municipalities and universities, a move that unsurprisingly caused widespread anger and resistance amongst these groups. Despite these vicissitudes however La Renta Dignidad was controversially passed into law in late 2007 and so began a new chapter in Bolivia’s universal pension scheme.

## **1.2 Central Hypothesis**

Since its inception in 1997 Bolivia’s universal pension scheme has endured a turbulent history and questions surrounding its financial sustainability, its effectiveness as a social policy measure and questions of ownership have been commonplace. How it has survived under the stewardship of both neoliberal reformist and developmentalist administrations and the wider profound social and political restructuring that Bolivia has undergone in recent times is an intriguing development that warrants further exploration.

Consequently, an attempt to understand what has sustained this universal social pension benefit forms the main impetus behind this research paper. The genesis and continuation of the scheme has been attributed to a wide range of determinants including macroeconomic factors such as the adoption of neoliberal economic ideology or political and electoral considerations on behalf of its architects. There are also suggestions that it is simply an effective measure of state social assistance and that any attempts to downsize the scheme to means-tested target beneficiaries would induce a backlash from recipients who depend on it. These are important considerations and will be addressed throughout the paper.

However, as a result of extensive engagement with existing secondary literature and fieldwork undertaken in Bolivia, this research concludes that grassroots' pressure and popular participation have played a particularly influential role in the evolution and perpetuation of Bolivia's universal social pension scheme. Specifically, the research focuses on the crucial transition period from the discontinuation of the Bonosol to the introduction of the Renta Dignidad programme in 2007 and it will highlight how the demands exerted by elderly Bolivians and civil society representatives, through improved participation and representation, mass demonstrations and lobbying, have ensured that this social policy measure has been sustained.

### **1.3 Relevance**

Contemporary social policy design and implementation remains a highly topical issue in Latin America, particularly as many countries continue to steer themselves away from the predominant focus on macroeconomic policy that prevailed during the latter part of the twentieth century. The detrimental social effects that neoliberal economic policy had on many countries in the region has required that the state play a more active role in providing safety-nets and social assistance to their citizens (Kirby, 2009: 135). Coupled with the focus on poverty eradication and social development that emerged from international development institutions and the objectives of the Millennium Development Goals (MDGs), state social assistance remains at the forefront of policy-making in the region and a very visible and important part of state-society relations. (Barrientos et al, 2008: 759)

Furthermore, social policy in Latin America has typically been designed in a top-down manner and it has often formed the basis of clientelistic relationships between the state and its citizens. This situation has often resulted in even the most well-intentioned social benefit programmes failing, due to a lack of legitimacy and an inability to directly address the needs of target beneficiaries. In developing countries such as Bolivia, as the theory surrounding participatory development would suggest, consultation and involvement of target beneficiaries is an important aspect of designing effective social policy, particularly as the resources available to governments to conduct research and impact evaluations can be limited. Therefore if stakeholder participation and influence can be observed in the events that have sustained Bolivia's social pension benefit then this could reflect an example of a shift to a more participatory or bottom-up approach to social policy formulation.

## **1.4 Justification**

Most of the academic literature surrounding Bolivia's universal pension scheme has been influenced by wider regional social policy considerations such as the effectiveness of universal welfare programmes versus methods of targeted social assistance. Consequently much of the literature has concentrated predominantly on evaluating the design of the social pension benefit and its impacts on beneficiaries (Aponte et al, 2007; Burke, 2001). Yet despite the controversy surrounding the Bolivian universal social pension benefit there has been relatively little investigation into the processes and events that have influenced its evolution, as Katharina Müller highlighted in a recent article on the political economy of the Bonosol in the *International Journal of Social Welfare* (Müller, 2009). Consequently, by focusing on the political sociology behind the controversial genesis, development and continuation of Bolivia's non-contributory social pension scheme this paper seeks to add to a hitherto neglected area of research in the literature.

Finally, evidence of popular participation in Bolivia could provide important lessons for social policy-makers in the future - if grassroots organisation can be observed to be successfully partaking in the social policy formulation process then this could herald an introduction of social assistance programmes that more effectively address the needs of vulnerable and marginalised groups. Wider impacts could include the creation of social partnerships between state and non-state actors that could lay the foundations for future social and economic development and an improvement of state-society relations. Indeed, in countries such as Bolivia where democratic governance has struggled to embed itself following years of military dictatorships and elite political domination, evidence of political participation and representation could also signify a strengthening of accountable and responsive governmental institutions.

## 1.5 Methodology and Structure

This paper will make extensive use of the existing literature on Latin American social policy with a view to providing a pertinent context in which to base the research. Secondary sources will be consulted to highlight and reflect upon the predominant means of state social assistance throughout the twentieth century in Latin America. Reference will also be made to the effects that macroeconomic restructuring had on the region and especially the impacts that neoliberal reforms had on social policy design and visibility. This exercise will represent the main thrust of the second chapter.

Having established a pertinent context to the research, chapter three will then review the current debates in the literature surrounding methods of participatory development as this will be useful when it comes to analysing the impact of non-state actors in the evolution of Bolivia's social pension scheme later in the paper. Chapter three will also make reference to the New Social Policy that emerged in the wake of the neoliberal economic restructuring in Latin America and the chapter will close by casting an eye over the predominantly means-tested social assistance schemes that consequently emerged in Latin America with the objective of highlighting the uniqueness of Bolivia's universal social pension scheme in this period.

Chapter four will analyse the period in which the Bonosol was implemented in Bolivia and review the early opportunities available to civil society and grassroots organisations to participate in national and local policy formulation in this period. This chapter will therefore review the impact of the *Ley de Participación Popular* (Popular Participation Law) on civil society in Bolivia and how it helped lay the foundations for future involvement of marginalised and poorly represented groups.

Chapter five will present the results of research carried out in Bolivia through interviews and complimentary secondary research. This section will detail the influence that civil society groups had on the evolution of Bolivia's universal pension scheme. In particular it will show how training assistance provided by civil society groups facilitated the emergence of cohesive elderly representative and interest groups that were ultimately able to lobby the government and make their voices heard in the policymaking process.

By way of conclusion chapter six will summarise the material presented in this paper and relate the results to the context of traditional social policy formulation in Latin America.

