Supporters or Challengers? The Effects of Nongovernmental Organizations on Local Politics in Bolivia.

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Abstract

How do non-governmental organizations (NGOs) affect local politics in developing democracies? Specifically, do NGOs have systematic effects on the fortunes of incumbent political parties in local elections? Existing work predicts starkly contradictory political effects: some scholars claim NGOs should help incumbents by providing services for which politicians can claim credit, while others believe that NGOs should hurt incumbents by facilitating political opposition. We argue that both these effects are possible, depending on the size of a jurisdiction's population. In smaller populations, we hypothesize that NGOs facilitate collective action and decrease the ability of an incumbent to claim credit for their projects; larger jurisdictions water down the effect of NGOs on collective action and permit incumbents' credit claiming. Using electoral, sociodemographic, and NGO data for all of 314 municipalities in Bolivia, we find strong support for our hypotheses.
Political Supporters or Challengers?

The Effects of NGOs on Local Politics in Bolivia

Introduction

The growth of non-governmental organizations (NGOs) around the world is nothing short of phenomenal. NGOs boast a wide variety of structures and goals: some seek to gain rights for citizens, others work on providing public services in regions neglected by governments, and still others work with international donors to distribute project funds. Scholars have produced a large and diverse set of studies that reflects the empirical reality of NGO growth and activity. Despite their differences, most scholars fundamentally agree that NGOs have political consequences since most of their activity involves some sort of relationship with existing governments.

But there is surprising disagreement about exactly what these political effects might be. Certain scholars claim that NGOs challenge and undermine extant political authority by organizing and giving voice to previously marginalized groups, and by producing alternative sources of public services, both of which may delegitimize a government. In this view, NGOs are a powerful force for political change. Others argue that NGOs help buttress the political status quo. Studies in this vein argue that politicians claim credit for the services that NGOs provide, and can co-opt their missions. But since

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1 Acknowledgements: We would like to thank Scott Desposato and Irfan Nooruddin for invaluable help as this project developed. We would also like to thank Jeffrey Frieden for comments on an earlier draft.

2 We use the term non-governmental organization inclusively to refer to a wide variety of non-governmental non-profit membership and support organizations. Some authors (for example Hulme and Edwards 1997) use the term NGO only to refer to intermediary organizations that offer support to development and grassroots organizations (termed GROs), but this project is interested in the aggregate effects of all these types of organizations. Carroll (1992) makes a similar distinction, but uses the term “community based organizations” (CBOs). For this project, both CBOs and GROs are included in the larger category of NGO.
most studies of NGOs depend on case studies, robust large N tests of these opposing propositions are rare.

The role of NGOs in local elections has been particularly debated in Bolivia. Constitutional reforms in the mid 1990s opened up quasi-official roles for NGOs to include new voices in local politics, building high hopes for NGOs as agents of change. On the other hand, accusations of credit claiming and NGO corruption are also rife in the country. In some municipalities, new NGO involvement apparently created significant political opening, and new political parties won local elections after decades of single party domination. In the eastern department of Santa Cruz, for example, NGOs working on indigenous “capacity building” flooded into the municipalities of Urubichá, Gutiérrez, and Montero. In the small towns of Urubichá and Gutiérrez, patterns of participation shifted radically: indigenous and women’s groups began to meet regularly, and even reached out to interact with groups from neighboring municipalities. In the 1999 elections, the Nationalist Revolutionary Movement (the Movimiento Nacionalista Revolucionario, or MNR), the oldest and largest political party in Bolivia, lost its plurality on the municipal council as well as the mayor’s seat for the first time, giving way to the leftist party, the Leftist Revolutionary Movement (the Movimiento de la Izquierda Revolucionario, or MIR).

In other areas, NGO growth did very little to challenge the status quo. In the municipality of Montero, for example, a similar influx of new NGOs engaged in a wide variety of projects similar to those in Urubichá and Gutiérrez in the same periods. In this case however, the long dominant MNR maintained its majority on the municipal council. In fact, the public services offered by the new NGOs in Montero -- health care, sanitation
services, and workshops for small businesses-- appear to have helped build support for the incumbents by raising public satisfaction.

Such variation in political outcomes poses an interesting puzzle about the political effects of NGOs. What explains the relationship between NGOs and political authority? We argue that a municipality’s population size is a crucial determinant of whether NGOs challenge or support the political status quo. We posit two channels through which this can happen. First, NGO activities create opportunities for credit claiming by politicians. Almost all NGOs do work of some value: supplying vaccines, providing services for the poor, holding workshops for handicraft producers or small businesses, producing sanitation services, or simply creating spaces for community gatherings. Politicians seek to take credit for the work the NGOs to gain electoral support. Second, NGO activities may also produce associational effects by bringing people together, building social capital, and increasing trust. By facilitating collective action, NGOs may motivate citizens to challenge the political status quo, as NGO proponents claim.

