

# B O L I V I A

## R E P O R T

## INEQUALITY AND POVERTY: A MACROVISION

The measurement of levels of poverty has taken on greater relevance over the past few years. However, this is frequently reduced to checking changes in satisfaction of basic needs, considering the administrative–political division. The scant attempts made on the basis of the poverty line measured by income almost exclusively refer to the situation in the main urban centers. This makes it difficult to carry out a regular assessment of the changes in size and intensity of poverty at a national level from various perspectives and differentiated social and economic segments.

In spite of these limitations, some recent indicators may be considered which approach a macro vision of poverty in Bolivia.

By comparing data from the 1976 and 1992 censuses, a decrease is observed in the occurrence and intensity of poverty based on indexes of satisfaction of basic needs. Nevertheless, in 1992, 72% of the homes were in a situation of poverty, and 42% in a situation of indigence. The gaps in the poverty differential between urban and rural zones had increased, showing the scant attention paid by state policies in order to overcome factors contributing to rural stagnation. In 1992, 94% of rural homes were under the poverty line, and 50% in indigent conditions.

Occurrence and intensity of poverty on the basis of unsatisfied basic needs, 1976–1992				
AREA	% Poor homes		% Destitute homes	
	1976	1992	1976	1992
Bolivia	85.4	72.1	50.9	42.3
Urban	65.8	49.5	39	29.3
Rural	98.2	94.2	52.4	50.3

Source: UDAPSO, INE, UPP, UDAPE, 1993.

Comparing these indicators with those for urban and rural areas of other countries in the region and on the threshold of the next millennium, Bolivia is among the countries with the highest levels of poverty.

Seven years after the launching of the structural adjustment policies, a measurement of poverty based on family income in homes in the main urban centers of the country showed that as a

consequence of the measures, the percentage of homes that were unable to cover the cost of the family basket had risen by 6%. Four percent of this increase corresponded to homes that had become indigent (CEDLA, 1991).

The reduction in salaries and real income for work not only increased the levels of poverty in urban centers, but simultaneously increased inequality in their distribution. In 1991, 20% of the best–remunerated work force appropriated 54% of the total mass of income, while 50%, situated at the lower levels of the distribution structure, had access to just 17% of the total mass of income.

These indicators have greater relevance if account is taken of the fact that since 1987 families in urban centers have mobilized the majority of their potentially active members towards economic activities, seeking to complement family income. This applies in particular to women and minors, whose rate of participation in economic activities has risen, following a trend that was not reverted until 1995.

While in 1987 36 out of 100 women carried out economic activities aimed at the market, in 1991 this figure had risen to 42%. This upward trend continued until 1995, when 46% of women participated in labor. A similar situation is to be observed among adolescents and children (between 10 and 19 years of age), where the rates have risen from 13% to 22% and 24% respectively.

The limitations to overcoming the structural roots of the unequal distribution of income are expressed in the Gini coefficient, showing in the case of Bolivia that the rates are between 50% and 52%, which is considered to be «substantial» in various papers on the subject (Morales, 1995, World Bank, 1996).

Finally, these indicators only show that the market, without complementary actions by the State and the private sector, will find it difficult to create the necessary conditions to truly overcome the major sectors of the population's levels of poverty and disadvantage.

## ACCESS TO SERVICES

According to the National Demographic and Health Survey (ENDSA, 1994), two thirds of Bolivian homes have electricity.

Although in urban areas this service has increased, there is still a 7% deficit, while in rural areas, electricity only reaches 1 out of 4 homes.

At national level, 63% of the homes have drinking water, considering connections inside or outside the dwelling, public fountains or neighbor support. In the urban area, 78% of the dwellings have connections on the premises, while in the rural area barely 23% of the homes have direct supply at home, the most common access to water being wells, rivers or springs (33%).