## CHAPTER TWO

### SOCIAL POLICY ANTECEDENTS

This chapter seeks to provide a context to social policy in Latin America so as to illustrate the uniqueness of recent developments in Bolivia. To do so the chapter will briefly trace the evolution of social policy in the region to show how social assistance measures in Latin America have typically been construed in a top-down and clientelistic manner. This section will also review the impact that neoliberal economic policy had on state social assistance in the late twentieth century and the internal and external responses to the detrimental social effects of neoliberal economic policy.

#### **2.1 The Emergence of Social Policy in Latin America**

The provision of social assistance by governments in Latin America has endured a chequered history throughout the twentieth century, with state welfare varying greatly in its design, reach, sustainability and ultimately, its effectiveness in addressing the needs of citizens. As early as the First World War, ‘pioneering’ states, particularly in the Southern Cone, began to extend social assistance to citizens. In the following decades Latin America saw a preoccupation with import-substitution industrialisation (ISI) models of economic growth and with growing employment opportunities many countries sought to develop social insurance provisions and employment protection (Barrientos et al, 2008: 760). Argentina, Chile and Uruguay were early examples of countries who introduced employment protection and social insurance schemes that targeted the growing and politically active labour force, particularly in urban areas.

Recognising the electoral benefit of conferring welfare assistance to citizens, aspiring political leaders during this period, such as Juan Peron in Argentina, closely aligned themselves with labour groups that were swelling Latin America's urban centres. Notwithstanding the political rewards, social and economic development considerations also fired aspirations to provide universal access to education and healthcare amongst many developmentalist states in Latin America. However, those outside the formal employment sector were often neglected and a focus on male breadwinners and urban workers meant that rural workers and women were often excluded from these early social protection measures (ibid.: 760).

Under the leadership of democratic developmentalist states in the 1950s and 1960s Latin America achieved decent progress in relation to educational achievement and health indicators. However the ISI model of growth was experiencing stagnation as governments were unable to generate enough revenue from inward-looking development production to fund their reliance on external capital and imports. Generous subsidies and protection of domestic industries also contributed to soaring fiscal deficits in many cases. This situation forced governments to borrow from abroad so that they could sustain both the ISI model of growth and associated social benefits, but increasing indebtedness led to disillusionment amongst many sectors of society. Seizing upon the opportunity, military personnel engineered takeovers of state institutions to the extent that most of Latin America was under military rule by the 1970s.

Unsurprisingly, state preoccupation with social policy under military administrations was greatly undermined as state-society relations were more concerned with repression than social assistance. However the military dictatorships proved no more

fiscally astute, and with a sea of petrodollars flooding international capital markets these administrations continued to borrow excessively from abroad amid declining income from domestic economic output. Most countries were ultimately unable to pay off these loans and the region faced a debt crisis in the 1980s which resulted in a series of extensive economic and social policy reforms throughout the continent.

## **2.2 What the ‘Lost Decade’ meant for Social Policy in Latin America**

In response to the soaring fiscal deficits and hyper-inflation that plagued many Latin American countries a series of macroeconomic structural adjustment policies were prescribed for Latin American governments to implement. The promise of financial bail-outs by the International Monetary Fund (IMF) was made contingent on the implementation of these policies by governments throughout the region (Naím, 2000: 92). Known also as the Washington Consensus reforms they were designed and formulated by neoliberal economists abroad whose professed goal was to reduce the expenditure of the state and balance the books. However the ‘encouragement’ by Washington for governments to adopt policies of trade liberalisation, privatisation of state enterprises and an opening of domestic markets led to questions been raised about whose interests these policies were truly benefiting. More pertinently, the preoccupation of neoliberal reformist governments with fiscal expenditure led to severe cutbacks in social spending which was subordinated to the chief policy goal of economic recovery. However in countries such as Bolivia the structural adjustment policies that were implemented did not achieve economic growth as envisaged, and without the availability of social safety nets many citizens fell into abject poverty.

Indeed the post-adjustment recession that Bolivia endured had very detrimental social impacts on the country. The GDP per capita fell every year from 1986 until 1989 and

unemployment rose due to the downsizing of large employers such as state mining companies and the public sector service. Those who were lucky enough to retain employment faced a depreciation in their wages - the hyperinflation in 1985 led to the real urban minimum wage being cut by 60%. Rates of poverty and income distribution also worsened in the period after the implementation of the Washington Consensus reforms, with levels of urban poverty and the Gini coefficient measurement of inequality both rising between 1986 and 1989 (Morley, 1995: 181/2). Thus at a time when state social assistance was desperately needed by the majority of the population, the government failed to provide for its citizens. Indeed a shortcoming in the general provision of social assistance in Latin America, as Hicks and Wodon have highlighted (2001: 93), is that the nature of social spending in Latin America has often been pro-cyclical as opposed to counter-cyclical. The result of this phenomenon is that spending on social protection is often cut back during periods of macroeconomic instability when governments need to reign in their expenditure (Molyneux, 2008: 778).

The situation encountered by many Bolivians was not unique and poverty and inequality rates increased the length and breadth of the continent during the 1990s. The predictions of strong economic growth and employment opportunities articulated by the architects of the Washington Consensus reforms did not materialise and its supporters were forced to acknowledge the adverse social impacts of these policies. In response to Latin America's 'lost decade' and the demands of citizens, governments realised the need to provide social protection to their citizens, a decision also influenced by the growing focus on poverty eradication and social assistance by development institutions worldwide.

### **2.3 Internal and External Responses to the ‘Lost Decade’**

Amongst the international development and financial institutions there was an acknowledgement of the need for social protection measures in the wake of growing poverty throughout the region (Cornia et al, 1987; Stiglitz, 2002: 2). International Financial Institutions such as the World Bank acknowledged their role in supporting the disastrous structural adjustment policies that had such terrible social outcomes in Latin America and they began to champion the role that social policy could play in providing not just in protecting citizens but also in actively tackling poverty throughout the region (World Bank, 2001, x). The publication of the United Nations Development Program (UNDP) Human Development Report in 1990 also signalled a shift in approaches to development policy and poverty alleviation. These new research publications and policy approaches reflected the emerging consensus by foreign donor governments and international NGOs on the need for social policy assistance. The result was, as Gough et al note (2004: 1), that the improvement of human welfare became an explicit goal of international development discourse and policy.

