

## **Dissertation Chapter 4**

### **Sub-National Statistical Analysis (Part II)**

#### **NGOs and Election Outcomes<sup>1</sup>**

Carew E. Boulding  
cbouldin@ucsd.edu

UC San Diego  
Department of Political Science

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## **NGOs and Election Outcomes**

Carew E. Boulding

### ***Introduction***

The growth of non-governmental organizations (NGOs) around the world is nothing short of phenomenal. NGOs also 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 NGOs growth and activity. Despite their differences, most scholars fundamentally agree that NGOs have political consequences since almost all NGO work involves some sort of relationship with existing governments.

However, there is surprising disagreement about what these political effects might be. Certain scholars claim that NGOs can challenge and undermine extant political authority by organizing and giving voice to previously marginalized groups, and by producing alternative sources of public services, 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 easily co-opt and claim credit for an NGO's services. The funds and concomitant constraints that flow from international donors may also dilute an NGO's original, more confrontational efforts and thus lead to support for or acquiescence to political incumbents. The predicted effects of international NGOs (INGOs) are likewise contradictory: on one hand INGOs' prestige and resources can make them formidable challengers to entrenched

politicians, while on the other hand INGOs may be reluctant to participate in local politics, making them de facto supporters of incumbents. Since most studies of NGOs depend on single case studies, systematic, empirical tests of these opposing propositions are rare.

I argue that NGOs can both support and challenge political authority, depending on the size of the population in the area in which they work; scale matters to NGO political effects. Unlike others who believe that politicians can easily co-opt NGOs at the local level, I hypothesize that NGOs in smaller jurisdictions should be more successful when they seek to act as training grounds for democratic behavior, as mechanisms for building trust among neighbors, or as venues for airing shared grievances in order to gain strength in numbers and take action. But fomenting such personal interactions and translating those interactions into political action should be far more difficult in larger settings. That is, NGO activity in smaller jurisdictions is more likely to challenge the political status quo, i.e. incumbents, while NGO activity in larger jurisdictions should support them. I also argue that the characteristic feature of INGOs – large, few, visible, staffed by professionals, and located in larger cities – make them unlikely to foment challenges to incumbents.

I test these hypotheses using a new dataset of all 314 municipalities in Bolivia. Specifically, I test for a correlation between changes in numbers of NGOs over a five-year period and changes in the vote share of incumbent mayors over two elections (1999 and 2004). By using a clear measure of political consequences – incumbent vote share – and by using the entire set of municipalities in Bolivia, I am able to test rigorously the divergent claims found in the literature regarding the political effects of NGOs. I find

support for the 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”). I also find that INGOs decrease or do not affect vote shares of the incumbents, but that this effect is largely driven by the four largest Bolivian cities. In the bulk of municipalities, INGOs show no consistent effect on incumbent vote share.

I believe this is the first project 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 -- this study uses an especially appropriate research design.

This paper is presented in six parts. First, I discuss the competing views on the political effects of NGOs. Second, I present the argument that the effect of NGOs is conditional on the size of the jurisdiction and detail the testable hypotheses. Third, I offer a brief discussion of the political context of Bolivia and the choice of Bolivia as a case. Fourth, I explain the data and measurement, and fifth, I discuss the results of statistical tests of the hypotheses, followed by conclusions.

### ***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](http://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.<sup>2</sup> 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 connections to NGOs or their funding agencies (Brown et al. 2002; Carroll 1992; Clarke 1998; Hulme & Edwards). This work established the baselines for what NGOs sought to accomplish and explored the reasons for their success or failures. And while such studies

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<sup>2</sup> (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)

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; Brown et al. 2006; Mercer 2002). I focus on two arguments that I 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. I review the theories that support 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 I follow the useful review of Brown et al. (2006)). 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)<sup>3</sup>. NGOs contribute to democracy by helping to create a “vibrant and autonomous civil society” that can challenge despotic government (Mercer 2002 7) see also (Clark 1991; Diamond 1994).

