

**Redefining the responsibility for social security in the face of climate risks -  
The introduction of agricultural microinsurance in Bolivia**

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## 1. Introduction

Climate change has been a growing concern to rural producers in Bolivia. Many of them have witnessed a rising number of floods, droughts, winds or hailstorms over the last decades, which cause mounting production losses.<sup>1</sup> The search for possible remedies is one of the central points of departure for the process that this dissertation is concerned with: the introduction of insurance and microinsurance schemes that cover agricultural produce. Peasant federations pin their hopes on microinsurance and insurance as risk-coping mechanism. They have made sure that agricultural (micro)insurance has become part of political agendas at different political levels and even of the National Constitution adopted in 2009.

This trend resonates with the overall advance of microinsurance at a world-wide scale and in Bolivia in the last two decades. Microinsurances are insurance products that are specifically designed for the low-income market (Churchill 2006b; Churchill and McCord 2012). Affordable premium payments and easily understandable contracts are supposed to be among its central features. Like “usual” insurances, microinsurances require a premium payment, but they might be partially subsidized. Microinsurance emerged as a development instrument in the course of the 1990s. In present-day Bolivia, life, burial, health and agricultural microinsurance schemes exist. Around the time of field research, in 2013, an estimated 5.5% of Bolivia’s population was covered by microinsurance.<sup>2</sup>

The creation of agricultural microinsurance opens avenues for social and economic change and is part of larger-scale political processes. Some social groups have access to a new mechanism of social security, and a new market seems to emerge as microinsurance is being introduced. At a different level, the introduction of microinsurance usually means that the tasks and roles of the actors involved are being contested. In the course of introduction, both the state and the market emerge as “building sites” (Bierschenk 2010), and the relationship between both spheres is defined in new ways. In addition, the proper roles and liabilities of peasants with regard to social security are also being renegotiated. This thesis focuses on the transformations of social security that ensue in one Latin American country.

It studies social security transformations by focusing on the division of responsibilities between state actors, market actors, NGOs and producers that evolves as agricultural

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<sup>1</sup> Official data confirm this perception (Andersen, et al. 2014; UNDP 2011).

<sup>2</sup> Microinsurance Network webpage: <http://worldmapofmicroinsurance.org/#country/BOL> (accessed: 17.7.2017).

microinsurance schemes are being brought to Bolivia. This process is studied in connection with local perceptions and social security practices in order to account as thoroughly as possible for the overall impact of microinsurance introduction.

This study analyses the evolution of agricultural microinsurance in Bolivia and its ramifications by looking at three different schemes through an ethnographic lens. The smallest one, the *Fondo de Transferencia de Riesgos* (FTR) covered from 2009 until 2014 a specific, but prominent produce in parts of the department of Tarija, namely grapes. It was initiated as public private partnership (PPP) between the municipal government of Uriondo, development organizations and financial institutions and slowly evolved from an insurance-like development project into an insurance scheme in the strict sense of the term. The second one is the *VidaAgrícola* insurance product, which was offered in 2011 and 2012 to potato and maize producers in the department of Tarija. In spite of large-scale financial and practical support by transnational actors, this scheme failed altogether. Finally, I briefly look into the introduction of the SAMEP (*Seguro Agrario para Municipios en Extrema Pobreza*)/ Pirwa scheme, which the national government first offered in 2012/13 and still exists today.

These three schemes are central milestones of the overall adaptation of agricultural microinsurance and insurance into the specific country context of Bolivia. They were connected through a few relevant actors, and the second and the third scheme partly build on experiences with the first and the second one. Adopting the notion of “studying through” (Shore and Wright 1997b: 14), this study investigates the unfolding of agricultural insurance as public policy by following the connections between actors, institutions and discourses through “different organizational and everyday worlds” (ibid).

This unfolding of agricultural microinsurance in Bolivia has gone hand in hand with political contestations and power struggles. Different actor groups that have participated in the relevant processes embrace partially diverging ideas regarding insurance and want to push through their interests. Many peasants and rural federations have assimilated the notion of insurance into their own social security and political frameworks. Among other aspects, they have expected a mechanism that would make smallholder production sustainable in the long run and halt rural migration. Part of the producers has also expected a *bono*, a transfer of public funds. For the most important peasant federation of Tarija (FSUCCT), state subsidies for agricultural insurance were a matter of historical justice.

These specific expectations that go far beyond the “simple” introduction of insurance have made agricultural insurance attractive to the MAS (Movimiento al Socialismo) party and the



national government of Bolivia that it backs. In contrast, the development organizations that are part of the introduction process and more conservative political actors have embraced a much more technical approach focusing on the objective of making rural production sustainable.

The analysis below shows how negotiations between these and other actors have resulted in a fragmented insurance system that satisfies only the expectations of parts of the rural population. In some regions of the country, peasants have access to microinsurance schemes for a specific produce. Usually, these schemes cover one high value cash crop like grapes, coffee or peaches, and remain small. Local and departmental governments are usually central to the creation of the schemes, though the scope of the actual support varies. Alongside these small-scale schemes that rely on individual contributions, there is now a national agricultural insurance scheme for the poorest communities of the country which is fully subsidized.

If related to the microinsurance and social security literature, the Bolivian case is particularly interesting, since it contrasts with common perceptions of microinsurance. Both the advocates (Churchill 2006a; Deblon and Löwe 2012) and the critics (Barrientos 2004; UNRISD 2010b) have foregrounded the perceived market character of microinsurance as they look at the mechanism. They consider it an instrument that shifts a major part of the responsibility for social protection from the state to the market.

The advocates and critics differ mainly when it comes to judging this shift: The advocates of microinsurance assume that market based mechanisms are instrumental to closing social protection gaps (Deblon and Löwe 2012; Löwe 2010). They often embrace very market friendly arguments (cf. Peterson 2012), assuming that market provision will make social security creation affordable and efficient – a perspective that welfare regime research describes as liberal (Barrientos 2004). The social risk management (SRM) approach coined by the World Bank (Holzmann 2001) has been an important reference point of the ideology sustaining microinsurance promotion.<sup>3</sup>

In contrast, a considerable part of social protection research, in particular welfare regime research, favours formal social security and a strong role of the state in this field, and suggests

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<sup>3</sup> The World Bank itself also supports the use of index-based weather insurance as part of its policies to reduce the vulnerability to climate change (Heltberg, et al. 2010).

that private insurance schemes are probably not the most appropriate social protection mechanism for the poor (Barrientos 2004; UNRISD 2010b).

This dissertation shows that in contrast to these perceptions, in Bolivia agricultural microinsurance schemes are being introduced in such a way that they do not represent a clear boost for market principles and the retreat of the state. Rural producers expect microinsurance schemes to include public subsidies and to strengthen their social rights. Before this background, different institutional models, including private public partnerships (PPPs) and large-scale subsidies, have been tested.

The purpose of this enquiry into schemes in Bolivia is a second look at microinsurance that reaches beyond the polarized perceptions of the microinsurance industry that advocates the mechanism on the one hand and social security research that suggests a critical stance on the other hand. The main research question that follows from these tensions between different theoretical perspectives at social security is: *How does the arrival of agricultural microinsurance transform social security production in Bolivia?*

Several aspects of this overarching research question receive specific attention: 1) *In particular, does the arrival of microinsurance represent a boost for market-based social security production (at the detriment of other forms of social security) and in which sense?* At the same time, this research is interested in the relationship between these transformations and social security outcomes at the local level: 2) *How does the emerging division of responsibilities relate to local perceptions and social security practices and, at least partly as a result, to the impact of the schemes?* The basis for the proposed second look at microinsurance introduction is empirical research about promotion and implementation processes and about effects and implications of microinsurance introduction.

This research adds to the literature that discusses transformations of the roles of the state, the market, as well as households and individuals in the realm of social security. The possible decay of the state in the context of globalization and the relationship between state and market institutions has fostered heated theoretical discussions in a range of academic fields, including social security and social policy research (Deacon 2007; Vij 2007). Researchers have shown that new actor constellations and political strategies are emerging in a wide range of social and political fields, and that multi-scalar political settings have become more important.

This has complex effects, which are not captured by the notion of the retreat of the state both in general (Brunnengräber, et al. 2008; Randeria 2003) and with regard to social security (Vij 2007; Yeates 1999) (cf. 2.3). It is now highly controversial to what degree the market is

gaining importance vis à vis the state and what effects this has. The notion of neoliberalism, which can be understood in very different ways (Larner 2000), has been a central catchwords of debates about social security and social policy.<sup>4</sup>

A perspective at neoliberalism which raises specific questions with regard to microinsurance has been coined by governmentality research (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017). Notions of forward-looking and risk-averse subjectivities, which have been described as fundamental aspects of neoliberal governmentality (ibid), are central pillars of microinsurance promotion. Many microinsurance projects include consumer education or financial education campaigns in order to teach potential clients about risks and insurance in general and to influence their consumption (Dror, et al. 2012; Impact Insurance Initiative 2016).

Before this background, this dissertation also addresses the following aspect of the overarching research question spelled out above: 3) *Do forward-looking and risk-averse subjectivities, which form part of theories of neoliberal governmentality, become more important as microinsurance is introduced in Bolivia, thus confirming notions of neoliberal governmentality?* The empirical findings spelled out below confirm research that shows that often institutions and practices emerge that can be considered as only partly neoliberal and often contradictory (Collier 2005; Ferguson 2009; Kingfisher and Maskovsky 2008).

In order to answer the overarching research question about the transformation of social security and its three more specific dimensions, this dissertation focuses on the following aspects of the process of microinsurance introduction: *the organizational, financial and other responsibilities that are being inscribed in the emerging microinsurance schemes; the negotiation processes that spawn this definition of responsibilities; and the question whose ideas, interests and expectations prevail as certain responsibilities are being fixed.*

In addition to the specific objectives already mentioned, this research sheds some light on recent social and political processes in Bolivia. The empirical cases below show how the current agricultural insurance system has evolved in a context of growing political polarization. Debates about microinsurance creation have been part of larger scale struggles

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<sup>4</sup> As Larner (2000) has pointed out, it is useful to distinguish the notion of “neo-liberalism” as political agenda or “policy”, including ideological aspects and concrete political programs that are predicated on the valorisation of free markets and entrepreneurship, from actually existing regimes of concrete policies, practices and institutions. Governmentality research embraces a more specific notion of neoliberalism (cf. below). With regard to actually existing social policy regimes, the implementation of the political agenda associated with the so called Washington Consensus is often considered as first phase of neoliberalism, the post-Washington Consensus era as second phase (Fine 2012).

about the distribution of natural resource revenues and notions of citizenship.<sup>5</sup> Moreover, the evolution of agricultural insurance illustrates that the adoption of the Constitution of 2009, which includes agricultural insurance, was not only the result of lengthy political struggles (Schilling-Vacaflor 2011), but also a starting point for new ones (Otter and Cortéz 2010) (compare chapter 6.1).

A major part of this research was realized in Tarija, which is the smallest and southern-most department of Bolivia. Tarija has a particular history, but it is also illustrative of many of the political struggles that have recently marked the country. Nowadays a major part of Bolivia's natural gas extraction takes place in Tarija. Political conflicts about the distribution of the resulting public revenues (*regalías*) and about political autonomies have dominated the political agendas in the department for more than a decade (Ayala Bluske 2011; Lizárraga Aranibar and Vacaflor Rivero 2007; McNeish 2010).

In the context of Bolivia, the notion of neoliberalism is an important reference point: a major part of the population strongly rejects this political agenda, in particular the retreat of the state from the economic realm. The policies of the different governments under President Evo Morales since 2005 have been based on this rejection (Laserna 2010; Postero 2010). This means that the notion of neoliberalism does not only enter this research as analytical category, but are also important from the emic perspective of the actors in the field. Interestingly, for many of these actors, microinsurance is not associated with the notion of neoliberalism at all. As will be shown below, many people rather view it as a possibility to reinforce social rights.

Given the way in which the Bolivian government has adopted microinsurance, this dissertation argues that in this country context agricultural microinsurance can be considered as social as well as agricultural policy (compare chapter 10). Still, it should be noted that because of its supposed market character, it could be considered as controversial if microinsurance should be considered as social security or social policy at all. Also, microinsurance does not necessarily substitute for any comparable pre-existing state institution. Microinsurance schemes often substitute for diverse informal strategies and irregular help from the state, which are often perceived as insufficient. This is particularly true for agricultural microinsurance, but not so much for health microinsurance.

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<sup>5</sup> Useful sources on the issues of citizenship struggles are among others Canessa (2012), Gustafson (2009), Postero (2010).

As the research objectives show, this study addresses most current debates among microinsurance practitioners (cf. chapter 5) only indirectly if at all. Microinsurance research has paid a lot of attention to the measurability of impact and demand, different product designs and related technical aspects (Churchill 2006a; Churchill and Matul 2012; Dercon and Kirchberger 2008; Microinsurance Network 2017). Authors concerned with agricultural microinsurance have been particularly interested in insurance models and concrete product designs (Hazell, et al. 2010; Vargas Hill and Torero 2009). While the text below in some instances directly talks to the current literature about microinsurance, including on PPPs, subsidies and consumer value,<sup>6</sup> these issues are not at the centre of interest here.

However, with a view to the research questions, this research untangles central ideas behind microinsurance promotion among a network of transnational actors (compare chapter 5.2). The epistemic community (Haas 1992a) that is responsible for a major part of microinsurance writings has played a key role with regard to the introduction of agricultural microinsurance in Bolivia. As the case studies show, a Bolivian NGO, Profin, transferred many ideas and discussions as well as financial resources to the specific context.

With a view to the larger microinsurance landscape, it should be noted that this analysis is concerned with microinsurance schemes that provide cover directly to individuals. In the cases under consideration, the provider sells its products either directly to individual producers or to a government institution that buys the product in the name of individual producers. This individualized mode is different from insurance schemes that cover associations, in particular cooperatives (“meso level”), and schemes that directly ensure governments (“macro level”) (Hazell et al 2010; Loster & Reinhard 2012). Individualized microinsurance schemes or pilots have been most common (Hazell et al 2010; Hellmuth et al 2009; Roth & McCord 2008; Skees et al 2008), though the demand for the products has remained limited in many cases (Loster & Reinhard 2012).

As has already been mentioned, the *notion of responsibility* is central to the approach of this research. The empirical part disentangles interrelated dimensions of responsibility that are being negotiated: organizational and financial responsibilities inscribed in agricultural microinsurance schemes, but also other possible responsibilities in the context of insurance,

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<sup>6</sup> The literature about microinsurance PPPs and subsidies is more directly addressed in Goldboom (2013). This paper relates preliminary empirical results regarding the schemes that are studied in this dissertation to microinsurance research. In a later conference paper (Goldboom 2014), I provided preliminary insights into the hybrid nature of the social security arrangements that emerge as agricultural microinsurance is being introduced in Bolivia.

e.g. risk-averse behaviour on part of producers. This research looks at the expectations of different groups with regard to these different dimensions, and tries to show in a second step whose vision and interests prevail and why.

This approach is inspired by the sociology of risk that has shown how the notion of responsibility articulates perceived dangers and risks with social security mechanisms: fixing the responsibility for social security enables social actors to create social security in the face of hazards. This notion is the foundation of writings that consider the institutional history of early industrial society as the social and political search for mechanisms to deal with an increasing number of industrial accidents and insecurities (cf. Beck 1992a: 99).

With regard to social security, a prominent study belonging to this research field is Ewald's (1993 [1986]) account that highlights the notion of responsibility for compensation. Ewald (1993 [1986]) shows that France's social insurance system was created because of evolving perceptions of industrial risks in the late 19<sup>th</sup> century. He suggests that French society negotiated a new social contract when it introduced social insurance. Henceforth, the state rather than individual entrepreneurs was responsible for compensating workers for accidents.

Ewald (1991; 1993 [1986]) draws attention to large-scale processes of social and political change that may underpin the development of insurance systems, in particular if state institutions are involved. In Bolivia as in 19<sup>th</sup> century France, insurance is promoted as a reaction to new risk perceptions, in this case the notion of climate change. Peasants, their associations, and policy makers at various scales consider the development of coping mechanisms as collective rather than individual task, if possible through government policies.<sup>7</sup>

However, in contrast to the social insurance system that Ewald is concerned with, microinsurance is not clearly located within the realm of the state. Microinsurance may be part of state social security systems; it can be introduced by market actors like microfinance institutions; or it may be introduced by informal social security organizations, for example informal saving associations. Often, microinsurance is introduced by several partnering actors, which might be located in different spheres, and it often combines market and non-

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<sup>7</sup> The governmentality perspective has usually been applied to social security transformations in the global North and many results are not directly applicable to other contexts. Still, the studies that are specifically concerned with the proliferation of insurance (Dean 2007; Ewald 1991; Ewald 1993 [1986]; Rose 1993) provide interesting points of departure also for this study.

market elements. It is this uncertain location, which is at the heart of the empirical cases at hand.

I use the notion of responsibility in order to add a specific focus to an analysis that embraces a broad notion of social security stemming from anthropological research (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Rohregger 2010). According to this broad notion, social security consists of “(...) the efforts of individuals, groups of individuals or organisations to overcome [diverse] insecurities” (Benda-Beckman, et al. 1988:10) or, put differently, “(...) all those aspects and dimensions of social relations and social institutions that are directed at securing [...] livelihoods.” (Steinwachs 2006:11; own translation). Social security can be understood as an important aspect of a range of social and economic institutions, including the family, different social networks, market-based mechanisms and the state. Anthropologists developed this broad perspective in opposition to an “institutionalist approach” that prioritizes formal and institutionally differentiated social security mechanisms (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988).

Methodologically, this research relies on a multi-sited ethnography (Marcus 1995). I followed microinsurance creation through various arenas in Bolivia, but also outside of the country. I accompanied the activities of the main actor groups involved in microinsurance creation as well as the interactions among them, and traced some of the developments that unfolded in the countryside, where the schemes are implemented. I did participant observation and a major number of formal and informal qualitative interviews in this context, and I also used written materials as sources for my research. Beyond this, I attended conferences and conducted interviews in Geneva, where one of the international institutions is based that promote microinsurance. This strategy was inspired by the notion of “studying through” (Wedel 2004), which was developed in the context of research about policy making in a globalizing world. All in all, I visited Bolivia four times for this study (November 2010, April-July 2011, October-December 2011, January 2013).<sup>8</sup>

This study sets out by introducing with more detail the research questions. Chapter 2 shows why microinsurance is a controversial mechanism if it is considered as a form of social security; it also looks at some recent developments in the field of social security research. On

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<sup>8</sup> This study was completed over the course of several years after the completion of fieldwork. Written sources that were published after the completion of fieldwork, including data published online by the Bolivian government, were taken into account.

this basis, a research perspective that combines an anthropological approach to social security, development and policy making on the one hand with a focus on responsibilities that is inspired by the sociology of risk on the other hand is developed (chapter 3). After exploring the research design and methodology (chapter 4), the study turns to the actors and ideas which add force to the expansion of microinsurance at a transnational scale (chapter 5). This exploration of the macro context is then complemented by an exploration of the more specific country context of Bolivia and of Tarija (chapter 6).

On this basis, the study turns to the empirical part and explores the expectations and hopes that various actors in the Bolivian context harbour with regard to agricultural microinsurance (chapter 7). It then shows how actual microinsurance schemes like the Fondo de Transferencia de Riesgos (FTR) (chapter 8) and the Vida Agrícola microinsurance scheme (chapter 9), both located in Tarija, relate to these expectations. The last chapter (chapter 10) provides an outlook on the National Agricultural Insurance Scheme, which the national government introduced in 2012/13 and has promised to extend. I did not study this latter scheme thoroughly, since it was largely implemented after the time of my empirical research, which ended in 2013. Still, the last chapter provides some preliminary suggestions on how the public scheme relates to private initiatives and to the questions spelled out above.



## **2. The controversial nature of microinsurance: introduction to the research questions in light of different theoretical perspectives at social security**

Current attempts of transnational<sup>9</sup> and local actors to introduce microinsurance products in order to meet the challenges of climate change and agricultural production more generally engender transformations of social security and have the potential to create social change. As various institutions attempt to establish a market for agricultural microinsurance products, social security relations are being renegotiated. In the course of this process, both the state and the market become “building sites” (Bierschenk 2010), and the relationship between both spheres is defined in new ways. At the same time, the proper roles and liabilities of peasants with regard to social security are also being contested.

A range of actors participates in the negotiations about social security that go hand in hand with microinsurance creation: state institutions, peasant organizations, households, and market institutions. These groups embrace partially diverging ideas and norms and try to make specific interests prevail. In this sense, the introduction of microinsurance and insurance schemes, which is based on shifting risk perceptions, also creates an arena for political contestation and power struggles.

This study asks which specific forms of social security emerge as agricultural microinsurance and insurance products are being introduced in Bolivia. It asks *how the arrival of agricultural microinsurance transforms social security production in Bolivia*.<sup>10</sup> This chapter introduces the theoretical and ideological contestations that motivate this research question. Most authors concerned with microinsurance, be they practitioners or researchers, express strong feelings. These strong feelings relate to the notion that microinsurance represents a liberal approach to social protection in the sense that it transfers responsibility for social protection to the market and to individuals rather than the state. Some microinsurance experts regard this market approach as the distinctive advantage of microinsurance if compared to other instruments (Churchill 2006a; Deblon and Löwe 2012). Ideas belonging to the market friendly social risk management (SRM) concept of social protection (Holzmann 2001) have provided an important ideological basis for the development of microinsurance.

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<sup>9</sup> Some central actors of microinsurance promotion are international organizations or act on behalf of nation states. However, many actors do not belong to the state, and important relationships have evolved beyond the realm of international relations. Because of this, I use the notion transnational rather than international, but I include international relations in my usage of the term transnational.

<sup>10</sup> Some preliminary findings on this question are provided in Goldboom (Goldboom 2013)

In contrast, a considerable part of social protection research favours universal public social security systems and public social provision, and takes a critical stance as to whether private insurance is the most appropriate social protection mechanism for the poor. While microinsurance has not been a major topic among welfare state and welfare regime researchers, some of them have made its critical stance towards microinsurance explicit (Barrientos 2004; UNRISD 2010). At the same time, microinsurance seems to mirror some of the critical propositions that governmentality research has developed with regard to neoliberal governmentality (O'Malley 1992; Rose 1993; Trnka and Trundle 2017). As I explain below, microinsurance projects strive to establish an insurance culture based on prudent subjectivities.

The first part of this chapter looks at these debates and uses them as basis for formulating more specific research questions. They will be taken up in the empirical part below that aims to reach beyond polarized debates and to have a second look at actual microinsurance practices. I suggest that portrayals of microinsurance as embodiment of strengthened market principles overlook important aspects of current microinsurance practices. Microinsurance schemes are usually market based in some way, but with regard to their social security function other important aspects are notable as well.

As a second step, this chapter looks with more detail at different camps of social security research. This draws attention to some of the underpinnings of the polarization of social security debates. At the same time, this exploration provides the basis for the development of my own research perspective. In order to have a second look at microinsurance practices, I will employ an anthropological perspective at social security that studies the relationship between social security ideas and practices and the larger social context (Benda-Beckman, et al. 1988; Leliveld 1994; Read and Thelen 2007). How I marry this ethnographic lens with a focus on different dimensions of responsibility in order to enable a dialogue with so-called “institutionalist” theoretical perspectives will be explained in chapter 3.

## **2.1 Pros and cons of microinsurance: controversies and research questions**

Now I turn with some more detail to the controversial questions that welfare regime and governmentality research pose with regard to microinsurance. These questions are an important impetus behind this research. In the following sections, I first look at the positive vision of microinsurance, which is sustained by the SRM approach (see also chapter 5 on this topic). Next, I turn to the more critical perspectives at microinsurance. I use the controversies in order to develop some specific research questions.

### ***Microinsurance as social risk management (SRM) instrument – the propositions of the advocates***

Microinsurance, which emerged in the course of the 1990s, has two important institutional origins: microcredit projects and mutual insurance associations (Brown and Churchill 1999; Dror 2001). Hence it is not surprising that microinsurance promotion has partly been sustained by the ideology behind microfinance (cf. chapter 5). At the same time, the Social Risk Management (SRM) approach, which was coined by the World Bank and rose to prominence at the end of the 1990s, has been an important reference point for writings about microinsurance. This becomes clear as one looks at the main arguments that the advocates of microinsurance voice in their writings (chapter 5 provides details). There is now a large transnational network that promotes and evaluates microinsurance activities around the world.

As far as the effects of microinsurance on social protection are concerned, advocates argue that microinsurance will help poor population groups in developing countries to escape poverty (Churchill 2006a; Dercon and Kirchberger 2008; Kessler, et al. 2016; Mosley 2009). This proposition is based on the observation that poorer people are often particularly exposed to risks and that they often reduce their productive assets in order to deal with eventual losses once a negative event has materialized. Presumably, this will have a negative long-term effect on their productivity and assets (ibid). At the same time, microinsurance is expected to have a positive impact on the production strategies of poor people: economic actors are expected to assume riskier and more profitable economic strategies, if they are insured (ibid).

It is obvious that both central arguments in favour of microinsurance are based on a positive image of market activities and expansion (Peterson 2012). In fact, as I show with some more detail below (chapter 5), many writings about microinsurance are based on positive assumptions regarding the market that go even further. Many authors expect the evolution of competitive microinsurance markets, where consumers can choose between different offers (Peterson 2012; Schwank and al. 2010). This notion is strongly linked to the neoliberal political agenda regarding social security. For example, the British government under Margaret Thatcher assumed in the late 1980s that market provision would make social security creation cheap, efficient and would align it to the interests of its users (LeGrand 1991).

Other authors compare microinsurance to possible alternatives, in particular the creation of comprehensive state-provided social security systems. They embrace a very pragmatic argument: since many governments cannot be expected to create comprehensive social security systems any time soon, microinsurance can be used to close the resulting gaps

(Deblon and Löwe 2012; Löwe 2010). At the same time, these authors expect the state to provide social assistance for the poorest (ibid).

These different arguments in favour of microinsurance reflect the social risk management (SRM) approach to social protection proposed by the World Bank. Towards the end of the 1990s, several international institutions repositioned the topic of social protection on their agendas. This repositioning was connected to the emergence of specific notions of the relationship between risks and poverty. According to a now mainstream approach, the risk exposure and vulnerability of poor population groups are central obstacles to economic and social development (Barrientos and Hulme 2008; Cook and Kabeer 2009). The World Bank has been at the forefront of the reconsideration of the relationship between risk and development. The World Development Report 2000/2001 pointed to the creation of security as an important pillar of development, together with empowerment, and the creation of opportunities (Worldbank 2001).

As the World Bank reconsidered social protection, it coined a new concept of the term, which differs partly from earlier understandings. It has developed the notion of social risk management (SRM) in order to reconstruct social protection “as a safety-net as well as a springboard for the poor” (Holzmann 2001: 3). SRM is quite a comprehensive approach in that its proponents aim to include all those mechanisms into the perspective that help to reduce risks, mitigate risks or help to cope with them once they materialize (Heltberg, et al. 2010; Holzmann 2001). At the same time, they envision a limited role for the state. The state is expected to step in where the market and other private provisions fail or reinforce inequalities<sup>11</sup> (Holzmann 2001: 11) (see chapter 5 for more details).

### ***Microinsurance as element of liberal welfare regimes?***

The SRM approach to social protection and the proliferation of private insurance schemes have encountered some fierce critique. Analytical approaches that reject liberal welfare regimes and neoliberal political agendas pose the question if microinsurance should be

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<sup>11</sup> This dissertation was written with the support of the research network *desigualdades.net* based at FU Berlin which focused on the study of social inequality in connection with its global entanglements. Social inequality can be defined as “the distance between the positions of individuals or groups in the hierarchy of possession of socially-relevant goods (income, wealth, etc.) and power resources (rights, political participation, political office, etc.)” (Braig, et al. 2016: 2) Inequality is often multi-dimensional, as it has socioeconomic and power-political dimensions as well as cultural and socio-ecological dimensions, and is also formed by ethnic or gender-specific ascriptions (ibid).

condemned because it institutionalizes market based rather than state provided social security.<sup>12</sup>

Since the 1990s, there has been some convergence towards a broader notion of social security and social protection in social security research, but important differences between perspectives remain. Generally speaking, the World Bank and some regional banks continue to be much more favourable towards market based approaches than the ILO and many researchers. Below (chapter 2.2), I look with more detail into that debate. In this section, I briefly turn to some general critiques of market based approaches to social security and then to the notion that microinsurance proliferation is part of a move towards liberal-informal welfare regimes in Latin America (Barrientos 2004). This section also hints at the questions that the debate about financialization (Fine 2012; Lavinas 2017; Pellet 2008) raises with regard to microinsurance.

From the perspective of the critics of the SRM approach, it constitutes in important ways a perpetuation of the “safety-net” notion of social security, which the World Bank embraced in the 1980s:

“While this approach has extended the scope for better ex ante institutional arrangements, it remains primarily concerned with market mechanisms of provision, supplemented with narrowly targeted assistance for the most vulnerable.” (UNRISD 2010b: 137)

Because of its limitations, the SRM approach is considered as a very imperfect answer to the challenge of reducing poverty (Cook and Kabeer 2009; UNRISD 2010b). More than a decade of research has been invested into unearthing the effects of strengthened private social security mechanisms, and the results have been largely disillusioning. Research has looked at different mechanisms of commercialization, including the contracting-out of social services to market institutions, the involvement of the private sector in service provision and financing and the introduction of user fees (UNRISD 2010b: 167). It shows that social protection systems that rely on commercialization are marked by a comparatively low degree of redistribution and have usually failed to extend social protection to larger population groups (Cook and Kabeer 2009; UNRISD 2010b).

The introduction of insurance mechanisms, albeit not microinsurance, has been of particular concern in recent discussions about social security and social protection. Many countries

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<sup>12</sup> As has been pointed out above, this critique is explicit in only a few writings (Barrientos 2004; UNRISD 2010b).

started to privatize their pension or health systems from the 1980s onwards. In Latin America, most countries implemented comprehensive pension reforms at that time, which strengthened private insurance (Müller 2003). While these reforms were in some cases considered as successful in the short term, over time it has become apparent that they are exposed to major risks from volatile markets and fail to include important parts of the population (Mesa-Lago 2009). The social security results of privatized health insurance systems have been equally negative in most cases (UNRISD 2010b).

At the same time, the SRM approach has also been critiqued on a more general level (Cook and Kabeer 2009). Barrientos and Shepherd (2003) and Kabeer (2004) show that long-term poverty and vulnerability should not be equated with episodic shocks and cannot be assessed only in terms of fluctuations in income and expenditure flows. Economic exploitation, social exclusion and political marginalisation produce inequalities, which are highly important to understanding uncertainty in developing countries:

“While much poverty *can* be analysed in terms of risk and response, the understanding which emerges will at best be partial. It will not take account of the structural factors and processes which underlie chronic poverty: the discrimination and stigma affecting particular social or linguistic groups, categories of people (disabled, older, widows, second wives in polygamous households etc), the exclusion of remote areas with ‘residual populations’ from economic and political participation through isolation and voicelessness. A comprehensive understanding of chronic poverty needs to balance structural and idiosyncratic factors with agency (...).“ (Barrientos and Shepherd 2003)

Most critics of the SRM and of commercialized social security favour universal social protection instead, which can be defined as “a minimum level of income or consumption granted as a right by the state to all citizens and residents of a country (...).” (UNRISD 2010b: 136) Decommodification is at the heart of this definition. Universal social protection is expected to reduce poverty and inequality and to contribute to human security and social solidarity (Yi and Stetter 2017{UNRISD, 2010 #188}).

Barrientos (2004), whose thinking is largely in line with these propositions, has more explicitly looked at microinsurance. He mentions the proliferation of microinsurance as part of the transition to liberal-informal welfare regimes in Latin America. This author looks at Latin American welfare state reforms of the 1980s and 1990s. In his research he applies the notion of welfare regimes developed by Gough and Wood (2004b) to the Latin American context. The central propositions of this research strand are exposed below (chapter 2.2).

From Barrientos (2004) point of view, Latin America's welfare reforms of the 1980s and 1990s engendered a transition from a conservative-informal to a liberal-informal welfare regime. Employment protection was liberalised, state welfare production became increasingly residual, and parts of welfare production were shifted from the state to the market, the author suggests. Here, microinsurance comes into play: From Barrientos' perspective, it has been part of that major shift to the market, in particular in the area of healthcare. He notes that NGOs have been promoting the mechanism for social groups that have been excluded from public health insurance schemes.

Barrientos (2004) shares with other welfare regime researchers a highly critical perspective with regard to the welfare reforms since the 1980s. He condemns neoliberalism, which in this context is understood as a political program. As will be shown below, there are also fundamental conceptual reasons why microinsurance is to be rejected from a welfare regime perspective; at least if one assumes that it marks a shift from state to market welfare provision. Barrientos (ibid) and other welfare regime researchers prioritize the state when evaluating microinsurance and other social security instruments.

Welfare regime research has been criticized as ethnocentric (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988), and Barrientos' findings can be partly questioned from an empirical point of view (Martínez Franzoni 2008): The notion of the transition to a liberal-informal welfare regime in Latin America suggests a unidirectional development, which does clearly not exist. On the contrary, different groups of welfare regimes can be identified in Latin America (Martínez Franzoni 2008; Rudra 2007). Still, I have exposed Barrientos' notion of the liberal-informal welfare regime at some length, because it poses interesting questions with regard to microinsurance.

This section has shown that both the advocates and the critics of microinsurance conceive of it as a market instrument. This notion is used to highlight both its advantages and disadvantages. However, as the empirical part shows there is some evidence which suggests that the market character of microinsurance is often quite limited when it is implemented in concrete projects and that more complex processes ensue.

It is before this background that I propose the central research question of this dissertation:

*How does the arrival of agricultural microinsurance transform social security production in Bolivia?* As pointed out above, I am interested in several more specific aspects of this transformation, which translate into specific research questions: *1) In particular, does the arrival of agricultural microinsurance represent a boost for market-based social security*

*production (at the detriment of other forms of social security) and in which sense? 2) How does the emerging division of responsibilities relate to local perceptions and social security practices and, at least partly as a result, to the impact of the schemes?*

It should be noted that the debate about financialization poses very similar questions regarding the transformation of social security in the course of microinsurance expansion. This Marxist concept refers to a process that gives financial markets, institutions and elites ever more influence on economic policy and outcomes – at the detriment of the so called real sector (Pellet 2008).<sup>13</sup> Fine (2012) suggests that financialization does not only concern the economic realm, but the ever greater scope of application of finance, including social policy. While this may take a variety of forms, the privatization of social security is considered as pre-eminent example (ibid). From Fine’s perspective, financialization is the key distinguishing feature of the neoliberal phase which started with a political agenda that was later summarized as Washington Consensus (ibid).

Lavinas’ (2017) recent application of this approach to the Brazilian context seems particularly interesting with a view to this research project. She is critical of the social policy approach which the government of President Lula da Silva implemented from 2003 onwards lifting 35 million people from extreme poverty. Lavinas suggests that their integration into consumer markets was only a superficial gain, since profound inequities have not been eliminated. This outcome is mainly due to the particular choice of social policy instruments, primarily conditional cash transfers:<sup>14</sup> “[S]ocial policy served as collateral to access financial markets through credit, facilitating an intense process of financial inclusion. As such, it has supported debt-financed spending at the expense of the provision of public goods and services.” (ibid: 5)

With regard to microinsurance promotion, this research raises the question if and how the expansion of microinsurance contributes to the strengthening of financial markets, possibly at the detriment of real production. It also raises the question if it is a social policy that increases or decreases dependency on the market.

The Marxist financialization perspective does not lend itself as a theoretical framework here, since the empirical case at hand confirms the perspective only very partly, at least to this date.

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<sup>13</sup> It implies that incomes are transferred from the real to the financial sector and that income inequality rises, among other aspects (Pellet 2008).

<sup>14</sup> I return to the notion of Conditional Cash Transfers below (chapter 6.1).



Still, some of the questions that it poses will play a role in the empirical part. I return to this research strand in the conclusion.

In order to answer the main research question regarding the transformation of social security, I inquire particularly into the localization of organizational and financial responsibilities with regard to social security. This means looking at the work division with regard to microinsurance schemes and the degree of decommodification or commodification that specific projects create. In order to operationalize the research question, the empirical part focuses on the following aspects: *the organizational, financial and other responsibilities that are being inscribed in the emerging microinsurance schemes; the negotiation processes that spawn this definition of responsibilities; and the question whose ideas, interests and expectations prevail as certain responsibilities are being fixed.*

As others (Leliveld 1994; Rohregger 2010) have shown, welfare regime research largely eclipses local perceptions by using positivist evaluation criteria that are mainly based on the history of industrial states. At the same time, normatively charged concepts are also embraced by the actors in the “field” who inform the creation of microinsurance. Hence, normatively charged notions of the state, the market, and of society themselves have to be an object of this study.

### ***Microinsurance as embodiment of neoliberal governmentality?***

Welfare regime research, which prioritizes decommodification, is not the only strand of social security research that poses controversial questions with regard to microinsurance. Microinsurance proliferation in Bolivia seems to mirror constitutive elements of advanced liberalism or neoliberalism in the sense of governmentality research (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017). At the same time, microinsurance practices seem to be more complex and seem to reflect the limits of neoliberal governmentality (cf. Kingfisher and Maskovsky 2008). Some research questions, which are again spelled out at the end of the section, follow from this observation.

As microinsurance is introduced in Bolivia and in other places, the establishment of an “insurance culture” is among the central concerns of those who promote the mechanism. Former experiences with microinsurance creation have shown that people who have no experience with insurance products are very reluctant to buy microinsurance. Against this background, consumer education or financial education, as it is also being called, has become an important element of many microinsurance projects. Usually, it has several purposes: to teach people about risks and insurance in general and to influence their consumption (Dror, et

al. 2012; Impact Insurance Initiative 2016). This approach mirrors notions of forward-looking and risk-averse subjectivities, which have been described as fundamental aspects of neoliberal governmentality (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

Among the authors, who have studied governmentality in relation to social security, Ewald (1993 [1986]) was mainly concerned with the creation of the welfare state or, in his own terminology, the provident state. He was convinced that this new social contract implied that social obligations and prevention became more important. Ewald (ibid: 25) suggested that in this context the state started to formulate moral duties. Since these moral duties are relevant in very intimate areas of life, he identified the danger of totalitarianism.

Another group of governmentality researchers has in contrast been concerned with welfare state reconstruction: the strengthening of welfare markets, including private insurance markets, and the creation of individual responsibilities and prudent subjectivities in that context (Dean 2007; Rose 1993; Rose and Lentzos 2017). They have hinted at the proliferation of neoliberal governmentality in various industrial countries.

Foucault and his disciples developed the governmentality approach from the end of the 1970s onwards with a view to the ways in which power is exercised in modern society: They aimed to unearth power's "productive aspects" beyond the direct control of citizens (Behrent 2010). Foucault's earlier research on discipline was mainly concerned with the disciplining of individuals within specific state institutions, as for example in "Discipline and Punish" (Foucault 1995 [1977]). In contrast, the concepts of governmentality as well as of biopower relate to the relationship between state and society as a whole and to the ways in which whole populations are managed.

The notion of governmentality has specifically been developed and used to rethink the relationship between the modern state and its subjects and the way in which power is exercised (Senellart 2007). In liberal society which according to Foucault emerged in the 19<sup>th</sup> century, government is not exercised through an all-powerful sovereign. On the contrary, according to this author, linkages between political conduct and subjective and ethical dimensions become important, and political power is exercised in all realms of society. Specific forms of knowledge and expertise are one constitutive element of liberal government from this perspective; responsible citizens that participate in their own government are another (Ewald 1993 [1986]; Rose 1993: 289).

Taking up this approach, Rose (1993) studied for example in his earlier work the privatization of welfare state institutions, which he sees as part of advanced liberalism or neoliberalism.

According to Rose, this privatization entails a “durable transformation in rationalities and technologies of government” (ibid: 295). He suggests that political institutions act on social actors in new ways, and that in this context the subject of government and its subjectivity are transformed. This is particularly important, when it comes to the notion of risk management:

“The enhancement of the powers of the client as customer specifies the subject of rule in new forms. (...) Thus social insurance, as a principle of solidarity, gives way to a kind of privatization of risk management, what Pat O`Malley has termed prudentialism – in which the citizen adds to his or her obligations the need to adopt a calculative and prudent personal relations [sic!] to risk and danger (O`Malley 1992).” (ibid: 196)

In contrast, Dean (2007) uses the analytical framework proposed by governmentality researchers for the study of so-called active labour market policies that the Australian government introduced in 1991. He underlines that in this case, social security is not privatized, but that “the grafting of a particular version of individualized risk assessment into a system of public benefits” (ibid: 229) can be observed.<sup>15</sup>

These writings seem to resonate with microinsurance proliferation in Bolivia and elsewhere. It seems possible that new ways to govern subjects are established as the insurance industry and in some cases the state attempt to enter more areas of life and engage in the “financial education” of potential consumers. Prudent and risk-averse subjectivities, which are supposedly formed through financial education, could be instrumental to this process. Microinsurance could thus be seen as a technology of neoliberal governance.

At the same time, empirical research has pointed out that state and non-state actors often adopt objectives and employ strategies that are much more contradictory than governmentality research would suggest. A study about education reforms in Bolivia remarks with regard to the usefulness of the notion of neoliberal governmentality:

It fails to see the multiple layers of real political struggle over the state as an open-ended possibility, choosing instead to assume that effects are already achieved. (...) It further fails to recognize the incapacity of state institutions to effectively generate docile, manageable subjects. (...) the apparatuses for imposing the conduct of conduct simply do not exist in Bolivia (...).“ (Gustafson 2009b: 21)

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<sup>15</sup> Dean (2007) suggests that the Australian approach to unemployment aims to create an active subject and an active state at the same time. He considers this model as clearly different from other forms of neoliberal government, for example the one described by Rose (1993). For this reason, he suggests that different forms of advanced liberalism or neoliberalism have to be distinguished.

In this, but also in other cases there seems to be a gap between the coherence of the theoretical framework of governmentality research and the empirical situation “on the ground”. As Larner (2000) remarked almost two decades ago,“(…) the governmentality literature has not paid a great deal of attention to the politics surrounding specific programmes and policies.” (ibid: 14). Although the debate has moved on, it is still true that the research cited above (cf. e.g. Collier 2005; Dean 2007; Rose 1993) mainly focuses on the analysis of policy programs and official discourse in the field of social security.

Kingfisher and Maskovsky (2008) have proposed a different approach to the notion of neoliberal governmentality that views it as a process, which depends on the strategies of various actors, often remains partial, is contradictory and also unstable. From this perspective, projects do not follow a unitary logic, but hybrid institutions and practices emerge that can only be considered as partly neoliberal (Collier 2005; Ferguson 2009; Kingfisher and Maskovsky 2008).

Recent governmentality research has partly taken up these insights. Trnka and Trundle (Trnka and Trundle 2017) underline that in practice responsibility and self-responsibility adopt a broad range of meanings. They propose the notion of “competing responsibilities” (ibid) that pays attention to different forms of care for others and social contract ideologies in addition to self-responsibility. Moreover, they point out that recent empirical research shows that people who are confronted with notions of self-responsibility do not necessarily adopt these notions, but might also try to shift the responsibility to others, including the state (ibid).

This project takes up the question if certain aspects of neoliberal governmentality can be found in Bolivia, and how exactly this plays out: *Do forward-looking and risk-averse subjectivities, which form part of theories of neoliberal governmentality, become more important as microinsurance is introduced in Bolivia?*

## **2.2 Established tensions: perspectives at social security in developing countries**

In order to reconsider perceptions of microinsurance as instrument that prioritizes the market, it is necessary to put together a theoretical perspective that does not take the same perceptions for granted, but allows for their reconsideration. An important element of my research perspective is the anthropological approach to social security. It was developed in opposition to social security research that has a stronger focus on formal social security institutions. On the following pages I explain with some detail the tensions between different research perspectives at social security. The relationship between the research strands has become

more complicated over the last decades, and there have been some prominent attempts to establish new research perspectives.<sup>16</sup>

### ***Institutionalist versus broad notions of social security***

In my own research I adopt a broad notion of social security, which is based on anthropological and sociological research (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Rohregger 2010). This perspective has been developed in order to challenge so-called institutionalist research perspectives, which concentrate on formal social security institutions. The institutionalist perspective stems from the adaptation of theories which were developed for industrial countries to developing countries (Leliveld 1994; Rohregger 2010). Indeed, the notion of social security itself was coined in industrialized market economies (Leliveld 1994). In a somewhat stylized manner, institutionalist approaches and ethnographic approaches can be considered as two opposing poles of the social security debate outside the industrialized world.

Social security in developing countries has been on the research agenda of economists and social scientists since the 1970s, and the concept has been hotly debated since then (Leliveld 1994). In order to account for this timing, the intricate relationship between social security research in developing countries and development strategies has to be taken into account. Research perspectives at social security have largely evolved in relation to development policy agendas. The association between development or social security policies of international institutions, such as the ILO and the World Bank, and social security theorizing has been particularly strong. Two major sea changes in the field of development approaches have had a special impact on the study of social security: first, the debt crises of the 1980s, and second the backlash against the so called Washington Consensus, i.e. so called neoliberal strategies, in the 1990s (Betz 2004; Leliveld 1994; Rohregger 2010).

Prior to the 1970, in the heyday of modernization theory, many researchers and policy makers assumed that full-fledged welfare states and the realization of social rights would be the natural result of modernization processes in developing countries (Rohregger 2010). This notion came under increasing critique from the 1970s onwards and gave place to new development strategies (ibid; Leliveld 1994). While economic growth was not eliminated

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<sup>16</sup> Comprehensive explorations of the shifting relationship between anthropological and “institutionalist” approaches to social security have been provided by Leliveld (1994) and Rohregger (2010).

from the development agenda, employment generation and redistribution became more important objectives (Leliveld 1994).

From that time onwards, the first major studies of social security in developing countries emerged (Mesa-Lago 1978; Midgley 1984). Their authors usually prioritized formal social security mechanism and the formal economy (cf. Leliveld 1994). They regularly took up the notion of social security coined by the ILO, the chief advocate of the right to social security. The ILO standards established since the 1940s give a primary role to compulsory state organized social insurance as a means of protecting individuals from contingencies. Social assistance is proposed as a means to fill the remaining protection gaps (Ginneken 1999).<sup>17</sup> These ILO standards are based on the naturalization of the formal economy and industrialized production (Rohregger 2010).

Only short time after social security was established as a topic on the research agenda, critical perspectives started to emerge. Midgley (1984) showed for example that in most developing countries state provided social security failed to reach the poor and that it reinforced social inequalities.

Little later, the concept of social security itself came under critique (cf. Leliveld 1994). Legal anthropologists and rural sociologists (Benda-Beckman, et al. 1988) on the one hand and economists (Ahmad, et al. 1991) on the other hand pointed out that in order to understand social security in developing countries, it is necessary to take not only formal mechanisms, which are established by the state, into account. They drew attention to the fact that in developing countries a major part of the population is not part of the formal economy and that state provided social security coverage had remained very partial.<sup>18</sup>

In my research I take up the perspective that anthropologists and sociologists have coined as an answer.<sup>19</sup> My study looks at microinsurance as an institution of social security in the broad

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<sup>17</sup> The right to social security as granted in article 9 of the International Covenant on Economic, Social and Cultural Rights. The ILO Social Security (Minimum Standards) Convention of 1952 (No. 102) defines nine contingencies that are to be covered by social security conceived in this way: sickness, unemployment, old age, employment injury, family conditions, maternity, invalidity, and widowhood (ILO 2008). In contrast to social security, the term social protection has been used for a long time in a wider sense as including protective measures by non-state actors (ILO 2010).

<sup>18</sup> The historical background of these theoretical developments was the debt crises of the 1980s, which put an end to many expectations regarding development (Leliveld 1994).

<sup>19</sup> Interestingly, the economists writing in Ahmad et al. (1991) highlight different social security relationships and also propose broad notions of the term. Drèze & Sen (Drèze and Sen 1991), who define social security as the intent “to use social means to prevent deprivation, and vulnerability to deprivation” (ibid: 5) draw attention to state mechanisms, NGOs activities and the role of market mechanisms in social security. Burgess and Stern

sense of the term. From this viewpoint, social security is a fundamental aspect of social and economic organization and can be considered as “ (...) the efforts of individuals, groups of individuals or organisations to overcome [diverse] insecurities.” (Benda-Beckman, et al. 1988:10) or, put differently, “(...) all those aspects and dimensions of social relations and social institutions that are directed at securing [...] livelihoods.” (Steinwachs 2006:11; own translation).

This notion draws attention to the multi-faceted and complex nature of social security (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Midgley 1984; Read and Thelen 2007). It highlights that different institutions, such as family and other social networks, market-based mechanisms and state provisions, are equally important sources of social security. From that perspective, neither formal nor informal mechanisms should be prioritized in the analysis and have to be viewed as intricately linked to each other (cf. 3.1).

This broad perspective, which has usually been employed in ethnographic research, differs strongly from the narrow perception of social security, which is more common in social, economic and political science. Benda-Beckmann et al. (Benda-Beckman and Benda-Beckmann 2000 [1994]) have called the dominant approach to social security in developing countries “institutionalist”, because it prioritizes formal and institutionally differentiated social security mechanisms. Here, I adopt this terminology as shorthand for different approaches to the study of social security, which prioritize formal institutions, primarily welfare economics and welfare state or welfare regime theory.<sup>20</sup>

As several authors have pointed out (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Hirtz 1988; Rohregger 2010), the transfer of welfare state theories to the developing world implies an ethnocentric research perspective. It produced and still produces (cf. below) analyses, which inevitably draw attention to the gaps with regard to formal social protection. Critics of this approach point out that the often implied dichotomy between state and informal mechanisms is misleading, because the state does not necessarily

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(Burgess and Stern 1991) propose an even broader notion: “The definition of social security suggested here includes public action at the household, community, and State level to remove or reduce deprivation and vulnerability.” (ibid: 45-46)

<sup>20</sup> I do not intend to suggest that all of these approaches totally disregard informal mechanisms; indeed, most current research that prioritizes formal social security acknowledges the role of informal networks, associations etc.. Still, as I point out in the remainder of the section, it usually continues to prioritize formal institutions.

provide better quality or more comprehensive social security than informal structures ((2000 [1994]; Benda-Beckman, et al. 1988).<sup>21</sup> As Leliveld (1994) points out:

“The critics concentrate on three major items: (1) conventional definitions stress the important role of statutory law, (2) formal definitions stress the role of the State in the provision of social security resources, and (3) conventional definitions make explicit statements on what situation is considered to be normal and what situations are considered as exceptions (the social risks).”

From the 1980s onwards, the notion that the industrialization of developing countries would necessarily result in the establishment of complete welfare states around the globe has repeatedly been considered as an outdated modernist approach (cf. Rohregger 2010). In this context, ethnocentric assumptions regarding social security have been shown to produce not only flawed analysis; they may also have problematic political implications (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988).

***Some changes since the 1990s: new approaches to development and research, but...***

Since the 1990s, scholarly approaches to social security in developing countries that build on welfare economics and welfare state theories, i.e. “institutionalist” studies, have changed in many regards. They have taken up many of the critiques posited against them, and new concepts of social security and innovative research perspectives have been developed. Current welfare regime research shows this very clearly (cf. Filgueira 1998; Gough and Wood 2004a; Martínez Franzoni 2008; Martínez Franzoni and Sanchez-Ancochea 2015; Rudra 2007; Wehr 2009).<sup>22</sup> In the meantime, the approaches of international institutions and other policy makers to the topic have also changed. Still, the hiatus between welfare state and welfare regime perspectives on the one hand and the ethnographic approach on the other hand largely remains. In order to understand this, it is necessary to look with some more detail at the nature and scope of the conceptual shifts that have taken place.

An important trigger for the conceptual shifts in “institutionalist” studies since the 1990s was the demise of modernization theory and the critiques directed against conventional social security. At least equally important was the growing dissatisfaction among international policy makers and analysts at that time with the social security situation in developing

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<sup>21</sup> These authors do not suggest that informal social security production is superior to state provided social security. However, if their call for a comprehensive appraisal is not handled carefully, it can be misunderstood as minimizing the role of the state in social security.

<sup>22</sup> For example, as I point out below, later versions of welfare regime research have extended the perspective to include a range of producers of social security, including communities and global actors (cf. Gough and Wood 2004a; Martínez Franzoni 2008)



countries. In the course of the 1990s, the so called neoliberal development approach started to come under harsh critique (Cook and Kabeer 2009; Rohregger 2010).

The debate of the 1990s about the adverse effects of structural adjustment and free-market policies highlighted an important social security dilemma that was produced by the so-called neoliberal approach: the prescribed measures of market liberalisation, global economic integration and related “adjustments” in the field of public administration increased the risk exposure of poorer population groups, at the same time as the role of the state was reduced (Barrientos and Hulme 2008; Cook and Kabeer 2009). Risks grew because informal labour increased and because markets and prices became more volatile. The Asian crisis of 1997 is often highlighted as a turning point in the development of current social protection and social security approaches (ibid). It hit those countries hardest that were previously seen as model cases of market-led growth, and it exposed the vulnerability of large population groups.

Consequently, thinkers at international institutions, most prominently the World Bank and the ILO, as well as in academia have engaged in a profound reevaluation of the most appropriate means to analyze and to improve social security. Among the central conceptual shifts has been the turn towards a broader view of those mechanisms that produce social security as including market based mechanisms, cooperative systems and private networks (cf. Betz 2004). The integration of different mechanisms into comprehensive social security systems is now advocated by almost all central international actors in the field of social security promotion (Heltberg, et al. 2010; Holzmann 2001; ILO 2001). Microinsurance schemes are among the new mechanisms that are now considered as possible elements of social security systems.

These strategic reconsiderations are mirrored by conceptual shifts. The broad range of formal and informal mechanisms that international institutions now highlight as means of social development are often referred to as social protection (Barrientos and Shepherd 2003; Betz 2004; Cook and Kabeer 2009). The term social security is sometimes used in the same way, but there are also authors who continue to employ the term only when referring to state institutions.

As this conceptual change indicates, there has been some convergence of approaches to social protection and social security, and to social development more broadly, in particular among international policy makers (Barrientos and Hulme 2008). Now even the World Bank, which has moved on to the so-called post-Washington Consensus (Stiglitz 1998), stresses the importance of social development on its own right (Heltberg, et al. 2010; Holzmann 2001). At

the same time, the ILO, facing overwhelming evidence of the ubiquity of the informal economy has felt the necessity to move partly away from its strong focus on state institutions (Ginneken 1999).<sup>23</sup>

In the 2030 Agenda for Sustainable Development, adopted in 2015, social protection plays an important role. Among the Sustainable Development Goals (SDGs), the Goals relating to ending poverty (Goal 1), creating gender equality (Goal 5) and the reduction of inequality within and between countries (Goal 10) mention it explicitly.<sup>24</sup>

One of the common aspects of current social security strategies is the focus on risks and vulnerability as principal causes of poverty (Cook and Kabeer 2009). This will be of some concern below, because the microinsurance boom is an outgrowth of recent strategic shifts among international organizations (chapters 2.4 and 5).

*... but the tensions between the perspectives remain*

In spite of these developments since the 1990s, the scope of conceptual change as well as the degree of programmatic convergence among international policy makers and researchers should both not be overestimated. Firstly, social security and social protection approaches of international institutions and analysts still build on diverging development concepts, which have evolved over many decades (Cook and Kabeer 2009).<sup>25</sup> As Munro (2008) shows, current social protection approaches can be traced back to at least three different lines of thought about the justification of social and development policies: the rights-based approach embraced by the ILO and the CEPAL;<sup>26</sup> the notions of uninsurable risks and market failures that prefigure the current approach of the World Bank; and needs-based arguments favoured by some major UN institutions.

Beyond this, there is a partial gap between the claim to more comprehensive approaches to social security on the one hand and actual research or policy agendas on the other hand. Most actual programs of international institutions remain focused on state action, even though they employ a broader definition of social security and social protection (Rohregger 2006;

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<sup>23</sup> A recent ILO definition of social security differs strongly from earlier notions: “(a) The provision of benefits to households and individuals (b) through public or collective arrangements (c) to protect against low or declining living standards (d) arising from a number of basic risks and needs.” (Ginneken 1999: 5)

<sup>24</sup> The implementation of the SDG agenda has become an important strategic reference point for institutions that embrace a rights-based approach to social protection (UNRISD 2016b).

<sup>25</sup> In contrast, Barrientos and Hulme (2008) are convinced that the differences between different approaches to social protection have now been overcome.

<sup>26</sup> A useful short overview over this approach is provided by UNRISD (UNRISD 2016a).

Rohregger 2010). Sometimes this is the case for instrumental reasons, as with the ILO that pushes for state action (Ginneken 1999; ILO 2001). Researchers have in turn highlighted that the real potential of private and informal strategies is unclear (Cook and Kabeer 2009: 3-4), or that more recent definitions are too broad to be useful (Betz 2004: 10).

However, this is not all that is behind the continued prominence of formal institutions, and in particular the state in social security research. This focus stems from some of the theoretical foundations of welfare state and welfare regime research. The writings of T.H. Marshall (1950), who suggests that social citizenship is at the heart of the welfare state, are central to this research tradition. This author was concerned with the contradictions that are produced by modernization processes: the expansion of markets on the one hand, and the evolution of democratic states on the other hand. While the expansion of markets produces social and economic inequalities, according to this author, democratization raises the expectation that the equality between citizens should increase. Marshall (ibid) famously proposed that welfare state institutions contributing to the realization of social rights will at least partially reduce the tensions produced by these contradictory developments.

This idea was later taken up and carried further by such researchers as Esping-Andersen (1990), who is among the most seminal writers in the field of welfare state research. For Esping-Andersen, the realization of social rights that are integral to social citizenship can be measured by looking at the degree of their de-commodification, i.e. at the degree to which the citizens' living standards are independent from market forces: "A minimal definition must entail that citizens can freely, and without potential loss of job, income, or general welfare, opt out of work when they themselves consider it necessary." (ibid: 23) As Esping-Andersen himself admits, this high degree of de-commodification has only been realized in very few cases.<sup>27</sup> At the same time, he suggests that the welfare state has to be researched as a "stratification system of its own right" (ibid: 4). Esping-Andersen's framing of decommodification remains *the* reference point of much social security research.<sup>28</sup>

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<sup>27</sup> Esping-Andersen (1990) operationalizes the notion by studying three elements: eligibility rules and entitlement restrictions (abject need, work performance or universal rights of citizenship); level of income replacement; and range of entitlements.

<sup>28</sup> As Rudra (Rudra 2007) has pointed out, in one group of developing states, commodification rather than de-commodification is a central objective of state policies. According to her cluster analysis, one group of states prioritizes promoting the market dependence of citizens ("productive welfare state"); a second one prioritizes the protection of certain individuals ("protective welfare state"); and a third one combines elements of both approaches ("weak dual welfare state").

Some scholars concerned with social security in developing countries quite consciously adopt a perspective that other social scientists have criticized as „normatively biased“ (Benda-Beckman and Benda-Beckmann 2000 [1994]: 26). They are deeply sceptical of market forces and consider the dominance of the market as antithetical to the realization of social rights. As Martínez Franzoni (2008) puts it, from her perspective “(...) the notion of welfare regimes provides a much-needed normative criterion to assess whether countries depart from desirable practices for resource allocation.” (ibid:68) For this and many other authors, social security should remain coterminous with schemes that are provided or strongly regulated by the state.

Martínez Franzoni is one among several researchers, who have explored the notion of welfare regimes in contexts beyond the industrialized world (Gough and Wood 2004a). This approach is very prominent among researchers concerned with Latin America (Barrientos 2004; Filgueira 1998; Gough and Wood 2004a; Martínez Franzoni 2008; Rudra 2007; Wehr 2009). These researchers think that welfare regimes in the South are not totally different from welfare state regimes (Esping-Andersen 1990):

“Thus we retain the idea of regime to refer to repeated systemic arrangements through which people seek livelihood security both for their own lives and for those of their children and descendants. Substantively, the notion of a welfare regime embodies the relationship between sets of rights on the one hand and the performance of correlative duties on the other.” (Gough and Wood 2004b: 5)

In spite of various conceptual adaptations of Esping-Andersen’s (1990) theory, the state and formal social security remain absolutely central to this notion of social security. For example, Gough and Wood (2004b) define “welfare regimes” in the South by contrasting them with “welfare state regimes” (Esping-Andersen 1990) in the North. The “informal welfare regimes” and “insecurity regimes” that they define in this way are described as inferior to the more formalized modes of welfare production in industrialized countries.<sup>29</sup>

This shows that there are far-reaching epistemic differences between “institutionalist” approaches and the ethnographic perspective, which cannot easily be overcome. Ethnographers of social security have continued to largely reject the perspectives of welfare state researchers and have looked for alternative approaches (Benda-Beckmann, et al. 2014; Read and Thelen 2007; Rohregger 2006; Steinwachs 2006). They avoid the prioritization of any institution or actor in the field of social security and point to the linkages between formal

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<sup>29</sup> For a comprehensive critique of this approach cf. for example Rohregger (2010) and Burchardt et al. (2012).

and informal social security practices (see chapter 3.1).<sup>30</sup> All in all, there are very few empirical studies that establish a dialogue between broad anthropological and sociological approaches to social security and “institutionalist” writings, apart from a few exceptions (Molyneux 2007; Stubbs 2004).

### **2.3 Turning tensions productive: talking to social security research from the anthropological perspective**

As the preceding section has shown, in spite of some realignments of the concept of social security since the 1990s, its usage in political practice and academic research has changed only partially. Because of this, polarized visions continue to mark social security research. In this research, I try to turn the hiatus between the two poles of social security research that was just identified productive by engaging in a dialogue. On the basis of an anthropological approach to social security (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988), policy making and development processes (cf. chapter 3.1), I will address questions regarding social security that have been posed by other research perspectives, including “institutionalist” ones.

#### ***The purpose of talking to “institutionalist” and governmentality research from a non-institutionalist standpoint***

This research proposition is based on the notion that research perspectives beyond the anthropological approach to social security raise important questions with regard to microinsurance. This concerns in particular the relationship between state, market and society at large, which is renegotiated by a range of actors as microinsurance is being introduced. As pointed out above (2.1), doubts with regard to microinsurance have been expressed by institutionalist researchers who highlight that insurance and microinsurance schemes are based on market mechanisms instead of giving responsibility for social protection to the state (Barrientos 2004; UNRISD 2010b). Other critical questions with regard to microinsurance are raised by governmentality research (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

Concerns with the role of the state and the market in social security have been somewhat less central to the ethnographic approach to social security. This approach highlights the emic

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<sup>30</sup> Rohregger (2006: 11-15) shows for example that central assumptions pertaining to modernization theory are still alive in the policy agendas of international organizations and in many scholarly writings. Consequently, she identifies “major contradictions” (ibid: 15), when looking at the usage of the new concepts of social security and rejects it.

perspective of different actors and a range of social security relations and practices, which are often located beyond the state and the market (Benda-Beckman and Benda-Beckmann 2000 [1994]; Leliveld 1994; Steinwachs 2006). This does not mean that ethnographic research about social security has disregarded institutionalized actors. A group of researchers from Max Planck institute in Halle has recently put forward the notion of “stategraphy” in order to study both representations as well as practices of the state regarding social security in different localities (Benda-Beckmann, et al. 2014). How social security evolves due to local practices of social security, in particular of local representatives of social security institutions, is the main focus of this research group.

Another strand of anthropological and sociological research has for a longer time paid more explicit attention to the evolving relationship between state and market institutions in social security: studies about the effects of globalization (Yeates 2001; Vij [ed.] 2007). This body of research underlines the relevance of the questions posed by “institutionalist” researchers with regard to current social security transformations.

For some time, the possible deterioration of state power, above all vis à vis global capital, and the notion of „governance beyond the nation state“ (Randeria 2003) dominated globalization debates. With regard to social security and the welfare state, the possible impact of globalization has caused particular concern. Scholars have wondered if in the future the state will be able to fulfil the promises related to social citizenship (Yeates 2001; Vij [ed.] 2007).<sup>31</sup>

Researchers have assumed that global economic forces have a negative influence on social policy for several reasons: global capital can make credible threats of capital flight, the state depends on global capital in times of increasing financial globalization and states perceive higher pressure towards fiscal austerity in this context (Stryker 1998)<sup>32</sup>. Also, state actors have been shown to be influenced by the ideology of neoliberalism that stresses the impotence of national policy making and the need to improve international competitiveness (ibid).

However, concerning the welfare state in the industrialized world, the so-called second wave literature has questioned the notion that globalization inevitably fosters an erosion of the state and of welfare policies (Yeates 1999). Several of the strong assumptions regarding the negative influence of globalization on state power and social policy have been shown to be

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<sup>31</sup> Obviously, economic globalization and new forms of governance are not the only reasons why the welfare state has been perceived as under threat. Population aging and other social changes, such as lower birth rates also contribute to this perception (Esping-Andersen 2000).

<sup>32</sup> Cited in Yeates (Yeates 2008).

problematic or at least overstated. Depictions of globalization as an uncontrollable and unprecedented force that has totalizing effects cannot be empirically sustained (Vij 2007; Yeates 1999).<sup>33</sup> With regard to social policy making in developing countries, welfare regime researchers have discussed similar topics (Gough and Wood 2004a; Martínez Franzoni 2008; Rudra 2002).<sup>34</sup>

The insight that the assumed logic of state deterioration does not or only partly apply has turned the attention of researchers to another set of study questions. This has included the puzzle how the relationship between state and market institutions and between public and private spheres has been changing if the introduction of market elements does not imply a decay of the state (Berner 2009; LeGrand 1991; Nullmeier 2001; Read and Thelen 2007; Taylor-Gooby 1999; Thelen 2007). This will be of major importance for the development of the research perspective (chapter 3).

Research about the effects of globalization on social security has also drawn attention to the long-standing history of global entanglements. To reiterate just one common example, the early British welfare state relied on wealth that was generated within the colonial system, and the same country also exported elements of the welfare state to its colonies (Yeates 2008: 17).

The notion of global entanglements also makes it possible to identify partial similarities between diverging social, political and economic processes. For example, as will be shown below, microinsurance creation in Bolivia mirrors central aspects of the notion of neoliberalism as an unstable and partial process, which has already been identified in other parts of the world (Kingfisher and Maskovsky 2008).

It is this interest in possible similarities between different local contexts that has also convinced me to use the notion of neoliberalism in this research. As Ferguson (2009) remarks, this notion retains some analytical value, as it enables the researcher to identify similarities on a regional or global scale and to compare developments in very different country contexts.

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<sup>33</sup> Relevant research has pointed at the politics that mediate and regulate globalization processes and the continued influence of government institutions and local actors (Esping-Andersen 2000; Yeates 1999). Also, it has shown that capital interests are not necessarily unified and that economic actors depend on states in order to attain their goals (ibid). A more complete overview, which is available elsewhere (Vij 2007), cannot be provided here.

<sup>34</sup> Rudra (2002) finds for example that in some, but not all less developed countries the welfare state has been rescaled due to increased economic globalization. She suggests “(...) that in response to globalization pressures, governments’ commitments to welfare spending ultimately depend on strong labor-market institutions like those that exist in developed countries.” (ibid: 413) In less developed countries with many low skilled workers collective action problems are supposedly probable to arise.

My research takes its cue from geographical and anthropological research that shows how ideas, projects and strategies that have been discussed under the rubric of neoliberalism are adopted in various contexts and become part of diverging political projects that do not follow a unitary logic. Various authors have shown that hybrid institutions and practices emerge, which can only be considered as partly neoliberal (Collier 2005; Ferguson 2009; Kingfisher and Maskovsky 2008).<sup>35</sup> This approach makes it possible to overcome notions of neoliberalism as abstract, external and totalizing force, which acts on people and institutions (Ferguson 2009; Larner 2000).

Such an analysis is only possible if the concept of neoliberalism itself is unbundled and if various meanings and levels of the term are taken apart. This approach is all the more necessary given the broad range of phenomena that have been referenced with this term (Larner 2000). While most authors who use the word neoliberalism are concerned with the presumed strengthening of market mechanisms and the relationship between the state and the market, the variation of the usage of the term is enormous.<sup>36</sup>

Below, I use the anthropological lens in order to take a step back from common propositions regarding microinsurance and to reconsider the applicability of the notion of neoliberalism. In this context it is a challenge to take theoretically infused notions of neoliberalism apart from the perspectives that actors in Bolivia have in that regard. Notions of neoliberalism play an important role in current political discourses in Bolivia (cf. chapter 6 onwards).

A more fundamental challenge to my research strategy is the fit between anthropological and institutionalist perspectives. As I employ a broad notion of social security and ethnographic methods, but also talk to institutionalist and governmentality research, the general differences between both research perspectives come to the fore: between a focus on local contexts and a focus on relationships at the macro level; between a perspective that includes actor

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<sup>35</sup> This approach is related to, but slightly different from recent attempts by neo-Marxist human geographers to unearth forms of “actually existing neoliberalism” (Brenner and Theodore 2002). These researchers are also concerned with the contextual embeddedness of neoliberal projects and point to their path-dependent character. Pre-existing institutional frameworks, policy regimes, regulatory practices, and context specific political struggles are all identified as important factors that shape the outcomes of neoliberal projects. The notion that neoliberalization implies the thorough institutionalization of markets and market forces is identified as part of neoliberal ideology itself (ibid: 351). These authors find that hybrid “institutional fixes” emerge even throughout the industrialized world.

<sup>36</sup> In its most common and often atheoretical usage, the term “neo-liberalism” refers to a political agenda or, as Larner (2000) has put it, to “neo-liberalism as policy”. Within this field of usage, it is useful to distinguish ideological aspects from concrete political programs that are predicated on the valorisation of free markets and entrepreneurship, and in turn both dimensions from the actually existing regimes of concrete policies, practices and institutions (ibid). The term neoliberalism is used in a more theoretical way by governmentality research (cf. below) and by some neo-Marxists.



perspectives and one that largely omits them; and between diverging approaches to normativity. I aim to turn these tensions productive as I move to the empirical analysis. The research perspective that I employ in order to do so is addressed in chapter 3.

My approach ties in with some other recent attempts to coin research perspectives at social security. Recent research has more actively searched for new approaches to social policy (Burchardt, et al. 2012; Deacon 2007; Yeates 2008) than for innovative perspectives at social security in developing countries. Among the researchers, who have been explicitly concerned with the analysis of social security, Stubbs (2004) provides some interesting ideas. This author embraces the notion of “global social policy”, albeit he is also critical of this research trend.<sup>37</sup>

Stubbs (2004) proposes the notion of the “extended welfare regime approach” in order to account for the finding that social processes on the ground are always much more complex than welfare regime theory would suggest. This author widens the welfare regime approach to include some insights of anthropological and sociological research. He includes a major number of analytical dimensions into his notion of the welfare regime. In line with most anthropological approaches to the topic, he highlights actor perspectives and notions of spatial and historical specificities. His approach remains somewhat schematic and is at the same time very much fine-tuned to his specific research topic, consultant networks in Eastern Europe.

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<sup>37</sup> Global social policy is now among the most prominent research concepts and perspectives when it comes to social policy in developing countries. Deacon (Deacon 2007; 1997) coined this concept out of a normative concern. He observed that since the 1980s some actors at the global level increasingly took on some of the social policy functions that were usually associated with nation states. He hoped that this development would be strengthened so as to produce new supranational redistribution regimes:

„In terms of global social policy understood as supranational social policy at the global level, the world is stumbling towards articulating a global social policy of global redistribution, global social regulation and global social rights and creating the institutions necessary for the realisation of such policies in practice.“ (Deacon 2008: 34)

For this author, global social policy is a way to deal with the challenges that globalization poses to social policy, for example the fact that high migration rates put the territoriality of social policy into question (Deacon 2007). His definition of the term is definitely imbued with some degree of wishful thinking (cf. Burchardt, et al. 2012).

The global social policy debate has been criticized for being largely atheoretical (Yeates 2008). Its main exponents, Deacon (Deacon 2007; 1997) and Yeates (2008), subsume a whole range of different analytical approaches and topics under the term. In some cases, the political program behind the notion of global social policy, namely to strengthen the activities of trans- and international actors seems to be more important than analytical aspects.

A more recent publication (Artaraz and Hill 2016) prioritizes analytical questions and distances itself from Deacon’s (2007) normative approach. It also provides a definition of “social policy” as “public services that tend, either directly or indirectly, to alter the impact of market forces upon individuals and families.” (Artaraz and Hill 2016: 4)

In this study, I develop an alternative attempt to build a productive research perspective at social security, which takes various strands of social security research seriously. In contrast to Stubbs (2004), I do not move from the welfare regime approach towards the inclusion of some anthropological insights, but in the opposite direction: from an anthropological perspective towards the consideration of propositions of welfare regime research (chapter 3).

## **2.4 Summary**

This chapter has hinted to some of the central contradictions between broad anthropological and sociological approaches to social security which draw on field research on the one hand and those that are based on institutionalist research on the other hand. Moreover, it has proposed that the established tensions between both research strands can be turned fruitful when it comes to researching microinsurance. A dialogue between both research strands enables a fresh look at microinsurance proliferation at the same time as it relates the topic to social security transformations in other parts of the world.

In a very stylized manner, the main characteristics of both perspectives can be summarized in the following way: institutionalist research embraces a macro-analytical perspective that is concerned with large-scale analyses at the level of nation-states or with comparisons between nation states. Its proponents usually focus on state action if they study social security. They sometimes they use a very strict criterion to define social security or social protection as only those measures that have a strong element of de commodification.

In contrast, anthropologists and some sociologists have developed a perspective that skirts the prioritization of any specific actor in the field of social security and rejects a normative stance. As a corrective to normatively-laden assumptions regarding the state and the market, this perspective highlights the multi-layered and complex nature of social security, and the linkages between formal and informal social security practices. Moreover, it draws attention to the viewpoints of the social actors that engage in social security practices.

The brief outline of recent developments of the debate about social security shows that the dialogue and mutual exchange between anthropological and institutionalist research remains limited. In contrast to that trend, I embrace an ethnographic perspective, but I also take up questions that are posed by comparative welfare regime and governmentality research. As pointed out above, this strategy has the purpose of throwing new light on some of the questions raised by welfare regime and governmentality research.

In the first part of this chapter, I have shown that these research strands suggest that microinsurance is part of liberal welfare regimes or neoliberal governmentality respectively. This fosters questions regarding the implications of microinsurance creation. From the broad anthropological perspective these questions would mainly play a role insofar as they are relevant to actors in the field. And indeed, they are also important to local actors.

### **3. Towards the analysis of microinsurance creation: the analytical perspective**

As the last chapter has shown, I strive for an empirical perspective at microinsurance promotion and creation that addresses some of the critical propositions with regard to microinsurance that stem from “institutionalist” social security and governmentality research. With this purpose in mind, I embrace an ethnographic research perspective that is specifically tailored to the research objective and the research questions.