Thirty-two percent of the dwellings have sanitation, either connected to the sewage or to a cesspool. Sewage reaches 41% of dwellings in the urban area, while 62% of the homes in the rural area eliminate excreta directly into the country-side, as they are not connected to this service.

Forty-one percent of the homes still occupy dwellings with dirt floors, and the situation is most critical in rural areas, where 72% of the dwellings have dirt floors.

In the absence of policies and norms aimed at upgrading living conditions, the quality of housing has not improved over time. The index of crowding, based on the number of people per bedroom was 3.2 for the whole country in 1992. In rural areas the figure was 3.4.

The living conditions of Bolivian homes are still precarious, particularly in rural areas. The fact that between 1976 and 1992 the proportion of homes with unsatisfied basic needs had only dropped by 13% points to the challenge that the country must face.

Even with limitations due to restrictions for investment, the present government with its recent reform of decentralization at municipal level has introduced new conditions to solve the structural shortfalls regarding access to basic services, particularly in urban settlements and rural zones where the poorest sectors of the population are to be found. In fact, resources from tax sharing allotted to the municipalities since 1994 are mainly directed to expenditures for installations and basic services.

In the context of regional and municipal decentralization, public investment carried out in the field of basic sanitation has shown an increase in percentage with regard to previous years, reaching 8.3% of the total investment in 1995, 5 points above that of 1991.

As to resources used, 53% still comes from external sources as loans (78%) and donations (22%) (*SINIP 1996*). This characteristic may be observed in the set of investments for the social area, while it introduces the problem of sustainability that the country must face immediately.

## EDUCATION

Although the situation at the level of education has improved in the country over the past years, the rate of illiteracy and school drop-out is still high, particularly with relation to rural zones, women and higher education, and there is a need to introduce changes aimed at improving access to and quality of educational services.

In 1992, the illiteracy rate was 20%, of which 8.9% in urban

areas and 36.5% in rural areas. The rate of illiteracy among women was 28% and the average number of years of school attendance for the total population was 4 (INE, 1992).

Furthermore, the average drop-out rate for the educational system is 48% of the population, the highest rate being in secondary education (65%) and the lowest in primary education (16%). Only 15 out of every 100 pupils enrolled in first grade reach secondary education (ILDIS-CEDLA, 1996).

One of the greatest changes that has taken place in Bolivia in the last three decades in the field of education has been the Educational Reform. It entered into force in primary education in 1995. In the framework of this Reform, education, considered in the Constitution to be «the highest function of the State», has the following principles: «universal, free and obligatory at primary level», it is intercultural and bilingual; it is based on national integration and is complemented by subjects such as gender equality and environmental education.

The main change to facilitate universal access to basic education has been to abolish the payment of enrollment fees, however this is not enough, due to the fact that there are other socio-economic factors that must be eliminated and that induce poor Bolivian families to neglect their children's education and particularly that of girls.

Furthermore, changes have been introduced in the form of assessing school performance, as well as measures aimed at increasing permanence of children and adolescents in the educational system and reducing the rates of repetition that encourage dropping out from school. According to recent estimates, the average rate of repetition per Bolivian pupil is 2.1%, which means that the country loses an annual amount of 22 million dollars (ILDIS-CEDLA, 1996).

The mechanisms of the Educational Reform launched with the first grades of primary level foresee that by the year 2001 curricular aspects of secondary level will be changed, and for this reason no substantial changes have yet taken place at this level.

Considering the prevalence of high rates of illiteracy, particularly in rural areas and among women, the Master Plan for Literacy was reformulated in 1995, based on the main principles of the 1983 National Plan for Literacy and Popular Education. This Master Plan, within the framework of municipalization and direct participation of civil society, will make it possible to generate and implement specific actions to struggle against illiteracy on a medium and long-term horizon. It should be pointed out that the conception of the Plan goes beyond the conceptions of well-known literacy «campaigns».

