

**Strengthening or weakening the power of municipal governments?  
The hidden dimensions of forest governance in Bolivia**

by

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## Abstract

In the last years, a plethora of studies have argued that strengthening municipal governance could effectively solve forest management issues in Latin America. Based on an evaluation focused in Bolivia, a country that has launched the most successful case of forestry decentralization worldwide, this paper suggests that strengthening municipal governance do not solve main problems of forest governance, and rather it would not solve the degradation of forest resources. Shrinking the role of municipalities in forest governance, while at the same time expanding the autonomy of community-based forest management for decision-making, as well as securing them with forestland property rights, could result in a qualitative shift in forest governance. The little progress made in assembling a better distribution of powers among the different levels of government and a more equalitarian access to resources, limits seriously the likelihood for the local forest users, mainly the poorest people, to overcome their situation of marginality, enlarge their capacities for self-governance, and get access not only to land and forest, but to financial resources, and technical assistance to make full benefit of their forest resources. It is important to understand that municipal governments are good for local governance, but not necessarily good for forest governance.

**Keywords:** Bolivia, forests, decentralization, governance, property rights.

## 1. Introduction

At some point of the past century there was an understanding that central governance of natural resource was deemed to failure. The central state problems linked to problems of one-size solutions fitting all situations, simplistic and uniform, even more in complex situations such as the case of natural resources management, was observed to be more harmful than good (Ostrom 1999a, Ostrom 2005). A new vision called decentralization emerged as one that would correct most of the problems of centralization. Devolution of powers and rights to lower levels for natural resources governance was considered to be if not the panacea at least the most convenient way for improving forest governance (Manor 1999). In parallel to the creation of local municipal governments as elected bodies (majors and councils) given with powers and resources to promote local development, a plethora of studies showed that strengthening municipal governance in Latin America could effectively constitute an effective way to solve forest management issues (Andersson 2002, Ferroukhi 2003, Larson 2003).

Several countries in the region have attempted to revert the poor forestry governance through implementing severe institutional reforms through forestry decentralization, that is by transferring functions regarding forest management from the central to lower levels of government, and hence through somehow enlarging the power of local governments or municipalities. Nevertheless, the institutional models implemented have been diverse, and thus some countries became more decentralized than others in practice. The reasons for that to happen have been already explained elsewhere (Ferroukhi 2003). Although decentralization has modified governance conditions in both national and local levels, there are other factors that have had a more decisive influence in the way in which such conditions operate. They are related with the definition of forest users' access and property rights, and forest decision-making. They ultimately determine who has the access to the forest resources, and how they are used in practice.

In some cases, the new distribution of powers which results from decentralization tended to affect property rights and forest decision-making, but in other cases it did not. These outcomes depend very much on the local power relationships, the political economy, and the degree of powers and resources transferred to municipal governments. The interactions between decentralization and power distribution, and their effects on forest management and people's livelihoods, also depend on the strength of the social movements, and their capabilities to influence local and national politics. In some cases, strong social movements tend to gain large influence which leads to affect decision making in forest resources access (i.e., formalizing existing rights, and allocating new forestlands to local populations), and forest management (i.e., making some forest regulations more flexible, and expanding investment resources for forest-related activities). In other cases, there is a power capture for local elites which often use it to enlarge their benefits coming from rural activities harming the forest resources.

After a decade that the process of municipal decentralization was launched, it is noted that most of Latin American countries face a weak governance of their forest resources. This is reflected in a widespread illegality in forest resources use, the lack of state agencies' capacities for monitoring and control, which are also exposed to corrupt behaviors, and important inequalities in the way in which forest actors are benefiting from such resources, and interacting with timber markets. This weak governance often has negative social, economic and ecological implications. It leads to expand the vulnerabilities of the poor rural people depending on forest resources to make a living and constrain their likelihood to enhance their livelihoods based on forest resources. It also hinders the development of more vigorous forestry economies with a more equal distribution of income to forest users, and stimulates the growth of informal economies benefiting only to a handful of timber investors. The lack of governance also tends to stimulate a greater pressure over the forest resources increasing their depletion.

The relevant question of this paper is: why Latin American countries are facing a weak governance of their forest resources if major efforts have been developed and implemented through strengthening municipal governments for forests management? Some authors, supporting municipal decentralization, would say that the problem is one of the absence of more power, financial resources, capabilities in municipalities' technical teams, and incentives in local municipal authorities for fulfilling a greater performance in forest governance. The solution, therefore, would still be to centralize more the power in the local municipalities, though in a decentralized scheme.

This paper views the solution through the opposite way. It argues that the poor outcomes in forest governance do not necessarily result from the weak performance of municipal governments; rather the main problem is the strengthening of powers and resources into the municipal government, along with the insecure forestland property rights of local dependent-forest people, and these people's limited scope for forest decision-making. Furthermore, implications of governance conditions on forest users' livelihoods are not linear, in the sense that building better forest governance does not necessarily tend to favor poor people, or marginalized forest users. The latter depend mainly on other range of factors which tend to influence the access conditions to land and forest resources, and the way in which decisions are made regarding forests use.

This paper uses the Bolivian case in order to prove the need for reshaping the municipal decentralization scheme for improving forest governance. Bolivia is a country embracing an important portion of tropical forests, with a significant portion of rural population depending on forest resources. It also underwent a process of political decentralization, and the transference of important responsibilities related to social services to municipal governments, which included forest management as well.

This paper suggests that access to land and forest resources, and clear and secure property rights, as well as autonomous forest decision-making in the side of the local forest users are the two main attributes that determine the quality of good forest governance, with positive implications for forest users' livelihoods. This would be possible only by weakening the role of state government in forest management. This is in tune with future discussion to be held in the country related to the development of the Constituency Assembly which has the mandate to reformulate the Bolivian Political Constitution of the State. Recent political changes in the country have made visible political requests of rural and indigenous people to develop a more inclusive country, having a more equitable distribution of resources, with local people's greater power.