The basis of my research perspective is the anthropological approach, which conceives of social security as a multi-layered phenomenon that lends itself to actor-oriented research (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Midgley 1984; Read and Thelen 2007). I focus my analysis of microinsurance creation on the notion of responsibility (Beck 1992a; Ewald 1991; Ewald 1993 [1986]). This notion builds bridges between the anthropological perspective at social security and central notions of welfare regime research on the one hand and governmentality research on the other hand. As I show below (3.2), French sociologist Ewald (1991; 1993 [1986]) provides particularly useful points of departure for the study of responsibility in relation to social security. The ethnographic analysis below centres on the different dimensions of responsibility, which are at stake as agricultural microinsurance is being introduced in Bolivia (see section 3.3).

At the same time, I also pay attention to the political and social processes that result in the introduction of microinsurance. Hence, in some parts I draw on some insights of the anthropology of development (Gould and Marcussen 2004; Mosse and Lewis 2006; Olivier de Sardan 2004) and the anthropology of public policy (Shore and Wright 1997b; Wedel, et al. 2005) in order to construct my research perspective. This combination of different strands of anthropological research allows me to construct a comprehensive analytical framework for the study of microinsurance creation.

In the following sections, I move on to lay out the research perspective with more detail. The text first specifies the anthropological perspective at social security that I employ and complements it with an ethnographic perspective at policy making and development projects (3.1). Then, it proceeds to establish the notion of responsibility by drawing on the sociology of risk (3.2) and explains how it will be used to structure the analytical part of this thesis (3.3). In order to provide some more details on the research perspective, the following section (3.4) draws attention to the specific relationship between the spheres of the state and the market,

between public and private. Finally, it summarizes the research perspective and the research questions (3.5).

### **3.1 Ethnographic approaches to development, policy making and social security – the foundation of the research perspective**

This section proceeds in two steps in order to introduce the ethnographic perspective that this research employs. It first shows with more detail how anthropologists have developed their own concept of social security by pitting it against comparative social security studies. Then, it shows how my approach to microinsurance is also informed by several strands of anthropological work beyond social security studies. Some concepts coined by the anthropology of development (Gould and Marcussen 2004; Mosse and Lewis 2006) and the anthropology of public policy (Shore and Wright 1997b; Wedel, et al. 2005) are meaningful for this research. They serve to complement the conceptual propositions of the anthropology of social security in important ways. In particular, they make transnational political processes more accessible.

#### ***The anthropology of social security***

As pointed out above, this study considers social security in the broad sense of the term, which was mainly developed in debates about social security in the so-called third world from the 1970s onwards (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Midgley 1984; Read and Thelen 2007). From this viewpoint, social security is a fundamental aspect of social and economic organization, which relies on complex social relationships. As Read et al. (2007) remark, “(...) the analytical conceptualization of social security differs from its common, everyday meanings insofar as it emerges through diverse practices, relations, ideologies, policies, and institutions.” (ibid: 5) Social security here comprises “all those aspects and dimensions of social relations and social institutions that are directed at securing the creation or conservation of livelihoods.” (Steinwachs 2006:11; own translation).

Social security is created through formal and informal institutions, including the day-to-day activities of society’s members that are often no in line with modern concepts of functional differentiation: “The social security function can be embedded in ordinary, relatively undifferentiated relationships, institutions or belief systems.” (Benda-Beckman and Benda-Beckmann 2000 [1994]: 8) In-depth anthropological explorations of day-to-day practices and social norms have illustrated the impressive range of social security strategies in urban as well as rural contexts (Benda-Beckman, et al. 1988; Rohregger 2006; Steinwachs 2006).

At the same time, formal and informal social security mechanisms are intricately linked to each other, for example through specific actors, who can strategically draw on them (Benda-Beckman, et al. 1988; Steinwachs 2006). For example, social actors will usually have a choice between microinsurance and other social security mechanisms, when a microinsurance scheme is introduced. As I point out below, microinsurance usually substitutes at least partially for pre-existing social security strategies, most of which are informal. Actually, peasants might decide not to buy microinsurance because they feel that their other (informal) social security strategies suffice. In a similar vein, peasants may also feel that they need fewer savings if they buy microinsurance.

The anthropological perspective draws particular attention to the ways in which mechanisms like insurance or microinsurance are embedded in context-specific structures, practices and norms. Among the authors who have illustrated this point is Wladarsch (2010), who demonstrates how the ideas pertaining to health insurance are adapted to the specific context of Burkina Faso's countryside: local actors link these ideas to local notions of religious sacrifice. Wladarsch (*ibid*) proposes that the demand for health insurance crucially depends on this adaptability.

In line with a major part of the literature that embraces such a comprehensive perspective at social security, this thesis draws on an actor-oriented approach. It views social security as the dynamic and constantly changing result of social interactions (Benda-Beckman and Benda-Beckmann 2000 [1994]). As they produce social security, social actors draw on and interpret social relations and norms in specific ways, and they have the agency to reinterpret and change social security practices (*ibid*).

In connection with this insight, Benda-Beckmann and Benda-Beckmann (2000 [1994]: 13-23) propose the notion of multiple "layers" of social security. They differentiate between different normative systems (including cultural and religious norms, and legal constructions of the right to social security), different relationships between providers and receivers of social security (which might be located at different scales), social practices of social security, the conditions for social security in the form of resources, and the social and economic consequences of actual practices.<sup>38</sup>

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<sup>38</sup> Benda-Beckmann et al. (*ibid*) chose to call their approach "functional", which seems a bit confusing, given the long and complicated history of the concept of functionalism in the social sciences. Still, their approach charts the field for detailed inquires into social security.

With regard these various dimensions, the practice-oriented approach calls particular attention to the tension between normative prescriptions and actual social practices. Von Benda-Beckmann and von Benda-Beckmann (ibid) suggest that the distinction of several layers might also help to overcome the dichotomies that are often found in writings about social security institutions, such as formal-informal and traditional-modern. In this way, they may help to throw a light on the complexity of social security relations.<sup>39</sup>

This notion of complexity also has implications for the analytical approach to the “social security mix” (ibid: 20), or as welfare regime researchers have called it, the “welfare mix”. The anthropological perspective highlights that a multiplicity of relations are part of the social security mix and that these relations have to be differentiated from other dimensions of social security. This contrasts with the approach of welfare regime researchers, who have tended to predefine a certain number of social security sources. Esping-Andersen’s (1990) notion of the welfare mix defines the state, the market and the family as realms of welfare production. Later versions of welfare regime research have extended the perspective to include other producers of social security (cf. Martínez Franzoni 2008). Gough and Wood (2004b) include for example communities and global actors as producers of social security into their research framework.

Social security is not only an intricate object of study because of its different dimensions. Beyond this, social actors often follow different, at times contradictory logics of practice<sup>40</sup> as they strive for the realization of social security (Steinwachs 2006:19). This happens because these social actors form part of a range of social institutions that are marked by diverging norms and beliefs. For example, they might rely on state provided social security on the one hand and on the family on the other hand (ibid). Or, in the case of this research, they might buy microinsurance cover and rely at the same time on family networks for social security. In doing so, social actors create a web of social security relationships and institutions with

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<sup>39</sup> Interestingly, these authors, who consider social security as a fundamental aspect of human life, share some central concerns with risk theorists. This is particularly clear with regard to the temporal aspects of social security (Steinwachs 2006; Wladarsch 2010). Social security practices are directed at future contingencies, but they also rely on existing institutions and norms, and thus relate to past events. Put differently, “[u]ncertainty and insecurity are notions that link the present with the past and the future” (Benda-Beckman and Benda-Beckmann 2000 [1994]: 7). Here, the fundamental experiences of contingency and danger and the constant need to tackle insecurity are identified as universal human concerns. Because of this, some social security researchers also hope that social security conceived in a broad sense enables comparative analyses across societies.

<sup>40</sup> Bourdieu, who published the book with the same title in 1980 (Bourdieu 1990 [1980]), remains the most central inspiration of the actor-oriented approach to social security.

specific norms that can be located at different scales (ibid 23). At the same time, social security is always age, gender, class, and status specific (Benda-Beckman, et al. 1988).

Microinsurance schemes cannot be studied as isolated institutions if one employs this analytical notion of social security. Rather, the introduction of microinsurance has to be seen as a social process that relates to the overall social, political and economic context. Wherever introduced, microinsurance becomes part of pre-existing social security systems, which are based on specific social relations and norms. It is in this context that potential customers make sense of microinsurance. Peasants for example, who influence the negotiation process about the introduction of microinsurance schemes or take the decision if to buy microinsurance, are social actors who rely on a whole range of social security practices. These practices may be located at different scales and follow diverging logics (cf. chapter 7 onwards).

In this research, I pay particular attention at the relationship between state and market institutions in the realm of social security. In line with anthropological approaches (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Read and Thelen 2007), I do not look at this relationship as pre-given and strictly dichotomous, but I am interested in the intricate and changing connections between both spheres. Social security institutions and strategies do often not fit into strict either-or distinctions between state and market, between private and public (ibid). The notion of hybridity is central to this approach (cf. 3.4).<sup>41</sup>

Until now, this section has highlighted why the anthropological perspective is helpful with regard to the objectives of this research. However, it is also necessary to adapt it in two ways in order to understand how social security is renegotiated in the course of microinsurance

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<sup>41</sup> It is notable that most anthropologists focusing on social security have only recently started to pay more explicit attention to state institutions and policies and to fill some of the gaps of earlier research (Benda-Beckmann, et al. 2014). Benda-Beckmann et al. (2014) propose the notion of stategraphy in order to highlight three aspects of the day-to-day interactions between state and other actors as they create welfare in post-Sovjet countries: the importance of relations between actors with different resources in shaping state formations, images, and practice; boundary work between family/kinship and the state on the one hand and between civil society and the state on the other hand; and the embeddedness within state hierarchies as well as within other networks. This explicit link between an anthropology of social security and an anthropology of the state is something of an exception, since the anthropology of social security has been partly biased towards informal mechanisms beyond the state and the market. Most of its exponents have been very sceptical of the capacities of the state and of state action, in spite of the fact that prominent authors like von Benda-Beckmann et al. (1988; 2000 [1994]:25) stress that they do not want to see the role of the state reduced at all. In this way, ethnographic studies of social security have often produced their own blind spots, although they employ a broad approach to social security. Note in this context that Vij (2007) points out that the scholarly discourse about state withdrawal from social security in industrialized states seems to be predicated on a deep scepticism of state institutions and a critical stance towards state power. Here, it is not possible to explore the conceptual linkages between the anthropological perspective on social security and other “critical” approaches, but the scepticism towards the state might have similar roots.



introduction. The next section (3.2) points out how I use the notion of responsibility in order to talk to different strands of social security research. Before this, the following paragraphs turn to the insights of the anthropology of public policy and the anthropology of development that I employ in order to construct a more comprehensive analytical framework for the study of microinsurance creation. After all, this research is also interested in the political process that lies behind its creation.

***Opening up the perspective: microinsurance creation considered as trans-scalar public policy***

In this research project, global entanglements of a specific sort take centre stage: the multiple relationships between actors located in Bolivia and the transnational and international actors that contribute to microinsurance creation relying on specific knowledge and ideas, partly institutionalized networks and financial flows. They are central to the political and social processes that are part of microinsurance creation. In order to approach the political process and its global dimensions, it is necessary to look beyond social security relationships. The anthropology of policy and the anthropology of development facilitate the study of microinsurance creation as political process that spans several scales and partially depends on transnational policy makers.

Before I move to these perspectives, it is helpful to recall that the microinsurance boom is an outgrowth of several global trends, which have also been at the centre of recent scholarly debates. Microinsurance is representative of three recent trends. The first one of these global trends is the emergence of new actor constellations. International organizations such as the ILO and the World Bank continue to exert great influence in the field of social security in developing countries, but several other groups of transnational actors have gained increasing importance, including epistemic communities and knowledge networks, as well as private donors and transnational corporations (Deacon 2008). New forms of participation among these institutions have fundamentally altered the ways in which social security and development policy are produced (ibid). The second large-scale shift that relates to microinsurance proliferation is the common perception among policy makers and researchers that global risks, including economic risks and climate change, have increased (Barrientos and Hulme 2008; Cook and Kabeer 2009). As a reaction to this perception, new strategies and instruments, such as microinsurance, proliferate around the globe. This is the third transformation at the global scale that is of central importance for this research.

Over the last decade, anthropologists of public policy (Shore and Wright 1997b; Wedel, et al. 2005) and development (Gould and Marcussen 2004; Mosse and Lewis 2006; Olivier de Sardan 2004) have developed new approaches to the study of political processes that are influenced by global or transnational policy makers, their networks and resources. These two research strands are very closely related and can often not be clearly delimited from each other. Together, they allow for a tracking of political processes that unfold at several scales, and call attention to the respective power relations. Microinsurance creation is a complex political transfer process relying on the participation of transnational actors (Mosse and Lewis 2006), their partly institutionalized networks and financial flows.

In order to access microinsurance creation as a political process, the notion of public policy as coined by Shore and Wright (1997a) and Wedel et al. (2005) is particularly useful. These authors highlight the two-way relationship between social transformations and public policies and call attention to its implications:

“In an ever more inter-connected world, public policies, whether originating with governments, businesses, supranational entities, nongovernmental organizations (NGOs), private actors, or some combination of these, are increasingly central to the organization of society. Public policies connect disparate actors in complex power and resource relations and play a pervasive, though often indirect, role in shaping society.” (Wedel et al.: 31).

Public policy is here understood in a specific way. Wedel et al. (2005) suggest that policies have to be treated as socially constructed ways of exerting power rather than as “legal-rational way of getting things done” (Wedel, et al. 2005: 30).

The relationship between public policy, in this case microinsurance, and the larger societal context, which these authors highlight, is central to my research. Wedel et al. (ibid) have made clear that a wide range of processes and relations that feeds into the production of policies has to be studied in order to access that relationship. They call attention to various aspects of the political process, including the identification of policy problems, respective decision making, legitimating strategies, the implementation of policies and their impacts. According to them, the researcher needs to study “the full realm of processes and relations involved in the production of policy: from the policy makers and their strategic initiatives to the locals who invariably shape and mediate policy while translating and implementing it into action.” (Wedel, et al. 2005: 34)

The actors that participate in the promotion and implementation of microinsurance might be located at very different scales. Hence, the researchers needs to look into many directions,

thus taking up Nader's (1972) call to study up, down and sideways (Wedel 2004). Below, I take up the notion of "studying through" (Shore and Wright 1997a; Wedel 2001; Wedel 2004) in order to structure the research process: the investigation follows the political process by tracing interconnections between actors, institutions and discourses through time and space (cf. chapter 4).

In line with other recent research (e.g. Burawoy, et al. 2000; Clarke 2003; Nader 1972; Randeria 2003; Yeates 2008), this perspective assumes that globalization cannot be conceived as an external force that exerts some form of exogenous pressure on a bounded nation state. Rather, globalization covers relevance insofar as actors in specific contexts relate to discourses, norms, practices and institutions that are rooted beyond this context. In the case of microinsurance creation it is particularly interesting to see how the political influence of different actors in the local context is being renegotiated in relation to global entanglements and which interests prevail.

The strategy of studying through (Wedel 2004) directs attention at the multiple scales that are central to political processes like microinsurance creation. It posits the question originally treated by geographical research, how different scales, which are socially and politically constructed and are often embodied in administrative hierarchies,<sup>42</sup> relate to each other and how power is exercised in multi-scalar contexts. In order to think about this question, it is helpful to turn to the anthropology of development, which has identified the notion of scales as central factor for the evolution of international development policies and projects. After all, microinsurance projects are very often implemented as development projects.

### *... and development intervention*

Recent French and German approaches to the anthropology of development often expand on approaches of the Manchester School of anthropology (Gould and Marcussen 2004; Mosse and Lewis 2006; Olivier de Sardan 2004). They take up the now classic actor-oriented perspective at the question how external interventions become part of different life worlds (Long 1992) to give it some new twists. The notion that development cooperation is a multi-sited, multi-level phenomenon is at the heart of that strand of research.

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<sup>42</sup> Critical political geography describes scales as contingent outcomes of social and political practices. From this perspective, the hierarchic relationship between different scales should not be taken for granted, because "scales evolve relationally within tangled hierarchies and dispersed interscalar networks." (Brenner 2001: 605)

With regard to the intricate relationship between different scales at which development projects develop, Gould (2004) has shown that they might not be directly commensurable: everyday practices at different scales are characterized by specific norms, values and narratives; actors follow diverging imperatives; and actions at one scale have different consequences at other geographical scales (Gould 2004). In this sense, different logics of practice pertain. This fosters a specific methodological challenge: in order to be able to connect different scales in his or her analysis, the researcher has to recognize these logics and has to “translate” between them (ibid). Put differently, he or she has to identify diverging logics of practice and to illuminate how they relate to each other.

Microinsurance projects are typical development projects in that some form of mediation between these different scales and their logics takes place. In that regard, mediators, who arbitrate between different types of knowledge, modes of behaviour, practices, and interests, play an important role (Olivier de Sardan 2004: 166-184). Mediation requires an understanding of various “logics of action” (ibid: 172) on part of the mediators. At the same time, mediators in the context of development projects are themselves strategic actors who not only face a multiplicity of interests in their work, but also have interests of their own (ibid).

Ethnographic research about the topic of mediation in development contexts has usually focused on mediators at the local level, at those actors who are located at the interface between the so-called target groups and the institutional actors who address them (Bierschenk, et al. 2002; Mosse and Lewis 2006; Olivier de Sardan 2004). In Bolivia, mediations between various scales take place as microinsurance is being introduced. They are not only of major relevance in the countryside, where microinsurance is offered, but also at the interfaces between transnational or global social policy actors and institutions at the national level, and even between Bolivian institutions.

In this as in other studies of development interventions that involve mediation processes, interfaces (Long 1992) play an important role. It is important to note that this concept and the notion of different logics of practice do not aim to suggest the existence of different life worlds which are bounded and somehow isolated from each other. As Rossi (2006) has recently pointed out, the notions of interface and life world threaten to obscure the flexibility and ambivalence inherent to the roles of development actors. The concept of interfaces denotes arenas of exchange and negotiation among actors who can move between socially and politically produced scales and are part of more than one interface.

Indeed, social actors can make strategic use of the relationships and differences between scales. They can draw on the multiple linkages between different scales and can even jump between them (Gould 2004). In the context of microinsurance creation, mediators often assume the role of brokers, i.e. of mediators who appropriate the rents which development cooperation offers (Bierschenk, et al. 2002; Mosse and Lewis 2006; Olivier de Sardan 2004). Also, they can try to challenge policies by relating to a specific administrative scale or try to push through their agendas by playing off actors that are located at different scales against each other.<sup>43</sup>

### *Transnational policy actors*

Transnational policy actors, like the ILO or the World Bank and corporate actors, play an important role with regard to microinsurance proliferation. Following Orenstein (2005), I employ the terms global or transnational policy actors to refer to those “international organizations, non-governmental organizations (NGOs), state agencies, transnational networks, transnational corporations, and professional associations that play a policy advocacy or entrepreneurial role (...) in policy in multiple states and transnational forums” (ibid:177). Transnational policy actors may assume a wide range of roles according to this view: from critiquing existing policy or the development of policy proposals, to the advocacy or the direct implementation of policies.<sup>44</sup>

Not all, but many of the transnational policy actors that support microinsurance proliferation form an epistemic community in the sense of Haas (1992b). The transnational insurance and reinsurance firms, public and private donors, and other interested actors at the transnational scale which sustain microinsurance promotion, share specific normative ideas, causal beliefs, notions of validity and a policy enterprise. As I show below (chapter 5), this finds expression in the discourses and the activities, which this network produces. Microinsurance proliferation is sustained by a discourse about the topic, which is marked by a strong degree of unity with very few diverging perspectives.

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<sup>43</sup> Still, I do not use the concept of the politics of scale as overall research framework, as a more specialized research does (), because these negotiations and contestations are only a very partial aspect of microinsurance creation.

<sup>44</sup> This definition relies on the now common notion that policy formulation and implementation at the transnational level is possible without the existence of formal governments at the international level. Recent research has identified a range of actor coalitions that play an important role in global policy, including epistemic communities (Haas 1992a), policy advocacy coalitions (Risse and Sikkink 1999) and policy entrepreneurs (Mintrom 1887) have received major attention. This research, which has mainly evolved from international relations studies, has been particularly interested in the mechanisms and processes of policy transfer.

The production, circulation and use of knowledge play an important role in microinsurance proliferation at the transnational scale. While insurance products always rely on expert knowledge, a more specialized discussion, which is strongly marked by development discourse, has emerged with regard to microinsurance (cf. chapter 5). Central institutional actors of agricultural microinsurance creation in Bolivia have appropriated this discourse. However, at some point in the process of microinsurance creation, these bearers of technical-scientific knowledge (Olivier de Sardan 2004) face the existence of popular technical knowledge in the countryside of Tarija.

As Olivier de Sardan (2004: 159-161) has pointed out, popular technical knowledge and technical-scientific knowledge are asymmetrical in several regards. Technical-scientific knowledge is often diffused by agents who do not put it into practice themselves; in this sense it comes from outside. It is part of external meaning systems to which many local actors might not have easy access, and it is often diffused in bits and pieces. This has important implications for the adoption of technical-scientific knowledge, as it takes place in the context of microinsurance projects:

“This is why a given type of technical-scientific knowledge, diffused in bits and pieces in the context of any kind of development operation, can only be adopted (in the event it is) through a paradoxical process, due to which it invariably modifies the configuration of the popular technical knowledge on which it relies for its adoption (...) as a constituent of the configuration itself (...).” (ibid: 159)

In the case of microinsurance creation in Bolivia, technical-scientific knowledge constitutes a power resource that some institutional actors employ in order to promote their vision of microinsurance. At the same time, these same actors often have difficulties to mediate between technical insurance knowledge and local ideas of risk and social security. This will be shown with some detail in the empirical analysis below.

To sum up, I complement the broad analytical approach to social protection, exposed above, with anthropological notions of public policy, and the role of scales and knowledge in development projects in order to analyze current negotiations about microinsurance in Bolivia. This is necessary because I am not only interested in the transformations of social security that are taking place, but also in the negotiation processes behind.

### **3.2 The notion of responsibility and some details of the research perspective**

The preceding chapter (chapter 2) explained that in order to analyse emerging social security practices, this dissertation employs an anthropological approach, but also aims to talk to other strands of social security research. In order to do so, it is necessary to develop a research

strategy that enables a dialogue with different theoretical angles. With this purpose in mind, this research focuses on a specific aspect of social security norms and practices, namely the notion of responsibility for the creation of social security. Notions of responsibility are not only important from the emic perspective of the actors in the field, as they engage in processes of microinsurance creation in Bolivia. They are also central to most writings about social security, including welfare regime and governmentality research.

The notion of responsibility articulates perceptions of danger and risk with the notion of social security: the creation of social security in the face of hazards requires that social actors negotiate and fix the responsibility for the creation of social security. If this responsibility is partly or fully located beyond the individual at the social level, this has far reaching implications. This has been demonstrated by the sociology of risk that has studied negotiations about the responsibility for social security, which have fostered European social insurance systems (Beck 1992a; Ewald 1991; Ewald 1993 [1986]).

In order to introduce and operationalize this notion of responsibility, this section highlights some insights and concepts of the sociology of risk that provide a useful starting point for the analysis of emerging social security practices in Bolivia. This means that this section turns partly away from the sociology and anthropology of social security. The sociology and anthropology of risk on the one hand and research about social security on the other hand are two distinct research fields, which have in part developed independently from each other. However, given that social security can be considered as the flipside of danger and risk, some notions developed more explicitly by risk research can easily be used to enrich social security research.

Further below (3.3), the chapter proceeds to operationalize the notion of responsibility by pointing out which aspects of responsibility are at the centre of this research. It distinguishes between financial, organizational and other aspects of emerging microinsurance practices and explains how these notions are used to structure the empirical findings. Moreover, the text turns to the actors who are made responsible for the creation of social security. In particular, it explores the notion that both state and market can be considered as construction sites (3.4).

### ***Danger, risk, and insurance – some central concepts***

In Bolivia, the widespread perception that agricultural disasters have increased because of shifting weather patterns constitutes the point of departure for the creation of agricultural microinsurance and insurance schemes. Individual peasants, their associations, and policy makers at various scales embrace the notion that climate change is an imminent threat and

voice the need to find a coping mechanism. Often, they do not see this as an individual task of peasants suffering the damage, but as an issue that calls for a collective answer, if possible through government policies. Similar processes have been researched by the sociology of risk with regard to European industrializing and industrialized countries (Beck 1992a; Ewald 1991; Ewald 1993 [1986]).

Risk sociologists have systematically explored notions of danger and risk, and the relationship between risk perceptions, insurance creation and the notion of responsibility. Notions of risk and danger lie at the heart of several important theories of modern and (post)industrial society. Authors with very different theoretical standpoints like Luhmann (1991), Giddens (Giddens 1999), Beck (1992a; 1992b), Ewald (1993 [1986]) and Douglas (1992) have all been concerned with an increasing awareness to an apparently ever larger number of risks that has marked industrial societies.<sup>45</sup>

In that context, several authors (Beck 1992a; Ewald 1991; Ewald 1993 [1986]) have described insurance as an instrument that creates specific responsibilities and liabilities in order to deal with an increasing number of dangers and risks. Their research demonstrates convincingly that far reaching social and political transformation processes were taking place, when industrial societies introduced insurance in order to create social security.

Luhmann (1991; 1993) has perhaps most clearly exposed the relationship between risk, danger, human decision making, and insurance. Here, I adopt his definitions of risk and danger. Considering the societal concern with risks and catastrophes, Luhmann (ibid) suggests that the future has become ever more dependent on human decision making and that against this background modern society has largely given up the notion of natural limitations. Security is then perceived as being limited by two fundamental sources of possible future losses:

"Either the possible loss is the consequence of the decision, that is to say, it is attributed to the decision. We then speak of risk - to be more exact of the risk of decision. Or the possible loss is considered to have been caused externally, that is to say, it is attributed to the environment. In this case we speak of danger." (Luhmann 1993:21-22).

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<sup>45</sup> Jens Zinn (2017) has been eager to underline that risk should not only been seen as something negative. Taking his cue from Luhmann, he underlines that certain achievements require risk taking. In an overview of the reasons why people take risks, he points to a range of motives for voluntary risk taking, to risk taking as means to develop one's identity and to social norms and learning, among other factors (ibid).



According to Luhmann, we should speak of risk rather than danger if decisions are a necessary condition of losses incurred. He also suggests that, depending on the viewpoint, there may be no decisions, including the decision not to act, that are totally devoid of risks. Put differently, the notions of risk and danger are “generalizable at will” (ibid: 27).

Luhmann coincides with other authors that in modern society, more and more developments are attributed to human decision making. In his terminology, dangers are transformed into risks if this happens. Insurance is an institution that allows for this transformation, since it transforms dangers and risks “into the risk of not having insured oneself” (Luhmann 1991: 55; own translation).

However, risks can only be covered by insurance under certain circumstances. If it relates to insurance, risk has three distinct characteristics, which have been highlighted by French sociologist Ewald (1991). First of all, the probability of the event must be calculable in order for it to be an insurable risk (ibid: 201-202). Statistics regarding the frequency of events as well as the calculus of probabilities are central to the calculability of events. Here, risk appears as objective, predictable fact. Secondly, a risk must be collective in order for it to be insurable: risk is only calculable for the insurer if it affects an entire population, and insurance “works by socializing risks” (ibid: 203). Thirdly, the insured event constitutes a form of capital according to Ewald (ibid): insurance does not replace the actual loss that might occur, but some specified capital. This means that the potential loss is expressed through a price, even though this price is necessarily arbitrary in many cases. Based on these three principles, Ewald defines insurance as “the compensation of effects of chance through mutuality organised according to the laws of statistics” (ibid: 204).<sup>46</sup>

This definition, as well as Luhmann’s distinction between danger and risk, is useful as we turn to the creation of agricultural (micro) insurance in Bolivia. Indeed, as agricultural microinsurance is created, peasants have a choice to insure themselves or to face potential losses on their own. The danger of agricultural disasters is turned into a risk in Luhmann’s sense, when insurance as a form of mutuality is created.

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<sup>46</sup> Of course, the recent discussion about the limits of insurability goes beyond these basic assumptions. Beck’s so called “insurance principle” has been at the centre of the debate: “It asserts that the absence of adequate *private* insurance protection is *the* institutional indicator of the transition to the uncontrollable risk society of the second modernity.” (Beck 2009 [2007]) Reaching beyond the criticism against this principle that Beck has already himself resumed in “World at Risk”, recent empirical work shows that the global insurance industry constantly expands the limits of insurability (Peterson 2012).

### *Insurance creation as societal transformation*

Beyond this, risk theory provides a valuable point of departure for this research, because it has explored in which ways the proliferation of insurance in industrial countries, which was a reaction to the perception of new hazards and risks, was in some cases related to far-reaching social and political transformations. After all, insurance allows for the creation of “supra-individual and political rules of recognition, compensation and avoidance” (Beck 1992a: 99). The Bolivian case is reminiscent of these processes, as current negotiations about agricultural (micro) insurance, which are the centrepiece of this research, are a reaction to new perceptions of danger and risk.

Several authors have described the institutional history of early industrial society as the social and political search for mechanisms to deal with an increasing number of industrial accidents and insecurities (cf. Beck 1992a: 99). Ewald (1993 [1986]) provides the most prominent of these accounts. He proposes that France’s social insurance system was introduced as a technology of government in order to deal with the evolving perceptions of industrial risks in the late 19<sup>th</sup> century.

His research embraces a Foucauldian governmentality perspective (see above). Insurance “was at the heart of Foucault’s conception of modern governance” (sic!) (Behrent 2010: 606), which depends on statistics and probability calculations, in particular on the measurability of risks. Ewald dedicated a major part of his research to the exploration of this notion (Behrent 2010), and later studies have also taken it up.

In Ewald’s view, an increasing number of worker casualties “forced” French society to rethink the notion of “accident”: as there was a common interest in progress through industrialization, it was supposedly no longer possible to hold the industrial elite responsible for worker accidents. Rather, the author suggests, French society created a new social contract based on the notion of risk, which resolved the antagonisms between employers and employees through solidarity (Ewald 1993 [1986]). According to Ewald, the new prominence of the notion of risk in modern society has had far-reaching implications for the ways people relate to each other and for questions of social justice: „Societies envisage themselves as a vast system of insurance, and by overtly adopting insurance’s forms they suppose that they are thus conforming to their own nature.“ (Ewald 1991:210)<sup>47</sup>

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<sup>47</sup> Ewald coins the notion of an “insurance-based society” (“Versicherungsgesellschaft”): „These are not only societies in which insurance institutions have become common – though this is also of some importance -, but

Many of Ewald's assumptions do not hold outside of industrialized countries, a limitation that most strands of risk theory face (Caplan 2000; Macamo 2008). Ewald (Ewald 1991; 1993 [1986]) was concerned with modern industrial societies in the global north, specifically with France. Moreover, Ewald's account itself is problematic in several regards. Above all, as Behrent (2010) has pointed out, this author tends to play down power differences and cleavages between workers and employers and to overstate their common interests. Also, he seems to adopt a somewhat dubious functionalism.

Still, I cite this research because it draws attention to large-scale processes of social and political change that are linked to insurance creation. Recent research has already shown that the application of risk theories provides useful analytical tools in diverse contexts beyond the industrialized world (Caplan 2000; Macamo 2008).

### ***Fixing the responsibility for compensation – a central aspect of insurance creation***

In particular, Ewald (1993 [1986]) shows convincingly that newly identified dangers can engender large-scale negotiation processes regarding the responsibility for compensation. His research underlines that it is worthwhile to have a close look at these processes. It also highlights that the responsibility for compensation, which provides the basis for social security, can be located beyond the originator of a problem, for example with the state. Its localization is not at all predefined.

The responsibility for compensation can be located with the individual, different social groups or the state, to name just some possibilities, and it is socially constructed. The relationships between these actors are also put into question in the course of the attribution processes. Ewald (ibid) also shows that the interests of particular social groups play an important role in determining it.

This author relates the notion of responsibility to the judicial liability for specific losses, in his case worker accidents, and the interrelated question of compensation. In the French case, the liability and compensation questions were answered through the establishment of the welfare state. This judicial focus differs from other important framings of the notion of responsibility in risk research. As has been shown, responsibility is also behind Luhmann's definition of risk

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above all those societies that reflect on their problems and try to tackle them using the technique and the categories of insurance." (Ewald 1933: 23).

evolving around decision making. Douglas (1992) for example embraces yet another notion of responsibility in her writings about risk and blaming systems in diverse societies.<sup>48</sup>

Ewald's notion of responsibility for compensation needs to be adapted to the empirical case at hand in several ways. In Bolivia, political negotiations are much more important than judicial processes that are at the centre of Ewald's (ibid) study. Moral aspects of risk, which Ewald foregrounds (ibid: 27), are also central to this political and social process.<sup>49</sup> Moreover, I study different aspects of the "work division" that is being established in microinsurance schemes (compare chapter 3.3). This interest partly goes beyond the notion of "responsibility for compensation" introduced by Ewald (ibid). For example, this study also takes up the question how subjective aspects related to (micro)insurance, in particular notions of insurance culture and prudent and risk-averse subjectivities (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017), are negotiated as microinsurance is introduced in Bolivia.

The notion of responsibility adds a specific focus to the broad analytical approach to social security proposed by anthropological and sociological research. This notion facilitates an analytical grasp on contestations regarding the work division between state and market institutions, individual peasants and civic associations in the field of social security. Notions of responsibility are not at all absent from social security studies that employ an ethnographic approach. For example, the notion of responsibility is also behind the different layers of social security that Benda-Beckmann & Benda-Beckmann (2000 [1994]) identify. However, risk research makes this notion more explicit.

The concept of responsibility is also a linking element that makes it possible to speak to different social security theories. Welfare regime and welfare state research relate to notions of responsibility when they analyse the so-called welfare mix. In its earlier versions, this research refers mainly to the state, the market and the family as realms of welfare production (Esping-Andersen 1990), but later approaches widen the focus (Martínez Franzoni 2008).

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<sup>48</sup> Her concept foregrounds moral and political aspects. Employing a structural functionalist perspective, this author suggests that any society deals with dangers by developing a blaming system. This blaming system supposedly attributes responsibility for dangers that occur either to society as a whole or to individuals and thus works to protect society. According to this perspective, taboos protect non-modern societies against behaviour that destroys them, and risks fulfil a similar function in modern society: Individuals and society are protected against the consequences of their (dangerous) decisions, because they are constructed as victims of forces beyond their control. Douglas' structural functionalist perspective today seems problematic because of its static and functionalist character. Still, Douglas has to be credited for her systematic and comprehensive look at risk and danger inside and outside the industrialized world.

<sup>49</sup> Ewald (1993 [1986]) does not cite any of Douglas' writings, which is surprising given that some of his observations regarding moral aspects of risk are very close to her insights.

This concern is also the centre of a current debate about “the appropriate division of responsibility among households, states and markets” (UNRISD 2010b: 136) in the realm of social protection. I have already shown in which ways Ewald relates his notion of responsibility to governmentality research.

Below, I use the notion of responsibility in order to analyze central aspects of the social security practices that emerge as agricultural microinsurance is introduced in Bolivia. At the same time, I also analyze the negotiation processes that evolve in that regard. I look at the expectations that different groups have with regard to the responsibility for social security, I show which vision prevails and I ask which groups feel that their expectations are being met by new agricultural insurance and microinsurance schemes.

I opt for this double focus at the negotiation process and its results, because I assume that the results are partially explained by the process itself. This link is for example of major relevance, if we turn to the notion of demand for microinsurance, i.e. the actual interest that agricultural producers show by buying an insurance policy. I propose that actual demand patterns partly depend on the degree at which the emerging schemes respond to the interests and ideas of the so-called target groups. In Bolivia, agricultural producers have highly normative expectations, including the notion that state institutions have a moral responsibility with regard to risk compensation. However, their vision only partially prevails, and currently a fragmented insurance system emerges. Notions of responsibility are a central analytical focus regarding both the negotiation process and its results.

To sum up, I take up the distinction between risk and danger that Luhmann (1991) proposes and the notion of insurance risk developed by Ewald (1991). Beyond this, I draw on Ewald’s (1993 [1986]) thinking about the responsibility for compensation that society can renegotiate in the course of the creation of insurance systems. The notion of responsibility is not only highly relevant from the perspective of the Bolivian actors involved in agricultural microinsurance creation, but it is also a linking thread of risk and social security research, albeit not always explicitly. The following sections provide some details of this research perspective.

### **3.3 Organizational, financial and subjective concerns: some dimensions of responsibility**

In Bolivia, topical discussions evolve around the question if international donors, state or market institutions, communities or individuals should organize mechanisms that help to deal with climate change and other problems in the countryside. A closer look makes clear that debates evolve around three interrelated, but different questions: who should organize social

security? Who should provide the resources for social security? Which (other) specific responsibilities do the target groups have? Hence, in order to analyze how the responsibility for social protection is negotiated and fixed, it is useful to distinguish between different dimensions of this contentious topic. At the same time, the notion of different layers of social security proposed by Benda-Beckmann & Benda-Beckmann (2000 [1994]) draws attention to the difference between moral expectations, norms, actual practices and other aspects of social security. These so-called layers are highly relevant when it comes to the notion of responsibility. In this section, I point out which aspects of responsibility for social security are most central to this research and how they relate to the notion of layers of social security.

First of all, I look at the notion of *organizational responsibility*. With regard to this notion, I ask which expectations are voiced as microinsurance is being implemented and whose vision is put into practice, that is who has which organizational responsibility within the schemes. I also ask what the specific organizational setup means for the ways in which social security is being transformed. This means studying which groups accept the mechanism and are finally covered.

With regard to the notion of organizational responsibility, several different expectations and perceptions come into contact as microinsurance is being introduced in Bolivia. Agricultural producers, politicians and other relevant actors in the local context have their own ideas about who should organize social security. Usually, they have a strong opinion on the question if state or market institutions should get involved. At the same time, the agricultural insurance and microinsurance schemes that are actually being introduced are modelled after the so-called (organizational) best practices that exist around the world.

In the field of microinsurance, multistakeholder projects are very common, and in many instances different forms of PPPs have emerged (Linneroth-Bayer and Mechler 2007; Ramm 2011).<sup>50</sup> This has practical reasons: in microinsurance schemes a broad range of tasks has to be taken on, which are partly very specific. These different tasks can be usefully divided between different actors, including private and public ones. Among the central tasks, which are part of microinsurance provision, are the design or administration of the scheme, the risk carrier function, and the sales and claims management.

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<sup>50</sup> PPPs are “continuous and relatively institutionalized (...) interactions between public and private actors that formally strive for the provision of collective goods, whereas private actors can be for-profit and/ or civil society organizations” (Schäferhoff, et al. 2009: 10).

My interest in the notion of organizational responsibility differs from the perspective that practitioners have with regard to organizational setups of microinsurance schemes and from the focus of current debates about public private partnerships (PPPs). Microinsurance practitioners have discussed optimal project setups for quite a while now (Churchill 2006a; Löwe 2006). In addition, there is a large recent debate about PPPs in development, which microinsurance research has only partly taken into account, even where it is concerned with forms of public private cooperation.<sup>51</sup>

PPP research has lately seen a boom due to the proliferation of PPPs in developed as well as developing countries. While PPPs as a form of cooperation can be traced back many decades, PPPs have now become more institutionalized and more common (Elsig and Amalric 2008; Krumm and Mause 2009). On the transnational stage, since the 1990s the United Nations (UN) and its specialized agencies have supported the evolution of a vast number of development PPPs (Beisheim, et al. 2008; Nelson 2002).<sup>52</sup> The partnerships have been the topic of heated academic debates: some researchers assume that they are a reasonable solution and aim to contribute to optimizing their effectiveness and legitimacy from a governmentality perspective (Beisheim and Liese 2007), but others are highly critical and highlight the unintended effects of PPPs (Hoering 2003; Miraftab 2004).<sup>53</sup> While I take up this debate in some instances, the pros and cons of PPPs are not the central issue of my research.

With regard to the notion of *financial responsibilities*, this research addresses similar concerns as with regard to the organizational ones. Again, the question of who should take over is at stake. As with regard to the notion of organizational responsibilities, I study whose vision prevails and what this means for the acceptance of microinsurance. In the course of microinsurance creation, some institution has to take over the investment costs, but there is also a long-term concern, namely if premium subsidies are provided. Most agricultural producers in the Bolivian context have very clear expectations with regard to premium

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<sup>51</sup> In a working paper on this topic, I explore the relationship between microinsurance research and PPP research with some more detail and propose that microinsurance practitioners can profit from paying more attention to the results of PPP research (Goldboom 2014). Not all, but many microinsurance schemes are PPPs. Both research based on the notion of governmentality, which aims to unearth optimal project design, as well as more critical approaches, which highlight unintended effects, are highly instructive for microinsurance practitioners.

<sup>52</sup> In 1999, UN Secretary General Kofi Annan proposed the creation of the Global Compact, which is one of the best known international PPPs. He aimed to create a new dialogue forum about environmental and social standards including the UN, civil society organizations and the private sector. In subsequent years, various UN specialised agencies, including the World Health Organization (WHO), and the World Bank have entered a wide range of international PPPs (Nelson 2002).

<sup>53</sup> A good overview over the debate is provided by Schäferhoff et al. (Schäferhoff, et al. 2009).

subsidies. As I will show below (chapter 7), subsidies are often framed as a historical debt of the state vis à vis the rural population. However, in practice these expectations, which feed into political negotiation processes, are only partly met.

The notion of premium subsidies is directly related to discussions about decommodification, which are so central to welfare state and welfare regime theory. As mentioned above, some authors consider the proliferation of microinsurance and other insurance mechanisms as commodification of social security (Barrientos 2004; UNRISD 2010b). However, in contrast to the market ideology that provides the basis for microinsurance promotion (chapter 5), many schemes rely on public subsidies.<sup>54</sup> A look at the debates about microinsurance subsidies and the eventual political decision making helps to decide to which degree microinsurance can be considered as an instrument that commodifies social security.

Microinsurance practitioners have also paid quite some attention to the notion of subsidies, but from a different angle. In their writings they mainly discuss the desirability of microinsurance subsidies by inquiring into their development impacts (Churchill and McCord 2012). The advocates of premium subsidies highlight that subsidies strongly influence the demand, as they directly determine the final price of the insurance. High prices tend to exclude low-income groups (Dercon and Kirchberger 2008; Suarez and Linnerooth-Bayer 2011).<sup>55</sup>

In contrast to this, Skees et al. (Skees, et al. 2008) highlight that subsidies can create disincentives for climate change adaptation. As they explain, insurance prices send out signals regarding the risks associated with certain agricultural strategies: rising climate risks will be signaled by rising insurance premiums. According to this logic, premium subsidies will distort the signaling function of the insurance price, and farmers will have no incentive to switch to less risky strategies.<sup>56</sup>

My research interest in the notion of financial responsibilities partly relates to these concerns, but I focus on a topic that has found little interest among microinsurance practitioners and researchers: the politics that are part and parcel of microinsurance creation.<sup>57</sup> Politics are

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<sup>54</sup> I have also pointed at this contradiction in the already mentioned working paper (Goldboom 2013).

<sup>55</sup> With regard to agricultural microinsurance, one author has also argued that these products can be so costly that it would be irrational for farmers to buy them if they relate the unsubsidized price to expected payouts (Clarke 2011).

<sup>56</sup> Skees et al (2008) do not condemn subsidies altogether, but urge for their careful construction.

<sup>57</sup> I also address this issue in a working paper that is based on preliminary research results (Goldboom 2013).



highly relevant to a better understanding of the demand for microinsurance in contexts like Bolivia. Some recent research has already shown that microinsurance demand and impact can only be understood in relation to the larger social context (Hintz 2009; Peterson 2012; Schulze 2010). Taking the arguments of these authors a step further, I argue that political negotiation processes and their results can be considered as an important part of the larger context, which helps to understand the demand and impact of microinsurance schemes. Insofar as research about the larger context helps to answer questions about microinsurance demand, there is an important overlap with the research interests of microinsurance practitioners in this regard.

Beyond organizational and financial concerns, other responsibilities are also at stake as microinsurance is being introduced. An overtly important idea in the process of microinsurance creation around the world is the notion of specific responsibilities on part of the producers. As I will show below, this includes not only the notion that they have to buy insurance products, but also so-called co-responsibilities: above all, the provision of accurate information and the application of good production practices. This third dimension, the presumed specific *responsibilities of the target groups* relate to some of the central propositions of governmentality research regarding the notion of prudent and risk-averse subjectivities (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

As I follow different dimensions of responsibility, I look both at the ideas and interests of various actors as well the results of political negotiation processes, i.e. legal entitlements, actual social security relations and social security practices. This approach is strongly inspired by the notion of different “layers” of social security proposed by Benda-Beckmann & Benda-Beckmann (2000 [1994]). As mentioned above, these authors distinguish between several dimensions of social security in order to enable a differentiated approach to the topic: normative systems (cultural and religious norms, legal constructions of the right to social security), social security relations between providers and receivers of social security, social practices of social security, the conditions for social security in the form of resources, and the social and economic consequences.

As one looks at local ideas and expectations with regard to agricultural insurance and microinsurance and in particular the notion of responsibility, moral concerns come to the fore. These moral concerns evolve around supposed entitlements of people in the countryside and duties of the state. Here, one can speak of socially constructed moral expectations.

The notions of organizational and financial responsibility and responsibility of the producer, which are so relevant to this research, are not exactly of the same order as the different layers of social security. Rather, organizational, financial, and target-group responsibilities are concerns, which can be at stake at the different layers of social security. Hence, the different dimensions of the analysis can be imagined as a grid, if a somewhat rigid notion is applied.

I do not strictly follow this grid in the empirical part of this thesis, but I include the following table in order to underline that the notion of responsibilities cuts across the notion of layers of social security:

<b>“Layers of social security” (following Benda-Beckmann and Benda-Beckmann 2000 [1994])</b>	<b>Specific responsibilities with regard to social security that are at stake as microinsurance is introduced in Bolivia</b>		
	<i>Organisational responsibilities</i>	<i>Financial responsibilities</i>	<i>Other responsibilities</i>
Ideas of various actor groups, moral expectations			
Interests of various actor groups	(state, market, non-for profit or community organizations,	(state, market, non-for profit or community organizations,	(specific responsibilities of rural producers, e.g.
Legal constructions	rural producer associations,	rural producers, donors...?)	new production techniques?)
Social security relations and practices	donors...?)		
Social results			

To sum up, various responsibilities are at stake if insurance is created as compensation mechanism for dangers and risks. In the context of agricultural insurance schemes, organizational, financial and other responsibilities, above all the specific responsibilities of the producers are of particular concern. These different dimensions are of relevance for all research questions that structure the empirical part (*Which organizational, financial and other responsibilities are being inscribed in the emerging microinsurance schemes? Which negotiation processes spawn this definition of responsibilities? Whose ideas, interests and expectations prevail as certain responsibilities are being fixed? How does the emerging division of responsibilities relate to local perceptions and social security practices and, at least partly as a result, to the impact of the schemes?*). The actual responsibilities that are inscribed in microinsurance schemes might contrast with the perceptions and expectations of some actors involved. This has consequences with regard to the actual impact of the schemes.

**3.4 The state and the market: central foci of contestation**

As the preceding sections have made clear, the roles of state and market actors, of producers, non-for profit organizations and other relevant actors with regard to microinsurance schemes

are not predefined. On the contrary, their roles and responsibilities are renegotiated and defined in the course of microinsurance introduction. The roles of state and market institutions are most controversial as agricultural insurance is created in Bolivia. The high degree of concern with this topic is in line with the heated discussions among social security researchers. However, the state and the market prove to be spheres that are not as clearly demarcated as was for a long time implied in much theory making, and in this case it emerges very clearly that the transformations in both spheres evolve in conjunction with each other. In this research, I consider state and market institutions as building sites.

### *The state and the market as building sites*

The notion of the state as building site has been coined by some German anthropologists (Bierschenk 2010; Fichtner 2010), who are primarily looking at African countries. It calls attention to the incomplete nature of state institutions and to the fact that they are undergoing rapid change. Many different actors are at work at these sites and compete for influence and control (ibid).

This concept of the state as building site is based on some of the central notions of recent research in political anthropology. Processes of state formation and the relationship between civil society and the state have been among the central topics of that research (Das and Poole 2004; Sharma and Gupta 2006). Anthropologists have focused above all on the everyday practices of state actors and citizens, including bureaucratic practices, and representations of the state among citizens. They have called attention to the ever-changing character of state practices as well as to the important weight of historical and cultural contexts.<sup>58</sup>

An insight that Bierschenk (2010) and Fichtner (2010) share with other development anthropologists (Gould and Marcussen 2004) concerns the malleable character of the state: state institutions and practices have been shown to be heterogeneous and often contradictory, and many processes remain partial or do not take intended directions. The competition for power and control among different actor groups is absolutely central to these developments.

As I analyse the intended creation of an insurance market, I find the image of the state as building site particularly evocative (Bierschenk 2010; Fichtner 2010). Indeed, I suggest that not only the state, but also the market have to be seen as building sites in the Bolivian context. The Bolivian state turns out to be a building site because its competencies with regard to

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<sup>58</sup> The attempt to coin the notion of an anthropology of public policy, which was introduced above, is a related approach (Shore and Wright 1997a; Wedel, et al. 2005).

agricultural insurance and microinsurance are not yet well defined. Moreover, microinsurance creation unfolds in the context of an ongoing and very comprehensive decentralization process, which redefines the competencies and relationships between all administrative levels (chapter 6). At the same time, the market for the insurance products that are being introduced does not yet exist: the products are still being tested and the consumers are being “educated”. Also, it is not very clear until now which role different private and state institutions will play with regard to this market.

Obviously, there are important differences between the building sites of the market and the state. I do not intend to obfuscate the fact that market logics of exchange differ from the logics of policy making. While the market is the sphere of commodification, the state is usually expected to create some degree of de-commodification, in particular with regard to social security (Esping-Andersen 1990). However, there are also important similarities between the spheres of the state and the market that prove to be of importance in this study. Both are inseparable from specific local contexts and the practices and norms that pertain in these contexts. Not only state institutions are embedded in specific social and cultural contexts (Sharma and Gupta 2006), but market institutions as well (Elwert 1985; Polanyi 1971 [1944]). Both are impacted by the specific subjectivities and notions on part of the actors that participate in them. This includes specific ideas and expectations with regard to the notion of responsibility.

Taking the common aspects as well as the differences between state and market institutions into account, both building sites shall be studied in conjunction here. State and market institutions are by no means the only important spheres with regard to microinsurance introduction. However, they are the most controversial ones. The relationship between these two building sites will receive particular attention.

### ***State and market, public and private - shifting relationships***

The case studies below show that the relationship between state and market institutions is negotiable and not always well defined. Also, it is more complex than the notion of clearly demarcated spheres that are separate from each other would suggest. This finding ties in with recent debates among welfare state researchers (Berner 2009; Nullmeier 2001; Taylor-Gooby 2008) as well as among social anthropologists (Haukanes 2007; Kay 2007; Read and Thelen 2007; Thelen 2007) about the evolving relationship between state and market institutions in the realm of social security. Both strands of research provide interesting points of departure for my study about Bolivia, albeit the context is very different. This section provides a short

overview of some central elements of both debates, and points out how microinsurance creation relates to them.<sup>59</sup>

A central point of departure for current debates about the relationship between the state and the market is the discussion about present transformations of the welfare state in the context of globalization, which was mentioned above (2). The so-called second wave literature about that topic has pointed out that globalization does not necessarily cause an erosion of state institutions and their welfare policies (Yeates 1999). This notion has fostered a set of new research questions, in particular the question how the relationship between state and market institutions is changing if the state is actually not withering away. In that regard, welfare state researchers and social anthropologists, who are specialized in Eastern Europe, have shared a common interest.

Particularly helpful for understanding the Bolivian case are the insights of those welfare state researchers who have analyzed the consequences of recent welfare reforms in Western Europe. They call attention to the complex relationship between state and market institutions and put the notion of separate spheres into question. An important focus of debate is the 2001 reform of the German pension system, which now includes voluntary private pension accounts (Berner 2009; Nullmeier 2001). The related discussions highlight two aspects that are highly relevant to my Bolivian case study.

First of all, these debates have made clear that the state and the market cannot be considered as clearly separated spheres. With regard to the German pension reform, Nullmeier (2001) has made succinctly clear that this move does not represent a mere privatization of the pension system, but an opening of the public system towards an inclusion of welfare markets. Private pension accounts are established as forms of regulation within the realm of social policy (ibid). Outside of Germany, the introduction of market elements within the welfare state system has been analyzed much earlier. LeGrand (1991) researched the emergence of “quasi-markets” for the delivery of welfare services in the UK in the Thatcher era, and Taylor-Gooby (1999) has been concerned with similar topics.

Secondly, recent debates have highlighted that the creation of new forms of regulated private provision has far-reaching implications. In Germany, social policy now includes the support for the establishment, extension and regulation of pension markets (Nullmeier 2001). At the

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<sup>59</sup> At a conference of *Deutsche Gesellschaft für Soziologie*, I also referred to these concepts when presenting preliminary findings (Goldboom 2014).

same time, new actors have become important with regard to pension politics, including the Ministry of Finance and actors of the capital market. This new actor constellation also impacts discussions about redistribution within the pension system. Below, I will show that the various ways in which the Bolivian states participates in the creation of agricultural microinsurance might be expected to have equally broad implications.

Recent welfare reforms have also inspired some more fundamental reconsiderations of the relationship between state and market institutions. Berner (2009) calls attention to the socially constructed nature of the distinction between public and private spheres of the welfare state. This author maintains that the limit between the public and non-public spheres is merely an ordering fiction that emerged in the 19th century (in German: “Ordnungsfiktion”). Berner (ibid) suggests that this so-called fiction had a considerable impact on pension policies in Germany, but cannot longer be maintained because of the 2001 pension reform: since then it has become more and more obvious that the public and the private (i.e. non-public) sphere do not coexist as separate containers. From Berner’s (ibid) perspective, the institutions of the welfare state are genuine hybrids that are based on non-state initiatives and state regulation.<sup>60</sup>

The notion of hybridity is also central to another research strand that is concerned with recent welfare reforms, namely anthropological research on Eastern Europe. In post-socialist Eastern Europe, the market has gained new weight in welfare provision, and the relationships between private and public, and between market and state spheres have been changing. In this context, a team of anthropologists (Caldwell 2007; Haukanes 2007; Kay 2007; Read and Thelen 2007; Thelen 2007) has studied newly emerging relations of care and the concrete ways in which reconfigurations of the boundaries between different spheres are experienced in various local contexts. As Berner, these authors use the notion of hybridity in order to “challenge rigid definitions of the division between state and nonstate activities and actors“ (Kay 2007: 53).

The authors regard this finding as particularly important because public and private, state and market are highly charged concepts when it comes to the provision of care (Thelen 2007). Emotional care and love have for a long time been seen as limited to the private sphere, but feminist research has put this notion into question (ibid). The forms of care that have been emerging in post-socialist Eastern Europe, for example in Eastern Germany (Thelen 2007),

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<sup>60</sup> While Berner (ibid) resumes some very interesting insights with regard to the emergence of the division between the public and the private sphere that were developed by Luhmann (###), his exploration remains limited, because he does only look at the state pension system, employer schemes and the newly introduced private account system. Other “private” social security strategies do not enter the picture.

confirm the insight that the state and the market, the public and the private sphere do not necessarily embody the principles that are commonly ascribed to them.

All these findings are highly relevant as I turn to the Bolivian example. As I will show below, various forms of hybrid cooperation between state and market institutions are emerging, as microinsurance is introduced in Bolivia. However, the notion of hybridity is also a problematic one, because it is often not well defined or used with regard to a very broad range of phenomena. To take up one of the examples just mentioned, Kay (2007) denotes the caring practices she studies as hybrid, although the state only plays a very marginal role for them. The private care providers use local organization as platforms and consider the state as “permeable”, but articulation does not go further. Hence, I suggest that the notion of hybridity should only be used if the practices and ideas that are studied clearly articulate both the state and the market.

To sum up, recent research on welfare state reforms has shown that the state and the market should not be considered as clearly demarcated separate fields that embody predefined principles. Rather, they change in relation to each other; hybrids of state and market relations are common. The creation of hybrid relationships may have far reaching implications, for example that state institutions are interested in the strengthening of markets. The sources that I have summarized here are all concerned with the reform and reconstruction of pre-existing welfare state institutions. This contrasts strongly with the introduction of microinsurance schemes. Still, as will be shown below, similar topics emerge, as private and public, state and market actors assume new roles within microinsurance schemes.

### **3.5 Summary: The analytical perspective of this study and the research questions**

An important point of departure for the creation of insurance mechanisms for Bolivian producers is the perception of new risks. The notion that climate change is a growing threat adds to problems that have been plaguing the countryside for some time, such as the limited availability of lands. At the same time, actors that are located beyond the rural context, in particular the transnational network that promotes microinsurance around the world, support the creation of insurance and microinsurance in Bolivia. As these actors jointly contribute to the creation of agricultural microinsurance schemes, important aspects of the schemes are not predefined. In particular, the specific responsibilities of various actors with regard to social security that are to be inscribed in the new schemes are at stake. They become the object of political negotiation processes.

As I look at these negotiation processes, I attempt to look beyond the notion that microinsurance is a mechanism that prioritizes the market. I attempt a comprehensive appraisal of the negotiation processes that are part of microinsurance creation on the one hand and the resulting practices on the other hand. In this context, I pay particular attention to the relationship between the expectations of various actors and the actual responsibilities that are inscribed in the schemes. This approach also helps to explain the outcomes of microinsurance schemes: the demand for microinsurances partly depends on the question if the emerging schemes meet the expectations of rural producers or not. This reasoning about the relationship between expectations and results is behind the four empirical research questions, which guide this research:

- *Which organizational, financial and other responsibilities are being inscribed in the emerging microinsurance schemes?*
- *Which negotiation processes spawn this definition of responsibilities?*
- *Whose ideas, interests and expectations prevail as certain responsibilities are being fixed?*
- *How does the emerging division of responsibilities relate to local perceptions and social security practices and, at least partly as a result, to the impact of the schemes?*

The overarching empirical research question, which lies behind these four concerns, regards the specific social security character of microinsurance:

*Do evolving agricultural microinsurance schemes in Bolivia embody a particular division of responsibilities (that sets these schemes apart from other social security mechanisms) and what does this mean with regard to local perceptions and the impact of the schemes?*

This leitmotif enables a second look at microinsurance. From the perspective of governmentality and welfare regime research, the instrument represents neoliberal governmentality or liberal welfare regimes respectively, which most social scientists condemn. At the same time, many microinsurance practitioners favour this instrument, because the market will presumably offer superior solutions to social security problems. However, the empirical research below shows that microinsurance can become part of very different political projects. My central observation is not that the perception of microinsurance as market mechanism is totally wrong. Rather, I argue that it is too limited because it overlooks important aspects of microinsurance schemes. In order to explore this insight, I combine an ethnographic approach with a particular focus on the notion of *responsibility*.



The ethnographic approach (Benda-Beckman and Benda-Beckmann 2000 [1994]; Rohregger 2006; Steinwachs 2006) does not only call attention to competing local ideas, interests and strategies with regard to insurance. It also makes clear that microinsurance introduction cannot be understood without relating it to other local social security strategies. Anthropologists, who have developed that approach, look beyond the welfare state and have established explicitly non-ethnocentric concepts of social security. At the same time, I have argued in favour of a stronger exchange of ideas between the ethnographic and the institutionalist approaches to social security (2). Institutional approaches pose interesting empirical and theoretical questions with regard to microinsurance.

The development of a research perspective at social security that allows for some constructive exchange between ethnographic and institutionalist research is the main theoretical challenge of this project. In this context, I propose the notion of responsibility (cf. Beck 1992a; Ewald 1993 [1986]) as conceptual cornerstone. The concept of responsibility is absolutely central to most social security studies, albeit not always explicitly. Here, it serves as a bridge between the ethnographic analysis and the propositions developed by very different authors. The responsibility for the creation of social security, which social actors negotiate as an answer to perceived dangers and risks (Ewald 1993 [1986]) can be located in different realms: state, market, family, civic associations (Benda-Beckman, et al. 1988), and transnational institutions. Localizations of responsibility for compensation might be totally different from the origin of the danger or risk (Ewald 1993 [1986]).

As pointed out in the last section of this chapter, I focus on specific aspects of the notion of responsibility, as I analyze the introduction of microinsurance in Bolivia: financial and organizational responsibilities and the presumed responsibilities of producers that lie beyond these two areas. In order to think about the responsibility for social security the notion of several layers of social security proposed by Benda-Beckmann and Benda-Beckmann (2000 [1994]) is useful. These authors distinguish between ideas, interests, legal constructions, relations, practices and outcomes of social security. I suggest that at these diverse layers financial, organizational and other concerns are of major import. Taken together, the notion of layers and the concept of dimensions of responsibility for social security offer a comprehensive analytical grid.

Political and social negotiation processes on the one hand and the social security practices that are being transformed on the other hand are both central concerns of this study, and there is a very intimate relationship. Still, for analytical reasons, it is helpful to keep in mind the

distinction between these different issues. Moreover, specialized theoretical discussions have developed with regard to both social security and social policy. Studies about social security usually focus on the institutions and practices that produce some degree of welfare and protect societies' members from different hazards (Benda-Beckman, et al. 1988; Gough and Wood 2004a). Social policy research, in particular in developing and transformation countries, has more strongly focused on the political economy of reforms (e.g. Müller 2003), including power relations, historical path dependencies and patterns of legitimacy, and on policy transfer processes unfolding at different scales (Dolowitz and Marsh 1996; Haas 1992a; Orenstein 2005; Stubbs 2005).<sup>61</sup> I mainly look at political processes because they greatly help to understand which social security practices emerge.

The complex negotiation processes that this research considers unfold at different scales. Microinsurance creation in Bolivia is based on political transfer processes under the participation of transnational actors. In order to approach these processes, this research project builds on two anthropological research traditions that have evolved beyond the anthropology of social security. The anthropology of public policy (Shore and Wright 1997b; Wedel, et al. 2005) and the anthropology of development (Gould and Marcussen 2004; Mosse and Lewis 2006; Olivier de Sardan 2004) provide important inspirations for a tracking of political processes that unfold at several scales.

The analysis of the political negotiation processes that relate to different responsibilities with regard to social security allow an answer to some of the questions that institutionalist theories pose with regard to microinsurance. Below, I use the outcomes of the empirical analysis for a critical reconsideration of the proposition of governmentality and welfare regime research, which were pointed out at the end of the preceding chapter (2):

- *How does the arrival of agricultural microinsurance transform social security production in Bolivia? In particular does it represent a boost for market-based social security production (at the detriment of other forms of social security) and in which sense?*

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<sup>61</sup> Only some research perspectives are explicitly concerned with the intricate relationship between social policy and social security outcomes, such as for example welfare state regime research (Esping-Andersen 1990). For a recent overview over the research field of social policy in developing countries cf. Burchardt et al. (Burchardt, et al. 2012).

- *How does the emerging division of responsibilities relate to local social protection strategies and perceptions and, at least partly as a result, to the impact of the schemes?*
- *Do forward-looking and risk-averse subjectivities, which form part of theories of neoliberal governmentality, become more important as microinsurance is introduced in Bolivia, thus confirming notions of neoliberal governmentality?*

As I will show below, neoliberalism remains an unstable and partial process (Kingfisher and Maskovsky 2008) in the Bolivian context. The empirical enquiry demonstrates that the actual responsibilities of different actor groups are being defined in the course of microinsurance creation and can be fixed in very different ways. In Bolivia, public and private institutions are equally important to microinsurance introduction, and microinsurance schemes have important characteristics beyond the involvement of market institutions. As in other cases, the boundaries between state and market spheres are not as clearly demarcated as notions of neoliberalism mostly seem to suggest (cf. Berner 2009; Thelen 2007).

## **4. Research design and methodology**

In this study, I approach the research object by following microinsurance creation and implementation through various arenas with the help of ethnographic methods. As microinsurance creation is a translocal process, and partly also a transnational one, I adopted a multi-sited fieldwork strategy. This strategy was inspired by research about policy making in a globalizing world and relates to the notion of “studying through” (Wedel 2004). The following paragraphs introduce the research process, the multi-sited and multi-scalar research strategy that I employed, the roles that I have played as a researcher in the field and my research methods.

All in all, I visited Bolivia four times for this study: In November 2010, I prepared my fieldwork during a short stay, and in 2011, I spent five months in the country to conduct the main part of my field research (April-July 2011, October-December 2011). In January 2013, I returned to Bolivia in order to research how the microinsurance schemes, which are at the centre of this study, had evolved in the meantime. As I point out below, I did participant observation and a major number of formal and informal interviews in this context, and I also used written materials as sources for my research.

### **4.1 Ethnography of moving targets: following microinsurance creation through various sites at various scales**

As Marcus (1995) points out in his famous exploration of multi-sited research, the ethnographer might employ a variety of well established strategies in order to construct his or her multi-sited space of research: He or she may follow a designated group of people or objects, a metaphor, a story, a biography or a conflict. Movement and the tracing of complex phenomena are central to these strategies.

In this research project, I follow a political, social and economic process that sometimes turned conflictive: the creation and implementation of agricultural microinsurance schemes. This process mainly unfolded in Bolivia, but it also had an important transnational component. For my empirical work, following the process meant accompanying the activities of the main actors involved in microinsurance creation as well as the interactions among them, and tracing some of the developments that unfolded in the countryside, where the schemes are implemented.

A multi-sited research strategy emerged as the best option, since the establishment of microinsurance evolves in a plethora of sites,<sup>62</sup> and a large number of actors participates in it. For example, in order to construct the VidaAgrícola project, the following actors interacted in different localities: a foundation funded by international donors and two Bolivian insurance firms, which are all located in major cities; a transnational promoter of microinsurance located in Geneva; the regional government of Tarija and its subsidiary body for agricultural development (Sedag); the peasant federation of Tarija (FSUCCT); and various microfinance institutions.

These actors connected the sites of my research through personal movement and flows of ideas and resources, as the negotiation process evolved. Their relationships were central to the creation of microinsurance and then also to my research. This mirrors Hannerz' (2003) justification of multi-sited research:

"In a way, one might argue, the term 'multilocal' is a little misleading, for what current multilocal projects have in common is that they draw on some problem, some formulation of a topic, which is significantly translocal, not to be confined within some single place. The sites are connected with one another in such ways that the relationships between them are as important for this formulation as the relationships within them; the fields are not some mere collection of local units." (ibid: 7)

In following the process of microinsurance creation and implementation, the notion of "studying through" (Shore and Wright 1997a; Wedel 2001; Wedel 2004) has been an important inspiration for my research strategy (cf. Chapter 3). It is based on early versions of the extended case method (Van Velsen 1967) and on Nader's (1972) notion of studying up, down and sideways. From this research perspective, policies connect "different organizational and everyday worlds, even where actors in different sites do not know each other or share a moral universe" (Shore and Wright 1997b: 14). Based on this assumption, researchers who "study through" investigate policy processes by following connections between actors, institutions and discourses through time and space (ibid). Relations of power are constitutive of the ethnographic field in that research approach. Wedel (2001) traces for example the

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<sup>62</sup> With the proliferation of multi-sited research and related approaches, spatial concepts have come under scrutiny. For example, Gupta and Ferguson (Gupta and Ferguson 1997a) propose to employ the notion of political locations that emerge from unequal power relations instead of spatial sites. Gould (Gould 2004) instead reframes spatial concepts: he proposes to conceptualize the ethnographic site as totality of research localities that are linked through flows and which have a particular spatial structure. While these theoretical considerations add in important ways to earlier conceptualizations of multi-sited research, I stick to the more conventional terminology of the research field as comprising various spatial sites, because it is easily accessible to most readers.

unfolding of economic reforms in post-socialist Eastern Europe by looking at an expert network, which plays a decisive role for the reforms.

Her approach facilitated the identification of microinsurance creation as worthwhile translocal and transnational object of study. Both scientific readings as well as empirical observations have been important for the development of my research perspective.<sup>63</sup> The role that different kinds of theory play for research design has been succinctly summarized by Burawoy (2009):

“We cannot see social reality without theory, just as we cannot see the physical world without our eyes. Everyone carries and uses social theory, cognitive maps of the world we inhabit, although not everyone is a social theorist, that is, someone who specializes in the production of such maps. Thus social theory ranges all the way from practical to tacit knowledge (...) to abstract formalisms that look more like mathematical theorems than maps of the world.” (ibid: xiii)<sup>64</sup>

Among the explicit social theories that have informed my research design, social protection research has been of particular importance. While recent ethnographic approaches to policy making have called my attention to translocal and transnational processes, social protection research inspired me to pay extended visits to localities in the countryside where microinsurance is implemented. Empirical studies about social protection practices have for a long time demonstrated that it is necessary to relate specific social protection strategies, such as microinsurance, to the social and economic context and to other social protection strategies in order to understand their actual role (e.g. Benda-Beckman, et al. 1988; Read and Thelen 2007; Schulze 2010). I spent some time in selected localities in Bolivia in order to research what the so called target groups expect from microinsurance given their social security practices and how they deal with microinsurance.

More concretely, I proceeded in several steps in order to identify the project activities inside and partly outside of Bolivia, which became the centre of my study. As point of departure, I

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<sup>63</sup> Marcus (1995) is certainly right if he remarks that the proliferation of multi-sited research is *inter alia* due to empirical changes in the world.

<sup>64</sup> Although I use notions that Burawoy (2009) developed with a specific view towards his particular version of the extended case method (ecm) and pick up the notion of “studying through”, I do not employ his specific notion of the ecm here. I do not focus on micro processes as expressions of macro processes, which allow the researcher to explain the larger system through specific case studies; nor do I stick to the logic of predefining a specific theory that is to be modified through empirical research (i.e. before conducting fieldwork). Rather, I draw on Burawoy (ibid) because he provides some very concise epistemic insights, which are also helpful with regard to multi-sited research. I do so in spite of Burawoy’s (ibid) critique of this approach. I am convinced that Burawoy’s refusal of multi-sited research is based on an exaggeration of the elements that set it apart from his own strategy. Burawoy (ibid) claims that multi-sited research clings to natural empirical objects, while his own case construction is based on theoretical reasoning. However, while multi-sited research does usually not engage in theory-driven research in Burawoy’s sense, Marcus (1995) himself highlights that multi-sited research is based on a specific form of constructivism. This strategy can certainly be merged with many different approaches to theorizing.

decided to study a microinsurance project that is based on transnational practices of microinsurance promotion. The VidaAgrícola project seemed particularly interesting in this regard, because it is funded by the Microinsurance Innovation Facility which has been a principal actor in transnational microinsurance promotion and very vocal in the field of knowledge production.<sup>65</sup> At the same time, the Bolivian context seemed particularly interesting for this study: Microinsurance has been perceived as instrument that strengthens markets instead of state institutions (Barrientos 2004). While Bolivian politicians and many citizens are highly critical of any mechanism that might be considered as neoliberal (see chapter 6), microinsurance has met quite some interest in the country. This possible contradiction called my attention.

I started by conducting participant observation at the headquarters of the Bolivian foundation that was mainly responsible for project development, called Profin, in April 2011. At that time, the design of the project, including the institutional setup, was being negotiated. After two weeks at Profin's headquarters, I accompanied Profin's activities in Tarija, including many political negotiations, spent time with other institutions involved in project development, did expert interviews in La Paz and Tarija, and did some participant observation and interviews in rural communities (April-July/ October-December 2011; February 2013).

During the research process I discovered that another microinsurance scheme in Tarija, which had also been developed by Profin among other institutions, served as an important model for the VidaAgrícola scheme. This microinsurance scheme for grape producers, called FTR, was an important reference point for institutional representatives in Tarija as well as for peasants. Because the development of that scheme differed in important ways from the VidaAgrícola project, I decided to include it into my study, using it partly as a contrasting case.<sup>66</sup> In order to complement Profin's substantial project documentation that I could draw on, I did interviews with representatives of the institutions that contributed to the FTR and with many peasants in the project area and accompanied some project activities.

Beyond this, the national government started to implement the National Agricultural Insurance scheme during the time of my research. The relevant legislation had been discussed for quite a while when I started my research, and it seemed somewhat insecure when the government would start to act on the topic. Since the national scheme was rolled out quickly

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<sup>65</sup> In 2014, it was renamed Impact Insurance Facility.

<sup>66</sup> As Hannerz (Hannerz 2003) has pointed out, comparisons are of often part of multi-site fieldworks, although multi-site fieldwork is different from straight forward comparisons.

and threw new light on the private initiatives, I decided to also include some central insights on this scheme. When I did my last visit to Bolivia in February 2013, I did expert interviews in La Paz, mainly with representatives of the relevant authorities, in order to understand the emergence of the scheme and some of its central features.

In order to improve my grasp on the transnational aspects of microinsurance, I also realized various research activities outside of Bolivia. Current activities to promote microinsurance around the world are very well documented online, but my exploration of this material brought up further questions regarding the workings of microinsurance proliferation and the actors behind it. In that regard, the observation of and participation in activities of microinsurance professionals proved helpful. I participated in a large meeting of the Microinsurance Network, in addition to regularly following the activities of the network online and through publications. Beyond this, I attended a research conference on microinsurance at the University of Twente in April 2012, which attracted both researchers and practitioners. As many of the events that I attended in Bolivia, these sites were “short-lived phenomena” (Hannerz 2003) that seem to be a typical element of many multi-sited ethnographies (ibid).

Beyond this, in summer 2012 I did various expert interviews with the personnel of the Microinsurance Innovation Facility in Geneva in order to better understand the activities of that institution and the ideas behind. I was particularly interested in their perspective with regard to the VidaAgrícola project. The interviews illuminate not only some central aspects of that project, but provide also more general information about transnational microinsurance promotion. Still, my primary material regarding the microinsurance activities in Bolivia, where I did participant observation over longer time spans, is richer and more exhaustive.

The overview over the research development shows that the limits of the research object as well as of the research space were established in an iterative manner in the process of doing fieldwork (cf. Hannerz 2003; Olivier de Sardan 1995). As the project activities unfolded, I first followed the actors of a single project, their activities and targets. During this process, I learned more about microinsurance creation in Bolivia. Also, Bolivia’s agricultural insurance field itself was substantially transformed during the time of my research, above all through the emergence of the national scheme. I felt the necessity to adapt my research design to this moving target. As a consequence, I decided to include more schemes into my project than initially planned and to give them an explicit role instead of treating them as part of the context.



Marcus (1995) describes this process of constructing the research space in relation to changing research objects that the researcher hopefully understands better over time as follows:

„Multi-sited ethnographies define their objects of study through several different modes or techniques. These techniques might be understood as techniques of construction through (preplanned or opportunistic) movement and of tracing within different settings of a complex cultural phenomenon given an initial, baseline conceptual identity that turns out to be contingent and malleable as one traces it.” (ibid: 106)

Based on this iterative tracing process, my research field finally included a broad range of sites, where I realized participant observation and interviews: Profin’s project offices in La Paz and Tarija; the office of the FTR in Uriondo; the offices of public institutions in Tarija, where negotiations about the VidaAgrícola project and the FTR were prepared and realized (regional government of Tarija, Sedag, municipal government of Uriondo); meeting halls used by Tarija’s farmers union (FSUCCT); the places where communities gathered for their periodical meetings and/ or in order to discuss about microinsurance; the countryside offices of Tarija’s agricultural service (Sedag); and last but not least the fields and homes of peasants in selected communities.