In order to elaborate policies and measures aimed at the most vulnerable sectors of society, a National Secretariat for Gender and Generational Matters has been established, to launch actions in prevention of family violence, promotion of gender equity, equal opportunities and recognition of citizen rights and duties in a context of mutual respect and equality.

This set of measures is still in a process of formulation and its impact has yet to be felt in a significant way.

Some civil society institutions and organizations carry out concrete actions related with the educational sphere, offering basic education programs for vulnerable groups. In this respect,

mention may be made of the action carried out by CEAAL, MEPB and others.

Regarding the development of important educational and research actions (production of knowledge), the programs developed by CEBIAE, the Episcopal Conference (ECC), Fe y Alegría, Christ's Churches in rural areas, and other similar organizations are to be noted. All these initiatives are outside the context of the government.

The application of the Educational Reform has been accompanied by a substantial increase in the amount of executed public investment allocated to education and culture, 2.4% in 1994, 5.4% in 1995 and for 1997, 12% of the total public investment is planned (SINIP and La Razón).

A cause for concern is that the source of funding of investment for this sector (95% of the total), is external, through loans (87%). Internal resources are still at levels similar to those of 1987 (SINIP). Reallocation of resources towards this sector would not be sustainable, insofar as a major part comes from external funding and is not generated by internal efforts, making continuity of changes uncertain, given the context of decreasing international cooperation and assistance.

## HEALTH

Although there have been some improvements over the past few years with regard to various indicators of the living conditions of the population, there is still a long way to go to reach the government's goal of «health for all».

Institutionalization of health care services covers the National Health System, defined on a territorial basis, and the System of Health Funds, linked to social security. Estimates by the National Health Service consider that these systems cover 30% and 14% of the population, respectively.

Shortfalls in coverage, type and quality of the services in both systems point to the absence of policies and standards characterizing the operation of health services in the country. Their administration through programs in the framework of excessive centralization and dependency on external financing, among other factors, contribute to the inadequate provision of health services. This situation has led the present government to consider a sectoral reform in the context of decentralization processes. However, so far it has not been fully defined.

Life expectancy at birth linked to health and quality of life rose moderately between 1989 and 1994, from 57 to 59 years of age for the total population and in the case of women, 59 to 61 years of age. In spite of this improvement, Bolivia still has a low life expectancy as compared to other countries of the region.

As in other fields, the difference in access to health services in urban and rural areas is abysmal, particularly in regard to primary care, which accounts for a large part of the programs implemented. Not only are the quality of attention and health coverage poor, but they do not respond to the needs of the community from the user's standpoint.

At all events, the programs aimed at reducing the rate of in-

fant and maternal mortality promoted since the early eighties have achieved important results given the general socio-economic context. Between 1989 and 1993, infant mortality fell from 99 to 75 per 1000 live births; mortality of children under 5 fell from 150 to 116 per 1000 live births, with the greatest improvement in the urban area. In 1993, infant mortality in rural areas still had an index of 94 per 1000 live births.

As to maternal mortality, between 1989 and 1993 there was a similar downward trend, from 416 deaths per 100,000 live births to 390 on a national level. In rural zones, these indexes are 524 per 100,000 live births and in urban areas this figure is 274.

In relation to the above, the National Survey on Demography and Health (ENDSA, 1994) showed up the scant coverage of programs for reproductive health. Forty-seven percent of women had had no access to any type of prenatal care (63% of women in rural areas and 32% in urban areas). In 1989 this figure was 53%. Furthermore, the proportion of women who had not received any professional care during childbirth was 43%, and only fell by 3% since 1989.

In view of these indicators, the present government has implemented the Life Plan and the National Plan for Fast Reduction in Maternal and Perinatal Mortality, through free medical care during childbirth in public hospitals. Although some results are visible, these are insufficient with regard to the considerable number of adolescent pregnancies, unwanted pregnancies and abortions. The Maternal-Infant Insurance that has recently been set up does not cover cases related with abortions and their complications, in spite of their being one of the most significant causes of maternal death.