The size of the political jurisdiction’s population helps determine which outcomes obtain. In smaller communities, the ability of NGOs to augment collective action is more easily translated into political action than within larger populations. A higher level of collective action has some positive probability of challenging the incumbent. Smaller populations also hurt an incumbent’s ability to credit claim, since voters are more likely to possess information about the true provider of the good or service. The associative effect, in contrast, is watered down in a large community and credit claiming is easier, making NGOs less likely to be a significant source of challenge to incumbents.
We test these hypotheses using a new dataset which includes electoral, sociodemographic, and NGO information for all 314 municipalities in Bolivia. Specifically, we test for the effect of changes in numbers of NGOs per capita over a five-year period on the incumbent mayors’ vote change over two elections (1999 and 2004). By employing a clear measure of political consequences – incumbent vote share – and by using the entire set of municipalities in Bolivia, we are able to test rigorously the divergent claims found in the literature regarding the political effects of NGOs. We find support for our scale hypothesis of NGO effects: NGO activity in smaller jurisdictions reduces the vote share of incumbents (the “challenge” hypothesis), while it has a positive effect for incumbents in large jurisdictions (the “status quo” hypothesis”).

We believe we are the first to test systematically the political impact of NGOs on local level politics. That is, while other important work has explored how international funding for NGOs affects presidential votes at the local level, no other study has used elections for local office to explore NGOs’ political consequences. Since NGOs operate at the local level -- and indeed much of the literature regarding them explicitly theorize about how they influence local level phenomena -- we believe that this study uses an especially appropriate research design.

We present this paper in six parts. First, we discuss the competing views on the political effects of NGOs. Second, we present our argument that the effect of NGOs is conditional on the size of the jurisdiction and derive our hypotheses. Third, we provide a brief overview of the political context of Bolivia. In the fourth section we explain our data and measurement strategies. In section five we discuss the results of statistical tests of our hypotheses and conclude in the last section.
1. The Political Effects of Non-governmental Organizations

The growth of NGOs over the last generation has been exponential. While no definitive count is possible, a very safe estimate places the number worldwide in the hundreds of thousands; Mumbai alone claims 55,000 (www.indianngos.com); as a country India had one million in 1997 (Salamon & Anheier 1997). New streams of revenue explain a great deal of this dramatic increase. Bilateral and multilateral donors believe that NGOs can deliver different services than governments and donors, deliver them more efficiently, and/or deliver them to segments of the populations that the state cannot reach easily. Using NGOs is also thought to reduce the corruption that can be found in official state agencies. The “New Policy Agenda” of the 1990s was exemplary of this approach, and billions of dollars have flowed from the industrialized democracies to NGOs in developing countries: the World Bank provided $1.3 billion dollars to NGOs and community-based organizations from 1985-1997 (Gibbs, Fumo, & Kuby 1999); The Economist estimates that two-thirds of European Union relief aid already flowed through NGOs by 1994 (Brown, Desposato, & Brown forthcoming).

Early scholarship addressing the increasingly important role of NGOs tended to be descriptive. Observers generally sought to explore NGO structures, goals, and outputs, mostly with an eye towards explaining intended or unintended policy outcomes (e.g. Abers 1996; Fox 1994; Lehman 1990); for a review see Brown et al. 2002). Analysts producing this work often had worked for NGOs, or were academics with

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3 (Ungpakorn 2004) offers 5 reasons for the rapid increase of NGOs: expansion of NGOs from the west, either directly or financing local NGOS; increasing use of NGOs by developing country governments in response to neo-liberal attacks on state provision of services; these governments recognized the beneficial effects of using NGOs for service provision; fragmentation of left wing movements; failure of trade unions and parties to articulate social problems (p. 1).
connections to NGOs or their funding agencies (Brown et al. 2002; Carroll 1992; Clarke 1998; Hulme & Edwards 1997). This work established the baselines for what NGOs sought to accomplish and explored reasons for their success or failures. While such studies at least implicitly addressed the political aspects of NGOs, they did not systematically investigate such issues (Brown et al. 2002; Devine 2006; Keck 1998).

More recent scholarship has begun to focus directly on the links between politics and NGOs, producing a fertile array of theories designed to explain how such organizations fit into the political arena (Brown et al. 2002; Brown et al. forthcoming; Brown et al. 2005; Mercer 2002). We focus on two arguments that we believe define much of the debate: the “challenge” argument, in which NGOs challenge, or are supposed to challenge, the prevailing political order and the “status quo” argument, in which NGOs knowingly or unknowingly support the extant political order. We review the theories that underlay these two arguments below.