In tandem with external developments and debates, marginalised and vulnerable groups in Latin America were beginning to demand better means of social assistance at a domestic level in response to the region’s encounter with the forces of economic globalisation. Taking advantage of newly available democratic channels and avenues after the fall of military rule in the region, re-enfranchised citizens, civil society groups and social movements increased the pressure on their governments to create adequate social policy measures to help moderate the declining standards of living and poverty faced by many sectors of society. Reliant on popular support to reach office and legitimise their power, increasingly governments in countries such as Bolivia had to answer directly to the needs and demands of their citizens.

Indeed these events within Bolivia and elsewhere reflected a ‘double movement’ as political economist Karl Polanyi termed it. Polanyi suggested that during processes of economic modernisation and the development of liberal capitalism, the economy disembeds itself from the constraints of social relations or responsibilities that prevent it from moving forward. Polanyi cites the example of Britain during the early nineteenth century to argue that capitalism extended insecurity through a process of disembedding the economy from society and the commodification of labour. He also notes however that during the rest of the century ‘society’ protected itself by re-embedding social relations, mainly via state social intervention (Gough & Wood, 2004: 4). Thus the parallels with the situation that Bolivia underwent during the Washington Consensus reforms, and afterwards with the increasing demands of society for increased social assistance from the state, are strikingly similar and would help lay the foundations for the emergence of a new approach to social policy.

The ‘lost decade’ in Latin America was therefore characterised by insecurity, poverty and marginalisation for many citizens as household coping mechanisms became strained and employment opportunities dried up. In tandem with domestic and international developments this situation forced governments to reconsider their decision to reduce public expenditure and social assistance. Thus after years in the background of government considerations, social policy re-emerged to become an important and visible aspect of state-society relations with modifications to its design, reach and implementation.

## CHAPTER THREE

### THE NEW SOCIAL POLICY

This chapter seeks to trace the emergence of the New Social Policy in Latin America in the 1990s and review the concepts of participation and empowerment that were increasingly being advocated by development practitioners. It will also detail how mean-tested and targeted assistance became the predominant manifestation of the New Social Policy as it was implemented on the ground throughout Latin America, in contrast to Bolivia's universal social pension scheme.

#### **3.1 Participation, Empowerment and the New Social Policy.**

The fragility or inefficiency of early measures of social assistance was exposed by their inability to protect citizens during the 1980s period of economic uncertainty when they were most needed. (Molyneux, 2008: 778). The 'lost decade' in Latin America therefore marked a watershed for social policy design in Latin America and developments throughout the continent and further afield marked the emergence of a New Social Policy. Of particular relevance is that the New Social Policy embodied the principles of participation, empowerment and co-responsibility and promoted mean-tested or targeted welfare assistance as emphasised by the World Bank's New Poverty Agenda and Poverty Reduction Strategy Papers (PRSP). Indeed, civic involvement was expected to build a broad consensus for sound macroeconomic policies and reforms so that there would be fewer policy reversals and a greater impact on poverty (Brinkerhoff & Goldsmith, 2003: 685).

A World Bank report of 1996 defined participation as “a process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them” (World Bank, 1996: 3). However Molyneux argues that participation was not a new concept, having been introduced to the sphere of development around the 1970s, but it only moved into mainstream development practise in the aftermath of the ‘lost decade’ in Latin America. It has been suggested that participatory approaches can facilitate more responsive and legitimate initiatives for the benefit of target groups;

“Participation also serves to provide development projects with some measure of legitimacy on the assumption that those involved have helped to shape the direction and outcome. Such ‘people-centred’ development has generally been welcomed by NGOs who had been pressing for decades for greater attention to the grassroots in the formulation of policy. These ideas have also inspired the model of demand-led assistance.”

(Molyneux, 2008: 782)

Citizens often struggle to participate individually in policy-making, particularly at a national level, as participation is a time and resource consuming affair and decision-making processes can often take place in centres that are geographically far-removed from citizens. Thus, participation often occurs collectively or indirectly through representatives or civil society groups that will speak on behalf of stakeholders (Brinkerhoff & Goldsmith, 2003: 686). However, it may not always be the case that interest groups truly speak on behalf of those they purport to represent. This can often be the case where a small community organisation grows to a national level and encompasses members from diverse social, economic and ethnic backgrounds. Conversely, where there exists a strong cohesive relationship amongst citizen

members who are supported by representatives that can articulate a unified stance then the possibilities for influencing policy-making processes are greatly enhanced.

Opportunities for civil society participation are further improved in democratic or democratising countries as they allow for groups to organise and participate freely and there is more likely to be both official and unofficial political and governing structures that facilitate active participation through consultation, information sharing, collaboration and lobbying. Brinkerhoff & Goldsmith argue that citizens are more likely to influence policies once they are in place and have had time to digest their impacts and that it would not be common for civil society groups to have the last word in policy formulation. However, for successful empowerment and engagement with the policy-making process, opportunities for civil society to engage and participate greatly depend on is the willingness of government officials to not just listen, but to also act on, alternative policy proposals (ibid: 688)

The principle of empowerment enjoyed an almost symbiotic relationship with the concept of participation and was also closely aligned with the New Social Policy. As Molyneux & Lazar point out it became a very useful tool for NGOs, social movements and other interest groups to lobby on behalf marginalised or disadvantaged groups (2003: 59). Support for the concept of empowerment was influenced by the increasingly prevalent and successful use of rights-based approaches to development and the advancements made by NGOs and women's organisations in the 1980s. They were seen as instruments by which citizens could hold the state accountable to existing legal provisions and international covenants or campaign governments to enshrine social and economic rights in national legislation. Instead of the traditional methods of social policy which made beneficiaries inactive

recipients of charitable assistance, there was a drive to empower citizens so that they would become stakeholders with interests and responsibilities and active participants in the policy process. The hope was; that the empowerment of disadvantaged citizens through participation would allow them a voice and presence in decision-making processes that affect their lives and allow them to engage in the setting of priorities for development projects and policies (Molyneux, 2008: 783).

The Right to Social Development was inextricably tied to the objectives of the New Social Policy and was thus employed as a platform by which NGOs or grassroots movements could demand increased social protection measures from governments. Indeed social development became an apparent strategic objective of national government aspirations in Bolivia too as a speech by the Bolivian Minister of Human Development in 2000 suggests;

Social development, conceived as sustainable human development, should consider individuals as the central objective of development and seek their betterment as individuals as well as achieve a significant improvement in their well-being. Hence, social development should make individuals the main actors of this process. The active participation of individuals in all aspects of decision-making is a key basis for social development.