There is another equally extensive literature that doubts NGOs’ ability to challenge political authority. Scholars using what I 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 from the state or international sources could chip away the more confrontational issues previously championed by an NGO, so as not to endanger their funding source (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). Or 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 could be unwittingly following the strategic interests of the government (Gideon 1998; Mercer 2002). Rather than increasing pressures on governments for policy change,

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<sup>3</sup> It is important to note that this study addresses the political effects of NGOs in democratic settings, not authoritarian ones.

the growth in NGO numbers could lead to fractionalization of opposition (Hammami 1995).

Although scholars have produced numerous mechanisms by which NGOs challenge, embrace, or ignore political authority, they have not generally employed research designs beyond the case study or the analytic review of cases. Case studies generate excellent hypotheses about the relationship between NGOs and politics, but are more limited in their ability to weed out other possible causes for the outcomes they explore. And while NGOs come in great variety, even case-based synthetic reviews of NGOs use generalities that imply more systematic study may be possible. Indeed, the pioneering work of Brown et al. (2002, 2005, 2006 and forthcoming) demonstrates that fundamental arguments about the political nature of NGOs can be tested rigorously. Because I refer to their work, it is useful to examine it more closely.

Brown et al. examine 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 (Planaflo) 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 Planaflo 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 Planaflores' money directly, they could control when it was released. In their qualitative fieldwork, Brown et al. heard from many sources that governors showed up at events funded by NGOs to claim credit for them. The authors argue that the presidential candidates did not claim credit for these NGOs' 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 Planaflores 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 Planaflores 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. 2006). 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 large sample, and a clear measure of NGO activity (World Bank financing). I 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, which I address using a countrywide dataset from Bolivia.

## ***2. A New Approach and Hypotheses***

Rather than examine only the influence of external finance on party share voting, I explore what I believe is the more fundamental question: Do NGOs affect local politics? The Brown et al.'s variable of concern is external financing for NGOs, which reflects an important part of the literature that seeks to explain why NGOs should not challenge political authority. But this factor does not measure the more general question of whether NGOs – with or without external money – cause change. Essentially, the finely grained data of Brown et al. force them to proxy NGO activity with the external funds variable. The proxy is reasonable since, in the case of Rondonia, most of the NGOs were created in response to the World Bank project. Nevertheless, external money may or may not be correlated with the level of NGO activity.

While the level of the Brazilian state is certainly closer to the electorate than the federal level, these politics are still distant from the day-to-day lives of constituents. That is, Brown et al. use the measure of the governor's and president's vote share, measured at the municipal level to explain the effect of NGOs. Governors and presidents may or may not claim credit for a local improvement, but it seems a little unlikely that residents would tie these benefits to such high offices. An alternative measure, such as municipal election outcomes, may be more appropriate to capture the relationship between NGOs and citizens. Given the numerous authors asserting the beneficial effects of associational activity, it could be argued that the importance of horizontal linkages may be made more

manifest in a more local political arena. This indicates that the scale of the political effects may be important in studies of NGOs.

Finally, the Planaflo funding data of Brown et al. allows a very precise measure since the World Bank recorded the exact dollar amount they gave to NGOs in each of the 40 municipalities in Rondonia. The limitations of such data, however, are that the effect of NGOs is limited to that specific project, in that particular state. Only those NGOs receiving funding are counted, and nearly all of the NGOs were created only due to the external funds. A measure of NGOs' political effect with greater external validity would include the entire country of investigation and all NGOs, whether internally or externally funded.

This study attempts to improve on the Brown et al.'s work by using change in the number of NGOs as the variable of interest rather than change in external financing; using change in mayoral vote share to examine how NGOs affect politics at the local level; and using all NGOs in all the municipalities in Bolivia in the period 1999-2004 to capture internally and externally funded NGOs for an entire country.

I assume a simple model in which incumbent politicians prefer to use NGOs to help them remain in office; NGO activity can challenge or support incumbents. I present two sets of hypotheses: First, I hypothesize the effect of NGO activity is dependent on the size of a political jurisdiction's population. NGO activity in smaller jurisdictions increases challenges to the incumbent. NGO activity in larger jurisdictions helps the incumbent. That is, both sides of the debate on the political effects of NGOs can be correct, depending on the scale of the jurisdiction. Second, the type of NGO matters. Since international NGOs usually locate in larger cities and thus are staffed by

professionals who generally seek to avoid confrontation with politics, INGOs' activity will either support or have no effect on incumbent politicians.