Estimates for Bolivia show that there are over 40,000 abortions each year, between those induced and spontaneous ones. Although there is no precise data due to legal restrictions and to the clandestine nature of this practice, public services provide attention to some 15,000 cases with complications each year. Twenty-seven percent of the total of maternal deaths are due to complications arising from abortions and 25% of estimated abortions present some degree of complications that later affect the sexual and reproductive life of women (CIDEM, 1995).

In view of this problem, the lack of programs for sex education and information on reproductive health is to be underscored, particularly among women in rural areas. In this respect the World Bank Report (1996), states that the persistence of the gender gap requires, among other factors, stepping up women's education, and particularly that of girls of indigenous origin. There is no doubt that the level of education is very much linked to fertility and early maternity of women in general and in rural and marginal urban areas in particular, resulting in undesired consequences on health.

This set of indicators makes reference to some progress, but above all to the enormous challenges to achieve an improvement of the main health indicators. This refers to the central problem of resources to widen coverage of the services and improve their quality, through social expenditure and investment.

Considering executed public investment, following a low allocation until 1991, when it was barely 2.6% of total investment, health sector participation has increased to reach 5.9% in 1995,

including social security (SINIP, 1996). Beyond the insufficiency of these resources vis-à-vis the needs of the population, the central problem lies in the sustainability of the level of investment, as 88% of the funding still comes from external sources, under the form of loans (85%) and donations (15%).

## COOPERATION AND INTERNATIONAL AID

In Bolivia, the balance of public foreign debt between 1990 and 1995 increased from 3.8 to 4.5 billion dollars. The structure of the debt in 1995 shows that it corresponds to a great extent to debts with multilateral organizations (59%), and bilateral debt (40%), whereas private debt tends to disappear (Central Bank, 1995).

Bolivia carried out negotiations for its bilateral debt in the framework of the Paris Club Paris VI, which enabled it to obtain exceptional conditions for the reorganization of its debt with the governments in the context of the Naples agreement for the poorest countries. It managed to achieve a 67% reduction of the bilateral debt stock, representing 36.8% of the total public debt.

Presently, Bolivia has submitted its candidacy to take advantage of the initiative for reduction of multilateral debt for the poorest countries, under preparation by the IMF, the World Bank and the Group of 7 most industrialized countries.

While the process for qualification to take advantage of this initiative lasts, Bolivia has proposed that a Funds-in-Trust be established that will receive donations from Switzerland, Sweden, Holland and Denmark to help in the very significant payments of the multilateral debt service (2,962 million dollars in August 1996).

With regard to the allocation of this aid, it has been directed more towards infrastructure than to social development.

Concerning official aid, in 1995 Bolivia received 227 million dollars in the way of official transfers for development. This figure represents 3.7% of the Gross Domestic Product. The composition of this official aid is as follows: 54% corresponds to transfers in cash, 29.7% to technical assistance and 16.3% to donations in kind or food.

For 1996, it is estimated that official aid will drop to 186.6 million dollars, that is to say by 18%, particularly official transfers in cash associated with the debt and with technical assistance. On the other hand, it is considered that food donations may even increase by 12%.

The tendency to reduce official aid in the items mentioned earlier on reinforces the idea of the vulnerability of changes that have been launched in the areas of health and education, which largely depend on external resources in the form of loans.

## STRUCTURAL ADJUSTMENT AND SOCIAL PUBLIC SPENDING

During the application of the program for structural adjustment, governments have sought to lessen social consequences