This paper has seven parts including this introduction. The second part provides a conceptual framework to understand the linkages between forest governance, decentralization and people's livelihoods. The next part describes the forestry sector and introduces the forest users in Bolivian lowlands. The fourth part introduces the Bolivian case of decentralization highlighting the distribution of powers at the different levels of government. The following part explores the role of decentralization in changing governance conditions in the municipalities with important forest resources. The sixth part makes visible two of the most important factors linked to decentralization, and which explain much of their livelihood impacts, namely: property rights and forest decision-making. It also highlights their disparate interactions in practice. Finally, the last part pulls together the main conclusions achieved in this paper's previous sections.

## **2. A conceptual framework: the factors shaping forest governance**

Decentralization acknowledges that the problem of governance is one of distribution of powers and resources, but distribution of forestlands and legalization of property rights for natural resources to poor forest-dependent people has not been a key issue. However, helping for international legal framework there were social-movements of indigenous poor people fighting for recovering their confiscated forestlands by the states in the last centuries (Davis and Alaka 1993). Some scholars have already warned that for decentralization to work at least property rights of possession to natural resources should be recognized to local populations (Agrawal and Ostrom. 2001).

Some scholars argue that forest governance is a prerequisite for forestry to contribute to the eradication of poverty and environmental sustainability, and hence to benefit marginalized groups of forest users. In this vein, it has been popularized the use of "good forest governance" which in theory would imply transparent and equitable relationships between stakeholders, public accountability and participatory decision-making (Meinzen-Dick *et al.* 1997). But forest

governance is not only shaped by political and institutional variables, since it is also affected by the material distribution of resources among the different social actors. In this sense, societies with more equitable access to resources, and likelihood of benefit better from their land resources, and other assets, are in theory relatively more prone to build democratic societies (Kim 1996).

Forest governance, therefore, embraces a dimension related to the distribution of power, and other to the distribution of resources within society (Figure 1). The first dimension depends on established power relations among actors, the levels of accountability in public institutions, and the degrees of social participation in decision-making (Brown *et al.* 2003). This is the most acknowledged dimension of governance, and thus forest governance. The other dimensions related to the distribution of resources is relatively neglected when discussing forest governance, in spite of the fact that it is argued that more decentralized societies should at the same time devolve property rights over local users if decentralized decision making is to be effective (Agrawal and Ostrom. 2001). Yet property rights over land resources, and access to other productive assets should be accompanied by greater autonomies for the local users to make decisions over the forest resource use, and land-use allocations. In theory, greater autonomy in forest decision making leads to an improved use of forest resources (Gibson *et al.* 2000).

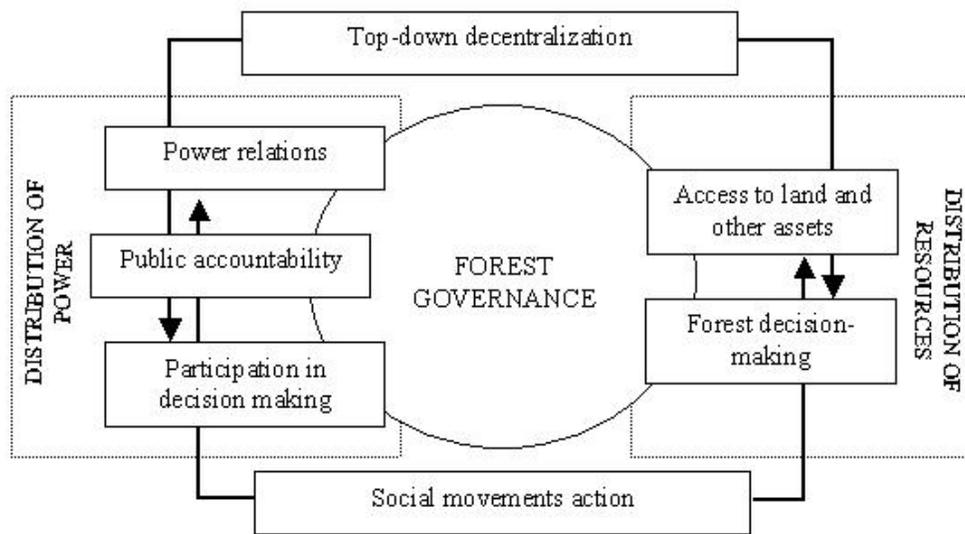


Figure 1. A simplified conceptual framework

Decentralization, at least in theory, should tend to improve both accountability and participatory decision-making at the local level (Ribot 2002). Yet, decentralization does not achieve such outcomes in all cases. Decentralization is a top-down process resulting from decisions taking at the central level of government by which some functions and responsibilities are transferred from the central level to lower administrative and territorial levels of government (Crook and Manor 1998). There are some cases in which demands for decentralization tend to arise from below, but they consist of informal claims for greater local decision-making, though in most cases they have to be formalized at the central level in order to move forward. Nevertheless, while decentralization in most cases constitutes a bureaucratic process, it is

complemented by the action of the social movements which tend to contest the same political space claimed by decentralization (Edmunds and Wollenberg 2003). The social movements contest both the space of distribution and power and resources, mainly through demands over enlarging and/or securing their access rights, and participation in decision-making. Thus, forest governance results from both decentralization, and social movements' actions.