Depicting NGOs as challengers to entrenched authority dates back to the 1970s as non-state groups in Latin America, inspired by liberation theology, worked to mobilize the poor and disenfranchised (Nylen 1997). But the theoretical underpinnings used by scholars for this view reach back much further. Most of these studies have linked NGOs’ political consequences to associational activity (here we follow the useful review of Brown et al. forthcoming). From de Tocqueville to Putnam, analysts have argued that associations provide horizontal linkages and produce social capital that, in turn, may foster alternative political ideas and groups to keep incumbent governments in check (Putnam 1993; Putnam 2000; Robinson 1993). Many scholars who identify the benefits of NGOs have directly borrowed the language of associations in their discussion of
NGOs (Devine 2006; Mercer 2002). NGOs promote community organization and mobilization (Bebbington et al. 1993; Fisher 1997; Korten 1990); they legitimize and strengthen civil society (Bratton 1989; Clarke 1998; Garrison 2000; Lambrou 1997; World Bank 2000); they generate more pluralism and political participation (Fisher 1997; Fowler 1991; Silliman & Noble 1998); they offer a base for civil resistance to oppressive political systems (Fisher 1997; Loveman 1991); and they can even bring down authoritarian regimes (Clarke 1998). NGOs contribute to democracy by helping to create a “vibrant and autonomous civil society” that can challenge despotic government (Mercer 2002) see also (Clark 1991; Diamond 1994).

There is another equally extensive literature that doubts NGOs’ ability to challenge political authority. Scholars using what we call “status quo” arguments have offered many mechanisms through which NGOs either support or at least do not confront political issues. NGOs can be captured by the state or state-supporting entrenched interests, which can undermine a previous commitment to their agenda of political change (Ndegwa 1996; Putnam 2000; Uvin 1998). Funds received by an NGO from government or international sources could chip away at its previous embrace of confrontational goals and tactics (Brown et al. 2002; Smillie 1996). Those that deal with international partners, in particular, could become “neo-liberal” and thus non-confrontational (Devine 2006; Pearce 2000; Townsend & Gordon 2002). Worse, increasing numbers of NGOs competing for international funds may increase uncertainty and insecurity for the organizations, leading to increasingly poor outcomes (Cooley & Ron 2002). When contracted by the state to deliver services, NGOs also could be

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4 This study is concerned with the political effects of NGOs in democratic settings, not authoritarian ones. However, in many developing countries, the same organizations have persisted through autocratic periods and periods of democratic transition.
unwittingly following the strategic interests of the government (Gideon 1998; Mercer 2002). And rather than increasing pressures on governments for policy change, the growth in NGO numbers could lead to fractionalization of opposition (Hammami 1995).

Although scholars have elaborated numerous mechanisms by which NGOs can challenge, embrace, or ignore political authority, they have not generally employed research designs beyond the case studies of one or several NGOs. The rich set of case studies has illuminated the internal and external workings of many NGOs. Such work, while generating excellent hypotheses about the relationship between NGOs and politics, are more limited in their ability to generalize their arguments or weed out alternative explanations. We build on the pioneering work of Brown et al. (2002, 2005, and forthcoming) and use a larger set of cases to test more rigorously hypotheses about the political effects of NGOs. Because we refer to their work extensively, it is useful to examine it more closely.

Brown et al.’s work explores how external funds funneled through NGOs affect politics in Brazil. More specifically, they test the correlation between the funding of local NGOs by a World Bank supported project in the Brazilian state of Rondonia (“Planafloro”) and vote change in the presidential and gubernatorial elections (1994 and 1998) using municipal level data. Given that Rondonia is considered a conservative-center stronghold, they use change of vote shares for candidate on the left as a measure of political change. They find that increases of World Bank funding for NGOs through Planafloro decreased the left candidates’ vote shares at the gubernatorial level, but increased the left’s vote for the president. In other words, they find support for the
“challenge” hypothesis in presidential voting and support for the “status quo” hypothesis in gubernatorial voting.

They argue that this finding is driven by the logic of patronage politics. While governors did not control the Planafloro’s money directly, they could control when it was released. In their qualitative fieldwork, Brown et al. heard for many sources that governors showed up at events funded by NGOs to claim credit for them. The authors posit that the presidential candidates did not claim credit for NGO activities for two reasons. First, candidates would have little incentive to visit the “remote, rural, less-populated regions to claim credit for a relatively small program” (Brown, et al. forthcoming 6). Second, the national government had been largely excluded from the Planafloro program; the World Bank had turned over the management and resources to the state government of Rondonia. This gave the governor -- and not the president -- the incentive to claim credit for the benefits of the program. Some left party leaders also spoke of using Planafloro money at the municipal level to help in organizing for their candidates.

In a later paper, Brown et al. go one step further. Using the same research design, they test if the type of NGO matters to these contests. They code NGOs for their ideology, political mobilization, and populations served, and then include these new variables in their presidential vote share model (Brown et al. forthcoming). They find that the share of external World Bank funds given to NGOs whose target populations were rubber tappers and indigenous peoples had a significant positive effect on the vote share of the leftist presidential candidate.
Brown et al.’s studies break new ground in the study of NGOs because they use a precisely defined variable for political change, a larger sample, and a clear measure of NGO activity (World Bank financing). We seek to add to this style of work but ask a different and perhaps more fundamental question about the effect of NGOs on political outcomes, and employ a country-wide dataset of municipalities from Bolivia.