### *Scale effects*

Unlike Brown et al. who find that NGOs matter differently at different levels of *electoral contest* (governor and president), I argue that the *size of a jurisdiction's population* matters. While implicit in much of the work that emphasizes the benefits of associational life, no study has tested the idea that NGOs across the same level of political unit can have different effects. 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. This increase in opportunities for associational life means a greater likelihood that discussions take place about political change, such as the idea of voting an incumbent mayor out of office.

In larger cities, however, these associational effects have a more diffuse effect on politics. These effects might still occur at the neighborhood level, but the translation of a few new NGOs into significant opposition is more difficult, and is more easily mitigated by political party activity, labor union activity, or other actors in larger municipalities. Mayors in larger cities are also better positioned to claim credit for the public service type work that some NGOs do. In a small town, it is easy to see that an NGO, and not the mayor, is providing a service. But in a larger city, the neighborhood health care clinics, microfinance loans and small business advice, orphanages for the city's poor and abandoned children, etc. may be more difficult to distinguish from government's efforts

in a dense, impersonal urban setting. 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. For a casual 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.

In sum, in smaller towns, I expect the "challenge" hypothesis (that NGOs tend to hurt incumbents) to hold, but in larger towns, I expect the "status quo" hypothesis (that NGOs tend to help incumbents) to hold. The hypotheses for NGO activity and scale 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).

I also test the competing hypotheses from the literature with respect to international NGOs (INGOs):

*Hypothesis 3:* Increases in INGO activity are associated with increased support for incumbents (status quo hypothesis).

*Hypothesis 3a:* Increases in INGO activity are associated with decreased support for incumbents (challenge 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 are placed 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 were working in Bolivia as early as the 1950s, but a wave of new organizations appeared in the 1970s. These organizations were supported by European and North American donors and were seen as part of the leftist resistance to the dictatorship. A second wave of NGOs arrived in the 1980s, following the worldwide trend of the “NGO decade” in developing countries. These organizations were broadly diversified, including “think tank” centers for intellectuals, rural development organizations, radical grassroots organizing NGOs, health care providers, and environmental activist organizations to name a few.

Currently there are more than 660 NGOs registered with the Bolivian government, working in more than 150 municipalities across the country. NGOs work in sectors including agriculture, education, legal assistance, environmental work, communication, institutional development, health, sanitation, housing, and small industry support. Of the NGOs of Bolivian origin, 46% work in more than one sector.

International NGOs tend to concentrate on agriculture, health, education and institutional development (VIPFE).

I test these hypotheses with a dataset of all 314 municipalities in Bolivia. Specifically, I look for a correlation between changes in numbers of NGOs over a five-year period and changes in the vote share of incumbent mayors over two elections in the same period (1999 and 2004). Using sub-national data is an especially powerful way to test the hypotheses, since we are able to hold constant national level features -- such as economic and political institutions -- unlike the vast majority of cross-national NGO studies.<sup>4</sup> I use OLS regression to estimate the hypothesized effects because all the measures approximate continuous variables and the distribution of the data fits the linear model.

#### **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 is divided into nine departments, one hundred and eleven provinces and three hundred and fourteen municipalities<sup>5</sup>. Municipalities are also referred to as sections (in Spanish, *secciones* or *alcaldias*). There is also a smaller administrative unit, called the canton, but the borders of the cantons are imprecise and

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<sup>4</sup> For a more detailed discussion of the advantages of sub-national comparative research, see Richard Snyder's 2001 article (Snyder 2001).

<sup>5</sup> 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.

there are few reliable sources of data at that level. Census data and electoral data are both reported at the municipal level, and I was able to code NGOs also at the municipal level, offering an unusual chance to test these hypotheses with strong data at a very local 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 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, its adjoining neighbor El Alto, Santa Cruz and Cochabamba). Because these cities are considerably larger than their counterparts, and can reasonably be considered outliers, all results are shown with and without these cities.