Decentralization affects governance conditions—hence forest governance—by changing the distribution of powers across different levels of government and actors in society, enhancing public accountability and participatory decision-making (Meinzen-Dick *et al.* 1997). But decentralization, as mentioned previously, in some cases tends to reinforce the power position of influential groups at the local level, and it leads to reduce the opportunities for social participation in decision-making (Ferroukhi 2003). The outcomes of decentralization, therefore, regarding participation and accountability are not linear, and they ultimately depend on which were the previous conditions in which decentralization took place. These conditions are mainly linked to power relationships, the local political economy, and the importance that forest resources represent for local people (Pacheco 2004). This is also true for the social movements' action since their strength and capacity to articulate claims regarding access to land and other productive assets depends on several place specific factors such as the type of conflict which originates the movement, and their ability to produce a consistent political discourse.

The social movements, which originate from below, often arise to criticize the instituted political systems of decision-making. Their claims tend to reshape the process of decision-making, and they play a constitutive role in the distribution of power among actors (Ribot 2001). The social movements also affect the distribution of resources in the society—mainly in rural societies—to the extent they influence not only the access of forest users to assets, mainly through claims around land and territories (Deininger and Binswanger 1999), but also the institutional structure through which forest decision-making operates (Ostrom 1999b), either formal or informal (Larson and Bromley 1990). The formal decentralization perspective, and that one added by the social movements, the two are central to understand forest governance (Colfer and Capistrano 2005). Several studies only adopt a partial perspective on forest governance since they tend to privilege either side. It is important to acknowledge the two dimensions of forest governance.

Furthermore, it is not well known what are the implications of forest governance on people's livelihoods, although it is assumed that a good forest governance should almost automatically tend to enhance forest users livelihoods, including those of marginalized people (Meinzen-Dick *et al.* 1997). This does not seem to be as straightforward in practice. In a broader perspective, greater local participation of local actors, and marginalized people into the process of decision-making, as well as better accountability of local authorities to their constituencies should tend to privilege social demands regarding either access to land and forest, or other assets. This enabling environment for the social movements to achieve their demands would tend to favor enhancing forest users' livelihoods (Scoones and Wolmer 2003). The later interactions are not automatic. They strongly depend on what are the capacities of local governments to influence on granting access rights to forest users, decisions that are often made at the central level.

By increasing the power and authority of municipal governments, decentralization can have direct implications on livelihoods since it may create opportunities and obstacles for social groups to gain access to forest resources, or to legitimate that access. Decentralization can lead to shifts in governance that favor securing property rights for local communities and increase their negotiating power to make demands on their own behalf. Furthermore, municipal governments can facilitate access to credit and technology, promote local organization and/or enhance opportunities for local participation in decision-making regarding forest use, and the allocation of benefits. On the other hand, they can impose new taxes and rules on forest use, restrict access or even sell forest resources that communities consider their own (Larson and Bromley 1990).

Theorists view local elected authorities as the most appropriate mechanism for decentralizing powers. It was argued that developing and strengthening elected local government, reduced to modern democratic bodies of local governance is the outstanding condition for improving forest governance (Agrawal and Ribot 1999, Ribot 2002). At the core of this argument is the need for strengthening local downward accountability as a key issue for natural resources management. Among scholars there was no doubt that modern organizations such as the municipalities were the most ideal form of government for managing natural resources, but forestry decentralization has been seen as a process reduced merely to the transference of powers and resources to “the” local government or municipality. In tune, forestry governance was reduced among scholars to study to what extent local governments and their authorities have the abilities, skills, and motivation to fulfill their mandates, and some scholars cheered policies centralizing the power in the municipalities (Agrawal and Ribot 1999, Andersson 2003, Ferroukhi 2003). This leads to a simplistic municipal decentralization perspective in which other forms of local governance rather than municipal governance are invisible (Larson 2003).

Wunsch (1999) already noted that decentralization was critically flawed because decentralization reforms do not take into account the existence of complex forms of governance at the local level including traditional indigenous units and private organizations, along with modern organizations such as the municipalities. It has been argued that community groups, or local user groups, can be characterized as private governments that are able to provide by their own the services they need (McGinnis 1999, Oakerson 1999). Furthermore, it has been stated that some indigenous groups rely in addition on the incentives of being property owners of common-property areas, and substitute the frequent consensus of property owners for some form of governmental organization (Ostrom and Ostrom 1999). Therefore, municipal decentralization missed the diversity of such local organizational forms developed by local groups, and community groups, some using the forests for centuries and others more recently.

There have been studies showing that polycentric systems of government are more adaptable for complex nature system governance such as forests. A polycentric system designs an overlapping, nested, and multiple inter-organizational arrangement favoring independent rule-making and rule-enforcement authority distributed among different jurisdictions (Ostrom *et al.* 1993, Ostrom 1999c). The conceptualization of a polycentric system is based on the consideration that patterns of organization are driven for the establishment of separated units of provision and production of public goods and services, where every government is a provision unit matching with different private, public, and mixed units for the production of the services

they need (Ostrom and Ostrom 1999). In a polycentric system, the nature of the authority varies substantially. There can be multi-purpose or special-purpose organizations, and governments with independent authority, as well as hierarchical governments within jurisdictions (Ostrom *et al.* 1993). Wunsch (1999) argument for the recognition of the overall organizational arrangements at the local level for enforcing decentralization are based on polycentric governance.

It is stated that there are two solutions in a multi-level governance in order to reach organizational interactions (Hooghe and Marks 2003). These authors differentiate types of governance I and II. The former relates to multi-task and mutually exclusive jurisdictions, while the latter refers to functional, competitive and territorially overlapping jurisdictions. Type I diminishes coordination costs by imposing a shadow of hierarchy across jurisdictions holding general-purpose authority. Type II coordinates by compartmentalizing functions or framing special-purpose authorities. While the first solution is the one developed by municipal decentralization, the second one is in tune with the recognition of polycentric institutional arrangements, where there are some general-purpose units while others are special-purpose authorities (McGinnis 1999).