(Melgar, 2000)

The reality on the ground would often differ to the affirmations of government officials eager to impress potential donors while addressing a world stage. However by articulating intentions that sought to make individuals the main actors in their development this meant that the government was opening the door to increased demands from grassroots and popular organisations in the future.

### **3.2 The Dominant Models of the New Social Policy in Practise**

In many cases early responses to the demands for more effective social policy in Latin America proved inadequate - both at incorporating participatory methods into their design and achieving their ultimate goal of reducing poverty. Emergency Social Funds were set up in countries such as Bolivia to provide workfare schemes but these proved ineffective and highly divisive owing to the discretionary targeting of certain groups. The Social Investment Fund that followed was innovative in that it tried to focus on participatory and demand-driven initiatives however it too ultimately failed to address the end-goal of tackling widespread poverty and vulnerability faced by many Bolivians (Barrientos & Santibáñez, 2009: 7). As a result scepticism about the feasibility of participatory ideals at the operational level of many development agencies emerged while others suggested that that citizens cannot understand or contribute to complex policy making processes at a national level even if they had the opportunity (Brinkerhoff & Goldsmith, 2003: 686).

Yet certain Latin American governments did respond to the challenges posed to them by introducing innovative and progressive social policy measures. In many cases these programmes were directly administered by government bodies who saw the need for an active role if prevalent issues of poverty and marginalisation were to be successfully tackled. As governments were still conscious of the need to strike a balance between state income and public expenditure, targeted methods of social assistance became commonplace throughout the region with countries such as Mexico and Brazil pioneering the way with CCT schemes. By the late 1990s targeted anti-poverty programmes were established by the Brazilian and Mexican governments, with the trend spreading to the rest of the continent (Barrientos et al, 2008: 761). In Chile, the government expanded their existing social assistance scheme to an

integrated anti-poverty scheme called *Chile Solidario* that targeted the most indigent sectors of society. This means-tested method of social assistance incorporated psychosocial support, cash subsidies and provided access to healthcare and training so as to facilitate the social integration of poor families in Chile.

These methods of social assistance contrasted with previous measures of social policy in the region as they directly targeted the most indigent sectors of society. Furthermore, whereas previous social policy had been directed towards the formal labour force, which were predominantly men, these new schemes were more maternalistic in their focus and they targeted households instead of individuals. As the case of Brazil's *Bolsa Escola* programme highlights, it sought to increase and retain children's access to health and education by targeting mothers and their children together through making cash-transfers conditional on children's attendance at school and primary health care clinics.

To ensure that social assistance programmes do actually reach those who need it the most, extensive research is required to identify the most indigent sectors of society, which governments often feel is not worthwhile considering the large amount of time and resources required to do so, and the relatively short amount of time democratic administrations have in power (Müller, 2009: 169). Furthermore, the nature of means-testing means that a line has to be drawn to identify the needy from the non-needy. In many cases those just above the line are only marginally better-off while those below the line often have limited interest in crossing the threshold as it will entail a loss in benefits. Universal schemes address many of these issues by, ostensibly at least, including all citizens and excluding none. This also helps to avoid stigmatisation that can be associated with targeted social assistance. However with a larger number of

citizens to maintain payments and assistance to, even the most developed economies in the world struggle to financially maintain universal schemes of social welfare. Legitimate concerns over the quality of services provided at a universal level have also been raised, with many suggesting that limited resources constrict the ability of providers to supply a high quality of services.

Despite the progressive nature of targeted schemes like *Chile Solidario* that have been lauded for its conceptualisation of poverty as more than just economic exclusion, there are concerns that its formulation has reportedly consolidated social policy formulation in the hands of technical experts, providing few opportunities for citizen participation or consultation in either defining or seeking solutions to problems faced by beneficiaries (Palma & Urzúa, 2005: 6). There were also questions been asked of the intended objectives and commitment of many of these anti-poverty or social assistance schemes that were rolled out owing to the political and economic contexts which surrounded their launch. Many of the schemes were introduced, not because of social policy considerations, but as an attempt to win over support from citizens and workers angered by the large-scale privatisation of state utilities and the transformation of the country's economy that had ruined livelihoods, as was the case with Alberto Fujimori in Peru.

Thus certain social assistance schemes that were rolled out in Latin America during the 1990s were done so on a weak foundation of legitimacy for the population or beneficiaries and in certain cases social policy remained very clientelistic as the case of Peru explicitly shows. The same would apply in Bolivia - the administration of Gonzalo Sánchez de Lozada also announced the introduction of the Bonosol social

pension benefit in an effort to diffuse opposition to the privatisation of state owned enterprises and existing pension schemes as the following chapter will now explore.

## CHAPTER FOUR

### EARLY GRASSROOTS PARTICIPATION

This chapter will detail the introduction of the Bonosol social pension benefit in light of the emerging New Social Policy paradigm in Latin America and review the opportunities available for Bolivian citizens to participate in policy design in this particular period, particularly at the national level. In doing so, it will analyse the impact of the Ley de Participación Popular (Popular Participation Law) and the ‘National Dialogue’ process at the time of the Bonosol’s implementation to see what early opportunities existed for grassroots organisations to influence policy formulation in Bolivia.

#### **4.1 The Introduction of the Bolivian Universal Social Pension Scheme**

The ill-effects of the ‘lost decade’ lead to widespread outrage amongst many marginalised and disadvantaged groups in Bolivia during the 1990s. A cut in social expenditure and the lack of employment opportunities affected vast swathes of the populace during this period, particularly elderly Bolivians. In line with the Washington Consensus policies, formal pension schemes were privatised and converted from pay as you go schemes to defined contribution schemes. With roughly 12% of the Bolivian workforce employed in the formal labour market this move excluded a large number of the population who had no work or worked seasonally or on temporary contracts. The response of the government was to introduce the Bonosol universal social pension scheme that would provide for a transfer of state resources from the proceeds of capitalisation to all Bolivians who reached the age of 65, provided they were 21 years of age or older in 1995 (Barrientos, 2009: 3).

The design of the scheme displayed certain shortcomings which reflect a lack of background research and consultation with target beneficiaries. The age whereby citizens could collect their Bonosol payments was 65, despite the fact that the average life expectancy at birth in 1997 for male and females was only 60 years of age (Leach, 1998: 1). In addition, indigenous communities from rural areas also tended to have lower life expectancy rates and were more likely to be impoverished and consequently, more in need of social assistance, yet many were excluded because they lacked the formal documentation required to claim assistance from the state in this period.