As far as the latter are concerned, I tried to include a range of different villages into my study. This was particularly relevant in the case of the VidaAgrícola scheme, which was introduced in a department with several ecozones. In order to understand the context and potential impact of this microinsurance scheme, I did field research both in the Altiplano as well as in the Valle region (O’Connor Province) of Tarija. The FTR was implemented in one major valley, so differences between the relevant villages were less pronounced.

Outside of Bolivia the sites of my research were the localities of microinsurance conferences and expert meetings in Europe; and the offices of the Microinsurance Innovation Facility in Geneva. Between my stays in the field, I did some additional research without leaving the office, both through telephone conversations and via email. In this sense, my research field is not as clearly delimited as suggested by more traditional ethnographic paradigms. As Gupta and Ferguson (1997b) remark: “Perhaps we should say that, in an interconnected world, we are never really ‘out of the field’.” (ibid: 35).

The quality of the data is one of the typical challenges inherent to multi-sited ethnographies: a large number of research sites implies that the research material on each site tends to be less complete and detailed. One of the central advantages of ethnographic fieldwork, namely its

rich and detailed nature, which provides intense experiences to the researcher and allows for complex theorizing, is partly lost if more and more sites are included (Falzon 2009; Gould 2004; Marcus 1995). A very partial solution on a pragmatic level has been to use new sources, including more written material (Gupta and Ferguson 1997b; Shore and Wright 1997b). In my research I have done so by analyzing project documents and media articles, among other sources.

At the same time, I agree to the notion that on a more general level, the shift towards multi-sited research assigns a new role to the researcher. Constantly switching between sites, he or she has the specific task of “[bringing] these sites into the same frame of study and to posit their relationships on the basis of first-hand ethnographic research” (Marcus 1995:100). As Gould (2004) has pointed out, this turns out to be a particular challenge given the spatial structure of multi-sited fields which comprise different levels or, put differently, scales. As pointed out above (cf. chapter 2), the researcher has to identify the diverging logics of practice that pertain at different scales and to understand how they relate to each other (Gould 2004).

Some authors are optimistic that a reflexive approach will be very useful to the researcher in this context (Marcus 1995), and that shifts between locations might be used strategically in order to reflect on power relations and diverging knowledge systems (Gupta and Ferguson 1997b). While this is a valuable guideline for research, reflexive approaches to fieldwork are not devoid of pitfalls, including the risk of silencing certain voices, which results in partial representations (Burawoy 2009). The next section, which illustrates the roles that I have played as a researcher, reflects on the challenges of my encounters in different research sites.

#### **4.2 My roles as researcher: positions and perceptions in the field**

In June 2011, I had a first chance to meet the peasants that are addressed by the VidaAgrícola microinsurance scheme. Having spent various weeks in offices and in the grape producing communities of the FTR microinsurance scheme, I was glad about the possibility to accompany two project staff to workshops in rural communities. We travelled to three different localities in the municipality of Entre Ríos, Tarija, where representatives of the surrounding villages had gathered to receive information about and discuss various development projects. For the Profin personnel it was one of the first possibilities to expose the VidaAgrícola project to its target group, to “socialize” (socializar) it, as they called it, and they hoped for some useful feedback. My own role during these days was mostly that of an observer: I looked on and had a chance to ask many questions during long car rides over dirt roads between the presentations. I learned a lot during these days, in particular about Profin’s

communication strategies and about the rules and dynamics of public discussions in rural communities. Still, the fact that I accompanied Profin to the events later turned into a challenge: When I went back to some of the same places for conversations with the peasants, from their point of view I was initially a member of Profin, which strongly influenced our interactions. It took some effort to modify this perception.

This short note provides a typical example of the negotiations of my roles as a researcher. In the course of my fieldwork, I constantly struggled to position myself in such a way that I could conduct comprehensive research and be at the same time transparent about my roles and intentions. Actors in the field ascribed all kinds of roles to me, which strongly influenced their reactions to my presence, but did not necessarily coincide with my intentions (Elwert 2003; Olivier de Sardan 1995). The possible roles that I dealt with in the course of my research included those of the researcher, microinsurance expert, consultant, presenter in conferences, NGO representative and donor.

Both the multi-sited nature of my endeavour and the fact that I studied development projects gave special relevance to techniques of self-reflexive fieldwork (Elwert 2003; Olivier de Sardan 1995). As Gould (2004) has pointed out, situating oneself in the field is linked to specific challenges if the ethnographer is concerned with development projects. In this situation, the “positionality” of the researcher, i.e. the “need for finding a serviceable and responsible way of situating oneself in ‘the field’” (ibid: 6), raises particular social, cognitive and ethical questions. For example, the researcher has to deal with the normative dimensions of the project, and he or she will often be embedded in its power structures.

When conducting fieldwork, I faced these challenges in some, but not all of my sites. The relationships between transnational or bilateral donors, Profin or other aid channels, and the peasants as target groups were part of a typical developmental setting. In contrast, interactions between government institutions and between government institutions and peasants, which were also important to my work, largely evolved beyond externally financed development projects.

In interactions with peasants in Tarija, who were the target groups of the microinsurance projects, the negotiation of my role constituted a constant challenge. The notion that I was a potential donor or affiliated with donors accompanied me everywhere, even if I arrived on my own and if people understood that I was a researcher. In Tarija, public institutions and donors regularly send researchers to rural communities for studies and surveys, so most peasants are used to their presence and activities. Against this background, most people easily understood

and accepted that I wanted to study the introduction of microinsurance. However, most of the institutions that realize surveys also plan to implement some development project. Because of this, peasants often believed that I had some clandestine objectives. From their point of view, this was usually a positive thing, since they were interested in new projects. Others, who were disillusioned by failed rural development projects, found my presence problematic.

These perceptions influenced my concrete interactions with the peasants in several ways, in particular if I met them for the first time. In some instances, community members described very vividly their presumably desperate situation, their scarcity of resources and the many hazards that they face, although their standard of living was comparatively high. Since social protection strategies and agricultural hazards were central topics of my inquiries, these assertions easily fit into our conversations. I assume that these peasants hoped that I might be able to facilitate some technical or financial support. While the rural population in fact faces difficult or even desperate situations rather frequently, in our interactions this claim certainly played an instrumental role (cf. Olivier de Sardan 1995). While my interlocutors did usually not have any concrete ideas regarding the support that they expected from my side, the representative of an NGO once asked me directly for the facilitation of German donor support.

It was also problematic if my interlocutors believed that I directly belonged to Profin. In this case, they were very reluctant to voice critical ideas regarding microinsurance. It usually took some time to convince them of my identity as a university member, who was neither responsible to Profin nor to any other development organization. Sometimes, this proved impossible.

For interactions in the countryside, gender relations were also of particular importance. Many women in peasant households were initially reluctant to talk about economic and social protection strategies, since men are usually supposed to be “in charge” of agricultural production. In some cases, particularly if households have a high income level, women do indeed not engage in agricultural activities. However, normally they participate in the production process, and there are also women headed households that have their own fields and cattle. Once I gained access to women, they were often very helpful interlocutors. They often talked more openly with me than men about production and reproduction and their personal points of view.

On the other side of the aid chain my role also required attention and repeated negotiations. At the beginning of my research, I agreed with Profin that they would facilitate my access to

their project activities and that in exchange I would make my research results accessible. Profin's head hoped that I might help them understand the impact of the project and support the development of their research agenda. The development of lessons learned is one of the central project requirements of the Microinsurance Innovation Facility, and Profin did not have a lot of experience in that regard. Moreover, my research has also been a chance to make the work of the institution better known at the international level. This is highly important for Profin, which aims to position itself as internationally acclaimed microinsurance institution. I in turn was interested in this partnership because I depended strongly on institutional support in order to gain access to the relevant actors, including politicians, and their interactions.

As Gould (2004) remarks, ethnographers often have easier access to development organizations than to the so called target groups of these same organizations. This is not least due to the fact that many development practitioners are very open to research. In my case, access might also have been facilitated by my own prior work experience in development cooperation. Development practitioners around the world share central ideas and norms and have common discourses. Against this background, I easily understood the language and objectives of Profin and could adapt to them in my interactions with its members.

However, in my case the easy access to the field was followed by some practical difficulties as the project and my research evolved. To begin with, at Profin I had to study my own social group to some degree. During my fieldwork I had to try to take a step back from my own experiences in development cooperation and look at the practices and discourses of Profin from a distance.<sup>67</sup> Obviously, this distancing is only possible to some degree. For example, it was quite a challenge to deal with the normative discourses of the institution. While they were easily identifiable and could be analyzed as such, I shared many of the normative assumptions and perceived some of them as almost natural (cf. Gould 2004).

My relationship with Profin was very close at the beginning of my fieldwork and became much looser towards its end. When I was in Tarija, it was not easy to keep contact with the office in La Paz where most decisions are taken. I mainly depended on the office in Tarija for information about ongoing activities, which is very remote from the capital in a spatial, but also in a social sense. Sometimes, I was voluntarily excluded from confidential

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<sup>67</sup> In this sense, studying one's own professional group is not so different from doing ethnography "at home". If this strategy is employed, a constitutive element of ethnography, namely the experience of otherness (Elwert 2003) is not self-evident, but has to be produced to some extent through reflection. Still, it has become more and more prominent over the last decades.

communications. After all, the contribution of my long-term project to the work of the institution was not very immediate.

This meant that in some crucial instances I had to search for different points of entry into the field, in particular into institutional contexts. While this was a challenge, it also had an immediate advantage. It saved me from taking a one-sided perspective, which is a major risk of close research collaborations with development institutions (Gould 2004). Triangulations (Elwert 2003; Olivier de Sardan 1995) of the research material became easier in this way.

Regarding the VidaAgrícola project, I found points of entry into the field where I did not expect them. For example, some personnel of the public project partner, the Sedag (Servicio Departamental Agropecuario/ Departmental Agro and Livestock Service), became key informants (cf. Olivier de Sardan 1995) for my research. This was facilitated by the role that the Sedag played within the project. As I point out below, the Sedag was itself a main stakeholder of the project, but it also had a broker role (Bierschenk, et al. 2002) between the private project institutions and the potential beneficiaries in the countryside. Against this background, some Sedag personnel developed a highly reflexive stance towards the project and were keen to exchange viewpoints.

At an early point during the research, some of them also saw me as potential intermediary between their own institution and Profin. When conflicts between the project stakeholders emerged, they initially asked me for advice and hoped that I could channel their criticism. In instances like these, I did not find it easy to remain an observer, but a direct involvement in the conflict would have imperilled the further research process. At this and other points, my preconceived role in the field was put into question.

At other moments during my fieldwork, I participated more actively in the activities of the people I observed. This was the case when I did research about transnational microinsurance promotion outside of Bolivia. For example, I had two roles at once when I attended a research conference about microinsurance. I presented some preliminary results of my field research, and at the same time, I considered the conference an interesting opportunity to observe the workings of the microinsurance research community. The discussions illuminated the complex relationships between researchers and practitioners. While my observations were highly interesting, I faced an ethical concern: Most participants of the conference were not aware of my research intentions, although I did not hide them and mentioned them in bilateral conversations.

To sum up, my research in the context of microinsurance projects required reflexivity with regard to my own roles and constant clarifications of my intentions vis à vis actors in the field. The multi-sited and multi-scalar nature of my research made this challenging because I had to position myself in a wide range of different research sites. In most, but not all instances, I managed to position myself and to be perceived in such a way that my role was functional and at the same time transparent.

#### **4.3 The research material: different ethnographic sources**

Under the conditions outlined in the last section, I relied on three main research strategies, which are all typical elements of ethnographic field research (Olivier de Sardan 1995): interviews and informal conversations; participant observations, which are partly reflected upon in my field notes; and the collection of written sources, including project documents, promotion material and media reports. The combination of different sources does not only contribute to the richness and depth of the material, but it also enables the field researcher to capture a wide range of actor perspectives (Elwert 2003). This section provides some details of the materials that I collected and utilized in the course of my research.

Formal and informal conversations are central sources of my research. Formal interviews, either with institutional actors or with peasants, were mostly semi-structured. I used interview guides, but most questions were open-ended, and I always left room for large or small detours (Spradley 1979). Over the course of my research, new research questions emerged and others seemed less relevant. Accordingly, I adapted my interview guides. I recorded the formal interviews in order to transcribe them, whenever I did not fear that this would disturb the conversation and if the interviewees agreed to this procedure. Since this was not always the case, I recorded 71 of the 190 formal interviews that I conducted. The appendix provides a list of my interview partners. Most interviews were conducted in Spanish, expert interviews outside of Bolivia in English and German.

The content as well as the dynamics of my interviews with peasants differed largely from other conversations. Large parts of the interviews evolved around agricultural and social protection strategies, and related perceptions and perspectives. More than in other contexts, I had to adapt my communication style and to translate my research interests into understandable questions (Olivier de Sardan 1995). Most importantly, I had to understand which questions “made people talk”. This was a continuous learning process.

Apart from individual interviews, I also conducted group discussions in two different communities in Tarija. One of these communities was located in the lowlands (Timboy), and

one was located in the highlands (Chiriguayo). I used them as possibilities to learn more about the economic and social structures within the communities and about perceptions of and reactions to agricultural disasters. In both instances, I conducted these discussions after official community assemblies, which were held for different reasons. Interactive methods, including timelines and social maps, which are also part of standardized participative rural appraisal (PRA) toolkits (Neubert, et al. 2008), were very useful in this context.

Informal conversations and participant observations usually went hand-in-hand. As pointed out above (3.1), I engaged in participant observation while accompanying the project activities of the institutions involved in the VidaAgrícola scheme and the FTR, at different occasions the Bolivian countryside, and at expert events in Europe. Project activities turned particularly interesting with regard to my research object, when members of different actor groups met and negotiated with each other. For example, I learned a lot from observing negotiations between private and public project institutions. Public and semi-public events were also important arenas for my participant observation. This included the opening ceremonies of microinsurance schemes, events of Tarija's peasant union (FSUCCT), periodical community meetings, and municipal events. I also recorded some of these events, which was particularly useful with regard to analyses of public discourse.

Both participant observation and interviews have been equally important to my research. In this sense, my project is not in accordance with traditional approaches to ethnographic field research, which embrace the notion that participant observation and insights into day-to-day practices produce most central results (Elwert 2003). It confirms the notion that multi-sited research strategies make interviews more important. Hannerz (2003) notes that the researcher has simply less time for each single research site. At the same time, participant observation in modern office settings does not necessarily allow for an efficient use of time:

“There are surely a great many activities where it is worthwhile to be immediately present, even actively engaged, but also others which may be monotonous, isolated, and difficult to access. What do you do when ‘your people’ spend hours alone at a desk, perhaps concentrating on a computer screen?” (Hannerz 2003:211)

Proponents of studying up suggest for a different reason that participant observation is becoming less central to field research: the researcher might not have direct access to all research sites (Nader 1972).

I encountered both obstacles to participant observation when doing my field research. Because of time constraints and the reluctance of some institutions to open themselves up to



research, I did for example not do participant observation at the offices of all institutions involved in microinsurance creation and management. In particular, I did not do long-term participant observation at the offices of the relevant insurance firms in Bolivia, the microfinance institutions that channel the microinsurance products, or at the Microinsurance Innovation Facility in Geneva.

My representation of these institutions mainly relies on interviews and informal conversations with their employees, written sources and participant observations that I made largely outside of their offices. Representatives of the Bolivian insurance firms participated, for example, in discussions with local communities, where the VidaAgrícola product was presented in order to gather feedback. I also did a major number of expert interviews with representatives of different insurance firms and microfinance institutions in La Paz, which provide a broad general background for my assessment.

Written documents produced by project institutions and by others have provided some valuable material for my project. First of all, I could use project documents in order to better understand the evolution of the microinsurance projects that had taken place prior to my arrival. These documents also offered a lot of qualitative and quantitative data on the department of Tarija, agricultural risks and the economic and social situation of the so called target population of the projects.

Beyond this, I used written sources in order to better understand the interests, ideas, norms and strategies of institutional actors. Project documents, and some general strategic papers and advertisements were useful in that regard. Beyond the immediate information that these sources provide, their structure, language and arguments tell a lot about their authors. Hence, it is worthwhile to have a close look at their workings. In a nutshell, I partly read these documents as “cultural texts” (Shore and Wright 1997b:15), which express classification systems, justify actions and empower specific groups.

During the long time span until 2017, during which I wrote up my dissertation, written documents and newspaper articles available online and webpages turned into even more important sources of information. They allowed me to partly keep up with the development of different microinsurance schemes after I had left the field. Still, they cannot substitute for later field visits, so this research mainly draws conclusions for the time which I spent in the field (until 2013).

I ordered and evaluated my research material in several steps entwining data collection and analysis (Corbin and Strauss 1990). In particular between my four stays in the field, I had the

possibility to systematize and evaluate my research material. For this purpose, I partly used common data analysis software (atlas.ti). This facilitated the analysis of different actor perspectives, their central concepts and categories.

As this approach suggests, I considered it highly important to understand local perspectives, which served not only to answer predefined questions. I entered the field with a general research interest and some research questions, but modified and refined them in the course of fieldwork. Local actor perspectives played an important role in this process.

Hence, from an epistemic point of view, this research does not fall neatly into any of the two camps that can be considered as two opposing poles of sociological ethnography (Tavory and Timmermans 2009): on the one hand, the extended case method, which mainly relies on theoretical narratives in order to construct a research case, and on the other hand grounded theory, which uses the narratives of actors in the field to do so. This research has profited from strategies and theoretical propositions of both camps, although they are based on diverging ontologies.

## **5. Microinsurance as transnational public policy: central actors and ideas and the current microinsurance landscape**

In order to understand the process of microinsurance creation in Bolivia, it is helpful to leave the specific local context for a while and to look at some general features of worldwide microinsurance promotion. A transnational<sup>68</sup> network of market, state and other actors promotes microinsurance around the world. The central actors of this network form an epistemic community that shares certain normative and principled beliefs, causal beliefs, and notions of validity, and has a common policy enterprise (Haas 1992b). This epistemic community, the institutions that it is linked to, as well as the financial flows that it commands have a large impact on microinsurance creation in Bolivia.

At the same time, it is interesting to look beyond the Bolivian context in order to approach the question how this specific case relates to agricultural microinsurance promotion in other places. Several features of microinsurance promotion in Bolivia, including the multiple modes of organization, reflect larger trends. This suggests that microinsurance creation poses questions regarding the responsibility for social security in many contexts, not only in Bolivia. A look at the international microinsurance landscape also throws light at the difficult relationship between microinsurance ideology and practices. Actual microinsurance practices in many contexts do not fully reflect the market ideology that provides the basis for microinsurance promotion: public support has been much more important for microinsurance creation than the ideological framework suggests.

In order to introduce these notions, this chapter looks first into the emergence of the concept of microinsurance and at some factors that have sustained the proliferation of the mechanism. In particular, it looks with some detail at the ideological framework that has sustained microinsurance promotion. The following part exposes the microinsurance supply-chain and different organizational models and contrasts them with the propositions of microinsurance ideology. Then, the text turns to the transnational epistemic community that has promoted microinsurance around the world. The last section throws some light at the international microinsurance landscape.

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<sup>68</sup> Some central actors of microinsurance promotion are international organizations or act on behalf of nation states. However, many actors do not belong to the state, and important relationships have evolved beyond realm of international relations. Because of this, I use the notion transnational rather than international, but I include international relations in my usage of the term transnational.

## **5.1 Microinsurance – the concept and its emergence**

Microinsurance emerged as a development instrument in the course of the 1990s, and for around two decades it has now evolved in projects around the world. This section looks at the institutional origins of microinsurance and at some factors that have sustained the promotion of the instrument around the world. With regard to the initial development of microinsurance projects, two different groups of development actors were central, namely microfinance institutions and mutual insurance associations. Both were looking for new or improved risk management instruments at that time, albeit for different reasons (Löwe 2004).

### *The origins of microinsurance*

As microfinance institutions (MFI) grew in the course of the 1990s, they realized that the occurrence of adverse events among their clientele reduced timely loan repayments. In this context, the MFI started to discuss the notion that the microfinance clientele is exposed to particular dangers and often lacks the means to deal with them (Brown and Churchill 1999). Before this background, microfinance practitioners started to experiment with microinsurance schemes in order to enable their borrowers to pay back their loans (Brown and Churchill 1999; Löwe 2004). Beyond protecting their microcredit portfolios, they have assumed that the insurance products will also help their clients. Most microfinance institutions initially focused on the development of life microinsurance, which has often been a compulsory element of microcredit packages (Armendáriz and Morduch 2010). In this sense, microinsurance is an outgrowth of the microfinance boom, which was reaching its peak when microinsurance emerged at the end of the 1990s.<sup>69</sup>

In contrast, mutual insurance associations faced a different problem, as they started to develop microinsurance products. They were looking for a possibility to upscale their activities, because small associations often lack large risk pools and professional technical capacities, which are a prerequisite for providing stable insurance protection (Dror 2001; Löwe 2004). Mutual insurance associations, including community based organizations, have a long tradition in different parts of the world. In developing countries, informal burial associations

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<sup>69</sup> The inclusion of microinsurance and saving products into the portfolio of microfinance institutions fostered a conceptual shift: today the notion of microfinance is usually used in order to refer to all efforts to bank the poor. Earlier, the notion of microcredit was much more common (Armendáriz and Morduch 2010).

and community health insurances have been particularly common (Cohen and Sebstad 2005; Dercon and Kirchberger 2008; Jütting 2003; Ndiaye, et al. 2007).<sup>70</sup>

In the course of the 1990s, microfinance providers and mutual insurance associations experimented with different forms of insurance products for low-income population groups. At the same time, the ILO also tested subsidized insurance policies, as it was repositioning itself strategically (Hintz 2009). However, most international organizations and donors did not yet pay a lot of attention to the notion of insurance for the poor at that time (ibid).

### ***The concept of microinsurance***

As this shows, the notion of microinsurance was first developed by development practitioners and only later became the subject of theoretical discussions. In fact, the notion of microinsurance itself only appeared in 1999 (Ingram and McCord 2011). As noted earlier, in this research I adopt the concept of microinsurance proposed by Churchill (2006b), who suggests that microinsurance products are those insurance products that are specifically designed for the low-income market. Like other insurance products, microinsurance requires a premium payment from those who want to access protection, which is proportionate to the probability and cost of the risk concerned (ibid: 12). However, microinsurance products might be subsidized.

This definition goes back to earlier considerations by microfinance experts (Brown and Churchill 1999) and the Consultative Group to Assist the Poor (CGAP) Working Group on Microinsurance, which is based at the World Bank (now the Microinsurance Network) (cf. Ingram and McCord 2011). These authors highlight that the most important aspect of the concept of microinsurance is the specific socioeconomic group that the instrument targets. According to them, neither a specific price (low) nor a specific coverage (often partial) is inherent to the concept. Still, in practice many insurance regulators and other authorities have used these criteria in order to define microinsurance (Churchill and McCord 2012; Löwe 2004).

Targeting the low-income population poses specific challenges with regard to product design and delivery, which have been widely discussed in the relevant literature (Churchill 2006b;

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<sup>70</sup> In Africa, community health insurance schemes have seen a particular boom since the 1990s. Because of the financial crisis of the 1970s and 1980s, many African countries had cut down on free health care and had introduced user fees (Ndiaye, et al. 2007). Since this had strong exclusion effects, private non-for profit health care providers initiated community health insurance schemes. Among these private providers were church-related organizations and non-governmental organizations (ibid).

Churchill and McCord 2012; Microinsurance Network 2016b). The so-called “new market” perspective proposed by C.K. Prahalad (2005) inspires many of the related discussions (Churchill 2006b: 16-18). In “The fortune at the bottom of the pyramid”, Prahalad (2005) proposes common principles that companies and their allies have to follow if they want to expand markets among the billions of persons living on less than US\$2 a day. Among the proposed principles are the adaptation of the scale of operations and processes, the simplification of processes and the creation of consumers through education.

In an act of wishful thinking many definitions of microinsurance even suggest that these challenges are successfully met by microinsurance projects. Löwe (2004: 121-122) notes for example that in microinsurance schemes the contributions are adequate to the income levels of the target groups; that the contributions as well as the protection provided are adequate to the needs, wishes and possibilities of the target groups; and that microinsurance schemes are offered by organizations that are trusted by the target groups.<sup>71</sup> In practice, many microinsurance projects have been much more imperfect (Hintz 2009; Schulze 2010).<sup>72</sup>

### ***Two factors behind the expansion of microinsurance***

As the relevance of Pahald’s (2005) thinking indicates, microinsurance is very much in line with the development concepts that rose to dominance in the course of the 1990s. As Hintz (2009) has pointed out, the juncture that development thinking reached at that time largely helps to explain why microinsurance has emerged and proliferated. While donors were not so central to some of the very first microinsurance experiments in the 1990s, they later played a central role with regard to microinsurance promotion. In combination with this, some technological innovations have provided the basis for the expansion of the microinsurance sector.

As we turn to the ideological bases of microinsurance in development thinking, first of all the structural adjustment policies (SAP) of the 1980s and 1990s and the associated ideas are an important factor (Hintz 2009). They sustained the microcredit boom, which prefigured microinsurance creation. The second crucial trend in development thinking with regard to

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<sup>71</sup> This definition is not only problematic because of its high degree of uncritical optimism; it also suggests that the target group is somehow homogeneous, which is neither supported by the microinsurance literature (Schulze 2010) nor by my own empirical material.

<sup>72</sup> For further considerations regarding possibilities to define microinsurance, for example with regard to the provider or the distribution channel, see Churchill and McCord (2012). These authors note that there is now a trend to make the definition of microinsurance more “operational”, for example by mixing several criteria. However, they maintain that access for specific groups and an adequate product design remain central criteria.

microinsurance is the emergence of the so-called Post-Washington Consensus (Stiglitz 1998) after the SAP phase. As noted above (chapter 2), social protection and risk management have since then been important topics on the international development agenda. In the next section (5.2), I look with more detail at different ideas that sustain microinsurance promotion.

Beyond the ideological context, some technological innovations have also sustained the emergence of microinsurance, in particular agricultural microinsurance. In the 1980s, most attempts at establishing crop insurance in developing countries were considered as failures (Hazell 1992; Hazell, et al. 1986). The mostly public schemes that had been introduced often exceeded the financial possibilities of governments, and faced moral hazard<sup>73</sup> as well as adverse selection<sup>74</sup> problems.

However, technological innovation has enabled the establishment of new models of microinsurance against climate risks {Hazell, 2010 #206;Skees, 2008 #207;Hellmuth, 2009 #210;Hazell, 2010 #206;Microinsurance Network, 2017 #330}. In particular, new measurement techniques have facilitated the use of indexes, which lower the cost of direct insurance. In index insurance schemes, it is not necessary to assess all insured assets and eventual individual damages. Rather, payouts depend on the measurement of an indicator that serves to estimate actual losses. For example, insurance payouts may depend on rainfall levels beyond or below certain thresholds, which are measured at weather stations for specified geographical areas.

This does not only reduce administration costs, but also typical insurance risks like moral hazard (Hazell, et al. 2010; Skees, et al. 2008). Today, international organizations and agencies like the World Bank, the IFAD or the World Food Programme all advocate the use of index insurances, although they maintain that many challenges remain (Hazell, et al. 2010; Hellmuth, et al. 2009; Vargas Hill and Torero 2009; Worldbank and IDS 2011).

Due at least in part to these two factors, the number of microinsurance products and policyholders has risen sharply in the last years. In 2015, an estimated 280 million people worldwide were covered by at least one microinsurance policy (Microinsurance Network

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<sup>73</sup> Moral hazard might occur once individuals have purchased insurance: they might engage in activities that increase their risk exposure and which they would not undertake if they were not insured. Such a behavior is problematic from the perspective of the insurer, because the actual risks of the insurees are higher than had been anticipated when the premium rates were calculated (Hellmuth, et al. 2009).

<sup>74</sup> Unequal access to information lies at the centre of the notion of adverse selection. Usually, insurance clients have information about their own risks which insurance firms do not have. It has often been observed that individuals who know that they have high risks buy insurance, while individuals with low risks do not do so (Hellmuth, et al. 2009).

2016a). This represents a very steep increase if this and prior estimates are correct: an earlier landscape study suggested that in 2006 around 78 million individuals had some sort of microinsurance cover (Roth, et al. 2007).

## **5.2 Rationales behind microinsurance introduction: the framings of a booming idea**

The ideas behind microinsurance promotion deserve more detailed attention, because they help to explain why a range of different actors has supported microinsurance promotion (Hintz 2009). This section explores how microinsurance has been discursively constructed as a market mechanism and an instrument for development and social protection. I reconstruct these ideas from the publications of donors and other networked actors that promote microinsurance around the world. These publications do not represent the perspectives of all actors that have contributed to microinsurance creation. However, there is a strong mainstream debate about microinsurance, which is dominated by international donors and transnational insurance firms. Below (5.4), I point out that these actors that have been indispensable for microinsurance promotion at the global scale form an epistemic community (Haas 1992a). The following paragraphs show that this epistemic community has constructed a largely congruent ideological framework for its work. With a view to agricultural insurance, it is also interesting to look at more specific debates regarding disaster risk reduction.

### ***Markets and development: win-win expectations***

Microinsurance has grown on the shoulders of microcredit, in some cases institutionally, but above all ideologically. As microcredit is a market based solution and is expected to be sustainable and participatory (Armendáriz and Morduch 2010), it can be considered as embodiment of some of the ideas that dominated development thinking in the structural adjustment era of the 1980s and 1990s (Hintz 2009). Albeit structural adjustment policies came to an end, these ideas, including the prominence of market solutions, have remained central to current development approaches (Hintz 2009). Discussions about microinsurance show how the ideas behind the microcredit boom have been blended with some more recent interests and ideas.

Behind current approaches to microcredit and microinsurance is the belief that markets create win-win-situations. On the one hand, both instruments are expected to reduce poverty and to improve the social protection of the target groups; on the other hand, they supposedly harbour



new commercial possibilities for insurance firms.<sup>75</sup> This notion of a win-win-situation has convinced insurance firms and other companies to participate in microinsurance markets (cf. Allianz 2010; SwissRe 2010). Many of them are influenced by the notion of potential new markets “at the bottom of the pyramid”, which has been systematized by the already mentioned Prahalad (2005). However, most publications about microinsurance talk about the possible benefits for the target groups.

### ***Theorizing the target groups within the Social Risk Management (SRM) framework***

When the World Bank started to reconsider the role of social protection in the wake of its increasing interest in vulnerability (Worldbank 2001), it proposed the notion of social risk management (SRM).<sup>76</sup> This notion differs in important aspects from its earlier approach to social security as pure safety-net (see also chapter 2): the Worldbank now considers social protection “as a safety-net as well as a springboard for the poor” (Holzmann 2001: 3). The SRM has become highly influential in the field of development policy and it has largely sustained the promotion of microinsurance.

The SRM goes beyond earlier approaches to social protection, because it offers a framework that comprises all mechanisms that help to reduce risks, mitigate risks or help to cope with them once they materialize (Holzmann 2001). These mechanisms may be state or market instruments or they may be informal. According to its proponents, the purpose of this comprehensive approach is drawing the attention of policy makers to the ample nature of risk management (ibid).

The World Bank has also applied this approach to climate change adaptation suggesting that a number of “no-regrets” instruments should be combined in order to support the most vulnerable in face of climate change (Heltberg, et al. 2010). This includes social funds for community-based adaptation; social-safety net instruments like conditional or unconditional cash-transfers, workfare programs or in-kind transfers; livelihood programs (including employment generation, asset transfers and asset building, training and skills development);

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<sup>75</sup> A standard publication about microinsurance calls this double expectation the Janus-face of microinsurance (Churchill 2006b: 15-16).

<sup>76</sup> The relationship between risk and poverty and the notion that the risk exposure and vulnerability of poor population groups is a central cause of long-term poverty now receives major attention among the representatives of international institutions and development researchers (Barrientos and Hulme 2008; Cook and Kabeer 2009; Worldbank 2001). As pointed out above, this attention to risks and vulnerability was partly fostered by insights into the disadvantages of structural adjustment policies, but also by increasing attention to the risks of globalization and climate change (ibid). This trend also led to the repositioning of the topic of social protection on international development agendas and the reconsideration of the concept itself around the turn of the century (cf. chapter 2).

microfinance; and finally weather-based index insurance in combination with the aforementioned options (ibid).

The SRM envisions a subsidiary role for the state. Government actors are expected to act on a broad range of topics, but they are asked to step only in where other actors have failed:

“(…) public interventions are important in those areas where informal and market-based arrangements: (i) do not function properly because of the severity and scope of a particular risk; (ii) reinforce inequities; (iii) are lacking or dysfunctional; and, (iv) can benefit from public action.” (Holzmann 2001: 11)

As mentioned above (chapter 2), the limited role that the SRM envisions for the state with regard to social protection has fostered a lot of critique on part of the proponents of universal social protection (UNRISD 2010b).

The advocates of microinsurance have taken up two central propositions of the SRM literature and the larger debate about poverty and vulnerability. First, they argue in line with the SRM approach (Holzmann 2001) that poor people are particularly exposed to shocks and that they often have to reduce their productive assets in order to deal with them. They suggest that this has negative long-term effects, which produce a downward economic spiral. After all, the future productivity of those who have lost their assets will be lower, which makes them even more vulnerable to possible future adverse events (cf. Churchill 2006b; Dercon and Kirchberger 2008; Mosley 2009).

Beyond this, advocates of microinsurance argue that the high risk exposure of poor population groups has a negative impact on their economic strategies. In order to avoid shocks, these groups can be expected to adopt risk-averse behaviours, which are less profitable than riskier alternatives (ibid). This notion has for quite some time been discussed with regard to agricultural production, where farmers have been observed to invest in low-yield varieties if those are more resistant (Skees, et al. 2008).

A few authors have also argued that microinsurance clients can be expected to have improved access to credits and that this will result in higher productivity levels (Hellmuth, et al. 2009). This shows that microinsurance is advocated as an instrument that facilitates a more complete integration of peasants into agricultural markets.

Referencing these central ideas, many publications about microinsurance set out by discussing the risks that low-income people are exposed to and relating them to existing social protection

strategies.<sup>77</sup> Microinsurance advocates usually embrace the argument that informal social protection strategies, which range from individual provisions to group-based schemes, are insufficient: they are seen as appropriate for smaller losses, but not for large losses, for very uncertain events and for covariate risks<sup>78</sup> (Brown and Churchill 1999; Churchill 2006b; Dercon and Kirchberger 2008; Mosley 2009). With regard to the latter group of risks, insurance is expected to provide better solutions.

### ***Why create markets for social protection?***

Different instruments and institutions come to mind that could support low-income groups whose informal strategies fail to provide comprehensive security. Apart from private insurance, comprehensive public social security systems could be created. However, microinsurance advocates are convinced that market-based insurance provides a superior solution, at least for major parts of the low-income population. They are convinced that state-systems have already been proven to be deficient and that market-based social security will be more sustainable.

An early backing of the market approach was for example provided by the prominent microfinance researcher Murdoch (1998), even before the notion of microinsurance was coined. Looking at Africa he suggests that informal social protection strategies, state policies and insurance markets are all deficient and taken together do not provide sufficient security. As a solution Murdoch (ibid) proposes the creation of comprehensive markets which replace both failed insurance schemes and insufficient informal mechanisms, because governments in Africa do not have the capacity to provide comprehensive protection. Rather he requests governments to support the creation of markets that actually work, for example by strengthening property rights and to step in when covariant large losses occur (ibid: 16). Morduch (ibid) suggests that in this way a comprehensive “safety net” can be constructed.

Later writings on microinsurance and social protection are very much in line with the picture proposed by Murdoch (1998). Some authors also share his optimism with regard to the

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<sup>77</sup> (for example Brown and Churchill 1999; Churchill 2006b; Dercon and Kirchberger 2008; Morduch 1998; Mosley 2009; SwissRe 2010; Worldbank and IDS 2011). Dercon and Kirchberger (2008) provide a good overview over some central case studies, mainly by economists, about the relationship between risks and social protection.

<sup>78</sup> Contrary to idiosyncratic risks, covariate risks threaten a whole population, for example a community, at the same time. Among the typical covariate risks are droughts. Covariate risks easily overstretch informal social security relations that are organized at the community level because everyone may suffer a loss at the same time.

potential of market mechanisms for improving social protection. As the authors of a study about insurance and climate change put it:

“Shifting responsibilities from public agencies, which provide interventions to ‘beneficiaries’, to market-based mechanisms where people choose the services and technologies they prefer, may offer the poor a more sustainable development model. Public–private partnerships and private-sector development are key to this approach.” (Schwank and al. 2010: 3)

The notion that those who are covered by social protection should be able to choose between different services is central to market-based approaches to social security (LeGrand 1991). These approaches suggest that competitive markets will make social security more efficient and finally cheaper (*ibid*). They also propose that social security markets will better be able to meet the needs and expectations of the ‘consumers’ than the state, because they introduce competition and alternative choices. These thoughts have been at the basis of the creation of “welfare markets” (Taylor-Gooby 1999) and “quasi-markets” (LeGrand 1991) in Europe.

Not all advocates of microinsurance are fervent supporters of market ideologies. Still, those who are not really convinced of this ideology agree with the “true” neoliberals that there is crushing empirical evidence in favour of microinsurance. Given the social protection gaps that persist in many developing countries, they suggest that states cannot be expected to provide comprehensive social protection systems any time soon (Deblon and Löwe 2012; Larner 2000; Löwe 2004; Löwe 2010; Microinsurance Network 2016b). Even if some authors consider microinsurance only as second best option if compared to a comprehensive state system, they still consider it as short- to medium term solution (*ibid*).

With a view to persisting social protection gaps, most supporters of microinsurance suggest that the instrument is the appropriate solution for all those members of the informal economy who do not belong to the poorest parts of the population (Churchill 2006b; Deblon and Löwe 2012; Löwe 2004; Löwe 2010). In contrast to the formally employed, members of the informal economy do usually not have private or social insurance. Still, many of them presumably have the means to buy microinsurance.

Some authors also suggest that microinsurance – just like microcredit<sup>79</sup> – will help to empower the target groups at the same time as it educates them about social protection:

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<sup>79</sup> A controversial debate has looked into the question if microcredits contribute to the empowerment of the target groups. Both individual empowerment (Mayoux 2002) and collective empowerment (Sanyal 2009) have been considered as possible consequences of microlending activities. As Mayoux (2002) has shown, empowerment is not a granted, but a possible effect of microcredit schemes.

“Microinsurance contracts are often the product of a dialogue between providers and the target groups, whereas public social protection schemes are often created by purely top-down processes. As a result, microinsurance can be responsive to the specific needs and preferences of low-income earners. In addition, successful microinsurance projects have a demonstration effect: they raise awareness about the significance of providing protection against risks and of pre-empting the likely consequences should they actually materialize.” (Deblon and Löwe 2012: 49)

While this is certainly a very optimistic expectation, the same authors also explore some limits of microinsurance with regard to social protection: it does not substitute for social transfers that address chronic poverty; microinsurance is not available everywhere; and microinsurance schemes work better for some risks than for others (ibid).

The notion that states do not have the capacities to offer comprehensive social protection systems is not only a theoretical argument, but is also relevant in practice. For example, the Rwandan Ministry of Health started to support the creation of micro health-insurance schemes in 1998 (Schneider 2005). This was only short time after the government had decided to re-introduce health care user fees for financial reasons.

### ***Microinsurance as SRM – the advocates agree on a common framework***

To sum up, most publications that support the promotion of microinsurance are very much in line with market-friendly approaches to social security. An overwhelming majority of the authors draws on the SRM approach to social protection proposed by the World Bank, which highlights the relationship between risk and poverty. Based on this framework, the supporters argue that microinsurance does not only prevent disadvantaged groups from falling into poverty after adverse events, but that it also unlocks productive potentials. Microinsurance is seen as instrumental to a more complete integration of poor population groups, including peasants, into markets. Beyond this, the advocates of microinsurance are convinced that markets will better be able than state institutions to close existing social protection gaps.

The critical arguments that proponents of universal social protection have levelled against the SRM approach to social protection have already been explored above (chapter 2). The critics put the developmental potential of the SRM approach into question and suggest that only comprehensive state activities can ensure the reduction of poverty and inequality while at the same time supporting economic development (UNRISD 2010b). Moreover, they question the very static notion of risk and vulnerability that lies at the heart of the SRM approach (Barrientos and Shepherd 2003; Cook and Kabeer 2009; Kabeer 2004). They suggest that risk exposure can only partly explain persistent poverty, since structural factors that produce socioeconomic exclusion have to be taken into account as well.

Very few authors who study microinsurance are critical of the market approach that lies at the heart of its promotion. As I show below (5.4), an important reason for the high degree of agreement between microinsurance researchers is the dominant position of the epistemic community (Haas 1992a) behind microinsurance promotion. Among the authors who depart from the mainstream approach and question the market ideology behind microinsurance projects are Sennholz (2009) and Peterson (2012). Both researchers are worried about the volatility of international markets, which creates new risks for those who buy microinsurance.

While I have exposed the SRM approach as central reference point of microinsurance debates, it should be noted that discussions with regard to specialized branches of microinsurance are often more specific. Two debates are of particular relevance when it comes to agricultural and other disaster microinsurance schemes. The first one concerns the notion that agricultural microinsurance is a remedy against the risk aversion of low-income population groups which may hinder rural development. As mentioned above, risk-averse producers are expected to adopt production strategies that promise only small profits if they consider these strategies to be less risky than more profitable alternatives (Skees, et al. 2008).<sup>80</sup>

The second debate that throws a particular light at agricultural microinsurance is concerned with disaster risk reduction (DRR). As has been stated elsewhere (Suarez and Linnerooth-Bayer 2011), microinsurance and disaster risk reduction have been the poles of two largely separate fields of discussion. Publications concerned with DRR usually point out that microinsurance should be introduced as part of a larger package of measures, including risk mitigation (Schwank and al. 2010; Suarez and Linnerooth-Bayer 2011; Worldbank and IDS 2011). These publications also highlight that the implementation of microinsurance poses many challenges. Still, many authors concerned with DRR now consider microinsurance as an appropriate tool for risk reduction (ibid).<sup>81</sup>

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<sup>80</sup> This proposition has been a topic on the rural development agenda for a long time. Development institutions and researchers have identified the risk aversion of rural producers as one of the main obstacles to the diffusion of the new production technologies that have been part of the Green Revolution (Giné and Yang 2007). In this sense, the advocates of agricultural (micro) insurance consider the mechanism as solution to an old concern, albeit the Green Revolution has also come under critique.

<sup>81</sup> Microinsurance has also received new impetus from climate change negotiations (Dixit and McGray 2009; Microinsurance Network 2017). Most initiatives related to climate change, including the G7 Initiative on Climate Risk Insurance (“InsuResilience”), mainly address the macro level (covering states), and do not include microinsurance. Still, among the exceptions is a newly created Climate Insurance Fund (CIF) financed by the German federal government, which is in large part directed at the microlevel, i.e. the promotion of microinsurance (Microinsurance Network 2017).

### **5.3 Central actors and organizational models: between state and market**

After this look at the origins of microinsurance, the concept of microinsurance itself and the ideology behind, it is time to turn with more detail to the structures that have been central to its promotion. This section looks first at the actors that have promoted microinsurance, at their interests and at their tasks within the microinsurance supply chain. Then it turns to some usual forms of cooperation between these institutions. This section highlights that PPPs have become increasingly important to microinsurance implementation. The actual importance of public institutions for microinsurance schemes often surpasses the very limited role that microinsurance ideology proposes for the state.

#### ***Central actors of microinsurance creation, the microinsurance supply chain and organizational models***

Above, microfinance institutions (MFI) and community-based organizations were identified as the institutional actors that initiated microinsurance activities in the 1990s. These actors have remained important for microinsurance promotion, but now other actors have entered the field and have become increasingly prominent. To begin with, insurance and reinsurance firms are now participating in a large number of microinsurance projects. They assume that social groups “at the bottom of the pyramid” (Prahalad 2005) might prove to be profitable consumer groups and often consider microinsurance activities as part of their corporate social responsibility (CSR). The representatives of many insurance firms now say that they feel obliged to offer microinsurance in order to improve their image.<sup>82</sup> Large companies like Swiss Re, Munich Re and Allianz play a strong role (Allianz 2010; SwissRe 2010), but smaller ones have also started to chart new territory in developing countries (Churchill and McCord 2012).

Beyond this, international organizations and their specialized agencies have been instrumental to microinsurance proliferation. Together with other actors, they have been involved at two different levels: at the level of concrete microinsurance projects and at the level of general promotional activities (cf. 5.3). The World Bank as well as the ILO have supported microinsurance promotion and creation in important ways. Moreover, regional development banks, for example the Inter-American Development Bank (IDB) and the Asian Development Bank (ADB), have realized large projects.

In the more specific field of agricultural microinsurance, the promotion has also been supported by specialized agencies and programmes like the UN World Food Programme

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<sup>82</sup> This was voiced many times in the interviews that I realized between 2010 and 2013.

(WFP) and the International Fund for Agricultural Development (IFAD). There is also an institutionalized international network that promotes microinsurance called Microinsurance Network (chapter 5.4).

At the same time, quite a few national donors and some private foundations have carried out microinsurance activities. The German and Swiss agencies for development cooperation, GIZ and SDC, have both implemented various projects. They have partnered with large insurance firms in order to realize the projects. Among the private donors, the Bill and Melinda Gates Foundation stands out because of the scope of its microinsurance activities. From 2008 till 2013, the Foundation largely financed the Microinsurance Innovation Facility (since 2014 Insurance Impact Facility), which has been at the forefront of microinsurance promotion (cf. chapter 5.4).

Finally, there are public actors from developing countries that are important to microinsurance promotion. National as well as subnational governments have subsidized microinsurance schemes or have promoted the mechanism in other ways. Many governments aim to use microinsurance in order to contribute to the social protection of their constituency and/ or to disaster risk reduction. At the same time, they often hope to legitimize themselves.<sup>83</sup> In other cases, for example in Peru, insurance regulation authorities have supported the promotion of microinsurance by passing favourable regulations. In Bolivia, different government institutions are taking diverging positions towards microinsurance, which will be of some import below.

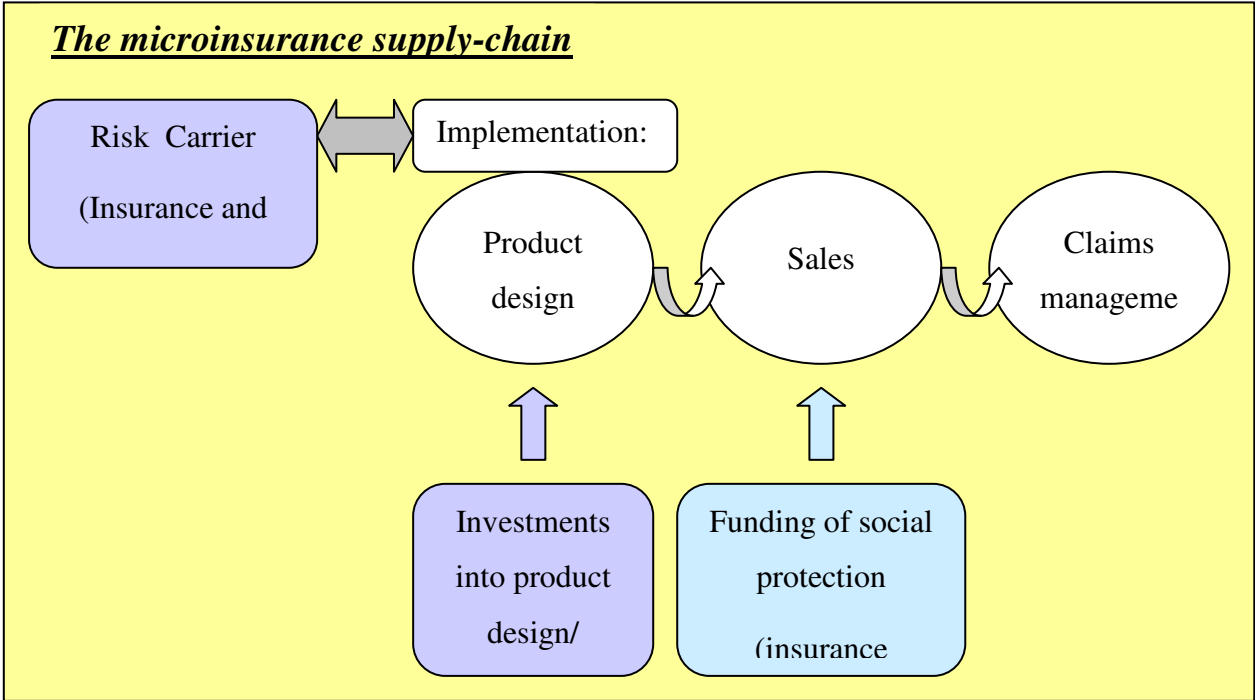
Finally, there is now a large group of institutions that participates as sales channels in microinsurance projects. Originally, CBIs, MFIs or other NGOs offered microinsurance directly to the low-income population. However, this has somewhat changed, because insurance firms as well as donors hope to reach more clients by using innovative sales channels (Microinsurance Network 2016b; Roth and Chamberlain 2006; Smith, et al. 2012). They have explored supermarkets and other retailers, including household goods shops, cell phone shops and agricultural retailers, utility and telecommunications companies and other companies as platforms for microinsurance distribution, sometimes successfully (ibid). These companies can use microinsurance products as marketing instruments, and in some cases they receive a vending commission.

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<sup>83</sup> Above, I have already mentioned the example of the Rwandan Ministry of Health, which supported the expansion of community-based health insurance schemes (Schneider 2005).



These private and public actors, which have supported the creation of microinsurance, usually assume specific tasks within the microinsurance supply-chain. This includes the design and administration of the scheme, the risk carrier function, initial investments, the sales and claims management, and the commercialization. The microinsurance supply-chain mirrors part of the responsibilities that are a central focus of this research: The institutions that participate in the creation of microinsurance have to assume organizational responsibilities and two different kinds of financial responsibilities, namely investments into the creation of the schemes on the one hand, and the risk carrier function on the other hand. Sometimes subsidies for the insurance premiums are provide, but mostly the premiums are shouldered by the clients of the schemes. Beyond this, microinsurance schemes create also responsibilities on part of the target groups which are not mirrored by the institutional perspective at the supply-chain.



Given the specialized knowledge that some of the tasks that are part of the supply-chain require, many microinsurance projects rely on various forms of cooperation between the institutions mentioned above. Microinsurance practitioners and researchers, who have discussed the optimal setup of the schemes for many years, usually differentiate the organizational models according to the risk carrier and the sales channel (cf. Giesbert and Voss 2009):

- *Full-service and provider model:* In the full-service model the institution that offers the microinsurance product and carries the risk (an insurer, a MFI or a NGO) also sells

the product directly to the target groups. In the provider model, this same institution on top provides the services that are covered if the insured event occurs. This is most common in the field of health care.

- *Community-based model:* Community-based organizations (CBOs), for example Mutual Health Organizations (MHO), develop and market the insurance product. The risk is carried by the CBO and all its members. This model is quite common, above all in Africa (McCord, et al. 2012).
- *Partner-agent model:* The risk carrying institution (often an insurance company) cooperates with a second institution that sells the product (NGO, MFI, local bank, retailer etc). The scope of responsibilities of the second institution may vary: some institutions, above all retailers, only sell the product. Others also play a role with regard to claims management and administration or with regard to the design. While the partner-agent model has been developed more recently than the other two, it has become quite important (Löwe 2006; McCord 2006).<sup>84</sup>

However, the notion of distinct models of microinsurance provision reflects the reality on the ground only partly. In many cases, more institutions participate in the creation of a microinsurance scheme, in particular if different donors or foundations back a project. The agricultural microinsurance schemes that I analyze below are complex multi-stakeholder projects.

### ***The particular role of PPPs and subsidies in microinsurance promotion***

Many of the multi-stakeholder projects in the field of microinsurance, including the Bolivian ones, are public private partnerships (PPPs). In this regard, microinsurance is in line with more general developments at the global level, where PPPs have proliferated in the last decades. Public institutions are now more interested in these partnerships, and PPPs have become more institutionalized than before (Krumm and Mause 2009). At the transnational level, a large number of development PPPs has sprung up since the 1990s. This trend has been

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<sup>84</sup> Many policy makers and donors have supported it because it promises to combine the strengths of various actors: commercial insurers and public institutions are expected to have the necessary know-how to develop microinsurance, and they can ensure the creation of large risk pools. NGOs, MFIs and other possible sales channels are considered as closer to the target groups, which is expected to keep the transaction costs for reaching the poor low (ibid). This is in line with the perspective of the private insurance firms that have moved into the microinsurance market: they have found it very difficult to market microinsurance products themselves.

strongly supported by the United Nations and its specialized agencies (Beisheim, et al. 2008; Nelson 2002).<sup>85</sup>

At least two different PPP models can be distinguished in the field of microinsurance if their central actors are taken into account (Ramm 2011). Firstly, there are partnerships between a private institution, such as an insurance company, MFI or mutual insurance association on one hand, and an international donor on the other hand. As mentioned above, German and Swiss development cooperation have for example partnered with large transnational insurers in order to realize microinsurance pilot projects (Rohregger and Rompel 2010). Secondly, partnerships between government institutions from a specific country and a private actor, such as an NGO or insurance provider, have evolved (Ramm 2011).<sup>86</sup>

The interesting aspect of these PPPs with regard to the topic of this dissertation is their number, scope and duration, which is strongly at odds with microinsurance ideology. As mentioned above, according to the advocates of microinsurance, who argue in line with the SRM approach, the state is supposed to play a subsidiary role with regard to microinsurance and to social protection more generally. Also, microinsurance is proposed as a partial substitute to more comprehensive state social security systems.

In contrast to this vision, broad government or donor support has been key to the success of many microinsurance schemes. Public actors have financed the investment costs of many schemes, and the recent boom of microinsurance would have been impossible without their support. Moreover, most complex schemes, above all in the areas of health and agriculture, are not sustainable without constant subsidies from governments or (mostly public) donors, because of the costs of the risks involved, information asymmetries and other obstacles (Mahul and Stutley 2010; Suarez and Linnerooth-Bayer 2011).<sup>87</sup> As I have stated elsewhere (Goldboom 2013), “it even seems that hybrid setups, where private and public institutions

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<sup>85</sup> In 1999, UN Secretary General Kofi Annan proposed the creation of the Global Compact, which is one of the best known international PPPs. He aimed to create a new dialogue forum about environmental and social standards including the UN, civil society organizations and the private sector. In subsequent years, various UN specialized agencies, including the World Health Organization (WHO) and the World Bank, have entered into a wide range of international PPPs (Nelson 2002).

<sup>86</sup> Beyond this, a third PPP type can be identified that is related to, but goes beyond the first two PPP forms identified here: transnational networks of public and private stakeholders that focus on policy formulation and lobbying. A primary example is the Microinsurance Network, which aimed “to promote the development and proliferation of good-value insurance services for low-income persons by providing a platform for information sharing and stakeholder coordination.” (cf. website: [www.microinsurancenetwerk.org/](http://www.microinsurancenetwerk.org/), accessed on 15.11.2012)

<sup>87</sup> However, there are some exceptions from this rule: some countries, which have a strong tradition in agricultural insurance, have reached high penetration rates without or with low subsidies, for example Germany and Argentina (Mahul and Stutley 2010).

share long-term responsibility, and the partial implementation of market ideologies are integral parts of current microinsurance practices.”

I do not aim to suggest that PPPs in general are at odds with a market-based approach to social protection. On the contrary, the expansion of networked forms of governance that are partly located beyond the state is very much in line with the notion of market expansion (Swyngedouw 2005). However, the actual scope and durability of public engagement in microinsurance PPPs is not in line with the notions of market-based social security and the subsidiary role of the state. This is particularly true if it comes to the financing of the schemes.

Interestingly, microinsurance researchers and practitioners do not at all perceive the actual scope of public involvement to be in conflict with the market ideology behind microinsurance. The advocates of microinsurance expect state institutions and donors to provide active support to the mechanism, while embracing a strong market ideology. They often state that the state should correct market failures, create good framework conditions and keep investment costs low, because only then the insurance industry can be expected to provide microinsurance products (CGAP 2009; Hazell, et al. 2010; Loster and Reinhard 2012; Mahul and Stutley 2010; Roth and McCord 2008). However, both the actual expectations on part of microinsurance experts as well as the actual scope of public support very often go beyond this subsidiary role.

Many microinsurance experts have a favourable stance towards PPPs (Churchill and McCord 2012).<sup>88</sup> The Microinsurance Network has advocated the further proliferation of this organizational model (Ramm 2011), since supposedly all stakeholders can profit from the partnerships.<sup>89</sup> Other authors have described the difficulties of implementing microinsurance PPPs while also advocating them (Rohregger and Rompel 2010).<sup>90</sup> At the same time, the exact scope and duration of state subsidies, in particular for insurance premiums, has been hotly debated (Churchill and McCord 2012; Clarke 2011; Hazell, et al. 2017; Skees, et al. 2008).<sup>91</sup>

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<sup>88</sup> Mahul and Stutley (2010) argue in favor of PPPs in the specific area of agricultural insurance.

<sup>89</sup> Dlugolecki and Hoeckstra (2006), who research general catastrophe insurance, also advocate PPPs.

<sup>90</sup> As noted in a previous publication (Goldboom 2013), “neither the microinsurance industry nor the microinsurance research mainstream has paid close attention to the challenges that the substantial body of PPP research has unearthed”. Many challenges involved in microinsurance PPPs have been described with regard by the broad literature on PPPs (Schäferhoff, et al. 2009).

<sup>91</sup> In Goldboom (2013), I also explore this topic.

Over the last few years, many microinsurance practitioners and researchers seem to have become more aware of the importance of durable public support for the viability of microinsurance products (Weilant 2015).<sup>92</sup> By now, they have also developed some guidelines for successful PPPs and subsidy models (Solana 2015). I return to this issue in the section about agricultural microinsurance.

Beyond this, microinsurance advocates summon state actors to create favourable legal frameworks and to implement complementary policies, for example market friendly agricultural policies (ibid). They also ask them to facilitate the creation of risk awareness and more generally an insurance culture, which is seen as the basis for selling microinsurance. Mahul and Stutley (2010) moreover propose that the data that are used for creating agricultural insurance should be produced by governments. Large informational asymmetries, which create moral hazard and adverse selection risks, can hinder the provision of microinsurance, because it is very costly to reduce them. In this context, the authors propose that governments should create data bases as public goods or help to reduce informational asymmetries otherwise, for example through their agricultural extension services.

At least in the initial phase, many microinsurance experts expect public actors to provide financial support for research and development (CGAP 2009; Hazell, et al. 2010). Hazell et al. (2010: 53) remark for example:

“There is a first-mover problem: the high initial investment in research and development of index insurance products might not be recouped, given the ease with which competitors could copy products if they prove profitable. This discourages many companies from making initial investments in new product development, especially in underdeveloped markets.”

Where the state is not ready to do so, other state actors, namely donors should step in, the authors suggest.

The epistemic community behind microinsurance promotion lobbies for its viewpoints among public as well as private actors around the world. The rising number of microinsurance PPPs (Churchill and McCord 2012) and the important role of subsidies (Roth and McCord 2008) indicate that the lobbying activities of the epistemic community have been largely successful.

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<sup>92</sup> This claim is partly based on personal conversations with microinsurance professionals in 2011 and 2012. In 2012, Churchill and McCord wrote in an assessment of new trends in microinsurance: “One of the interesting trends in recent years is the increase in public-private partnerships (PPPs) and the willingness of policymakers to subsidize premiums for vulnerable households. Indeed, in some countries the boundary between market- and government-driven initiatives is becoming quite blurred, and both are necessary to ensure that vulnerable households have adequate risk protection.” (Churchill and McCord 2012: 11).

After all, the discussion if subsidies are desirable is somewhat theoretical considering the actual importance of public financial support.

PPPs and subsidies relate to two different dimensions of my analysis: organizational and financial responsibilities. The empirical part below shows which implications the creation of PPPs and (partial) subsidies has with regard to the impact of agricultural microinsurance schemes in Bolivia. However, my approach differs from the perspective that dominates the writings of those practitioners that lobby for the proliferation of the mechanism. I am more interested in the politics that lie behind the eventual creation of PPPs or subsidies, in the motives and strategies of the actors.

To sum up, there is now a large range of public and private institutions that often cooperate in order to supply microinsurance. Insurance and reinsurance firms, governments, donors, MFIs, cooperatives, community-based organizations, and retailers have all participated in the promotion of microinsurance. In many cases they have cooperated with each other in order to introduce microinsurance. The scope and durability of many PPPs seems to be at odds with the ideology behind microinsurance, which suggests that this is a market mechanism, which can substitute for insufficient state activities. Most microinsurance practitioners do not perceive this contradiction and advocate the creation of PPPs, while state and donor subsidies are more controversial. The next section looks at another important aspect of current microinsurance practices, namely its transnational dimension, in order to explain why the actors that support the creation of microinsurance share a common, sometimes contradictory discourse.

#### **5.4 The epistemic community behind microinsurance promotion at the transnational scale**

Microinsurance promotion has been largely sustained by transnational<sup>93</sup> policy actors (Orenstein 2005: 177): by public and private actors that promote microinsurance as a policy approach in multiple states and transnational forums, be it as agenda-setters, advocates, implementers or entrepreneurs. While transnational policy actors were not so important in the initial phase of microinsurance creation, they have come to play a pivotal role in the last years. They have helped to bring microinsurance pilots to a very large number of countries, and they are responsible for a major part of microinsurance research. In this section, I point to

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<sup>93</sup> Some central actors of microinsurance promotion are international organizations or act on behalf of nation states. However, many actors do not belong to the state, and important relationships have evolved beyond realm of international relations. Because of this, I use the notion transnational rather than international, but I include international relations in my usage of the term transnational.

the workings of these actors and their forms of cooperation. A major part of them embraces knowledge-based activities and forms an epistemic community (Haas 1992a).<sup>94</sup> Two institutions, the Microinsurance Innovation Facility, since 2014 called Impact Insurance Facility, and the Microinsurance Network, are particularly important in order to understand how this epistemic community works as agenda setter.

### *The transnational institutional landscape*

Among the microinsurance actors mentioned above, some have been particularly active at the transnational scale. To begin with, international institutions and public donors from industrialized countries play an important role, for example the World Bank, the ILO, and European bilateral development agencies. Beyond this, insurance and reinsurance firms are central for the development and promotion of microinsurance at the transnational scale. The insurance and reinsurance business is dominated by some large transnational firms, many of which have also looked into microinsurance. Finally, there are some public actors from developing countries, private foundations and other non-for profit actors that participate in activities to promote microinsurance. Still, the strongest promoters of microinsurance at the transnational level are the insurance industry and bi- and multilateral donors.

In general, the most salient feature of inter- and transnational microinsurance promotion is the strong network between its central actors. This network is institutionalized at the Microinsurance Network and the Impact Insurance Facility (called Microinsurance Innovation Facility until the end of 2013).

The Microinsurance Network is an association of approximately 70 insurance firms, donors, research institutions, NGOs, other institutions and individual members from the realm of microinsurance.<sup>95</sup> According to its mission statement, the Network “The Network brings together multi-stakeholder microinsurance experts to: facilitate open dialogue; generate and exchange knowledge and best practices; carry out in-depth research on relevant emerging topics; ensure microinsurance is an important part of global development agendas.”<sup>96</sup>

In order to do so, the members form working groups on specific topics, such as for example microinsurance distribution, impact or health microinsurance. The Network is responsible for

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<sup>94</sup> I introduced this idea in Goldboom (2013).

<sup>95</sup> To mention just some of the members: MAPFRE, Munich Re and Munich Re Foundation, Zurich Financial Services; The World Bank, IDB, IFAD, CGAP; SDC, GIZ, KfW; the International Actuarial Association (IAA); and Federación Interamericana de Empresas de Seguros (FIDES).

<sup>96</sup> [www.microinsurancenetwerk.org/what-we-do](http://www.microinsurancenetwerk.org/what-we-do) (accessed 8.3.2018).

a considerable part of the publications about microinsurance, including yearly publications about “The state of microinsurance” (Microinsurance Network 2016b; Microinsurance Network 2017), and for most contributions to the Microinsurance Compendia (Churchill 2006a; Churchill and Matul 2012), which are considered as standard works about the topic. It also has major influence on the larger discourse, because a major number of experts are part of the network. Together with the Munich Re Foundation, the Network also organizes the annual International Microinsurance Conference, which is a primary forum for the exchange among microinsurance practitioners.<sup>97</sup>

In contrast to the Microinsurance Network, the Impact Insurance Facility (until the end of 2013, Microinsurance Innovation Facility) does not only aim to generate knowledge, but in connection with this, it has also supported projects. It finances pilot projects around the world, and tries to use these “laboratories” for generating and promoting best practices. Between 2008 and 2013, the Facility invested around US\$18 million into these so-called innovation grants.<sup>98</sup> One of the projects that I explore below, the VidaAgrícola microinsurance scheme has received one of the innovation grants. The Facility has systematized the results of the pilot projects and has also offered technical assistance to other institutions. It was initiated and largely financed with a grant from the Bill and Melinda Gates Foundation.<sup>99</sup> Among the current donors and partners are the World Bank, AFD, USAID, UKAID, Axa, and the Munich Climate Insurance Initiative.<sup>100</sup>

Institutionally, the Facility and the Microinsurance Network are largely separate, but with regards to agenda setting and research both institutions have strongly cooperated. An illustration of the linkages is the person of Craig Churchill, who was the chair of the

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<sup>97</sup> These and other data are to found on the Microinsurance Network webpage (<http://www.microinsurancenetwerk.org/node/13158>; last accessed 8.3.2018). The work of the Microinsurance Network is coordinated by a secretariat that is based in Luxemburg and has been funded by different European donors. Originally, the Network was founded in 2002 as a working group of the Consultative Group to Assist the Poor (CGAP). The CGAP is a network of development agencies that promotes microfinance and is based at the World Bank.

<sup>98</sup> See the institutional homepage: <http://www.ilo.org/public/english/employment/mifacility/about/index.htm>. In summer 2012, I also conducted interviews with several representatives of the Facility.

<sup>99</sup> This foundation has received a lot of attention in the development debate, because it is considered as embodiment of a new kind of donors. It is a private foundation, but it has a capital of \$36.2 billion (<http://wikipedia.de>; accessed 13.4.2013), which means that it can make very substantial investments. From the financial perspective, the Bill and Melinda Gates Foundation plays in the same league as big international bodies. However, its emergence has also created concerns about the coordination of development cooperation, because the foundation is not part of international coordinating bodies (Witte 2008). It is estimated that it has invested around \$80 million in the area of microinsurance.

<sup>100</sup> <http://www.impactinsurance.org/about/donors-partners> (accessed 8.3.2018).



Microinsurance Network between 2002 and 2013, and who also been the head of the Microinsurance Innovation Facility/ Impact Insurance Facility.

It is interesting to note that the Facility has been located at the ILO, which has an ambivalent stance towards microinsurance. On the one hand, the ILO now also advocates the introduction of microinsurance, for example as part of its Social Protection Floor (SPF) approach.<sup>101</sup> On the other hand, the ILO continues to favour the creation of comprehensive state-organized social protection systems that de-commodify social protection. Anyways, the Facility has had a largely autonomous status at the ILO.<sup>102</sup>

Both the Microinsurance Network as well as the Impact Insurance Facility are interesting examples of PPPs. The Microinsurance Network represents a form of networked governance that is now very common at the transnational stage, in particular when it comes to development cooperation (Beisheim, et al. 2008; Swyngedouw 2005). The Microinsurance Innovation Facility is in turn located at an international institution, but largely financed by a private donor. Through its innovation grants, it also supports the development of PPPs.

With regard to the promotion of agricultural insurance<sup>103</sup> in developing countries, it should be noted that the World Bank has played a particularly important role. Its Insurance for the Poor team (Global Capital Markets Development Department) and regional teams implemented agricultural insurance schemes in more than 20 countries (Mahul and Stutley 2010; Worldbank and IDS 2011). Some of these schemes, for example in India and Mongolia, have grown very large and are considered as successful examples for the potential of agricultural insurance (Mahul and Stutley 2010). The Global Index Insurance Facility at the IFC (World Bank Group) partly builds on these insights. This is a multi-donor trust fund financed by the EU, Japan and the Netherlands that supports the development of markets for weather and disaster index-based insurance in developing countries.<sup>104</sup>

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<sup>101</sup> The ILO aims to create the commitment among states to a nationally defined set of social security standards, which would serve as “Social Protection Floor”:  
<http://www.socialsecurityextension.org/gimi/gess/ShowTheme.do?tid=1321>.

<sup>102</sup> According to interviews with representatives of the Microinsurance Innovation Facility in summer 2012, exchange with the rest of the institution has been limited.

<sup>103</sup> The notion of agricultural insurance is broader than that of agricultural microinsurance, but it includes the latter approach. As I point out below, sometimes the governments of developing countries insure themselves against agricultural risks instead of selling insurance to poor producers. In this case, it makes sense to speak of insurance instead of microinsurance, because the low-income population is not the direct target group.

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[http://www.ifc.org/wps/wcm/connect/industry\\_ext\\_content/ifc\\_external\\_corporate\\_site/industries/financial+markets/retail+finance/insurance/global+index+insurance+facility](http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/industries/financial+markets/retail+finance/insurance/global+index+insurance+facility) (accessed 8.3.2018).

To summarize, public and private actors that support the creation of microinsurance around the world have been strongly networked. Their cooperation is institutionalized at the Microinsurance Network, which is also linked to an important funding facility. I have highlighted these structures, because they help to explain why a common discourse has evolved among the institutions that support the creation of microinsurance.

### ***Microinsurance experts form an epistemic community***

In order to grasp the activities of the transnational actors network behind microinsurance promotion, the policy transfer literature offers helpful concepts. The networked actors described in the last section constitute an epistemic community, as described by Haas (1992a: 3):

“An epistemic community is a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area. (...) they have (1) a shared set of normative and principled beliefs, which provide a value based rationale for the social action of community members; (2) shared causal beliefs (...); (3) shared notions of validity – that is, intersubjective, internally defined criteria for weighing and validating knowledge in the domain of their expertise; and (4) a common policy enterprise (...).”

Haas (ibid) coined this definition in order to highlight how the knowledge production of actors that are located beyond the nation state impacts on political debates and decision making processes at the national level. In the case of microinsurance creation, the transnational epistemic community does not only relate to nation states, but to a large number of public and private actors. Still, its work is based on the same shared principles of knowledge generation as explored by Haas (ibid).

The SRM approach to social security described above is an important building block of the *episteme* behind microinsurance. As already pointed out, this approach embraces a whole set of *normative and principled beliefs*, but also *causal beliefs*. This includes notions regarding the relationship between risk and poverty, the scope and purpose of social protection and the role of different actors with regard to social protection (cf. 5.2).

The *notions of validity*, which an overwhelming part of microinsurance experts shares, are deeply rooted in economic theory. A major part of microinsurance research is authored by economists. Most experts embrace a microeconomic perspective, which is predicated on the assumption of rational economic actors. This perspective finds its expression in programmatic writings, but also in many evaluations of the demand and impact of microinsurance {Microinsurance Network, 2016 #329;Microinsurance Network, 2017 #330;Churchill, 2006

#181;Churchill, 2012 #238}. Most experts do only consider those studies as meaningful that are based on quantitative data. Researchers have also used laboratory and field experiments in order to better understand decision making processes on part of potential microinsurance clients, in some cases applying behavioural economics (Microinsurance Network 2016b).

The *common policy enterprise* of the transnational epistemic community relates to the knowledge-based promotion of microinsurance. More precisely, the epistemic community aims to establish best practices for the promotion of microinsurance and to influence the relevant stakeholders accordingly. This includes lobbying activities among political decision makers as well as attempts to influence all those institutions that participate in microinsurance projects. The self-description of the Microinsurance Network referenced above mirrors this two pronged approach. This policy enterprise is based on the general assumption that microinsurance is a good thing and should be promoted. Hintz (2009), who became very sceptical of microinsurance after conducting detailed studies, is an exception.

The large institutions that dominate the epistemic community have also had a large influence on academic research about microinsurance. In some cases, they have provided direct funding for academic projects. A notable example is the Microinsurance Learning and Knowledge (MILK) Project, which collaborated with the Microinsurance Innovation Facility and was also financed by the Bill and Melinda Gates Foundation.<sup>105</sup>

As Haas (1992a) has pointed out, their specific way of knowledge generation and dissemination gives considerable power to epistemic communities. These communities help to define problems, possible solutions and concrete strategies. In the field of microinsurance this is not only evidenced by the fast proliferation of the mechanism around the world. It is also notable that few people propose a perspective at microinsurance that diverges from the *episteme* described here.

In line with this, recent debates about microinsurance have focused on some particular topics and have eclipsed others. In general, subjects that do not seem directly relevant from the perspective of microinsurance practitioners or do not neatly fit into the outlined epistemic framework have been largely disregarded. More concretely, microinsurance research, which is

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105 Several staff of prestigious US universities collaborated in this project Even where no direct funding is being provided, the epistemic community described here has established linkages with researchers, mostly economists. In 2012, for example, the University of Twente, Netherlands, organized the first research conference about microinsurance. The Microinsurance Network collaborated in the organization of the conference and framed many of the debates. At that conference, in which I participated, practitioners as well as university researchers presented their insights.

often based on empirical case studies, has paid a lot of attention to the measurability of impacts and demand, different product and sales designs and related technical aspects (Churchill 2006a; Churchill and Matul 2012; Dercon and Kirchberger 2008; Merry 2016). Another recurrent issue is the question if there is a business case for microinsurance. This is not only a concern to the insurance industry: the notion that microinsurance schemes can be profitable provides the basis for the assumption that they can be self-sustainable and will proliferate (Koven and Zimmermann 2011).

Insurance models and concrete product designs have been of particular interest to authors concerned with agricultural microinsurance. As mentioned above, most authors now advocate the use of index insurance schemes, which are a comparably recent innovation (Hazell, et al. 2010; Microinsurance Network 2017; Vargas Hill and Torero 2009). Several authors have also asked how agricultural microinsurance could be made more attractive to low-income farmers, since many products do not seem to meet the expectations of the target groups (Carter 2012; Hellmuth, et al. 2009; Microinsurance Network 2017).

Few microinsurance researchers are concerned with perspectives at economy and society (Hintz 2009; Peterson 2012; Schulze 2010) beyond economics or take criticisms of the SRM approach into account. A very notable exception is the first chapter of the second *Microinsurance Compendium*, where Churchill and McCord (2012) discuss critiques of Prahalad's (2005) propositions regarding the "bottom of the pyramid".

Among the topics that have received relatively little attention in debates about microinsurance are the concrete politics, that is political practices and negotiation processes that are linked to microinsurance creation (Goldboom 2013). Context-specific politics are not a self-evident concern from the SRM and other positivist perspectives (ibid). Moreover, they might not seem immediately relevant from the point of view of most microinsurance practitioners.