Brown et al.’s research design and case data also have limitations. First, Brown et al. use external financing as a proxy for NGO activity. While this is reasonable in their particular case, since most of the NGOs were created in response to the World Bank project, external money may or may not be correlated with the level of NGO activity. Second, their case is limited to one project in one Brazilian region, limiting their ability to generalize about the political effects of NGOs. Third, state level politics are still distant from the day-to-day lives of voters. Governors and presidents may or may not claim credit for a local improvement, but it remains somewhat uncertain that residents can tie these benefits to such high offices. Given that the vast majority of studies argue that the beneficial effects of NGOs occur at the local level, we believe that the importance of horizontal linkages may be made more manifest in local political arenas.

2. Our Approach and Hypotheses

We examine the fundamental question: Do NGOs affect local politics? Our study attempts to improve on the Brown et al.’s work by 1) using change in the number of NGOs as our variable of interest (rather than change in external funding for NGOs) 2) using change in mayoral vote, which the lowest level of electoral government in Bolivia,
and 3) using data from all Bolivian municipalities (rather than from one region) to test more generally how NGOs affect politics at the local level.

We assume a simple model in which NGOs produce an array of goods and services and incumbent politicians prefer to remain in office. NGOs can affect electoral support for incumbent politicians through two mechanisms. First, NGOs create opportunities for credit claiming. Although they may provide a wide range of goods and services for different segments of their targeted groups, we assume on average that NGOs produce some level of goods and services so that more NGOs would result in more per capita goods and services in any one district. Politicians would seek to take advantage of NGO activities if they could, since association with higher levels of goods and services would generally help their electoral chances. Second, NGOs can facilitate collective action among citizens by creating opportunities for people to interact, build trust, and share information, regardless of the specific projects or activities involved. Clearly some NGOs work more than others on to generate explicitly collective action that could lead to political outcomes. But even in less directly political projects, NGOs can facilitate greater information flow between citizens. We assume that greater levels of collective action is relatively worse for the incumbent: a politician that had won the previous election would prefer the status quo political landscape over one that boasted new, less predictable and controllable forms of collective action. Thus, these two mechanisms work in opposition to each other: NGO activities offer a politician the possibility of credit claiming, but they also can spur political challenges.
We contend the size of the political jurisdiction’s population is a key determinant in explaining the relationship between politicians and NGOs.\(^5\) In small communities, NGO activities boost collective action and increase electoral challenges to the status quo. Credit claiming is also more difficult in smaller communities since the costs of information gathering about the real source of the goods and services are lower, making it hard for politicians to use NGOs to their advantage. Imagine a city of a few thousand inhabitants. If only one or two of the new NGOs encourages people to question the existing hierarchy and organize for change, and even if only a few hundred people are involved, the effect in a small town could be dramatic. The increase in opportunities for associational life increases the likelihood that discussions take place about politics. Whether or not these discussions result in opinions that support or disavow the incumbent, even a small increase in the latter is a change in the level of political opposition that did not exist prior to the change in NGO activity.

On the other hand, in larger jurisdictions NGOs could help the incumbent. Higher information costs mean that credit claiming is easier in a larger population: politicians are more apt to “get away” with associating themselves with goods and services they had no hand in providing. In a larger city, an NGO provided health care clinic, microfinance loans, small business advice, or orphanages may be more difficult to distinguish from government efforts in the same policy areas within the impersonal setting of a large community. In the case of a children’s home in La Paz, for example, the orphanage was officially run by the state, but had “contracted” with an NGO to provide all the services for the children, including food, teachers, clothing, and health care. To the less well

\(^5\) This is unlike Brown et al. who find that NGOs matter differently at different levels of electoral contest (governor and president),
informed observer, the home was a government entity, but almost all of the funding and services came from an NGO. In this case, if the NGO is doing good work, the government looks better, and the incumbent stands to gain.

The level of NGO activity necessary to affect politics by means of an increase in associational activity is also far greater within a larger population. The same number of people may benefit from the same NGO program in small and large populations, but this number is less politically important with increasing numbers of voters. Translating the activities of a few new NGOs into significant opposition is more difficult than in small municipalities, and more easily mitigated by political party activity, labor union activity, or other actors in larger municipalities.

In sum, in smaller towns, we expect the “challenge” hypothesis -- that NGOs tend to hurt incumbents -- to hold, but in larger towns we expect the “status quo” hypothesis -- that NGOs tend to help incumbents -- to hold. Our hypotheses for NGO activity and population are thus:

*Hypothesis 1:* Increases in NGO activity in smaller jurisdictions are associated with decreased support for incumbents (“challenge” hypothesis).

*Hypothesis 2:* Increases in NGO activity in larger jurisdictions are associated with increased support for incumbents (“status quo” hypothesis).
3. The case of Bolivia

Bolivia offers an ideal setting for testing the impact of NGO activity on local politics for several reasons. First, Bolivia has a history of high levels of NGO activity. This density of NGO activity combined with extreme poverty, history of political exclusion for poor and indigenous citizens, and fairly recent transition to democracy closely approximates the setting where NGOs are frequently theorized to have the most impact. Second, Bolivia is a country where local politics are tremendously important. Bolivia has a decentralized government that places substantial resources and responsibilities in the hands of municipal government. Since most of the theoretical effects of NGO activity occur at the local level, it makes sense to test for their effects where the stakes of local politics are high.