Improving the conditions configuring forest governance in a polycentric way or type of governance II, however, it is not enough to make possible an improvement in forest users' livelihoods. That is so because local people's livelihoods depend on a broader set of factors which are mainly related to location factors that determine access to markets, the capabilities to negotiate and interact with such markets, and the quality of resources which they have access to, among other factors (Carney 1998, Ellis 2000). It is likely that for marginalized people having greater access to power would change the distribution of resources—mainly forestland—and promote greater distributional equity, but other conditions need to be in place for local forest users benefit fully from their forest resources or land conversion. The social groups need improved access to markets, technology, capital, labor, knowledge, etc. This access tends to be mediated through negotiated social relations (friendship, trust, reciprocity, dependence, obligation), and by making use of social relations, and access to authority (Ribot and Peluso 2003).

### **3. Forests, land tenure and forest users in lowlands Bolivia**

Bolivia is a landlocked country located in South America, comprising an area of 1,098,581 sq. km, which are distributed in disparate eco-regions. It has a contrasting topography and a diversity of landscapes, and forest vegetation. Bolivia's topography ranges from over 5,000 meters above sea level in the highlands of the Andes mountains (plateau), through the inter-Andean valleys, to the plains of the Amazon and Chaco lowlands less than 500 meters above sea level.<sup>1</sup> About 70% of the country area is located in the lowlands. In contrast to what is commonly assumed, a large portion of the country is covered by forest vegetation. The country's total forest area is about 534,000 sq. km (48.6% of the country's total area) (MDSMA 1995). About 80% of the total forest area occurs in the Bolivian lowlands, and the rest is spread out in the highlands. Bolivia embedded a population of nearly 8 million of inhabitants and almost the half of the population is embedded in 32 ethnic groups spread out around the country.

About 1.3 million people are estimated to rely on forest resources for at least part of their livelihoods, though this is only a rough estimate that represents about 40% of the country's rural population in 2001. Of them, 180,000 to 200,000 indigenous people depend heavily on forests. Also, 25,000 to 30,000 families live in or next to dense forests in the northern Amazon, and rely on agro-extractive systems, and the seasonal collection of Brazil nuts as the main source of income. Some 500,000 to 600,000 people are colonist or small-scale farmers settled in Santa Cruz, *Chapare*, and *Yungas*, which withdraw some subsistence goods from forests (i.e., fuelwood, wood for building, fodder, fruits, etc.), and obtain indirect benefits from them such as land for other uses, environmental services and watershed production (Pacheco 2001). Furthermore, about 400,000 people are family peasants in the temperate valleys of Cochabamba, Tarija and Chuquisaca, which use forest resources for subsistence needs. Main uses are fuelwood and charcoal mainly for domestic consumption, as well as for dwelling and fences construction.

One of the main distinctive features of the Bolivian agrarian structure has been an unequal distribution of land resulting from a bimodal allocation of public lands. This is in part a result of the confiscation of forestland from indigenous populations to give them to private enterprises or individuals. Hence, a large portion of public land was granted in favor of medium- and large-scale landholders when a small part was given to smallholders or communities (Muñoz 1996). A more equalitarian access to the land predominates in the plateau and valleys (highlands) due to the predominance of rural communities, and a large number of smallholders in these regions. However, these areas are characterized predominantly by land fragmentation since land is given by heritage to the new generations. In contrast, much more land concentration underwent in the lowlands since public lands—of which some were forestlands and other grasslands—were used as a political patronage mechanism (Pacheco 2006b).

In the mid-1990s, a process of land sanitation and registration began that has tended to regularize the landholdings with insecure ownership rights by issuing land titles to formalize land tenure. This mechanism questioned little the way in which lands were originally acquired (MDS 2005). As of 2002, about 47 million hectares were granted to medium- and large-scale farmers, 90% of which are located in the lowlands. On the other side, approximately 18 million hectares were held by small farmers, individually or through communal ownerships systems, of which 32% are located in the lowlands. Much of small-scale agriculturalist located in the lowlands result from settlements projects sponsored by the state, and spontaneous colonization underwent in the north of Santa Cruz and *Chapare*, and to lesser extent in the north of La Paz (Pacheco 1998).

Some other events have also tended to modify the land tenure situation in Bolivia, particularly in the lowlands portion, since the early 1990s. The first is related to the emergence of territorial claims demanded by indigenous groups to the different governments. The second is related to the approval of new regulations by which a system of forest concessions replaced the forest contracts mechanism for granting logging permits in public lands, and private landholders are granted rights over their forest resources. The third event is linked with the creation of municipal forest reserves that are areas granted to municipalities to be allocated as concessions. The fourth event is the creation of a system of protected areas for biodiversity conservation (Pacheco 2005b).

The first event has reverted somehow an unfair land distribution. It has been possible by the legal recognition of indigenous rights over the land they had traditionally occupied. As result, 29% of the country's total surface has been claimed as indigenous territories (*Tierras Comunitarias de Origen*, TCOs) in both highlands and lowlands. In the lowlands, most of the indigenous groups have claimed lands as TCOs, a portion of which has been formally admitted by the state to be titled (19,5 million hectares), but only a small fraction has already been titled (4.2 million hectares). Although it is likely to assume that a major part of the land claimed by indigenous people will be titled as indigenous territory, this process prove to be highly bureaucratic and expensive since it depends of a broader effort of land sanitation carried out in the whole country by the National Institute of Agrarian Reform (*Instituto Nacional de Reforma Agraria*, INRA). There is not a real estimate about when all titles for TCOs will be issued, but according to informal sources it could take another decade or more to be completed.