This is not to overstate the consensus between microinsurance experts, and there are also asymmetries in terms of influence between the experts that belong to the epistemic community. Some actors that belong to large international institutions, important bilateral donors and some insurance firms have a dominant position within the epistemic community. The World Bank, the Munich Re Foundation, and the Microinsurance Innovation Facility/ Insurance Impact Facility at the ILO are among the institutions that have set the tone of the debate. These institutions can be considered as nodal points within the epistemic community. The exact boundaries of the community cannot be easily established and are constantly changing, as microinsurance projects and research activities are proliferating.

I have exposed the structures of knowledge production that pertain to microinsurance promotion at some length for several reasons. Firstly, they help explain why the gap between a vision of market-produced social protection and the often larger role of public actors in actual microinsurance promotion has received little attention: the debate about microinsurance is so deeply entrenched in the SRM approach to social protection that its participants feel no pressure to reconsider the conceptual bases of their thinking.

Secondly, the exploration above highlights that my own perspective largely digresses from the mainstream debate about microinsurance. I do not share a major part of the normative and causal beliefs, which the epistemic community that promotes microinsurance embraces. Indeed, one of the purposes of my research is throwing a different light at the mechanism. I aim to address topics that do not neatly fit into the usual framework.

I am not the only researcher that has attempted to reach beyond it. A few authors have pointed to the advantages of a social science perspective that takes entanglements between microinsurance and local social, economic and political conditions into account. Their approach digresses from the positivist notion of economists that it is necessary to abstract laws from the specific local context. Hintz (2009) and Peterson (2012) have provided case studies about microinsurance schemes that focus on the interplay between microinsurance and other social protection strategies. Schulze (2010) has shown how local social structures impact on the demand for microinsurance in Mali. My own approach to the topic of microinsurance is largely in line with their notions of the embeddedness of social and economic processes.

### **5.5 Panorama: Agricultural and other microinsurance around the world and in Bolivia**

The last sections have shown how microinsurance has emerged as a concept, and they have looked at the actors that have sustained its promotion. In order to complete this introduction to the topic of microinsurance, I now turn to the international microinsurance landscape. Then, I point out how the Bolivian microinsurance schemes that I study relate to attempts to establish agricultural microinsurance in other contexts.

#### ***The international microinsurance landscape***

Above, I have already pointed out that the number of microinsurance holders has risen sharply since 2006. According to recent estimates, the number of insured people rose from 78 to 280 million during those years (Microinsurance Network 2016a; Roth, et al. 2007). Still, it should be noted that these estimates also include compulsory life microinsurances that have often

been bundled with credits. Anyways, it is clear that microinsurance is now a very common phenomenon in developing countries, while it was still in its infancy some years ago.

As far as regional distribution is concerned, Asia has always been the mainstay of microinsurance promotion. In 2012, 170 million people<sup>106</sup> or 350 to 400 million risks were insured in that part of the world (Churchill and McCord 2012), up from 66 million people in 2006 (Roth, et al. 2007). In Africa, at least 62 million people were presumably covered in 2014.<sup>107</sup> In Latin America in turn an estimated 49 million people were insured through microinsurance in 2013.<sup>108</sup>

The relatively large growth observed in Asia is largely concentrated in India and China. India is usually considered as microinsurance leader, including the sector of agricultural microinsurance. In 2012, around 111 million people had at least one microinsurance policy in that country alone.<sup>109</sup> There are several reasons for microinsurance's prominence in India. Some schemes are credit-linked, which means that peasants are obliged to insure themselves in order to take out a loan. Moreover, many schemes are subsidized by the national and state governments. At the same time, Indian insurance regulations oblige insurance firms to sell a certain percentage of their products in the rural area and among the so called social sector (ibid).<sup>110</sup>

When it comes to the most common insurance products, very large regional differences are notable. In Latin America, where Brazil, Colombia, Mexico and Peru are the largest markets, credit life and funeral microinsurances have been most common (Churchill and McCord 2012; Roth, et al. 2007).<sup>111</sup> However, other products are becoming more important: between 2005 and 2011 accident, health and property microinsurance schemes saw the largest growth

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<sup>106</sup> Microinsurance Network: <http://worldmapofmicroinsurance.org/#view/asia/2012/total-microinsurance-coverage-ratio> (accessed 9.3.2018). According to the Microinsurance Network the 2012 survey provides the most recent available data.

<sup>107</sup> <http://worldmapofmicroinsurance.org/#view/global/all/total-microinsurance-coverage-ratio> (accessed 9.3.2018).

<sup>108</sup> <http://worldmapofmicroinsurance.org/#view/global/all/total-microinsurance-coverage-ratio> (accessed 9.3.2018).

<sup>109</sup> Microinsurance Network: <http://worldmapofmicroinsurance.org/#view/asia/2012/total-microinsurance-coverage-ratio> (accessed 9.3.2018).

<sup>110</sup> The IRDA, the Insurance Regulatory and Development Authority, has established progressive insurance targets by issuing the "Rural and Social Sector Obligations" notification in 2002. The established targets differ according to the insurance type (life versus non-life) and according to the target group (rural population and so called social sector) (Ruchismita and Churchill 2012).

<sup>111</sup> The most recent estimates (2013) per risk category are to be found on <http://worldmapofmicroinsurance.org/#view/americas/all/total-microinsurance-coverage-ratio> (accessed 9.3.2018).

(J. McCord, et al. 2012). In 2013, 2.2 million Latin Americans held an agricultural microinsurance policy, 7.6 million had a health microinsurance.<sup>112</sup>

In general, microinsurance growth has been strongest in large countries and in countries that have lately seen strong economic growth. The Asian and Latin American examples already cited illustrate this trend. Still, there are some exceptions, in particular where donors have supported the introduction of microinsurance. For example, Ethiopia has some well known disaster microinsurance schemes, which have largely been financed with donor money (Hellmuth, et al. 2009).

### ***Agricultural microinsurance around the world***

As pointed out above, a specialized discussion with regard to disaster risk reduction (DDR) agricultural insurance has developed, and the modes of organization and proliferation of agricultural schemes are partly distinctive. The lines between agricultural insurance and microinsurance are often blurred, and authors concerned with the topic tend to employ only the notion of agricultural insurance in order to refer to all forms of schemes (Mahul and Stutley 2010).

Still, also with regard to agricultural products it seems useful to distinguish between insurance and microinsurance according to the criterion of the target group exposed above. Here, I use the term agricultural microinsurance when referring to schemes that directly target low-income peasants in developing countries (Roth and McCord 2008). These schemes may rely on an index or on individual loss assessments, and in many cases they are subsidized. In contrast, I use the term agricultural insurance where the low-income target group is not directly being addressed.

Hazell et al (2010) call agricultural insurance that that directly targets individuals the micro level approach. In contrast, the macro level approach refers to governments that insure themselves against the potential losses of their constituencies. These governments use eventual payouts for disaster relief measures, but individual peasants have no direct entitlements. Finally, meso level schemes insure cooperatives or other associations rather than individual peasants. The majority of the agricultural microinsurance pilot projects and schemes set up in the last decade adopt the micro level approach (Hazell, et al. 2010).

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<sup>112</sup> <http://worldmapofmicroinsurance.org/#view/americas/all/total-microinsurance-coverage-ratio> (accessed 9.3.2018).

A World Bank survey conducted in 2008 found that the premium volume in the agricultural sector in both developed and developing countries had grown dramatically between 2004 and 2007, from about \$8 billion to \$20 billion (Mahul and Stutley 2010).<sup>113</sup> More recent estimates (until 2014) show that the number agricultural microinsurance policies further increased in all world regions.<sup>114</sup> In spite of this rise of agricultural insurance and microinsurance, it is notable that the degree of penetration in the agricultural sector is still much lower than in other insurance branches (Mahul and Stutley 2010). Agricultural insurance is not only complicated to develop and introduce, but it also takes a long time to gain ground.

Among the places where agricultural microinsurance has been introduced are such diverse countries as Brazil, Burkina Faso, China, Ethiopia, India, Kenya, Mongolia, Nicaragua, Peru, Thailand, and Vietnam (Hazell, et al. 2010; Hellmuth, et al. 2009; Skees, et al. 2008; Vargas Hill and Torero 2009). India, where some schemes cover millions of producers, has been the largest market for agricultural microinsurance (Ruchismita and Churchill 2012). It is also interesting to note that the two most common types of schemes in developing countries are multi-peril crop microinsurances and livestock microinsurance (Roth and McCord 2008).

With regard to the topic of this dissertation, it is particularly interesting to note how agricultural microinsurance schemes have been organized. As pointed out above, several developing countries had introduced public agricultural insurance schemes between 1950 and 1990, which mostly failed. Above all, Latin American and Asian countries had created multiple peril crop insurance (MPCI) programs (Mahul and Stutley 2010).

Since the 1990s, when index insurance schemes started to emerge, insurance schemes that are at least partly organized by market actors have become much more common (Roth and McCord 2008). At the same time, governments have continued to play an important role, and PPPs are very frequent (Mahul and Stutley 2010). In 2008, the Worldbank found that in more than half of all surveyed countries worldwide private insurance providers had started to offer agricultural insurance or microinsurance. In 37 percent of these countries PPPs were being implemented (ibid).

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<sup>113</sup> Rising agricultural commodity prices accounted for some part of the increase, but another part was due to the expansion of agricultural insurance in different parts of the world, including developing countries. In 2007, the authors of another landscape study identified 122 agricultural microinsurance products in developing countries (Roth and McCord 2008). Around 90 percent of the schemes were voluntary and 26 percent were exclusively designed for low-income farmers (ibid).

<sup>114</sup> <http://worldmapofmicroinsurance.org/#view/global/all/agriculture-coverage-ratio>. (accessed 8.3.2018).



State support for agricultural insurance and microinsurance has taken several different forms (Mahul and Stutley 2010). Firstly, some states have continued to take over the risks themselves. The already cited landscape study conducted in developing countries found that governments were the risk carriers in over 40 percent of all identified 122 microinsurance schemes (Roth and McCord 2008). In many cases, private sector actors implemented the schemes, but the risk was carried by the state.

At the same time, subsidies have been very important for the sustainability of agricultural insurance and microinsurance in general:

“Premium subsidies are the most common form of public intervention in agricultural insurance. Almost two-thirds of the surveyed countries (at all levels of development) provide agricultural insurance premium subsidies, with subsidies usually in the order of 50 percent of the original gross premium. (...) A few countries, such as India, cap premiums. Premium subsidy programs are offered mainly under MPCII or area yield insurance. (...) Most named-peril crop insurance products, such as hail insurance, have been offered for many years without any public subsidies. (...)” (Mahul and Stutley 2010: 11)

While premium subsidies are most common, some governments have chosen to subsidize administrative and operation expenses (Hazell, et al. 2017; Mahul and Stutley 2010). Moreover, around half of the surveyed governments in developing and developed countries had created supportive legislations or contributed to research, development and training.

Some examples from the developing world illustrate the different options to organize agricultural microinsurance.<sup>115</sup> In India, both subsidized and unsubsidized agricultural microinsurance is to be found, which is directly sold to the potential beneficiaries.<sup>116</sup> At the same time, the central state and the federal states of India have for some time provided subsidies for agricultural insurance. The largest subsidized scheme has been the National Agriculture Insurance Scheme (NAIS), which is credit-linked and obligatory. If farmers wish to take out a loan, they have to buy insurance cover, which is provided by private insurance firms, but subsidized by the state (Ruchismita and Churchill 2012). In this way, millions of peasants have been insured.

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<sup>115</sup> For further concrete examples see for example Roth and McCord (2008), who explore agricultural microinsurance schemes in India, Burkina Faso, Ukraine and Vietnam; and Vargas Hill and Torero (2009) for explorations of schemes in India, Malawi, Ethiopia, Mongolia, Mexico. Worldbank and IDS (2011) provide some further details regarding some of the same examples.

<sup>116</sup> Unsubsidized index-based crop microinsurance is for example offered by the MFI BASIX and the private insurer ICICI Lombard General Insurance. The World Bank supported the creation of this scheme, which is designed to protect poor farmers against drought. 2008, only a few years after its introduction, this scheme covered more than half a million clients (Giné, et al. 2008; Suarez and Linnerooth-Bayer 2011).

The Mexican government has decided to tread a different path. In this country, where insurance firms offer agricultural insurance mainly to large producers, federal and state governments have bought insurance in order to cover the costs that they incur because of providing post-disaster assistance to farmers. For this purpose, Agroasemex (Agro-Aseguradora Mexicana), a national insurance institution which is mainly sponsored by the federal government, has developed a catastrophic index insurance that is based on rainfall level measurements. This approach allows the governments to keep the expenses for post disaster assistance at a predictable level (Villareal González 2009).

As indicated above, the exact scope and duration of state subsidies, in particular for insurance premiums, has been hotly debated, not only with regard to agricultural microinsurance. Since premium subsidies lower the price of the product, they are expected to directly influence the demand (Churchill and McCord 2012). The advocates of premium subsidies hope that they will in particular attract low-income groups that would otherwise not buy insurance. There is also ample empirical evidence that high prices tend to exclude low-income groups (Dercon and Kirchberger 2008; Suarez and Linnerooth-Bayer 2011). Because of this, several authors have argued that premium subsidies increase the development potential of microinsurance schemes (Churchill and McCord 2012). With regard to agricultural microinsurance, one author has demonstrated that some products are so costly that without subsidies it would be irrational for farmers to buy them (Clarke 2011).

However, others also warn about the potential disadvantages of microinsurance subsidies, in particular with regard to agricultural microinsurance. Skees et al. (2008) point out that subsidies send out price signals that put climate change adaptation into danger. They argue that rising insurance premiums should signal rising climate risks to peasants, who then have an incentive to adapt their production. However, if insurance premiums are low, this can be expected to create disincentives for climate change adaptation (ibid). Because of this, several authors (Hazell, et al. 2017; Loster and Reinhard 2012; Skees, et al. 2008) urge for the cautious design of microinsurance subsidies.

### ***Microinsurance in Bolivia***

How does the Bolivian case relate to these different trends? Bolivia is among the countries where neither agricultural insurance nor microinsurance have a strong tradition. However, partly as an outgrowth of the mature microfinance industry of the country, microinsurance schemes have become more common in the past years. At the time of field research (2011-2013), insurance firms, microfinance institutions and NGOs were experimenting with

different microinsurance formats in the areas of life, health, asset and agricultural risks. This trend was strongly fuelled by donor support.

Burial microinsurance schemes have existed in Bolivia since the 1950s. Reportedly, they had up to 100 000 clients at the end of the 1980s.<sup>117</sup> However, many schemes disappeared in the 1980s, because they were not financially sustainable. Then, in 1999 Zurich insurance group and Bolivian Banco Sol developed a first burial microinsurance scheme.<sup>118</sup> As representatives of the Zurich group like to underline, with this scheme Bolivia became one of the pioneers in the field of microinsurance.<sup>119</sup> In 2006, both institutions also cooperated in order to offer a health microinsurance scheme.

However, it was a project that the Interamerican Development Bank (IADB) and Centro Afin, a Bolivian microfinance foundation, implemented between 2006 and 2008 that gave real impetus to the instrument.<sup>120</sup> The “Programa de Promoción de Microseguros para Microempresarios” (PPMM), Program for the Promotion of Microinsurance for Micro Entrepreneurs, aimed to create incentives for the introduction of microinsurance schemes.<sup>121</sup> In 2009, 30 000 people were covered by one of the schemes introduced as part the project, in 2010, 43 800 people (Schulze Muñoz 2010).

While this might sound like a major success, 90% of the microinsurances was sold as part of a single life microinsurance scheme (Prodem Vida). As the representative of one of the participating institutions underlines, life microinsurances tend to minimize the risks of microcredit providers, and the PPMM project has largely fallen short of its objective of promoting micro entrepreneurs:

“On part of the microfinance institutions, they have prioritized the protection of their portfolio... not so much an additional benefit for their clients. ... It has been possible to sensibilize and communicate what a microinsurance is more or less, its

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<sup>117</sup> Interview with Erick Schulze Muñoz, Insurance Consultant, 9.11.2010.

<sup>118</sup> Interview with Mónica Beltrán, Subgerente de Productos Masivos, Zurich Seguros, 12.11.2010.

<sup>119</sup> Interviews with Mónica Beltrán, Subgerente de Productos Masivos, Zurich Seguros, 12.11.2010, and Jorge Álvarez-Pol, Vice-Presidente, Zurich Seguros, 13.4.2011.

<sup>120</sup> Information about the PPMM project was provided by Gonzalo Posadas, Afin, 15.5.2011; Pablo Beltrán, Finrural, 15.5.2011; Erick Schulze Muñoz, Insurance Consultant, 9.11.2010.

<sup>121</sup> A demand survey that the IADB financed in 2004 showed that very small producers would in many cases be interested in microinsurance products and ready to pay an insurance premium (Schulze Muñoz 2006). This result served to convince insurance groups and microinsurance institutions to participate in the project. As part of the project, the IADB provided grants of up to \$30 000 to microinsurance providers. Out of 21 proposed schemes, 12 received a grant. These schemes covered life, health or asset risks and followed the partner-agent model outlined above (5.3). The results were mixed: Not all products were admitted by the ASFI<sup>121</sup>, at that time the competent regulatory body, for sale.

importance and all that, but with regard to the [proposed] support to producers in the market we have not reached the objective.” (Pablo Beltrán, Finrural, 15.5.2011)

“(…) por parte de las microfinancieras más se ha dedicado a ver su cartera. ... no tanto un beneficio adicional a sus clientes. ... Si se ha podido sensibilizar y comunicar mas o menos qué es un microseguro, su importancia y todo ello, pero ya en el tema de apoyar a los productos en el mercado no hemos logrado el fin.”

Still, as a result of the project, microinsurance schemes are quite common in Bolivia today. At the time of fieldresearch, insurers, microfinance NGOs and banks were piloting a range of new products.

The motives on part of insurance companies for their engagement in that field relate to the expectation that in the long term they will be able to include new sectors of society into the insurance market. Moreover, they consider microinsurance as part of their corporate social responsibility (CSR) activities. As the Managing Director of the Bolivian insurer association put it:

“But [the creation of microinsurance schemes] is attractive for the companies even from the purely commercial point of view, even though microinsurance itself does not generate a lot of profit. Because in reality, what you are doing, is the education of a large part of the population and its introduction it to the insurance world, so that afterwards they can access other kinds of insurances that can be more profit-oriented. Indeed, microinsurance, nothing else than microinsurance would not be very attractive.” (Justino Avendaño Renedo, Gerente General, Asociación Boliviana de Aseguradores (ABA), 10.5.2011)

“Pero si se da cuenta incluso desde el punto de vista puramente comercial es atractivo para las compañías aunque en el propio microseguro no se tenga mucha ganancia ... porque en realidad lo que estás haciendo es educar a una gran parte de la población e introducirla en el mundo del seguro para que luego ya puedan acceder a otros tipos de seguros que ya pueden ser más con ánimo de lucro, no. Desde luego que el microseguro, nada más que el microseguro pues no sería muy atractivo (...).”

The banks and microfinance institutions that market the microinsurance products, thus serving as channels, consider microinsurance as additional service that they can use in order to attract and keep clients.<sup>122</sup> Bolivia has turned into quite a competitive microfinance market: large

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<sup>122</sup> Interviews with Gonzalo Posadas, Afin, 15.5.2011; Luis Calvo Soux, Microfinance Consultant, 3.5.2011; Fernando Mompó, Ecofuturo, 16.11.2010, Gloria Morales, Ecofuturo El Alto 20.4.2011.

banks fight for clients in the urban centres, microfinance NGOs are more common in the countryside. Usually, both offer microinsurance products to their borrowers.<sup>123</sup>

At the time of field research, Bolivia did not have dedicated microinsurance legislation. As the rest of the insurance market, microinsurance institutions were object to the regulation and supervision of the APS, the Authority for financial control and the control of pensions and insurances (Autoridad de Fiscalización y Control de Pensiones y Seguros). The supervisory role of the APS includes the approval of new microinsurance products.<sup>124</sup>

Among the different types of microinsurance, life microinsurance is still by far most common in Bolivia (with around half a million lives insured in 2013).<sup>125</sup> Health microinsurance has also played some role in major urban centres (with around 22 000 lives insured in 2013) (ibid). The first popular health microinsurance product was SolSalud, offered from 2006 until 2011 by Zurich Seguros and BancoSol.<sup>126</sup>

Around the same time, other institutions were developing new health microinsurance schemes. For example, in 2011 the microfinance institution Ecofuturo, Banco Bisa and the health provider ProSalud were developing a health microinsurance product for the Ecofuturo clients, called EcoSalud.<sup>127</sup> Again, the product was introduced in La Paz, El Alto, Santa Cruz y Cochabamba.

### ***Agricultural microinsurance in Bolivia***

As other microinsurance products, agricultural microinsurance is a recent trend in Bolivia. Since 2007, Bolivian NGOs and donors have implemented first agricultural microinsurance pilots in the Bolivian Altiplano and in Tarija. Bolivia is one of the developing countries where donor support has been key to the creation of agricultural microinsurance. Later chapters show with some detail that this is not only true for financial reasons, but also because of the

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<sup>123</sup> Interviews with Gloria Morales, Ecofuturo El Alto 20.4.2011; Lucía Quiroga, Jefe Regional de Captaciones, BancoSol La Paz 25.4.2011.

<sup>124</sup> Interview with Justino Avendaño Renedo, Gerente General, Asociación Boliviana de Aseguradores (ABA), 10.5.2011. As he underlined, the government shifted the supervision of the insurance market several times between the APS and the ASFI, which was mentioned above.

<sup>125</sup> [worldmapofmicroinsurance.org/#country/BOL](http://worldmapofmicroinsurance.org/#country/BOL) (accessed 8.3.2018).

<sup>126</sup> This scheme reached up to 5000 clients in La Paz, El Alto, Cochabamba, Santa Cruz and Sucre. However, in 2011, Zurich Seguros decided to terminate the scheme, because of its limited profitability. A main concern was a growing degree of dissatisfaction with the changing service providers among the customers, which resulted directly in decreasing enrolment rates. Information on this scheme was provided by Mónica Beltrán, Subgerente de Productos Masivos, Zurich Seguros, 12.11.2010 and 13.4.2011; and Jorge Álvarez-Pol, Vice-Presidente, Zurich Seguros, 13.4.2011.

<sup>127</sup> Interview with Fernando Mompó, Ecofuturo, 16.11.2010.

specific knowledge that agricultural microinsurance creation requires. As other countries where agricultural insurance has recently been introduced, Bolivia has been a laboratory for different formats of agricultural microinsurance schemes: index or yield microinsurance schemes, with and without the participation of insurance firms, with and without the support of government institutions.

The first scheme was created in 2007 by the Bolivian NGOs Prosuco (Promoción de la Sustentabilidad y Conocimientos Compartidos) and Profin (Fundación para el Desarrollo Productivo y Financiero) and financed by the Swiss Agency for Development and Cooperation (SDC). It was part of a larger development project for agro-climatic risk management, and not a “real” insurance mechanism, as the actors involved usually underline: payouts were mainly financed from a fund provided by development cooperation.<sup>128</sup>

The project insured the potato production of smallholders in the Altiplano, based on the measurement of area yields: the project determined so called Yapuchiris (Aymara term for experienced farmers) within the communities, whose plots served among other issues as control points for estimating yields within the larger area. If the yield of the determined plots fell below a certain threshold, insured peasants in the area received a payout. The scheme was widely considered as a success.

However, it remained small with around 200 insured families per year. Moreover, the scheme ran into financial problems, because the contributions on part of the farmers were very small. When the insurance premium was increased in 2010, fewer peasants opted for the insurance. This scheme can be considered as direct precursor of the first two microinsurance schemes that I explore below. This is also true in the institutional sense, because Profin has played a central role with regard to all agricultural microinsurance schemes that were introduced in Bolivia before the central state adopted this policy.

In 2009, the Risk Transfer Fund (Fondo de Transferencia de Riesgos/ FTR) for grape producers in the department of Tarija was inaugurated. It was first active in the municipality of Uriondo, where a major part of Tarija’s vineyards is located. For the project, the municipality partnered with Profin and a local NGO.<sup>129</sup> Payouts of the FRT are based on

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<sup>128</sup> I conducted interviews on this scheme with María Quispe, Prosuco, 13.5.2011, La Paz; and Martín Gonzalez, Profin, 14.4.2011. An overview over the project is also provided in a workshop paper of the SDC and the World Food Programme (2011).

<sup>129</sup> Information on the Profin schemes was provided by its representatives during my three field stays between 2011 and 2013, in formal as well as informal interviews (cf. annex for interview list).

individual assessments of harvest losses. This means that the Fund is based on a traditional harvest insurance model. The payouts are meant to match lost investments in order to enable peasants to return to production after major losses. This is one of the two schemes that I analyze with more detail below.

The other scheme, the VidaAgricola insurance, was designed as a scaled-up FTR: Profin intended it to cover the whole department of Tarija and as many crops as possible. In 2011, the year of its introduction, it was offered to maize and potato producers. The harvest insurance component was combined with life insurance for the insured person and another family member and goods' insurance. The harvest component of this bundled product was designed as area-yield index insurance: In order to find out if the insured are entitled to indemnity payments, in any given year the medium harvest is measured on a sample of fields within a geographical zone.

At the time of my research, Profin was also piloting other agricultural microinsurance products. At the end of 2011, it introduced the FTR for grape producers in the municipality of Camargo, also located in Tarija.<sup>130</sup> At the same time, it was planning to introduce a similar mechanism for peach producers, since peaches are the most valuable produce in the area. Moreover, it was piloting a microinsurance scheme for coffee producers in Bolivia's Yunga region.

From 2011 onwards, Bolivia's agricultural microinsurance landscape changed considerably, because the central government decided to create "Seguro Agrario Universal Pachamama", a universal agricultural insurance (Law 144 of 2011). With this decision, the government satisfied a constitutional requirement of Bolivia's new national constitution, adopted in 2009 (Article 406). While Seguro Pachamama is a policy of the central government, it is not a typical macro approach as outlined above: the government has chosen to not insure itself, but individual peasants against climate risks. These peasants were enrolled one by one in a comprehensive registration process at the community level. Since the target groups are directly insured, I consider the approach of the Bolivian government as microinsurance. Still, as I show below, the macro-level approaches of other governments that have opted for self-insurance have served as model cases for the Bolivian scheme. Transnational cooperation has not only been central with regard to the NGO initiated schemes, but with regard to the government policies as well. More details will be provided in the analysis below.

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<sup>130</sup> I attended the opening ceremony of the FTR on 21.10.2011 and conducted interviews with representatives of the so-called Mancomunidad de Cintis on the same day and the day before.

In 2010 and 2011, Profin also provided its advice to the national government regarding the national scheme. As one of Profin's representatives explained, at that time, the national government seemed open to their lessons learned:

It's one of the positive aspects of the new constitution, that it prioritizes the development of the productive sector of [our] country. They are focusing on this everywhere. So, we are in the middle of a work in progress. So regarding the legislation, all ideas are welcome (...). (Martín Gonzalez, Profin, 14.4.2011, La Paz)

Una de las buenas cosas que existe ahora a nivel de la nueva constitución política del estado, es precisamente que le dan mucha fuerza al desarrollo del sector productivo del país. En todo lado están enfocando a eso. Entonces estamos en pleno proceso de construcción. Entonces cuando hablamos de normativa, todas las ideas son bienvenidas (...).

However, as he also explained, insurance companies remained sceptical of creating products for small-scale agricultural producers.

## **5.6 Summary and Outlook**

On the last pages I have shown that microinsurance emerged as a concept at the end of the 1990s, when MFI and mutual insurance associations had started to experiment with new insurance formats. The expansion of the mechanism has been facilitated by technological innovations, but also by current development thinking that foregrounds the relationship between risk exposure and poverty. In connection with the SRM approach to social security, many microinsurance practitioners are convinced that markets can provide better social protection than public institutions. In contrast to them, other practitioners embrace a less ideological approach and consider microinsurance mainly as pragmatic solution to perceived social security gaps.

A look at the organizational models of microinsurance has shown that multi-stakeholder projects, in particular PPPs, are very common. State support has been more important to microinsurance proliferation, particularly with regard to agricultural microinsurance, than an ideology prioritizing the market would suggest. A look at the landscape of agricultural microinsurance shows that an important part of agricultural microinsurance schemes receives public subsidies, most often premium subsidies. Public support for the schemes has been comprehensive and durable.

Interestingly, the epistemic community (Haas 1992a) that has promoted microinsurance proliferation around the world perceives the relationship between its strong market ideology and actual state engagement in microinsurance as no contradiction. Part of the reason may be



that this epistemic community has established a strong mainstream debate about microinsurance which partly shields it from diverging perspectives. At the same time, many microinsurance practitioners and researchers generally advocate PPPs (Churchill and McCord 2012; Ramm 2011; Rohregger and Rompel 2010) and part of them also microinsurance subsidies if designed carefully (Solana 2015).

The distribution of agricultural and other microinsurance products around the world is very uneven. As was shown above, agricultural microinsurance is in no region of the developing world the most common microinsurance product, but the number of schemes and insured risks has strongly increased over the last decade. This expansion is related to the emergence of new organizational models, including the use of index-insurance models and the participation of market actors.

Agricultural microinsurance schemes in Bolivia, which are analyzed below, reflect two important trends identified in this chapter. Firstly, they have been introduced with the help of transnational policy actors that are part of the epistemic community described above. The Bolivian projects confirm the notion that microinsurance is a transnational public policy approach that is promoted by a group of practitioners and researchers that shares crucial aspects of an episteme (Haas 1992a). Secondly, Bolivian microinsurance schemes confirm that microinsurance can be organized in many different ways by many different actors. Local appropriation processes engender a variety of organizational forms, so microinsurance is by no means a pure market instrument. Rather, many microinsurance schemes are hybrids of public and private structures.

In Bolivia and elsewhere microinsurance creation fosters transformations of social security, but does not necessarily represent a mere move towards the market. This notion constitutes the point of departure for the following chapters. It hints to the challenge of providing a concise analysis of the practices of social protection that emerge as microinsurance is being introduced. The concept of neoliberalism will not suffice to describe the practices that emerge, the negotiation processes behind and the further reaching implications. With regard to a comprehensive analysis, the Bolivian microinsurance landscape is particularly interesting, because several models of agricultural microinsurance are emerging at the same time.

## 6. Change in Bolivia, change in Tarija: the scene for microinsurance creation

The preceding chapter shows that the spread of microinsurance has been linked to discourses that prioritize the market and free choice. In Bolivia, neoliberalism, understood as a political agenda that reduces the role of the state in the economic realm to a minimum, is strongly opposed by a major part of the population and the political elite (Laserna 2010; Postero 2010). This makes the study of microinsurance creation in Bolivia all the more interesting.

An important watershed in Bolivia's recent history was the election of 2005 that brought a victory for the leftist *Movimiento al Socialismo* (MAS) and made Evo Morales President. Since then, the fight about social, economic and political inclusion and the distribution of natural resource revenues has become even more pronounced. Identity politics are a constitutive element of current struggles in a country where 62% of the population are native speakers of an indigenous language (Postero 2010). As the empirical part below shows, the specific way in which agricultural microinsurance has been introduced in Bolivia can only be understood before the background of these larger scale conflicts.

Bolivia is an open, but small economy that is based primarily on the extraction and export of raw materials (CEPAL 2013a). Between 2000 and 2008, the value of mineral exports grew six times (to \$1.518 million), the value of the hydrocarbon exports even 22 times (to \$3460 million) (Monterrey Arce 2013). These resource riches were at stake in political and social fights at the time of my field research in Tarija and La Paz (2011-2013).<sup>131</sup>

Public spending doubled between 2000 and 2008 (Monterrey Arce 2013), and the positive trend continued until 2015 (CEPAL 2017a). Social spending grew accordingly, above all in the areas of health and education (Monterrey Arce 2013). This has helped to reduce poverty from 59.6% (2005) to 38.6% (2015) (Estado Plurinacional de Bolivia 2016). Still, poverty remains strongly concentrated in the countryside. In 2015, 55 per cent of the rural population were poor, as compared to 31 per cent of the urban population (ibid).

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<sup>131</sup> From the end of 2014 until the finalization of this research project (August 2017), the price of energy and mineral resources dropped dramatically (CEPAL 2017a). In 2015 and 2016, this trend together with the economic contraction in Brazil translated into falling fiscal revenues. Still, the Bolivian economy saw a growth rate of 4.3% in 2016, which was one of the highest rates of Latin America (ibid). The state was able to finance the fiscal deficit of that year (6.6%) from savings accumulated in the boom years. At the same time, it started to cut back on parts of public spending. It mainly cut back on current spending (10%), but not on investments in those sectors that are part of the governmental development plan: industrialization of the hydrocarbon sector, energy security, industrialization of lithium, food security. Agricultural insurance is part of the latter field (ibid). These trends (low energy prices, positive growth, growing public deficit) are expected to continue throughout 2017 (ibid).

During the first years after the election of 2005, the resource and revenue boom was accompanied by a new optimism regarding the future of the country among major parts of the population. One author calls this optimism the “Evo effect” (Canessa 2007). However, at the time of my field research (2011-13), this optimism had already given way to scepticism. Even convinced supporters of the MAS and Evo Morales felt that their high expectations had not been met.<sup>132</sup> Moreover, different organizations that originally supported the government had started to fight for political influence (see section 6.1 for details).

The following pages provide an introduction to the national context and regional specificities (Tarija) at the time of research. They point to some central political developments, including the adoption of a new Constitution in 2009, and to the situation in the countryside, where agricultural microinsurance is introduced. Rural and indigenous organizations play an important role in this context. In Tarija, where a major part of this research was developed, some rural organizations strongly supported microinsurance projects.<sup>133</sup>

### **6.1 Bolivia a decade into the MAS project**

Struggles about the distribution of power, notions of citizenship and pluralism and the distribution of natural resource revenues have been at the heart of recent political change in Bolivia (Canessa 2012; Gustafson 2009b; Postero 2010). This section hints at some key aspects of the political context that are relevant to the analysis of microinsurance introduction: central factors that led to the election of Evo Morales and the MAS in 2005 and the political project of these actors; some key aspects of the Constitution of 2009, which mentions the creation of agricultural insurance along with a number of new political, social and economic rights; and the system of public social protection in Bolivia. Finally, this section provides a short overview of the political and economic situation of the country at the time of my empirical research.

#### ***The election of 2005: central political forces and ideas***

In 2005, Evo Morales was elected President of Bolivia with more than 50% of the votes. His success became possible because a broad spectrum of indigenous and peasant organizations formed a *pact of unity* (pacto de unidad), which also found support among urban workers and

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<sup>132</sup> Interview with Elvio Diaz, FSUCCT, 7.6.2011.

<sup>133</sup> By no means does this introduction to the context provide a comprehensive overview of the different scholarly debates that Bolivia has ushered in the last years. The transformation of one of the poorest Latin American countries that has been trying to implement an alternative development model has met a lot of scholarly interest. However, these debates are not the focus of this research project.

middle classes (Gustafson 2009a; Kopp 2011). This unprecedented coalition between different social groups was the result of a profound discontent among large sectors of the population with the economic and social situation in the country and their diminished trust in traditional parties (Gustafson 2009a; Postero 2010; Schilling-Vacaflor 2010). Since then, the Morales government that these groups brought to power has put long-standing political, social and economic structures into question.

An important reference point of the political conflicts before and after the election of 2005 was the impact of earlier structural adjustment reforms. In the 1980s and 1990s, consecutive reformist governments cut social spending and privatized state firms, which resulted in massive job losses. The most drastic example of the impact of privatization policies in Bolivia is the mining sector, where around 60 000 workers lost their jobs (McNeish 2010).

In the 1980s and 1990s, a major part of the unemployed workers went to cities like El Alto and thus contributed to the further urbanization of the country (Postero 2010). Others joined the growing group of coca growers in the Eastern parts of Bolivia, in particular the Chapare region. Due to economic and other pressures, there has been a large migratory movement towards the East of the country (Bottazzi and Rist 2012). The new urban sectors as well as the coca growers have both become important political forces (Lazar 2008; Postero 2010).

In order to protest the approach of the reformist governments from 1985 onwards, new political movements emerged. After the revolution of 1952, miner unions and radical *campesino* unions had become the most influential social organizations of the country. However, the reforms from 1985 onwards quashed the influence of the miners (Postero 2010). In this context, groups in the countryside as well as in urban centres like El Alto increasingly organized as indigenous people (Canessa 2007; Kopp 2011; Lazar 2008; Postero 2010).

As a result, the national indigenous movement emerged, which strongly relied on identity politics. It was first led by groups from the eastern lowlands who wanted to protest migrants invading their lands. In 1990s, the Confederation of the Indigenous Peoples of the Bolivian East (Confederación de Pueblos Indígenas del Oriente Boliviano, CIDOB) drew nation-wide attention to its objective, which is to strengthen the rights of lowland indigenous peoples.<sup>134</sup> In

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<sup>134</sup> The current mission statement of CIDOB reads as follows: “to defend the rights of the indigenous people of the Bolivian lowlands through their representation before public and/ or private entities and the strengthening of their representative organizations, searching for their effective incorporation and participation in political, social, economic and cultural decisions of the country, in the realms of local, regional, national and international development.” (“Defender los derechos de los pueblos indígenas de las Tierras Bajas de Bolivia a través de la representación ante instancias públicas y/ o privadas y del fortalecimiento de sus organizaciones representativas,

1990, it organized the famous March for Territory and Dignity (Marcha por la Dignidad y el Territorio): around 800 people participated in the protest march from the low-lands to La Paz (de la Fuente Jeria 2010). The success of the indigenous movement was largely fuelled by international support as well as government policies that embraced state-led multiculturalism (Postero 2010).<sup>135</sup>

Ten years later, in 2000, Cochabamba's famous Water War was an impressive showcase of the force of new political organizations and the weaknesses of the existent political system. It was the starting point for more general protests at the national level. These protests were directed against the marginalization of large sectors of society, against widespread poverty, limited state support and corruption (Canessa 2007; Lazar 2008). The protestors also shared the notion that they suffered from historical injustices that had to be interpreted as direct consequences of Bolivia's colonial legacy (Canessa 2007).

However, it was only after the presidential elections of 2002 that a broad spectrum of social groups united under the umbrella of indigenous identity in order to change the political system in more profound ways (Postero 2010). In 2002, Gonzalo ("Goni") Sánchez de Lozada of the MNR<sup>136</sup> clearly won the presidential elections, Evo Morales came in second. Only one year later, the infamous "gas war" ended Sánchez de Lozada's second term as president: protestors all over the country took to the streets in order to object his project of exporting Bolivian gas via Chile. While the relationship with Chile is an emotional topic for many Bolivians, other concerns also accounted for the scope of the protests:

"The (...) 'Gas War' as it came to be known was supported by large sectors of the population, such as miners, urban groups, leftists, coca growers, peasants, and intellectuals for whom it became a proxy issue around which to protest the distance of government from the people, the loss of national sovereignty, and more generalized hostility towards the United States and global capitalism." (Canessa 2007: 153)

During the so-called Black October (*Octubre Negro*) of 2003, the army spurred even more furious protests by killing 60 unarmed protestors (ibid). President Sánchez de Lozada fled

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en la búsqueda de su efectiva incorporación y participación en decisiones políticas, sociales, económicas y culturales del País, en los ámbitos del desarrollo local, regional, nacional e internacional.") Source: <http://www.apcbolivia.org/org/cidob.aspx> (retrieved on 5.8.2017).

<sup>135</sup> Section 6.2 (below) provides some details about rural and indigenous organizations and their emergence.

<sup>136</sup> The MNR is one of Bolivia's eldest parties, but now it has lost much of its influence. Under the leadership of Víctor Paz Estenssoro y Hernán Siles Zuazo, the MNR played a central role in the Bolivian revolution of 1952. In the 1980s it turned to a reformist centre-right position and supported liberal reforms and structural adjustment in Bolivia.

from the country and was replaced by Vice-President Carlos Mesa. Mesa initiated far-reaching reforms, including a constitutional reform and a referendum on the gas sector. Still, in 2005 fervent demonstrations forced him to renounce from office.

As new elections were scheduled, the already mentioned *Pact of Unity* between indigenous and peasant organizations became a crucial force behind Morales' campaign (Kopp 2011). Indigenous pride was an important motive of Morales' campaign, and he found strong support among the indigenous population (Canessa 2007). At the same time, the support that urban workers and middle classes provided to the MAS was also crucial to its success.

The Pact of Unity and allied urban groups shared two central political projects, which are also known as the October Agenda (*agenda de octubre*): the nationalization of the gas sector, i.e. Bolivia's resource assets, and a new constitution (de la Fuente Jeria 2010; Gustafson 2009a). The use of the gas revenues had been a controversial issue since the discovery of large gas camps at the end of the 1990s in the Eastern parts of the country. Conservative and progressive political forces had fought for years about the modalities of resource extraction and the distribution of the revenues (ibid).

The conflicting propositions with regard to resource distribution were linked to specific notions of power, sovereignty, citizenship, resource control and space among others (Gustafson 2009a). The conservative forces that had their strongholds in the Eastern departments of the country (Beni, Pando, Santa Cruz, Tarija) called for stronger autonomies of their departments from the central government. They lobbied for political autonomies as well as a major share of the gas revenues stemming from resource extraction in their territories.

In contrast, the MAS and their supporters rallied for the notion of a plurinational state that would end long-standing exclusions and reduce political, economic and social inequalities (Postero 2010). They proposed "a new revolution" (Canessa 2007) that would complete the Bolivian revolution of 1952. The revolution of 1952 had brought universal suffrage and land and education reforms. Profound as these changes were, they left several conflicts unresolved, including the one about political participation: the indigenous population remained largely excluded from political power, as urban *mestizos* moved into the politics of the country (Bottazzi and Rist 2012; Canessa 2007).

Hence, the MAS promoted redistribution rather than the notion of new autonomies for the lowlands. In their 2005 presidential campaign, Morales and the MAS highlighted three general objectives (Postero 2010). The first one was a state reform that would make the state

more participatory and give a new role to political movements. The second proposal was the reversal of all “neoliberal” tendencies, which were singled out as main cause of the difficult economic situation of the country. To this end, the state was expected to adopt a protagonist role in the economic realm and to undertake a national industrialization project based on resource extraction. Finally, Morales lobbied for the notion of national dignity, above all an end to US imperialism (ibid).<sup>137</sup>

***The Bolivian Constitution of 2009: agricultural insurance as new right and political autonomies as principle of state reorganization***

After the election of 2005, the MAS proceeded quickly to the implementation of two political reforms that had dominated the campaign: the nationalization of the gas sector, which included the creation of a tax on gas revenues (Impuesto Directo a los Hidrocarburos, IDH),<sup>138</sup> and the adoption of a new Constitution. The new Constitution has been crucial to the introduction of agricultural microinsurance in Bolivia: it identifies this instrument explicitly as duty of the state. Hence, the new Constitution of 2009 deserve some more attention.

The main parameters of the agenda of the Constituent Assembly (Asamblea Constituyente) convened in 2006 were set by the large protests that had paved the way for the election of Evo Morales (de la Fuente Jeria 2010; Schilling-Vacaflor 2011): the two indigenous marches from the lowlands in 1990 and 2002 had called for the recognition of indigenous cultural and political identities; in contrast, the urban protests in Cochabamba (2000) and La Paz (2003) had pressed for a new economic model and an “anti-neoliberal” state that would implement socialist ideas.

The meetings of the Constituent Assembly, which captured the attention of the whole nation, were often turbulent and at times accompanied by violence (de la Fuente Jeria 2010; Schilling-Vacaflor 2011).<sup>139</sup> It took the Assembly seven months to agree on its general rules

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<sup>137</sup> This program largely mirrors the priorities of different political groups within the MAS. Laserna (2010) and Postero (2010) highlight three tendencies within the party. The first one is the *indigenista* tendency according to which the main task of the government is the decolonization of Bolivia and the implementation of indigenous rights. The second tendency foregrounds economic issues and advocates a protagonist role for the state in this area in order to overcome “neoliberalism”. The third tendency, which has been led by the President himself, foregrounds the transformation of Bolivian politics through an overturn of the old elite and an institutionalization of popular-sector social movements.

<sup>138</sup> See also the next section, which deals with state-organized social security.

<sup>139</sup> They were marked by confrontations between the MAS and the opposition under the leadership of PODEMOS, and between different factions of MAS supporters (de la Fuente Jeria 2010; Gamboa Rocabado 2009). Many participants and observers were also concerned about the strong influence of political parties and of the President’s office on the process (de la Fuente Jeria 2010; Postero 2010; Schilling-Vacaflor 2011).

(Reglamento General), and it fought hard about the future location of Bolivia's seat of government, among other issues (de la Fuente Jeria 2010).

Still, in the end the new Constitution was adopted in a general referendum on 25 January 2009. The prominent role that it gives to indigenous visions and the notion of a pluralist state have certainly received most attention among scholars (Canessa 2012; Gamboa Rocabado 2009; Gustafson 2009a; Schilling-Vacaflor 2011). According to the first Article, Bolivia is a plurinational state with political pluralism,<sup>140</sup> and the following articles guarantee a number of related rights.

Article 11 of the Constitution characterizes Bolivian democracy as direct and participatory, representative and communal. The participatory approach is institutionalized through several elements of direct democracy, including referenda, legislative initiatives, recall referenda and previous consultations (Schilling-Vacaflor 2011). The communitarian aspect is translated into indigenous-campesino autonomies (Art. 289-296, 304) and self-governed indigenous-campesino territories (*Territorio Indígena Originario Campesino/ TIOC*) (ibid).

The Bolivian Constitution does not only give a privileged position to indigenous citizens, but indigenous culture is now also the moral foundation of the Bolivian nation-state (Canessa 2012). According to its Article 8, the State strives for the realization of the good life (*vivir bien*) upholding moral values like unity, inclusion and solidarity. The concept of *buen vivir*, which harkens back to elements of different indigenous cosmo-visions, highlights communitarian values and is set against notions of capitalist growth (Estado Plurinacional de Bolivia 2010a).<sup>141</sup> It is also proposed as an approach to counter environmental destruction and climate change.

The concept of *buen vivir* epitomizes the attempt of Morales and his administration to foster a new national culture, which is based on indigenous ideas, but does not match any particular indigenous culture (Canessa 2012). Several authors have highlighted the critical questions that follow from this approach (Canessa 2012; Schilling-Vacaflor 2011; Varnoux Garay 2009): Who is indigenous; is the indigenous population a minority or a majority in Bolivia and what

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<sup>140</sup> "Bolivia is constituted as a Unitary Social State of Pluri-National Communitarian Law that is free, independent, sovereign, democratic, inter-cultural, decentralized and with autonomies. Bolivia is founded on plurality and on political, economic, juridical, cultural and linguistic pluralism in the integration process of the country."

<sup>141</sup> Over the last years, the meaning of the concept of *buen vivir* has been subject to many discussions, since it is not very clearly defined (Canessa 2012; Schilling-Vacaflor 2011).



kind of protection does it need; which differences exist between different indigenous groups; and do the new Constitutional provisions create new exclusions?

Of particular interest for this research are the economic, social, and cultural rights and the specific rights for underprivileged groups that the Constitution creates in relation to the notion of *buen vivir* (cf. Schilling-Vacaflor 2011). As I will show below (chapter 7), agricultural producers now perceive agricultural insurance as a personal entitlement guaranteed by the Constitution.

Agricultural insurance is introduced by Article 407 Nr. 4 of the Constitution, which stipulates that “[t]he law shall provide for the creation of agricultural insurance” in order to “protect agricultural and agro-industrial production from natural disasters and inclement climate, and geological catastrophes”.

This Article forms part of the section (Articles 405-409) of the Constitution that lays out the State’s objectives and duties with regard to agricultural production. According to Article 405, the State strives for “comprehensive sustainable rural development” giving specific emphasis to food security and sovereignty.<sup>142</sup> Among the instruments that the Constitution highlights in this regard are the promotion of rural organizations, the provision of education programs and technical assistance and the promotion of irrigation systems (Article 407). While some of these measures might be favourable for all producers, the Constitution makes it clear that with regard to agricultural production the State is to pay specific attention to small and medium producers and to native indigenous communities (Articles 405, 408).

In the years before the adoption of the Constitution, agricultural insurance had been a topic of the political debate at several levels. Peasant federations had made the mechanism part of their demands towards the state. In Tarija, federations discussed the mechanism as early as 2002 or 2003,<sup>143</sup> and the idea gained new prominence in 2007, when the FSUCCT started to demand more vocally that peasants receive their share of the hydrocarbon revenues (compare chapter 6.3). Agricultural insurance became also part of the national Plan for Rural Development as early as 2007/08.<sup>144</sup> When the new Constitution was discussed, representatives of the federation and members of the constituent assembly linked to the rural

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<sup>142</sup> For details about the central notions of food security and sovereignty see the second part of this chapter.

<sup>143</sup> Interview with Johnny Gareca, FSUCCT, 31.10.2011.

<sup>144</sup> Interview with Erik Murillo, Director, INSA, 5.2.2013.

sector demanded that the idea become part of the document.<sup>145</sup> The question why this measure is so attractive from the perspective of producers and policy makers is taken up below (chapters 7, 10).

Another aspect of the new Constitution that is of particular relevance for the subject at hand is the introduction of political autonomies at various state levels. At the time of research, state actors in Bolivia faced a situation in which their competencies were being renegotiated at all state levels and were often not clearly defined. As the empirical chapters below show, this situation had some direct impact on their approach to microinsurance creation.

According to Article 269 of the Constitution, “Bolivia is organized territorially into departments, provinces, municipalities and rural native indigenous territories”. Furthermore, the constitution provides for autonomies at various state levels (Article 271). The autonomous territorial entities are to develop their own Constitutions, which have to be adopted by two thirds of the members of their legislative organs (Article 275). In 2010, the Autonomy and Decentralization Law (Ley Marco de Autonomías y Descentralización) defined more clearly autonomies at the departmental, provincial, municipal and regional levels (Otter and Cortéz 2010).

The implementation process of the autonomies has been accompanied by many controversies. For example, the indigenous autonomies have been criticized as asymmetric rights, because indigenous nations and people (“*pueblos indígena originario campesinos*”) can determine their representatives in accordance with their traditions (“*usos y costumbres*”), whereas members of the departmental parliaments are elected in general elections (Varnoux Garay 2009). It has also been asked if autonomous indigenous organs will strengthen or rather cushion the voice of women and of minorities (Schilling-Vacaflor 2011). Beyond this, doubts have been expressed as to whether the so-called autonomies really deserve that name, because the central government retains a considerable degree of control over the autonomous spaces at various state levels (Varnoux Garay 2009).

In practical terms, there has been a lot of uncertainty with regard to the competencies of various state actors and with regard to the distribution of financial resources (Otter and Cortéz 2010). At the time of research, actors at the departmental and the municipal levels were for

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<sup>145</sup> Victor Hugo Vásquez who later became Vice Minister for Rura Development and Luis Alfaro seem to have lent particular support for the idea. (Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013; and Johnny Gareca, FSUCCT, 31.10.2011.)

example not always certain if they were allowed to implement a proposed project. This was of some importance when it came to the implementation of agricultural insurance in Tarija.

The introduction of political autonomies is also important with regard to the Bolivian political context in general. In the way it was introduced by the Constitution, it further consolidated the power of the Morales government. The autonomy proposal had been a long-standing agenda of the opposition in the Eastern departments of the so called *media luna* (Beni, Pando, Santa Cruz, Tarija), which they had pursued with particular emphasis since 2004. In 2008, these departments decided to hold *cabildos autonómicos*, general referenda on a proposed autonomy statute (Varnoux Garay 2009). The *cabildos* confirmed the autonomy proposal in all four departments. Evo Morales reacted to this strategy of the *media luna* by implementing a so-called *referendum revocatorio* at the national level, in which the constituents could decide if to confirm him, the vice-president and the prefects of all departments in office. The referendum in August 2008 brought no clear victory for any side. However, when the autonomies became part of the new Constitution, the MAS was able to coopt the opposition agenda and to put its own stamp on it (Varnoux Garay 2009).

To sum up, the new Constitution mentions the creation of agricultural insurance by the state along with a number of other new social, political and economic rights. Moreover, the process of ongoing state reform defined the political milieu at the time of research in Bolivia. The redistribution of political and administrative competencies in the context of decentralization plays a role in the process of insurance introduction analyzed below.

### ***The state's approach to social security: the central reforms since the 1990s***

In order to provide some more specific background for the case studies, this section now turns to Bolivia's public social security system at the time of field work. After all, microinsurance relates to other forms of social protection, be they formal or informal (Benda-Beckman, et al. 1988; Steinwachs 2006).

The social security system as it exists today is the product of very high levels of labour informality and several waves of social security reforms since the 1990s. Direct cash transfers and free of charge services constitute central elements of state-organized social security in Bolivia (Medinaceli and Mokrani 2010; Monterrey Arce 2013). In addition to several unconditional and conditional cash transfer programs, health care for the elderly as well as for mothers and children is free of charge. Using tax revenues stemming from the resource boom, the government of Evo Morales expanded these programs after 2005 (ibid).

As levels of labour informality have always been high in the country, contribution-based social security schemes are very weakly developed in Bolivia. Informality has been constantly very high, concerning up to 80% of the labour force in the last decade (ILO 2016; Worldbank 2008). This means that Bolivia has one of the highest levels of informality of all Latin American countries (ibid). In addition, even many workers in the formal economy are not covered by social security, because their employers do not pay the required contributions (Monterrey Arce 2013). In 2011, only around 32% of the Bolivian workforce had for example a pension account and less than 50% had a health insurance (CEPAL 2013b).

Given the resource boom in the country and the government agenda, social spending has been on the rise in the last years (CEPAL 2017a; UNRISD 2010a). As mentioned above, the MAS government quickly proceeded to the so-called nationalization of the gas sector after its election victory. In 2005, it created the IDH (Impuesto Directo a los Hidrocarburos), a direct tax of 32% on hydrocarbon production (Law No 3058 of 2005). The objective of the tax is the redistribution of mineral rents to groups in need, including indigenous people and rural communities (UNRISD 2010a). Hence, the resources are invested in education and health, in infrastructure and productive projects (ibid). Part of the revenues is spent as part of the national budget, another part at the departmental level.

While the IDH has opened new room for manoeuvre, Bolivia's current social security system has largely been formed earlier. Social security reforms starting in the 1990s are of particular importance in that regard (Monterrey Arce 2013). In the 1990s, policy makers not only in Bolivia, but all over Latin America started to pay renewed attention to social policies. This new interest was related to the emergence of the so-called New Social Policy (NSP) approach developed by UN institutions. The NSP replaced the strict orientation towards market-based policies that dominated many social security debates in the 1970s and 1980s, which some authors consider as "market fundamentalism" (Molyneux 2007).

Bolivian social security policies since the 1990s have reflected central ideas of the NSP approach: the privatization and diversification of service providers, and an overall larger role of the market in social security; participation and empowerment as central pillars of development; targeted support for the most disadvantaged; and some form of co-responsibility of those who receive support (Molyneux 2007). As Molyneux (ibid) has remarked, this does not mean that the state has simply retrieved, but that in most Latin American countries it has developed a new relationship with its citizens.

Bolivian social security reforms since the 1990s have seen three phases (Monterrey Arce 2013). During the first phase between 1991 and 2001, the Bolivian government prioritized very comprehensive restructurings, including the privatization of state-owned firms, the decentralization of central state competencies, pension reforms, and attempts to improve the access to basic services (Monterrey Arce 2013; Wanderley 2009).

In 1991, at the beginning of this phase, the Fondo de Inversión Social (FIS), was created, which aimed at the improvement of basic services in the areas of health, education, water and sanitation (ibid). As far as pensions are concerned, in 1996 an account system based on individual capitalization was introduced (Müller 2003). In addition, a universal pension scheme was created: the Bonosol provided a universal transfer of Bs. 1300 per year for everyone older than 65. This pension scheme was financed using the interests generated from privatized enterprises (Medinaceli and Mokrani 2010; Müller 2003; Müller 2009). In 1996, also a first non-contributory health insurance scheme for mothers and children was introduced (Seguro Nacional de Maternidad y Niñez) (Monterrey Arce 2013; Wanderley 2009).

The 1990s are a very contradictory period from the social security perspective: privatization policies generated social ruptures, and formal employment as well as formal social security nets shrank (Wanderley 2009). Still, poverty fell steadily during that decade, from 70.9% in 1992 to 58.6% in 2001 (ibid).

Between 2002 and 2004, during the second phase of recent social policy reforms in Bolivia, poverty reduction was the main focus of social policy (Monterrey Arce 2013). In 2004, the Social Protection Network RPS (Red de Protección Social) was created. It comprised the Seguro Universal Materno Infantil (SUMI), a re-designed non-contributory health insurance scheme for mothers and children (Holst 2005; Monterrey Arce 2013), along with employment and social infrastructure schemes.

***Social insurance, free of charge insurance and conditional cash transfers (CCTs): current pillars of public social security***

Since 2005, a rising social security budget and several new cash transfer programs (*bonos*) have characterized social policy in Bolivia (Medinaceli and Mokrani 2010; Monterrey Arce 2013). The IDH (Impuesto Directo a los Hidrocarburos), the main source of growing social transfers, summed up to \$949 million in 2008 (Monterrey Arce 2013). The revenues from this source increased until 2014, reaching a total of \$2.242 million in that year (Revollo Pizarroso

2017).<sup>146</sup> In 2006, the government created the Bono Juancito Pinto, a conditional cash transfer (CCT) programme that rewards school attendance. Another CCT called Bono Juana Azurduy provides incentives for the usage of maternity and child healthcare (Monterrey Arce 2013). Moreover, in 2008, the universal pension scheme (Bonosol) was expanded under the name of Renta Dignidad. Other recent programmes include an employment scheme for young people (Mi Primer Empleo Digno) (ibid). Today, Bolivia's social security system, in so far as it is regulated by the state, has the following main elements.

Existing social insurance schemes mainly cover the formal workforce that pays regular contributions and its dependants. Around 15% of the Bolivian workforce had a formal social insurance in 2007 (Monterrey Arce 2013). These employees have a comprehensive insurance package covering contingencies in the areas of health, disability and life. The private pension system created in 1996 still exists: contributions are paid to individual accounts that are administered by private pension funds (Administradoras de Fondos de Pensiones, AFP) (Müller 2003; Müller 2009).

*Renta Dignidad* has several characteristics that set it apart from the universal pension scheme Bonosol that existed before 2008<sup>147</sup> (Medinaceli and Mokrani 2010; Müller 2009). Today, everyone above age 60 is eligible for the pension, and there is no restriction with regard to the year of birth. The annual benefit was raised to 2400 Bs. (around \$314) in 2008 (ibid).<sup>148</sup> Also, a differentiation between different groups of recipients has been introduced: Recipients who also receive a contributory old-age pension receive only 75% of Renta Dignidad (ibid). Renta Dignidad is financed with taxes stemming from the IDH and had 676,000 claimants at the end of 2008 (UNRISD 2010a).

At the time of field research and until 2014, the *Seguro Universal Materno Infantil* (SUMI), the Universal Mother Child Insurance, covered 547 services in the areas of birth control, childbirth and child care (Holst 2005; Monterrey Arce 2013). The services were provided by a range of institutions, including public health centres and NGOs, to all mothers and children who registered themselves. The Ministry of Health (Ministerio de Salud y Deportes) regulated and controlled the scheme, but the municipal governments were responsible for the financial management (ibid). Similar schemes have existed in Bolivia since 1996 (Holst 2005).

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<sup>146</sup> In 2017, it was expected to generate revenues in the order of \$ 823 millions (Revollo Pizarroso 2017).

<sup>147</sup> The renaming of the scheme was mainly a symbolic act: the Bonosol had been introduced by the Sánchez de Lozada government, which was opposed by the MAS and its followers (Müller 2009).

<sup>148</sup> In 2017, it was increased to 300 Bs. per month. (Siete 2017)

A similar free of charge health insurance for the elderly, called *SSPAM (Seguro de Salud para el Adulto Mayor)*, had been introduced in 2006. It covered ambulatory care, diagnostic services, hospital care and dental care among other services for everyone above age 60 (Monterrey Arce 2013). Like the SUMI, the SSPAM is administered at the municipal level.

In 2014, the national government replaced both SUMI and SSPAM with an integrated scheme called *Servicio Integral de Salud* (Perez 2017). This new scheme provides free of cost services to old aged persons, pregnant women, children and youths, and disabled individuals.

The *Bono Juancito Pinto* was the first conditional cash transfer programme to be introduced in Bolivia. Conditional cash transfer programmes constitute an important element of the New Social Policy (NSP) approach mentioned above (Molyneux 2007). The then newly elected Bolivian government created the Bono Juancito Pinto in 2006 in order to provide incentives for school attendance in the first five school grades (Marco Navarro 2012; Medinaceli and Mokrani 2010; Monterrey Arce 2013). If children attend at least 80% of the classes, their parents receive the annual cash transfer. At the time of field research, the amount of the transfer was Bs. 200 (around \$25) (ibid). Since 2008, the programme has been gradually extended to include additional school grades (ibid). This *bono* is fully financed from the IDH.

Another bono, the *Bono Madre Niño-Niña Juana Azurduy de Padilla*, incentivizes the usage of the public health services that are free of cost for children and pregnant women (Monterrey Arce 2013). Its main objective is the reduction of maternity and infant mortality rates in Bolivia. Four preventive medical checkups, childbirth in a medical institution and 12 medical checkups for children are rewarded with 1820 Bs (around \$260). This *bono* is mainly financed from the IDH, but it also receives international financial support.

Evaluations of the Bolivian public social security programs show mixed results with regard to their overall impact and the distribution of the benefits (Medinaceli and Mokrani 2010; Monterrey Arce 2013). Both the SPAM and the SUMI have helped to extend health insurance coverage, but in 2011 56% of the employed workforce did still not have any health insurance (CEPAL 2013b). This means that a majority of the population has difficulties to afford for comprehensive health care.

*Renta Dignidad* is often considered as a model case for a rights based approach to social security (UNRISD 2010a). Still, that has not fully resolved the problem of old-age poverty in Bolivia. Many elderly people are still not reached by the transfers. At the time of field research, only two-thirds of the entitled population actually received the transfer (Monterrey Arce 2013). In 2014 a coverage rate of as much as 91% was attained (Durán Valverde and

Barbero 2015). A major drawback of the scheme is that the payout is not high enough to cover living expenses (Monterrey Arce 2013). This is mirrored by the fact that around 50% of those aged 65 or older are still working (ibid).<sup>149</sup>

At a different level, *Renta Dignidad* and other *bonos* are very controversial, because they are mainly financed with revenues stemming from gas production. The high volatility of the gas prices means that the financial basis for the transfers is fragile (Medinaceli and Mokrani 2010). It is unclear how the transfer programs could be upheld if gas prices further drop drastically.

At the same time, there is a lot of competition for and political conflict about the distribution of the mineral rents (Bebbington and Bebbington 2010; Medinaceli and Mokrani 2010; UNRISD 2010a). It is highly contentious if the revenues should be used for social transfers or for alternative projects, above all for a diversification of the productive capacities of the country (Medinaceli and Mokrani 2010). This public dispute is underpinned by partly diverging visions of development: does Bolivia need better social security or different productive structures in order to break the vicious circle of poverty? Also, distribution conflicts between the provinces and departments where extraction takes place and the rest of the country have emerged (Varnoux Garay 2009).<sup>150</sup>

Within the Latin American region, Bolivia remains one of the countries with the weakest formal social security systems. Martínez Franzoni finds that the country embodies the worst case scenario in her typology of Latin American welfare regimes: “unable to succeed in commodifying labor, while social protection and the formation of human capital are minimally decommodified.” (Martínez Franzoni 2008: 87) Some of the richer Bolivian departments have created additional programmes. Tarija, for example, has introduced a public

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<sup>149</sup> The distribution of the benefits of the cash transfer programs is one of their strengths. Surveys realized in 2006 and 2007 show that the *Bono Juancito Pinto* and the *Renta Dignidad* are both progressive: poor population groups benefit most from these programs (Medinaceli and Mokrani 2010; Monterrey Arce 2013). In the case of *Renta Dignidad*, the poorest ten per cent of the population received 16% of the benefits in 2006 (Medinaceli and Mokrani 2010). The benefits of the *Bono Madre Niño-Niña Juana Azurduy de Padilla* are equally distributed between the deciles (Monterrey Arce 2013).

<sup>150</sup> Moreover, the gas boom is reproducing some old and producing some new inequalities. For example, the way gas extraction in the Chaco developed was at odds with the notions of territory among local Weenhayek people (Bebbington and Bebbington 2010). Their case made the tensions between local costs and the advantages at the national level visible (ibid).



health insurance scheme<sup>151</sup> that covers all citizens free of cost. Still, this remains the exception.

Given that public social security remains patchy, other forms of social security are all the more important in Bolivia. NGOs and churches play an important role in this regard, but family networks and other private relationships as well (chapter 7 provides more details). Microinsurance first emerged in these realms beyond the state. It was originally introduced by private microfinance institutions in a context where the state has prioritized targeted schemes and transfers, so called *bonos*. Moreover, this context was marked by rising resource revenues from the IDH and high expectations with regard to the capacities of the state.

### ***Outlook: The political crossroads at the time of field research***

This introduction into the Bolivian context has so far highlighted some of the hotly debated political topics at the time of empirical research, which provided the context of microinsurance introduction: the implementation of the new Constitution, including the introduction of new rights and political autonomies; and the distribution of the rising gas revenues, in particular their use for non-contributory social security (*bonos*).

The political project and the governance of the consecutive MAS governments have been equally controversial. For example, critics have shown that the current development model may prove little sustainable, because in practice it prioritizes resource extraction; national industries that provide employment have seen little development (Wanderley 2009). Other authors have highlighted the centralist tendencies of the Morales administration and the strong consolidation of power in the hands of a single party (Schilling-Vacaflor 2011).<sup>152</sup> Also, many hopes of the electorate have not materialized. For example, parts of the rural population had lobbied for a comprehensive land reform, which had not taken place at the time of field research (Bottazzi and Rist 2012). This topic is of some relevance below.

At the same time, economic and development indicators were positive at the time of field research (2011-2013). Growth had been around 5 per cent since 2006 (Monterrey Arce 2013). Thanks to rising hydrocarbon exports, the government had not only been able to largely

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<sup>151</sup> The SUSAT, the so called Seguro Universal de Salud Autónomo de Tarija (Universal Autonomous Health Insurance of Tarija), was created in 2007. Since then, all basic health services have been free of cost in the department. In 2015, the scheme ran into financial difficulties, and it was unclear if it was to be continued (Hospitales en Bolivia: Tarija - Déficit económico pone en peligro permanencia del SUSAT, 2.7.2015, <http://hospitalesbolivia.blogspot.de/2015/07/tarija-deficit-economico-pone-en.html>, retrieved 13.9.2015).

<sup>152</sup> The election of 2014, which resulted in another presidential term for Morales, seems to confirm this assessment.

reduce public debt (CEPAL 2013a), but also to expand public spending (Monterrey Arce 2013). Consequently, since the turn of the century, the fight against poverty and inequality had progressed. The poverty rate fell from 63.9 per cent in 2004 to 42.4 per cent in 2009 (CEPAL 2013b).<sup>153</sup> The GINI coefficient fell 4 per cent per year between 2008 and 2012, partly due to growth and partly due to redistribution (ibid). In 2011 it was 0.472, as compared to 0.614 in 2002 (ibid).<sup>154</sup> However, between 2012 and 2015, inequality again slightly grew in Bolivia (CEPAL 2017b).

In this context, new political division lines have developed. The rural organizations that brought Evo Morales to power by participating in the Pact of Unity (*Pacto de Unidad*) confronted each other at the time of research. In the lowlands, one of the essential fault lines ran between the indigenous groups and settlers, which have vital interests in gaining ever more access to land and natural resources. These groups fought over the implementation of a new land reform, which was initiated in 2006.

In 2011, the attention of the whole country was drawn to the conflict, when the indigenous organizations CIDOB (Confederación de Pueblos Indígenas del Oriente Boliviano) and CONAMAQ (Consejo Nacional de Ayullus y Markas de Qullasuyu)<sup>155</sup> forcefully opposed the construction of a highway through the Isiboro-Sécure Indigenous Territory and National Park, known as TIPNIS. They feared that the highway would allow settlers to invade more lands in the National Park. As the conflict escalated, CIDOB and CONAMAQ withdrew from the Pact of Unity (*Pacto de Unidad*).

While the objective of land reform had first motivated peasant and indigenous organizations to unite, the implementation of the project later divided them. This has had important repercussions at the national political level: at the time of research, power struggles between the national government, indigenous organizations and peasant organizations put considerable pressure on the national government (Bottazzi and Rist 2012).

## **6.2 A closer look at the research context: Bolivia's countryside**

Rural organizations are among the central political forces in Bolivia. This is in line with the significance of this sector for society: In 2011, 30% of the labour force engaged in agriculture

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<sup>153</sup> 34.7 per cent of the population were considered as indigent in 2004, 22.4 per cent in 2009.

<sup>154</sup> However, high inflation rates were a major concern at the time of research that partly offset high growth rates (CEPAL 2013a).

<sup>155</sup> The next part of this introduction to the Bolivian context provides more details on rural organizations in Bolivia.

production, while this sector accounted only for 12% of the country's GDP (CEPAL 2013b). Rural realities are very diverse in a vast country stretching from the Altiplano to the lowlands. This section looks at some central features of agricultural production in Bolivia and at rural organizations and their programmes.

### ***Traditional production and agroindustries: some central features of agricultural production in Bolivia***

With a view to microinsurance, some features of Bolivia's agricultural sector are of particular importance: the social inequalities<sup>156</sup> that mark the countryside, including the unequal distribution of lands, and the high incidence of poverty among small producers. Most producers still engage in a production model that can be defined as traditional (CEPAL, et al. 2012). The historical background of this situation is the feudal history of the country and the agricultural reform following the National Revolution of 1952.

While agricultural production differs largely between the ecozones of the country,<sup>157</sup> overall production in Bolivia has increased over the last decades (MDDRyT 2010). In terms of hectares covered, oil and industrial plants, mainly sunflower and soya, have become the most important crops. They are followed by cereals. Potatoes, the traditional produce of the highlands, also continue to play an important role (ibid).

Very generally speaking, three different producer groups with unlike models of production and different degrees of inclusion into the market account for this production (Paz Ballivián 2009): The major part of Bolivian peasants are small and very small producers who mostly adhere to a rather traditional agricultural model. This group produces partly for the market and partly for self-consumption. An estimated 550 000 families engage in this mixed model (ibid). A second group are large-scale agroindustrial producers that sell all their produce to the market. They have become an important economic factor in the eastern lowlands. A third

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<sup>156</sup> Social inequality is “the distance between the positions of individuals or groups in the hierarchy of possession of socially-relevant goods (income, wealth, etc.) and power resources (rights, political participation, political office, etc.)” (Braig, et al. 2016: 2) Inequality is often multi-dimensional, as it has socioeconomic and power-political dimensions as well as cultural and socio-ecological dimensions, and is also formed by ethnic or gender-specific ascriptions (ibid).

<sup>157</sup> The Andes and Altiplano region in the West of the country is marked by a desert-polar climate. In contrast, the adjacent valleys and Yungas regions are warmer and much more humid. In the Amazonas region and the lowlands in the East of the country, a humid tropical climate predominates. The Chaco in Bolivia's South-eastern part is more arid. In contrast to usual perceptions, 70% of the national territory belongs to the lowlands (Paz Ballivián 2009).

group is made up by the indigenous communities in the lowlands. These 45 000 families mainly engage in subsistence agriculture (Paz Ballivián 2009).<sup>158</sup>

The social inequalities between and within these groups are stark. Generally speaking, poverty is highly concentrated in the countryside, although it has steadily fallen since the beginning of the century: in 2009, 62 per cent of Bolivia's rural population was poor, 43 per cent was considered as indigent (CEPAL 2013b). In 2015, 55% of the rural population was poor, and 33% was indigent as compared to 31% and 9.3% respectively in urban centres (Estado Plurinacional de Bolivia 2016). Poverty is highest among the indigenous population in the countryside (CEPAL, et al. 2012).

Unequal land tenure is a key factor behind these statistics (Achtenberg 2013; Estado Plurinacional de Bolivia 2015; Paz Ballivián 2009). Inequalities have a very long history in the countryside and continue to exist in spite of several land reforms. The first comprehensive land reform of 1953 was a result of the National Revolution of 1952. Prior to this, around 800 feudal *haciendas* were the central institution of agricultural production. Their labour force was made up of so-called *colonos*, who worked in exchange for *usufructo* rights. Alongside, there existed 3800 *comunidades originarias*, indigenous communities who had shared community properties and private lands (Paz Ballivián 2009).

Through the land reform of 1953 large land owners were expropriated, and the lands were redistributed to the *colonos*. The reform was mainly implemented in the highlands and the valley regions of Bolivia. In contrast, the lowlands in the East of the country, which were very sparsely populated at that time, were largely exempt from the expropriations (Healey 2009). In that part of Bolivia, including Tarija, feudal models of labour organization continued to exist for a long time.<sup>159</sup>

At the same time, since the 1950s Bolivia saw an intensification of the so-called *marcha al oriente*, a centrally organized migratory movement from the highlands to the lowlands. In 1965, the National Institute for Colonization (Instituto Nacional de Colonización, INC) was

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<sup>158</sup> This is a very general differentiation between Bolivia's producer groups, which only partly reflects the complex and multi-layered differences that can be found between producers. In the analysis of microinsurance creation in Tarija, I come back to this issue.

<sup>159</sup> In the department of Tarija, the Guaraní have for a long time suffered from this kind of exploitation. Today, many people recall that even in the 1980s it was normal for Guaranís to live in bondage-like arrangements (own interviews Rubén Cuba, Cerdeña, 28.6.2011; Emiliano Tarraga, Sedag Entre Ríos, 28.6.2011; interviews with community members of Timboy in Entre Ríos, which has an important guaraní minority.)

created in order to steer the process (Bottazzi and Rist 2012). It gave land to around 50 000 peasants from the Andes and to white farmers.

The land reform of 1953 came to an end in the 1980s, but the remaining inequalities ushered continued discontent among the rural population.<sup>160</sup> According to the last agricultural census of 2013, the 20 most privileged percent of the rural land owners hold 93.5% of the land, while the first quintile has only access to 0.1% of the land (Estado Plurinacional de Bolivia 2015). These so-called *minifundistas* are mainly concentrated in the Altiplano and Valle regions.

More recent reform laws, which were adopted in 1996 and 2006, mainly introduced land titling schemes (CEPAL, et al. 2012; Paz Ballivián 2009). Between 1996 and 2013, around 157 million acres of land were titled, around 85% of them under the Morales government from 2005 onwards (Achtenberg 2013). According to official statistics, peasants and indigenous communities in 2013 held 88 million acres of titled land (55%), which is more than double the amount they controlled in 1992 (ibid). 7% of titled land was owned by large and medium-sized owners; the remainder was titled to the national government (ibid)<sup>161</sup>. At the same time, producers in the Altiplano region in many cases continue to suffer from the limitations of very small plots (*minifundios*), and conflicts regarding the access to land in the lowlands have intensified (ibid).