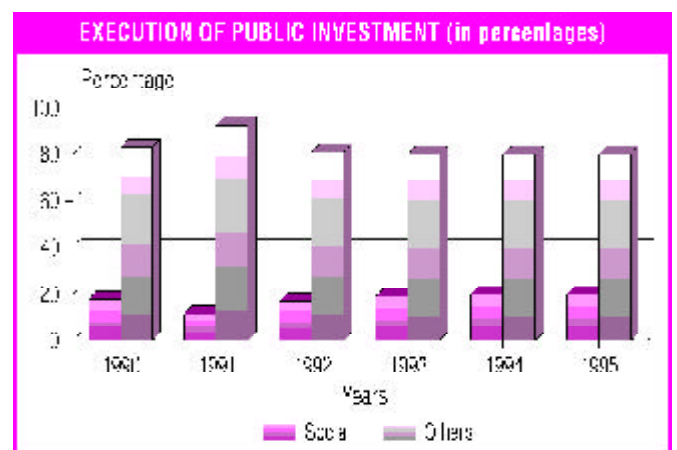
and have dealt with conditions of poverty through three types of measures: creation of social funds and programs, structural transformations and reallocation of public investment.

Since 1986, the Bolivian government has sought to compensate the impact of adjustments through the creation of social funds or programs that, with resources from international cooperation, will make it possible to lessen shortfalls in social and productive infrastructure in the most depressed areas. These programs have had an impact, basically on the generation of temporary employment and infrastructure works.

The best-known programs are the former Social Emergency Fund (today the Social Investment Fund), directed towards funding works on health and education installations in the poorest areas. The National Fund for Peasant Development provides supervised loans to small rural producers and, finally, the National Fund for Regional Development provides loans to urban municipalities for the provision of public services.

As from 1993, faced with the urgent need to respond to basic social concerns that had been postponed during the stabilization of the economy, other changes have been implemented: Popular Participation, Administrative Decentralization and Educational Reform. These actions sought to respond to the needs of the population at local and regional level, as well as in the field of education.

Finally, public investment has been an important instrument alongside the policies for structural adjustments, although it has given priority to the hydrocarbons and transport sector. In 1995, in spite of the persistent predominance of the transportation sector and, to a lesser degree, that of hydrocarbons, changes were introduced in the allocation of executed public investment, directing it towards the social sector where it amounted to over 20% of the total investment, showing considerable increase in the sectors of basic sanitation and education as can be seen. For 1997, it is estimated that 43% will be invested in health, education, basic sanitation and urban development (La Razón, 1997).



Source: SINIP  
Prepared by: CEDLA



Decentralization of spending, a result of the measures of Popular Participation and Administrative Decentralization, plans that in 1997, 40.8% of the resources will be administered at departmental or regional level, and 23% by local administrations.

In general, during this period, public investment has depended on external resources. In the case of the social sector this situation has become more acute over the past few years in the areas of health and education (88% and 95% external resources) where domestic funding is extremely low, in contrast with the situation in the sectors of basic sanitation and urban development and housing where there is a greater balance as to the origin of funding. Furthermore, external funding in the social sector has been given through loans.

While no internal resources are generated by private investment in productive activities that will enable them to be substituted, this dependency on investment from external resources conditions their permanence over time. Furthermore, in view of the magnitude of poverty in Bolivia, high levels of financial flow are required over lengthy periods of time.

The allocation of new roles to the State is altering the composition of public investment. Although it is significant that investment is being re-directed towards the social area, one cannot conclude that the levels of poverty, particularly in rural areas where the levels of indigence are highest, are being reverted.

Furthermore, no actions or policies aimed at fostering production by the poorest sectors in urban and rural zones can be identified in Bolivia, which would be a sustainable way of affecting productivity of economic agents and reducing poverty through the generation of employment and income.

The structural adjustment program has given rise to government actions and policies aimed at lessening social consequences, but assessments have not been made to determine how they have affected the various sectors of society differently, including the gender perspective.

## EMPLOYMENT AND INCOME FROM LABOR

During the eleven years of application of structural adjustment policies, the generation of productive employment and improvement of working conditions have been subordinated to achievements in economic growth and increases in productivity promoted by the private sector, that have been given a main role in the new development pattern.