The second event is associated to the reduction of the areas held by timber companies for forest extraction from about 20 million to 5.4 million hectares in 1996. The devolution of areas back to the state was the result of changes in the forest legislation. The previous legislation implanted a volume-based forest fee which, along with the lack of monitoring of forest extraction, stimulated a large concentration of areas for logging. The new Forest Law passed in 1996 replaced the forest fee to an area-based system, and instituted a system of forest concessions along with more strict norms of forest management. These measures led to the drastic reduction of forest concessions in hands of timber companies. Furthermore, given the fact that previous forest contracts had a lot of overlapping with private properties, indigenous territories, and protected areas, the reduction of forest concession areas led to an important decrease of overlapping rights. Furthermore, the forest legislation also granted rights over forest resources to private landholders in both community lands, and individual landholdings.

The third factor mentioned is related to the creation of municipal forest reserves. This was included in the Forestry Law of 1996 as well, in order to provide formal and regular access to forest resources to small-scale loggers or chainsaw operators (labeled in Bolivia as *piratas* or *motosierristas*), which in the past carried out their operations within areas held by timber companies. The municipalities, under the new regulations, are in charge of delimiting and granting forest concessions to local forest users organized in associations. Yet, the delimited areas have to be ratified by the Ministry of Sustainable Development (MDS), previous report of the state agency for agrarian reform (INRA). A total of 2.2 thousand hectares have been claimed by municipalities, but a large portion of them are still in process of approval. Numerous bureaucratic issues halt a faster process of municipal reserves' creation. Nevertheless, there are several local groups that are currently carrying out forestry operations in the municipal reserves.

Finally, the last event that shaped the current land distribution in Bolivia is the establishment of a system of protected areas. Beginning in the 1970s, and particularly since the mid-1980s, the portion of the country incorporated as protected areas has become quite significant. By the early 2000, an area equivalent to 17 % of the country's total area had been assigned some form of protected status, although the legal designation of 1.9 million hectares of this land had not yet been specified, and only a small fraction of the total had been effectively protected (Pacheco 1998). The protected areas have different status of protection. Approximately 12% of these areas are affected by some type of human action, which varies depending on the

location of protected areas due to the fact that areas closer to roads, and expansion frontiers tend to face greater encroachment pressures. There are some areas that were also declared indigenous territories. An institutional framework was devised to support this system, though recurrent financial needs to implement the management plans of the different areas constitute a critical factor to guarantee an effective protection (World Bank 2000).

#### **4. Understanding the Bolivian forestry decentralization**

Bolivia had a long tradition of centralized government, and before decentralization most decisions were made at the central level<sup>2</sup>. Main changes result from decentralization implementation, and subsequent political shifts that have made the Bolivian society more democratic respect to the past. Decentralization was prompted through approval of Popular Participation Law (No. 1551) and Administrative Decentralization Law (No. 1654), both passed by Congress in 1994. The first altered the responsibilities of the municipal governments, while the second modified the responsibilities of prefectures or departmental governments. Furthermore, in 1996 a new Forestry Law was passed, which attempted to redefine the conditions under which it was possible to obtain forest rights, and to determine the regulations to maintain such rights. This law also promotes an important institutional reform in the forestry sector.

The Popular Participation Law, among its main contents, expanded the municipal governments' jurisdiction beyond the urban centers to its entire territory, then covering the whole rural area within the municipal borders. It made municipalities responsible for local schools, health facilities, roads maintenance, and water systems. To finance these new responsibilities, the central government allocated 20 percent of the national budget in favor of the municipal governments, to be distributed among municipalities in proportion to their populations. Both, rural and urban property taxes were earmarked for the municipal governments, who now administer their collection (SNPP 1994) Hence, the country was divided in the national government, the departmental government headed by the prefects, and the local governments with the municipalities headed by the major and councils elected democratically each five years. The prefects leading the departmental government were first appointed by the President and were a local satellite of the national government, but since 2005 they were elected democratically as a result of the demand for departmental autonomy having more independence to make some decisions.

The Popular Participation Law strengthened municipal governments and made them more democratic. In the past, mayors' decisions were confined to a limited scope of actions, most linked to the provision of urban services. They were accountable to the prefects since the second chosen the former to occupy such positions, and prefects were accountable to the President who had appointed them. Furthermore, the municipalities had quite limited resources to operate, and little influence in policy related decisions, even those directly affecting the development of their municipal jurisdictions. In this scheme, the prefects also had little autonomy to make any discretionary decision (Kaimowitz *et al.* 1999). Rural populations—mainly smallholders and indigenous people—gained the right to participate in municipal elections, and also to run for election for the Municipal Council for a five-year period. While political parties had the monopoly of political representation first, then social groups were allowed to get organized in

political associations to run for elections (Romero 2005). This system, however, has not supplanted the importance of political parties in elections.

Furthermore, it was introduced community control over municipal governments by recognizing local social organizations (i.e., local farmer organizations, neighborhood committees, and indigenous groups) as territorially based grassroots organizations. Local organizations are allowed to participate in the formulation of development plans, and to constitute a community-based vigilance committee in each municipality, which oversees municipal financial management (Rojas 1996). Nevertheless, these committees' representatives are exposed to continuous pressures of political parties. Indigenous governments were forced to subordinate to the municipal governments through Municipal Districts Units and the election of sub-majors appointed by the municipal major. Since indigenous jurisdictions overlap greatly with municipal jurisdictions and are spread out around different municipal territories it was difficult to put in practice this policies. Therefore, indigenous organizations request to the government to be recognized as autonomous territorial units with the same hierarchy of the municipal governments.

In 1996, the Forestry Law changed the regulations for forest resources use and management, and the institutional framework to monitor the implementation of such regulations. The forest regulations established a new system for monitoring forest management, enforcement and sanctions for illegal logging, as well as introduced some market-oriented regulations and taxes to discourage unsustainable forestry operations. The forest policy's explicit goal is that sustainability of forest management can be achieved through progressive incorporation of less valuable timber species and the application of extraction techniques allowing the natural regeneration of the forest. Furthermore, it seeks to define clear rights over forest resources in part to increase investments in forest management, to eliminate forest crime and illegal logging, and to define rules for forest management according to certain technical criteria.