NGOs have a rich and varied history of activity in Bolivia. A few religious NGOs operated in Bolivia as early as the 1950s, but a wave of new organizations appeared in the 1970s. These organizations, often supported by European and North American donors, were seen as part of the leftist resistance to the dictatorship. A second wave of NGOs arrived in the 1980s, following a worldwide trend. These organizations boasted great diversification, ranging from “think tank” centers for intellectuals, to rural development organizations, to radical grassroots organizing NGOs; from health care providers to environmental activist organizations.

The Bolivian government requires that all NGOs working in Bolivia register as a legal entity. Operationally, this project relies on the definition from the Bolivia government NGO registry. The registry counts more than 600 registered NGOs working in more than 150 municipalities (the remaining municipalities do not have registered
NGO activity). Since many of these NGOs work in several municipalities, combined there are nearly 2,000 projects included in the dataset, summed by municipality.

Bolivian NGOs operate in sectors including agriculture, education, legal assistance, environmental work, communication, institutional development, health, sanitation, housing, and small industry support. It is important to note that many NGOs work in more that one sector and engage in numerous types of activities. Of the NGOs of Bolivian origin, 46% work in more than one sector (VIPFE 2003).

4. Data and measures

Unit of Analysis: Municipalities

Bolivia has had a decentralized government since the Law of Popular Participation was passed in 1994, with a large amount of authority and funding devolved to the municipal level. The country has nine departments, 111 provinces and 314 fourteen municipalities. (Municipalities also carry the name “sections” (in Spanish, secciones or alcaldías). There are also smaller administrative units, cantons, but their borders are imprecise and have few reliable sources of data. Census data and electoral data both exist at the municipal level, like our NGOs data, allowing us the unusual chance to test our hypotheses with very complete information at a very local political level.

Municipalities (as well as provinces and departments) are of unequal size and shape. The population of municipalities ranges from a few hundred to over a million. The smallest municipality, Yunguyo del Litoral in the highland department of Oruro, has just

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6 These figures are according to the definitive work on Bolivian political geography, Geografía Electoral de Bolivia by Salvador Romero Ballivian (2003). However, there are important discrepancies between sources. Although Ballivian writes that there are 314 municipalities (pg. 10), his appendix listing the municipalities only contains 311. The 2001 census reports statistics for 314 municipalities. The 2004 election results published by the Corte Nacional Electoral contain data for 327 municipalities.
221 people; the largest, the Eastern lowland metropolis of Santa Cruz de la Sierra, has 1.3 million. The mean municipal population size is 26,351, but the median is just 9956. There are only four cities over 500,000 people (La Paz, El Alto, Santa Cruz, and Cochabamba). Because these cities are considerably larger than their counterparts, we consider them outliers but show all of results with and without them.

The entire country of Bolivia is divided into municipalities, which can be mostly urban, mostly rural or a mix of the two. Many municipalities have a town center, and include outlying rural areas. It is important for this analysis that the term municipality does not refer exclusively to urban areas or towns, but rather to smallest government unit in Bolivia that hold regular elections, has the power to tax, and determines local policy and laws. Since the 1994 reforms, municipal governments also receive budget transfers from the central government.

**Key Dependent Variable: Change in Incumbent Party Vote Share**

Our main dependent variable is change in vote share for the incumbent political party, derived from the difference in vote share between 2004 and 1999. We excluded 18 municipalities from the analysis because the incumbent party did not run in 2004.8

Bolivian municipal elections use multiparty proportional representation rules. Voters cast their ballots for political parties, and the party receiving the most votes designates the mayor. Municipal electoral results are available from the Corte Nacional

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7 The average municipality has 21 percent agricultural workers, a common measure of the urban-rural distinction. The most urban municipality has .007 percent agricultural workers, and the most rural municipality has 47 percent agricultural workers. The majority of municipalities include a mix of urban and rural populations: the middle half of all municipalities have between 15 and 27 percent agricultural workers. (Census 2001).

8 Another issue in comparing these two elections is that between 1999 and 2004 there was a substantial change in the rules for political parties. Prior to the 2004 election, only established political parties could run in municipal elections. In 1999, for example, 17 political parties ran in the municipal elections. In 2004, however, 387 political parties ran nationally, although the vast majority competed in only one municipality.
Electoral (CNE 2006). Since votes are cast for political parties, not for individual candidates, we use change in vote share for the incumbent political party as our measure of political change.

An important advantage of our measure is that the incumbent party varies across municipalities. Thus we can test the effect of NGO activity on the incumbent party independent of party affiliation or location on the political spectrum.