Bolivia remains the only Latin American country to provide a non-contributory truly universal social pension benefit, a situation that has attracted it much attention. As seen previously, most governments favoured the introduction of means-tested social assistance schemes during the period when the New Social Policy emerged, arguing that with limited financial resources targeted means of assistance were more likely to benefit those who needed it most. However from the government's perspective the most pressing issue was the need to gain popular support, or at best the acquiescence of citizens, for their large-scale privatisation of public utilities and state-owned enterprises. It was these concerns that led to the neoliberal reformist government to introduce the Bonosol scheme rather than social policy considerations or the direct demands of civil society groups. It therefore reflected a continuation of clientelistic social policy measures as opposed to the participatory and empowering measures foreseen by the New Social Policy.

The scheme was tentatively welcomed, as although it provided for the proceeds of the capitalisation of state-owned enterprises to be transferred to the elderly Bolivians in

the form of an annual payment, privatisation proved to be unpopular due to concerns that the state was undermining the country's future capacity to develop. An increase in usage rates for utilities following privatisation also affected and angered many people which provoked widespread civil unrest in certain cases (Shultz & Draper, 2008). Furthermore, grassroots organisations were disappointed with the lack of consultation on this important issue, particularly as the recent promulgation of the Ley de Participación Popular (LPP) had led to much optimism that civil society and popular organisations would have a greater say in the policy-making process.

## **4.2 Popular Participation?**

The Bolivian popular participation law was an interesting and highly progressive piece of legislation as it sought to involve civil society and grassroots organisations in municipal planning and the implementation of development projects. It also provided for a transfer of state resources to municipalities that previously had little access to funds and were dependent on the generosity of the central government to fund local projects. Calderón and Pinc (2003: 8) suggest that the LPP came into being in large part as a result of the perpetual struggle of civil society organisations to be heard and have a say in politics however it must be also acknowledged that decentralisation was also an integral part of neoliberal economic policy that sought to reduce the cumbersome size of the state and associated central bureaucracies.

The receipt of government funding by municipalities was supposedly dependent on the incorporation of civil society into decision making processes such as in the design of an Annual Operating Plan (AOP). Meetings were convened to provide a space for grassroots organisations to voice the demands and concerns of local constituents and influence the AOP with the objective of making local development and management of the municipalities' resources more transparent and accountable. However this did

not always work out in practise as James Blackburn has highlighted in a paper on the LPP in Sucre. Blackburn's research on this particular case study concluded that the LPP did not extensively provide new opportunities for grassroots organisations to be empowered or involved in local planning and development as had been envisaged. Instead of local constituents benefiting from newly available avenues for participation, the traditional ruling elite and their associates managed to consolidate their authority and the clientelistic power-conferring arrangements that had been characteristic of the municipal decision-making process. Civil society organisations faced difficult battles in challenging the existing hierarchy as the persistence of a prebendal distribution of power proved quite resolute and was able to absorb challenges to its authority, such as the LPP supposed to do (Blackburn, 2003: 12).

The results of Blackburn's research suggest that the aspirations of the LPP and the reality on the ground were often very different. This analysis is also supported by the observations of other commentators in relation to the objectives behind the "National Dialogue" process at the time when the Bonosol was being rolled out. Brinkerhoff & Goldsmith (2003: 688) point to the fact that, "civil society organisations had a negative experience with the 'National Dialogue' in 1997, which the government had organised to elicit popular participation in policy formulation". Thus at a crucial period in Bolivia's economic and social transformation it would appear that the government failed to adequately engage with civil society and incorporate their demands into policy design. As Brinkerhoff & Goldsmith continue,

"The National Dialogue gave insufficient time to civil society organisations to access information and develop a response. There was little follow-up, fuelling suspicion and scepticism within civil society about the official approach to national debates on macroeconomic management".

(ibid., 688)

On the surface, the introduction of the LPP and the creation of the National Dialogue seemed to suggest a willingness of the government to listen to civil society groups and encourage participation amongst grassroots organisations. However as the above examples would seem to suggest, the reality of these developments was often far from what was envisaged. Indeed there appeared to be a disinclination at both the local and national level to truly involve grassroots organisations and allow them to participate in decision-making processes. The impetus for the government's actions would therefore seem to stem more from their desire to see the Bolivian state restructured along neoliberal policy lines.

Despite the government's apparent reticence in genuinely engaging with civil society in this tumultuous period of Bolivia's development, the disparate nature or lack of cohesiveness of civil society organisations was also a factor in the lack of genuine participation achieved by these non-state actors. As a result of the economic crisis that Latin America underwent in the 1980s non-governmental organisations (NGOs) emerged quite rapidly at a local and national level, many of which sought to siphon off some of the financial assistance that was been directed towards poverty relief in the country from abroad. Many new NGOs were set up while original grassroots organisations reformed themselves in the mould of development implementers and practitioners. Thus early civil society development in Bolivia was often characterised by groups seeking to compete with each other to receive funding instead of forging alliances with one another. Arellano-López & Petras (1994: 555) highlight this important distinction and argue that the emergence of NGOs as implementers of development assistance projects from abroad has in fact contributed to undermining grassroots organisations that typically represented the interests of poor and marginalised people at the local level.

### **4.3 Laying the Foundations**

Despite the limited impact of civil society groups in the period that saw the introduction of the Bonosol, the first glimpse of the possibilities available for grassroots organisations became apparent. Acknowledging the barriers imposed by municipal authorities in Sucre, Blackburn also observed how previously excluded groups developed the capacity to petition the authorities and put pressure on them to respond to their demands. These actions allowed the protagonists to improve their negotiating skills, as well as their confidence in tabling proposals and ultimately their self-esteem. Even though the initial impact on local governance was extremely limited, the LPP opened up avenues that allowed for the participation and empowerment of individuals that previously they didn't have access to (Blackburn, 2003: 13).

The LPP also helped to promote a more inclusive democratic culture with increasing numbers of indigenous representatives voted into municipal office, a stark break with the past where indigenous communities had traditionally found themselves politically excluded and under-represented. Thus, these early suggestions of increased political representation of marginalised and disadvantaged groups would have more widespread impacts in the following years with many arguing that the LPP would contribute to the eventual transformation of the national political landscape (Calderón & Pinc, 2003: 9). What would emerge from the period surrounding the launch of the Bonosol was the increasing political activity and coherent organisation of grassroots organisations, social movements and other civil society groups that would be well placed to influence local and national politics and policies in the future.