The model of *minifundista* production, which is still prominent today, means that mixed economic strategies are of great importance in the countryside. 87% of the economically active population in the countryside engages in agricultural production, but they commonly complement agricultural production with other economic activities (CEPAL, et al. 2012; MdDRyT 2010). *Minifundistas* find salaried work either with larger producers or outside of the agricultural sector, for example in the transport sector. Temporary migration is an important strategy in this context. As will be shown below, mixed economic models are crucial in order to explain the uptake of microinsurance.

While paid labour plays an increasing role, self-employment is still most common in the countryside (CEPAL, et al. 2012). Hand in hand with this, unpaid family work is widespread.

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<sup>160</sup> Between 1953 and 1992, 57 millions of hectares were redistributed to new owners. 70 per cent were assigned to large and medium owners, but only 30 per cent to smallholders and indigenous communities (CEPAL, et al. 2012).

<sup>161</sup> In 2013, the state held 11.6 million acres of land, which was mainly expected to be made available for redistribution. However, a major part of this land is not suitable for productive use (Achtenberg 2013).

The participation rate of women is very high in agriculture, also if compared with other Latin American countries (ibid).

Minifundistas face several obstacles that limit their productivity. Among these obstacles figure the bad infrastructure in many parts of the country, difficulties to find investment capital, the limited availability of sophisticated technologies and a low degree of qualification (MdDRyT 2010). In fact, the lowest productivity per agricultural worker in all of Latin America is registered in Bolivia (CEPAL, et al. 2012). It is the high degree of vulnerability that these producers face, which makes agricultural microinsurance attractive to them.

### *New strength, new cleavages: rural organizations in Bolivia*

Bolivia's agricultural producers generally have a high degree of organization. Most of them pertain to at least one union or other rural organization. In 2005, most peasant and indigenous organizations<sup>162</sup> had supported Evo Morales during his electoral campaign and had very high expectations with regard to the political change that he would bring about. However, since 2005 new divisions between different rural factions have come to the fore. As one author has remarked, at the time of my field research (2011-13) it was no longer the great land owners from the Eastern lowlands that posed the strongest opposition to the Morales government (Bottazzi and Rist 2012). Rather, conflicts and power struggles between the government, indigenous organizations and peasant organizations dominated current political debates. This section looks at different rural organizations and some aspects of their history. These elements are of major import for understanding the political juncture in Tarija and elsewhere in Bolivia, and the creation of agrarian insurance and microinsurance projects. Some of the organizations that are introduced in the following paragraphs have played a central role in promoting the creation of agrarian insurance schemes.

Peasant unions and federations are the most common organizational structure in the Bolivian countryside. They have representative organs at several levels, including the district and provincial levels. These organs parallel the administrative units of the state, so state authorities always have contact persons within the federations. In Tarija, the largest federation is the FSUCCT (Federación Sindical Unica de Comunidades Campesinos de Tarija), which plays an important role in the empirical part below.

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<sup>162</sup> In Bolivia, these organizations are often referred to as OIC, Organizaciones Indígenas Campesinas (indigenous peasant organizations) (Kopp 2011).

The union structures in the countryside date back to the National Revolution of 1952. Hand in hand with the land reform, the government created unions that were to serve as instruments of political control:

“Highland *indios* were renamed *campesinos* as part of the putative effort to incorporate native peoples into the project of modern nation building. As a precondition for receiving land, *campesinos* were organized at the community level into an agrarian union structure, a hybrid of trade-union models and traditional indigenous organizations, that remains in place today.” (Healey 2009: 89)

By and large, the land reformers of 1953 achieved their objectives of implementing land redistribution and new organizational structures and firmly established the notion of *campesino* (peasant). The national umbrella organization of all peasant unions (CSUTCB)<sup>163</sup> has been a central actor in the political struggles of the last decade (Bottazzi and Rist 2012).

The peasant unions are however not the only relevant organizational structure. Communities usually have a mayor (*corregidor*). This person is mainly responsible for solving conflicts within the communities. If a conflict emerges, *corregidores* often invite for a community meeting in order to discuss the issue and find a solution.<sup>164</sup>

In many rural communities, there also is a third local authority. In 1994, the central government strengthened the municipalities and decentralized administrative competencies as well as resources through the people’s participation act (Ley de Participación Popular, Ley No 1551) (Lizárraga Aranibar and Vacaflores Rivero 2007).<sup>165</sup> In this context, so-called grass-roots territorial organizations (organizaciones territoriales de base, OTB) were created. Today, the OTB is an important contact person for the state authorities wherever it exists. Many communities have an OTB as well as a representative to the unions or federations, and only in some cases does the same person hold both offices.

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<sup>163</sup> Since 1979, this umbrella organization is called CSUTCB, Sole Union Confederation of Campesino Workers of Bolivia (Confederación Sindical Única de Trabajadores Campesinos de Bolivia). A very prominent member organization is the CSCB, the Union Confederation of Bolivian Colonizers (Confederación Sindical de Colonizadores de Bolivia). It emerged in the context of the so-called *marcha al oriente* mentioned above, the organized colonization of the Bolivian low-lands. Every new colony in the lowlands was organized as peasant union, and new settlers were obliged to participate in this organization. Appropriating these organizational structures, the settlers started to chart their own political spaces. In 1971, they created the CSCB, which also joined the CSUTCB (Bottazzi and Rist 2012).

<sup>164</sup> Interviews with Don Telmo, Representante Federación, Uriondo, 27.10.2011; Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

<sup>165</sup> Compare also interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

As will be shown below, not only peasant organizations and local authorities have played a role with regard to microinsurance introduction, but also indigenous organizations. They were mostly founded in the course of the 1980s. One of the problems that the land reform of 1953 did not address was the particular situation of indigenous people and deep-seated inequalities that play an important role in that context (Bottazzi and Rist 2012). In fact, it was only in the 1960 that an ethnic consciousness started to surface in Bolivia at a larger scale (Healey 2009). Evolving notions of ethnicity were the starting point for the emergence of powerful indigenous organizations. In 1982, lowland indigenous communities founded the Confederation of the Indigenous Peoples of the Bolivian East (Confederación de Pueblos Indígenas del Oriente Boliviano, CIDOB), which later became the Confederation of Indigenous Peoples of Bolivia (Confederación de Pueblos Indígenas de Bolivia).

The CIDOB was the principal organizer of the so-called March for Territory and Dignity ((Marcha por la Dignidad y el Territorio) of 1990 mentioned above. The march from the lowlands to La Paz with around 800 participants was also supported by the national peasant union, the CSUTCB (ibid). Complying with central demands of the protesters, the Bolivian government strengthened the rights of indigenous peoples in the aftermath of the protests and started to create first indigenous territories (*tierras comunitarias de origen*, TCOs) (Bottazzi and Rist 2012; Healey 2009).

It was only some time later that indigenous people in the highlands also started to frame their demands more explicitly in terms of their indigenous identity. The foundation of the highland indigenous organization National Council of Ayullus and Markas of the Qullasuyu (Consejo Nacional de Ayullus y Markas de Qullasuyu), known as CONAMAQ, took place in 1997. It has been interpreted as a direct reaction to the success of the low-land indigenous organization CIDOB with regard to the creation of the indigenous territories (TCOs) (Bottazzi and Rist 2012).

From the 1980s onwards, the peasant unions gained growing influence at the national political level (Bottazzi and Rist 2012). Towards the end of the 1980s, the CSUTCB even took over the lead within the country's overall union structure from the workers, the COB.<sup>166</sup>

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<sup>166</sup> From the beginning, the CSUTCB had been a member of the COB, the Bolivian Workers' Centre (Central Obrera Boliviana), which unites workers from very different sectors and peasants. From the 1950s until 1989, the COB was strongly dominated by Bolivia's miners (*mineros*). However, since the 1980s the mining sector has lost much of its political weight due to economic liberalization and restructuring (Bottazzi and Rist 2012).



Accordingly, they have gained a more direct influence on political debates, for example about agrarian change.

With regard to the political developments of the last years and the current organizational landscape in the countryside it is also important to note that the CSUTCB itself underwent some major changes in the course of the 1980s and 1990s. Most importantly, the coca growers movement gained a growing influence within the union (Healey 2009).<sup>167</sup> In 1992, the federations of the coca producers united and were successful at increasing their weight within the CSUTCB. Their political power had become so strong that they achieved the tripling of their delegates at the national congress of the peasants' union (Healey 2009). Evo Morales was a key leader of the federations of the coca growers.

All this shows not only how the rural population has gained growing political influence in Bolivia since the 1950s. It also makes clear that the organizational landscape in Bolivia's countryside reflects partly diverging political and identity projects among the rural population. The peasant unions and their umbrella organization CSUTCB can in the first place be seen as an official instrument of state control that the peasants have appropriated and used in order to gain more political influence. The peasantry's ascent to the leadership of the COB was an important step in that regard. Within the CSUTCB, the coca growers, but other groups as well have pushed for specific agendas. In contrast, the indigenous organizations CIDOB and CONAMAQ were first founded outside of the state (Bottazzi and Rist 2012) and have grounded their political and social demands on identity politics, which were "discovered" in the 1980s (Healey 2009).

At the turn of the century, these different organizations united behind the common objective of profound political change. They all participated in the so-called Pact of Unity (*Pacto de Unidad*), already mentioned above. The Pact of Unity was officially founded in 2004 in order to rally for a new constitution and became a crucial force behind Evo Morales' campaign for presidency in 2005 (Kopp 2011). After the election of 2005, the rural population and its organizations were an important clientele and usually loyal supporters of the Morales

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<sup>167</sup> As mentioned above, there has been a strong migratory movement towards the eastern low-lands of Bolivia. Many of those who migrated, including the family of Evo Morales, became coca growers. In particular Cochabamba's Chapare region saw a veritable coca and cocaine boom in the 1970s and 1980s, which the government tried to curb in alliance with the US. Since then, the Chapare has been a region of upheaval and unrest: the coca growers organized themselves in opposition to official attempts to limit coca production, and organized protests and road blockades.

government. The Pact of Unity also played an important role in the development of the new constitution from 2006 onwards (ibid).<sup>168</sup>

However, in the past years deep lines of division have become apparent between the most important rural organizations (Bottazzi and Rist 2012). As mentioned above, this became already visible in 2011 as CIDOB and CONAMAQ fought with the CSUTCB about the then planned TIPNIS highway.

This actor constellation provides the general background for the political project under consideration below, the creation of agricultural insurance and microinsurance schemes. As I will show, the CSUTCB has been an important force behind the promotion of the project. At the time of field research, the CSUTCB had a large political influence, but this influence was partly weakened by the internal conflicts between the groups that had brought the MAS and Evo Morales to power.<sup>169</sup> In order to understand the process of microinsurance introduction, it is useful to keep in mind that the rural population is not at all a homogenous sector, but consists of many different factions that have specific interests and unequal influence on the politics of the national government.

### ***Translating problems into a different rural development model? The notion of food sovereignty through community-based production***

Many policy makers, peasant leaders, and quite a few people in communities in Tarija and the rest of Bolivia share a common vision of the advancement of Bolivian agriculture. They hope that smallholder-production at the community and family level will persist despite the challenges to agricultural production that were mentioned above: unequal land tenure, bad infrastructure, limited investment capital, limits to technological innovations, and a low degree of qualifications, among others. These actors hope that innovations, including mechanization and microinsurance on the one hand, and the usage of more sustainable production methods on the other hand will provide solutions.<sup>170</sup>

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<sup>168</sup> In addition to the CSUTCB, CONAMAQ and CIDOB, two other large rural organizations formed part of the Pact of Unity: the National Confederation of Peasant Indigenous Originary Women of Bolivia “Bartolina Sisa” (Confederación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia “Bartolina Sisa”; CNMCIQB-BS) and the Syndicalist Confederation of Intercultural Communities of Bolivia (Confederación Sindical de Comunidades Interculturales de Bolivia, CSCIB; formerly CSCB), which represents the settlers in the eastern lowlands.

<sup>169</sup> New lines of division also emerged within the peasant federation of Tarija, after it had received a prominent political role in the department (see chapter 9).

<sup>170</sup> Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

This political program has often been subsumed under the notion of food sovereignty (*soberanía alimentaria*). This notion can be used as a prism to look at recent debates about agricultural development in Bolivia and at the approach of the national government. Bolivia's Constitution of 2009 subsumes the articles regarding agricultural development, including the one on agricultural insurance, under the heading of food sovereignty. The idea of creating public agricultural insurance schemes has evolved from these debates.

While the notion of food sovereignty was developed at the international level, in Bolivia it has reached particular importance. A formal definition of the term, as for example found in Law 144 of 2011, reads as follows:

The Bolivian people through the Plurinational State defines and implements its policies and strategies addressing production, storage, transformation, conservation, warehousing, transport, distribution, commercialization, consumption and exchange of foods.<sup>171</sup>

Beyond this, the term usually covers a much more comprehensive meaning in Bolivia. It refers to the idea of reforming and re-embedding a family and community based mode of production in such a way that it becomes sustainable. Family based production is expected to supply a range and quantity of production that satisfies subsistence and additionally provides a modest, but sufficient income for those who do not earn any cash income otherwise.<sup>172</sup>

In this and other contexts, peasant federations and other social organizations usually underline that development policies have to look beyond individual families and address entire communities. As mentioned above (chapter 6.1), the value of communities is an important element of present-day state ideology. Elvio Díaz, leader (*secretario ejecutivo*) of Tarija's peasant union, the FSUCCT, explains that rural development should be egalitarian to some degree and promote social cohesion in the following way:

For us it is a priority that the investments that are made using public funds (...) be made respecting the natural life of our community (...). Even if financial support has been provided by NGOs, foundations, from abroad or even by our own government (...), there has been no respect for the community. This has sometimes kept incentivizing a strengthening of the strongest and a crushing of the weakest. If it is a community (...), we fight for the wellbeing of all, but also

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<sup>171</sup> “El pueblo boliviano a través del Estado Plurinacional, define e implementa sus políticas y estrategias destinadas a la producción, acopio, transformación, conservación, almacenamiento, transporte, distribución, comercialización, consumo e intercambio de alimentos.” (Ley N° 144 (2011) de Revolución Productiva Agropecuaria Comunitaria, Article 6)

<sup>172</sup> Vladimir Amaller, giz La Paz, 13.10.2011.

respecting the individuality, the private [life] that every resident has inside of this community. (...)” (Interview 7.6.2011)

Prioridad para nosotros es que las inversiones que se haga de recursos públicos, (...) se las haga respetando lo que es nuestra vida orgánica de la comunidad (...). Si bien ha habido - financiamientos de ONGs, de fundaciones o del extranjero mismo e inclusive de nuestro propio gobierno (...) no se ha respetado lo que es la comunidad. (...). Que a veces eso seguía incentivando lo que es fortalecer al más fuerte, y aplastar al más débil. Cuando es una comunidad (...) luchamos para el bienestar de todos, pero también respetando la individualidad, lo privado que tiene cada habitante dentro de esta comunidad. (...)

The statement of Elvio Díaz resonates with discussions among peasant organizations at the global level, in particular inside La Via Campesina (LVC).<sup>173</sup> Bolivian peasant and indigenous organizations, which were introduced in the previous section, have participated in this coordination effort and have made food sovereignty part of the political discourse.<sup>174</sup>

As part of their larger program, LVC has rejected the inclusion of food markets into the normative framework of the WTO and the use of genetically modified seeds (Kopp 2011). In this context, LVC proposes the notion of food sovereignty as an alternative to the concept of food security, which the FAO and other international bodies have used in relation to the Green Revolution and the intensive production technologies that are part of it. The alternative concept is meant to underline the drawbacks and limits of the Green Revolution, including environmental degradation.

LVC also laments that the political programs of the FAO and other international bodies have tended to ignore the importance of smallholder production at the family level. According to the very own statistics of the FAO, smallholder production provided as much as 70% of the food production around the world in 2002 (Kopp 2011). Relating to this finding, LVC suggest that this type of production should be the central focus of policies against hunger and poverty (ibid).

The World Forum on Food Sovereignty, which took place in Havana in 2001, defined food sovereignty in the following way:

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<sup>173</sup> LVC is a decentralized movement, which was founded at the beginning of the 1990s (Kopp 2011). Rural and indigenous organizations from the Americas and from Europe first founded the network in order to face up to an approach to agricultural development that they rejected as “neoliberal”; at the same time, they aimed to strengthen the position of small and medium producers through global coordination (ibid). They aimed to avert the further disintegration of rural communities, among other reasons due to migration, and they suggested that the role of small and medium producers with regard to food production needed more attention.

<sup>174</sup> Interviews with Erik Murillo, Director, INSA, 7.2.2013; Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013.

“We define food sovereignty as the people’s right to define their own policies and strategies for the sustainable production, distribution and consumption of food that guarantee the right to food for the entire population, on the basis of small and medium-sized production, respecting their own cultures and the diversity of peasant, fishing and indigenous forms of agricultural production, marketing and management of rural areas, in which women play a fundamental role. (...)“ (WFFS 2001)

In Bolivia, the concepts of food sovereignty and food security are now often used interchangeably in spite of the fact that they label opposing poles in the international debate. In that country, it was the National Confederation of Peasant Indigenous Originary Women of Bolivia “Bartolina Sisa” (CNMCIQB-BS) which contributed most decisively to the prominence of the notion of food sovereignty (*soberanía alimentaria*).<sup>175</sup> In 1992, the CSUTCB was the first organization that used the notion, but it had little impact at that time (Kopp 2011). However, CNMCIQB-BS, which has a particularly strong relationship with LVC, has used the concept more thoroughly and has positioned it on the common agenda of different rural and indigenous organizations in Bolivia.

Given the large political incidence that these organizations reached after 2005, the notions that form part of the concept of food sovereignty have left a large imprint on the Constitution of 2009 and current political programs. The concept is also an important element of the sectoral plan of the Ministry for Rural Development and Land (Ministerio de Desarrollo Rural y Tierras, MDRyT) and the Government Programme (Programa de Gobierno) for the years 2010-2015, which was vident at the time of research (ibid). As the literature (Kopp 2011) and my Bolivian interlocutors<sup>176</sup> point out, the organizations that formed part of the *Pacto de Unidad* directly influenced those parts of the Constitution and other legislative projects that concern agricultural development.<sup>177</sup> For example, the National Development Plan that Morales’ MAS government proposed in 2006 reads as follows:

“One of the fundamental pillars that gives direction to the national strategy of productive development consists of food security and sovereignty, which is understood as the right of our country to define its own politics and strategies of production, consumption and import of basic foods, conserving and regaining the

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<sup>175</sup> Interviews with Erik Murillo, Director, INSA, 7.2.2013; Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013.

<sup>176</sup> Interviews with Erik Murillo, Director, INSA, 7.2.2013; Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013.

<sup>177</sup> In relevant documents and the larger political discussion the concept is not always used in the same sense. Different Bolivian groups have appropriated the term, even those that partly oppose the original agenda of LVC (Kopp 2011). Still, when indigenous and peasant organizations and the current Bolivian government use the term, their ideas can usually be traced back to the definition of the World Forum in 2001.

productive and cultural diversity of our country. (...) The new vision contributes to the accomplishment of sustainable national food security by applying ancestral and brand-new technologies, which are directed at strengthening the productive sector, prioritizing micro, small and medium-sized production and productive organizations. This requires a public guarantee for the access to water, land, genetic resources and just markets on part of the productive sector (...)." (Decreto Supremo N° 29272, 12 September 2007; in: Kopp 2011; translation by the author).

Beyond this, it is notable that the notions of community based production briefly introduced in this section are mirrored by many political discussions in the country, even if actors are not explicitly concerned with food sovereignty. The ideas and discussions of LVC, transferred by the Bartolinas and others, have been highly influential in Bolivia. This will become evident in the analysis of microinsurance schemes below, in particular of the national agricultural insurance scheme (chapter 10).

### **6.3 The department of Tarija: stage of political struggles and fast change**

The department of Tarija, where I realized a major part of my field work, has seen a lot of social and political change in the past twenty years (Ayala Bluske 2011; Lizárraga Aranibar and Vacaflores Rivero 2007; McNeish 2010). In the context of nation-wide discussions about a new constitution, two issues have dominated the political agenda: the distribution of public revenues from natural gas extraction (*regalías*) and, related to this topic, political autonomies at various levels. In Tarija, as elsewhere in the country, political conflicts about these issues have been dominated by the notion that the attempt to end the exclusion of large social groups from political power has to be completed (*ibid*).

Still, the political and social junctures in Tarija differ from those in other parts of the country. Not only is the department strongly marked by its history as a frontier province. Nowadays a major part of Bolivia's natural gas extraction takes place in Tarija, and political conflict about the distribution of public revenues has been particularly fierce. In the context of recent political conflict, new actors have come to the fore, and the former elites have lost part of their influence. Among the actors that have gained new political strength is the FSUCCT (Federación Sindical Única de Comunidades Campesinas de Tarija). This peasants' union, which has strong ties with the MAS government, has played a central role with regard to the creation of agricultural microinsurance. I return to its role below.

#### ***The department of Tarija: diversity between the Andes and the Chaco***

Tarija is the smallest department of Bolivia with an overall surface of 37.623 m<sup>2</sup> and a population of around 500 000 (Lizárraga Aranibar and Vacaflores Rivero 2007). Still, it

features an enormous ecological as well as social diversity. Between the Andean Altiplano and the lowland Chaco region, four different eco-regions are characterized by diverse economic activities and social groups. A salient trait in comparison with other parts of Bolivia is the small size of Tarija's indigenous population: only about 20% of the population identifies itself as indigenous (McNeish 2010). This population is largely Guaraní and lives for its major part in the Chaco.

Tarija has a high level of development in comparison with other Bolivian departments, albeit internal differences are large. In 2007, Tarija had the highest Human Development Index (0.74) of all Bolivian departments, leaving behind Santa Cruz and Beni, which had been leading human development in the 1970s (PNUD 2010). Still, poverty is widespread in the department. In 2012, 35% of the department's population had to be considered as poor (Jubileo 2015). As in the rest of the country, poverty is mainly concentrated in the countryside (Lizárraga Aranibar and Vacaflores Rivero 2007). In the Burnet O'Connor province, where I did a major part of my field research, 60.8% of the population were poor in 2012 (Jubileo 2015). This is the case albeit both provinces produce gas.

Today, the rural population constitutes only about one third of the overall population, although agricultural production continues to dominate the image of the department.<sup>178</sup> The contrasts between four ecological regions and a complex topography have been crucial to the historical development of Tarija. They are also a major challenge when it comes to designing agricultural microinsurance. The very Western part of the department is dominated by the Andes and a highland at an average altitude of around 3600 metres.<sup>179</sup> This is the poorest part of Tarija and is marked by typical agricultural activities like the production of potatoes. The adjacent valley region (*valles*) towards the east is home to the capital of the department, which is also called Tarija. Lands in the *valles* are more fertile than in the Altiplano and the climate is gentler.<sup>180</sup> Further eastwards, sub-Andean valleys dominate the landscape. They have a humid and warm climate and lend themselves for the production of a variety of

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<sup>178</sup> This is the result of drastic migratory movements since the 1950s (Lizárraga Aranibar and Vacaflores Rivero 2007). In 1950, 76.4% of Tarija's population lived in the countryside, in 1976 still 61.1% (ibid).

<sup>179</sup> Parts of the literature only distinguish between two major eco-zones in Tarija (Lizárraga Aranibar and Vacaflores Rivero 2007; McNeish 2010). However, when considering the climatic conditions and the most important products, which are both relevant for microinsurance creation, at least four major zones can be distinguished. The studies commissioned by Profin in the course of microinsurance projects all took four major zones into account.

<sup>180</sup> Agricultural production is very diverse, but the most famous products are grapes and the wines and spirits (*singanis*) produced from them.

agricultural products, including maize. Finally, the eastern part of the department belongs to the Chaco, a lowland region with an arid climate. This complex topography, which is not easily accessible, once constituted the frontier of the Incan empire and later of the colonial state (Lizárraga Aranibar and Vacaflores Rivero 2007).

Bolivia's colonial history officially ended in 1825, but it is still alive in many social institutions and images to be found in present-day Tarija (Gustafson 2009b; McNeish 2010). It accounts for example for the comparatively low number of indigenous inhabitants and at least partly for social structures in the countryside. The resistance to the Spanish *conquista* was very fierce on part of the indigenous groups living in the valley and low-land regions of Tarija. As an answer, the *conquistadores* killed large parts of the indigenous population (Lizárraga Aranibar and Vacaflores Rivero 2007). Later, the history of the guaraní and other groups continued to be marked by bloody confrontations with the state (Gustafson 2009b).

In order to enforce its claim to power, the Spanish crown created *encomiendas*. These landholdings were based on a contract between the crown and individuals, the *encomenderos*, who helped to push back indigenous resistance and the ecological frontier (Gustafson 2009b). The *encomenderos* owned the land, they were allowed to exercise political and judicial powers (“justicia mayor”), they were entitled to the agricultural produce, and they had the right to control the indigenous population (Lizárraga Aranibar and Vacaflores Rivero 2007). After the death of the *encomendero*, landownership and political and other powers went back to the crown, which could then elect an incumbent (ibid).<sup>181</sup> Later, the *encomiendas* were largely converted into *haciendas*, which were only abolished during the revolution of 1952, and in some parts of Tarija even much later.

The current social structure in major parts of rural Tarija is still marked by this history, and the white *criollo* elite of Tarija has largely inherited the ideas of ownership and space going back to the *encomienda* (McNeish 2010; PNUD 2003).<sup>182</sup> At the same time, this history has been central to the formation of social and cultural identities in Tarija. From the perspective of many citizens in the Western part of the department, the Chaco region continues to constitute a savage territory, “the other” (Lizárraga Aranibar and Vacaflores Rivero 2007). The notion of the “chapaco”, which Bolivians outside of Tarija are using to refer to the

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<sup>181</sup> One of these *encomenderos* was Luis Fuentes y Vargas, who founded Tarija, the capital of the department, in 1574 (McNeish 2010).

<sup>182</sup> An extreme illustration for this finding are those guaraní, who lived as serfs on large landholdings until the second part of the 20<sup>th</sup> century (Gustafson 2009b).



citizens of the entire department, carries a different meaning within the department: the inhabitants of the capital and the rural populace in the Western part of the department consider themselves as “chapacos” with rich cultural and social traditions that set them apart from the “chaqueños” of the lowlands (Lizárraga Aranibar and Vacaflores Rivero 2007). The gas extraction boom in the Chaco has brought this split once again to the fore, as the region lobbied for more financial and political autonomy from its departmental capital.

The indigenous groups living in the eastern parts of Tarija, the guaraníes and weenhayecks are usually not included when locals use the notion of the *chaqueño*. The latter only refers to the population of the Chaco that has *criollo* and *mestizo* origin and has traditionally lived as peasants and cattle herders.

In contrast, the guaraníes and weenhayecks strongly relate to their once nomadic lifestyle and to a cosmovision that emphasises a strong relationship with mountains and rivers (Gustafson 2009b; Lizárraga Aranibar and Vacaflores Rivero 2007). Traditional economic activities like fishing, hunting and gathering are of major importance with regard to this identity, albeit agricultural production and wage labour have become ever more dominant. The larger of these two groups are the guaraníes with about 60 000 members (Gustafson 2009b). Since 1987, they have organized within the framework of the Assembly of the Guaraní People (Asamblea del Pueblo Guaraní, APG) and their socio-economic situation has somewhat improved.<sup>183</sup> Still, in the collective imagery of the department, the indigenous population plays only a very limited role (Ayala Bluske 2011).

As the preceding paragraphs make clear, from the beginning of colonial rule, Tarija’s history has been marked by central state policies. The department also plays an important role in Bolivia’s nationalist imagery: Here, Bolivia lost the war of the Chaco (1932-1935) against Paraguay. Around 60 000 Bolivian citizens, most of them from other parts of the country, lost their life in this protracted battle.

Still, until recently Tarija only played a secondary role in the national political context and did not receive a lot of attention from the elites in La Paz. This has only changed since the onset of large-scale natural gas extraction in the department. Largely enclosed by mountains, the

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<sup>183</sup> The APG has gained considerable weight on the political stage, making sure – among other projects – that the guaraní receive significant compensations for the exploitation of the gas fields on their lands. Christian missionaries have played a strong role in the relevant organization process. (Gustafson 2009b; McNeish 2010) As I mention below (chapter 9), there continue to be tensions between the guaraní and *chaqueño communities* in the region (own interviews Rubén Cuba, Cerde-er, 28.6.2011; Emiliano Tarraga, Sedag Entre Ríos, 28.6.2011; interviews with community members of Timboy in Entre Ríos, which has an important guaraní minority.)

department's capital is still difficult to reach today, if not by plane. Asphalted streets to La Paz and the Chaco region were still far from completion at the time of field research. The best street of the departmental capital connects it since 1997 to the Argentine border, illustrating the close ties between Tarija and the North of Argentina (McNeish 2010).<sup>184</sup>

Gas extraction in Tarija dates back to 1928, when Bolivia's first gas field was opened in Bermejo, in the South of the department (McNeish 2010). At the beginning of this century, under the government of President Sánchez de Lozada (2002-2003) gas extraction became an important factor of change (Lizárraga Aranibar and Vacaflores Rivero 2007). At that time, several enormous gas fields were discovered in the O'Connor and Gran Chaco provinces and started to attract large private investments, mostly by transnational firms (McNeish 2010). This development has left visible marks in both provinces: foreign workers have poured in, new infrastructure projects are being implemented, and discussions about the environmental impacts of pipelines have ensued.

At the same time, since 2005 gas extraction has channelled enormous resources to the state coffers both at the national and departmental levels. As one of its first measures, the Morales government created the IDH (*Impuesto Directo a los Hidrocarburos*), a direct tax on hydrocarbons, and decided that the departments would receive a major share of the revenues (Ley No 3058 of 2005). In Tarija, revenues from hydrocarbons more than tripled between 2004 and 2007 (from \$US 66 million to \$US 237 million), and have steadily risen since then (McNeish 2010).

Another important factor of change in the department of Tarija has been migration. For peasants from the highlands, who are on average more destitute than peasants from the lowlands and the Valle region, migration inside and outside of Bolivia is of particular importance as an economic strategy. In many parts of the highlands, migration has been part of lifecycles for generations. Many migrants engage in seasonal work to come back to their home communities for some part of the year, but many others have stayed in Argentina. In my interviews, this was a recurrent theme, as agricultural producers reported on their own experiences or their sons living in Argentina.<sup>185</sup>

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<sup>184</sup> The poor infrastructure offers itself as an argument to those citizens, who complain that the elites in La Paz have neglected the department throughout Bolivian history.

<sup>185</sup> Johnny Gareca, FSUCCT, 31.10.2011; Aldo, Sedag, 14.2.2013.

At the same time, the department of Tarija was the aim of a migratory movement from other parts of Bolivia after the mid-1980s (McNeish 2010; PNUD 2010). In the phase after the comprehensive structural adjustment mentioned above around 20 000 to 30 000 miners and their families went to Tarija, and started to change not only the social, but also the political landscape (McNeish 2010).<sup>186</sup>

### ***Towards a novel political landscape: peasant federations in Tarija***

In the wake of gas riches and profound transformations on the national stage, the political landscape in Tarija has changed. Tarija was for a long time dominated by conservative political forces, an era that ended in 2010 with the fall of Marío Cossío as governor. He was replaced by Lino Condori, a MAS politician leading a MAS/PAN (Partido Acción Nacional) coalition. Tarija's political agenda around and before the time of field research (2011-2013) was dominated by the distribution of gas revenues, the political and economic inclusion of larger social sectors, and the issue of political autonomies, thus largely reflecting national debates.

During the struggles over these issues, the old elites lost a considerable part of their influence, and new actors, above all the peasant federations and the MAS, gained more weight (Ayala Bluske 2011). Still, in 2015, i.e. after the time of my field research, the centre right party Plan Progreso para Bolivia (PPB-CN) won the departmental elections, Adrián Oliva Alcázar became governor. The moving political actor landscape at the time of field research deserves a close look here, since it plays an important role when it comes to microinsurance creation in Tarija.

The traditional political and economic elites of Tarija have been concentrated in the capital of the department. In contrast to the political and economic elites of other departments in the east of Bolivia, they gained their wealth almost exclusively from agricultural production and they sustain strong relationships with the countryside (McNeish 2010). At the same time, the elites of the department are not strongly consolidated and do not act as a unified block: In the past, the political leaders in the city of Tarija sustained only irregular and loose contacts with the

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<sup>186</sup> The miners, who were accustomed to strong labour unions, organized themselves and pressured the departmental and local governments for concessions. A major part of the new arrivals has settled on the outskirts of the city of Tarija, while a few have also moved to other parts of the department (ibid). The new inhabitants of Tarija's periphery have established strong ties with the rural communities surrounding it. In recent years, these communities themselves have become better organized and much more vocal. In the political battles that are described below, they play an important role as members of the FSUCCT.

elites in the Chaco (Ayala Bluske 2011). This relationship has turned ever more problematic since the elites in the Chaco have become better organized and now claim more autonomy (ibid).

An important ally of the elites in the capital of Tarija was for a long time the Civic Committee of Tarija (Comité Cívico de Tarija). The Civic Committees have a corporative structure and act as platforms for different interest groups.<sup>187</sup> The committees led the fight for the decentralization of political power and for departmental autonomy (Ayala Bluske 2011). However, in years after the election of 2005 they lost much of their influence and their mobilizing capacities. This is mainly due to the political confrontation between the traditional elites on the one hand and agricultural producers and some urban sectors on the other hand that came to dominate politics in Tarija (Ayala Bluske 2011).

The peasant federations in turn have gained considerable influence over the last decade. Their rise is strongly linked to the success of their ally at the national level, the MAS government. Today, the federations can be considered as one of the best organized political forces in the department (Ayala Bluske 2011).<sup>188</sup> As will be shown below, they have strongly lobbied for the introduction of agricultural microinsurance. For this reason, they deserve some closer attention here.

There are three farmer federations in Tarija: the FSUCCT (Federación Sindical Unica de Comunidades Campesinas de Tarija), which covers the Andean and Subandean Western part of the department and has most political influence; the Federación de Campesinos del Chaco, the Peasant Federation of the Chaco; and the Federación Especial de Bermejo, the Special Federation for Bermejo, which is located in the South of Tarija (Lizárraga Aranibar and Vacaflores Rivero 2007). From 2004 onwards, these federations started to establish strong ties in order to fight for more control over public investments in the countryside.<sup>189</sup>

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<sup>187</sup> During Bolivia's years of military rule (1964-1982) and the first years afterwards, they were able to mobilize large social sectors and were an effective way to channel Tarija's interests to the national level (Ayala Bluske 2011).

<sup>188</sup> The emergence of new social actors has been accompanied by a reconfiguration of the party spectrum of Tarija. At the time of research, the MAS, which in Tarija won for the first time votes in 2005, was one of the strongest parties. Its main adversary was Camino al Cambio, an offshoot of the MNR (Movimiento Nacionalista Revolucionario) founded by Mario Cossío (Ayala Bluske 2011).<sup>188</sup> Camino al Cambio maintained strong ties with the Civic Committees and has the largest support in the District of Tarija (*Cercado de Tarija*). In contrast, PAN (Poder Autonómico Nacional), which was the third important party of the department, had its base in the Chaco. The large old parties that had dominated Bolivian politics in the past, like MIR, MNR and FRI had largely lost their influence in Tarija (Ayala Bluske 2011).

<sup>189</sup> In 2004, they lobbied together for direct elections of Sub-Prefects in Tarija (ibid), which was the starting point of a series of political struggles at the departmental and national level.

The FSUCCT, which is the largest federation in the department representing around 600 communities, considers itself mainly as representation of small producers fighting for social, political and economic change:

The federation consists of campesinos, small producers. Those who have large lands, hectares, [do] almost not [participate]. They do not participate, because they – rather watch over their economy in an individual private manner. [...] Because [ours] is an ideology of struggle. A *compañero* who has large land extensions does not think like us any more. They have a different form of thinking. They did not really agree to our mobilizations, blocking of roads, because it threatens their economy. This has made us think, we have come to feel that they are large entrepreneurs – they are almost entrepreneurs, right. [...] They do not think about others any more, but about themselves. And the *campesinado* does not think in this way. (Elvio Díaz, Secretario Ejecutivo FSUCCT, 7.6.2011)

La ferderación [...] está conformada por los campesinos – pequeños productores. (min 11:00) Los que tienen grandes extensiones de tierra, hectáreas, casi que no. No participan porque ellos – mas velan por su economía de manera individual privada. [...] Porque eso es una ideología de lucha. Que haiga un *compañero* que tenga grandes extensiones de tierra, no piensa ya como nosotros. Tienen otra forma de pensar. Ellos al menos al mas [sic], estuvieron de acuerdo que haiga las movilizaciones, bloqueo de los caminos, porque les perjudica la economía. Allí llegamos a pensar, llegamos a sentir que son grandes empresarios – casi son empresarios, no. [...] Y a no piensan por los demás, sino por ellos mismos. Y eso no es una forma de pensar del *campesinado*.

The FSUCCT has a clear hierarchical structure:<sup>190</sup> Each community usually elects one representative, who participates in the meetings of the *subcentrales* at the district level; representatives of the *subcentrales* participate in the meetings of the 11 *centrales* at the municipal level; the representatives of the *centrales* convene periodically in order to discuss strategic and other central issues and in order to elect the leaders of the FSUCCT. The FSUCCT has its own office on the *mercado campesino*, the peasant market of Tarija.

The peasant federations started to play a more dominant role in Tarija in 2002 and 2003, when the department began to debate the use of its rising gas revenues (Ayala Bluske 2011; Lizárraga Aranibar and Vacaflores Rivero 2007). Between 2000 and 2003, the departmental government realized so-called *mesas de concertación*, which were roundtables that aimed at elaborating participative development plans.<sup>191</sup> The peasant federations participated in these

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<sup>190</sup> Interviews with Elvio Díaz, leader of the FSUCCT, 7.6.2011; Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

<sup>191</sup> A large number of social actors were invited to identify necessary investments in the department (Lizárraga Aranibar and Vacaflores Rivero 2007). While the process was highly participatory, it ultimately resulted in a break-up of old alliances and made political consensus more difficult in the department.

*mesas*, but they felt that the prefecture of Tarija did later not live up to the expectations that it had created (Lizárraga Aranibar and Vacaflores Rivero 2007). The federations anticipated large scale investment projects and hoped that they would receive direct control of large budget shares. In 2003, the FSUCCT implemented large-scale street blockades in order to highlight these demands.

The FSUCCT considers mobilizations as its central task. As Elvio Díaz, leader of the FSUCCT, points out, they are considered as necessary to fight lasting exclusions and “neoliberalism”:

It has been created with the objective of defending one’s rights, of fighting for [our] wellbeing, for - equality and [in order to] defend the interests of the *campesinado*. (...) This is a bit the story of the federation - in order to defy (...) dictators, in order to fight against neoliberal imperialism. The federation has been spearheading the development of the department – above all with the attitude of demanding, because this sector – the peasant federation – has always been forgotten, discriminated against, marginalized, there have also been racist acts. Since then, we fight with mobilizations, marches, blockades, strikes, this has been done. (7.6.2011)

Se ha creado con el fin de defender sus derechos, luchar para bienestar, para - igualdad y defender los intereses del campesinado. Esto es un poco la historia de la federación - para enfrentar (...) a los dictadores, para luchar contra - el imperialismo neoliberal. Ha sido la federación en punta del desarrollo del departamento – en actitud de reivindicación mas que todo, porque este sector – la federación de campesinos - siempre se ha olvidado, discriminado, marginado (min 4:00), también se han hecho actos de racismo. Desde allí se lucha con movilizaciones, marchas, bloqueos, paros, eso se ha hecho.

Since 2003, new lines of confrontation have marked politics in the department: the peasant organizations have stood on one side and the old elites and the civic committees on the other side of the divide (Ayala Bluske 2011). Tarija, which had prided itself of its peaceful and tranquil atmosphere, became the stage of widespread political conflict and profound change.

Another key moment for the ascent of the peasant federations of Tarija were the national elections of 2005 (Ayala Bluske 2011). In 2005, the FSUCCT entered a pact with the MAS. The federation had become the most important social movement of Tarija, and both sides clearly needed each other (ibid). The FSUCCT strongly supported the candidature of Evo Morales and was instrumental to its relative success in Tarija.<sup>192</sup> Since then, the federation

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<sup>192</sup> In the elections of 2005, the MAS received 43% of the votes in Tarija (Estado Plurinacional de Bolivia 2010b).

was able to consolidate itself and gained considerable political influence.<sup>193</sup> The downfall of Mario Cossío as governor of the department in 2010 was a major victory for the federation. Elvio Díaz explains:

(...) we are allies of the national government, we feel part of the national MAS government and just as much of the [departmental] government, because we have a governor, who comes from the rural class, from Yunchará. (7.6.2011)

(...) somos aliados del gobierno nacional, nos sentimos parte del gobierno nacional del MAS y tanto también ahora en la gobernación, porque tenemos un gobernador que se viene de la clase campesina, que es de Yunchará.

This means that the role of the federation has changed considerably. Doña Sara, a dirigente of the FSUCCT, describes her feelings of empowerment in this way:

[The political] part is important, in particular for the organizations; not so long ago they were under a power elite; and [...] we were like a ladder for the others to climb upwards [...]. And as organization we said that we could remain in the margins all our lives with a few mobilizations, appealing, let's see. They did not give [in], and this happened under the political parties that were in power. But the moment we put our people from the communities [into offices], who come from our organization, now we have a possibility to sit down, let's put it this way. To convene, to sit down, to develop also our [own] development plan [which considers] what we could do in five years from now, for example. [...] There is a consensus between the authorities that are in power and us, right. (29.10.2011)

[La] parte [política] es importante, especialmente para las organizaciones, que no hace mucho tiempo ellos estaban bajo de un élite digamos de poder, y que mas al contrario eramos como una escalera no para que suban los otros [...]. Y nosotros como organización decían nos podamos quedar al margen por toda la vida con algunas movilizaciones, pidiendo, a ver. No nos daban, y eso estaba pasando con el tema de los partidos políticos que estaban al poder. Pero cuando ya ponemos nuestra gente que sale de las comunidades, que sale de nuestra organización, ahora tenemos una posibilidad digamos de sentarnos. Reunirnos, sentarnos, ver también nuestro plan de desarrollo, que se podría hacer también, por ejemplo de aquí en cinco años [...] (min 27:00). Hay un consenso tanto de autoridades que están en el poder como de nosotros, no.

Many *dirigentes* of the FSUCCT have also profited directly from this pact. For example, Luis Alfaro, who was the leader of the FSUCCT in 2005, became the representative of Tarija in the Constituent Assembly and later a prominent politician at the national level. His role with regard to microinsurance creation will be of some interest below.

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<sup>193</sup> Interviews with Johnny Gareca, FSUCCT, 31.10.2011; Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011; Elvio Díaz, leader of the FSUCCT, 7.6.2011.

The rise of the peasant federations of Tarija went hand in hand with an intense process of programmatic discussions and internal change, in particular among the FSUCCT (Lizárraga Aranibar and Vacaflores Rivero 2007). The FSUCCT largely defined its own development visions in opposition to those embraced by the prefecture in 2010 and in line with the national CSUTCB and MAS programme. The overall political project of the FSUCCT is now closely interlinked with the national project of the MAS (Lizárraga Aranibar and Vacaflores Rivero 2007).

The conservative politicians who led the departmental government at the beginning of the new century embraced the notion that the countryside had to undergo profound modernization processes that would integrate rural producers more fully into national and global agricultural markets. According to this vision, subsistence production and smallholder production would soon disappear and only competitive producers would remain.<sup>194</sup>

In contrast to this vision, the FSUCCT favours a development model that gives room to diverse forms of production (Lizárraga Aranibar and Vacaflores Rivero 2007)<sup>195</sup>. Its development vision is largely in line with the notions of food sovereignty that now mark the national political agenda (compare chapter 6.2). The federation proposes that the gas revenues should be used for large-scale investments into rural modernization projects that benefit all producer groups and are aligned to the use of traditional knowledge. Also, the FSUCCT favours a protectionist development model that shields the Bolivian agricultural market from its direct competitors in Argentina and Brazil.

Rural communities are at the heart of this vision, as the peasant federation maintains that they provide the social base for development. This aspect seemed so important to its representatives that it decided to rename itself in 2003: the federation of rural workers (Federación Sindical Unica de Trabajadores Campesinas de Tarija) became the federation of rural communities (Federación Sindical Unica de Comunidades Campesinas de Tarija, FSUCCT).<sup>196</sup>

The FSUCCT even aspires to some kind of programmatic leadership at the national level. Its leaders claim that they were among the first to bring up agricultural microinsurance schemes. They point out that two members of the Constituent Assembly from the FSUCCT Tarija,

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<sup>194</sup> Interview with Ernesto Farfán, Profin, 3.12.2011.

<sup>195</sup> Interviews with Maycol Choque, Sedag Tarija, 1.6.2011; Johnny Gareca, FSUCCT, 31.10.2011; Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011; Elvio Díaz, leader of the FSUCCT, 7.6.2011.

<sup>196</sup> Interview with Elvio Díaz, leader of the FSUCCT, 7.6.2011.



namely Jorcelino Jaramillo and Luis Alfaro, made the claim that agricultural insurance become part of the constitution.<sup>197</sup> Agricultural microinsurance schemes are also part of the development programme of the FSUCCT, which was laid down in 2004 (Estrategia Campesina de Desarrollo Rural).

An important ally of the FSUCCT as well as of the MAS has been the Federación de Mujeres Bartolina Sisa (Ayala Bluske 2011). This women's organization does not have as many members as the FSUCCT, but they have played a prominent role in mobilizations. Today, its leaders hold central posts in the departmental government and administration.

The rise of the peasant federations of Tarija looks like an impressive success story. However, this is only part of the picture, as these organizations have also run into internal conflicts.<sup>198</sup> In the years of my fieldwork, they struggled about objectives, strategies and their leadership. Generational change at the head of the FSUCCT was accompanied by internal fights. Also, there were new conflicts between the three federations of Tarija, above all between the FSUCCT and the federation of the Chaco, at the time of research.

In addition, major parts of the rural population, including the leadership of the FSUCCT, felt that the MAS government at the national as well the departmental level did not really meet their expectations.<sup>199</sup> Still, the FSUCCT remained very loyal to the MAS.

### ***Resource distribution and autonomies: political conflicts in Tarija***

The creation of agricultural microinsurance has been one of the political objectives of the FSUCCT, but also of other political actors. Given the conflictive political landscape of Tarija, this project itself became highly politicized. In order to understand its evolution, it is useful to look briefly into some of the political conflicts that evolved prior and around field research (2011-13). At the heart of the debate were the distribution of gas revenues and the notion of autonomies (Ayala Bluske 2011; McNeish 2010). In 2010, the political conflicts in Tarija finally resulted in the already mentioned political sea change that ended the government of Mario Cossío (2006-2010) and brought the MAS to power.

Skyrocketing gas revenues initially created high expectations in Tarija. Many people expected that the department would be able to leapfrog in terms of development and free itself soon from poverty. Initially, a major part of the revenues were channelled into *obras*, i.e.

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<sup>197</sup> Interviews with Johnny Gareca, FSUCCT, 31.10.2011; Abraham Riffarach, Sedag, 24.10.2011.

<sup>198</sup> Interview with Abraham Riffarach, Sedag, 13.2.2013.

<sup>199</sup> Elvio Díaz, Secretario Ejecutivo FSUCCT, 7.6.2011; Gabriela Miranda, El Churqui, Uriondo, 24.5.2011.

infrastructure projects (McNeish 2010). In Bolivia, *obras* are a central political concept: voters expect politicians to deliver in terms of infrastructure projects, and politicians can legitimize themselves through them (Lazar 2008).

In Tarija, the new investments soon generated conflict, because the implementation of projects did not proceed as expected (McNeish 2010). Marío Cossío, then prefect, claimed that the central government blocked the use of the revenues. The central government in turn accused him of bad financial management and corruption. The political split between the central MAS government and the opposition forces took centre stage in Tarija.

At the same time, fights within the department about the distribution of the *regalías* unfolded. The first line of conflict ran between the departmental capital and the Chaco that demanded a large share of the revenues for itself (Ayala Bluske 2011). The Chaco province, which even lobbied for the creation of a tenth department, won this political battle and now receives 45% of the *regalías* of Tarija (ibid). A second conflict unfolded between the departmental authorities and the municipal governments about the distribution of the revenues. As a result, many shared projects (*proyectos concurrentes*) were created, which have resulted to be mostly infrastructure projects that the departmental government finances for the municipalities (ibid).

The third distribution conflict concerns the share of the *regalías* that specific social sectors receive (Ayala Bluske 2011).<sup>200</sup> The FSUCCT and the rural population have probably been most vocal in voicing their demands. On the one hand they fought about the share of the budget that would go to the countryside, on the other hand about the direct control of the resources. Rural organizations usually refer to constitutional guarantees and other rights when fighting for public investments. José Sánchez (Anavit) explains this approach in the following way:

We emphasize that what we demand are our rights. We have the entitlement to basic services: drinking water, sewage, telephone, electricity. [...] And basic services are an issue of legislation, of the constitution in Bolivia; [they] are a human need, they are no longer a privilege of the rich. Right? [...] So we have appropriated them. And now why [should] we not appropriate other things as well? In Tarija, in particular, we [have] in theory very high revenues. [...] You will hear people say: Those guys have money, why do they live this way? (27.10.2011)

Se presiona en que son derechos lo que exigimos. Tenemos el derecho de los servicios básicos: agua potable, alcantarillado, teléfono, luz. [...] Y los servicios

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<sup>200</sup> Interviews with Abraham Rifarrach, Sedag, 24.10.2011; Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

básicos en Bolivia, está contemplado en las leyes, en la constitución, que son – [...] es una necesidad humana, ya no es un privilegio del rico. Verdad? [...] Entonces eso nos hemos apropiado (min 33:00). Y ahora por qué no apropiarnos también de otras cosas? En Tarija, en particular, estamos en teoría - ingresos muy altos. [...] vas a escuchar: estos tipos tienen plata, y por qué viven así?

The FSUCCT did not succeed in gaining direct control of departmental revenues, but it was triumphant in pushing through direct financial support. In 2007, the departmental government introduced the Prosol, a direct financial transfer for rural families. It was the result of several weeks of fierce political battle, including street blockades on part of the federation.<sup>201</sup>

In 2011, the Prosol was increased from Bs. 2000 to Bs. 4500 for each beneficiary.<sup>202</sup> The community or groups within the community have to define common projects in order to receive it. This subsidy for agricultural production is highly controversial, even among the rural population. Many peasants as well as outsiders are not convinced that small projects that are implemented at the family level are the most effective and efficient means to promote agricultural production.<sup>203</sup>

The fight about the political autonomy of Tarija vis-à-vis the central state engendered even fiercer confrontations within the department. After the election triumph of Evo Morales in 2005, the call for more autonomy became a central political claim of the leadership of the eastern departments of Bolivia (*media luna*), which were all governed by opposition governments. The conservative forces in the department, including the civil committees, were the strongest advocates of an autonomy that went beyond administrative decentralization (Ayala Bluske 2011). They could count on strong popular support, as a major part of Tarija's population felt that the department had a right to become more independent from a central state that had done very little for its development.<sup>204</sup>

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<sup>201</sup> Interview with Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

<sup>202</sup> At the time of field research (2011-2013) people had to own some land and to be member of the peasant federation in order to receive this amount. Usually the receivers had to live in the community and to engage in agricultural production, but these aspects were controversial and varied between communities. In 2014, some changes to the scheme were introduced, including a five year planning process at the community level (interviews with Abraham Rifarrach, Gobernación de Tarija (previously Sedag), 13.2.2013; and Ing. Sadith, Secretario de Desarrollo Productivo (Secretary for Productive Development), Gobierno Municipal de Entre Ríos, 11.6.2011; cf. also official website of the program: <http://www.prosol.tarija.gob.bo/> (accessed on 8.8.2017)).

<sup>203</sup> For example, interviews with Roger Romero, Pampa la Villa Chica (Valle de Uriondo), 29.10.2011; José Sánchez, Anavit, 27.10.2011; Aldo, Dirigente, 14.2.2013.

<sup>204</sup> In Tarija, the notion of autonomy had already become prominent in 2002, when the *mesas de concertación* were to decide on the use of the gas revenues (*regalías*) (Ayala Bluske 2011).

As mentioned above (chapter 6.1), Evo Morales and his government were able to co-opt the autonomy proposal of the opposition. Still, in Tarija the conflict engendered unprecedented physical confrontations between the MAS and its allies on the one hand and conservative political actors on the other hand (Ayala Bluske 2011) In 2008, Tarija was the last opposition department after Santa Cruz, Beni and Pando to hold its *cabildo autonómico* about the proposed autonomy statute. In Tarija, around 79% of the voters were in favour of the statute, a clear victory for the prefect and its allies in the civic committee (ibid).<sup>205</sup>

As a reaction to these results, the anti-MAS forces called for an immediate implementation of the autonomy statutes and looked for direct confrontation with its political adversaries (Ayala Bluske 2011; McNeish 2010). Supporters of the governor, above all students and other urban youth, decided to confront the FSUCCT at their offices on the *Mercado Campesino* in order to protest against their alleged support for a the autonomy of the Chaco (Ayala Bluske 2011; McNeish 2010). Their assault resulted in violent clashes with peasant representatives that left 80 people hurt and caused major physical damages to the office of the Sedag, the Departmental Agro and Livestock Services of Tarija.

The so-called September clashes left their mark on the political climate in Tarija, and they were still a lively memory among members of the FSUCCT and the representatives of the Sedag at the time of research.<sup>206</sup> Since then, there has been little room for compromise in the department. At the same time, the political strategy of the prefecture and its conservative allies failed in 2008: after the referenda and the September clashes it negotiated with the central government and finally agreed to Tarija's participation in the national referendum about the new constitution and the presidential elections in 2009 (Ayala Bluske 2011). One year later, in 2010, the MAS finally succeeded in removing Mario Cossío from office.<sup>207</sup> This

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<sup>205</sup> When the national government held the so-called referendum revocatorio at the national level in August 2008 (cf. section 6.1), the president and the vice-president were confirmed in office, but also the opposition governors of the media luna. In Tarija, Mario Cossío of the Camino al Cambio party received 58.6% of the votes, albeit not in all provinces (McNeish 2010). The results of this vote did not only confirm once again the notion of a political split between the Andean part of Bolivia and the eastern departments. It also hinted at the political conflicts within the department of Tarija.

<sup>206</sup> Interview with Abraham Riffarach, Sedag, 24.10.2011.

<sup>207</sup> In 2010, the first direct elections of departmental governors took place. The governors replaced the prefects that the President of the Republic had until then designated. In Tarija, Mario Cossío, who had already served as prefect, won the elections with 48.9% of the votes. He received the strongest support in the district of Tarija, but many rural provinces showed a preference for the MAS. Cossío was finally brought down by the departmental assembly that suspended him from office because of corruption charges. He claimed that this vote was a coup d'état planned by the central government. He asked for political asylum in Paraguay pointing out that the MAS government had used corruption charges in a number of cases in order to topple opposing politicians. In 2010, Lino Condori became the interim governor of Tarija.

fall of Mario Cossío, which ended Tarija's status as an opposition department, still divided the political camps of the department when I started my field research.

It is in this tense political context that the introduction of agricultural microinsurance schemes was first proposed. Both the departmental government of Mario Cossío as well as the peasant federations have championed this idea. The political fights of those years made the implementation of the schemes more difficult. Below, the political aspects of the creation process will be explained with more detail.

## **7. Why agricultural microinsurance? High expectations in the face of new challenges**

In Bolivia, agricultural microinsurance became a prominent notion within a relatively short time span. First schemes were introduced at the beginning of the new millennium, with the non-for profit sector taking the lead. Governmental and market actors very soon also showed interest. In fact, while non-governmental actors had the organizational responsibility for the first schemes, the national government ultimately tried to establish a subsidized system at the national level under its own leadership.

With this step, the government responded to the expectations of many peasants. Contrary to what one might expect in a country with very low insurance penetration rates, many rural producers know about agricultural insurance. Peasant federations had even demanded the introduction of agricultural insurance for quite some time before the creation of the national scheme: they were hoping for a remedy against the hazards of climate change and the weaknesses of their social security relations. In this regard, producers and other microinsurance stakeholders like the representatives of NGOs and insurance firms voiced the same ideas.

At the same time, peasants and their federations assimilated the notion of agricultural insurance into the existing local social security and political framework: they expected a *bono*, a public transfer. In this and in other regards, the notions and expectations of different interest groups relating to microinsurance were not aligned to each other. This chapter explores expectations with regard to microinsurance, which I encountered in Tarija in my field research (2011-13). In order to account for these expectations, it first looks into the challenges which local producers face and their social security relations.

### **7.1 Bolivian agriculture as an ailing patient: climate risks and other challenges**

Behind the prominence of the notion of agricultural insurance, which I encountered in Bolivia, is the perception that current conditions of production and climate risks strongly challenge the economic model of small scale producers. As pointed out above (chapter 6.2), a majority of Bolivia's producers, including those in Tarija, engages in small-scale production that is only partly destined to the market. I now turn to some of the perceived challenges and risks that came up time and again in my discussions with peasants and their leaders in Tarija and with political actors in La Paz. The peasant federations introduced in the last chapter have very vocally drawn political attention to these concerns.

***From high investment costs and volatile prices to low degrees of solidarity: some non-climatic challenges to rural production***

For this project, I did research in three different rural contexts: the Altiplano of Tarija in the West of the department; the *Valle* around the town of Tarija; and in Burnet O'Connor Province, a mountainous region, located between the *Valle* of Tarija and the lowlands of the Chaco. Conditions of production, typical products and social conditions differ between the ecozones of Tarija. At the same time, many of the challenges and survival strategies of the producers are similar to some degree. In order to illustrate some of them, the local context of Timboy, a village located in O'Connor Province is a useful example.<sup>208</sup>

Timboy is a village with 70 inhabitants, which is located two to three hours by car from the capital of the Province, called Entre Ríos, which can in turn be reached within three hours from the town of Tarija. Part of the roads is already asphalted, but travelling remains burdensome and dangerous in the steep mountains of the Province. The villages in this region are relatively young: they were founded for their major part from the 1950s onwards and grew because of migration flows in the context of the so called *marcha al oriente* (compare chapter 6). Timboy is the centre of a somewhat larger rural area. Producers in this fertile region mainly grow maize, many also raise pigs. The inhabitants of Timboy and its surroundings grow one to 30 hectares, most of them less than 15 hectares.<sup>209</sup> A major part of the maize production is destined to the market. In comparison to Tarija's highlands, people are relatively well off. Moreover, as the *corregidor* (mayor) underlines:

Timboy has almost all basic services. What we don't have is accommodation, in order to name it. (...) We have a high school with 14 teachers up to the A levels, this year the first class finishes school. And what else (...) we have a health post. We also don't have a doctor, we are a large community and we have a single nurse. We have a police station (...). (Rolando Cruz, 14.6.2011)

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<sup>208</sup> Throughout the section, I hint at difference between conditions in O'Connor province and other localities of research, wherever they are remarkable.

<sup>209</sup> If producers are small, medium or large, is usually expressed in hectares. Many publications consider producers with more than five hectares as medium producers, those with less acreage as small. From the local perspective, anybody who is able to make a decent living, i.e. to earn more than needed for covering basic necessities, should be considered as medium producer. Obviously, this does not result in a clear measure, because the profitability per hectare differs extremely between agricultural products and different investments are required. In connection with this, local estimates of the acreage required and perceptions of a decent living varied. For example, I talked to a microinsurance promoter, who was also a producer, who suggested that anybody with more than one hectare of land should be considered as medium producer (Vismar Chavez, 13.2.2013). Others underlined that an acceptable living can be made from one hectare of grapes, but several hectares of potatoes are needed, and three to five hectares of maize. One maize producer also stated that only producers with more than 50 hectares should be considered as large (Felix Gareca, Timboy, 27.11.2011).

Timboy tiene sus servicios casi - básicos completos. (...) Lo que no tenemos es hospedaje para decirlo. (...) Tenemos un colegio - que funciona con 14 profesores hasta bachillero, es la primera promoción este año. Y qué mas (...) tenemos posta. Que nos falta también un médico, somos una comunidad grande y tenemos una sola enferma. Tenemos un puesto policial (...).

Although the community is relatively prosperous, people in Timboy share the feeling of other small-sale producers in the department that their work is not being rewarded appropriately. At best, most of them manage to make ends meet, but they feel unable to improve their economic situation and to fulfil their aspirations:

And every day that goes by, it stays the same. Nothing improves - we fight. (...) Some of us are already leading, who knows, pitching in. And we keep demanding the authorities that - that they support us and that there be help. In order to leave a better life to our sons. To the people who come afterwards. Still, as nothing improves until now, nothing changes, we say: What will happen, how will they live? They will say: Those old people haven't done anything, they haven't left anything to us. (Gregorio García, 14.6.2011)

(...) y cada día que pasa sigue lo mismo. No mejora nada - luchamos (...) Somos algunas personas que ya estamos a la cabeza, quién sabe, poniendo el hombro. Y que seguimos gestionando, pues, a través de las autoridades que - que nos apoyen y haigan pues las ayudas. Para dejar pues una vida mejor para nuestros hijos, pues. A la gente que viene por detrás. Pero como hasta el momento nada mejora, nada cambia, entonces, no, pensamos: ¿qué será?, ¿cómo vivirán ellos? Ellos dirán: Estos viejos no han hecho nada, no han dejado nada para nosotros.

One of the obstacles from the vantage point of producers is the relationship between production costs and the price level of agricultural products. The level of mechanization is very low, in Timboy as well as in the valley and Altiplano regions of Tarija. While producers in Timboy usually seek to rent a tractor for the sowing process, the harvest is done manually. In order to harvest, the producers have to employ *jornaleros*, day-labourers.<sup>210</sup> The rate of the *jornal* had risen considerably in the years prior to field research, and sometimes it was difficult for producers in Tarija to find hands at all. Also, it was difficult to find a tractor at the right time. Producers are convinced that a higher degree of mechanization, for example harvesters, would allow them to become more competitive.

In other parts of Tarija, in particular the Altiplano, many plots are so small that peasants only rely on their families and do not employ *jornaleros*. These producers often face a different challenge: Their acreage is so limited that they have difficulties to subsist from their

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<sup>210</sup> In Bolivia, the price of one day of labour is officially regulated in relation to the monthly basic income (interview with Emiliano Tarraga, Director, Sedag Entre Ríos, 28.6.2011).



production. It is very hard to find lands in order to expand production, and many young people leave.<sup>211</sup> As pointed out above (chapter 6.2), land tenure is highly unequal in Bolivia, in large part for historical reasons.

The Altiplano, both in Tarija and elsewhere, is also most haunted by the fact that soils are exhausted. One of the causes are production methods that are not well adapted to the local conditions.<sup>212</sup> For example:

The green revolution has brought chemical fertilizers to us. While it raises productivity, it's not sustainable. It reaches a climax and then it falls. (...) Fertilizers require some [particular] conditions, after all they consist of salts. And when these salts enter into contact with water, they kill the micro flora of the soil. (María Quispe, Prosuco, 13.5.2011)

El tema de la revolución verde nos ha traído el tema de los fertilizantes químicos. Si bien que te levanta la productividad, no es sostenible. Llega a un punto y te cae. (...) El fertilizante requiere unas condiciones, son sales al final. Y estas sales al estar en contacto con el agua te matan la microflora del suelo.

Not all producers are well equipped to deal with deteriorating conditions of production. As already pointed out above (chapter 6.2), the Bolivian Ministry for Rural Development points at the low degree of qualification as one of the reasons for the very low productivity in the countryside (MdDRyT 2010). Peasants sometimes point out themselves that they lack capacities for specific tasks.<sup>213</sup>

The next steps of the production cycle, the distribution and marketing of the produce, involves another set of challenges. Timboy can again serve as an illustrative example. After the harvest, which takes place around June, producers in Timboy usually sell part of the produce in order to cover production costs. In particular, they have to pay the auxiliaries, who have harvested. Ideally, they store part of the produce in their *zarzos*, a local form of small barns, in order to sell it later, when the next agricultural cycle approaches. Also, the maize price is usually higher later in the year. Many of them also use part of their produce in order to feed their pigs.

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<sup>211</sup> One of the reasons for the prominence of *minifundista* agriculture is the inheritance law: if a producer dies, his plot is divided between his sons. This means that plots are becoming smaller and smaller generation by generation. Nowadays, it is also becoming more difficult to buy or rent arable land outside of the Altiplano, more towards the East of Tarija. The *Marcha al Oriente* has continued over the last years, and places like Timboy have grown strongly.

<sup>212</sup> As the microinsurance literature has shown, a low degree of adaptation is an argument against premium subsidies: low microinsurance premiums make climate change adaptation less attractive (Skees, et al. 2008). This notion was not a major concern in the local context.

<sup>213</sup> Interview Felix Gareca, 27.11.2011.

When it comes to marketing the harvest, producers in Timboy and elsewhere face high transportation costs and volatile prices. Producers in Timboy usually sell to intermediaries. Don Luis Alvarado explains how this works:

And that's how we deliver: We now have a contact person in Tarija, the good thing is that we are always in contact, we know the prices, how they are in Tarija. The big problem is that (...) they discount us. Let's assume that [the price] in Tarija is 70 [bolivianos], they pay 58 [bolivianos] to us. It's very much. (...) And there is another big problem: When we transport [the produce] to Tarija, the people who buy maize know us, they know us anyhow. And once we get there with the maize, we have to sell at any price, they offer the price that they want. And we, what are we going to do with the maize? (Luis Alvarado, 14.6.2011)

Y ya lo entregamos así. Ya hay contacto ahora en Tarija, lo bueno es que siempre estamos en contacto, así sabemos los precios, como está en Tarija. El gran problema es que (...) nos descuentan pues. Supongamos que en Tarija está 70, ellos aquí nos pagan 58, así. Es hartísimo pues. (...) Y otro gran problema es allí también: Si llevamos a Tarija, nos conocen allí, los que compran maíz, nos conocen como sea. Y nosotros cuando llegamos una vez con el maíz allá, tenemos que vender al precio que sea, nos ofrecen el precio que ellos quieren, y nosotros, ¿qué vamos a hacer con el maíz?

Prices also vary according to the volume of production. In 2011, the year after the great drought of 2010, maize production went very well; no major disasters were registered in the region. The good harvest implied however that the maize price dropped: from around 100 Bs. for the quintal at the beginning of 2011 to around 60 Bs. at the end of the year. At this price level, it was still advantageous selling the produce. However, as Felix Gareca from Timboy pointed out, if it fell to 40 Bs. for the quintal, producers would not make any profit and it would be more advantageous to use it only for feeding the pigs.<sup>214</sup>

As the director of the Sedag Entre Ríos, the public service for agricultural development (Servicio Departamental Agropecuario), highlighted, the moment of marketing the produce can be considered as the weak link of the production chain in a context where input prices, including those of seeds and fertilizers, are regulated.<sup>215</sup> Also, the purchasers usually expect the producers to provide a minimum quantity for sale.<sup>216</sup> This is a particular challenge for peasants with very small plots.

While most producers express discontent about their situation, they usually admit that some progress is taking place. For example, in 2010 the producers of Timboy used the Prosol, the

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<sup>214</sup> Interview 27.11.2011.

<sup>215</sup> Interview with Ing. Emiliano Tarraga, Director, Sedag Entre Ríos, 28.6.2011.

<sup>216</sup> Interviews with Luis Alvarado, 14.6.2011; María Quispe, Prosuco, 13.5.2011)

Tarija's yearly *bono* for agricultural production (see chapter 6.3), in order to buy a tractor. However, this project has ushered conflicts in the community: who can use the tractor how much, and how much does this cost? Finally, the community agreed that the producers who want to use it have to pay a user fee in order to raise funds for the maintenance costs. This conflict is not surprising, given that this is "the first experience that we [the people of Timboy] are going to have of how to share."<sup>217</sup> In other parts of the department, the Prosol ushered similar conflicts.<sup>218</sup>

In general, there is a stark contradiction between the ideal of active community life, solidarity and social cohesion embraced by peasants, their federations and the national government on the one hand (compare chapter 6) and realities in the countryside of Tarija on the other hand. This is of some importance, since self-organization and cohesion could help to remedy at least some part of the challenges that agricultural producers face. On the one hand, people in Timboy and elsewhere are very well organized in terms of federations, some producers are also members of associations. At the community level, producers coordinate the use of water resources, in case a village has an irrigation system; discuss local conflicts; resolve potential territorial conflicts; and coordinate disaster mitigation wherever existent.<sup>219</sup>

On the other hand, self-organization mainly aims at channelling demands vis-à-vis the state, which is supposed to improve living conditions. Peasants have rarely united in order to directly improve their conditions of production, for example by making common investments.<sup>220</sup> The perceived contradictions between ideal and reality came to the fore, when producers time and again stated during my fieldwork: "The people are not united; much more needs to be done."<sup>221</sup> Or: "Everybody looks after their own interests. People do not trust each other."<sup>222</sup>

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<sup>217</sup> Interview with Rolando Cruz, Corregidor of Timboy, 14.6.2011: "Es la primera experiencia que vamos a hacer como compartir."

<sup>218</sup> For example interview with Roger Romero, Pampa la Villa Chica (Valle de Uriono), 29.10.2011.

<sup>219</sup> For example, in the Valle de Uriondo, grape producers use rockets to dissipate threatening hailstorms. Don Telmo, Conchico Pampa La Villa, 24.5.2011.

<sup>220</sup> A German NGO started several attempts to found producer associations among the grape producers of Uriondo. One of these attempts has been successful; at least one other initiative has failed. Producers often underline that these examples show how difficult cooperation is and that outside support is a condition for success. (Josué Cuellar, Aroviv, 26.10.2011; Nicolás Lazcano, Uriondo, 1.11.2011)

<sup>221</sup> "La gente no es unida; eso hace falta mucho," (Jacinto Rera, secretario general and OTB Timboy, 15.6.2011).

<sup>222</sup> "Todos tiran por su lado. La gente es desconfiada" (Antorín Gareca, Timboy, 15.6.2011).

While there is no objective standard for a high or low degree of solidarity, comparisons between Tarija and other parts of the country indicate indeed that the community plays a comparatively limited role in Tarija. For example, in large parts of the Bolivian Altiplano, all community members have to participate in community work (*minq'a*), but this is not common in Tarija.<sup>223</sup> Even in the Altiplano of Tarija, where the value system gives particular prominence to the community, the *tornavueeltas* system, joint work as a group that rotates between the fields of all group members, has largely disappeared.<sup>224</sup>

As pointed out above (compare chapter 6.2), federations claim that weak ties within communities are at least in great part attributable to erroneous public policies. Federations demand that public policies be implemented in such a way that community structures be strengthened rather than weakened. This notion has become an important part of their development model. Doña Sara, Ejecutiva of the FSUCCT (El Puente), even sees a role for the state with regard to the preservation of the *tornavueeltas* system:

[...] The new generation might not save it, it [should] be possible that the authorities can save it. [...] Beyond [...] the *tornavueeltas*, also the exchanges that were common, let's say I have fruit, and the other has another product, and now we exchange them. But now [this is] already less [common], it is getting lost. So it would be necessary to ask the authorities to appreciate this (29.10.2011).

[...] la nueva generación que hay tal vez no viene rescatando, y eso habría de que ver que las autoridades puedan rescatar eso. No. Porque aparte de esto, de las *tornavueeltas* – y los intercambios también que se hacía, no, digamos que yo tengo fruta, el otro tiene otro producto, y ahorita nos cambiamos (min 18:00). Pero ahorita ya casi menos, se está perdiendo. Entonces habría que pedir a las autoridades que valoren eso.

At the local level, some people also hint at reasons for a low degree of solidarity that go beyond public policies: They suggest that strong migration flows bring rapid change to many communities. Others point to negative experiences that they have made as members of associations or in the context of development projects.

In contrast, the representatives of public institutions or NGOs often criticize the rural population for having internalized a high degree of *asistencialismo*: according to them, the rural population expects the state to solve everything instead of taking the reins. Álvaro Ruiz, mayor of Uriondo at the time of research, stated for example:

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<sup>223</sup> Vladimir Amaller, giz La Paz, 13.10.2011.

<sup>224</sup> Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

Bolivia has always been a bit of an “assistentialist” country, to put it this way. We have always tried to create incentives, to push the producer, more than from his own initiative. [...] [If] a natural disaster happens, it is the fault of the mayor or the mayor has to respond. [If] anything similar happens, they come – as an example I mention this to you – a pipe is blocked, it is the fault of the mayor. The mayor has to find a solution. (1.6.2011)

Bolivia siempre ha sido un país un poco asistencialista, digamos, no. Siempre hemos tratado de incentivar - empujar mucho al productor, mas que de su propia iniciativa. Entonces, este - pasa un desastre natural, es culpa del alcalde o el alcalde tiene que responder. Cualquiera actividad de este tipo: vienen – como ejemplo te digo – se tapa una cañería aquí – es culpa del alcalde. El alcalde tiene que resolver.

Miguel Navajas, one of Ruiz’ staff, found that this tendency had become stronger in the years prior to my research:

If you revise a bit the governmental politics of the past four, five year, they always have – they have a tendency to subsidies. They subsidize food for you, they subsidize fuel for transport for you, they subsidize some products of the commodity basket for you, they subsidize education for you, they subsidize health services for you. So there is this tendency towards subsidies. I am not against subsidies from the professional viewpoint, I am telling you. But we should also not admit that we lose control Since you cannot subsidize everything. (1.6.2011)

Si vos revisas un poco la política del gobierno en los últimos cuatro, cinco años, siempre se ha - mas están tendiendo a la subvención. Te subvencionan alimentos, te subvencionan la gasolina para el transporte, te subvencionan algunos productos de la canasta familiar, te subvencionan la educación, te subvencionan la salud. Entonces hay la tendencia a la subvención. Yo no estoy en contra de la subvención desde el punto de vista profesional, te digo. Pero tampoco hay que dejar que se nos escape de las manos, no. Porque no puedes subvencionar todo.

Even a few professionals and politicians belonging to the political camp of the MAS were critical of this notion. For example, the director of the Departmental Agro and Livestock Service (Sedag) remarked that projects that do not include contributions on part of producers are usually not sustainable.<sup>225</sup>

Whatever explanation is right, in the places that I visited in Tarija, cooperation and mutual support at the community level did certainly not have the potential to remedy the most important challenges that agricultural producers face. And the population of Tarija definitively has very high expectations, when it comes to the role of the state. As mentioned in the last chapter, this is partly due to the large state revenues from the IDH, the hydrocarbon tax. As Gregorio García puts it:

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<sup>225</sup> Macol Choque, Sedag, 1.6.2011.