*Key Independent Variable: NGO Activity*

Ideally, we would like to measure the level of NGO activity, both those that have directly political objectives such as campaigning and those activities with indirect, associational effects, such as providing space and resources for organizing various groups. However, since nearly all NGOs are engaged in more than a single type of project, and measuring the intensity of political activities is very difficult, we employ the number of NGOs per capita in a municipality as a proxy for NGO activities. We believe this is a reasonable proxy for several reasons. First, although some NGOs in other parts of the world have been accused of being merely “paper organizations” that seek international funding while engaging in few activities on the ground, there is little evidence that this is the case in Bolivia. The vast majority of Bolivian NGOs are engaged in activities that could conceivably build social capital, including conducting workshops, literacy programs, health care programs, and other participatory development projects, although certainly some are more effective than others.\(^9\)

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\(^9\) This statement is supported by dozens of author interviews with staff members at the NGO registry office, NGO employees, and NGO experts in Bolivia conducted in 2000, 2004 and 2007.
Second, since NGO activity can vary widely in its political effectiveness, other possible measures of NGO activity, such as budget data, number of projects, or number of employees also run the risk of not accurately capturing the kind of NGO activity in which we are most interested. We argue that changes in the number of NGOs per capita, while admittedly blunt, is strongly correlated with changes in NGO activity. Not every NGO pursues the same type or level of activities; our tests seek to find the average effect of NGO change over the entire set of Bolivian municipalities. We believe it is reasonable to hold that if NGOs are leaving an area, it is safe to say that NGO activity is declining. If new NGOs are registering in an area, NGO activity is almost certainly increasing.

We coded NGO data using a Bolivian government registry of NGOs published by the Vice-Ministry of Public Investment and Foreign Financing (VIPFE in Spanish acronyms). VIPFE makes the registry available as a published book or as a PDF file on VIPFE’s website. VIPFE has published and updated the registry five times since 1996. Most of our data came from the 2003-2004 registry. We entered our data by NGO and included the official acronym, the full name of the organization, the country of origin, the department where the organization registered, the date the NGO began activities, the registration renewal data, contact information, the sectors in which the organization worked, and the location of their work.¹⁰

¹⁰ One challenge in sorting the data was matching the locations listed by the NGO in their registration with known municipalities. The vast majority of the locations listed were municipalities, but there remain some we have not yet identified despite our best efforts (114 out of 2076 NGO locations). Mostly, we have not coded those for which the names vary from source to source, and for which we have not yet made a decision which which we are comfortable. For example, the Eastern city of Santa Cruz has alternately been listed as “Santa Cruz de la Sierra,” “Sta. Cruz,” “Sta. Cruz de la Sierra,” “Sta. Cruz de la S.,” etc., making electronic merging very difficult. Some municipalities also have more than one name, further complicating matters. For example, Villa Abecia is also known as Camataqui and Parquipujio is also called Tito Yupanqui. A complete list of all the alternate spellings and names of municipalities that we have used is available upon request. To get a complete list of all the municipalities in Bolivia, we referenced Salvador
To make these data useful for comparing across municipalities, we summed the total number of NGOs in each municipality to get totals for 2004. Since our primary interest is the effect of changes in numbers of NGOs per capita, we use the raw count of NGOs from 2000 and 2004 to create a variable indicating the change in numbers of NGOs over the five-year period. In almost every municipality, the number of registered NGOs increased between 2000 and 2004, despite considerable differences in size and population between municipalities. The maximum increase occurred in the capital city of La Paz, with an increase of 139 organizations, bringing the total from 55 in 1999 to 194 in 2004. The minimum is a loss of eight NGOs. 130 of the municipalities have no recorded NGOs in either year.

**Interaction Term**

We believe that NGOs have different effects contingent on the size of a jurisdiction’s population. To capture this in the model, we use a multiplicative interaction term to designate that the effect of change in NGO number is conditional on the size of the city. Because we argue that the main divide to be between very small jurisdictions and jurisdictions over a certain size, we use a dummy variable for population size with the cut-off point established at the median city size in our sample, a population of 9957.

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Romero Ballivian’s authoritative *Geographia Electoral de Bolivia* (2003) and the list of municipalities from the 2001 census (INE).

11 A similar list of NGO totals by municipality for the year 2000 was available from a dataset created from government sources by Andersson (2006). Since the original VIPFE source included more detail, we used the date the NGO began activities and summed only those organizations in existence before 1999 to compare with Andersson’s data. As the NGO registries do not provide their geographic locations, we assume that NGOs worked in the same locations in 1999 as in 2004. Our assumption is supported by the high correlation (.90) of our data with Anderson’s data.
The threshold is somewhat arbitrary, but robust. The results are the same if the threshold is changed to 11,000 or 9,000.

Control variables

Ideally, the elections of 1999 and 2004 would be very similar in all ways except for changes in NGO number. Unfortunately, the dynamic and tumultuous world of Bolivian politics did not cooperate. The years between 1999 and 2004 witnessed the meteoric rise of the leftist political leader Evo Morales and his MAS party (Movimiento al Socialismo or “Movement toward Socialism”). To control for the possible coattails effect that might have influenced local election results, we include the percent of the vote from each municipality received by Evo Morales in the 2005 presidential election.