However, achievements are modest and insufficient in the growth of product –due to their level, composition and sustainability– to make it possible to promote an adequate generation of employment, attenuate the expansion of precarious forms of occupation in the technologically more backward sectors of urban economy, or to improve productivity and income in rural areas.

The orthodox outlook which prevails in the application of adjustment policies and the maintenance of measures to cut down demand, as well as the absence of active policies aimed at indus-

trial and agricultural reconversion, have set a scene which is not very favorable for the development of working conditions.

Considering the main cities in the country, sustained growth is to be noted in the level of employment, but the modalities for labor insertion in the work force have not evolved in a progressive way. That is to say, although urban economy generates more jobs, increasingly these are of a poorer quality.

Reduction of employment in the state sector and the slow pace of job generation in the private sector with regard to the growing work force contingent in the main cities of the country, has meant that the possibility of employment and income for a large fraction of the work force increasingly depends on the workers' capacity to generate their own jobs. Between 1991 and 1995 the situation became more critical because the relative participation of the state and private sectors dropped from 37% to 31%, while the informal urban sector, including its two segments –the semi-entrepreneurial one and the family one– increased its share in employment from 56% to 63%.

In a context of paucity of adequate job opportunities, the working situation of women tends to be more critical. Between 1991 and 1995, the modalities of precarious job insertion noted during the first phase of the adjustment were consolidated, while this participation in informal employment increased from 61% to 67%.

Furthermore, in the context of working conditions, it may be noted that the economic policies have accentuated the situation of uncertainty and lack of stability in job insertion. The persistence of high rates of temporary employment, and the lengthening of the average working day, as strategies to cut down the cost of labor, or the extension of the working day on the basis of reaching a certain threshold of income on the part of independent workers, marks the trend towards greater job precariousness more acutely.

As a consequence, the eleven years of structural adjustments have further accentuated structural heterogeneity and job precariousness due to the fact that growth of the volume of employment has not been based on genuine factors guaranteeing its sustainability.

In the absence of state policies to promote production, particularly those aimed at the domestic market, it is the NGOs – as bodies of civil society – that have developed successful programs for access to productive resources, and particularly to loans for small urban and rural producers, covering most of the regions in the country.

## CITIZEN PARTICIPATION

During its 14 years of democracy, Bolivia has to a certain degree managed to consolidate political stability following a long period marked by military regimes and deep social and economic inequality.

Since 1985, the neoliberal orientation of Bolivian politics aims at finalizing the State transformation process, within a pattern of progressively less State participation on the one hand, and consequent privatization on the other. The past decade has gone by in

a search for strengthening democratic institutionalization, opening up possibilities to enable major social sectors, which had historically been excluded (basically women and indigenous people), to channel their citizen demands through a series of reforms, applied as from 1995. We shall mention the more important ones here below.

The Law for Popular Participation, recognizes, promotes and consolidates the process for popular participation at municipal level, articulating communities and indigenous peoples, peasant communities and community groups respectively in the legal, political and economic life of the country.

This Law endeavors to improve the quality of life of Bolivian women and men, with a fairer distribution and better administration of public resources, strengthening the necessary political and economic instruments in order to improve representative democracy, incorporating citizen participation and guaranteeing equal opportunities at representational level for women and men.

The distance between the conception of citizenship and its exercise is a complex and difficult process, particularly in the case of women who make up over 50% of the population. The construction of a democratic and representative political regime in the country is unthinkable if women are not a part of it and effectively participate. Although it is recognized that slow progress has been made in political participation of women in the various fields of civil society, the social movement and State power, this is still insufficient and limited as can be seen from the following data:

In the 1994–1996 legislative elections, out of 130 deputies elected to the Chamber of Deputies, 10 were women, that is to say 7.7%. The participation of women in municipal governments in 1995 was 8.3%.

In general, participation of women has not been significant in the Executive, and it was only in 1968 that a woman was appointed to a cabinet post. In 1980, Lidia Gueiler held the office of President on an interim basis. At present there are no women holding ministerial positions.