The whole public institutional system of the forest sector was substantially altered. The distinctive features of this new system is the creation of a Forestry Superintendence (SF) to implement the forest regulations, and monitor their compliance, and the delegation of responsibilities over forest management to prefectures and municipal governments, putting in place a process of forestry decentralization (Pacheco 2004). The SF is in charge of the following: granting forest concessions; authorizing logging permits; approving management plans and raw material supply and processing programs; monitoring forest products transportation; confiscating illegal timber; and supervising the activities of forest management. Prefectures' responsibilities include implementing programs and projects of public investments related to the forestry sector, and developing programs for strengthening municipalities' institutional capacities. The functions of municipal governments include monitoring logging activities, and inspecting raw material supply and processing programs. They are also in charge of delimiting municipal reserves to be assigned as community concessions for local forest users in up to 20 percent of the total public forest within their jurisdiction, and to provide technical assistance to local forest users working within such reserves (BOLFOR 1997).<sup>3</sup>

In order to carry out their new responsibilities, municipal governments are expected to create municipal forestry units or *Unidades Forestales Municipales* (UFMs). In theory, the entire

system should be entirely financed with the revenues coming from both concession and clear cutting fees<sup>4</sup>. The forest fees, however, were reduced in March 2003 to about half of what was previously expected to collect (Pacheco 2005b).

The new forestry regulations have included two provisions that have had some implications for democratizing access to forest resources. The first refers to the exclusive right of indigenous peoples to use the forest resources within their indigenous territories. The second states that local forest user groups can benefit from forest concessions within areas to be declared as municipal forest reserves. The condition for local forest users to access forest in municipal reserves is that they have to be created where some public forest is available within the municipal jurisdiction. This is not always the case.

## **5. The role of decentralization in shaping governance conditions**

The political decentralization, accompanied by delegation of forestry functions to municipal governments, both have stimulated important changes not only in the formal powers dictating forest resources use, but also in the informal rules and institutions governing forest management. These, have propelled changes in the way in which actors interact around forest resources management. The most important changes in formal institutions are related to the increasing room for social participation gained by some groups that were marginalized before—like indigenous people, and local forest users—in decision making around public investment, thus powerful local groups have now that negotiate with them. Other change is linked to higher levels of public accountability of municipal governments since the local authorities are closer to their constituencies, and the latter have to their disposal formal mechanisms to exert social control. Nevertheless the two mentioned changes in formal institutions are not automatic, since they depend from several factors such as the political will of local authorities, the strength of local social movements, and actors' interactions (Andersson and Gibson. 2005).

In the forestry sector, changes in formal institutions have been motivated by the new rules and regulations that are in place with the new Forestry Law approval. Although they do not delegate significant responsibilities to the departmental and municipal levels of government, they have tended to increase mainly the power of municipal governments to intervene in forest-related activities, although there is a problem of lack of incentives for them to engage fully in such activities (Pacheco 2005a). It is important to notice that, even though, there was a process of increasing social participation in municipal-decision making mentioned earlier, this participation has been more a rhetoric than a reality in the forestry sector (Pacheco 2006c). This is so in part because there was not in place any formal mechanism to promote forest actors' participation regarding, for instance, how to use the forest fees, what sort of activities privilege, and what type of alliances promote with external institutions or projects developing forest-related actions. Furthermore, the latter result from the fact that the local social movements have not necessarily centered their demands around forest issues, but on land and other social demands.

The new redistribution of powers among the different levels of governments has led to some extent to change the social interactions among actors depending on the emerging balance of local power relations. There are cases in which indigenous, colonists, and other local populations acquired greater political influence since they have been in conditions to articulate

their social projects to the municipal administration. In others cases, local elites which were controlling the local government, have taken advantage of the new power and resources to reinforce their political projects linked to a handful of people's interests. Yet, in variable degrees, the local elites have had to open spaces for participation of other social groups in local development planning, and public investment decisions, but this has been a result of social pressure rather than concession of the elites to the marginalized people. Much of these were reflected in formal contends taking place in the municipal elections, which lately take place in a regular way. Even when local poor populations have in some cases enlarged their participation, and thus power in the municipal administration this is not necessarily related with improving conditions for forest governance since limitations for forest management persist.

The formal institutional changes have been accompanied with other changes taking place in the informal side. These are mainly related with priority setting in the municipal governments, the way in which some groups have enlarged their self benefit from public resources, and the informal interactions of actions in the timber markets. It is not known to what degree the changes taking in the informal side surpass those ones taking place in the formal institutions. This issue exceeds the aim of this work.

The way in which priorities are set in the municipal governments, as result of decentralization should respond to a participatory process involving all the groups of society. Several municipalities put in place the mechanisms for that to happen. This is less evident when looking at priority setting in the forestry sector. It has been perceived that forest management is almost an activity rarely prioritized in their local agendas (Andersson 2002). Municipal planning, therefore, is depends on what are the preferences of the municipal officials, or the municipal authorities' interests. In some cases, while the formal priorities are directed toward control and monitoring of forest crime, that does not happen in practice, since there are undergoing informal processes of priority setting. As result, the actions undertaken are largely determined by the mayors' political will.

Another dimension of the way in which informal institutions determine resources allocation and decision making is corruption. There is the common view that corruption might tend to increase with decentralization given the fact that greater resources are transferred to the local level, and thus opportunities for some influential people to benefit privately from such resources could increase. Anecdotal evidence on corruption is contradictory. On one side, people can detect easily corruption acts in the municipal arena, since illicit enrichment is more visible at that level. On the other side, the greater power of local authorities provides them some privileges to cover illicit acts, and to divert public financial resources for private self-benefit. The second case is more likely to occur in municipal with forest resources, since local authorities often tend to protect their own informal logging activities, or those from their close family or friendship circles.