## CHAPTER FIVE

### DE LA SOLIDARIDAD A LA DIGNIDAD

This chapter will initially trace the expansion and growing capabilities of elderly representative groups in this period and how increased coordination and communication provided a strong base for these grassroots organisations to be able to place demands on their government. This chapter will also detail the crucial transition period between the Bonosol and the Renta Dignidad scheme and highlight the influence that grassroots participation had on the continuation and improvement of Bolivia's controversial universal social pension scheme.

#### **5.1 Coordination at the Grassroots Level**

As the 1990s progressed the LPP in Bolivia was created momentum amongst marginalised groups that would ultimately lead to a transformation of the Bolivian political landscape. However the ability of civil society to participate in decision-making processes was often quite limited due its restricted capacity and focus on the implementation of development projects. Many organisations that shared similar goals and objectives often found themselves competing against each other for financial assistance. In particular many elderly representative groups were quite fragmented due to a lack of communication, resource shortages and urban - rural divisions, a predicament that required a strong effort if the sector was to grow and develop. However in relation to the state, civil society organisations began to recognise that their predominantly antagonistic stance towards the state did not often achieve the results they wanted. As a result a more conciliatory approach manifested itself in the hope that improved relations would allow for greater influence in decision making

processes at a national level (Moleneers & Renard, cited in Brinkerhoff & Goldsmith, 2003: 688).

It was towards the end of the 1990s that an operational change in organisations representing elderly Bolivians can be observed. HelpAge International, a worldwide NGO that seeks to guarantee elderly citizens a secure, active, healthy and dignified old age, was instrumental in promoting the rights of elderly Bolivians and assisting the expansion of representative organisations. One of the main projects that HelpAge saw as fundamental to the healthy development of strong and representative civil society was its “Defendiendo los derechos de las Personas Mayores Marginadas en Perú y Bolivia” (Defending the Rights of Marginalised Elderly People in Peru and Bolivia) project. In tandem with creating awareness of the rights of elderly citizens, this project sought to facilitate the coordination of elderly people and strengthen existing representative groups. The belief was that only the struggle of elderly Bolivians to defend their rights themselves would facilitate a change in attitude from the state towards this marginalised sector of society and ensure significant changes in the orientation of public policies.

In the 1990s HelpAge facilitated the creation and day-to-day running of “Defence of the Elderly” organisations in various Bolivian cities which functioned both as forums for grassroots participation and as NGOs dedicated to the issues and problems that surround old-age. Another output of the HelpAge project in this period was the creation of two dedicated civil society groups that worked extensively together on the problems faced by elderly Bolivians throughout the country; the Centro de Orientación Sociolegal de La Paz y El Alto (COSL) and Fundación Horizontes. These NGOs made important advancements in providing opportunities for elderly Bolivians

to organise together and disseminate information regarding the rights of elderly citizens. Following the initial support from HelpAge, these organisations would become independently managed but they retained close relations which would help the undertaking of future endeavours together. Another important development in this period was the foundation of the Asociación Nacional del Adulto Mayor de Bolivia (ANAMBO). The organisation was the brainchild of COSL and Fundación Horizontes and was conceived with a view to becoming the principal network for disparate elderly representative groups in the country and a point of reference for further interaction between government authorities and grassroots organisations.

## **5.2 Expanding the Opportunities for Participation and Empowerment**

One of the main objectives of ANAMBO was assist the integration of various elderly groups, with particular regard to the incorporation of grassroots organisations in rural areas that had been traditionally excluded due to geographical and socioeconomic factors. For the most part, elderly Bolivians living in rural areas were more likely to be poorer than their urban counterparts and consequently more in need of state social assistance (Romero, 2005: 2) - apparently only 1 per cent of the rural elderly live above the poverty line in Bolivia (Bauer & Bowen, cited in Müller, 2009: 168). Before the genesis of ANAMBO there had only been two small rural networks that worked with elderly people, a situation that greatly restricted their ability to have their voices heard outside the areas they operated in. Furthermore the *dirigentes* (leaders) of these groups mainly came from urban areas and so they were often unable to identify with the rural elderly citizens that they were supposed to represent. Even ANAMBO's member base in its early days was predominantly made up of elderly in urban areas who were in receipt of a formal pension. However following the drive of

ANAMBO to promote greater inclusion and participation amongst elderly Bolivians in rural areas, there now exist six coordinated rural networks with representatives mainly drawn from rural backgrounds. The accomplishment of ANAMBO in providing authentic representation to a variety of grassroots organisations and previously excluded rural citizens has been considered its greatest achievement (Molina, 2009: 6). This strategy would have particularly important consequences for its future capacity to present a unified national front when campaigning for better social assistance from the state in the form of La Renta Dignidad.

For the past few years the elderly ‘movement’ in Perú and Bolivia has fought to earn greater attention from national authorities, intermediaries and local actors. Not only has the movement succeeded in earning greater social assistance provisions but it has also been able to influence policies and sustainable programmes that respect the rights of the elderly.

(Molina, 2009: 7, *Author’s translation*<sup>1</sup>)

One of the main tools employed by ANAMBO to empower individuals was the promotion of social-legal rights. Through training assistance, dissemination of publications and localised meetings ANAMBO, in partnership with COSL, was able to create widespread awareness amongst elderly Bolivians of their rights and entitlements. Consequently through these efforts the leadership of ANAMBO were able to garner grassroots support for their wider objectives of “participation in the elaboration and formulation of policies and programmes for elderly citizens” and “advocacy for measures of protection and defence of elderly people” (ANAMBO,

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<sup>1</sup> Original quote; El movimiento de personas mayores de Perú y Bolivia ha luchado en los últimos años para lograr una mayor atención de las autoridades nacionales, intermedias y locales. No solamente ha hecho exigencias que podríamos llamar “asistencialistas”, sino también ha exigido la aprobación de políticas y programas sostenibles de promoción y cumplimiento de los derechos de las personas de edad.