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

The main dependent variable, change in vote share for the incumbent political party, was created by taking the difference in vote share between 2004 and 1999 for the political party that won the 1999 election. A few municipalities were excluded from the analysis because the winning party in 1999 did not run again in 2004.<sup>6</sup>

Bolivian municipal elections are run according to multiparty proportional representation rules. Voters cast their ballots for political parties, and the party receiving

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<sup>6</sup> 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.

the most votes designates the mayor. Municipal electoral results are available from the Corte Nacional Electoral (CNE 2006)

A key advantage of this measure is that the incumbent party varies across municipalities. Thus the test the effect of NGO activity on the incumbent party independent is independent of party affiliation or location on the political spectrum.

*Independent Variable: NGO Activity*

The NGO data were coded from a Bolivian government registry of NGOs published by the Vice-Ministry of Public Investment and Foreign Financing (VIPFE in Spanish acronyms). The registry has been published and updated five times since 1996. Most of the data for this project were coded out of the 2003-2004 registry, but I cross-referenced it with the 1996 registry and NGO totals by municipality from a 2000 VIPFE list provided by Krister Andersson to check for accuracy. The data in the registry are entered by NGO and include 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 date the registration was renewed, contact information, the sectors the organization is involved in, and the location of their work. This registry is available as a published book or as a PDF file on VIPFE's website.

To make these data useful for comparing across municipalities, I summed the total number of NGOs in each municipality to get a total number for 2004. A similar list of NGO totals by municipality for the year 2000 was available from a dataset created from government sources by Krister Andersson. Since more detail was available in the

original VIPFE source, I used the date the NGO began activities and summed only those organizations that were in existence before 1999 to compare with Andersson's data.

Because of how the data are listed in the NGO registries, the locations of the NGOs in 1999 were not available. To fill in this missing data, I assume that the NGOs were working in the same locations in 1999 as 2004. The totals created in this manner are highly correlated with the totals from Andersson's data (.9017).

The registry also indicates whether the organization is of Bolivian or international origin. Like the other data from the registry, this information is self-reported. For international NGOs, the country of origin is listed. Using the same process described above, the totals of international NGOs by municipality were calculated for both 1999 and 2004. It is important to clarify that for this study, international NGOs are defined as those organizations that are based in a country other than Bolivia, and register themselves as international NGOs with the Bolivian government. Many, if not most, of the domestic NGOs receive international funding, but I follow the classifications of the registry to make the distinction due to lack of better data. The implications of this classification scheme will be discussed further in the results section.

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 are a few that I have been unable to identify (out of 2076 NGO locations, 114 have not yet been matched with municipalities). This has been a painstaking and time-consuming process as the names for the municipalities vary from source to source<sup>7</sup>. To get a complete list of all the municipalities in Bolivia, I referenced

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<sup>7</sup> 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

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

Since I am primarily interested in the effect of changes in numbers of NGOs, I used the raw counts 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*

I believe that NGO activity has different effects contingent on the size of the jurisdiction. To capture this in the model, I use a multiplicative interaction term to designate that the effect of change in NGOs is conditional on the size of the city. Because I believe the main divide to be between very small jurisdictions and jurisdictions over a certain size, I use a dummy variable for population size with the cut-off point established at the median city size in the sample, a population of 9957.5.

#### *Control variables*

Ideally for this test, the elections of 1999 and 2004 would be very similar in all ways except for changes in NGO activity. Unfortunately for us, the dynamic and

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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.

tumultuous world of Bolivian politics did not cooperate perfectly. The years between 1999 and 2004 witnessed the meteoric rise of the leftist political leader Evo Morales and his party the MAS (*Movimiento al Socialismo* or Movement toward Socialism). To control for the possible coattails effect that might have influenced local election results, I include the percent of the vote from each municipality received by Evo Morales in the 2005 presidential election.

The model also includes controls for level of development, population size, and the baseline number of NGOs 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 (CNE 2006). Population is included in the model as a dummy variable equaling one for all municipalities smaller than 9957.5 and two for all towns larger. The baseline number of NGOs from 2000 is also included.

## **5. Results**

The results of the 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 9957.5 people, I find that increases in NGO activity are associated with electoral losses for incumbent political parties. But in towns larger than the median population, the effect is the opposite. Although incumbent parties tended on average to do very poorly in the second election, increases in NGO activity are associated with increasingly smaller losses for incumbent political parties. In other words, incumbents in municipalities where NGOs were more active, did much better compared to their counterparts in municipalities with

little or negative change in NGO activity. Given the many overlapping claims in the literature on NGOs, it is very interesting to find support that these very different effects are happening in the same country in different sized cities.