The latter dynamics are somehow related to the development of informal timber market relationships which tend to distort the way in which local forest economies work in practice. The persistence of informal timber economies is associated to several factors but mainly to the fact that forestry regulations impose a series of transaction costs that forest actors are not willing to comply with. Hence, informal forest economies persist in contexts in which developing forestry

operations informally is not only more profitable than the formal ones but the risk of being penalized is relatively low. Yet not all actors are going to benefit from these economies. The most disadvantaged are likely the rural people—i.e., indigenous, colonists, and local forest users—who do not have the conditions to make approved formal plans to use their forest resources. The fact of being breaking the law, however, tends to be penalized in the low prices that such groups obtain from middle men who collect and sell the timber to local sawmills or timber industries. The described timber market tends to lie over a broad network of informal social relationships, some of them based on reciprocal trust, but which are often broken and violated. In this line, the lack of resources and willingness to comply with the forestry regulations forces most of the marginalized forest users to engage informally with the timber markets.

Decentralization has tended to change the governance conditions by affecting the formal distribution of powers at the different levels of government, and hence influencing on the spaces of social participation and decision-making. Decentralization, however, also tends to affect the informal institutions and/or relationships that influence on forest resources governance such as priority setting in institutions holding public resources, corrupt behaviors taking advantage of larger resources allocation to lower levels, and persisting informal timber economies. The monopoly of power given to municipalities did not help to produce more checks and balances among a variety of local organizational arrangements, and it has been proved that municipalities can barely fulfill their mandates efficiently. More so, it is needed to fit municipalities with the services that they can effectively provide rather than giving them all the possible services for promoting local development. Finally, the municipal governments in several cases do the activities that they consider are the most urgent and necessary only for their political survival.

Recognizing the existence of community groups strongly developing forest management and using the forest resources for centuries can help to improve forest governance by giving them autonomous forest decision-making. In Bolivia, community groups managing the forests are downward accountable to the local populations even more than modern municipalities, and they are democratic too. These community groups can be recognized as special-purpose units devoted to timber management, embedded in larger community groups and general purpose-units either public (municipalities) or private, particularly in indigenous people. The solution seems to be shifting powers and resources from municipal governments towards traditional units of governance along with forest decision-making, and the alternatives of contracting with municipalities or private organizations if seen as convenient for some services provision.

## **6. Decentralization, property rights and forest use decision-making**

As was exposed before, decentralization put more emphasis in the distribution of powers rather than in the distribution of resources. The decisions related to land distribution, along with rights allocation to forest users were retained at the central level. Furthermore, the forestry regulations are determined by the national government's forest agency, and they are not negotiated with the local actors. Thus, forest decision-making of the different forest users—i.e., forest concessionaries, indigenous people, and communities—is regulated by rules and regulations passed at the central level. In this scheme, the departmental and municipal governments have little voice to influence the way in which land and forest resources are distributed. Nevertheless, municipal governments have participated only marginally in land

tenure-related issues by issuing some certificates of land occupation which were a key requirement for communities to undertake logging activities or to engage with sustainable forest management.

The central government—through INRA—began a process of land sanitation, but it has been slow, expensive and bureaucratic in practice. By 2005 only 18% of rural properties were titled 26% were in process of being titled (MDS 2005). Methodologies for land titling have privileged the compliance with technicalities along the whole process and have involved little to rural populations. The slow progress made during the ten years that lasted the process, and the increasing money shortage in the national agency for continue pursuing land titling, were both factors that led to involve partially to municipal governments interested in investing money in land titling. This did not made any progress since municipalities have little resources to devote to such sort of activities.

A key reform has been to collapse forest and land tenure rights by which landowners acquired the rights to use their forest resources placed in their lands. This applies to individual and communal private property rights. In spite of that, forest users have to comply with a relatively exigent set of rules and regulations whether they want to use their forests, mainly for logging. From the forest agency perspective, complying with these regulations will ensure sustainable forestry management. These regulations have introduced some biases against small-scale forest users which are not in conditions to cover the costs arising from complying with the forestry law, but there is not available strong empirical evidence to support this argument (Benneker *et al.* 2005). Besides the regulations costs, another factor working against small-scale forest users is the little autonomy that they are granted to make decisions over their forest resources. A command-and-control view, therefore, has tended to predominate in forestry management in Bolivia in detriment of other supporting local self-governance (Pacheco 2005b).

The social movements, mainly indigenous rooted movements, have been quite active in promoting the recognition of territories with exclusive rights over forest resources in favor of indigenous populations. Although only a small portion of such territories has been titled, as mentioned earlier, setting apart some areas for indigenous titling has been an important progress in these movements' struggles for securing access and property rights over their lands. Peasant claims for land has not been as important as that of indigenous people, but in the northern Amazon where rural people has formalized their access to lands under a communal tenure system in their struggles with *barracas* (MDS 2005). The social movements' actions, during the last decade and a half, have had important effects on recognizing traditional rights over land and forest resources, but they have done very little for reverting the unequal land distribution (Pacheco 2006b).

The latter, however, has not been accompanied with larger autonomies for the indigenous and traditional communities to decide about what to do with their forest resources, whether to use or convert them. This is because the claims for political autonomies, and hence greater self-governance in forest decision making have not been too much visible in the agenda of the social movements, and they have been subsumed within the access to forestland claims. Yet, currently some voices start to arise regarding the capabilities that local populations have to manage their resources, although there is still a strong resistance from groups grounded in conservation views.