Almost three years after the implementation of the Law for Popular Participation, the number of women participating at representative levels does not exceed 2% in the Monitoring Committees and 10% in the Community Groups. At the level of Municipal Councils and Executive Offices, this participation has fallen from 26.7% in 1993 to 8% in 1995, and although 19 women were elected as mayors in the previous administration, this number fell to 12, that is to say only 2.5% of municipal executives are women.

The Supreme Court of Justice comprises fifteen magistrates, and a woman has never held the post of magistrate on said Court. The National Electoral Court, a body which is independent from the three powers, incorporated a woman in 1991 to fill one of the five existing posts.

*In this context, the Forum of Political Women, through the Bill for the Electoral Law, seeks to adapt the latest constitutional reforms in such a way as to «... provide women with the possibility of an effective and just participation in the elective bodies of public power (national and municipal, whose membership is ruled by said law).» (Declaration by the Forum of Political*

*Women, La Paz, July 1996.)*

Another initiative is the Forum for Citizenship, comprising women from civil society, aimed at contributing to analysis and debate on crucial subjects, making constructive proposals for change and transformation of society and policy and promoting social justice, equal rights and opportunities for all.

According to a study (UNDP–ILDIS, 1996), 57% of the population consulted on the subject of respect for human rights considers that the situation has remained unchanged. Thirty-three percent stated that said respect is increasingly lower, and 9% considers that it has increased. All state powers, in addition to a good number of other institutions in the country, have been criticized for corruption, not moving with the times, and not having a transparent management.

Concerning the sectors that most benefit by respect for human rights, 92% thought that the elite are the most favored, 42% consider them to be the rich, 13% business people and 37% politicians.

According to a study made by the Under-Secretariat for Gender Affairs in 1995 on Domestic Violence Recorded in Bolivia, out of 10 women, 7 are attacked by a relative, 83% of the aggressors are men and 16.7% are women. 47.8% of women have been subject to physical violence, 41.7% of women claimed psychological violence and other forms of violence, 10% of women had reported sexual violence to an institution (SAG, 1995).

Promulgation of Law No. 1674 «Against Family or Domestic Violence» has become a first-class legal instrument for the defense of women's rights and is a national strategy for the eradication of family violence. However there has been no significant progress or real political will on the part of the corresponding bodies to generate mechanisms that would gradually guarantee the application of the Law. Added to this is the lack of institutional framework, financial resources and effective regulations for the Law to become a true instrument for the defense of human rights and particularly those of women.

The country has a series of laws for the development of an effective administration of justice. Thus there is a law for the Abolition of Prison and Corporal Punishment for Indebtedness. Furthermore, there is a Law for the National Institute for Agrarian Reform, whose objective is to establish the organic structure and duties of the National Institute for Agrarian Reform (INRA), and the system for distribution of land.

These laws seek to mark the start of a new stage in national life, but their impact is still difficult to measure. The vigorous participation of civil society as a whole, and of women in particular, will go to ensure their consolidation.

These major changes have taken place without the backing of social consensus and, so far, mechanisms have not been established to achieve it. In spite of social manifestations, the position of the government always prevails.

## ASSESSMENT OF THE REFORM PLAN

The situation described earlier on shows Bolivia to be one of

the poorest countries of Latin America, and for this reason it is a national necessity to develop a strategy for the eradication of poverty.

In general, development plans and programs have neglected the formulation of specific goals to overcome the structural poverty affecting two thirds of the population. This situation became even more marked during the first phase of the structural adjustment, when stabilization measures and others geared to stimulating economic growth became absolutely centralized.

As from 1992, Bolivia has undergone a new phase of reforms in the framework of structural adjustment. However, it would be advisable to divide the policy measures adopted into two groups. The first includes Popular Participation (Municipalization), Administrative Decentralization and Education Reform, attempting to respond to the challenges of greater equity following a process of social assimilation of the need for these changes. A significant characteristic of this first group of changes is the fact that their success or failure is not linked to the market, but rather to State policies and orientation of social spending. For these reasons, the achievement of progressive results concerning these measures is linked to the dynamics that the State can give to tax collection, as the main source of income to fund these measures will have to come from taxes.