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 9957.5 inhabitants. Only these four cities have populations over 500,000. Given that larger cities tend to have more NGOs, it was important to confirm that the results were not driven by these few extreme cases. In fact, the models are remarkably similar. Only level of development changes in significance, becoming significant in the model without the largest cities.

The interaction term multiplying change in NGOs and the dummy for population size is positive and significant in both estimations, and both of its constitutive terms are also significant at the .001 level. Following the admonitions of Brambor et al. (2005) and Braumoeller (2004), both constitutive terms are included in the model and I 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 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 results were generated using Clarify (King et al. 2000; Tomz et al. 2001). The top line shows the predicted values for towns larger than the median, or over roughly 10,000. 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 5 NGOs, for example, the model predicts the incumbent party loses 19% of the votes compared with their vote share previous election. However, in a municipality that gained 32 new NGOs, the incumbent party loses by a little less than 1%. 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 towns 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 very small towns. In these cases, an increase in NGOs has a strong negative effect on the vote share for incumbents. Towns with little change in NGOs activity averaged a loss of about 15% vote share between the two elections. But a gain of 32 NGOs predicts a 46% change in vote share.

It is true that incumbent parties on average did slightly 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.

These results are robust with the inclusion of several alternative measures of the control variables, including percent agricultural workers (as a measure of urbanization), level of education, and the change in vote share for MAS in local elections.

### *The Effect of International NGOs*

The evidence on the effects of changes in international NGOs on incumbent political parties is inconclusive. Contrary to what was expected, I find that an estimation of the 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 the equation is estimated without the largest four cities, which have a high density of international NGOs. Only the variable for population is significant in both estimations.

There are several possible reasons for the lack of support for the hypothesis that international NGOs should be a benefit to incumbents. 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 the study. It is possible that the political situation in these cities is not representative of the effect of international NGOs in other large cities.

## **6. Conclusions**

In this paper I first argued that NGOs affect politics. While many NGOs may not have larger political goals, their numbers and activities appear to generate important

political consequences in democracies. Indeed, I find that NGOs have strong, systematic effects on local political outcomes across Bolivia. The answer to the question of *whether* NGOs have political effects is a clear yes.

I also argued that the scale of a jurisdiction's population should modify the political effects of NGOs. In municipalities with smaller populations more NGOs leads to electoral losses for the incumbent. I cannot infer the mechanism for this relationship given the current dataset – whether NGOs build trust, solve collective action problems, bring people together to air shared grievances and whether any of that directly translates into significant electoral changes. Yet the systematic effect is there and important for political outcomes. In larger towns, the NGOs do not reduce votes for the incumbent. The scale hypothesis and empirical tests, then, finds support for the two general and contradictory hypotheses found in the literature: NGOs can challenge *and* support incumbents, depending on the size of the population.

I believe that these empirical tests of the hypotheses found in the literature is an important step forward in establishing the fundamental political relationship between NGOs and the political arena. The next step in exploring this relationship is a focus on the mechanisms behind the effects this project discovered. I hope to begin such a study in the near future.