2009). The use of human rights in the achievement of these goals was significant as it allowed for the empowerment of participants by making them key activists in this process. Campaigning on a national level ANAMBO's presence greatly contributed to the promulgation of the Law 3323 which legislates that municipal governments must provide free medical attention to all Bolivians over the age of 60. In addition, ANAMBO are currently campaigning for a "Ley del Adulto Mayor" (Elderly Citizen Law) which seeks to guarantee the participation of, and consultation with, elderly representative groups and elderly sector specialists in the formulation of policy. One of ANAMBO's most crucial successes to date though has been its positive influence in the transformation of Bolivia's universal social pension scheme, which the current government expanded and improved significantly in 2007 (Molina, 2009: 7; Miranda, 2009).

### **5.3 De la Solidaridad a la Dignidad**

As mentioned previously, concerns over the financial sustainability of the Bonosol plagued the scheme following its introduction in 1997. These concerns would ultimately lead the administration of Hugo Banzer to discontinue the Bonosol in January 1998, only to replace it with a less generous and extensive benefit scheme named Bolivida, which began paying out in 2000. The decision proved unpopular with many whose livelihoods were dependent on the receipt of state assistance and the return to power of Sánchez de Lozada in 2002 saw the re-introduction of the Bonosol and the original payment of 1,800 bolivianos to over-65s (Müller, 2009: 166). The Bonosol remained in service until the arrival to power of the MAS administration under Evo Morales. However the re-nationalisation by MAS of the hydrocarbons companies and other industries privatised in the 1990s essentially eroded the financial base of the FCC which had been used to finance Bonosol payments and initially the

government struggled to find alternative sources of funding (ibid.: 169) By early 2007 it became clear that the Bonosol was in financial difficulty and lacking political and popular support. However this development became the impetus that helped mobilise elderly Bolivians to demand continued state social assistance from their government.

ANAMBO played a particularly influential role in lobbying the government during this crucial transition period from the Bonosol to the Renta Dignidad scheme in 2007. One of the main reasons that allowed ANAMBO to have such an influential role in this process was the unified platform and the strong mandate conferred on them by grassroots organisations and elderly citizens from around the country. Vitally, the ability of ANAMBO's to draw on grassroots support from urban and rural areas in distinct municipalities and socio-economic groups around the country made this into a national issue, and consequently, an issue that would be difficult for the government to ignore (Miranda, 2009). Compared to previous state-civil society engagements where voices were often fragmented, ANAMBO and its associates possessed a strong and united leadership who reflected the needs and demands of ordinary citizens, ultimately allowing them to campaign with a degree of legitimacy and confidence.

Observing these developments, organisations such as Fundación Horizontes also provided further support through the capacity building and training of ANAMBO *dirigentes* in advocacy and negotiating skills (ibid.: 2009). The popular support enjoyed by ANAMBO and the importance of the social pension scheme was displayed by a series of marches in the capital in August and October 2007. Roughly 8,000 – 10,000 supporters and concerned citizens took to the streets in a traditionally popular and effective method of grassroots activism – protest marches. The two marches took place in La Paz and they made their way to the Plaza Murillo where the

seat of government is located. The strong support and participation on show to government officials demonstrated the importance of Bolivia's universal social pension scheme in no uncertain terms – the threat of protest marches and *bloqueos* that would often bring the country's transport system to a standstill were sagely acknowledged by the government, many of whom had participated in similar forms of protest themselves in recent times (BBC Mundo, 2002)

At this time there existed few official channels for civil society to be involved in policy formulation and so campaigning had to be done through autonomous actions such as protests and unofficial lobbying. The MAS administration had created the Viceministerio De Coordinación con los Movimientos Sociales Y La Sociedad Civil (Vice-Ministry for the Coordination of Social Movements and Civil Society) after entering office which sought to improve the opportunities available for communication and consultation between the government and civil society actors although as a relatively new public body it would require a 'bedding in' period before effective relations were created.

Under pressure from civil society groups the MAS administration were forced to consider the feasibility of financing the universal pension scheme from different sources during this period. Their inability to formulate a coherent response and directly answer protestors and elderly representative groups led to the *dirigentes* of ANAMBO requesting a consultation session with the government, with the result that grassroots representatives from ANAMBO were invited to voice their demands directly to government officials (ibid.: 2009). The creation of this government body and the acquiescence of the government to meet with *dirigentes* displayed a willingness on behalf of officials to listen to civil society and improve state-society

relations. This contrasts strongly with previous administrations which were mainly staffed by technocrats who did not see the benefit of consultation or have the necessary skills available to do so. The opportunity for direct consultation was an unusual one but it displayed the significance of the situation for the government and so they allowed the *dirigentes* to place their demands on the table; that the Bonosol would not be discontinued and that every elderly Bolivian would have their right to receive adequate state social assistance in the form of a financial benefit enshrined (ibid.: 2009).

The response of the MAS government in late 2007 was significant. The Bonosol was replaced with the Renta Dignidad scheme which continued the non-contributory nature of the scheme yet expanded it in various ways. The age of qualification to receive payments was lowered from 65 to 60 and the restriction of the Bonosol scheme to citizens born before 1975 was dropped – making the scheme open-ended and truly universal. Furthermore the annual payment was increased from 1,800 Bolivianos (currently US\$258) to 2,400 Bolivianos (currently US\$344). The scheme could also be collected monthly, quarterly, semi-annually or annually depending on the needs of beneficiaries, while those already in receipt of a formal pension received 75% of the total amount. The scheme was to be funded by the increase in tax revenues that the government had earned from the re-nationalisation of the hydrocarbons industry – 30% of this source of income went towards financing La Renta Dignidad which was expected to need roughly US\$205 million yearly to maintain payments. One final development for elderly Bolivians was the inclusion of the Renta Dignidad social pension benefit in the new Constitution which was ratified in January 2009. Article 67 now guarantees the provision of a social assistance by the Bolivian state to the elderly as well as basic human rights which was a particular focus of ANAMBO

through its focus on defending the rights of elderly citizens in Bolivia. Article 68 also behooves the Bolivian state to adopt public policies for the protection, recreation and social assistance of elderly Bolivians.

#### **5.4 The Catalysts for Change**

In comparison with other forms of state social assistance in the region, Bolivia's non-contributory social pension scheme was already quite generous before its transformation to the *Renta Dignidad*. Therefore the decision of the MAS administration to greatly expand the scheme is an intriguing development that cannot be contemplated by political or economic considerations alone. From an economic standpoint, the FCC that had financed the original *Bonosol* scheme was exhausted and could not continue paying out. However the decision of the MAS administration to increase the amount received by beneficiaries and remove conditionalities on who qualified for assistance increased the annual cost of funding to approximately US \$205 million which is a considerable outlay for one of the poorest countries in Latin America. It would appear then that macroeconomic constraints or fiscal concerns did not impact as heavily on the MAS administration as they did the neoliberal reformist government of Sánchez de Lozada.