The second group of measures linked to economic growth is associated with the behavior of the market, as their success or failure depends on its dynamics. These are reforms geared towards Capitalization of Public Enterprises, Reform of Social Security in the long term, and the creation of a new set of regulations for access to land (INRA Law). In particular, the two first measures are considered to be central in terms of providing the Bolivian economy and society with a new dynamism, as the measures should foster greater volumes of savings and investment, with favorable results on the productive situation, employment, productivity and tax pressure.

The context for the reforms launched in 1993 are the principles proposed by the 1992 Earth Summit, which promote the need to foster sustainable development and introduce a new way of conceiving economic growth and social equity in an integrated manner. This spirit is present in the General Plan for Economic and Social Development of the Republic (PGDES), the Agenda 21 for Bolivia and the recently promoted set of measures for change. It could almost be stated that for the first time, the Bolivian State proposes to integrate economic growth with human development. *For this reason, «the victory over poverty, improvement of democracy, social equity and economic growth in the framework of appropriate use of natural resources» are among the main purposes of PGDES. The theoretical conception of development which is used as a result of the 92 Summit Conference is that of sustainable development, characterized by four basic pillars:*

- Productive change, in order to respond to the demands of world technological change and to be a competitive economy on the world market;
- Rational use of human, natural, physical and financial resources/capital, and institutional and cultural heritage, without jeopardizing the ability to satisfy the needs of future gen-

erations and nature's capacity of assimilation;

- Social equity, understood as a reduction in inequality, full participation of individuals in society and in decision-making;
- Governability, understood as effective decision-making and enhancement of democracy.

In spite of the coherence in theory and discourse existing in official documents, some contradictions need to be pointed out, which the state's proposal has not been able to solve in order to be able to eradicate the dramatic poverty of vast sectors of the country.

1. The so-called «second generation reforms», in spite of their aim to eradicate poverty, tend to reaffirm and strengthen the measures for structural adjustment launched in 1985. In fact, these measures, despite their deep social content, have a basically economic component: to reduce the presence of the state in the economy and to transfer to civil society the initiative for economic growth and, to a great extent, the satisfaction of its basic needs. In this way, State action is restricted to attenuating inequality generated by the market in relation to the poorest and most vulnerable groups of society.
2. The productive change generally proclaimed gives priority to the agricultural and livestock sector, through the recent formulation of a Strategy for Productive Transformation of Agriculture. Although this proposal responds to the challenge of reducing rural poverty, there are still a series of limitations for agriculture and livestock production that have not been adequately considered in view of the productive capacity and productivity in this sector: articulation between agricultural production and industrial production, between production at local, regional and national levels, the organization of the market for products, technical assistance and technological change.
3. Although popular participation in the management of social policies appears to be a mechanism for sustainable development, involving sectors that have historically been neglected in public decisions, the truth is that the proposal for participation has not been implemented in the context of decisions on economic policy, which would be the basis for beginning to work on eradicating poverty in the medium and long term. Dispersed demands are not automatically a social and economic development plan. The generation of a development proposal from the bottom up is still pending. On the basis of gradual participation in municipal development, it is possible to consider that this reform may contribute more than others to the improvement of the quality of life of the population. Also depending on this greater participation is the possibility for gender equity –that now remains a strategic principle limited to providing more opportunities of access to education and health– to take the path of real participation in decision making and empowerment at the local, regional and national levels.
4. Finally, the consideration of poverty as a problem of distribution and equity will depend on citizen participation in the framework of joint responsibility between the State and civil soci-

ety, giving way to strategies that can contribute to its eradication. Unless this happens, policies which only contribute to guaranteeing stability of the market model will be continued.

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