There are about 60 initiatives of community-based forestry management, from which about a third part is active (Benneker *et al.* 2005). A major portion of those communities has to different degree prepared their management instruments—such as forestry census and inventories—but not all of them have the capabilities to undertake successfully their forest operations. Pacheco (2006a) suggests that the communities with greater institutional development are which obtain better economic results, and their forest will likely be managed in a more proper way. Yet the degrees of institutional development tend to vary depending on the location. Given the fact that there is a direct relationship between institutional development and self-governance (Gibson *et al.* 2000), there are the conditions in place for some communities to develop their forestry operations with some degrees of autonomy in forest decision making which could eventually lead to better economic and ecological outcomes (Pacheco 2006a).

There are several communities which are not implementing formal management plans, and even did not try to do so, merely because they cannot comply with the forest regulations, or due to the fact that they find more attractive to engage in informal timber markets, as mentioned before. Although there is only available anecdotal evidence, informal markets have negative implications for the household economies, mainly of the poorest families, since the prices that forest dwellers perceive for their timber are often lower than those of the market value. Furthermore, informal timber markets tend to be controlled by a handful of buyers who take advantage of illegal logging to enlarge their economic profits. There are some cases in which local authorities tend to protect to middlemen and local timber industry in exchange of some monetary reward.

People engaged in community forestry are not only constrained by the forest regulations but for other factors that impede them to overcome their situation of marginality. Other important restrictions had to do with their little chance to access financial resources to support their forestry operations, and to technical assistance for ensuring the implementation of improved practices (Benneker *et al.* 2005). Although, the municipalities were in theory to provide some services to local forest users, they often did not offer technical assistance, and hence the communities become to depend on forestry projects or non-governmental organizations. This situation of dependence has often led not to improve the communities' situations but to worsen them. By today, unfortunately there are no serious assessments of the project's impacts in community forestry.

## **7. Conclusions**

This paper argues that forest governance has primarily been seen as affected by the distribution of powers in the public system and in society. This, at least in theory, influences the way in which the institutions set and define the rules and regulations for public services provisions, and the mechanisms for decision-making, and social participation affecting the use of forest resources. In addition, when looking at “the” local government, conventional views see it exclusively as the municipality, neglecting the fact that in most rural area the community groups are private governments, and at such take most of the decisions for forest management for centuries. In this vein, forest governance is little seen as affected by the dynamics that explain the distribution of power, among interorganizational arrangements at the local level, and resources, not only land and forest, but other set of assets affecting forest users' welfare, and also

the way through which forest decision-making is actually exerted by the different forest users. Therefore, rather than centralizing forest management power in the hands of the municipalities could be better decentralizing more power and resources directly to community groups. In this light, shrinking the role of municipalities, and other levels of state government, in forest governance, and recognizing the autonomy of community groups for forest management decision-making as well as securing them with forestland property right could result in a qualitative shift in forest governance. It is important to understand that municipalities are good for local governance but not necessarily good for forest governance.

These arguments are explored looking at the Bolivian case. In this country, decentralization has been more focused on promoting a different distribution of responsibilities to the departmental and municipal level. Although new responsibilities have been transferred to these lower levels of government, much of the most relevant decisions still remain at the central level. This has led to what is labeled an incomplete decentralization. Much of the progress done in social participation and social control over the local authorities' decisions has not been extended to the forestry sector. In this sector, social participation is still rhetoric rather than a reality, and rules and regulations are determined at the central level with no participation of the forest users, mainly indigenous people, other traditional communities and local small-scale producers.

A key issue defining forest governance, which is related to the distribution of resources, is land distribution and allocation of rights to forest resources. This has been so far a process controlled by the central government with little participation of lower levels of government. While this process tends to grant rights over forest users, they have as mentioned little autonomies to make decisions over their forest resources. This, instead of improving the control over forest management, and hence helping to achieve better forest governance, is leading to the opposite effect. The difficulty for local forest users to complain with the forestry regulations, and the lack of monitoring capacity of the forest agency, are expanding the informal timber economy, which not only introduces distortions in the timber market, but has negative implications in the forest users.

The little progress made in assembling the two described processes—a much better distribution of powers among the different levels of government along with a more equalitarian distribution of resources—limits seriously the likelihood for the local forest users, mainly the poorest, to overcome their situation of marginality, enlarge their capacities for self-governance, and get access not only to land and forest, but to financial resources and technical assistance to make full benefit of their forest resources.

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## Notes

<sup>1</sup> Most of the Bolivian lowlands is comprised by the departments of Santa Cruz, Beni and Pando. The northern portions of La Paz, and Cochabamba also belongs to the Bolivian lowlands. The plateau is encompassed by the departments of La Paz, Oruro and Potosí, and the valleys by Cochabamba, Chuquisaca and Tarija. Hereafter, the plateau and the valley zones are labeled indistinctly as highlands.

<sup>2</sup> In Bolivia, there are three levels of government. Below the central government are placed the departmental governments or prefectures that correspond with the departmental jurisdiction, whose main authority (the *prefecto*) it is still appointed by the President. Then, the municipal governments, which correspond to the municipal jurisdictions. The member of municipal councils are elected democratically, and from within these council members mayors are elected.

<sup>3</sup> In order for the local forest users to be granted a forest concession they have to be recognized as a local user association, *Asociación Social del Lugar* (ASL), by the MDSP, who makes the final decision. This mechanism was conceived as a way to formalize the access to forest areas of local forest users or small-

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scale loggers who were previously conducting forestry operations informally within forest concessions or protected areas, since they had no legal right to use forest resources.

<sup>4</sup> Prefectures receive 35 percent of the concession fees and 25 percent of the fees charged for clear cutting operations. Municipal governments get 25 percent of both types of fees. The FONABOSQUE receives 10 percent of the concession fees and 50 percent of the clear-cutting fees. The SF gets 30 percent of the concession fees.