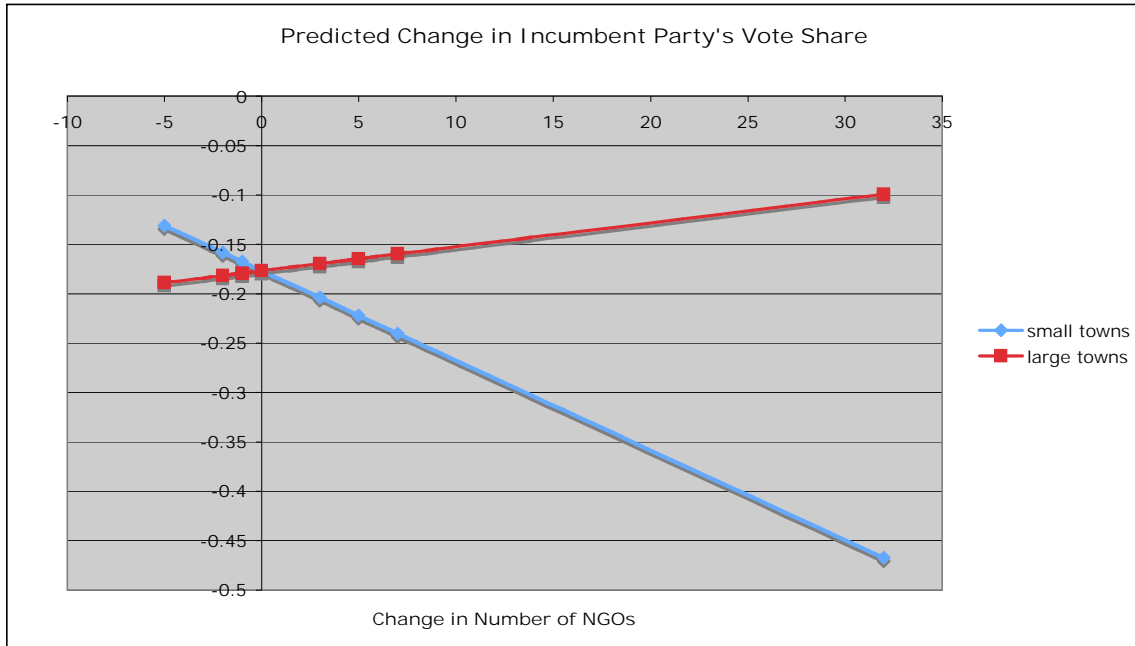
**Table 1: OLS Regression: Change in Incumbent Political Party's Vote Share**

	<i>Model 1</i> <i>All Observations</i>	<i>Model 2</i> <i>Excluding Largest</i> <i>Four Cities</i>
Change in NGOs	-.023** (.009)	-0.23** (.010)
Baseline NGOS (1999)	-.002 (.003)	.003 (.003)
Population Dummy	.078*** (.017)	.067*** (.018)
Population* Change in NGOs	.013** (.005)	.013** (.006)
Level of Development	.045 (.041)	.054** (.041)
Vote share for MAS in Presidential Election	-.041 (.039)	-.057 (.040)
Constant	-.272 (.039)	-.265 (.040)
N	296	292
R-square	0.1283	0.1365

NOTE: Robust Standard Errors are provided in parentheses

\*p < .05. \*\*p < .001. \*\*\*p < .000. Two tailed tests.

**Graph 1**



**Table 2: International NGOs  
OLS Regression: Change in Raw Votes for Incumbent Party**

	<i>Model 3</i> <i>All Observations</i>	<i>Model 4</i> <i>Excluding Largest Four Cities</i>
Change in International NGOs	-.018* (.010)	-.004 (.010)
Baseline NGOS (1999)	.002 (.004)	-.001 (.004)
Population (logged)	.043*** (.011)	.044*** (.010)
Level of Development	.038 (.041)	.047 (.041)
Vote share for MAS	.000 (.000)	.000 (.000)
Constant	-.571 (.090)	-.584 (.086)
N	296	292
R-square	0.1241	0.1414

NOTE: Robust Standard Errors are provided in parentheses  
\*p < .10. \*\*p < .05. \*\*\*p < .001. Two tailed tests.

Appendix: Summary Statistics

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

Variable	N	Min.	Max	Mean	SD
Change in NGOs	296	-8	138	2.35	9.76
Number of NGOs (1999)	296	0	56	3.75	5.31
Interaction (population dummy* change in NGOS)	296	-12	276	4.42	19.45
Level of Development (% houses with electricity)	296	0	.88	.27	.22
Vote Share for MAS	296	.02	.94	.56	.24
Change in International NGOs	296	0	15	.80	1.72
Population (logged)	296	5.40	13.94	9.17	1.24

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

Variable	N	Min.	Max	Mean	SD
Change in NGOs	292	-8	32	1.46	3.31
Number of NGOs (1999)	292	0	22	3.26	2.99
Interaction (population dummy* change in NGOS)	292	-12	64	2.63	6.34
Level of Development (% houses with electricity)	292	0	.86	.26	.21
Vote Share for MAS	292	.02	.94	.56	.24
Change in International NGOs	292	0	4	.63	.94
Population (logged)	292	5.40	12.28	9.11	1.13

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