We also control for level of development, population size, how rural the municipality is (measured as the percentage of agricultural workers), the percentage of indigenous people, and the baseline number of NGOs per capita in the first period. Level of development is measured as the percent of houses in each municipality with electricity. The data were taken from the 2001 census (Corte Nacional Electoral 2006). Population is included in the model as a dummy variable, set to 1 for all municipalities smaller than 9957 individuals and 2 for the rest.

We use OLS regression to estimate our hypothesized effects since our measures approximate continuous variables and the distribution of our data fits the linear model.
5. Results

The results of our analysis offer significant support for the argument that NGOs have a systematic political effect in local elections and that the effect is conditional on the size of the jurisdiction. In towns smaller than the median population of 9957 people, we find that increases in NGOs are associated with electoral losses for incumbent political parties. In towns larger than the median population, the effect is reversed. Although incumbent parties tended on average to do very poorly in the second election as a rule, increases in NGOs are associated with increasingly smaller losses for incumbent political parties. In other words, incumbents in large municipalities with increasing NGOs did much better compared to their counterparts in municipalities with little or negative change in NGOs.

Table 1 presents the results for two estimations of the same equation. Model 1 includes all municipalities in which the incumbent party ran in the second election, a total of 296 of the 314 municipalities. Model 2 excludes the largest four cities: La Paz, El Alto, Santa Cruz, and Cochabamba. The distribution of municipalities by population is strongly skewed, with half the towns having fewer than the median population. Only these four cities have populations over 500,000. Given that larger cities tend to have more NGOs, it was important to confirm that our results were not driven by these few extreme cases. In fact, the models are remarkably similar.

The interaction term multiplying change in NGOs and the dummy for population size is positive and significant in both estimations (p = .045 and .062, respectively), and both of its constitutive terms are also significant at the .005 level. Following the admonitions of Brambor et al. (2005) and Braumoeller (2004), both constitutive terms are
included in the model and we rely on the predicted values to make meaningful interpretations of the coefficients.

Graph 1 shows the predicted change in vote share for the incumbent political party at different changes in the number of NGOs per capita in a municipality. The values for change in number of NGOs were set at the deciles. All other variables in the model are held at their median. The top line shows the predicted values for towns larger than the median. Although, on average, incumbent parties in this category still lost votes over the previous election, an increase in NGOs clearly predicts that incumbent parties do better. In a municipality that lost .001 NGOs per capita (50 NGOs in a town with a population of 50,000, for example), our model predicts the incumbent party loses 27% of the votes compared with their vote share in the previous election. However, in a municipality that gained .0006 new NGOs per capita (30 NGOs in a town of 50,000), the incumbent party loses a little less than 7%. At the extreme, a gain of .001 NGOs per capita predicts an electoral gain of 4%. It is important to remember that, because of the tremendous electoral gains made by Evo Morales and the MAS party, incumbents on average did very poorly in the second election. However, an increase in NGOs in the larger municipalities is strongly associated with much better performance for incumbent parties.

The bottom line in Graph 1 charts the predicted changes in vote share for incumbent parties in municipalities with populations of less than the median. In these cases, an increase in NGOs has a negative effect on the vote share for incumbents. Municipalities with little change in NGOs activity averaged a loss of about 20% vote share between the two elections. But a gain of .001 NGOs per capita predicts a 24% change in vote share.
It is true that incumbent parties on average did worse in the smaller towns. The mean change in vote share for small towns is -22%, while the mean vote change in large towns is -.14. However the range is quite similar for the two groups: a minimum loss of -.67 and a maximum gain of .25 for small towns compared with a minimum of -.60 and a maximum of .24 for large towns.

Our findings are of course challenged by the possibility of endogeneity: NGOs are certainly not choosing to place themselves in municipalities by through randomization. An effective challenge to our results would have to claim that either NGOs were moving into municipalities in order to influence elections, or that NGOs were targeting municipalities with close electoral races. Either of these possibilities would make the correlations we find between differences in election results and change in NGOs unconvincing as a causal story. In interviews with dozens of NGO employees and experts on NGOs in Bolivia we have found no suggestion that NGO placement followed either logic. Nearly all of the individuals we interviewed claimed that the political effects of NGOs are considered side-effects to the true mission of the organizations (if any political effects are admitted at all). These discussions increase our confidence that issues of endogeneity do not pose substantial threats to our results. Additionally, these results remain robust with the inclusion of several alternative measures of the control variables, including level of education, and the change in vote share for MAS in local elections. 12

12 We also test differences in domestic NGOs versus international NGOs, as coded by the NGO registry. However, the evidence on the effects of changes in international NGOs on incumbent political parties is inconclusive. We find that an estimation of our model using all municipalities where the incumbent party ran in both elections yields a negative and weakly significant coefficient. This suggests that international NGOs might in fact be hurting the electoral prospects for incumbent political parties. However, this result does not hold if we estimate the equation without the largest four cities, which have a high density of international NGOs. Only the variable for population is significant in both estimations.
6. Conclusion

NGOs are an increasingly important political phenomenon. They provide an astonishing array of goods and services to millions of people worldwide. They can cooperate or compete with existing political authorities. They can reach out to populations that formal governments often ignore. And their growth is a certainty.