(...) I don't know if I should blame the [national] government or the government of the department, but it is already time. For example, Tarija now has the money that comes from there. So why not take your people into account now? The issue of irrigation. This is a very old topic, it's six, seven years old. (...) Now the prefect has left, he went to Paraguay,<sup>226</sup> comes another one, one doesn't even know if he is going to leave or to stay. And yes, we pin our hopes on irrigation. (14.6.2011)

(...) No sé a quién, si culpar al gobierno o al gobierno del departamento, pero ya es hora. Por ejemplo Tarija está ahora con la plata que de allí sale. Entonces, ¿por qué no poner esos ojos ajora en su gente? En el tema del riego por decirle. Ese tema riego viene de muchos años atrás, seis, siete años. (...) Ahora se ha ido el prefecto, él se ha ido a Paraguay, viene el otro, no se sabe ni cuando se va o si va a seguir. Y sí, nosotros tenemos esperanza en el riego.

The call for irrigation systems points at an array of hazards that add to the challenges already mentioned: climate-related risks. In fact, many producers feel most threatened by unexpected weather events, which have become more common in recent years (Andersen, et al. 2014; Oxfam 2009; UNDP 2011).

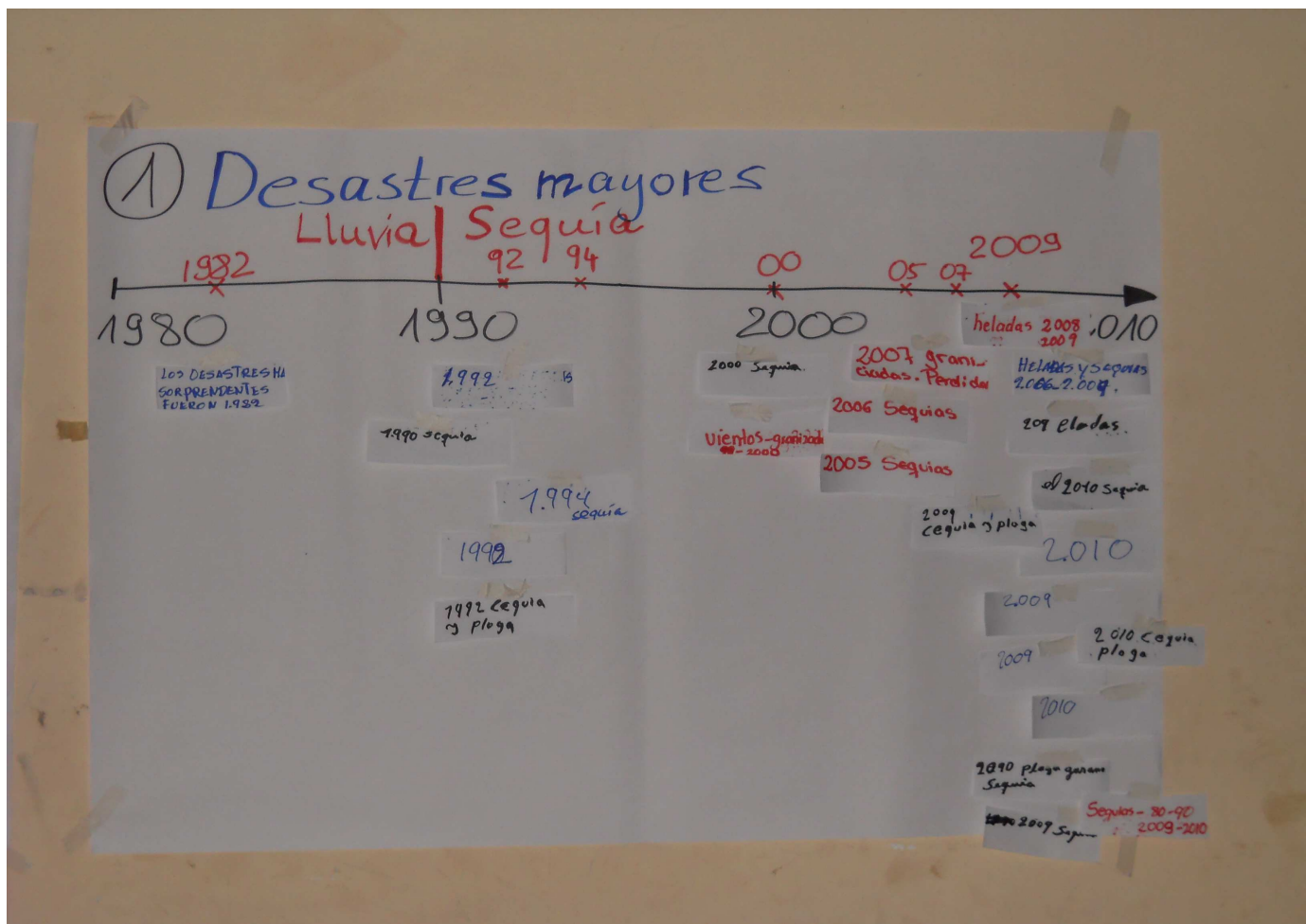
### *The effects of climate-related risks and climate change*

If it is storms, hail storms, frosts, draughts or inundations that pose the strongest threats to production in Tarija, depends on the place of production as well as the product. In Timboy, for example, draughts are the most common extreme weather event, but frosts are also frequent. In 2010 for example, the year before I started research there, a major draught had afflicted the region.

In this case, almost all producers had lost part of their produce due to the draught, but very different shares. A major part reported that they had lost almost the entire harvest, but others had “only” lost around 30 per cent. When I asked producers from the village in a group discussion in June 2011 which disasters of the last years they remembered best, they gave diverging answers. The following overview, which was produced during the discussion, illustrates their different experiences:

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<sup>226</sup> He is referring to Mario Cossío, for more information see chapter 6.3.



One reason behind this variance, which is a usual pattern in all parts of Tarija, is the microclimate that may vary from one plot to the next. At the same time, the degree of affliction also depends on agricultural practices:

Because generally we do not all sow at the same time. (...) Sometimes, the tractors don't arrive punctually in order to cultivate our plots, so we don't sow in time. The general draught comes at a specific point in time. (...) Some years ago, it smashed all [my production] – all of it! There was no maize at all. 100%. I even had to buy maize for my livestock. (...) But other neighbours who were very close and who sowed later had maize. (Luis Alvarado, 14.6.2011)

(...) Porque generalmente no sembramos todos en un solo tiempo, pues. (...) A veces los tractores no llegan para cultivar los terrenos a tiempo, así que no sembramos a tiempo. La sequía general viene un tiempo pues. (...) De mí, me pasa dos años atrás, me ha tirado todo – todo! No había nada nada de maíz. 100%. Y he tenido que comprar el maíz ya para mis animales. (...) Pero otros vecinos que estaban muy cerca que han sembrado mas atrás han tenido maíz.

Producers also make strategic use of this effect. In particular if they only have few hectares available, they take care to spread their risk by mixing products with different climatic requirements and susceptibilities and by sowing at different points in time.

Droughts are among the climate risks that peasants can ward off with the help of appropriate adaptation strategies. Since droughts are a recurring phenomenon all over the department, irrigation systems were a top priority of the FSUCCT, Tarija's peasant federation, at the time of my research.<sup>227</sup> Some producers have also started to employ other adaptation strategies. For example, Luis Alvarado, who has already been cited, reported that it is indeed helpful to not slash-and-burn fields.

Still, most peasants feel largely helpless in front of disasters. As one producer puts it: "Fight against the climate? No. We can't subdue what god gives us."<sup>228</sup> Agricultural experts belonging to NGOs or state organizations suggest that this feeling of helplessness is in many cases not just a matter of fatalism. They often witness that producers are not well informed about adaptation strategies or find it difficult to adopt new practices.<sup>229</sup> This is particularly problematic given the impact of climate change.

Without climate change, peasants would be less alarmed about weather risks: Extreme weather events have become much more common and intense, regular weather events are less predictable nowadays (Andersen, et al. 2014; Oxfam 2009; UNDP 2011). With not even a single exception, the producers and agricultural experts I talked to reported that climate patterns had changed considerably over the last years.<sup>230</sup> Catastrophic losses are their main concern. At the same time, the decreasing predictability of the climate also puts rural best practices that are linked to weather patterns into question. For example, the producers of Timboy usually only sow maize after the rainy season has started:

Nowadays it is not easy to know when to sow, when not, when you look at the agricultural calendar. Before, some 30, 40 years ago - the first rains used to be in November, December. That's what [the producers] say. Now they sow even until the end of February. They start late and [the rain] also stops very quickly. So one needs a lot of luck, the drought periods are longer (...). (Rubén Cuba, Cerdet, 28.6.2011)

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<sup>227</sup> Interview with Elvio Díaz, Secretario Ejecutivo, FSUCCT, 7.6.2011.

<sup>228</sup> "Pelear contra el tiempo? No. No podemos sujetar lo que dios nos da." (Nancy Herrera, 15.6.2011)

<sup>229</sup> For example, interviews with María Quispe, Prosuco, 13.5.2011; Rubén Cuba, Cerdet, 28.6.2011.

<sup>230</sup> Bolivia is also regularly affected by El Niño/ La Niña. Many peasants know about this phenomenon, but cannot clearly differentiate between its effects and the impact of climate change.



Ahora no es fácil saber cuándo sembrar, cuándo no, al recurrir a los calendarios agrícolas. Antes, estamos hablando hace 30 años, 40 años, entraban - la primera lluvia estaba en noviembre, diciembre. Eso es lo que comentan ellos. Ahora siembran incluso hasta fines de febrero. Empiezan tarde y suspende muy rápido también. Entonces hay que tener mucha suerte, las sequías están más largas (...).

Examples like this one abound. In the Altiplano of Tarija, frosts now occur outside of the usual scheme, for example in December, thus causing catastrophic losses.<sup>231</sup>

The observations and concerns at the local level are in line with the academic and larger international debate about the effects of climate change in Bolivia. There is little reliable data, but existing statistics show that climate patterns have changed over several decades (Andersen, et al. 2014; UNDP 2011). In particular since the mid-1990s, the number of natural disasters has strongly increased (Andersen, et al. 2014; Oxfam 2009).

UN organisations and donors increasingly focus on this topic and have expressed concern about Bolivia's vulnerability to climate change. It is one of the poorest countries of Latin America, and the disappearance of its Andean glaciers is progressing at the same time as the deforestation of the Amazonas. As one of my interlocutors at the National Institute for Agricultural Insurance (INSA) underlined: "In Bolivia, we have a very concrete illustration. The first glacier to disappear was here in Bolivia, the Chacaltaya."<sup>232</sup> (Edwin Canedo, 1.2.2013) These developments threaten the very rich biodiversity of the country (ibid) as well as access to water resources in general.

Returning to the local context, many peasants point out that among the risks that they are exposed to, they feel most menaced by the climate. Usually, I asked my interlocutors in the countryside if they felt most threatened by the loss of life of a family member, illness, disability or climate risks. Often, they would underline that climate risks threatened their entire economic existence, and that they are very frequent at the same time.<sup>233</sup> When a composite insurance product was introduced, which included agricultural, life and goods

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<sup>231</sup> Interview with Maycol Choque, Sedag Tarija, 1.6.2011.

<sup>232</sup> "En Bolivia tenemos una muestra muy concreta. El primer glaciar en desaparecer estaba aquí en Bolivia, el Chacaltaya."

<sup>233</sup> In this regard, gender differences were very noticeable: Female peasants often felt highly threatened by the death of their husbands or other close family members, men much less so. A possible explanation for this difference is the economic dependency of most female producers: Men usually bear the main responsibility for production and take most related decisions. If they die, their wives may take on this role, but this is only possible, if they have gained comprehensive insights into production before – among other conditions (interviews Sra. Espíndola, Timboy, 14.6.2011; Maria Fernandez, Timboy, 7.11.2011; Vismar Chavez, Promoter VidaAgrícola, 13.2.2013).

insurance, producers often expressed that the agricultural component seemed most important to them (see chapter 9).<sup>234</sup>

Certainly, this does not necessarily mean that agricultural risks are most threatening from a statistical, i.e. objective point of view. However, the local perception is very relevant in order to understand why producers long for innovative mechanisms like agricultural microinsurance.

Some producers point out that as a consequence of large-scale losses, their relationship with agricultural production itself has changed. Doña Rolanda explains that after the disasters of 2010, she was not sure if she should engage in agriculture again: “should I try my luck or not?”<sup>235</sup> Nancy Herrera from Timboy now considers the act of sowing itself a risk.<sup>236</sup> In face of climate change and mounting disasters, producers feel that they have a choice: they can choose to sow or not to sow. If they incur a loss or miss possible gains from production, this is the consequence of their own decision making.

Interestingly, this usage of the term “risk” is in line with Luhmann’s (1993) definition of risks as the consequence of decision making in contrast to dangers that are attributable to the environment. As he pointed out, modern society has largely relinquished the notion of natural limitations, and the future seems largely dependent on human decision making. While quite a few of his hypotheses might not be directly transferable to the Bolivian context, his propositions with regard to danger and risk are very evocative.

Microinsurance creation for peasants and the introduction of a government scheme have become possible in Bolivia, because local perceptions of agricultural risks and climate change are widely shared by the government, the insurance industry as well as development organizations. All these actors agree that climate change has brought about challenges to agricultural production which are so fundamental that they beg for new answers. One version of this narrative provides the *raison d’être* of Profin, a central actor with regard to the development of agricultural microinsurance:

[...] Damages to cultivation because of meteorological change cause a very strong impact in those sectors that are most vulnerable, the rural ones: it emerges this topic of migration from the countryside to the cities, families disintegrate, structures break, and not only family, but also community [structures]. People

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<sup>234</sup> Interviews with producers in different parts of Tarija and with Soraya Cortéz, El Churqui Tarija, 5.12.2011.

<sup>235</sup> “¿Azar o no azar?” (Interview 14.6.2011).

<sup>236</sup> Interview 15.6.2011.

lose their faith, of all things, in the sector of agricultural production (...) in general. And as a consequence, development is more measurable in urban centres than in the countryside. That's where Profin has as mission the development of mechanisms – the development of microfinance innovations (...). (Martín Gonzalez 14.4.2015)<sup>237</sup>

Este efecto de daños a los cultivos ocasionado por cambios meteorológicos genera un impacto muy fuerte en estos sectores que son los mas vulnerables, los rurales: se genera esta tema de la migración del campo a las ciudades, se desintegran las familias, se rompen las estructuras no solamente familiares, sino también comunitarias. Se pierde fé justamente en el sector productivo agrícola o agrario en general. Y en consecuencia, pues, el desarrollo se ve medido más por lo que se hacen en las urbes que lo que se hace en el campo. Entonces, allí es donde Profin como misión tiene el desarrollo de mecanismos – desarrollo de innovaciones microfinancieras (...).

The insurance industry tells a similar story:

(...) Many of the small producers, of the peasants who have very small plots and who also produce little, when they suffer a disaster, they lose everything. (...) and then those small producers are not only left without the harvest of that year, but they are left without the possibility to sow again the next year. Hence, in this time they don't have any income and this motivates many of them to leave the countryside and to settle very precariously in the city. And – well, [...] this would be evitable with insurance. (Justino Avendaño Renedo, Asociación Boliviana de Aseguradores, 10.5.2011)

(...) muchos de los pequeños agricultores, de los campesinos que tienen extensiones muy pequeñas de tierra y que tienen una escasa producción también de - de productos, cuando les llega un contratiempo de la - pues se quedan sin nada. (...) y entonces estos pequeños productores no solo se quedan sin la cosecha de ese año, sino que se quedan sin la posibilidad de volver a sembrar al año siguiente. Por lo tanto, es un período de tiempo en él que no tienen ingresos y que a muchos de ellos les lleva a abandonar el campo y instalarse de forma muy precaria en la ciudad. Y – bueno, eso sería algo que - evitable, eso sería evitable con un seguro.

These actors agree that agricultural risks, which have increased because of climate change, hinder rural development, have disastrous effects for individual peasants and their families and usher migration into cities. They perceive of this rural exodus as something problematic which disrupts social structures at several levels. Also, they are convinced that the eventual migrants will continue to face insecurity once they live in urban areas. Peasant organisations as well as many politicians usually point to the same causal chain.<sup>238</sup> They often add that these

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<sup>237</sup> I heard this story a lot of times. For example, Gabriela Caro of Profin also stated it publicly in a public workshop together with the Sedag, the agricultural development service of Tarija (30.6.2011).

<sup>238</sup> Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

developments put food security (compare chapter 6.2) into question. Below (chapter 7.2) I turn with more detail to the expectations of different stakeholders.

From this vantage point, climate change is a new problem relating to challenges that have marked Bolivian history for many decades. Urban growth, rural depopulation, and migration in general have been primary motors of change in the country, as was pointed out above (chapter 6.1). From common accounts of agricultural disasters it becomes clear that major parts of Bolivian society perceive these developments as challenges rather than progress in the first place.

To sum up this short exploration of climatic and non-climatic challenges to agriculture, climate change is increasingly perceived as a huge hazard that exacerbates pre-existing problems and begs for answers. Local perceptions and discussions about climate change intersect with discourses at the national and transnational scales. In Bolivia, policy makers, producers and the stakeholders of microinsurance projects agree that measures need to be taken in order to preserve smallholder production and to ward off the further disintegration of rural communities.

### ***Mixed economies, the family and credits: some rural practices of social protection***

The notion that in order to deal with more severe climate risks new mechanisms are needed spawns the question why current practices of social protection do not seem to provide the answer. Some of the microinsurance stakeholders whom I interviewed, above all members of the insurance industry, seemed to assume that peasants have no means whatsoever for dealing with major disasters. Obviously, this is not true. This section looks into the most common social protection strategies of producers, which go beyond the state schemes introduced above (chapter 6.1).<sup>239</sup>

In the countryside of Tarija, families are not only the pivot of production, but also of many social protection strategies. With regard to many calamities, producers can count on the support of close family members as well as their extended family, in case they have one. For example, children, brothers, sisters or cousins usually help in case of an illness or sudden death. Peasants usually prefer to cope without the support of others, but often they have to rely on their networks.

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<sup>239</sup> Since social protection strategies were a regular element of almost all the interviews which I conducted in the countryside, both with producers as well as with experts for specific topics, I do not cite specific references for the more general remarks in this section. The appendix lists all the interviews that I realized.

In contrast, when agricultural production and natural disasters are concerned, the extended family only plays a limited role. In these contexts, the unit of reference is the inner family circle, usually the people who share a household. If relatives live close by and relations are good, they may be considered as part of the inner family circle. This means that most producers do not expect their brothers or cousins living elsewhere in the department to support them if they want to make a new investment or if they have incurred large losses due to a disaster.

Among the rare examples that I found of producers who have common economic activities is Nelva Aguiar.<sup>240</sup> She produces grapes on her own vineyards in the Valley of Uriondo, but in addition she also has a large vineyard together with her brothers, which they inherited from their father. They share all investment costs and profits, and the main tasks rotate within the group. One of the brothers has been appointed as head of the group. Examples like this one are exceptions that confirm the rule, when it comes to production strategies and natural disasters.

A very significant strategy for protecting agricultural production has already been mentioned above: mixing economic activities. Small-scale producers usually combine several agricultural products and/ or combine agriculture with other economic activities. In Timboy, producers have started to grow peanuts and chilli, in some cases even soya. These varieties do not only bring higher returns on investment. They may also survive a disaster that kills the main crop, in this case maize. The pigs that most producers raise are even more important for creating some degree of social protection. In case a major disaster strikes, people can sell them in order to replace part of the lost income and eventually buy inputs for the next agricultural cycle.

In the Altiplano, mixed agriculture is even more common than in Timboy. There, many producers do not even have a single main product, although potatoes have traditionally been very prominent. They are grown together with thickbeans (habas), peas and quínoa, for example. In the Valle region around the town of Tarija, grapes are most prominent nowadays. However, only comparatively large producers grow grapes exclusively. Small producers continue to plant rows of carrot, potato and other plants between the vine rows.

Little restaurants and shops are prominent means to earn an income that complements agriculture. Other producers have entered the transportation sector. These activities are often

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<sup>240</sup> Interview with Nelva Aguiar, Uriondo, 26.10.2011.

disrupted if agriculture requires it. For example, restaurants and shops in Timboy usually stay closed during the sowing activities.<sup>241</sup> It has to be noted that in some places so many people engage in this mixed economic model that competition between businesses is quite strong. Profits often remain modest.

Still, this mixed model proves to be enormously helpful. Many producers from different parts of Tarija reported that it had already helped them to pick up production the year after a major disaster or to buy the specific inputs that are needed after a disaster. In Timboy, for example, the family of Nancy Herrera lost all their maize production due to the drought of 2010. Thanks to a small restaurant she runs and some pigs that they sold, the family was able to sow again in 2011. They only grew some five hectares of maize, although they own some 15 hectares of land. They would gradually go back to using all their acreage.

However, this strategy usually fails if producers are struck by disasters several years in a row. For this reason, the increasing number of major disasters due to climate change is worrisome for so many. Also, many producers depend more directly on the harvest of a single year than Nancy Herrera and her family: they own less land or have not been able to get access to several sources of income. They have to look out for other options in order to carry on producing.

One option is turning to banks or microfinance institutions for money. Most small and even many medium producers in Tarija do not have major savings, least of all on a bank account. If people in Timboy are asked if they have savings, they usually point to their pigs. With regard to the Altiplano, a similar picture emerges. Of the producers interviewed, only the grape producers in the *Valle* of Tarija make more frequent use of the saving offers of the microfinance industry.<sup>242</sup> Grape production is very capital intense and yields high returns on investment if no disaster strikes.<sup>243</sup>

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241 Interviews with Nancy Herrera, 15.6.2011, and Doña Rolanda, 14.6.2011.

242 Some years ago, microfinance institutions started to market microsaving accounts in addition to microcredit products. In most parts of Tarija, they are not very popular yet.

243 In some rural communities, people have mutual saving associations, which are called *Aguinaldo* or *Pasanako* in Bolivia. Members make regular contributions that go to a different member of the group each time it comes together. People find this mechanism useful in order to save for small investments. It is not an important means to protect agricultural production against disasters because of the predetermined moment of payouts and because of the high investments that are needed in agriculture.

If no savings are available, peasants can attempt to take out a loan. However, most producers consider this to be problematic: They perceive the interest rates as high<sup>244</sup>. Many small-scale producers also have difficulties to find a loan at all. Moreover, they usually have to use their land as security and have to provide two witnesses who act as guarantors. Some groups, in particular elderly people, are altogether excluded from the credit market.<sup>245</sup> Producers who have small plots or only lease land also find it difficult and sometimes impossible to find a creditor.<sup>246</sup> Moreover, most producers are afraid that they might not be able to pay back the loan in time and suffer the consequences. They might in fact lose part of their lands.

The representatives of microfinance institutions usually paint a very different image:<sup>247</sup> they point out that in order to prevent credit default, they usually attempt to restructure (*reprogramar*) the debts of their clients. After all, they have a major interest in preserving their clients' means of production and in creating a positive image for themselves. Moreover, many land titles in Bolivia's countryside are controversial; the existing documents often have little legal value. For this reason, the countryside is a much riskier terrain for microfinance institutions than urban centres, which also means that interest rates are higher.<sup>248</sup>

However, interviewees were aware of many producers who had lost land titles<sup>249</sup> because of credit defaults and I also met some of them. Ventura Sembrana is among the producers in Timboy who have made this experience.<sup>250</sup> He used to be one of the largest producers of the village. At some point, he was unable to repay his loans because the maize price was very low for several years. At the same time, he was the guarantor for the loans of several other people who were unable to cancel their debts. Consequently, he lost 20 hectares of land. Today, he combines agriculture with work as a carpenter.

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<sup>244</sup> According to the producers interviewed, they were around 25 to 30% at the time of my research; e.g. interview with Felix Gareca, 27.11.2011.

<sup>245</sup> Interview with Doña Rolanda, 14.6.2011.

<sup>246</sup> Elvio Díaz, Secretario Ejecutivo FSUCCT, 7.6.2011. In order to find a creditor, it is not necessary to have an official land title. Most microfinance institutions accept a letter of confirmation provided by the *corregidor* of the village (Interview with Gabriela Miranda, El Churqui, Uriondo, 24.5.2011).

<sup>247</sup> Interviews with Gabriela Miranda, El Churqui, Uriondo, 24.5.2011; Soraya Cortéz, El Churqui Tarija, 5.12.2011.

<sup>248</sup> At the same time, credit default rates in the countryside are usually low. For example, of the 400 credits El Churqui had handed out at the end of 2011, some 20 "had difficulties" (Soraya Cortéz, El Churqui Tarija, 5.12.2011).

<sup>249</sup> e.g. Johnny Gareca, FSUCCT, 31.10.2011.

<sup>250</sup> Interview 14.6.2011.

Producers who have no other sources of income, no savings and no access to credit cannot invest in fertilizers in order to recover as much of the production as possible after a disaster. In order to earn at least an income and invest in the next agricultural cycle, they have few strategies left. They frequently search for work as *jornalero* (day labourer). This step usually implies temporary migration.

In 2010, after the disastrous losses in Timboy, Antorín Gareca for example earned money as a day-labourer. He does not complain about it and is quite used to it: He is originally from the Altiplano and has five brothers. Only the youngest brother stayed home, the rest went to work in Argentina. There, it is possible to gain much more as *jornalero* than in Bolivia. Now, at 34, Mr. Gareca leases four hectares of land from a widow living in Timboy. He lives there together with his wife and one child. He states that he loves agricultural production and that the insecurity it involves does not alienate him.

For many producers, above all from the Altiplano, migration has been part of survival strategies for generations.<sup>251</sup> While some people become long-term migrants, there is a major group that only spends part of the year outside in order to earn money. This group usually stays at least some months every year in their home communities for agricultural production and to share important holidays.<sup>252</sup> For temporary migrants, the sugar cane harvest (*zafra*) in the southern parts of Tarija and agriculture in Argentina used to be a very common destination. Now, people more frequently also find work in other parts of Bolivia, and even in Brasil.

This illustrates that migration is not only a challenge, but also a strategy that enables producers to keep up a model of smallholder production. Certainly, some people would prefer having other options, as migration puts a lot of stress on them and their families. Still, migration has become a normal part of many life courses, and people treat it as such. As one of my interviewees put it, people have become so accustomed to it, that it is no longer a matter of pure necessities, but already “part of their culture”.<sup>253</sup> This local perception runs counter to the notions of many microinsurance stakeholders. Their narratives, which were cited in the last section (Justino Avendaño Renedo, Asociación Boliviana de Aseguradores,

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<sup>251</sup> Johnny Gareca, FSUCCT, 31.10.2011.

<sup>252</sup> For example, interviews with Abraham Riffarach, Sedag, 30.6.2011; Vismar Chavez, Promoter VidaAgrícola, 13.2.2013; Aldo, Sedag, 14.2.2013.

<sup>253</sup> „Es su cultura ya de la gente.“ (Aldo, Sedag, 14.2.2013)



10.5.2011; Martín Gonzalez, Profin, 14.4.2015), suggest that migration implies a rupture with the communities of origin and that it is coterminous with insecurity.

The reader might have noted that in this section rural communities have not been in the foreground so far. When it comes to protection against climate risks, they play a limited role<sup>254</sup> - just in line with the limited cooperation regarding agriculture already mentioned. As community members usually point out, there is a huge difference between production risks that are dealt with inside the central unit of production, which is the family, and other hazards.<sup>255</sup>

Regarding individual calamities, needy community members can hope for some help. For example, when poor inhabitants of Timboy raise money for medication or for a coffin, some people make contributions, always in accordance with their own economic status. In these individual cases, some community members also lend money to each other.

Ms. Espíndola provides an example of mutual support in case of a natural disaster: she sold her maize directly to other community members instead of sending it to the market after the last disastrous drought. Now she hopes that in case of a disaster others might help her out.<sup>256</sup>

Still, if a major natural disaster strikes, this help would certainly not be sufficient for maintaining her production. Also, mutual support within the community after a disaster is an exception rather than a rule. Producers often state: "People care about their own problems."<sup>257</sup>

Most peasants have very low expectations vis-à-vis their neighbours. In the Altiplano, some communities display a somewhat higher degree of cohesion, but even there it remains limited.

For a long time, the state also played a secondary role regarding the protection of agricultural production. In case of major disasters, communities in Tarija usually hold community meetings and decide to demand help from the authorities at the municipal or provincial level. They provide lists of the affected producers and the damages incurred, and in most cases, representatives of public institutions also visit the place. If a major disaster has taken place,

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<sup>254</sup> In Timboy, there is an important Guaraní minority that has its own rules and structures of organization. I did not talk to so many of its members that I could provide a comprehensive account. Still, it was clear that mutual support is much more common within the Guaraní community.

<sup>255</sup> For example, interviews with Luis Alvarado, 14.6.2011, Nancy Herrera 15.6.2011, Felix Gareca, 27.11.2011, all Timboy; Don Telmo, Conchico Pampa La Villa, 24.5.2011.

<sup>256</sup> Interview, 14.6.2011.

<sup>257</sup> „Cada cual se ve sus necesidades“, Nancy Herrera, 15.6.2011.

which has caused losses far above 50% of the harvest, municipal and provincial authorities will in turn ask the departmental government for support.<sup>258</sup>

In the years prior to field research, the disaster relief systems at the national and subnational levels had been reformed in order to make them more effective and more efficient.<sup>259</sup> However, producers still found the disaster relief system insufficient and reported that very limited support was provided, if at all. Because of administrative strictures, it was sent to producers several months or even a whole year after the disaster. This means that producers could not use it in order to invest in the reinvigoration of damaged produce, but only for the next agricultural cycle.

This situation is in stark contrast with the expectations of peasants of Tarija, but also elsewhere in Bolivia. After all, they feel that their productive activities are indispensable for the survival of the nation. As the representative to the federation and OTB of Timboy puts it: “If there is no agricultural production, the nation (*el pueblo*) dies.”<sup>260</sup>

Because they often feel left aside, producers also express mixed feelings when they actually receive support from public entities. When regional authorities delivered disaster relief to the community of Chiriguayo in the Altiplano in November 2011, Don Alberto thanked them by stating:

We are quite content that the [authorities] deliver a bit of fertilizer. Maybe it is not 100% of what we have lost, but it is something. Also, it's neither the first nor the last [loss due to disasters]. Because now drought is already setting in. (...) Summing up everything, we recover less than 5% [of our possible gains], but it is at least something. (10.11.2012)

Estamos un poco muy contentos [sic] de que nos dan un poco de fertilizante. Quizás no el 100 porciento que hemos perdido, pero es algo. También es ni la primera ni la última. Porque ahora ya viene la sequia. (...) Sumando esto no recuperamos el 5 porciento, pero por lo menos es un algo.

The feeling that the state had failed so far to provide proportional disaster relief, was an important reason for the wish to introduce agricultural microinsurance – on part of government actors as well on part of producers.

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<sup>258</sup> Interviews with Samuel Soliz Mercado, Sub-alcalde El Puente, 4.11.2011; Felix Gareca, Timboy, 27.11.2011.

<sup>259</sup> Interviews with Álvaro Ruiz, Alcalde de Uriondo, 1.6.2011; Miguel Navajas, 24.11.2011.

<sup>260</sup> “Si no hay producción, el pueblo se muere.”, Jacinto Rera, secretario general and OTB Timboy, 15.6.2011. A similar framing was used by José Sánchez, Anavit, interview on 27.10.2011.

In other areas of social protection, the departmental government of Tarija had stepped up its role in the years prior to my research. In 2007, it created the SUSAT, the Universal Autonomous Health Insurance of Tarija (Seguro Universal de Salud Autónomo de Tarija). The SUSAT is free of cost and covers a range of hospital as well as basic health services. It is not linked to salaried labour or economic status and is a typical *bono* according to the logic outlined above (chapter 6.1). Most producers find it helpful, but also underline that they still have to pay for certain services and for medication.

All in all, strategies for dealing with natural disasters were highly individualized in Tarija at the time of research. Rural communities and state institutions did not play a central role. Common strategies included mixed economies, the usage of savings, in whatever form, credits, and work as day-labourer including temporary migration. Long-term migration to urban centres is only a strategy of last resort.

This high degree of individualization is totally in opposition to the notion that the introduction of microinsurance schemes might represent a shift towards market welfare provision. As pointed out above, Barrientos (2004) suggests that microinsurance embodies the privatization of social protection which shifts responsibility away from the state. Certainly, in some cases microinsurance might do so, in particular when it comes to the health sector. However, generalizing this notion would constitute an idealization of social protection in some parts of the world. In particular with regard to climate risks, many governments have never provided comprehensive protection.

Local perceptions of the mechanism are in line with this finding. Peasants usually liked the idea that insurance schemes pool risks and formalize some degree of mutual support. From their perspective, agricultural insurance schemes did not only not represent an individualization, but even the opposite movement. The promotion campaigns of microinsurance providers made systematic use of the notion that they somehow strengthened mutual reliance and the community (chapters 8, 9).

Many people in Bolivia even consider insurance as a way to strengthen state engagement in disaster relief. The perception that the individualized mode of welfare production is problematic fosters interest in insurance and microinsurance. This is of some importance in the next section.

## **7.2 Expectations with regard to microinsurance**

The last section has shown why peasants in Tarija as well as other parts of Bolivia were generally advocating the introduction of agricultural insurance when I started my research there: climate risks are growing and individual social protection strategies are usually not well adapted to this situation. At the same time, the state had failed to provide comprehensive protection against agricultural risks to small-scale producers. Now it is time to turn with more detail to rural expectations regarding agricultural insurance and the ideas of microinsurance stakeholders. While the general expectations of peasants and of microinsurance stakeholders are largely identical, they have partly diverging notions of the role of the state. The hopes that microinsurance stakeholders pin on financial education and co-responsibilities are explored at the end of the chapter.

### *A future for smallholder production: general expectations*

The central purpose that agricultural insurance products have from the angle of the insurance industry and microfinance NGOs in Bolivia was outlined above: they are expected to shield peasants and their families from economic insecurities, to protect rural communities, to facilitate rural development and to prevent an exodus from rural areas.

In general, producers who advocate the introduction of microinsurance embrace the same ideas. Not all peasants in Tarija know about agricultural insurance, but most of them do. This is not only because an insurance product for the grape producers of Uriondo had already been introduced at the time of research (FTR). The most important reason for the prominence of the idea is the regular flow of agricultural labourers between Bolivia and Argentina. As a producer from Timboy points out:

(...) We generally knew about [agricultural insurance]. In Argentina, it is being applied. And there are a lot of people here in Bolivia who go to work to Argentina. And I have family members who work there, so that they talk about the insurance scheme, how it is there. (...) So we said, why do we not use this in Bolivia? (Luis Alvarado, 14.6.2011)

(...) Generalmente nosotros conocíamos: En la Argentina se aplica eso, no ve. Y hay mucha gente aquí en Bolivia que va trabajar a la Argentina. Y yo tengo familiares que trabajan allá así que hablan sobre el seguro como es allá. (...) Entonces decíamos, ¿por qué no se maneja en Bolivia eso?

Many peasants also have more specific ideas with regard to the criteria a useful insurance product has to meet. Everywhere in the department producers stated that insurance should cover as many hazards and as many agricultural products as possible. Most peasants depend on more than one produce. However, this concern was strongest for very small-scale peasants

who grow a large variety of products rather than having a single main product destined to the market. As the Executive Secretary of the FSUCCT, who is a small-scale producer himself, underlined:

We would like that the insurance to be created covers at least as many products as possible, because at least in the highlands we have a single harvest per year, nothing else, right? But we sow a bit of everything. And if one product doesn't thrive, another one thrives. So, to insure only one or two products wouldn't please us. (7.6.2014)

A nosotros nos gustaría al menos que el seguro que venga vaya a cubrir, mmm, los mas productos que sea posible, porque al menos en la zona alta nosotros tenemos una sola cosecha al año, nada mas, ¿no? Pero sembramos de todo un poco. Y si no da un producto, da otro. Entonces asegurar solamente uno, dos productos a nosotros no nos gustaría.

For obvious reasons, they also wanted the payouts to be as high as possible. Still, a majority of my interlocutors in the countryside and their organisations agreed with the notion of insurance providers<sup>261</sup> that any payout would be sufficient that covered investment costs.<sup>262</sup> This amount would allow for the reactivation of production after a major disaster.

In order to support reactivation, indemnity payments would also have to be made swiftly after any disaster, producers said. Timing was also an issue with regard to marketing insurance: Producers said that insurance should be offered at a point in the agricultural cycle when they have money; this is usually the case before they have made all their investments.

A main concern of producers in different parts of the department was that they expected the insurance to be a “just” mechanism: Indemnity payments had to be in accordance with actual losses, from their perspective. They were convinced that it would be best if a referee would evaluate individual losses on each plot. As I show below, the actual design of some microinsurance schemes in Tarija was in opposition to this idea in order to make products affordable.

In fact, the notion of agricultural insurance is so prominent in the department of Tarija that it had for several years been a central claim of peasant federations before I started my research

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<sup>261</sup> From the perspective of insurance providers, payouts that exceeded production costs would increase moral hazard. As long as payouts are limited, producers have a major incentive to care for their produce even after a disaster. As pointed out above, moral hazard describes the possible behaviour of individuals who have acquired insurance: with insurance, they might engage in activities that increase their risk exposure and which they would not undertake if they were not insured. Such a behavior is problematic from the perspective of the insurer, because the actual risks of the insurees are higher than had been anticipated when the premium rates were calculated (Hellmuth, et al. 2009)

<sup>262</sup> Interviews with producers and Maycol Choque, Sedag, 1.6.2011.

in 2011. Just as other insurance stakeholders, the FSUCCT associates agricultural insurance with general ideas of society that go beyond the individual producer. They frame the usual expectations that agricultural insurance should protect peasants, their families and communities, facilitate rural development and prevent migration in a very specific way. Their vision is in line with the discourse of the national government about the importance of rural community life, food security and food sovereignty (compare chapter 6.2).

Agricultural insurance became part of discussions within the FSUCCT around 2002 or 2003.<sup>263</sup> When the new Constitution was discussed, representatives of the federation demanded that the idea become part of the document. In Tarija itself, the idea gained new prominence in 2007, when the FSUCCT started to demand more vocally that peasants receive their share of the then growing hydrocarbon revenues in order to make small-scale production more sustainable (compare chapter 6.3):

Then, we did an organic syndicalist analysis where we said that the necessity was that we had to search for productive support in the communities so our people could live within the community, so that the communities don't deplete, but [people] stay in the communities. Then people return again to the community. Then we realized that there was above all a food crisis; because the people came to the cities and did not sow any more. The prices of food products started to increase a lot (...) From there it came that we wanted that – we (...) have a project of how we are going to live. And from there it came that we wanted to have agricultural insurance, in order to have – really sow with a guarantee for the harvest. It was born there. (Elena, Sedag Tarija, 27.10.2011)

Entonces nosotros hemos hecho un análisis orgánico sindicalista donde hemos dicho que la necesidad es que tenemos que buscar un apoyo productivo en las comunidades para que nuestra gente viva en la comunidad, ya no se queden las comunidades vacías, sino que quede en las comunidades. Entonces la gente vuelve otra vez a la comunidad. Entonces se ha visto que ha habido una crisis de - mas de todo alimentos, ¿no? Porque la gente se vino a la ciudad y ya no sembraba. Los productos empezaron a subir bastante. [...] De allí ha nacido de que nosotros querríamos que ya – tenemos proyecto ya de cómo vamos a vivir. Y de allí ha nacido que nosotros deberíamos tener un seguro agrícola para tener - sembrar realmente con garantía para la cosecha. Eso ha nacido de allí.

The notion of food sovereignty that was explained above (chapter 6.2) was absolutely central to the insurance ideas of the FSUCCT. In a discussion about agricultural insurance, the executive secretary of the FSUCCT provided the following version of the notion of food sovereignty:

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<sup>263</sup> Johnny Gareca, FSUCCT, 31.10.2011.

This is a bit the vision, the objective that the rural organization, which is the federation, proposes: how do we guarantee that our rural family doesn't suffer because it gets rid of its own food? So, what do we do in order to guarantee [that we have] our own food that we ourselves produce with our hands and for ourselves? And we know that this is even more ecological, healthy; and it's different from taking a potato, a tomato from Argentina, from other places [...]. It is like going to eat a plate of soup in the market. You eat it, but you don't know how they have cooked it. (Elvio Díaz, 7.6.2011)

Eso es un poco la visión, el objetivo que piensa la organización campesina, como es la federación: ¿De qué manera garantizamos de que - nuestra familia campesina no sufra con deshacerse de su propio alimento? ¿Entonces como hacemos eso para garantizar el propio alimento que nosotros mismos producimos con nuestras manos y para nosotros mismos? Y eso sabemos que es inclusive mas orgánico, saludable, y es distinto de agarrar pues, una papa, un tomate de la Argentina, de otros lugares [...]. Es como ir (min 23:00) a comerte una plata de sopa en el mercado. Que la comes, pero no sabes como la han cocinado.

In 2010, when the insurance had already become part of the Constitution, the federation also incorporated agricultural insurance into its development plans.<sup>264</sup> When I interviewed producers in the department in 2011, quite a few were conscious of the fact that the FSUCCT had demanded its creation for several years – just as peasant federations at the national level. As with regard to other projects, their addressees always were the authorities of the department of Tarija:

(...) Generally we have claimed as syndicalist peasant organisation in front of the authorities that there be this insurance. We have asked for it in assemblies, at the level of the province, that this insurance be implemented. And at the end no – not even they had an idea where and how to apply it (...). (Luis Alvarado, Timboy, 14.6.2011)

(...) generalmente nosotros como organización sindical campesina hemos venido exigiendo a las autoridades que haiga este seguro. Ya se lo ha venido pidiendo ya en amplios, a nivel de provincia, que se aplique este seguro. Y al final no – ni ellos se daban la idea de dónde, cómo aplicarlo. (...)

Few of the producers I interviewed knew that already on December 31<sup>st</sup> 2007, the department had adopted a law (No 3813) that created an agrarian insurance for the department of Tarija (Seguro Agropecuario para el Departamento de Tarija). It put forward the creation of a fund that was going to cover losses due to natural disasters (compare chapter 9). The law was not very concrete and was never put into practice. It was part of the development plans of Mario

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<sup>264</sup> Interview with Abraham Riffarach, Sedag, 24.10.2011.

Cossío, the former prefect and governor of Tarija, and an attempt to calm the demands and protests of producers.<sup>265</sup>

Producers had particular ideas regarding the role of the state when it came to microinsurance. These expectations are the topic of the next section. Summing up the general expectations, peasants expected agricultural insurance and microinsurance to cover as many products as possible; to provide indemnity payments that cover at least production costs and are just, i.e. in accordance with actual losses; and to be offered at a point during the agricultural cycle when producers have access to money.

***Specific expectations: the role of the state from the perspective of producers...***

Many peasants in Tarija generally expect the authorities to provide more support to rural production. To recall a succinct version of the reasoning behind: “If there is no agricultural production, the nation (*el pueblo*) dies.”<sup>266</sup> Regarding agricultural insurance, producers also expect a leadership role from the state. Politicians of different camps have taken up these demands in their political programs. Reasons for expecting the state to act on agricultural insurance are the topic of this section.

As already pointed out, producers were generally disillusioned about the support that they received in case of disasters. However, contrary to what one might expect, this did not mean that they gave up and released the state from its supposed responsibility. Rather, they expected it to ensure the creation of agricultural insurance in order to finally make a real difference. A major part of the rural population also knew that the new Constitution requires the creation of agricultural insurance and was determined to demand its implementation.<sup>267</sup>

Producers expected the state not only to act politically on this issue. Above all, they saw agricultural insurance as a means to channel public revenues to the rural sector. The hydrocarbon boom had caused an unprecedented money glut in the department. Peasants felt that they had to make their claims very explicit in order to receive a just share.

Many of them had come to think of agricultural insurance as another bono, a public social cash transfer. As outlined above (chapter 6.1), *bonos* are the backbone of Bolivia’s current public social protection policy. As the former Secretary for Rural Development of Tarija

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<sup>265</sup> Johnny Garecy, FSUCCT, 31.10.2011.

<sup>266</sup> “Si no hay producción, el pueblo se muere.”, Jacinto Rera, secretario general and OTB Timboy, 15.6.2011.

<sup>267</sup> For example, Johnny Gareca, 31.10.2011; Pámfilo Guzmán, FSUCCT, 14.2.2013.



underlined, the expectation that there be a public transfer took centre stage in political discussions, while knowledge about insurance was limited:

Nobody understood very well what this was about. Still, you always heard governors [and] candidates talk about the agricultural insurance, and agricultural insurance was one of the demands of the peasantry (*sector campesino*), right, without them really understanding what it was, how it worked. Rather, everybody had a direct subsidy, a *bono* in mind, I think. (Ernesto Farfán, Profin, 25.2.2013)

Nadie entendía muy bien de que se trataba. Pero vos escuchabas a gobernadores, a candidatos hablar siempre del seguro agrícola, y entre las demandas del sector campesino figuraba el seguro agrícola, no, sin entender realmente [...] de que se trataba, como funcionaba. Mas bien creo todos pensando en un subsidio directo, en un bono.

While knowledge about insurance was limited, with very few exceptions, the producers whom I interviewed knew that insurance cover requires regular contributions. From the perspective of peasants, there is no contradiction between the payment of regular insurance premiums and the notion of a (partial) *bono*.

For Tarija's peasant federations, public financial support for agricultural insurance is also a matter of historical justice.<sup>268</sup> Elena, the FSUCCT leader already cited above, explained the recent struggles of the federation in the following way:

We fought for money in order to receive productive support. This was necessary. And before, when the other neoliberal governments were in power, they never supported the rural sector. Throughout our lives, the money had been administered in the historic city centre [where the departmental government has its buildings], so that within the department it didn't reach the countryside, the productive sector. And that makes that the people has gone to other countries (...). (Elena, FSUCCT, 27.10.2011)

Nosotros peleabamos por una plata para sacar un apoyo productivo. Eso fue la necesidad. Y que antes y cuando estaban en el poder los otros gobiernos neoliberales, nunca se apoyó al sector productivo. Toda la vida ha sido la plata que se ha manejado dentro del casco viejo, así que dentro del departamento no salía para el campo, el sector productivo, y eso hace de que la gente ha migrado a otros países (...).

From the perspective of peasants in the federation, it was time that the state paid back its historic debts, by creating insurance among other measures. For this purpose, it had to make insurance affordable to small-scale producers: "Obviously, it has to be favourable for the

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<sup>268</sup> Elvio Díaz, Secretario Ejecutivo FSUCCT, 7.6.2011; Elena, FSUCCT, 27.10.2011; Pámfilo Guzmán, FSUCCT, 14.2.2013.

small producer. Because somehow we are the ones who suffer most.”<sup>269</sup> Although peasants are not familiar with actuarial mathematics, in most cases they rightly assumed that agricultural insurance is very costly without subsidies.<sup>270</sup>

The ideas of the FSUCCT paralleled the rhetoric of the national government with regard to agricultural insurance at the time (compare chapter 10). It should be noted that the FSUCCT has usually enjoyed the strongest support and has been most influential in Tarija’s Altiplano region, which is also the poorest part of the department.

Another argument in support of premium subsidies concerned the strategic importance of agriculture for the economic development of Tarija. Pámfilo Guzmán of the FSUCCT explained for example that the department has only two important sources of revenue: the hydrocarbon sector and agriculture. However, only agriculture would remain in the long run, because the hydrocarbon revenues would eventually dry out. In this scenario, it is of strategic importance to improve conditions of production.<sup>271</sup>

These ideas of peasants in Tarija, who are organized within the federation, throw a different light on the notion of *asistencialismo* mentioned above. Usually it is the urban population, including some policy makers and NGO representatives that accuse the rural population of depending too much on the state and having too high expectations. From the rural perspective of Tarijeños, this approach is a matter of receiving a just share or even of reclaiming historical debts.

As politicians in Tarija and on the national level have taken up rural demands for agricultural insurance, their plans usually included premium subsidies. Politicians have considered agricultural insurance as a mechanism that can render public disaster support more efficient and control costs.<sup>272</sup> After all, they face protests of angry producers on a regular basis, and climate change is perceived as growing threat. All in all, the ideas of producers and policy makers in Tarija and at the national level developed hand in hand with each other (compare also chapters 9, 10).

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<sup>269</sup> “Obviamente que tenga que ser favorable al pequeño productor. Porque de alguna manera somos los que mas sufrimos.” Elvio Díaz, Secretario Ejecutivo FSUCCT, 7.6.2011.

<sup>270</sup> Johnny Gareca, FSUCCT, 31.10.2011.

<sup>271</sup> Pámfilo Guzmán, FSUCCT, 14.2.2013.

<sup>272</sup> Ernesto Farfán, Profin (earlier Prefectura de Tarija), 25.2.2013.

As producers treat agricultural microinsurance as *bono* and consider it as means to strengthen the role of the state, it becomes even more problematic to consider microinsurance as representative of market based social protection. The local ideas of peasants are in stark contrast with the corresponding propositions of both microinsurance (Deblon and Löwe 2012; Löwe 2010; Microinsurance Network 2016b) as well as a lot of welfare state research (Barrientos 2004; UNRISD 2010b). As pointed out above, both research strands have usually considered microinsurance as market mechanism, and have mainly differed when it came to evaluating this assessment. In my conversations, my interlocutors not even once associated insurance mechanisms with neoliberalism, although this concept is such a prominent scapegoat in present-day Bolivia.

Apparently, the insurance concept can be assimilated into very different ideological frames. Below, I am concerned with the question if the microinsurance products that are being introduced actually meet the expectations that potential users put forward. This exploration relates to the finding that the instrument per se does neither embody a privatization of social protection nor the opposite movement.

The notion that agricultural insurance is a suitable answer to new hazards resulting from climate change and that the state needs to take a leading role is highly evocative of Ewald's (1991; Ewald 1993 [1986]) writings. He pointed out that in 19<sup>th</sup> century France new industrial dangers ushered the decision to create a public social insurance system (compare chapter 3.2).

In a similar move, people in Bolivia are convinced that a common answer to newly emerging dangers has to be found at the societal and political levels. They develop their specific ideas of agricultural insurance in relation to general political discussions evolving in present-day Bolivia. One of their main concerns is the responsibility of the state vis-à-vis producers in a context of resource riches and historical injustices. In this regard, the expectations of Tarija's peasants differed from the ideas of insurance companies and other non-governmental microinsurance stakeholders.

#### ***... and non-governmental microinsurance stakeholders***

The non-governmental actors who were behind the introduction of agricultural microinsurance in Bolivia also advocated a strong role for state institutions, albeit for somewhat different reasons than the peasants. For them, the notion was most central that without subsidies agricultural microinsurance would be so costly that small producers could not afford it. Some of them considered the creation of public private partnerships (PPPs) as

absolutely indispensable. As the head of the Association of Bolivian Insurance Firms (ABA) explained:

We have always said that the state has to participate in the agricultural insurance scheme. Without the participation of the state, it would be very difficult for any private entity, for any insurance company to decide implementing agricultural insurance. Because, among other things, the insurance premium to be demanded from the insured persons would be very high, while with the participation of the state, trying that this be a universal insurance in which many people participate [...], well, first of all protection would be better, the premium would be lower, and beyond that the participation of the state would need to come as well in order to support small producers [...]. (Justino Avendaño Renedo, Gerente General, Asociación Boliviana de Aseguradores (ABA), 10.5.2011)

Nosotros siempre hemos dicho que en el seguro agrícola debe participar el estado. Sin la participación del estado es muy difícil que ningún privado, compañía de seguros se decidan a implementar el seguro agrícola. Porque entre otras cosas la prima a cobrar a los asegurados sería muy alta (min 5:15), y mientras que con la participación del estado, intentando que esto fuera un seguro universal en el que una gran cantidad de asegurados participara en esa masa asegurativa, pues primero la cobertura iba a ser mayor, la prima iba a ser menor, y además la participación del estado tendría que venir allí también por apoyar a los pequeños productores [...].

He considered small-scale producers as a central target group. As pointed out above (chapter 5.5), Bolivian insurance firms consider microinsurance development as a means to expand their market and as element of their corporate social responsibility (CSR).

Development organizations like Profin shared the reasoning that only public subsidies would make agricultural insurance products affordable to small-scale producers.<sup>273</sup> The arguments of the staff of Profin, Afin and some private insurers were in line with the debate of international microinsurance experts. This is not surprising, given the close contacts that these actors had with the epistemic community leading the debate about microinsurance (chapter 5.4).

Profin and the Bolivian insurance firms offering agricultural microinsurance also adapted international discussions to the Bolivian context. For example, in line with the dominant discourse in the country, their representatives were convinced that the state had a duty to support rural development and to do more for small-scale producers. In their discussions with decision makers and producers, they often highlighted this aspect. Still, they usually had a somewhat contradictory relationship with this notion: They would often express that

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<sup>273</sup> Marcelo Collao, Cosude, 16.6.2011, 2.7.2011; Martín Gonzales, Profin, 14.4.2011.

producers were expecting too much and pointed out that the high degree of *asistencialismo* in Bolivia was a problem.

With regard to the concept of premium subsidies, Profin became a particularly important mediator between the transnational epistemic community of microinsurance experts (compare chapter 5.4) and actors within Bolivia. As pointed out above, mediators arbitrate between different types of knowledge, modes of behaviour, practices, and interests (Olivier de Sardan 2004: 166-184).

For example, Profin lobbied the national and departmental governments in that regard,<sup>274</sup> and it also advocated this approach when interacting with the insurance industry and other development actors.<sup>275</sup> At the same time, Profin shared its insights about agricultural microinsurance schemes in Bolivia with experts outside of the country. As I point out below (chapter 9), this was even a central requirement for receiving funding from the Microinsurance Innovation Facility.

Profin understood itself mainly as knowledge hub that “produced” knowledge in synch with international debates.<sup>276</sup> The fact that Gabriela Caro, one of the managers at the time of research, was often carrying around a version of the *Microinsurance Compendium*<sup>277</sup>, when she was in office, is illustrative of this eagerness. Some of the staff also had a very regular exchange with the experts of the Microinsurance Innovation Facility in Geneva, because Profin received funding for one of the projects (compare chapter 9).

Public private partnerships (PPPs) with the Bolivian state, including subsidies, were considered as very difficult, but at the same time as a useful means for gaining ground in Bolivia by many non-governmental actors.<sup>278</sup> The representatives not only of Profin, but of private institutions in general knew that many government actors belonging to the camp of the MAS were very suspicious of profit-oriented actors and often also of NGOs. Assuming that

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<sup>274</sup> Profin also lobbied for other concerns. For example, it advised the APS, the regulatory body, with regard to dedicated microinsurance legislation, which did not exist at the time of research. (Interview with Martín Gonzalez, 18.10.2011)

<sup>275</sup> In the context of the IADB project that quick started microinsurance in Bolivia (compare chapter 5.5), Afin apparently assumed a similar mediator position between the transnational scale on the one hand and the national and local scales on the other hand.

<sup>276</sup> Informal discussion with Martin Gonzalez, Profin, 6.5.2011. Profin personnel never problematized their notion of knowledge.

<sup>277</sup> As pointed out in chapter 5.4, this is a standard volume on microinsurance, which is regularly published by transnational microinsurance experts, including the *Microinsurance Network*.

<sup>278</sup> For example interview with Soraya Cortéz, El Churqui Tarija, 5.12.2011.

market principles have to be adapted in order to contribute to social wellbeing, the national government under the leadership of the MAS had started to build up state-owned firms in different sectors (compare chapter 6).

In this context, the private insurance stakeholders hoped that PPPs might help to win the trust of the target groups (compare chapters 8, 9 for results). After all, many producers shared the mistrust of their government regarding private companies and NGOs. Moreover, they expected that PPPs would be helpful for improving relations with the regulatory body, the APS (compare chapter 9 for results).

Profin, which had done a lot for the development of agricultural microinsurance products at the time of research, also had a specific reason to be keen about the creation of PPPs. In 2011, when I started my fieldwork, it had observed for some time that the national government as well as the departmental government of Tarija had started to develop plans for the creation of agricultural microinsurance. Profin had also been consulted in the course of this process. Now, its leadership hoped that its pilot schemes and initiatives would become an integral part of a larger agricultural insurance system. After all, this organization depended on the financing from development cooperation. The representatives of Profin were not only mediators, but also “brokers” (Bierschenk, et al. 2002; Mosse and Lewis 2006; Olivier de Sardan 2004) who appropriated the rents which development cooperation offers.

The director of Profin was ready to invest a lot of resources for the purpose of creating PPPs:

It is not easy, but it is necessary. Necessary because in the last years there has been participation of public and private entities, but [they were] disintegrated, disconnected. [...] This topic of coordination between the public and the private is key for us as Profin because we would be joining interests, resources and making sure that action be much more powerful than going alone one's own way. Obviously it's difficult. Everyone wants to nail their colours to the mast and say that they have done just great. Because of this we have to make sure that public and private entities have a common flag. (Edwin Vargas, 11.5.2011)

No es fácil, pero es necesario. Necesario por el hecho de que en estos últimos años ha habido una participación de entidades públicas y privadas, pero desvinculadas, desarticuladas. [...] Entonces este tema de coordinación justamente entre lo público y lo privado para nosotros como Profin es clave por el hecho de que estaríamos juntando intereses, recursos, y haciendo más bien que la acción sea mucho mas poderosa que andando solos por sus lados. (min 26:30) Que evidentemente es difícil. Cada uno quiere ir con su bandera y decir que ellos han hecho bárbaro. Entonces hay que hacer por eso haciendo que la bandera sea común entre entes públicos y privados.

With regard to the notion of public subsidies for insurance premiums, there was an important legal barrier at the time of research. According to a common interpretation of the relevant norms, municipal and departmental governments were not allowed to subsidize private entities through direct transfers. This regulation caused a lot of legal insecurity with regard to premium subsidies (compare chapter 8). As I point out below (chapter 9), representatives of Profin in La Paz and Tarija did a lot of political lobbying (*cabildeo*) in order to change this legislation. At the same time, there was also a microinsurance scheme in Tarija that included public premium subsidies provided by a municipality (compare chapter 8).

Obviously, microinsurance PPPs and subsidies can also take other forms than direct premium subsidies. Representatives of Profin would regularly suggest that state actors could also create a reinsurance fund; finance part of the running expenses; take over the responsibility for financial education; or provide agricultural capacity building that is often part of agricultural microinsurance schemes.<sup>279</sup>

In order to conclude this short exploration of the expectations of peasants and non-state actors regarding the role of the state, it should be noted that some people were also critical when it came to insurance subsidies. Rubén Cuba of the Guaraní development organization Cerdet in Entre Ríos, for example, warned that this mechanism would create a lot of dependency while discouraging adaptation to climate change.<sup>280</sup> He pointed out that many possible adaptation and development measures are not being implemented. As mentioned above (chapter 5.4), the discouragement argument is also to be found in the microinsurance literature (Hazell, et al. 2017; Loster and Reinhard 2012; Skees, et al. 2008).

This section has shown that in line with the notions of peasants, non-governmental actors were concerned that agricultural microinsurance would not be viable without public subsidies. Notions of justice were not so important for them as for the producers. Rather, they were concerned about the financial sustainability of the schemes and about the overall framework conditions in a country where market principles met a lot of criticism. They translated part of the discourses that were developing at the transnational scale into the Bolivian context by linking them to local perceptions of historical injustices.

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<sup>279</sup> Martin Gonzalez, Profin, 14.4.2011.

<sup>280</sup> Interview 28.6.2011.

### ***Educating peasants about their co-responsibilities: more specific concerns of non-governmental microinsurance stakeholders***

The expectations of microinsurance stakeholders who had the position of mediators were also largely aligned to the international microinsurance debate when it came to the notion of consumer or so called financial education. A majority was convinced that one of their main tasks when introducing microinsurance schemes consisted in creating an “insurance culture” (*cultura de seguros*): the perception among consumers that insurance is useful, necessary and part of normal life.<sup>281</sup> As mentioned above, with this purpose in mind, international microinsurance experts promote the notion of consumer education (Dror, et al. 2012; Impact Insurance Initiative 2016). Potential clients are to be informed about risks and insurance mechanisms and to be encouraged to buy insurance. Insurance firms, Profin and other actors transferred this notion into the local context, adding more aspects.

When I began fieldwork in 2011, comprehensive financial education programmes had not yet been implemented in Bolivia, the topic was just starting to gain more prominence in the financial sector.<sup>282</sup> People mainly learned about financial products, when banks or microfinance institutions marketed their products: microinsurance schemes had for example been advertised on the radio and on TV or in major urban centres by cars carrying a loudspeaker.<sup>283</sup> Microfinance institutions had also offered them directly to their microcredit clients.<sup>284</sup> Beyond this, Bolivia’s Insurance Association (Asociación Boliviana de Aseguradores, ABA) had done some radio campaigns about common risks and the usefulness of insurance.<sup>285</sup> These activities had limited scope and impact.

Financial education campaigns are very costly for microfinance institutions. Moreover, there is not necessarily a direct link between the campaigns and market expansion, since consumer

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<sup>281</sup> Informal discussion with Roberth Escalante, Nacional Vida, 31.11.2011 (field notes); interviews with Carolina Viviana Pozzoli Oropeza, Jefe de Area Corporativo Microseguros, Alianza Seguros, 19.10.2011; Carla Montellano, Alianza Seguros, 5.2.2013; Aldo Alianiello, Latina Seguros, 4.2.2013.

<sup>282</sup> In 2011, Finrural was developing an education programme about microcredits for the members of this microfinance association, called “Credits with Education” (*Créditos con Educación*) (Pablo Beltrán, Finrural, 15.5.2011). Moreover, in 2010, BancoSol had started a capacity building programme for micro entrepreneurs. Earlier, Acción Internacional and the IFC, which is a member of the World Bank Group, had implemented a programme on the issue together with BNB, one of Bolivia’s largest banks. In 2011, both were looking for possibilities to strengthen their engagement in the field of financial education (Gonzalo Posadas Alcázar, Afin, 15.4.2011).

<sup>283</sup> Nilda Ballesteros Calvo, Encargada de Servicio y Atención al Cliente, Ecofuturo La Ceja, 21.4.2011.

<sup>284</sup> Lucía Quiroga, Jefe Regional de Captaciones, BancoSol La Paz, 25.4.2011; Gabriela Miranda, El Churqui, Uriondo, 24.5.2011.

<sup>285</sup> Justino Avendaño Renedo, ABA, 10.5.2011.



education is much more general than advertising campaigns: general information about risks and insurance usually is a major part of the program.<sup>286</sup>

Still, insurance firms and other microfinance stakeholders started to be more interested in the topic at the time of research. Many of their representatives were convinced that the heavy investment of consumer education was worthwhile. From their perspective, an “insurance culture” among consumers had to be created step by step in a lengthy process, but finally Bolivia’s population would become used to insurance.<sup>287</sup> In fact, the notion of “insurance culture” was so important from the perspective of microinsurance stakeholders that it was among the primary objectives of microinsurance projects in Bolivia. For example, according to project documents, the first objective of the *Fondo de Transferencia de Riesgos* (chapter 8) was “generating a culture of prevention and risk mitigation”.<sup>288</sup>

Interviewees held that this was above all a matter of trust: producers had to be convinced that insurance companies would in fact make payouts and not cheat on them.<sup>289</sup> As the promoter of one microinsurance scheme put it:

Generally people in the countryside, [they do something] when the neighbour does it, when he has a positive experience. So they wait until next year in order to see the experience of the other one, let’s say. They do not take the risk of being the first one, although they do also not have to invest a large amount of money [into the insurance] in comparison with the benefits in case something happened. (Vismar Chavez, Promotor Seguro Vida Agrícola, 13.2.2013)

Generalmente lo que pasa es que ellos en el campo – si el vecino lo hace, si le va bien. Entonces ellos para el año se están esperando la experiencia del otro, digamos. Ellos no toman el riesgo de ser los primeros siendo que tampoco no es una gran cantidad de dinero lo que ellos están invirtiendo en comparación a los beneficios que les diera si pasara algo.

The notion of financial education partly matched the expectation of producers. Peasants often stated that they hoped to be informed in detail about microinsurance products to be introduced. Above all, they expected that presentations take place during local community

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<sup>286</sup> Edwin Vargas, Profin and Marcelo Collao, Cosude, 16.6.2011.

<sup>287</sup> Informal discussion with Roberth Escalante, Nacional Vida, 31.11.2011 (field notes); interviews with Carolina Viviana Pozzoli Oropeza, Jefe de Area Corporativo Microseguros, Alianza Seguros, 19.10.2011; Carla Montellano, Alianza Seguros, 5.2.2013; Maycol Choque, Sedag, 1.6.2011.

<sup>288</sup> “generar una cultura de prevención y mitigación de riesgos” (Issler 2009).

<sup>289</sup> For example, Gonzalo Posadas Alcázar, Afin, 15.5.2011; Justino Avendaño Renedo, Asociación Boliviana de Aseguradores, 10.5.2011.

meetings.<sup>290</sup> This is the usual format for presenting new projects, allowing for a common process of reflection and discussion.

Producers also stated themselves that they were very suspicious of non-governmental organizations introducing new projects. The mayor (*corregidor*) of Timboy provides the following explanation:

There were projects relating to production, for the improvement of pig [breeding], for example. [They] arrive to a place, they help in some regard, and they leave us – and sometimes in the middle of the project. It is not possible to finalize the projects, and some projects remain a promise (Rolando Cruz, 15.6.2011)

Había proyectos productivos, de mejoramiento de chanchos por ejemplo. Se llega a un lugar, nos ayudan de cierta parte, y nos dejan - y en medias a veces (min 13:00). No se puede concluir los proyectos, y algunos proyectos quedan como promesa.

As if creating trust in unknown institutions was not difficult enough, the ideas of microinsurance stakeholders went beyond this aspect: they expected producers to assume co-responsibilities in the context of microinsurance schemes. They mainly expected the provision of information on part of producers, mutual social control within communities as well as the assumption of risk-averse or mitigating strategies.<sup>291</sup> The head of Bolivia's insurance association puts it this way:

All we propose is that there be some kind of collaboration between the community members and the financial institutions. There we need some cooperation with civil society; with the communities, with the representatives of the community members. Let's agree with them which risks we assume, and later, when the damage occurs, they should tell us exactly how large the damage is, so this can become a microinsurance. A microinsurance implies a microcontribution (Justino Avendaño Renedo, Asociación Boliviana de Aseguradores, 10.5.2011)

“Todo lo que nosotros proponemos es que haya una especie de colaboración entre los propios comunitarios y las entidades financieras. [...] Allí necesitamos que haya una cooperación con la sociedad civil; (min 30:24) con las comunidades, con los representantes de los comunitarios. Con ellos nos pongamos de acuerdo que riesgos estamos asumiendo, y luego cuando se produzca el siniestro, nos digan exactamente, cuál es el alcance del siniestro, para que eso pueda convertirse en un microseguro, no. Microseguro conlleva microprima [...].”

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<sup>290</sup> For example, Luis Alvarado, Timboy, 14.6.2011.

<sup>291</sup> Gabriela Caro, Profin, in the public inauguration ceremony of the VidaAgrícola microinsurance scheme, 30.6.2011.

The common objective of different dimensions of co-responsibility is reducing the costs of microinsurance.<sup>292</sup> Microinsurance providers argue that this makes insurance schemes more sustainable, more affordable for producers and finally also more profitable for insurance proviers. Microcredits were an important inspiration for this notion: mutual control between the members of credit associations are considered as successful recipe for keeping credit default rates low.<sup>293</sup>

Production techniques that either reduce risk exposure or mitigate losses after a disaster are an important dimension of the proposed co-responsibilities. Microinsurance stakeholders hoped to reduce moral hazard<sup>294</sup> and to make production more resistant to disasters. With this purpose in mind, they were planning capacity building programmes for their clients. This plan was in line with a general trend in Tarija at the time of research: the number of capacity building programmes was burgeoning.

All in all, my interlocutors were very optimistic with regard to the possibilities of creating an insurance culture that included “risk-averse subjectivities” (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017) and mutual control. They actually believed that it was possible to influence perceptions as well as strategies of agricultural producers. Among the representatives of institutions, I rarely heard critical voices suggesting that moral hazard might be a major problem for microinsurance schemes in Tarija and that mutual control within communities might not be sufficient.<sup>295</sup>

It is also remarkable that microinsurance stakeholders had a very positive vision of subjective dispositions that authors in the Foucauldian tradition have identified as elements of neoliberal governmentality. As pointed out above, Rose (Rose 1993; Rose and Lentzos 2017) and other authors of this school are critical of responsible citizens who supposedly participate in their own government as a consequence of welfare state privatization. How the expectations of microinsurance stakeholders regarding the subjectivities of their clients are met will be the topic of the next chapters.

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<sup>292</sup> This idea was also expressed by María Quispe, Prosuco, 13.5.2011.

<sup>293</sup> A critical account of the possible negative consequences of social control is provided by Smets & Bähre (Smets and Bähre 2004).

<sup>294</sup> Moral hazard occurs if actors who have bought insurance engage in activities that increase their risk exposure and which they would not have undertaken if they had not been insured. This means that the actual risks of these actors are higher than the average, which is used for calculating premium rates (Hellmuth et al. 2009).

<sup>295</sup> Emiliano Tarraga, Director, Sedag Entre Ríos, 28.6.2011.

To briefly sum up, notions of financial education and co-responsibilities started to become prominent at the time of field research. All my interlocutors were generally very positive about both concepts. The previous sections have shown that there was also remarkable unanimity with regard to the general purposes of agricultural microinsurance (protection of rural families from economic insecurities, facilitation of rural development, and prevention of rural migration). Beyond this, producers expected agricultural microinsurance to cover as many products as possible, indemnity payments that cover at least production costs, and a “just” mechanism in accordance with actual losses. They also suggested that microinsurance should be sold at a point during the agricultural cycle when producers have access to money.

When it came to the role of the state, perceptions of producers partly differed from the perspective of relevant institutions. Producers usually considered agricultural microinsurance as *bono*; its introduction was seen as strengthening the role of the state. They perceived this aspect of microinsurance as particularly positive in a context of resource riches and perceived historical injustices. In contrast, the non-governmental actors who were behind the introduction of agricultural microinsurance in Bolivia advocated a strong role for state institutions for different reasons. They worried about the financial sustainability of microinsurance and about the framework conditions in a context of widespread market scepticism. Profin became a mediator in the sense of Sardan (cf. 1995) by linking arguments developed at the transnational scale to national and local discussions about historical injustices, and reporting back to microinsurance institutions beyond the Bolivian context.

## 8. The FTR for grape producers – a small, but seminal microinsurance scheme

Because legally the insurance – I will tell you that it is useful. It is really useful. It has given me back 30 or 40% [of my investment costs], but this palliative has served me to return to fertilizing the vine, to curing it, let's say to activate it, to maintain it. This seemed very good to me. And many of my *compañeros* come, my daughters said: “Papa, look, with this you recover the plant.” But if this doesn't exist, it's over: the plant can die; it can die before its cycle [ends], before its time. (Don Telmo, Uriondo, 24.5.2011)

Porque legalmente el seguro – le diré que sirve de algo. Sirve muchísimo. Me han devuelto 30 o 40%, pero sí me ha servido ese paliativo para volver a abonar la viña, para volver a curar, (...) digamos a activarle, pues, a mantenerle. Allí he visto eso biensísimo. Y muchos de mis compañeros me llegan, mis hijas han dicho “papa, mire ya, con eso ya recuperas la planta”. Pero si no hay eso, ya no pues: La planta puede morir, puede morir antes de su ciclo, antes de su tiempo.

With these words, Don Telmo explains why he decided to become a member of the so called FTR, the *Fondo de Transferencia de Riesgos* (Risk Transfer Fund):<sup>296</sup> It helps him to invest into reviving vines that have been damaged by hailstorms. The FTR was created in 2009 in order to protect grape producers against the hazard of hailstorms. Grapes are a capital intense produce: when the harvest is good, producers in the Valle de Uriondo can earn much more than with any other produce, but they also run a high risk by opting for this investment.

During its two pilot years in 2009/10 and 2010/11, the FTR was a public private partnership (PPP). In 2009/10, the municipal government subsidized premium payments, in the second year administrative costs. This means that for some time the scheme fulfilled the expectations of producers regarding state support for agricultural production. However, after a political change at the head of the municipality, the new mayor discontinued the PPP in 2010, and a private insurance company took over. While the scheme has remained small with only some hundred insured producers each year, its members were quite content about its creation at the time of field research (between 2011 and 2013). In the context of this research, this case is of major importance, because it has served as reference point for other projects in Bolivia and ultimately for the national agricultural insurance scheme.

This chapter first provides an introduction to grape production and the origins of the FTR in Uriondo. It then turns to the rapidly changing building sites of “the state” as well as “the market” (cf. Bierschenk 2010): It shows how the responsibilities of state, market and non-

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<sup>296</sup> Interviews with Don Telmo, Conchico Pampa La Villa, Valle de Uriondo, 24.5.2011 and 27.10.2011.

governmental actors were redefined several times between 2010 and 2013. In addition, it shows what different designs of the scheme and different marketing campaigns meant for the acceptance of the scheme among producers.

### **8.1 The origins of the Risk Transfer Fund: Grape production in the Uriondo Valley**

Don Telmo is a typical client of the FTR in that he only owns 2.5 hectares and mixes grape production with a range of other produce. He explains the comparative advantage of grapes:

With grapes, if [no disaster] happens, it has a super advantage. It has a super advantage. It goes to Sta. Cruz, to Cochabamba, somewhere there. It goes at a better price (...) If you have got a credit, [the revenue] covers the credit and you keep a profit for keeping up the household, for using machines, for the tractor, for fumigating, for anything. Buy fertilizer. (24.5.2011)

Con la vid, cuando no pasa nada, tiene una super ventaja, pues. Tiene una super ventaja, pues. Que se va a Sta. Cruz, a Cochabamba, por allí. Se va a mejor precio. (...) Si se ha hecho un préstamo, cubre el préstamo y le queda para ganancia para mantener su hogar, para manejar maquinaria, para tractor, fumigar, para cualquier cosa. Comprar abonos.

In addition to grapes, Don Telmo produces potatoes, tomatoes, maize and yams, and he owns two dairy cows and some chicken. He also used to have pigs, sheep and a horse. Apart from grapes, he sells only those agricultural products in the market that his family does not need for its own subsistence.

Don Telmo, who is now in his seventies, still remembers very well how grape production was introduced in the valley. In his village, called Conchico Pampa La Villa, he was among the first peasants to have vines. In 1988, he imported them directly from Mendoza in Argentina, where he earned his money in the grape harvest.

#### ***Grape production in the Valle de Uriondo***

The origins of large-scale grape production in the Valle de Uriondo date back to the end of the 1960s. At that time, trellis (*espalderas*) and other productive innovations were imported from Chile and from Argentina.<sup>297</sup> Very high grape prices<sup>298</sup> made the produce increasingly prominent, and several hundred producers entered the sector by the middle of the 1970s.

By the mid-1970s, several large *bodegas* were founded in the Valley. Names that are well-known in Bolivia like Kohlberg, Casa Real and Rujero produce singani, a spirit distilled from

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<sup>297</sup> Hernán Vilte, Uriondo, 27.5.2011.