Other observers have suggested that electoral considerations were one of the main reasons behind the government's decision to expand and improve the social pension benefit and this cannot be discounted outright. As has been observed from social policy design and implementation in the past, clientelism and rentier politics have played an important role in influencing social policy assistance in the region. However by their nature universal forms of social assistance purport to include all citizens and exclude none. Indeed by making *La Renta Dignidad* truly universal and

including citizens already in receipt of a formal pension shows that the government actively took strides to prevent the scheme been construed as a reward for the grassroots supporters with whom they had close relations. Furthermore the MAS administration have confirmed their intentions to invest in the social development of Bolivians as shown by other social policy measures such as the *Juancito Pinto*, which seeks to encourage access to education for children through a transfer from the state, and more recently, the *Juana Azurduy* mother-child subsidy to improve maternal and child mortality in the country.

The political opportunity presented by the *Renta Dignidad* was certainly not missed by the MAS administration as they realised that a re-branding of the scheme would fit quite well with their overall political designs. By symbolically discontinuing the *Bonosol* which was considered a neo-liberal project, Morales branded the new and improved *Renta Dignidad* with the developmentalist stamp thus strengthening the ideological rejection of neoliberal policy that the MAS so strived for. In addition, to finance the scheme the amount of revenue distributed to municipalities was to decrease which caused widespread consternation and led to many protests against the central government, particularly in the eastern provinces. This led certain commentators to view the *Renta Dignidad* as a political project intended to win the government's power struggle with opposition governors and prefectures (León, cited in Muller, 169). The fact that the scheme was rushed through parliament with very little consensus building would give strength to this argument. Although the *Renta Dignidad* could be construed as an attempt by the government to weaken opposition groups by reducing the IDH income received by municipalities, the decision to improve and expand the benefit can not be solely explained by political divisions and animosities.

The MAS administration could have addressed any economic concerns or achieved their political and electoral goals by simply re-branding the scheme in their own name and continuing the entitlements offered by the Bonosol, a move that would have certainly earned support from the general populace and elderly representative groups. With this in mind the decision to increase the payment transfer to elderly citizens and reduce the age of qualification were important advancements, whose original impetus can be seen to be derived from grassroots pressure below. As detailed above, organisations such as ANAMBO had been expanding their support base and campaigning the government for some time to demand increased protection for Bolivians in their old-age. Despite the lack of official channels for participation and consultation the representatives of elderly groups still managed to make their voices heard and listened to.

The impact and influence of civil society groups and grassroots organisations can therefore be seen as influential in the continuation and *improvement* of Bolivia's universal pension scheme. Political and economic concerns, although important, were not as much of a catalyst in this process as the pressures exerted by elderly Bolivians and their representatives from below. The participation of elderly Bolivians in the strategies of grassroots organisations and their consequent empowerment through the demands they placed on the government through representatives was a significant change from social policy formulation in the past and may provide an example for marginalised and disadvantaged groups throughout Latin America to replicate.

## CHAPTER SIX

### SUMMARY AND CONCLUSIONS

#### **6.1 Summary and Conclusions**

The impetus behind this paper was to analyse the role played by grassroots actors in the continuation of Bolivia's highly controversial social pension scheme to see if a shift to a more bottom-up approach to social policy design could be observed. To begin with the paper highlighted how social policy in Latin America has typically been designed in a top-down and clientelistic manner for much of the twentieth century. The paper also showed how the macroeconomic restructuring that Bolivia underwent had profound negative effects on vulnerable sectors of society to the extent that there emerged a new commitment to poverty alleviation and state social assistance.

The New Social Policy that emerged in the aftermath of the 'lost decade' was strongly influenced by the concepts of participation and rights and there was a hope that this could lead to a more inclusive framework for policy formulation in the region. On the ground the New Social Policy manifested itself in means-tested forms of targeted social assistance in most Latin American countries. Following on from this the paper observed how the introduction of the Bonosol universal social pension benefit in Bolivia went against dominant trends elsewhere and how it was not motivated by social policy considerations. Despite the promulgation of the Popular Participation Law there was minimal interaction or consultation with grassroots organisations in this period and civil society remained fragmented.

The research then traced the development of grassroots participation at the beginning of the twenty-first century and detailed how the strengthening of alliances between disparate elderly groups was greatly facilitated by the presence of ANAMBO and partner organisations. This strong affiliation between various non-state actors greatly empowered these groups to campaign vociferously at a national level. Finally the paper showed how the influence of these groups and the demands they placed on the government were instrumental in forcing the MAS administration to concretely address the problem of old-age poverty, insecurity and indignity in Bolivia and introduce a more expansive and generous form of social assistance for all elderly Bolivians.

This research has shown how grassroots participation was influential in the continuation and improvement of what is a controversial but very necessary measure of state social assistance in Bolivia. Despite a history of marginalisation and exclusion elderly citizens were able to coordinate their actions and form a unified voice that became difficult for an accountable and representative government to ignore. This is an interesting development and may provide an example for grassroots organisations throughout Latin America to follow.

Despite the emergence of the New Social Policy and a focus on targeted assistance there are relatively few examples where indigent or disadvantaged sectors of society have been able to influence policy design as in many cases technical and professional advisors still dictate the policy-making process in many Latin American countries. Events in Bolivia show that the involvement of beneficiaries in bottom-up policy design can have desirable results as it allows for beneficiaries to articulate their demands and needs and therefore receive adequate assistance that can help protect

them from further impoverishment, a situation that challenges the traditionally clientelistic and top-down methods of social policy-making in Latin America.

However the development of formal avenues for consultation and participation are needed for grassroots participation to become a lasting and truly beneficial feature of social policy design and democratic representation throughout Bolivia and Latin America. A willingness to listen by the government is also a vital ingredient for success, as is the desire of citizens to participate. The current MAS administration has begun to address this issue with the creation of the Viceministerio De Coordinación con los Movimientos Sociales Y La Sociedad Civil to help facilitate interaction between the state and civil society and this is a welcome development. Official channels for participation would also help ensure that social policy formulation does not succumb to clientelistic pressures and that all citizens can have a say in policy design irrespective of their political and socioeconomic backgrounds.

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