Our knowledge about NGOs lags behind their significance. Case studies have dominated the study of NGOs until quite recently, and widespread beliefs about the outcomes associated with them remain based mostly on anecdotal evidence. We especially lack robust answers to even the most basic questions about NGOs’ political effects.

In this paper we hoped to add to the small but growing number of studies attempting to formulate and test more general theories about NGOs. We asked a simple question “How do NGOs affect politics?” We hypothesized that NGOs impinge on incumbents by contributing to collective action and providing opportunities for politicians to credit claim. Further, we argued that these effects were contingent on the size of a population in a jurisdiction. Incumbents were likely to be hurt electorally by NGOs in jurisdictions with smaller populations, but helped by NGOs in areas with larger populations. We found support for these ideas in our empirical tests.

In our study, the answer to the general question of whether NGOs have political effects is a clear yes. We also find evidence for both of the chief and contradictory

We chose not to present these results for several reasons. First, since most large scale, big city NGOs receive international funding, the distinction between NGOs that are listed as “international” in the registry and those that are listed as “domestic” might be somewhat arbitrary. Better measures would include a measure of the size, strength and activities of the organizations as well as an indication of the sources of their primary funding. Second, the presence of international NGOs is highly concentrated in the four largest cities, where incumbents did quite poorly in the second election in our study. It is possible that the political situation in these cities is not representative of the effect of international NGOs in other large cities.
hypotheses found in the literature: NGOs can challenge and support incumbents depending on the size of the population.

It is clear that far more work needs to be done on the political determinants and effects of NGOs. Across different services and goods, in different electoral systems, and at different levels, NGOs will continue to grow as significant players in the political arena and, hopefully, and the growing subject of political analysis.
Table 1: OLS Regression: Change in Incumbent Political Party’s Vote Share

<table>
<thead>
<tr>
<th></th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All Observations</td>
<td>Excluding Largest Four Cities</td>
</tr>
<tr>
<td>Change in NGOs per capita</td>
<td>-155.20* (69.14)</td>
<td>-145.12* (68.90)</td>
</tr>
<tr>
<td>Baseline NGOs per capita (1999)</td>
<td>-36.74* (16.78)</td>
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</tr>
<tr>
<td>Population Dummy</td>
<td>.06** (.017)</td>
<td>.06** (.017)</td>
</tr>
<tr>
<td>Population* Change in NGOs</td>
<td>135.01* (67.18)</td>
<td>125.23 (67.00)</td>
</tr>
<tr>
<td>Level of Development</td>
<td>.017 (.058)</td>
<td>.035 (.056)</td>
</tr>
<tr>
<td>Urban-Rural (% agricultural workers)</td>
<td>-.115 (.134)</td>
<td>-.134 (.133)</td>
</tr>
<tr>
<td>Indigenous Population (%)</td>
<td>-.012 (.030)</td>
<td>-.009 (.030)</td>
</tr>
<tr>
<td>Vote share for MAS in Presidential Election</td>
<td>.000*** (.000)</td>
<td>-.000** (.000)</td>
</tr>
<tr>
<td>Constant</td>
<td>.224 (.048)</td>
<td>-.265 (.040)</td>
</tr>
<tr>
<td>N</td>
<td>296</td>
<td>292</td>
</tr>
<tr>
<td>R-square</td>
<td>0.1283</td>
<td>0.1365</td>
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</table>

NOTE: Robust Standard Errors are provided in parentheses
*p < .05. **p < .001. ***p < .000. Two tailed tests.
Graph 1

Predicted Change in Incumbent Party’s Vote Share

Change in NGOs per capita
Appendix: Summary Statistics

**All observations where Incumbent Party ran in both elections**

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min.</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
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<td>0.0006</td>
</tr>
<tr>
<td>NGOs per capita (1999)</td>
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<td>0.005</td>
<td>0.0004</td>
<td>0.0005</td>
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<tr>
<td>Interaction (population dummy* change in NGOs per capita)</td>
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<td>0.0002</td>
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<tr>
<td>Level of Development (% houses with electricity)</td>
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<td>Indigenous population</td>
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<td>0.87</td>
<td>0.44</td>
<td>0.31</td>
</tr>
<tr>
<td>Vote Share for MAS</td>
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<td>0.02</td>
<td>0.94</td>
<td>0.56</td>
<td>0.24</td>
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<tr>
<td>Change in International NGOs</td>
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<td>15</td>
<td>0.80</td>
<td>1.72</td>
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---

**Excluding cities with populations over 500,000.**

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<th>Max</th>
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<td>0.0004</td>
<td>0.0005</td>
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<td>Interaction (population dummy* change in NGOS)</td>
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<tr>
<td>Urban-Rural</td>
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<td>4</td>
<td>0.63</td>
<td>0.94</td>
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References


Hulme, D., & Edwards, M. *NGOs, states and donors: Too close for comfort?* Macmillan.