<sup>298</sup> Grapes could be sold at \$40 per box (*caja*), only later in the course of the 1970s prices fell gradually to a level of \$12 to \$15 per box (interview with Nicolás Lazcano, Uriondo, 1.11.2011).

muscatel grapes, and wines. Most bodegas draw on their own large vineyards, but also buy produce from small-scale producers. Since the end of the 1970s, some small-scale grape producers also manufacture wines in so-called *bodegas artesanales*.

In 2011, 1600 hectares in the *Valle* were used for grape production. Around 5000 people were directly employed in the sector, some 3000 families had their own vineyards. More than 75% of these producers owned one hectare of vines or less and were considered as small producers.<sup>299</sup> Elsewhere in Tarija, this would not be sufficient to earn a living, but grape production offers major advantages: At the time of research, it was possible to earn up to \$10 000 per hectare of vines if no disaster occurred.<sup>300</sup> Some producers who set out with a few vines have been able to expand over the decades and are now among the major producers with up to 20 hectares.

Grape production and processing have not only brought some degree of prosperity, but also considerable population growth to the *Valle de Uriondo*. Until the land reform of 1952, the land of the Valle was owned by a few great land owners. Don Telmo explains how it was re-divided in the 1950s:

In '52, the community members revolted against – there were the estate owners. (...). We finally removed them and finally we, the tenants (*arrenderos*) as we say, who worked the soil, we have stayed. We stayed and, well, successively the family has stayed. That's how it is (27.10.2011)

'52 se rebelaban los comunales a los - eran los terratenientes, para decir. (...) Les hemos sacado ya y hemos quedado ya los arrenderos para decir, los que trabajabamos la tierra. Nos quedamos y bueno, sucesivamente ha ido quedando la familia. Así es.

Conchico Pampa La Villa, which had around 30 inhabitants in the 1950s, now has more than 200 community members. Don Telmo reports that cooperation between neighbours is close, above all if compared to other communities. They even have a *tornavueltas* system, which has become rare in Tarija: 15 to 20 producers unite to complete a certain task for the benefit of one of them. This form of cashless support rotates within the group.

Today, grape production does not only play an important economic role for people in the valley. They also ascribe major cultural importance to grape, wine and singani production and

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<sup>299</sup> According to the classification of Profin and Fautapo, grape producers are considered as small, when they own up to one hectare and as medium if they own one to three hectares. Interview Gerardo Tejerina, Profin, 23.5.2011. These numbers from the cataster of FAUTAPO can also be found in Issler (2009).

<sup>300</sup> Informal conversation with Gerardo Tejerina, Profin, 31.10.11; Ricardo Moravec, Fautapo 30.5.2011.

are committed to marketing this recent tradition. On the occasion of the grape harvest (*vendimia*), the municipality of Uriondo organizes a yearly festival which includes the invitation of artists and the election of a wine queen. The picturesque town with its palm tree-lined square has also become an important weekend destination for people from the city of Tarija. They spend a day off in the countryside, eat suckling pig or other local food and taste wines.

### *The origins of the FTR*

The staging of the *Valle* as placid grape and wine region is somehow at odds with the local production conditions. Hailstorms and frosts cause large-scale losses on a yearly basis. As in other parts of the department, producers state that catastrophic weather events had become more frequent and more intense over the last decade. From the expert point of view, the department is not very suitable for grape production. For example, rains are common around the time of harvest, which causes frequent diseases.<sup>301</sup> Still, grapes remain more profitable than alternative products.

Before this background, grape producers mobilized a lot of political pressure and were rewarded with the creation of the FTR. Partly reflecting the pattern outlined in the last chapter (7.1), producers expect the municipality to help them out in case of disasters. In comparison with other regions, producers in the valley less frequently embraced ideas of a historical debt that the state had to pay back. Possible reasons might be that grape producers have advanced a lot economically in the last decades and that few of them identify themselves as indigenous. They would rather underline that public actors had to support the economic sector which is now most prominent and visible in the municipality. Also, they aimed to receive a just share of Tarija's gas revenues:

We put pressure [by making clear] that we are demanding our rights. We have the entitlement to basic services: drinking water, sanitation, telephone, electricity. (...) In Bolivia, it is a human necessity; it is not a privilege of the rich any more. Right? (...) And why should we not appropriate other things now? In Tarija, in particular, in theory we are – [we have] very high revenues. You will hear [people say]: “Those guys have money; why do they live like that?”

Se presiona en que son derechos lo que exigimos. Tenemos el derecho de los servicios básicos, agua potable, alcantarillado, teléfono, luz. (...) en Bolivia es una necesidad humana, ya no es un privilegio de los ricos. Verdad? (...) Y ahora por qué no apropiarnos también de otras cosas? Como que, en Tarija, en

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<sup>301</sup> Ricardo Moravec, Fautapo, 30.5.2011.



particular, estamos en teoría – eh - ingresos muy altos. (...) tú vas a escuchar: estos tipos tienen plata, y por qué viven así? (José Sánchez, Anavit, 27.10.2011)

In the past, grape producers staged veritable spectacles in order to draw attention to their losses. For example, they left heaps of damaged and dead vines in the middle of the plaza for the authorities “for them to see it”.<sup>302</sup> For a long time, the reaction of the municipal government was limited: if it provided support at all, it was small and arrived late (compare chapter 7.1). Also, as producers underline, everyone received something, no matter if they had suffered losses at all.<sup>303</sup>

In 2008, the mayor of Uriondo, Paul Castellanos, initiated the Risk Transfer Fund (*Fondo de Transferencia de Riesgos – FTR*).<sup>304</sup> In order to set up the project, he cooperated with Profin and Fautapo, two organizations dedicated to rural development and financed by international development cooperation. On the one hand, Castellanos aimed to find a new way for dealing with the mounting pressure on part of producers. On the other hand, the FTR was part of a larger development project for the municipality that he envisioned. The *Servicio Municipal de Desarrollo* that he aimed to create would combine the provision of insurance, credit and capacity building.<sup>305</sup>

If Paul Castellanos talks about the FTR<sup>306</sup>, he adapts the insurance concept into his personal ideological framework (compare chapter 7.2). He embraces a particular version of the narrative according to which agricultural insurance will reinvigorate smallholder agriculture and help to prevent migration (compare chapter 7.1): Castellanos expects agricultural insurance to reduce social differences and to prevent social clashes. From his vantage point, this is necessary because rural migration not only results in food insecurity, but also in social conflicts. According to him, producers perceive of migration as degradation (“desclasamiento”), even if it is voluntary, and feel offended („se sienten resentidos“) once they live in the cities. Castellanos suggests that the rise of Evo Morales underlines the importance of this trend.

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<sup>302</sup> “para que vean” (Gerardo Tejerina, Profin, 23.5.2011).

<sup>303</sup> For example, interview with Hernán Vilte, 27.5.2011.

<sup>304</sup> Edwin Vargas, Profin, 11.5.2011; Ricardo Moravec, Fautapo, 30.5.2011; Paul Castellanos, former mayor of Uriondo, 8.6.2011.

<sup>305</sup> This Servicio was never created, as Castellanos term as mayor ended in 2010.

<sup>306</sup> Paul Castellanos, former mayor of Uriondo, 8.6.2011.

More specifically, Castellanos looks at agricultural insurance as a mechanism to strengthen social trust (“*confianza social*”) and to learn solidarity („*aprender el tema de solidaridad*“). Both are missing in Bolivia, according to him. He also underlines that thanks to agricultural insurance neighbouring countries, which are less deficient in this regard, have advanced a lot.

As these quotes show, Castellanos displays the particular mixture of patriotism and disdain for Bolivia’s perceived backwardness that is common among members of Tarija’s old elites. He is the wealthy offspring of a great landowner in the valley, and his family continues to combine agriculture with other economic activities. In the 1970s, he studied food chemistry in Munich, where he also met his wife. At that time, he started to appreciate social democratic ideals and the politics of Willy Brandt. His account of the situation in Tarija at the time of research resembled the statements of many producers who are critical of the lack of social solidarity among themselves. At the same time, Castellanos had a different background, and his considerations included constant comparisons with a positive image of neighbouring countries and Europe.

I have explored the vision and background of the former mayor of Uriondo at some length, because he is a central figure with regard to the development of agricultural microinsurance in Tarija and ultimately in Bolivia. My interlocutors repeatedly underlined that individual politicians, who are deeply convinced of the inherent value of insurance, are absolutely central to microinsurance promotion.<sup>307</sup> Looking at the introduction process of the FTR, this suggestion is certainly right. As I point out in the following section, the support of governmental actors was not only important for financial reasons, but also in order to win the trust of the clients.

When Castellanos set out with the idea of creating agricultural insurance in 2008, he could build on an existing development project for the grape and wine sector. Since 2005, Fautapo had collected baseline information about grape production in the Valle, had created a land register and had collected risk data.<sup>308</sup> As part of the Fondo de Inversión Vitivinícola (FIV), Fautapo was attempting to mitigate the risks of grape production by introducing a radar and anti-hail nets (*malla anti-granizo*), and by subsidizing technological innovation in general.<sup>309</sup>

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<sup>307</sup> For example, interview Edwin Vargas, 11.5.2011.

<sup>308</sup> Interview Ricardo Moravec, 30.5.2011.

<sup>309</sup> At first sight, it might seem surprising that the creation of insurance seemed necessary if a radar system and anti-hail nets were being introduced. However, the radar does not provide direct protection against whether events, and *malla* does not seem affordable to all producers, even if it is subsidized. I return to this aspect in a later part of this chapter (8.3).

Without the data from this project, it would have been difficult to create the FTR within a relatively short time span.

## **8.2 Subsidies for premium payments and administrative costs: the setup of the FTR in 2009/10 and 2010/11**

From the perspective of grape producers, the somewhat complicated organizational model behind the FTR is only partly relevant. However, the particular relationships between governmental and non-governmental institutions that emerged during the pilot phase of the project (2009/10-2010/11) speak to the central research questions regarding the responsibility for social protection. For this reason, I first turn with some detail to the organizational and financial project setups in 2009/10 and 2010/11.

In 2009, Mario Cossío, the governor of Tarija at that time, inaugurated the FTR for the grape producers belonging to the Municipality of Uriondo. Of the approximately 1600 hectates of vine located in the Valle de Uriondo, almost 1000 hectares belong to this municipality (Issler 2009). The payouts of the scheme were designed to enable producers to keep on producing after a disaster.<sup>310</sup> During the first cycle of the scheme (from September 2009 until April 2010), grape producers had a choice between two products with different price/ payout levels, because production costs vary in the *Valle*.<sup>311</sup>

The payouts of the FTR vary in accordance with the actual losses of individual producers. The FTR has not been based on an index insurance model, which is common nowadays in order to reduce costs (compare chapter 5.1). Rather, it is based on a classic harvest insurance model, which means that disastrous losses are assessed on an individual basis: After a hailstorm, experts (*peritos*) visit the damaged vines in order to determine the percentage of damaged produce and the payout sum accordingly.

The FTR had several objectives, indemnities for disaster losses being only one of them. The project also aimed “to generate a culture of prevention and risk mitigation, to provide

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<sup>310</sup> If hailstorms are very strong, they damage vines and can even kill the plants. After a disaster it is important to apply fertilizers in order to have a chance to retain the plants.

<sup>311</sup> For an insurance premium of Bs. 540 per hectare they would receive Bs. 14 000 in case of a complete loss; for an insurance premium of Bs. 820 per hectare they would receive up to Bs. 22 500 per hectare (interview Gerardo Tejerina, Profin, 23.5.2011). For a systematic appraisal of the actuarial and financial design of the FTR cf. Issler, Stefan (2009): *Sistematización del Proyecto. FTR-Uriondo*. Profin, La Paz, December 2009. On the following pages, internal papers and evaluations of Profin will be cited as unpublished work, for example (Issler 2009).

integrated support for production by combining financial and non-financial instruments (...), and to control and order public spending.”<sup>312</sup>

### ***Organizational responsibility for the FTR***

The main responsibility for *organizing* the scheme lay with a non-governmental, non-profit-oriented organization, which was financed by development cooperation, namely Profin. The municipality of Uriondo, which had taken the initiative for the scheme, fully delegated its organization.<sup>313</sup> Adopting a broad definition of public-private partnerships (PPPs), the FTR in its initial phase can be considered a PPP.<sup>314</sup> This PPP was oriented towards the realization of a particular project.<sup>315</sup>

The FTR was created as tri-sector partnership (cf. Elsig and Amalric 2008): beyond the municipality and NGOs, an actor belonging to the financial sector participated in the project as sales channel. The credit cooperative El Churqui administered the payments of the producers and supported the marketing.<sup>316</sup> As pointed out above (chapter 5.2), this partner-agent model has become very common in microinsurance projects (Löwe 2006; McCord 2006).

When the FTR was introduced, El Churqui was mainly active in the credit business, but clients also used the institution for paying their basic services.<sup>317</sup> From the perspective of this microfinance institution, it was attractive<sup>318</sup> to offer agricultural insurance in order to minimize the risk of credit defaults: it was hoping that its credit clients would additionally opt

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<sup>312</sup> In Spanish, the objectives read as follows: “1) Generar una cultura de prevención y mitigación de riesgos, 2) Integrar el apoyo a la producción vitícola que combina instrumentos financieros y no financieros, 3) Cubrir las pérdidas económicas provocadas por el granizo, asegurando la inversión y dando continuidad al ciclo productivo y, 4) Controlar y ordenar el gasto público.” (Issler 2009)

<sup>313</sup> This delegation was also formally laid down in two memoranda of understanding (*convenios interinstitucionales*), signed in 13.11.2008 and 21.9.2009.

<sup>314</sup> PPPs are “continuous and relatively institutionalized (...) interactions between public and private actors that formally strive for the provision of collective goods, whereas private actors can be for-profit and/ or civil society organizations” (Schäferhoff, et al. 2009: 10). If a very narrow definition of PPPs is applied, this term does not refer to the diverse forms of delegation, but implies some form of actual co-regulation (Elsig and Amalric 2008).

<sup>315</sup> Krumm and Mause (2009) suggest that two typical forms of PPPs can be differentiated: contracts between public and private institutions with the purpose of implementing a particular project on the one hand; and organizational PPPs on the other hand.

<sup>316</sup> Interviews Gabriela Miranda, El Churqui Uriondo, 24.5.2011; Soraya Cortéz, El Churqui Tarija, 5.12.2011.

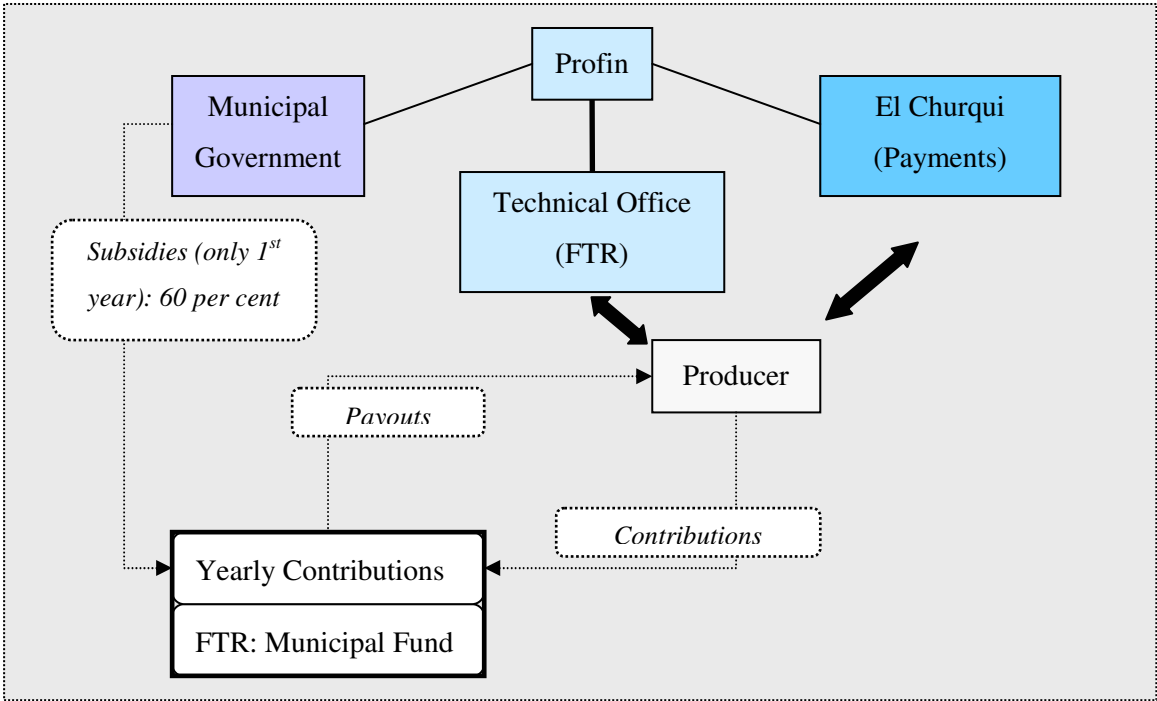
<sup>317</sup> In the department of Tarija, it had around 28 000 clients, around 5000 of them in the *Valle de Uriondo*.

<sup>318</sup> The PPP literature shows that the motives for creating this tri-sector partnership are very typical for PPPs: public institutions often attempt to improve their legitimacy with the help of PPPs; NGOs often aim to gain more influence on public actors and to increase their resources; market actors are usually interested in opening new markets (cf. Elsig and Amalric 2008).

for microinsurance.<sup>319</sup> Its representatives even supposed that it was going to be possible to reduce the interest rates for clients of agricultural microinsurance. Beyond this, credit markets in Tarija had become quite competitive, making it attractive to introduce new products.<sup>320</sup>

The main point of contact for producers who opted for the FTR was however not El Churqui: Profin set up a technical office in Uriondo, which administered the contracts. This office was also the base of the experts (*peritos*), who assessed vineyards before producers could become members of the FTR, assessed eventual damages, provided capacity building measures and also helped to market the scheme.

The following chart illustrates the institutional setup of the FTR in 2009/10:



**Financial responsibility for the FTR in the first year...**

The *financial responsibility* for the scheme was shared, with the municipality of Uriondo playing a key role in the initial phase. The cost of developing and designing the FTR was shared almost equally between the municipality on the one hand and development NGOs (Profin, Fautapo) on the other hand. Profin and Fautapo mobilized funds from different

<sup>319</sup> In May 2011, Gabriela Miranda of El Churqui admitted that most credit clients had not opted for a membership in the FTR and that the members of the FTR had in turn not taken out credits. She hoped however, that there would be a stronger correlation in the future. El Churqui was also planning to market the FTR more strongly among its clients.

<sup>320</sup> Soraya Cortéz, El Churqui Tarija, 5.12.2011.

sources; for example, the IADB participated by financing part of the commercialization. In contrast, the municipality was responsible for the financial sustainability of the scheme itself, namely for premium subsidies (60%), the technical reserve (reserves for unpaid claims) and reinsurance.

The FTR differed from classical insurance schemes in its initial phase: at the centre of this model was a municipal fund of Bs. 1 million, which served as technical reserve (the so-called FTR, i.e. *Fondo de Transferencia de Riesgos*). These funds would be used for indemnity payments in years with harvest losses above average: in these catastrophic years, the contributions of the FTR members would not be sufficient to cover the payouts. Accordingly, the yearly premium payments were designed in such a way that they would cover payouts for hailstorm losses in an average year and administration costs.<sup>321</sup>

For legal reasons, it was not possible to find reinsurance for the FTR in the initial phase. It would have been necessary to contract international reinsurance via a national insurance company, according to the responsible authority ASFI (Autoridad de Supervisión del Sistema Financiero de Bolivia) (Issler 2009). Since time did not suffice to explore this possibility, it was again the municipality which took over the financial responsibility.<sup>322</sup>

This setup was considered as overall successful by the actors involved. In the first year, 164 grape producers became members of the FTR and bought insurance cover for approximately 214 hectares (Issler 2009). Contrary to the objective of project stakeholders, mainly producers in high risk zones became members: approximately 140 of the insured hectares were located in zones with a high exposure to hailstorms (Figuroa and Balanza 2010), so payouts were comparatively high.<sup>323</sup>

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<sup>321</sup> Whether data was limited, but existed for three localities in the department for the time period from 1978 until 2006. The actuarial model was developed under the assumption that at least 300 hectares would be insured and that these hectares would be located in different risk zones. Since the resulting premium payments seemed very high for the target group of small producers, the municipality decided to provide a subsidy of 60%. Details of the option to ensure the harvest up to a payout of Bs. 14 000: Bs. 830 technical premium + Bs. 80 variable costs + Bs. 430 fix costs = 1340 total premium. 1340 total premium - Bs. 800 subsidy of the municipality = Bs. 540 premium paid by the producer. Details of the option to ensure the harvest up to a payout of Bs. 22 500: Bs. 1330 technical premium + Bs. 80 variable costs + Bs. 430 fix costs = 1840 total premium. 1840 total premium – Bs. 1020 subsidy of the municipality = Bs. 820 premium paid by the producer. More details of the actuarial model are provided by Issler (2009).

<sup>322</sup> In the MoU signed with Profin, the municipality declared that in very catastrophic years it would finance any indemnity payments that exceeded the technical reserve.

<sup>323</sup> All in all, the project cost \$86.600 in the first year of its existence (Issler 2009).

*... and in the second year*

In spite of this perceived success, the initial model of the FTR had a very short life span: For political reasons, it was abolished in the second year. In 2010, Paul Castellanos lost the municipal elections, and was followed in office by Álvaro Ruiz. Ruiz decided that the municipality would only contribute to the administration costs of the scheme: it bought office equipment for the technical office of the FTR and gasoline for the experts (*peritos*).<sup>324</sup>

The new mayor expressed several motives for his decision.<sup>325</sup> To begin with, Álvaro Ruiz was concerned about the political risks that the financial support might involve. From his vantage point, he faced a legal void (“vacío legal”) with regard to potential premium subsidies: the FTR was not registered as an organization. Moreover, applicable laws could be understood as forbidding municipalities to transfer public funds directly to individuals. Beyond this, Ruiz was concerned about the cost of the FTR, above all about the reinsurance role of the municipality. He suggested that it would be impossible for the municipality to cover the payout of a catastrophic disaster for major parts of the municipality. Finally, he also found the FTR to be deficient, because it brought only advantages to grape producers: producers specializing in tomato and potato production were still demanding support from the municipality.<sup>326</sup>

The notion a legal void makes sense in a legal environment that many policy makers perceived as dangerous at the time of research.<sup>327</sup> Politicians as well as outside observers often stated that politicians had to be afraid of legal charges for political reasons: many laws were complicated, not very clear or contradictory and some politicians were charged for procedural errors rather than for intended acts of corruption. Also, personnel at the municipalities are not always well capacitated to deal with complex legal matters.<sup>328</sup>

Still, had Ruiz been in favour of the FTR, he could probably have found ways to overcome this and other perceived obstacles. Profin and other stakeholders made many propositions in

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<sup>324</sup> Meeting between Ernesto Farfán, Profin/ Álvaro Ruiz, Mayor of Uriondo/ Miguel Navajas, Asesor, 20.5.2011.

<sup>325</sup> Interviews with Alvaro Ruiz, Mayor of Uriondo, 1.6.2011; Miguel Navajas, Asesor, 1.6.2011; Meeting between Ernesto Farfán, Profin/ Álvaro Ruiz, Mayor of Uriondo/ Miguel Navajas, Asesor, 20.5.2011.

<sup>326</sup> I turn to the question of the legitimacy of public subsidies for the FTR in a later part of this chapter.

<sup>327</sup> Interviews with Paul Castellanos, 8.6.2011; Álvaro Ruiz, 1.6.2011.

<sup>328</sup> Even Paul Castellanos, who was very critical of the approach of Álvaro Ruiz, admitted that his successor faced some degree of legal insecurity. Interview 8.6.2011.

this regard, suggesting for example the creation of a sound legal basis<sup>329</sup>, a different insurance model (including formal reinsurance) and a limited funding responsibility for the municipality.<sup>330</sup> Moreover, their proposition had always been to provide insurance for a range of products in the medium term in order to cover as many producers as possible.

Probably, the particular patterns of generating legitimacy in the local context were at least as important to Ruiz' decision, but went unmentioned. The FTR was not "his" project and even if the municipality spent a lot of money for the fund, its possible success would never be associated with his name.<sup>331</sup> In Bolivia, the political legitimacy of politicians largely depends on *obras* and other projects that are associated with their name (Lazar 2008) (compare chapter 6.3). Hence, it is a common pattern for politicians to disrupt the projects of their predecessors in order to free funds for investments in their own political capital. Elections in Tarija and elsewhere in the country also mean that a major part of the personnel of public institutions is exchanged.

It is in this way that the issue of political legitimacy made large-scale subsidies unsustainable. Probably, the personalization of political legitimacy was much more important to their discontinuation than the limited FTR membership, which also put the legitimacy of public premium subsidies into question (Sennholz 2009).<sup>332</sup> In the local context, I heard only very few critical voices regarding public insurance subsidies. Project stakeholders were happy that they helped to include small-scale producers into the scheme.<sup>333</sup> From the perspective of most of the grape producers interviewed, the subsidies provided in 2009/10 fulfilled the expectation that the state do more for agricultural production, and in particular the important grape, wine and singani sector.

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<sup>329</sup> They suggested that a separate legal public entity could be created; or that the possibility to use law No 3813 (2007) about the "Seguro Agropecuario para el Departamento de Tarija", already mentioned in chapter 7, as legal basis should be explored.

<sup>330</sup> Meetings between Ernesto Farfán, Profin/ Álvaro Ruiz, Mayor of Uriondo/ Miguel Navajas, Asesor, 20.5.2011 and 1.6.2011; Workshop of the Comité Impulsor del FTR in the Municipality of Uriondo, 25.5.2011.

<sup>331</sup> Project stakeholders had very controversial discussions about the motives of Ruiz at the time of research. The representatives of Profin were strongly convinced that he was mainly concerned about his political legacy.

<sup>332</sup> In Goldboom (2013), I relate this research result to the notions of input and output legitimacy of PPPs (Elsig and Amalric 2008) in order to develop recommendations for practitioners. In this context, I underline that policymakers should take alternatives and complementary measures into account if they consider microinsurance subsidies. I also state that "public subsidies seem more justified if they are provided for various instruments that are used to reduce risk and to promote sustainable agricultural practices. Ideally, peasants would have a choice between various subsidized instruments." (p. 32)

<sup>333</sup> As pointed out above, a major part of the microinsurance literature advocates subsidies for this reason (chapter 5.4)



If producers were critical of the premium subsidies, they focused on the demand to expand subsidized insurance to other agricultural products. Even grape producer associations embraced this argument. At the same time, they demanded that the FTR should cover all risks to grape production.<sup>334</sup> The expansion might have been a necessary measure in order to maintain support for large-scale subsidies in the long run. Considering local expectations vis-à-vis the state, this expansion would have been at least as plausible as the discontinuation of subsidies – were there not the personalized legitimacy patterns.

Still, the local reaction to the retreat of the municipality was not as vocal as one might have expected. Protests on part of the grape producers remained limited. Part of the reason was that the FTR had become part of the political fights between two major producer associations of the valley, namely Anavit (Asociación Nacional de Vitivinicultores) and Aproviv (Asociación de Viticultores del Valle). Aproviv had lobbied for the continuation of large-scale municipal support.<sup>335</sup> It mobilized producers to participate in reunions with the municipality and threatened to stage major protests. In contrast, Anavit was more critical of the scheme, because its representatives were opposed to Paul Castellanos and supported Ruiz.<sup>336</sup> As this struggle unfolded, Aproviv was unable to organize a well-staged protest.

In that year, the resulting changes to the FTR were limited from the perspective of the members: The major part of the financial responsibility was taken over by Profin, which mobilized funds from Swiss and Danish development cooperation (SDC/Cosude, Danida) for the technical reserve as well as for premium subsidies.<sup>337</sup> Moreover, the premium was slightly increased.<sup>338</sup>

In the second year, 200 producers (as compared to 164 in 2009/10) opted for the FTR and ensured 189 hectares (as compared to 214 hectares in 2009/10) (Ibarra Wilde 2011). This means that more producers became members in the second year, but on average they bought

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<sup>334</sup> Interview Josué Cuellar, Aproviv, 26.10.2011.

<sup>335</sup> Interviews Josué Cuellar, Aproviv, 26.10.2011.

<sup>336</sup> José Sánchez, Anavit, 27.10.2011; Ricardo Moravec, Fautapo, 19.10.2011.

<sup>337</sup> Interview with Edwin Vargas, Profin, 11.5.2011.

<sup>338</sup> For Bs. 1000 per hectare, producers could ensure one hectare and would receive a payout of up to Bs. 17 000 in case of total loss. This amount implied a subsidy of Bs. 800, the unsubsidized price would have been Bs. 1800. To remind the reader of the offer in the first year: for a premium of Bs. 540 per hectare producers would receive Bs. 14 000 in case of a complete loss; for an insurance premium of Bs. 820 per hectare they would receive up to Bs. 22 500 per hectare. Another change to the project setup realized in 2010 was the expansion of the scheme to *El Cercado*, belonging to an adjacent municipality. Interview with Gerardo Tejerina, Profin, 23.5.2011.

insurance for smaller plots.<sup>339</sup> 2010/2011 was a good year for grape production. Payouts were so limited that not even the yearly contributions were used in its entirety.<sup>340</sup>

### ***Some observations***

As the FTR was introduced in the *Valle de Uriondo*, the responsibilities of state, market and non-governmental actors were not set. Rather, they were defined and redefined in the process of project creation, and “the state” as well as “the market” became building sites undergoing rapid change (cf. Bierschenk 2010).

As the preceding section has shown, market actors had almost no importance for creating and organizing the FTR in its initial phase. The FTR was not a classic insurance and was not registered as such during the pilot phase from 2009/10 to 2010/11. Insurance companies played no role whatsoever. The credit cooperative El Churqui had very limited responsibilities in the tri-sector partnership that emerged, and its role also remained the same, when the municipality reduced its support in the second year.

In the initial phase, the articulation between public, non-governmental and market actors was close and formalized (through MoUs). There was a clear separation between *organizational responsibilities*, which were mainly taken over by the non-governmental organization Profin, and *financial responsibilities*, which were mainly taken over by the municipality.

In 2009/10, public subsidies were destined to all three levels of the insurance mechanism (contributions, technical reserve, reinsurance) and substantial. As the municipality opted for this model, it adopted a new role vis-à-vis grape production: It created a new degree of support for this sector that was designed to be continuous. It thus confirmed the notion of producers that municipalities and other state entities have the duty to react to natural disasters in favour of agricultural production.

However, as shown in the last section, this model was short-lived. In Bolivia, the dynamics of election cycles create a high degree of discontinuity in public projects. Many politicians are convinced that they can only win votes if they implement their own projects that are associated with their own name. In addition, many politicians perceive of the political and legal context as highly insecure. All in all, subsidies at the municipal level had a limited

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<sup>339</sup> : In 2010/11, 84% of the FTR members bought insurance for one hectare or less (interview Gerardo Tejerina, Profin, 23.5.2011).

<sup>340</sup> Interview Edwin Vargas, Profin, 11.5.2011.

degree of feasibility, at least if a medium-term perspective is applied. In the next chapter, a similar pattern emerges at the departmental level.

The finding that direct large-scale subsidies were short term in Uriondo confirms the results of the microinsurance literature regarding PPPs. As Rohregger and Rompel (2010) have pointed out with a view to Indonesia, from the perspective of the microinsurance industry, PPPs are highly desirable, but the technicalities of planning pose just as many challenges as institutional and ideological settings.

As already mentioned above (chapter 7.2), Profin played a mediator role between the transnational microinsurance community and the local context with regard to such issues as PPPs and premium subsidies: it was responsible for the initial design of the FTR, including the strong financial engagement of the municipality; in 2010, it also lobbied the new mayor, Álvaro Ruiz, for subsidies, when it became clear that was to discontinue public support (cf. Olivier de Sardan 1995).

At the same time, Profin developed many aspects of the FTR on a trial and error basis: the three-layered insurance design (contributions, technical reserve, reinsurance); the proposal to ensure 300 hectares in the first year of introduction, a target that was not met; the offer of two different insurance covers in the first year, which was abolished in the second year, to mention just a few aspects. The expertise of its personnel was very strong in the insurance sector, many of them had worked in the insurance industry. However, most had limited experience concerning development projects and PPPs.

In spite of the fact that actors belonging to the financial market played a minimal role with regard to the creation of the FTR, the fund worked in accordance with market principles. Put differently, non-profit-oriented actors created a new market - the market for agricultural microinsurance. However, with the help of public subsidies this market was modified in order to make microinsurance affordable for low-income producers the very moment this new market was created. The results of this measure are the topic of the next section.

### **8.3 Who became a member of the FTR in the pilot phase?**

The last section has shown how different actors created a market mechanism for improving the social security of grape producers. Public subsidies were introduced in order to prevent

exclusion via price signals. I now turn to the results of these measures, including some voices of grape producers.<sup>341</sup>

The perceptions of those who had become members of the FTR in the first and second year (2009/10 and 2010/11) were overwhelmingly positive. To provide just one example of a producer, who explained why he became a member of the FTR two times:

The risk motivated me. Because I do not want to live with the harvest put into doubt. Because this is a risk. This time [I have had no loss]... and the second year the same, I haven't lost, the hailstorm hasn't hit me. But I have paid with pleasure, and I will always pay, because I do not want to live with this risk. This is my motivation, yes. (Hernán Vilte, 27.5.2011)

Me motivó el riesgo. Porque no quiero vivir con la cosecha en duda. Porque ese es un riesgo. Esta vez no... y el segundo año lo mismo, no he perdido, no me tocó el granizo (min 12:00), pero he pagado con gusto, y siempre voy a pagar, porque no quiero vivir con este riesgo. Esto si es mi motivo.

Still, members also identified some room for improvement, and a large number of producers did not opt for the Fund.

### ***The numbers and some central factors behind***

As pointed out in the last section, 200 producers became members in the second year, but on average they bought insurance for smaller plots than the year before (Ibarra Wilde 2011). The numbers cited above show that the FTR was above all an interesting offer for small producers.<sup>342</sup> This confirms the notion that the FTR constituted a form of microinsurance in the pilot phase.<sup>343</sup> Quite a few of the producers whom I interviewed also opted to ensure only part of their produce. For example, they would buy insurance cover for half of their vineyard, because this was affordable or because some of the vine was still too young to be harvested. Other producers used part of their plots for other products.

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<sup>341</sup> In May and June 2011, I interviewed around 25 grape producers (semi-structured interviews), who had different relationships with the FTR: six of them had not become a member of the FTR, seven of them were a member in both years; six were only a member in 2009, and six were only a member in 2010. Only three of these producers were women. In addition, I interviewed the *peritos*, sales personnel, members of the municipal government and other project stakeholders. When I returned in October and November 2011, I realized another eight interviews with grape producers.

<sup>342</sup> As already pointed out, according to the classification of Profin and Fautapo, grape producers are considered as small, when they own up to one hectare, and as medium if they own one to three hectares. Interview Gerardo Tejerina, Profin, 23.5.2011.

<sup>343</sup> Project stakeholders were still discussing if the FTR was a veritable microinsurance project at the time of research, because some large producers became members and because premium payments were relatively high (Interview with Gabriela Caro, Profin, 27.4.2011). As I point out in the introduction, I adopt a definition of microinsurance that uses the target group as main criterion, namely the low-income population.

The central motive for becoming a member of the FTR was the high risk exposure of grape production and the perceived deficiency of existing social protection strategies. The pattern outlined in chapter 7 also applies in the *Valle de Uriondo*, although grape production is a somewhat exceptional sector:<sup>344</sup> As elsewhere in the department, producers feel highly exposed to the hazard of extreme climate events, and producers are concerned that climate change is aggravating this problem; their most common strategy for dealing with agricultural risks is mixing different economic activities, either different agricultural activities or agricultural activities with non-agricultural activities;<sup>345</sup> mutual support within communities only plays a major role when individual calamities occur, but not when agricultural production is concerned,<sup>346</sup> and public support in case of disasters is usually perceived as highly deficient.

The fact that small producers were the most important client group of the FTR was not only due to the overall importance of this producer group (as mentioned above, in 2011, around 75% of Uriondo's grape producers owned one hectare of land or less).<sup>347</sup> Small producers also had fewer possibilities to spread and mitigate risks than large producers.<sup>348</sup> Many medium and large producers have vineyards in different zones, so even if a major disaster occurs somewhere in the valley, they usually retain some part of their produce. They usually also have more savings than small producers. Beyond this, a number of medium and large producers had started to invest in anti-hail nets.<sup>349</sup> For many small producers this investment

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<sup>344</sup> One of the differences between grape and other produce concerns the high amount of capital that is needed for production. Grape producers commonly use credits for high initial as well as regularly returning investments or in order to expand production. They also employ credits in order to make exceptional investments after a major disaster. However, even though producers are used to this practice, they perceive it as problematic and threatening, because they run the risk of being unable to pay back in time.

<sup>345</sup> Only one of my interviewees engaged exclusively in grape production.

<sup>346</sup> Around half of my interlocutors stated that within their communities they helped each other if the member of another family died or fell ill.

<sup>347</sup> Interview Ricardo Moravec, Fautapo, 30.5.2011.

<sup>348</sup> In order to mitigate climate risks, the municipality also uses rockets that are supposed to dissipate threatening clouds. They are part of the yearly budget of the municipality.

<sup>349</sup> At the time of field research, Fautapo subsidized this instrument (by 40%) for producers with less than three hectares of land, but it still cost \$4000 – 10 000 per hectare, depending on the mode of production. In accordance with this, the sales personnel and *peritos* reported that only a few large-scale producers had wanted to become members of the FTR. According to them, the FTR would have been more interesting for large-scale producers if the insurance had not only covered investment costs, but the overall value of production. In 2010, the sales personnel also refused to provide insurance to a large producer, because a major part of his vines were located in a high risk zone. At that time, they had the objective to spread risks by including producers from different risk zones into the scheme. Still, it should also be noted that not all large producers could afford anti-hail nets: Among the members of the FTR, the largest insurance covered 22 hectares. This producer considered the investment into anti-hail nets as too costly. (Interview Elidia Guerrero, 15.11.2011)

was not feasible or they could only buy anti-hail nets for part of their vines.<sup>350</sup> As a consequence, the most direct alternative to becoming a member of the FTR was not accessible to some part of Uriondo's small-scale producers.<sup>351</sup>

In contrast, the subsidized premium of the FTR was affordable for a majority of small-scale producers. From the perspective of the project stakeholders, the premium subsidy fulfilled the desired goal: quite a few of the producers who were members of the FTR at the time of field research in 2011 engaged in small-scale production and had very limited resources.<sup>352</sup> I did not find producers who reported that they had not become members of the FTR because of the price level. Still, the *peritos*, who were in close contact with the target groups of the scheme, stated that a few producers were excluded even by the subsidized price. Access of cash is also partly a matter of timing: some of my interviewees reported that they would have been able to afford the FTR after the harvest, but not at the beginning of the agricultural season, when FTR membership was marketed.

However, it should be noted that some parts of the grape production sector that are less vocal did not profit directly from the scheme: day-labourers, for example, did not have a direct advantage. At best, they profited indirectly if the FTR stabilized the overall economic situation.<sup>353</sup> Beyond this, producers who rented the land for their vineyards did usually not become a member of the FTR, because they would have needed to agree with the landlord on the division of costs. This did apparently not seem feasible.<sup>354</sup>

The feeling that there were few alternatives to the FTR was also one of the reasons for the high degree of acceptance of public subsidies among producers. Some producers and their associations (FCUCCT, Anavit) were also very disappointed of the radar system that had been introduced by the municipality and Fautapo (above). Many had expected that reliable whether

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<sup>350</sup> In 2010, Fautapo had subsidized anti-hail nets for 63 of the 1600 hectares that were being used for grape production in the valley (Interview Ricardo Moravec, Fautapo, 30.5.2011).

<sup>351</sup> In comparison with any insurance mechanism, anti-hail nets also have technical advantages: It directly prevents damages that hailstorms cause to the vines. Any insurance will help to invest after a disaster, but strong hailstorms may always cause some long-term damages that cannot be cured.

<sup>352</sup> I have no statistical proof of this finding, but it stems from my semi-structured interviews with the members of the FTR.

<sup>353</sup> Hazell et al (Hazell et al. 2010) report that natural disasters engender economic losses that go far beyond the immediate damage to agricultural production.

<sup>354</sup> One of my interviewees pointed out that he had not become a member of the FTR for this reason.

data would enable the systematic use of rockets against hailstorm clouds. However, from the beginning the project had large technical problems and did not provide a dependable fix.<sup>355</sup>

Producers who had once become members of the FTR were by and large content with the scheme after the pilot phase in 2011. The members I interviewed, who had once received an indemnity payment, expressed that they had actually invested the money into their vines and that this had been helpful: “at least we recover something”.<sup>356</sup> Producers also stated that due to the insurance they were “calmer”<sup>357</sup> or that it “encourages us to keep on working, to grow more”.<sup>358</sup> The high degree of satisfaction was mirrored by the active interest some producers showed in the second cycle (2010/11): They would ask for the scheme at the FTR office even before the marketing process had started.<sup>359</sup>

Given the low price of the FTR and the level of satisfaction among its members, the question emerges why there were not more producers who became members of the FTR: 164 members in 2009/10 and 200 members 2010/11 out of a total of 1100 eligible producers (Issler 2009) might look like a very limited success. I found a range of reasons: In 2009/10, many producers had no information about the FTR or did not yet trust the mechanism (see next section for more details). In 2010/11, many producers who were planning to become members had no time to do so before the first hailstorms: The repositioning of the municipality vis-à-vis the scheme after the elections and the ensuing process of redefining responsibilities meant that the sales process started very late.

Beyond this, a number of producers were not happy about the payout level. Production costs vary, and from the perspective of some producers, Bs. 17 000 are not sufficient to keep up production after a major disaster. Anavit, the most important producer association (with some 1650 members in 2011), was very critical of this aspect.<sup>360</sup> Interestingly, the increase of the insurance premium in the second year was not a major concern to most of the producers, or put differently, most of them perceived the relationship between premium and payout level as good. I interviewed a single producer who had ended his FTR membership in the second year because of the price increase.

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<sup>355</sup> Interview with José Sánchez, Anavit, 27.10.2011.

<sup>356</sup> “Por lo menos se recupera algo.”(son of Doña Griselda, San Andrés, 14.2.2013)

<sup>357</sup> „Estoy mas tranquilo.“ (Roger Romero, Pampa La Villa Chica, 26.10.2011)

<sup>358</sup> “Nos anima a seguir trabajando, a poner más” (Carlos Gareca, Uriondo, 26.5.2011).

<sup>359</sup> Gerardo Tejerina, 23.5.2011.

<sup>360</sup> Interview with José Sánchez, Anavit, 27.10.2011.

### ***Putting solidarity first – the promotion of the FTR***

While the price did not discourage many potential clients of the FTR, mistrust and the low degree of information about insurance did. The project stakeholders found that their expectations regarding the necessity of “financial education” (compare chapter 7.2) were met. I now turn with more detail to the issue of commercialization, since it influences the demand for microinsurance in important ways. Moreover, it is important to understanding local perceptions of microinsurance, which are very different from the ideas espoused by parts of the social security literature.

The technical office of the FTR invested quite a few resources into commercializing the scheme. The responsible personnel not only had to provide information, but several individual visits to producers were necessary in order to sell insurance.<sup>361</sup> As one of the vendors put it: selling insurance “is complicated, it’s like conquering a girl.”<sup>362</sup> The communication strategy also included TV and radio spots about the scheme, flyers and information to journalists and politicians. In addition, in the first two years of the FTR, two persons were employed as promotion agents in order to approach the target groups. They provided information about the scheme during the community meetings, which usually take place once a month during the weekend. In this context, they had some thirty minutes to provide general information about the mechanism, about the costs, the payout mechanism and the role of the experts (*peritos*). A major advantage of this format from the perspective of the FTR was that producers are obliged to participate in the community meetings. Consequently, a large number of people were reached at once.

Still, only very few producers approached the project offices on their own initiative after they had received general information about the scheme. The ones who did so usually were medium producers.<sup>363</sup> The sales personnel and the experts (*peritos*) supposed that this was mainly due to the mistrust of small-scale producers. They perceived of the rural population as very distrustful in general, but also underlined that with regard to insurance this is a somewhat rational approach: after all, producers had no guarantee that payouts would actually take

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<sup>361</sup> Interviews with Vladimir Uzqueda, Responsable de promoción y venta 2010/2011, 26.5.2011; Rolando Figueroa, Responsable de promoción y venta 2009/10, 27.5.2011; Saul, Carla, Peritos FTR 2009/10, 20.5.2011; Various interviews and informal talks with Gerardo Tejerina, Perito FTR 2009-13, in 2011 and 2013.

<sup>362</sup> “es complicado, es como conquistar a una chica.” Vladimir Uzqueda, Responsable de promoción y venta 2010/2011, 26.5.2011.

<sup>363</sup> Interview with Vladimir Uzqueda, Responsable de promoción y venta 2010/2011, 26.5.2011.



place.<sup>364</sup> In addition, people had negative experiences with post-disaster relief and were afraid that the FTR would not provide meaningful support as well. My interviews with producers confirmed these notions. Many producers stated that they were hesitant to become members of the FTR in the first year, because they first wanted to see if the mechanism was going to work.<sup>365</sup>

However, the scepticism of producers reached beyond mistrust: initially, many did not find the idea of yearly contributions convincing if losses occurred on an irregular basis. In years without a major disaster, insurance premiums would just be lost from their perspective. The promoters of the FTR reported that the producers usually had many questions about this aspect. This might seem surprising given that many producers already knew about agricultural insurances from other contexts, above all Argentina. Obviously, there is a large difference between information about insurance from hearsay and knowledge of the details.

In face of these doubts, the personnel of the FTR office over time developed several strategies. The most important one was winning the trust of producers by establishing personal contacts. They visited producers up to four times on their vineyards in order to talk to them about the FTR before signing a contract. They had the impression that in this context it was central that they were from the same region and understood the perspective and concerns of the producers. A second strategy was demonstrating that the FTR kept to its promises. In the first year, the FTR personnel were happy that hailstorms caused damages to members triggering considerable payouts.<sup>366</sup> In fact, quite a few members of the second cycle (2010/11) had become members after they had received positive accounts from family members or neighbours.

They also learned which contents of the promotion campaigns mattered most to the producers. As already pointed out, the most important advantage from the producer's perspective was that the FTR was going to enable production after a disaster without debts or other major concerns. They also considered the FTR a just mechanism: the *peritos* assessed their vineyards once they became members and once again in case of a disaster in order to assess damages. Many of my interlocutors underlined that in contrast to public disaster relief, payouts were in accordance with actual losses.

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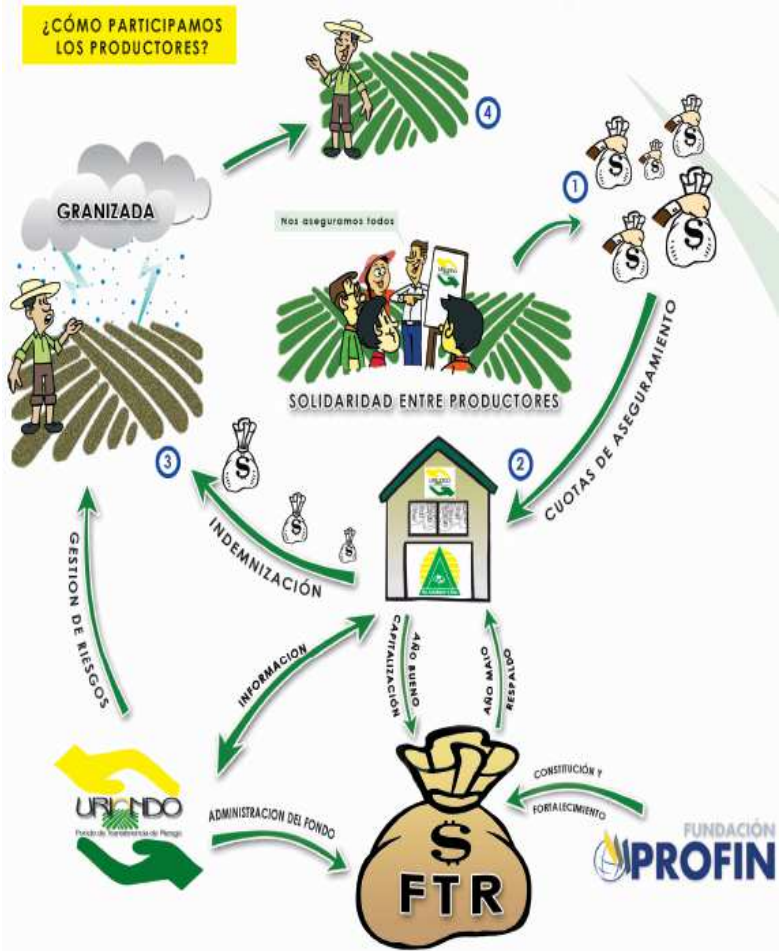
<sup>364</sup> Gerardo Tejerina, Profin, 23.5.2011.

<sup>365</sup> Mistrust is among the factors that the microinsurance industry aims to overcome with the help of financial education (Impact Insurance Initiative 2016).

<sup>366</sup> Gerardo Tejerina, Profin, 23.5.2011.

In addition, producers very much liked the idea that the FTR was based on common contributions, thus creating some form of solidarity between grape producers.<sup>367</sup> Producers would state that they accepted the potential loss of their insurance premiums in years without a disaster, because they would benefit others who were more in need, but could also expect support from others in bad years.

In its marketing strategy, the FTR office strongly highlighted this aspect. Flyers visualized the FTR as a common fund consisting of the contributions of all members and other sources. They also showed that the FTR would persist in the long run, relying on all contributions, which were not used for payouts, as technical reserve.



*Flyer that the technical office of the FTR used to inform producers about the fund: they underlined solidarity among producers*

<sup>367</sup> This was stated by the personnel of the FTR as well as by grape producers themselves.

These notions covered importance before the background of the now common perception in Tarija that solidarity and mutual trust are low within communities and that this is threatening (compare chapter 7.1). Just as other producers, grape producers felt that mutual support was decaying and wanted to remedy this.

In addition, the involvement of the municipality was also important for marketing the scheme. It gave some degree of credibility to the FTR: while producers think that public policies are deficient, public actors are contact persons who are not going to disappear. In addition, for the reasons outlined above, producers supported the idea of public subsidies.

The focus of the marketing strategy and the perceptions of the producers just outlined are strongly at odds with the perspective of the social security and the microinsurance literature. As outlined in the first part of this work, microinsurance has emerged from the social risk management (SRM) approach of the World Bank and has been criticized for precisely this matter. Many authors have found that market-based mechanisms of social protection imply a low degree of redistribution and fail to extend social protection to new groups (Cook and Kabeer 2009; UNRISD 2010b). In contrast, in Tarija quite a few producers, state actors and other project stakeholders consider agricultural microinsurance as a means to expand social protection. As outlined in the last chapter (7.2), they also consider it as some kind of *bono*, which is a form of public redistribution.

This shows that the introduction of microinsurance per se neither embodies the privatization of social security nor the strengthening of the state. The actual effect depends on organizational choices and the context, in particular the pre-existing social security situation. In Tarija, the agricultural sector had never been covered by any comprehensive social security system and the role of the state was perceived as deficient by almost everyone. In this context, microinsurance was seen as embodying social solidarity, the expansion of social security and a stronger role of the state.

### ***Capacity building and the notion of new responsibilities***

In line with ideas of creating an insurance culture (compare chapter 7), the communications strategy of the FTR reached beyond marketing attempts in the narrow sense. The technical office tried to educate producers so they would comply with the rules of the FTR in order to prevent fraud, in particular unjustified claims. They would even go further by promoting the adoption of low-risk behaviours on part of the members. Project stakeholders were convinced that this was going to make the FTR financially more sustainable. The results of these attempts matter with regard to the discussion about forward-looking and risk-averse

subjectivities in the context of neoliberal governmentality (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

The supposed duties of producers with regard to the FTR were an issue during general presentations of the scheme at the community level, but also during individual interactions between FTR personnel and producers. As already pointed out, the vending personnel and the experts (*peritos*) would underline that the FTR was a fund belonging to all members and that it implied an important element of solidarity.

For this reason, the FTR personnel insinuated that producers should only make claims that were justified by the rules of the fund. In addition, they would argue that mutual control between community members was important to prevent fraud and to keep the FTR affordable to all producers. Many members of the FTR fully agreed to these notions - just in line with the finding that grape producers readily embraced the idea of a fund that strengthened solidarity. As one of the *peritos* put it, he found “a lot of consciousness of the people”<sup>368</sup>: in some cases producers would only register major losses, because they wanted to preserve the funds of the members for major disasters.

Many grape producers also welcomed capacity building measures. The FTR personnel had the impression that commercialization was helped by the perception that the FTR shared the interests of the producers and was accessible. Education about production techniques that were to mitigate the risks of hailstorms took two forms. During their individual visits to vineyards, the *peritos* (experts) usually provided advice on possible improvements to production, for example the use of a specific fertilizer or the trimming the vines at a certain point in time. In addition, the *peritos* realized some workshops for the members of the FTR. They had planned to turn workshops into a regular element of the FTR, but ultimately this did not happen because of financial constraints and organizational challenges.

These findings suggest that this microinsurance scheme might have promoted neoliberal governmentality in the Bolivian countryside: As grape producers became clients of the FTR, many of them were asked to assume prudent and risk-averse practices when producing in face of dangers.<sup>369</sup> This was linked to a number of moral propositions: Producers were expected to preserve the scheme by being honest at the moment of making claims. While producers were

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<sup>368</sup> „mucha conciencia de la gente“ (Gerardo Tejerina, Profin, 23.5.2011).

<sup>369</sup> Rose (1993) and Dean (2007) have tried to show that this is taking place in the industrialized world where parts of public social security are being privatized or transformed.

addressed as responsible individuals, who were interested in solidarity, this approach was complemented by the suggestion that mutual control was indispensable. Microinsurance can be considered as new technology of government implying that political institutions act on social actors in new ways and subjectivities are being transformed (cf. Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

Still, the adoption of new risk-averse subjectivities remained partial in Uriondo at the time of research. As in other cases, there were gaps between the coherence of the theoretical framework of governmentality research and the empirical situation “on the ground” (cf. Gustafson 2009b; Larner 2000). As the *peritos* reported, a few producers did not look carefully after their vines once they were insured.<sup>370</sup> This negligence would not be noticeable if a disastrous hailstorm occurred. Also, some producers overstated their losses in order to receive higher indemnities.

If producers were interested in new production techniques depended on a number of factors. As a very young *perito* accounted, he had the impression that producers were not very open to his advice.<sup>371</sup> Possibly, he was perceived as inexperienced. Moreover, knowledge and information about grape production varied widely between different producer groups. In some regions of the valley, for example around Calamuchita, producers were more oriented towards market production and growth than other producers. They were usually up to date regarding the latest trends and were not so much interested in capacity building.<sup>372</sup>

As I will show below, there is also a large difference between the grape producers of the valley of Uriondo and other producers in Tarija, when it comes to the notion of risk-averse and prudential subjectivities. I suppose that Tito, one of the *peritos*, may be right when he hints at the general importance of innovations for the grape sector as an important reason:<sup>373</sup> In contrast to seasonal produce like potatoes, the quality of vines depends on care and investments over a long time. Grape producers in Uriondo have witnessed the importance of innovations over a long time, and thanks to considerable investments many have moved socially upward.

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<sup>370</sup> Informal conversation Gerardo Tejerina, Profin, 31.10.2011; interview Juan Ramos, Profin, 18.2.2013.

<sup>371</sup> Informal conversation Juan Ramos, Profin, 31.10.2011.

<sup>372</sup> Informal conversation Gerardo Tejerina, Profin, 31.10.2011.

<sup>373</sup> Informal conversation Gerardo Tejerina, Profin, 31.10.2011

#### **8.4 Towards a private microinsurance scheme: 2011/12 and beyond**

After the pilot phase of the first two years, in 2011 major institutional changes took place. The PPP behind the FTR was completely dismantled with the municipality discontinuing support. At the same time, La Alianza, a major insurance company, started to be part of the project. This section explores what this meant for the impact of the scheme and draws some preliminary conclusions regarding the FTR in its different phases.

##### ***Institutional changes after the pilot phase and their impact***

In 2011, the FTR was turned into a regular insurance scheme, which was also registered as insurance, now called Seguro Vitícola. The insurance company Alianza took over the main part of the organizational responsibilities, while El Churqui remained the distribution channel. In the course of 2011, Profin had searched insurance companies that were ready to continue the scheme, and Alianza had offered the most affordable premiums.<sup>374</sup>

Alianza is part of a major Latin American insurance group and had had its own microinsurance department for two years when it took over the FTR. They had offered different life microinsurance products and were also designing a health microinsurance scheme. As other Bolivian insurance firms, they considered microinsurance as a form of corporate social responsibility that would open new markets.<sup>375</sup>

Uriondo's mayor, Ruiz, decided that the municipality was to discontinue its support altogether. Profin had upheld its lobbying activities throughout 2011, but proved unsuccessful. In addition to the factors mentioned above, the political polarization in Tarija apparently played a major role in this context:<sup>376</sup> The representative of Profin in Tarija, who tried to convince the mayor of providing subsidies, was a member of the opposing political camp.<sup>377</sup> The pressure on part of grape producers remained weak, mainly because of the political conflicts between different producer associations outlined above. Interviewees

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<sup>374</sup> Martín Gonzales, Profin, 18.10.2011.

<sup>375</sup> Carolina Viviana Pozzoli Oropeza, Jefe de Area Corporativo Microseguros, Alianza Seguros Tarija, 19.10.2011; Carla Montellano, Alianza Seguros, 5.2.2013.

<sup>376</sup> Interviews with Martín Gonzales, Profin, 18.10.2011; Ricardo Moravec, Fautapo 19.10.2011; Josué Cuellar, Aroviv, 26.10.2011.

<sup>377</sup> Ernesto Farfán had been *Asesor General* and later Secretary for Rural Development in the departmental government of Mario Cossío, before the latter fled the country. Relations between Castellanos and Cossío had been very good. I return to this issue in the next chapter, because Farfán's political involvement was also important with regard to other Profin activities.

maintained that in order to silence the protests of Aproviv, the municipality started to finance an office and a technician for the association.<sup>378</sup>

Profin scaled down its role as Alianza took over, but continued to play a considerable role for some time. It provided support for all processes during the first months and accompanied the further development of the project for several years.<sup>379</sup> Moreover, together with Fautapo it continued to support the project in the first year (2011/12) with some \$50 000.

Due to the institutional changes, the insurance premium increased: It now cost Bs. 1400 for one hectare of vines instead of Bs. 1000 the year before. The maximum payout level remained at Bs. 17 000 for one hectare. Some part of the increase was due to the fact that starting in 2011/12 taxes had to be paid for the *Seguro Vitícola*, because it was officially registered as insurance product.<sup>380</sup>

The stakeholders of the project, namely Profin, Fautapo, Alianza and El Churqui, were happy about the solution that had been found for continuing the scheme.<sup>381</sup> They hoped that the scheme would become sustainable without subsidies in the long run. But what about the former FTR members and potential clients of the *Seguro Vitícola*? After all, the price was increased by 40% and they had to trust a private insurance company.

During the first year in the hands of a private insurance company (2011/12), the number of clients dropped considerably (76 clients, 102 hectares covered). In the second year (2012/13) it reached again approximately the same level as in 2009/10 (133 clients, 147 hectares covered).

My interviews indicate that the price hike was not the only and probably not the most important factor behind the membership drop in 2011/12. Apparently, the plunge resulted mainly from the bumpy handover of responsibilities to Alianza: It took the insurance company a long time receiving the approval of the insurance product from the APS, the

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<sup>378</sup> Interviews Martín Gonzales, Profin, 18.10.2011; Josué Cuellar, Aproviv, 26.10.2011.

<sup>379</sup> Interviews with Gerardo Tejerina, Profin, 13.2.2013; Martín Gonzales, Profin, 18.10.2011.

<sup>380</sup> Interview with Martín Gonzales, Profin, 18.10.2011.

<sup>381</sup> (interviews with Martín Gonzales, Profin, 18.10.2011; Ricardo Moravec, Fautapo 19.10.2011). From the perspective of the insurance company, the start was difficult, but in the second year the outlook became more positive. In the first year, hailstorms were so strong and frequent that Alianza faced a loss of around Bs. 40 000. In the second year, when hailstorms were weaker, it made a profit of around Bs. 70 000-80 000 (Interview with Juan Ramos, Seguro Vitícola, Uriondo, 18.2.13). That year, commercialization efforts started much earlier and were more comprehensive.

regulatory body. Consequently, the insurance was sold only from October 2010 onwards, when first small hailstorms had already taken place.<sup>382</sup>

In addition, the start of the new scheme was not prepared well.<sup>383</sup> there was only one responsible person in the technical office and no comprehensive information material for the producers, when the selling process started.<sup>384</sup> At the same time, the lengthy discussion about the future of the scheme and about potential subsidies caused some degree of confusion among the former members of the FTR. Quite a few producers did not know that the scheme was to be continued at all.<sup>385</sup>

The limited influence of the price hike is also mirrored by the fact that most clients of the Seguro Vitícola continued to be small producers.<sup>386</sup> Moreover, in 2013 Profin found that around 50% of the clients of the Seguro Vitícola had already been members of the FTR.<sup>387</sup> This is a considerable number if all reasons for discontinuing membership are taken into account.

Still, at the beginning producers expressed mixed feelings about the prominent role of a private insurance company. For example, representatives of Profin heard several times that producers were afraid that Alianza would be mainly interested in making profits using their contributions.<sup>388</sup> In contrast, I found quite a few producers who advocated the takeover: public institutions had made clear that they were not going to support the scheme;<sup>389</sup> with an insurance company in the background, they felt sure that they would receive their indemnities;<sup>390</sup> and they expected that the mechanism would be financially sustainable.<sup>391</sup> One

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<sup>382</sup> Interview with Gabriela Caro, Profin, 11.10.2011; telephone interview with Carolina Viviana Pozzoli Oropeza, Jefe de Área Corporativo Microseguros, Alianza Seguros, 19.10.2011; interview with Carla Montellanos, Alianza Seguros, La Paz, 5.2.2013. The long approval process is a very common challenge that most Bolivian insurance companies regularly complain about.

<sup>383</sup> Interview with Juan Ramos, Seguro Vitícola, 18.2.2013.

<sup>384</sup> Alianza also faced other challenges in the first year of the Seguro Vitícola: in the beginning, it took them one to two months to disburse indemnity payments, where the FTR had needed a few days. The producers concerned were desperate, because they needed the indemnities for immediate investments (interview with Soraya Cortéz, El Churqui Tarija, 5.12.2011; Gerardo Tejerina, Profin, 13.2.2013).

<sup>385</sup> Interview Ricardo Moravec, 19.10.2011

<sup>386</sup> In 2012/13, the largest group among the clients of the Seguro Vitícola bought insurance for an acreage between 0.25 and 0.5 hectares, the second largest group for an acreage up to 1,5 hectares. Interview Juan Ramos, Seguro Vitícola, 18.2.2013.

<sup>387</sup> Informal conversation with Gerardo Tejerina, Profin, 13.2.2013.

<sup>388</sup> Informal discussion, Profin La Paz, 6.5.2011.

<sup>389</sup> Interview with Nicolás Lazcano, 1.11.2011.

<sup>390</sup> Interview with Nelva Aguiar, 26.10.2011.



of them also stated that “before, [the insurance] was more or less cheap. The important thing is that they react.”<sup>392</sup> Josué Cuellar of Aprovech pointed out that his association had been afraid that the price increase would be much larger.<sup>393</sup>

The limited impact of the price increase once again relates to the specific conditions of grape production. As mentioned several times, producers of this high-value cash crop are fully integrated into the market economy: they participate in the markets for grapes, for inputs and for credits, to mention just the most important ones. This means that they have good access to cash and more available means for investments than most producers in other parts of Tarija. Certainly not all,<sup>394</sup> but a major part of the grape producers in Uriondo were able to put up with the price increase of grape harvest insurance.<sup>395</sup>

### **8.5 Preliminary conclusions (I)**

This chapter has focused on a negotiation process about the role of state and market institutions with regard to a microinsurance scheme: The FTR started as tri-sector partnership that was formalized through MoUs. The municipality took over the main part of the financial responsibilities, the non-for profit organization Profin a major part of the organizational responsibilities. The initial articulation of state, non-profit and market institutions into a hybrid setup<sup>396</sup> proved to be very fragile in a context of perceived legal insecurity and political volatility. The support of an individual politician, who could expect direct political gains and was ready to assume legal and political risks, was indispensable for the initial tri-sector partnership. Consequently, the PPP fell apart at the end of the election cycle. The negative expectations of non-governmental actors regarding the difficulties of PPPs were not only confirmed, but even exceeded.

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<sup>391</sup> Interview with Elidia Guerrero, 15.11.2011.

<sup>392</sup> “Antes era medio barato. Lo importante es que respondan.” (Elidia Guerrero, 15.11.2011)

<sup>393</sup> 26.10.2011.

<sup>394</sup> I did not talk to any producer who indicated that he did not buy the Seguro Vitícola because of its price. However, I do not assume that everyone would openly talk about this problem if he or she faced it.

<sup>395</sup> It is somehow controversial if the Seguro Vitícola was still to be considered as microinsurance scheme after the price increase of 2011/12. Some of the Profin personnel was for example convinced that with a premium of Bs. 1400 per hectare it had turned into a “proper” insurance (interview Gabriela Caro, Profin, 11.10.2011). However, the main target group remained the same: low-income producers. According to the definition that is embraced here, the Seguro Vitícola remained a microinsurance scheme.

<sup>396</sup> Details on the notion of hybridity and relevant studies are provided in the theoretical part (chapter 3.4). There I suggest that the notion of hybridity should only be used if the practices and ideas that are studied clearly articulate both the state and the market.

Taken as a whole, the feasibility of public subsidies for microinsurance schemes at the subnational level was limited in Bolivia at the time of research. As pointed out in this chapter, possible limits to the legitimacy of microinsurance subsidies themselves were not the main reason. On the contrary, most producers apparently supported public subsidies. However, legitimacy played a central role in a different way, because political legitimacy depends on personalized projects in the local context. This notion is confirmed in the next chapter, which turns to an unsuccessful microinsurance pilot.

While the overall process of microinsurance creation was mainly driven by non-for profit and state actors, Alianza Seguros, a market actor, took over after two years. An insurance market emerged that remained very small, as a single product was on offer. This seems to confirm the propositions of a major part of the microinsurance literature regarding PPPs and subsidies. Many authors argue that public support is mainly needed in the initial phase, when microinsurance schemes are set up (Churchill and McCord 2012; Dercon and Kirchberger 2008; Suarez and Linnerooth-Bayer 2011).

However, as pointed out throughout this chapter, grape production is a specific sector with very high rates of return. In sectors that are less capital intense and less profitable, the premiums for agricultural microinsurance would probably not be affordable for small producers without public subsidies.

It should also be noted that the finding that subsidized agricultural microinsurance is affordable to small-scale producers is not necessarily replicable elsewhere. Grape production is a somewhat particular branch of production: Grape is a cash crop that is produced for the market and is not useful for self-subsistence. Most grape producers are fully integrated into agricultural and credit markets, even though they might have some subsistence production apart. This means that they have higher cash incomes than many other small-scale producers.<sup>397</sup>

As we turn to the producers, they observed the development of the scheme and the changing responsibilities of different sectors with mixed feelings: As was pointed out, many of them were happy to be offered Seguro Vitícola. They found that the payouts in case of hailstorms provided some degree of security. Low-income producers were by far the largest member group in both schemes. Public premium subsidies apparently helped to foster initial interest in the insurance scheme, but were not indispensable for economic and social inclusion after this

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<sup>397</sup> I also mention this hypothesis in Goldboom (2013).

phase. However, the expectations of producers regarding public support were not met. They found that their image of the authorities, who do not care about agriculture as much as they should, was once again confirmed. Microinsurance I not turn into a new channel for public subsidies to the productive sector.

With regard to the impact of the scheme, the most important limitation was the small number of members and clients, which remained below 200 in the first four years. Among the reasons are alternative strategies like anti-hail nets, but also a lack of information among producers. In addition, the product that was offered was not suitable for all modes of grape production: highly capital intense production methods were not covered by a payout of Bs. 17 000. Competitive insurance markets that allow producers to choose between several products are not yet tangible in Bolivia. This situation is in stark contrast with the visions of the microinsurance literature (Morduch 1998; Schwank and al. 2010). Moreover, in 2016/2017, the product could not be sold altogether, because the first hailstorms set in exceptionally early (Profin 2016).

This chapter has also looked at some further implications of microinsurance creation. In the context of the FTR, I found indications that risk-aversion and forward-looking subjectivities as well as moral arguments about solidarity, honesty and mutual control were becoming more important. Many producers readily embraced ideas of risk reduction and mitigation and of their own co-responsibilities in the context of insurance. However, this process also remained partial, with some producers making false claims or refusing capacity building.

In spite of the weaknesses of the scheme, not only the project stakeholders, but also many other people in the local context perceived of it as success story. It became an important reference point for the further development of agricultural microinsurance and insurance in Bolivia. For example, Elvio Díaz, the leader of Tarija's FSUCCT, said in a discussion about the desirability of agricultural insurance:

We have heard from the *compañeros* in the valley that it has been [...] more or less good. I can't say it for sure, since I have not evidenced it myself – but there have been no bad commentaries about the insurance that Profin has implemented in the valley, on the contrary, [I have heard] good commentaries. (7.6.2011)

Hemos escuchado de los *compañeros* del valle que ha sido - este - mas o menos bien. Yo no puedo decir con exactitud, que no he vivido - pero no ha habido malos comentarios, al contrario, buenos comentarios del seguro que ha implementado el Profin en el Valle.

In October 2011, Profin introduced a grape microinsurance scheme and in 2012 a peach microinsurance scheme in the Cintis region that were very similar to the FTR.<sup>398</sup> The next chapter will show that the experience of the FTR Uriondo also impacted the strategies of microinsurance stakeholders when it came to the development of other new mechanisms.

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<sup>398</sup> Cecilia Tondelli, Profin 31.1.2013. I also visited Camargo for the inauguration of the grape microinsurance scheme on 21.10.2011

## **9. Large aspirations, small success – the failure of VidaAgrícola microinsurance**

In 2011, the departmental government of Tarija, Profin and Nacional Vida insurance group attempted to translate the perceived success of the FTR into a more ambitious microinsurance scheme. It was called VidaAgrícola and was meant to cover not only agricultural production, but also the life and goods of producers. In its initial phase, the agricultural component would cover the two products which are most common in the department of Tarija, namely maize and potato. Profin planned to expand the scheme step by step to other products and in the third year to the rest of the country.<sup>399</sup> It hoped to reach a large number of clients: 10 000 in the first year.<sup>400</sup>

However, in contrast to the FTR, the creation of a microinsurance market failed in this case: interest in buying the product on part of the producers remained minimal, since the design of the scheme did not meet their expectations. Among other aspects, it relied on an index method that was not acceptable to producers. At the same time, the demand that existed showed that unsubsidized agricultural microinsurance is mainly interesting for producers who own more than one hectare and are highly dependent on a single cash crop, because they do not rely on a highly diversified economic model.

Moreover, the scheme ran into similar institutional obstacles as the FTR when it came to public private cooperation: Like the FTR, the project was initiated by Profin and a subnational government, in this case the departmental government of Tarija. Again, it was planned as tri-sector partnership, with Profin and the insurers taking on a major part of the organizational responsibilities and the departmental government assuming organizational and possibly financial responsibilities. Financial institutions, namely Prodem, El Churqui, la Alianza (2011/12) and Ecofuturo (2012/13) also participated in the scheme. As in the case of the FTR, the tri-sector collaboration failed.

The VidaAgrícola scheme is an interesting case in order to comprehend how microinsurance became or did not become part of social security practices in Bolivia and to understand the relationships that evolved between governmental, non for profit and market actors.<sup>401</sup> It failed

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<sup>399</sup> Informal discussion at Profin, 25.4.2011; interview with Edwin Vargas, Profin, 11.5.2011.

<sup>400</sup> This number was reduced to 3000, when it became clear that the departmental government would not provide premium subsidies. (Conversation with Ingrid Antezana, Profin, 14.10.2011)

<sup>401</sup> In Goldboom (2013), I provide a preliminary evaluation of the VidaAgrícola scheme. However, I wrote the paper before visiting Tarija in February of 2013. The material that I collected during this last visit necessitates

at the same time as the national government was trying to establish a PPP for the implementation of the national agricultural insurance scheme (compare chapter 10). This was a major disappointment for Profin and the insurers, which had proposed VidaAgrícola as pilot for the national scheme and had attained considerable international funding.

### **9.1 The origins and basic features of VidaAgrícola microinsurance**

An important point of departure for creating VidaAgrícola was departmental law No 3813 of 2007, which introduced an agrarian insurance for the department of Tarija (Seguro Agropecuario para el Departamento de Tarija). It was part of the rural agenda of Prefect Mario Cossío and emerged in a context of rising tensions between the government and peasant organizations in the department (compare chapters 6 and 8). Yet, the departmental government did not have the capacities and resources to develop an agricultural insurance scheme by itself. It created an “initiator committee” (comité impulsor) that included representatives of the departmental government and the federation and a member of parliament, among others.<sup>402</sup> It invited Profin to develop a proposal for the implementation of the idea: its director, Edwin Vargas, is from Tarija and has good networks within the department. At that time, the departmental government, Profin and peasant federations expected that the departmental government might provide financial support in the form of subsidies.<sup>403</sup>

With these ideas in their luggage, Profin set up a partnership with Nacional Vida insurance group and started to search for funding. Two companies of the group were to participate in the project: Nacional Vida was responsible for the life insurance part, Latina Seguros for the harvest and the goods insurances.<sup>404</sup> Profin and Nacional Vida insurance group were very proud to receive a grant of almost \$400 000 for the years 2010 to 2012 from the Microinsurance Innovation Facility. As pointed out in chapter 5, the Facility (now called Impact Insurance Facility) has supported pilot projects around that world that it judged innovative in order to distil best practices (see chapter 5.4 for details regarding the

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some adjustments of the evaluation. Anyways, my previous evaluation had a different focus, as it related the case to the literature about PPPs and microinsurance and not to social security research.

<sup>402</sup> Interview with Ernesto Farfán, Profin Tarija on 25.2.2013; he was Secretary for Rural Development in the departmental government in 2007.

<sup>403</sup> Interviews Edwin Vargas, Profin, 11.5.2011; Johnny Gareca, FSUCCT, 31.10.2011.

<sup>404</sup> VidaAgrícola was not the first agricultural insurance scheme of Latina Seguros. Their prior focus in this field had been agricultural insurance products for major producers in Bolivia’s lowlands. Between 2008 and 2013, the company invested around \$300 000 in agricultural insurance, because it expected a growing market. They offered four different products, but were largely unsuccessful. (Aldo Alianiello, Nacional Vida, 4.2.2013)

institution). VidaAgrícola was at that time the only agricultural microinsurance scheme in Latin America that the Facility funded.<sup>405</sup>

### ***Putting technical aspects first: the design of VidaAgrícola microinsurance***

The technical challenges of designing an agricultural microinsurance scheme under adverse conditions were a main concern of the project institutions during the initial phase. Project development was the task of the two-sector partnership between Profin and Nacional Vida insurance group, but a major part of the responsibility lay with Profin. Both institutions played the mediator role (Olivier de Sardan 1995), which was already outlined in previous chapters: they translated concepts and approaches developed at the transnational scale into the local context.

As they did so, they chose particular aspects and disregarded others. At this time, part of the Profin personnel was directly funded from the innovation grant.<sup>406</sup> They could be considered brokers, i.e. mediators who appropriate the rents which development cooperation offers (Bierschenk, et al. 2002; Mosse and Lewis 2006; Olivier de Sardan 2004).

Initially, Profin and the insurance companies invested a great part of their energy and resources in designing an agricultural microinsurance scheme in spite of the limited availability of production and climate data. Tarija does not have a dense network of weather stations. This means that it was impossible to implement climate index insurance as it has now become common (Hazell, et al. 2010; Microinsurance Network 2017; Skees, et al. 2008).<sup>407</sup> Another major challenge were large differences between ecological zones in Tarija ranging from the Altiplano to the lowlands: each ecological zone has different typical products.

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<sup>405</sup> Public statement Gabriela Caro, Profin, 30.6.2011 (common workshop of Sedag, Profin).

<sup>406</sup> The representatives of Nacional Vida underlined that they participated on an equal footing in the project, from the very beginning until its very end. (e.g. interview with Maunuel Oquendo, Nacional Vida, 5.7.2011) Still, Nacional Vida had less people involved in the project than Profin. The personnel of Nacional Vida insurance group remarked that the leadership of the company was indeed interested in the pilot, but was not ready to invest a lot, because they were not sure about the profitability (Aldo Alianiello, Nacional Vida, 4.2.2013). Profin at times complained about the limited commitment of the leadership of the insurance group, and collaboration was not always easy (conversation with Gabriela Caro, Profin, 11.10.2011; Carla Arenales, Profin, 31.1.2013). However, all in all, the cooperation between Profin and the insurer was successful.

<sup>407</sup> Climate indices are measured at weather stations, for example rainfall levels or temperatures. In case a disaster occurs, the indicator serves to estimate actual losses. Both administration costs and moral hazard may be reduced this way (Hazell, et al. 2010; Microinsurance Network 2017; Skees, et al. 2008).

The second challenge was finally turned into part of the technical solution: VidaAgrícola was designed as area-yield index insurance.<sup>408</sup> This model is based on the assumption that within certain geographical areas the average harvest can be determined and climate conditions are approximately uniform. Indemnity payments were to depend on the measurement of agricultural outputs on a sample of fields in each area. In case the medium harvest on the sample fields in any particular year is much lower than the predetermined average harvest of the area, a payout takes place. The level that induces indemnity payments is called *gatillo* (trigger). For the VidaAgrícola scheme, it was set at 65% of the average harvest. Put differently, if producers lost 35% or more of the average harvest, they would receive a payout.<sup>409</sup>

In order to deal with the limited availability of information, Profin collected weather and production data for different zones of the department (main products, average harvest etc).<sup>410</sup> The study pointed to maize and potato as the two most important products, in terms both of cash cropping and subsistence production.

In the initial years of the project, from 2009 to 2011, Profin as well as Nacional Vida had a strong focus on the actuarial and technical development of the product: They wanted to ensure the financial sustainability of the scheme. These aspects also dominated discussions between Profin and the insurance companies.<sup>411</sup>

This focus was in line with the self-understanding of Profin as microfinance knowledge hub (compare chapter 7): It responded to the discussions of microinsurance stakeholders at the transnational level, which often have a technical focus and prioritize quantitative data (compare chapter 5). As grantees the Microinsurance Innovation Facility, Nacional Vida and above all Profin were in constant contact with international microinsurance experts and participated in international conferences.

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<sup>408</sup> Details are for example provided in the Powerpoint presentation of Fundación Profin for APS, 18.5.2011.

<sup>409</sup> The model was designed by an external actuarial mathematician (informal conversation with Adrián Castellón, Profin, 27.4.2011). It dealt with harvest and payout ranges. For example, 100% of the possible payout was to be given to the producers if the harvest reached only 0 to 19% of the level triggering the payout (65% of the average harvest); they would received only 20% of the possible payout if the harvest reached 80 to 99% of the level triggering the payout.

<sup>410</sup> 500 interviews were realized with a confidence level of 5% and an error rate of 3%. The results are available in a consultancy report for Profin (Arts 2010).

<sup>411</sup> Interviews with Martín Gonzalez, Profin, 18.10.2011, and Manuel Oquendo, Nacional Vida, 5.7.2011; participant observations.



At the same time, most staff involved had spent a major part of their professional life in the insurance industry and were very familiar with its concerns. Before this background, Profin and the insurance companies found it difficult to put certain microinsurance standards that they were confronted with by their international network into practice. As they played their mediator role, they prioritized the international best practices that they could most easily integrate into their pre-existent approaches and practices.

For example, Profin found it very difficult to realize a baseline study in a useful way, because this concept was alien to most members of the organization. The Microinsurance Innovation Facility expected the completion of the study before the commercialization of the insurance product in order to measure acceptance and possible impact. This is one of the instances where the transnational epistemic community promoting microinsurance directly tried to influence what happened in the local context (compare chapter 5.4).

Control and influence of the Microinsurance Innovation Facility was institutionalized through a so-called learning agenda concerning demand and consumer value, consumer education, distribution channels, and the feasibility of PPPs. Profin had to submit regular documentation about their lessons learned.

However, this control did not mean that so called best practices were really implemented. When the baseline issue came up, Profin personnel discussed quite a lot about the possible purpose of the study: if it was to measure impact right away, if it was going to be a veritable baseline that would be combined with an impact study at a later point in time or if it would propose marketing strategies.<sup>412</sup> Finally, Profin contracted a market study in order to determine factors that would influence demand for microinsurance in Tarija and to develop a marketing strategy.<sup>413</sup> The results of focal group interviews and a subsequent survey were supposed to influence the final design of VidaAgrícola microinsurance.<sup>414</sup>

Contrary to the expectations of the Microinsurance Innovation Facility, the outcomes were not taken into account, when Profin, Nacional Vida and Latina Seguros determined central

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<sup>412</sup> Field notes 24.4.2011, 27.4.2011; informal discussion at Profin on 5.5.2011. I participated in the workshops (*talleres*) in three different communities (Izcayachi in the Altiplano; Santa Ana and Tarupayo in the Province of Entre Ríos) on 1.7.2011 and 2.7.2011. A central question was how much producers were ready to pay for a product like VidaAgrícola – though some of the institutional representatives knew that it was impossible to receive reliable answers in this format. Workshops were realized by: Ernesto Farfán (Profin), Ingrid Antezana (Profin), Manuel Oquendo (Nacional Vida), Maria Ludi (Ruizmier).

<sup>413</sup> The consultancy firm Ruizmier provided documentation about the results, including a report and a powerpoint presentation (3.8.2011).

<sup>414</sup> Informal discussions and public statements at workshops in rural communities on 2.7.2011.

features of the microinsurance product, including the price, the trigger and the payout levels.<sup>415</sup> The trigger was set at 65% in order to make the product affordable for rural producers, though there was no information whatsoever on the willingness to pay on part of the target group.<sup>416</sup> This decision was based on the notion that actuarial concerns did not allow for other options.

The three insurances were to be marketed as package and could be bought for Bs. 620 per hectare in the case of potato production and Bs. 305 per hectare in the case of maize production.<sup>417</sup> In contrast to earlier plans, this design did not include any direct premium subsidies. Why the government of Tarija decided not to finance premiums is the topic of the next section.

The challenges for Profin and the insurance companies during the design phase did not stop at this point: the relationship between both parties was not always easy; they had to find reinsurance cover for the VidaAgrícola scheme;<sup>418</sup> it was a lengthy process to find microfinance institutions as sales channels; and it was difficult to convince the regulatory authority, the APS, to approve of the scheme,<sup>419</sup> to mention just a few aspects.<sup>420</sup>

As Profin and the insurance companies focused on these challenges, they were less concerned with the perspectives and interests on part of producers and political developments. Their focus on technical and actuarial aspects, i.e. the way they played their mediator role, heavily influenced the design of the scheme and ultimately the demand for VidaAgrícola. The personnel of Profin, Nacional Vida and Latina Seguros did definitely not expect that the low demand might topple the project.

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<sup>415</sup> These decisions were taken at the end of April 2011, while the market study was only terminated in August.

<sup>416</sup> Discussion between Profin personnel and Latina Seguros at Profin offices on 27.4.2011. The market study later confirmed that the prices set were affordable for more than 50% of the producers interviewed. It recommended that the price should not be higher than Bs. 320 per hectare of maize and Bs. 765 per hectare of potato (powerpoint presentation Ruizmier 3.8.2011).

<sup>417</sup> The payout levels were set as follows: the death of the insured person or another family member was covered with Bs. 7000 Bs; goods were insured with up to Bs. 21.000; the maize harvest with up to Bs. 2.500 per hectare and the potato harvest with up to Bs. 6000, depending on the level of losses.

<sup>418</sup> Latina Seguros searched the reinsurance companies for the harvest insurance. It kept 10% of the risk, Hannover Re and Liberty Mutual Insurance Group each accepted 45% of the risk (conversation with Gabriela Caro, Profin, 11.10.2011). Also a topic of informal discussions at Profin offices with Profin and Latina Seguro/ Nacional Vida personnel on 25.4.2011.

<sup>419</sup> At the time of research, insurance companies and Profin had the impression that the APS was very critical towards their activities and even looking for possibilities to fine them, as one of my interviewees put it (Cecilia Tondelli, Profin, 31.1.2013).

<sup>420</sup> These processes were topics of my many informal discussions and interviews with Profin and Nacional Vida/ Latina Seguros personnel (cf. annex for a list of interviews).

## **9.2 No public subsidies and a short-lived PPP: the organizational setup of the VidaAgrícola scheme**

The failure to establish a microinsurance market among potato and maize producers in spite of comprehensive international support had several different causes. The relationships between public and private institutions that emerged during the design process are part of the explanation. First of all, the scheme did not include public subsidies, which had implications for the demand, as I show below. Secondly, the PPP that public and private institutions established was largely dysfunctional and so difficult to manage that it was dismantled after the first year.

### ***Financial responsibility for the VidaAgrícola scheme: no subsidies in spite of intense “cabildeo”***

The financial burden of creating VidaAgrícola was shared between the Microinsurance Innovation Facility, which contributed more than half of the budget, Nacional Vida insurance group and Profin and its donors.<sup>421</sup> The insurance premiums, including taxes and reinsurance cover, were to be paid by the clients, since public subsidies did not materialize.

As in the case of the FTR, a main reason for the absence of premium subsidies was political change. In 2010, the departmental government of Mario Cossío, which had helped to initiate the scheme, was toppled amidst political turmoil (compare chapter 6). It was followed by a MAS/ PAN coalition, which meant a radical change from a conservative towards a mainly leftist representation. Profin and Nacional Vida were developing their insurance product at the very same time as the government that had initiated the plan was dissolved.<sup>422</sup>

Since peasant federations were among the most important supporters of the new government, it may seem surprising that the political change was not conducive to premium subsidies. However, peasant federations were partly reticent when it came to VidaAgrícola: They supported the implementation of the project,<sup>423</sup> mainly by channelling information to their bases, but within certain limits: they did not put a lot of pressure on policy makers in favour

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<sup>421</sup> For the period 2010 to 2012, the Microinsurance Innovation Facility pledged \$400 000, Profin around \$260.000 (financed by Swiss development cooperation through Cosude) and Nacional Vida around \$110.000. The overall budget of the scheme was almost \$770.000 (Powerpoint presentation of Fundación Profin for APS, 18.5.2011).

<sup>422</sup> Ernesto Farfán, Profin Tarija, 25.2.2013.

<sup>423</sup> Elvio Diaz, FSUCCT, 7.6.2011; Elvio Díaz, 22.2.2013; Aníbal Alfaro, FSUCCT, 19.2.2013; Johnny Gareca, FSUCCT, 31.10.2011.

of premium subsidies. Rather, they took a somewhat expectant stance, as project staff as well as members of the departmental administration observed.<sup>424</sup>

The most plausible explanation I heard concerned the political risk involved:<sup>425</sup> the federation leaders, the *dirigentes*, wanted to see first if VidaAgrícola was a success, before they publicly advocated the scheme. They usually enjoy a lot of respect, and advocating a failing scheme would heavily damage their standing. Also, some peasant leaders seemed to be insecure how useful VidaAgrícola would really be: the usefulness of a direct cash transfer like the Prosol is much more evident than that of a subsidy for an insurance that might provide payouts to some members of the community at some point in the future.<sup>426</sup>

In this context, it was the non-governmental organization Profin that tried to promote public support for VidaAgrícola and microinsurance in general among the new departmental government. They knew that in almost all developing countries and in most Latin American countries the premiums of agricultural insurance are subsidized. *Cabildeo*, political lobbying, became a central task of the Profin personnel located in Tarija as well as La Paz. This is a role already encountered in the case of the FTR (compare chapter 7). *Cabildeo* had the objective of creating favourable framework conditions, including a helpful legislation, but also to facilitate concrete projects. As the director of Profin explained:

This concept basically refers to the entire subject of lobbying that has to be done with all kinds of authorities, which can be national, departmental as well as municipal, in the sense that we have to accompany our work with activities that allow for our work to be implemented. (...) We have to support the generation of norms, of laws, for example at the level of the authority that is responsible for the financial system. (...) The objective is that the authorities (...) understand what we are doing, get involved into the topic, and can adopt norms for this purpose. (Edwin Vargas, 11.5.2011)

Lo que queremos decir con esa palabra es básicamente todo el tema de lobbying que hay que hacer con todo tipo de autoridades, pueden ser nacionales, pueden ser departamentales, pueden ser municipales, en el sentido que necesitamos acompañar a nuestro trabajo de acciones que nos permitan que el trabajo que hacemos - sea posible implementar. (...) Necesitamos apoyar la generación de normas, de leyes, a nivel de la autoridad del sistema financiero, por ejemplo. (...) La cosa es hacer que las autoridades (...) entienda[n] lo que estamos haciendo, se involucre con el tema, y pueda a propósito de ello sacar normativa.

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<sup>424</sup> Abraham Riffarach, Sedag/ Gobernación 13.2.2013; Gerardo Tejerina, Profin, 18.2.2013. The *dirigentes* would not address this issue in my conversations with them, but always underlined their support.

<sup>425</sup> Gerardo Tejerina, Profin Tarija, 18.2.2013

<sup>426</sup> Ernesto Farfán, Profin Tarija, 25.2.2013.

Profin became heavily involved in politics while (not always successfully) trying to keep away from party politics by networking with leftist and conservative actors alike.

With regard to VidaAgrícola, the Profin representative in Tarija for example lobbied the governor to turn it into one of his political priorities. He suggested that the departmental government should promote and subsidize VidaAgrícola as pilot for the national scheme.<sup>427</sup>

The very moment VidaAgrícola was to be launched in mid 2011, the national government was developing a national agricultural insurance scheme. The national scheme was to be implemented first in the poorest communities of the country and would gradually be expanded to include places like Tarija (compare chapter 10). In this context, the Profin representative met for example with the Coordination Secretary of the Departmental Government (*Secretario de Coordinación Gubernamental*), the Secretary for Communitarian Development and Plural Economy (*Secretaría de Desarrollo Comunitario Campesino y Economía Plural*), and the Sedag, the Departmental Agricultural and Livestock Service (*Servicio Departamental Agropecuario*).<sup>428</sup> He also tried to motivate the peasant federations to exert their influence.<sup>429</sup>

However, he was not successful in pressing for subsidies. The Profin representative pointed to several reasons:

[The governor] had some interest, but [the insurance] was not a priority for the governor. He considered it as very complex, he did not understand the project. (...) Politicians want short term things [that are] fast and concrete. For this reasons they build schools. (...) But these things that require learning, trial and error and a change in legislation do not interest them a lot. And as there was no very strong demand on part of the federation, [the insurance] did not work out. (Ernesto Farfán, 15.2.2013)

Tenía cierto interés, pero tampoco era prioridad para el gobernador. Lo veía como muy complejo, no entendía el proyecto. (...) Lo que pasa es que los políticos quieren cosas de corto plazo, rápidas, tangibles. Por eso hacen escuelas. (...) Pero esas cosas que requieren cierto aprendizaje, prueba y error y además otra legislación, otra normativa, no les interesa mucho. Y como no hay demanda así tan fuerte en la federación, no salió.

Moreover, the *cabildeo* was burdened by the political polarization within the department. The trust and the good personal relations, which are preconditions for its success, were partly

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<sup>427</sup> Ernesto Farfán, Profin Tarija, 18.5.2011.

<sup>428</sup> At the time of field research, the Coordination Secretary of the Departmental Government (*Secretario de Coordinación Gubernamental*) was Roberto Molina; his assessor Hugo Castro; the Secretary for Communitarian Development and Plural Economy (*Secretaría de Desarrollo Comunitario Campesino y Economía Plural*) was Noemi Choque; I attended their meetings with Profin on 18.5.2011 and 19.5.2011.

<sup>429</sup> Interview with Ernesto Farfán, Profin Tarija, 18.5.2011.

absent: until 2010, the Profin representative in Tarija had worked in prominent positions for the prefecture of Mario Cossío (*Asesor General* and *Secretario Departamental de Desarrollo Económico y Productivo*). Because of this, peasant federations and some representatives of the new departmental government were distrustful. Moreover, some of them disliked the notion that VidaAgrícola was related to a law introduced by Mario Cossío. Here, the same political polarization emerged as in the case of the FTR (compare previous chapter). In parallel to the FTR, political volatility meant that the project was “burned”.

All in all, Profin was unable to accomplish the political neutrality that it was striving for, while doing its *cabildeo*. The importance of party politics for this VidaAgrícola is in opposition to the focus of a major part of the microinsurance literature, which suggests that microinsurance creation mainly is a question of technical or actuarial solutions and financial education (compare chapter 5).

Consequently, in the first half of 2011 policy makers in Tarija were positive about the creation of VidaAgrícola, but reluctant to provide subsidies.<sup>430</sup> At that point in time, the political planning regarding the national scheme was not yet conclusive and it was not clear how exactly VidaAgrícola would fit into the larger picture. As one of my interviewees put it, national legislation had in a way outpaced the departmental project.<sup>431</sup> Beyond this, policy makers in Tarija stated that legislation forbade premium subsidies (compare previous chapter on the FTR). It was unclear if it would have been possible to find a legal solution if the government had wanted to do so.

In this regard, the scheme fell short of the expectations of producers, insurance companies and Profin. As pointed out above (chapter 7), representatives both of the insurance industry and of Profin were in principle convinced that subsidies were indispensable for the large-scale sustainability of agricultural microinsurance – although they partly backtracked from this position, when the practical difficulties became apparent.<sup>432</sup> Indeed, the absence of premium

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<sup>430</sup> Meeting Ernesto Farfán (Profin) with Hugo Castro (Asesor del Secretario del Gobierno Departamental Remberto Molina), 18.5.2011; meeting Ernesto Farfán (Profin) with Noemi Choque (Secretaría de Desarrollo Productivo) and other departmental representatives, 19.5.2011.

<sup>431</sup> Informal conversation with Abraham Riffarach, Sedag, 30.6.2011. While I spend a lot of time with Profin personnel, Abraham Riffarach of the Sedag became one of my most important contact persons in the course of my time in Tarija. He provided me with information himself and with contacts within the departmental government, the Sedag, and the FSUCCT. I am very much indebted to him for making the ideas and visions of the peasant federations accessible to me.

<sup>432</sup> Interview with Edwin Vargas, Profin, 11.5.2011.

subsidies was highly relevant for the final design of VidaAgrícola, which did not attract many producers. Those peasants, who knew about the plans, had strongly expected subsidies.<sup>433</sup>

### ***Organizational responsibility for VidaAgrícola in 2011/12***

The departmental government of Lino Condori decided in 2011 to become part of a PPP for the implementation of VidaAgrícola via the Sedag. The Sedag, the Departmental Agricultural and Lifestock Service (*Servicio Departamental Agropecuario*) is a subsidiary body of the government concerned with implementing departmental policies for the improvement of agricultural production. This PPP clearly was a concession to the rural sector. If the project went well, the departmental government could hope for a lot of credit among this important part of its electorate. If not, it would continue to face the usual demands of producers after each disaster that hit agriculture.<sup>434</sup>

This point underlines the mutual dependency that public, non-governmental and private institutions perceived when they started to implement VidaAgrícola: public institutions did not have the capacities to implement by themselves the agricultural insurance schemes which the electorate was expecting. They had to involve the non-governmental actors that they were at the same time sceptical about.<sup>435</sup> Profin, the insurance companies and the Microinsurance Innovation Facility also considered the realization of PPPs as indispensable at that time, albeit for other reasons. These actors feared that without the political support of public institutions it would be impossible to sell the product for a lack of trust.<sup>436</sup> Profin's contact person at the Microinsurance Innovation Facility also suggested that the proposed PPP should be realized.<sup>437</sup>

This notion of potentially low trust in private actors among the so called target groups confirmed by statements of members of the FSUCCT like the following one:

Sure, this has many aspects, since the topic is new. (...) There could be a monopoly among the private institutions; [the insurance] can also be a scam; and finally it is possible that a disaster happens and that it is very bureaucratic to receive money from the insurance. (Johnny Gareca, FSUCCT, 31.10.2011)

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<sup>433</sup> Interviews with Johnny Gareca, FSUCCT, 31.10.2011; Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

<sup>434</sup> Interviews with Ernesto Farfán, Profin, 18.5.2011, Elvio Díaz, FSUCCT, 7.6.2011; participant observation in workshops of La Alianza/ Profin, 20.-22.6.2011, Entre Ríos.

<sup>435</sup> Edwin Vargas, Profin, 11.5.2011; Abraham Riffarach, Sedag, 24.10.2011.

<sup>436</sup> Informal discussions with Ernesto Farfán, Profin; Gabriela Caro and Gerardo Tejerina, Profin, 29.6.2011; Ingrid Antezana, Profin, 1.7.2011.

<sup>437</sup> Informal discussion with Gabriela Caro and Gerardo Tejerina, Profin, 29.6.2011.

Claro, muchos aspectos surgen. Porque el tema es nuevo. (...) Puede haber un monopolio por parte de instituciones privadas; puede ser también un engaño que la gente aporte (min 15:00); y después también puede haber de que haiga desastre y que sea muy burocrático para cobrar el seguro.

As the PPP was created in 2011, the role of Nacional Vida, Latina Seguros and Profin within the project did not change fundamentally; they continued to be responsible for the major part of project development and implementation. The Sedag was going to participate at two points in this process: it would facilitate the contact between the non-governmental project partners and their sales personnel on the one hand and rural federations on the other hand through its decentralized structures in the countryside. In large parts of the countryside and among a major part of the *dirigentes*, the Sedag personnel are well-known. Secondly, the technical personnel of the Sedag was supposed to promote non-financial risk management among clients by intensifying its activities in this field.<sup>438</sup> In line with current approaches to climate change, VidaAgricola was supposed to combine financial and non-financial risk management components.

The Sedag, which is responsible for implementing the agricultural policies of the departmental government, was undergoing major changes and had its own agenda when embarking on this PPP. It aims to increase production levels by spreading innovations, in particular technical ones like tractors or harvesting machines, and has “centres of operation” (*centros de operación*) in different parts of the department.<sup>439</sup>

The Sedag is highly politicized: its leadership and a major part of the personnel are directly appointed by the departmental government and regularly exchanged after elections.<sup>440</sup> After the fall of the conservative Mario Cossío, the Sedag changed very fundamentally and became an important link between the departmental government and the FSUCCT. As one representative of the Sedag put it: with institutions like the Sedag, the MAS “promotes its basis”.<sup>441</sup> The FSUCCT has influenced the agenda and appointments at the Sedag. It also has the possibility to directly influence political decision makers via the institution. Some

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<sup>438</sup> Laid down in the “Acta de intenciones”, signed by Gobierno Autónomo del Departamento de Tarija, Profin, Cosude, Red de Apoyo al Sector Productivo (RASP), FSUCCT, 30.6.2011. Profin financed a best practice manual for potato and maize producers that the Sedag was supposed to use for capacity building workshops for clients of the scheme. (Interview with Ingrid Antezana, Profin, 14.10.2011)

<sup>439</sup> Maycol Choque, Sedag Tarija, 1.6.2011.

<sup>440</sup> Maycol Choque, Sedag Tarija, 1.6.2011.

<sup>441</sup> “El MAS fomenta sus bases.” (Emiliano Tarraga, Sedag Entre Ríos, 28.6.2011)



*dirigentes* have also been appointed, partly as technical personnel, with the added advantage that they could use their work at the Sedag for networking.<sup>442</sup>

At the time of research, the director of the Sedag highlighted the notions of climate change and sustainability as one of his main concerns. He aimed to install an early warning system (*sistema de alerta temprana*)<sup>443</sup> and hoped that Profin might be helpful in this regard.<sup>444</sup> From the institutional perspective, this was an important reason to support the PPP for implementing VidaAgrícola.

In addition, the Sedag had limited resources, in spite of the recent increase of its budget, and a successful PPP was a chance to increase its leverage. In the Altiplano as well as in Entre Ríos, Sedag personnel felt that they were very few and had not enough vehicles to get around (for example two for the entire Province of Entre Ríos).<sup>445</sup>

This PPP<sup>446</sup> was publicly declared during a ceremony in the *Club Social de Tarija*, which is located right next to the government buildings of Tarija, and laid down in a memorandum of intentions (*acta de intenciones*), which was signed by the government of the department of Tarija, the peasant federations (FSUCCT), and Profin among others. Representatives of all three institutions took the word in order to underline the importance of the project for the advancement of rural production: statements highlighted that climate changed required new answer, which enabled a continuation of production in case of disasters and prevented migration (compare chapter 7 on expectations). Elvio Díaz, the leader of the FSUCCT added the hope that VidaAgrícola would serve as model for the planned national agricultural insurance – just as Profin had suggested; and that his organization had the task to share (“*socializar*”) the project proposal with his bases.

The following chart<sup>447</sup> gives an overview of the complex institutional setup that included market actors (insurance companies and microfinance institutions as sales channels<sup>448</sup>), non-governmental institutions (Profin, Microinsurance Innovation Facility), a subsidiary of the

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<sup>442</sup> Emiliano Tarraga, Sedag Entre Ríos, 28.6.2011.

<sup>443</sup> They envisioned a network of weather stations covering the entire department that would provide reliable and up-to-date climate data.

<sup>444</sup> Maycol Choque, Sedag Tarija, 1.6.2011.

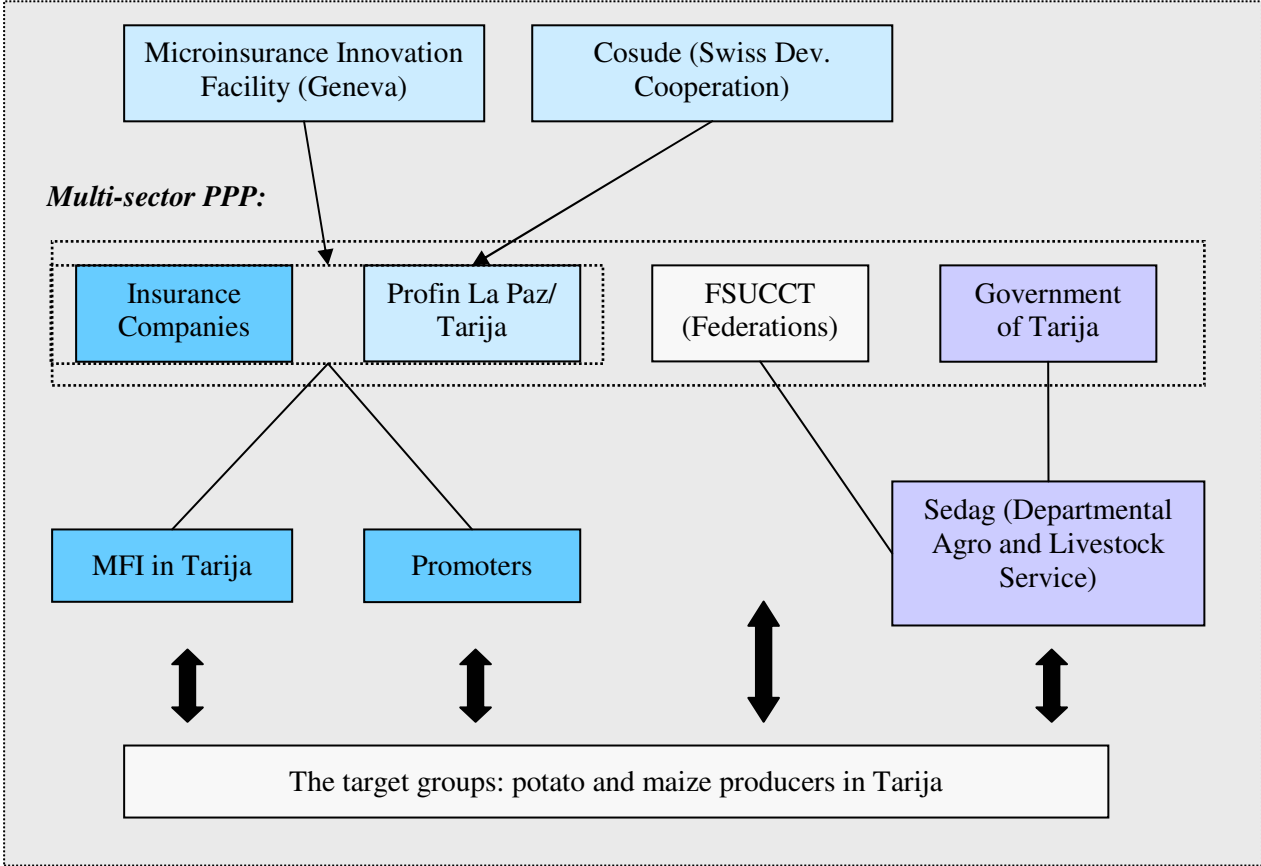
<sup>445</sup> Emiliano Tarraga, Sedag Entre Ríos, 28.6.2011;

<sup>446</sup> In contrast to the FTR, VidaAgrícola was a PPP in its first year, even if a strict definition of the term PPP (Elsig and Amalric 2008) is applied: public and private actors shared the responsibility implementing the project.

<sup>447</sup> Modified version of a chart in Goldboom (2013)

<sup>448</sup> VidaAgrícola included a partner-agent setup (see chapter 5), with microfinance institutions as sales channels.

departmental government (Sedag), organized interest group (FSUCCT), and a governmental development organization from abroad (Cosude):



Institutional setup: VidaAgrícola, Department of Tarija, first year (2011/12)

At this point in time, the Sedag used the establishment of the PPP in order to publicly claim successful governance on part of the departmental government. On 1.7.2011, El Nacional, a newspaper published in Tarija, reported about the ceremony, citing at length Elvio Díaz of the FSUCCT and Maycol Choque, the director of the Sedag, both acclaiming VidaAgrícola.<sup>449</sup> In October of the same year, the Sedag developed a radio jingle promoting VidaAgrícola as project of governor Lino Condori. Another example of these activities is a radio interview with Abraham Riffarach, a representative of the Sedag, on November 11<sup>th</sup>, 2011.<sup>450</sup>

This exploitation for political ends made first fissures between the Sedag and the other project partners visible: As a representative of Latina Seguros wrote to the Sedag, he was afraid that through the radio jingle the Sedag was politicizing VidaAgrícola too much: a number of

<sup>449</sup> El Nacional, Tarija: Federación de Campesinos y Sedag analizan acuerdo para seguro agrícola, 1.7.2011.

<sup>450</sup> Programa Sin Tacos y Corbata, Radio Luis de Fuentes, Tarija.

peasants might not buy it if the scheme was associated with the name of Lino Condori.<sup>451</sup> People at Profin were divided about this question. The responsible for the project thought that it was an advantage if the FSUCCT embraced the project as its own, but others disagreed.<sup>452</sup> The non-governmental project partners had been afraid of “politicizing” the project from the beginning. However, they created the PPP, because they were convinced that an official cooperation with public actors was absolutely essential.<sup>453</sup>

All in all, the insurance companies and parts of Profin had very specific expectations: the public institutions were to create trust in VidaAgrícola, but were not supposed to use it directly for their political purposes. They perceived it as unjust that the FSUCCT was talking about VidaAgrícola “as if” they had initiated the scheme.<sup>454</sup> As one Profin representative put it: “The Sedag has used Profin for its propaganda. They have used us in an ugly way.”<sup>455</sup> This perception disregarded one of the central motivations of the Sedag and the departmental government regarding the PPP: to claim successful projects in spite of very limited resources.<sup>456</sup>

### ***The downfall of the PPP***

Initially, not only the Sedag seemed to profit from the PPP, but also Profin and Nacional Vida insurance group. Because of the PPP, the personnel charged with selling VidaAgrícola could present the insurance at federation meetings at the community level. In this regard, the PPP fulfilled its objective. Moreover, apparently, the PPP helped to accelerate the approval of VidaAgrícola on part of the APS.<sup>457</sup>

The APS initially had many questions and remarks regarding the design of the scheme, thus prolonging the approval process. According to one of their representatives, the paperwork contained some errors, but above all they had doubts that the model was going to work, for example if reinsurance cover would be sufficient.<sup>458</sup> In this situation, Profin and Nacional

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<sup>451</sup> Email Aldo Alianiello, Latina Seguros, to Abraham Riffarach, Sedag, 31.10.2011.

<sup>452</sup> Conversation with Gabriela Caro, Profin, 11.10.2011.

<sup>453</sup> Informal discussion with Ernesto Farfán, Gabriela Caro, Profin, 29.6.2011.

<sup>454</sup> Conversation with Gabriela Caro, Profin, 11.10.2011.

<sup>455</sup> “El Sedag ha usado Profin para su propaganda. Nos han usado feo.” (Martín Gonzales, Profin, 7.2.2013)

<sup>456</sup> As in other cases, the emergence of the PPP can be explained with the interests of the actors involved (Schäferhoff, et al. 2009).

<sup>457</sup> Interview with Abraham Riffarach, FSUCCT, 3.12.2011.

<sup>458</sup> David Bellido, APS, 7.2.2013. As mentioned above, insurance companies and Profin rather had the impression that the APS was in general very critical towards their activities and even looking for possibilities to

Vida did not only meet regularly with officials as part of their *cabildeo*, but also invited one of them to a conference about agricultural microinsurance in Lima (*Semana de Adecuación al Cambio Climático*).<sup>459</sup> At the same time, the departmental government of Tarija and the Sedag exercised political influence by calling the APS in order to speed up approval.<sup>460</sup>

Still, the PPP fell down in the second year, because all project partners perceived it as problematic. Profin and the insurance companies found that the role of the Sedag and the FSUCCT did not contribute as much to project success as they would have expected. For example, they had expected that the *dirigentes* would promote the project themselves among community members.<sup>461</sup> Moreover, they found their publicity campaign too selfish, as already outlined.

The motives on part of the FSUCCT and the Sedag partly related to the scheme itself. As mentioned above, *dirigentes* were very interested in VidaAgrícola, but also careful to embrace it publicly, because they wanted to have indications regarding its success in the first place. However, as some of them early on pointed out, peasants were critical of the design of the scheme. This is the topic of the next section. At the same time, the federation had other priorities at that time:<sup>462</sup> in July and August of 2011, it was for example fighting for an increase of the Prosol (compare chapter 6). Beyond this, different factions of the FSUCCT were fighting each other for leadership, when VidaAgrícola was being introduced. It is however not very clear how important a factor this was with regard to the microinsurance scheme.<sup>463</sup>

In addition, this PPP failed because the public actor (Sedag) and the interest group behind (FSUCCT) on the one hand and the non-governmental actors on the other hand found it difficult to cooperate within a highly unequal partnership. The asymmetries within this PPP

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fine them (Cecilia Tondelli, Profin, 31.1.2013). At the same time, the APS usually needs a long time to approve of new products, and major delays are not exception at all (Gabriela Caro, Profin, 11.10.2011).

<sup>459</sup> Conversations with Gabriela Caro, Profin, 11.10.2011; Aldo Alianiello, Nacional Vida, 4.2.2015.

<sup>460</sup> Interview with Abraham Riffarach, FSUCCT, 3.12.2011, and participant observation *ibid*.

<sup>461</sup> Interview with Cecilia Tondelli, Profin, 31.1.2013.

<sup>462</sup> Conversation with Gabriela Caro, Profin, 11.10.2011.

<sup>463</sup> This internal conflict was largely a conflict between different generations. Luis Alfaro had been at the head of the federation (*secretario ejecutivo*) before Elvio Díaz, but had left this position in order to become member of the national parliament in La Paz for the MAS. He was opposed to his successor, who was only in his thirties at the time of research. In May 2012, Elvio Díaz was followed by Pánfilo Guzmán in the position of *secretario ejecutivo*. (Interview with Abraham Riffarach, Sedag, 13.2.2013)

when it came to decision making power<sup>464</sup>, resources and expertise were remarkable. In all these regards, the non-governmental institutions were clearly in the lead. This did not meet the expectations of *dirigentes* and peasants. They would, for example, have expected a participative planning processes regarding project design.<sup>465</sup>

Differences between project partners would have been more easily managed, if the people involved had not struggled with the topic of inequalities in another way as well: interactions were marked by unequal economic, cultural and symbolic capital (Bourdieu and Wacquant 1992). The account of a project meeting in La Paz provided by an employee of the Sedag is very telling in this regard. Representatives of both the FSUCCT and the Sedag travelled to the capital in order to define the details of the PPP together with the non-governmental partners. The employee of the Sedag is convinced that the non-governmental actors patronized the *dirigentes* of the FSUCCT and even told them to change:

You have to talk in the way the client wants you to talk to him. [At least] if you want to use marketing techniques (...). I don't want you to speak in those very technical terms, don't come with your watch, at least not your Rolex; come with your local watch. And don't talk over the shoulder of Elvio [the representative of the FSUCCT]. You have to look into his eyes, even though he is small. Don't talk with this self-sufficiency of a professional who believes he is superior because he is a professional. (Abraham Riffarach, 24.10.2011)

Hay que hablar como el cliente quiere que le hables. Si quieres poner las técnicas de marketing. ... No quiero que hables con estos términos muy técnicos, no vengas con reloj, a menos con tu reloj Rolex, vente con reloj chapi. Y no hables así por encima del hombro de Elvio. Tienes que hablarle allí a los ojos, aunque sea chatito. No hables con esta autosuficiencia de técnico profesional que porque es profesional se cree mas.

Indeed, the employees of Profin and the insurance companies usually had a middleclass background as well as a university degree. The *dirigentes* of the FSUCCT have only in rare cases had access to universities.

This is one of the situations where the non-governmental project partners were unable to mediate between the transnational community of microinsurance experts and the local scale. They were convinced that their expert knowledge regarding microinsurance justified their

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<sup>464</sup> As I point out in Goldboom (2013), according to the PPP literature (Schäferhoff et al 2009), inclusive decision making processes are an important aspect of legitimate PPPs. In this regard, the legitimacy of the VidaAgrícola PPP was very limited.

<sup>465</sup> Elvio Díaz, FSUCCT, 7.6.2011; Don Hugo, Iscayachi, 4.11.2011. among others.

dominant role within the project.<sup>466</sup> They paid little attention to the mistrust that was caused by the fact that peasants were only partly able to understand the technical aspects of the insurance schemes. All in all, the representatives of Profin and the insurance firms showed little sensibility towards the sensitivities of their partners. Put differently, they were not well prepared for tackling the diverging norms, values and narratives that set different scales apart (cf. Gould 2004).

Their inability to mediate covered particular importance in a context that is marked by a strong degree of mistrust on part of leftist political organizations and a major part of the population vis-à-vis the private sector. As already mentioned above, leaders of the FSUCCT and other peasants regularly voiced the concern that their insurance premiums would largely serve to increase the profits of the insurance industry.<sup>467</sup>

This shows that the political struggles that indirectly motivated the Sedag and the FSUCCT to enter the partnership at the same time hindered its success. As outlined above (chapter 7), peasants and their organizations expected that agricultural insurance would protect smallholder production, help to redistribute resources and correct historical injustices in the Department of Tarija. The inequalities that the federation aimed to overcome became manifest in the context of the PPP and made cooperation difficult.<sup>468</sup>

In the second year of the VidaAgrícola scheme (2012/13), public institutions did no longer play a role within the project. Public and non-governmental institutions drove apart rather than closer and mistrust grew. In 2013, Profin employees were convinced that PPPs were too complicated to implement. They were wondering if it might have been sufficient to receive the approval of the FSUCCT to the project proposal rather than seeking its active involvement.<sup>469</sup> They also found that their refusal of a politicization of the project was confirmed: Some producers had refused the microinsurance product, because they associated it with the governor.

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<sup>466</sup> As underlined in chapter 3, Olivier de Sardan (2004: 159-161) has pointed out that popular technical knowledge and technical-scientific knowledge are asymmetrical in several regards: Technical-scientific knowledge is part of external meaning systems to which many local actors might not have easy access, and it is often diffused in bits and pieces. The way expert knowledge is dealt with is often decisive for the outcomes of development projects (Mosse and Lewis 2006).

<sup>467</sup> Interview with Johnny Gareca, FSUCCT, 31.10.2011; Ingrid Antezana, Profin, about the meeting with dirigentes of the FSUCCT in La Paz in August 2011, 14.10.2011.

<sup>468</sup> In Goldboom (2013), I relate these findings to the literature on PPPs and point out that inequalities between project partners might play a similar role in other microinsurance PPPs as well. Politics, in particular the use of resources and concrete negotiation process, should be part of the analysis of microinsurance PPPs.

<sup>469</sup> Interviews with Cecilia Tondelli, Profin, 31.1.2013; Martín Gonzalez, Bisa Seguros (before Profin), 7.2.2013.

To sum up, it only looked for a short time as if a market was to be created with the help and active involvement of governmental actors inside Bolivia and transnational actors outside of the country. This attempt failed. The vision of creating agricultural insurance was shared by all partners of this three-sector-partnership. Still, their perspectives and expectations were so different that cooperation failed. Inequalities that formed part of the setup of the PPP as well as between the social groups involved played an important role in this context. The downfall of the PPP did not help when it came to commercializing the scheme. However, the most important obstacle in this regard was the design of the product. This is the topic of the following pages.

### **9.3 Unfair insurance design? Reasons for the minimal demand for VidaAgrícola**

The producers in Tarija, whom I interviewed about VidaAgrícola, time and again voiced doubts about the design of the scheme. They found the notion of an evaluation by areas unjust, among other concerns. While this was certainly the main reason for very low sales rates, it is worthwhile to look with some more detail into the commercialization of the scheme and the demand. The attempts to sell the product in 2011/12 and 2012/13 throw some interesting lights on the interests and ideas on part of peasants.

#### ***Commercializing VidaAgrícola***

From the perspective of Profin and Nacional Vida insurance group, commercialization proved even more challenging than they had expected.<sup>470</sup> They invested a lot of energy and resources into this part of the project. Nacional Vida even commissioned a comprehensive strategy for a publicity campaign.<sup>471</sup>

An initial element of the strategy consisted of presentations for the *dirigentes* of the FSUCCT. After the visit of FSUCCT and Sedag representatives to La Paz, which was mentioned above, on September 9<sup>th</sup> 2011, Profin presented VidaAgrícola at the general departmental assembly (*ampliado*) of the federation.<sup>472</sup> Profin hoped that the *dirigentes* would afterwards explain the insurance at their basis.<sup>473</sup> The flyer that was used at this event is to be found below (appendix IV).

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<sup>470</sup> Interview with Edwin Vargas, Profin, 31.1.2013.

<sup>471</sup> Molina y Asociados, Campaña para el lanzamiento y posicionamiento del Microseguro Vida Agrícola, 2011 (internal document).

<sup>472</sup> Conversation with Gabriela Caro, Profin, 11.10.2011.

<sup>473</sup> Conversation with Cecilia Tondelli, Profin, 31.1.2013.

Later that year, it became clear that this had not happened. This is not surprising, given that many questions emerged and that most *dirigentes* remained sceptical about the design of the product (see below). In addition, federation leaders at all levels expected to be addressed directly, and people in the communities expected that representatives of the scheme would inform them at community meetings.<sup>474</sup> This is the standard format if new projects are being introduced in Tarija.

Profin and Nacional Vida insurance group also capacitated the personnel of the sales channels, who were to inform their clients about the product.<sup>475</sup> Usually, interested producers had to go to the offices of the sales channels in order to buy VidaAgrícola. One of the channels, El Churqui, also had a “mobile official” (oficial móvil), who visited rural communities on motorbike in order to sell the product.<sup>476</sup> This could save a lot of travel time to potential clients. Capacitating the personnel was a challenge, given that most of them did not have any insurance background. Nacional Vida and Profin explained the basic features of insurable risks, insurances and VidaAgrícola microinsurance to them.<sup>477</sup>

Another central part of the commercial strategy was attracting the attention of producers. For this purpose, flyers and other printed materials and radio jingles were designed. In the second year, Profin and Nacional Vida even commissioned a street theatre in order to draw attention to VidaAgrícola at agricultural fairs. In five places they showed an entertaining and funny dialogue of a local couple about agricultural risks and the advantages and disadvantages of VidaAgrícola.<sup>478</sup>

However, in both years, problems with the regulatory body (APS) and internal hiccups meant that commercialization started very late. However, since the product covered climate risks, it could not be sold once the sowing period was terminated. Consequently, there were very few weeks between the start of the campaign and the end of the sales.<sup>479</sup> At the same time, the insurance companies could not afford to run into potential problems with the APS. In the first year, the APS was very hesitant to admit the product to the market, as already mentioned above. In the second year, a different obstacle emerged: according to a new guideline, the

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<sup>474</sup> For example, interviews with Don Hugo, Iscaiyachi, 4.11.2011; Don Luis, Timboy, 14.6.2011.

<sup>475</sup> 3.-4.11.2011, workshops in Tarija. I did participant observation during a major part of the workshop.

<sup>476</sup> Interview with Soraya Cortéz, El Churqui Tarija, 5.12.2011.

<sup>477</sup> Interview with Roberth Escalante, 19.2.2013; participant observations 3.-4.11.2011.

<sup>478</sup> Interview Gustavo Castellanos, responsible for publicity, 13.2.2013. Castellanos underlined that reactions to the theatre were very positive and that after the piece many people showed interest in more detailed information.

<sup>479</sup> Interview with Vismar Chavez, promoter in 2012/ 13, 13.2.2013



APS had to approve of all commercial materials before they could be employed, causing a lot of delays.<sup>480</sup>

These materials were not only used by the sales channels, but also by promoters (*promotores de venta*), who went directly to rural communities in order to explain and sell the product. As in the case of the FTR, promoters usually participated in community meetings, but also paid individual visits to peasants, who had shown some interest.<sup>481</sup>

My conversations with promoters called attention to the remarkable gap between the claim that microinsurance products must be easy to understand and the complexity of VidaAgrícola. This gap was also very noticeable during discussions between project officials on the one hand and potential clients or sales channels on the other hand.<sup>482</sup> Microinsurance products are supposed to be optimally adapted to the target groups, which usually have no insurance background. It is at the very core of microinsurance ideology that the mechanism itself must be understandable and that the small print is to be eliminated from contracts (Churchill 2006a). However, discussions showed that the notions of the *gatillo*, percentages of payout, and of bundled insurance were not easy to explain at all.<sup>483</sup>

As is to be expected, the project officials and promoters developed their own strategies in order to overcome this obstacle. Vismar Chavez, one of the promoters developed comparisons in order to explain the complex mechanism:

You have to transform it or give them an example, some proof of it. (...) One day I had a meeting with a family at their place that grows a lot of potato and was buying the insurance, and I explained them [the *gatillo*] using a sack of onions that they had there – they were harvesting onions. So I explained to them that up to this point you have the *gatillo*. Then they understand, for example. (13.2.2013)

Tienes que transformarlo o llevarles un ejemplo, una evidencia de ello. (min 17:00) (...) Alguna vez tuve una reunión en la misma propiedad digamos con una familia que pone mucha papa y ellos compraban el seguro, y yo les expliqué con una bolsa de cebolla que tenían allí – estaban cosechando cebolla. Entonces les expliqué que hasta aquí llega el *gatillo*. Entonces entienden, digamos.

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<sup>480</sup> Interview Gustavo Castellanos, responsible for publicity, 13.2.2013.

<sup>481</sup> Interview with Vismar Chavez, promoter in 2012/ 13, 13.2.2013.

<sup>482</sup> Workshops in the Province of Entre Ríos, 2.-4.6.2011; workshops in the Altiplano and the Province of Entre Ríos, 1.-2.7.2011; workshops with the sales channels, 3.-4.11. This was also reflected upon by Profin personnel, e.g. Cecilia Tondelli, Profin, 31.1.2013.

<sup>483</sup> Fieldnotes, 3.-4.11.2011.

In spite of these strategies, information even among the clients of VidaAgrícola remained partial. This covered major importance, when a number of clients incurred major losses at the beginning of 2012 and expected indemnity payments. I return to this aspect below.

***Political disappointment and unjust insurance design – reasons not to buy VidaAgrícola***

Once it became clear that there would be no public subsidies for VidaAgrícola, Profin and Nacional Vida had adapted the sales target for the first year – in coordination with the Microinsurance Innovation Facility. Instead of 10 000, 3000 insurance policies were to be sold in the first year.<sup>484</sup> However, even this target proved absolutely unattainable: In 2011/12, 39 insurance policies were sold, in 2012/13 only 28 policies.<sup>485</sup> The challenges of commercializing VidaAgrícola and winning the trust of producers are only part of the explanation. The design of the product itself was even more decisive. Gustavo Castellanos, who worked for the project, put it bluntly: “It’s not about communication. The product does not work.”<sup>486</sup>

In principle, peasants and their leaders welcomed that finally the long-standing proposal to introduce agricultural insurance would be put into practice.<sup>487</sup> Many producers also liked the idea of a combined or bundled insurance product.<sup>488</sup> Another aspect that peasants readily embraced, when VidaAgrícola was explained to them, was the notion of a mechanism that reinforced solidarity. For example, in their discussion with the FSUCCT, Profin received positive feedback when underlining that insurance is neither a form of credit nor of saving. On the contrary, payouts are exceedingly high if compared to the contributions. This is only possible, if many people contribute and a majority does not receive a payout at all.<sup>489</sup> This is not at all surprising considering the longing of producers in Tarija for more solidary communities (compare chapter 7) and the success of related arguments in the context of the FTR.

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<sup>484</sup> Conversation with Ingrid Antezana, Profin, 14.10.2011.

<sup>485</sup> Interview with Cecilia Tondelli, Profin, 31.1.2013.

<sup>486</sup> “No es un problema comunicacional, el producto no funciona.” (13.2.2013). After evaluating my research material, I agree with him.

<sup>487</sup> Workshops (see above) and interviews with Elvio Díaz, FSUCCT, 7.6.2011; Don Luis, Timboy, 14.6.2011; Johnny Gareca, FSUCCT, 31.10.2011.

<sup>488</sup> Workshops in the Province of Entre Ríos, 2.-4.6.2011; workshops in the Altiplano and the Province of Entre Ríos, 1.-2.7.2011 (participant observation).

<sup>489</sup> Conversation with Gabriela Caro, 11.12.2011.

These positive observations were outweighed by the perceived drawbacks of VidaAgrícola. Peasants who are close to the federation and had expected some kind of a *bono* (compare chapter 7) were largely disappointed by the realities of the project. A microinsurance scheme that was financed from the pockets of the producers could not meet their expectations: it was not going to improve social security through a public transfer, thus remedying historical injustices. From the federation perspective, the absence of a subsidy showed that the authorities were still not taking rural concerns into account as they should, in spite of the political changes in the department.<sup>490</sup>

In this context, federation leaders were critical of several specific aspects of the design. They thought that with a subsidy, VidaAgrícola would have offered insurance for more than only two products.<sup>491</sup> Also, payout sums were too low from the perspective of the federation. They had expected that lost gains, not only investment costs would be ensured:

We expect the insurance to cover everything that has been destroyed, everything – let’s say – that has been lost. And we have seen that the current insurance that is going to be implemented here will not meet all our expectations. There they deal with percentages. (Johnny Gareca, FSUCCT, 31.10.2011)

La expectativa de nosotros es (...) que el seguro llegue a cubrir todo lo destruido, todo lo digamos que se ha llegado perder. Y estamos viendo que el seguro actual que se está por implementar en esta parte no llega a cubrir todas nuestras expectativas. Allí hay porcentajes que se manejan.

As pointed out above, agricultural microinsurance schemes usually cover only investment costs in order to reduce moral hazard. This logic was very alien to local expectations of a governmental *bono*.

Among quite a few producers, the involvement of the departmental government in the project had created very high expectations. These expectations were dissatisfied, when subsidies did not materialize. One of my interlocutors belonging to the project institutions suggested that because of this, the involvement of the departmental government had to be considered as “fatal” rather than supportive.<sup>492</sup>

Still, individual producers not only engaged in political considerations when deciding if to buy VidaAgrícola. To begin with, some producers perceived the proposed payout level for the

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<sup>490</sup> Interviews with Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011; Johnny Gareca, FSUCCT, 31.10.2011; Pámfilo Guzmán, FSUCCT, 14.2.2013.

<sup>491</sup> Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011.

<sup>492</sup> Interview Gustavo Castellanos, responsible for publicity, 13.2.2013.

agricultural part of the product as too low: Bs. 2.500 or Bs. 6000 would not cover their investment costs. In the workshops with producers that I attended in 2011 and in individual conversations that year, producers usually stated that these sums were sufficient.<sup>493</sup> However, there were exceptions. One of the personnel of the sales channels, who came from a rural family herself, stated for example that these sums were too low.<sup>494</sup> In fact, production costs vary in accordance with the level of mechanization and climate conditions, among other factors. Beyond this, they rapidly increased during the time of my research, because of high inflation rates. Payout levels of VidaAgrícola were mainly based on studies realized in 2009. Above all in the second cycle of the scheme (2012/13), these data were already outdated.<sup>495</sup>

This aspect of VidaAgrícola was still acceptable from the perspective of many producers, as a low payout was better than none, but another one was not: the evaluation of losses by zones. Producers were always very explicit about this concern, in all workshops attended and in individual conversations, and it was also reported by the personnel of VidaAgrícola.<sup>496</sup> From the producers' perspective, it was unjust that payments would be based on sample fields, because in Tarija the climate varies within relatively small areas. As mentioned above (chapter 7), often a few people in the community are hit by a disaster, while their neighbours have an average harvest. Also, the zones were very large according to the initial design of the scheme:<sup>497</sup>

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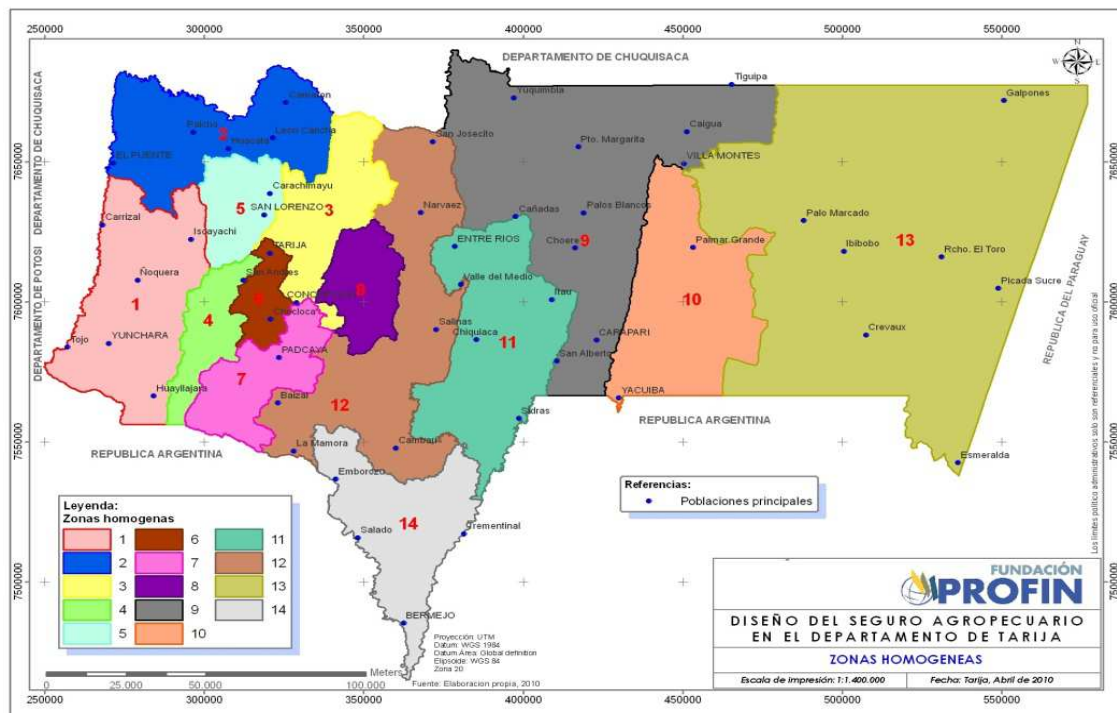
<sup>493</sup> In 2011, producers I talked to were not concerned about the harvest insurance, but some were concerned that a life insurance of Bs. 7000 is comparatively low.

<sup>494</sup> Workshops for capacitating the sales channels, 3.-4.11.2011. This topic was also raised by Soraya Cortéz, El Churqui Tarija, 5.12.2011.

<sup>495</sup> Interview with Vismar Chavez, sales promoter 2012/13, 13.2.2013

<sup>496</sup> Field notes 15.-16.2.2013.

<sup>497</sup> The chart was part of a powerpoint presentation of Fundación Profin for APS, 18.5.2011.



The perceived injustice of the proposed evaluation by zones ran totally counter to the expectations of rural producers. After all, peasants hoped for insurance, because they imagined it to be more just than the public disaster relief system. As already outlined, public relief is not targeted at the victims of disasters, but usually goes to the entire community (chapter 7). Producers perceive this as very unsettling.

Producers made clear that their doubts were also a matter of limited trust within the communities: they could not be sure that the producers with the sample fields were going to employ best production practices, which might result in a low harvest estimate. As one producer put it in a workshop, “in every community, there is a black sheep”.<sup>498</sup> From this perspective, individual assessments were not only necessary after the harvest, but even when the insurance was bought.

The strong feelings of producers about an evaluation by zones were also at odds with the ideology of trust and co-responsibilities embraced by Nacional Vida and Profin. As pointed out above, microinsurance stakeholders in Bolivia expected producers to trust them and to participate in social control and the provision of relevant information (chapter 7). As Gabriela

<sup>498</sup> Workshop in Timboy, Entre Ríos, 2.7.2011.

Caro, the responsible of Profin for VidaAgrícola, stated at the public inauguration of the scheme, microinsurance is a “relationship based on trust” (*relación de confianza*), which can only work if there is no abuse, due not only to individual integrity, but also to mutual control between the clients.<sup>499</sup> She and others expected rural producers to have internalized a form of self-control that authors concerned with the transformation of Western welfare states have analyzed as pertaining to neoliberal governmentality (O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

As Profin and Nacional Vida were expecting that peasants would readily embrace these ideas, they were unable to connect to local ideas: their personnel rightly assumed that notions of trust and mutual control play an important role in rural communities. Indeed, mutual control at the local level has been considered as one of the main factors behind the success of microfinance.<sup>500</sup>

However, in rural Tarija notions of trust and social control cover importance in slightly different ways than expected by Profin and Nacional Vida: Peasants feel that they would like to trust each other as well as outside actors, but cannot do so. They feel that they cannot control each other, but want external actors to do so. In this regard, the project institutions were once again unsuccessful at playing a mediator role between the transnational microinsurance community and rural communities in Tarija (compare preceding section).<sup>501</sup>

The limited local acceptance of the evaluation model had been made very explicit, when VidaAgrícola was inaugurated. Still, the model was not adapted to the expectations of the so called target groups. This is somehow surprising, given that Profin, Nacional Vida and the Microinsurance Innovation Facility seemed so concerned with the interests and ideas of peasants in Tarija. As was already explained, they even financed a comprehensive study about the perceptions of peasants and commercialization, the so-called baseline study.

At one point, the adaptation of the design was discussed, but the option was dismissed: to move away from the sample field model would have been difficult from the actuarial point of view, so both the insurance and the reinsurance providers refused to do it.<sup>502</sup> An important

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<sup>499</sup> At inauguration of VidaAgrícola and public workshop Profin/ Sedag, 30.6.2011.

<sup>500</sup> Group lending, made popular by the famous Grameen Bank, has for a long time been considered as remedy against moral hazard in microfinance. However, over time, the problems and limitations of the approach have also become obvious, including local tensions and conflicts (Armendáriz and Morduch 2010).

<sup>501</sup> This was particularly notable, when staff from headquarters in La Paz or Santa Cruz visited Tarija's countryside, but less so among local Profin personnel in Tarija.

<sup>502</sup> Ernesto Farfán, Profin Tarija, 25.2.2013.

reason behind this inflexibility was a misunderstanding among the personnel of Profin and Nacional Vida: When they were confronted with the doubts of peasants, they assumed that the success of the scheme was a matter of consumer education, of explaining insurance and the advantages of VidaAgrícola in general.

In line with arguments stemming from the microfinance industry, the project personnel would explain to producers that the product would be much more expensive if individual loss assessments were introduced.<sup>503</sup> Profin staff even had the impression that they were successful at this task. For example, after Profin had met with representatives of the FSUCCT in La Paz, one of the staff remarked, “we were successful at dispelling all doubts.”<sup>504</sup> My interviews showed that this was not at all true.<sup>505</sup> In this regard, the project institutions took the advice of microinsurance literature, which underlines the importance of consumer education, so seriously that they did not consider the possibility of actual rejection.

The Microinsurance Innovation Facility, which was constantly monitoring all activities, played a contradictory role with regard to consumer orientation. The contact person at the Facility was constantly monitoring all project activities, and in line with the Learning Agenda<sup>506</sup> he had a particular focus on consumer value. He provided advice on many aspects, but also exercised direct control as to whether Profin and Nacional Vida implemented presumed microinsurance best practices. In August 2011, he even visited Tarija in order to assess if the project was implemented as agreed: he had project officials organize several focal group discussions with producers in order to see if project reports would be confirmed.<sup>507</sup>

Still, these interventions did not result in a project design that was adapted to the expectations of the rural population. A possible reason was the focus of the Facility: for them, the project was above all a laboratory in order to test new project designs. At the same time, ownership for the learning agenda was very low on part of Profin: it was clearly perceived as something

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<sup>503</sup> Conversations with Ingrid Antezana, 14.10.2011; Gabriela Caro, Profin, 11.12.2011.

<sup>504</sup> „Se ha logrado despejar todas las dudas.“ (Ingrid Antezana, 14.10.2011)

<sup>505</sup> Pámfilo Guzmán, FSUCCT, 14.2.2013.

<sup>506</sup> As mentioned above, Profin and the Facility had agreed on a learning agenda concerning the topics of demand and consumer value, consumer education, distribution channels, and the feasibility of PPPs.

<sup>507</sup> Interview Gabriela Caro, Profin, 11.10.2011.

external, which was not really useful with regard to the project itself.<sup>508</sup> Profin staff mainly perceived the Facility as building a lot of pressure on them.<sup>509</sup>

In practice, the project institutions tried to adapt to the implications of a product design that was not acceptable in the local context: in the first year, they provided indemnity payments “ex gratia” to 24 producers who had lost a major part of their harvest due to disasters. They would not have been entitled if the evaluation by zones had been applied. They were outrageous, when they found out.<sup>510</sup> It emerged that these producers had not even understood the proposed evaluation method.<sup>511</sup> Moreover, in the second year, the geographical zones of evaluation were redesigned and became much smaller.<sup>512</sup>

All in all, notions of knowledge and knowledge production played a decisive role with regard to the failure of VidaAgrícola. Project personnel, in particular the staff of Profin, trusted international microinsurance experts a lot and assumed that their so called best practices were transferable into the local context of Tarija. They had paid particular attention to insights into the relevance of trust and mutual control, and the potential of consumer education to overcome the rejection on part of potential clients. While these aspects were indeed highly relevant for the project, they were so in very different ways than expected. The distance between project personnel in La Paz or Santa Cruz and the local context of Tarija was very important in this regard: Project personnel received clear messages when they visited the rural target communities, but contextualized them by drawing on international best practices instead of local framings.

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<sup>508</sup> Interview with Cecilia Tondelli, Profin, 31.1.2013.

<sup>509</sup> Interview Gabriela Caro, Profin, 5.5.2011 and 11.10.2011.

<sup>510</sup> Interviews Cecilia Tondelli, Profin, 31.1.2013; Gerardo Tejerina, Profin, 13.2.2013; Vismar Chavez, promoter VidaAgrícola 2012/13, 13.2.2013.

<sup>511</sup> After the second year, this emerged as a general question among project personnel: had the producers, who bought VidaAgrícola understood the design of the product, in particular the evaluation method? Or was the fact that it was sold at all based on misinformation? (Conversations with Gerardo Tejerina, Profin, 15.-16.2.2013) I planned to conduct interviews among clients in Entre Ríos in order to follow up on this question. Because of demonstrations, the streets between Tarija and Entre Ríos were blocked for so long that I had no time to do so during my last stay in Tarija.

<sup>512</sup> In the second year (2012/13), the product was changed in several regards, including the following ones: the zones of evaluation were replaced by “districts”, which were much smaller; the sales channels received a higher commission in order to create higher incentives for commercialization; insurance covers were reduced: only one person in the insured household instead of two received life insurance; the goods insurance was reduced to a maximum payout of Bs. 7000. (Interview with Cecilia Tondelli, Profin, 31.1.2013).



### ***Who bought VidaAgrícola? Some second thoughts about agricultural microinsurance***

While demand remained minimal with only 39 insurance policies (2011/12) and 28 policies (2012/13) sold,<sup>513</sup> it is very interesting to see who bought the product. With very few exceptions, all VidaAgrícola clients were medium size maize producers from the valleys of Tarija. Only three insurances were bought by potato producers from the Altiplano. The reactions of different producer groups to VidaAgrícola provoke some second thoughts about the value proposition of agricultural microinsurance. After all, this was the central component of VidaAgrícola.

It was a particular group of medium producers in the valleys of Tarija who bought VidaAgrícola insurance: They usually relied on maize as their single most important crop. Since they did not have many other products apart and limited savings or other means, they were economically highly dependent on their maize harvest. At the same time, they were fully integrated into agricultural markets, including credit markets, and were used to interacting with microfinance institutions. A promoter of the product pointed out that the group of producers, who became his clients, usually produced on more than one hectare of land.<sup>514</sup>

In contrast, producers who rely on several economic activities in order to make a living were not interested in VidaAgrícola. Their economic model is already based on the assumption that one economic source might dry out. Most producers in Tarija embrace a mixed production model, but for small producers it is of particular relevance. Many of them do not even have a single most important product, and they only sell their produce to the market if prices are attractive (compare chapter 7).

Large producers, as they are most common in the Chaco region of Tarija, also showed minimal interest in VidaAgrícola, a pattern remindful of the FTR. Insurance might be useful for large producers, since they regularly incur large losses. However, they are not desperate for it, since they often have considerable savings available and have access to credits. When they were presented VidaAgrícola, they found it very costly to ensure their large extensions. They often stated that they preferred to wait instead for the national agricultural insurance scheme, which they expected to be subsidized.<sup>515</sup>

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<sup>513</sup> Interview with Cecilia Tondelli, Profin, 31.1.2013. In the second year, more hectares were covered than in the first year, although the scheme had less clients.

<sup>514</sup> Interview with Vismar Chavez, promoter VidaAgrícola 2012/13, 13.2.2013.

<sup>515</sup> I went to the Chaco region only once in the context of Profin's project activities and did not do individual interviews with producers in this part of Tarija. My account of their perspective is based on information provided

The finding that VidaAgrícola microinsurance was most interesting to medium producers, who relied on a single most important product, raises questions with regard to the central proposition of agricultural microinsurance: to improve social protection of poor population groups. Microinsurance experts often point out that they do not hope to reach the poorest parts of the population and that for them other mechanisms need to be developed (Churchill 2006b; Deblon and Löwe 2012; Löwe 2004; Löwe 2010). This caveat was also regularly underlined by Profin and Nacional Vida personnel. According to them, the main target group of VidaAgrícola were small producers who were poor, but not totally destitute. However, VidaAgrícola did not meet the interest of this main target group.

In order to reach this specific target group, it is not the statistically most common product of a region that needs to be at the centre of agricultural microinsurance. Rather, if mixed production models are common, such insurance would need to cover several products at the same time. Producers raised this notion many times in discussions.<sup>516</sup>

In comparison with this aspect, the price of the product only played a limited role in reducing demand. The studies that Profin commissioned<sup>517</sup> and my own interviews with producers indicated that most would have been able to afford VidaAgrícola. This was also confirmed by a promoter of the scheme.<sup>518</sup>

In this context, it is also worthwhile to look with some more detail into local social inequality.<sup>519</sup> First of all, small producers are not necessarily poor, but their economic status depends on their overall mix of economic activities. If they have a job or a business that goes well, for example a restaurant or a taxi, small producers may in fact have quite a good income.<sup>520</sup> At the same time, some rural community members who are poor do not have land

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by project personnel. (Interviews with Cecilia Tondelli, Profin, 31.1.2013; Vismar Chavez, promoter VidaAgrícola 2012/13, 13.2.2013)

<sup>516</sup> For example, Profin/ La Alianza workshops in Entre Ríos, 2.-4.6.2011.

<sup>517</sup> Baseline study by Ruizmier - report and powerpoint presentation, dated 3.8.2011.

<sup>518</sup> Interview with Vismar Chavez, promoter VidaAgrícola 2012/13, 13.2.2013.

<sup>519</sup> As pointed out in the introduction, social inequality can be defined “the distance between the positions of individuals or groups in the hierarchy of possession of socially-relevant goods (income, wealth, etc.) and power resources (rights, political participation, political office, etc.)” (Braig, et al. 2016: 2) Inequality is often multi-dimensional, as it has socioeconomic and power-political dimensions as well as cultural and socio-ecological dimensions, and is also formed by ethnic or gender-specific ascriptions (ibid).

<sup>520</sup> Interview with Aldo, Sedag, 14.2.2013; conversation with Gerardo Tejerina, Profin, 15.2.2013; interview with Emiliano Tarraga, Sedag Entre Rios, 28.6.2011.

of their own that they could use for production, for example day labourers (*jornaleros*). They would at best profit indirectly from agricultural microinsurance.<sup>521</sup>

Gender differences also played a role with regard to VidaAgrícola: Promoters of the scheme reported that women often showed more interest in insurance products, above all in life insurances.<sup>522</sup> Since men usually have the lead with regard to production, women are more concerned about the death of their spouses (compare chapter 7). However, in most cases, men decided if to buy VidaAgrícola. Gender differences, which have been an important focus of social security research (Benda-Beckman, et al. 1988; Steinwachs 2006), were not taken into account, when VidaAgrícola was developed.<sup>523</sup>

#### **9.4 Preliminary conclusions (II)**

An earlier chapter (7) showed that the expectations and interests of non-governmental microinsurance stakeholders, peasants, peasant federations and governmental organizations with regard to agricultural microinsurance were very similar: they hoped for answers to climate change that would enable the continuation of smallholder production and ease the pressure to migrate. They also shared the notion that the state should play a strong role with regard to agricultural microinsurance. Before this background, chances for a successful microinsurance PPP, i.e. a hybrid setup that clearly articulated market and state, seemed good. This chapter has outlined why – in spite of this consensus – VidaAgrícola failed.

As in the case of the FTR, subsidies for the scheme proved unfeasible. Some politicians in Tarija were disposed to subsidize agricultural microinsurance. Nonetheless, political volatility meant that political agendas changed quickly at the departmental level. In this situation, non-governmental microinsurance stakeholders were unsuccessful at convincing the new political leadership of subsidies: political propositions that are being associated with the opposition do

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<sup>521</sup> I also raise this issue in Goldboom (2013).

<sup>522</sup> Vismar Chavez, promoter VidaAgrícola 2012/13, 13.2.2013.

<sup>523</sup> Obviously, much more could be said about this issue. Local communities are marked by a range of inequalities. Timboy, the community introduced in chapter 7, is a good example in this regard: there are not only gender differences and differences in connection with land ownership or economic status more generally. In addition, there are differences between old and new settlers, who have mostly arrived from the Altiplano over the last decade. One family belonging to the latter group does not even engage in agricultural production, but only has a hardware store. This is a major innovation in the community. Another dividing line runs between the guaraní minority (compare chapter 6) of Timboy and the chaqueños. The economic situation of the guaraní has improved considerably over the last decades. Other people in the community perceive it as unjust that this group receives a lot of support from development organizations and an important share of Tarija's gas revenues. (Interviews with Gregorio Garcia, Timboy, 14.6.2011; Nancy Herrera, Timboy, 15.6.2011; Doña Cecilia, Timboy, 7.11.2011; Rolando Cruz, corregidor Timboy, 7.11.2011; Rubén Cuba, Cerd-et, 28.6.2011; Emiliano Tarraga, Sedag Entre Ríos, 28.6.2011).

not promise political capital. Insecurity complemented this political climate: it was unclear if premium subsidies were legal. Moreover, the national government had not concretized its plans for the planned national agricultural insurance.

The strong parallels between the FTR and VidaAgrícola show that in a volatile and insecure political context like Tarija, private microinsurance stakeholders will find it very difficult to convince public actors of premium subsidies. If subsidies are provided at all, as in the case of the FTR, they have a high probability of being very short lived. PPPs relating to organizational tasks, as they were formally established in Uriondo (FTR) and at the departmental level (VidaAgrícola), also have a low chance of surviving.

Both subsidies and organizational PPPs might have been more successful, if the non-governmental stakeholders had established a strong alliance with the representatives of the target groups, the peasant federations. However, given the large differences and inequalities between both camps, this did not happen. The very inequalities that peasant federations aimed to overcome with innovations like microinsurance rendered project implementation difficult.

At the same time, participating institutions also perceived the PPP that was set up for implementing VidaAgrícola as largely dysfunctional on a practical level. The peasant federations were disappointed by the design of the microinsurance product. Profin and Nacional Vida were in turn disappointed by the limited support that federations provided and the perceived “politicization” of the project. As a consequence, the PPP was very short lived.

After only a short time, VidaAgrícola emerged as non-governmental microinsurance scheme sold at market prices. This offer had little to do with expectations of rural producers in Tarija and with aspirations of other project stakeholders. The political disappointment on part of peasant federations was an important reason for continuously low sales rates: *dirigentes* only provided limited public support for the scheme and did not promote it actively among community members. This shows that the relationships between government actors, non-governmental institutions and the so called target groups, which were embodied in the scheme, were not only relevant from a theoretical viewpoint, but were also central for the impact of the scheme.

Another central reason for low sales rates lay beyond the relationships between different actors: the design of the product. As outlined in this chapter, Nacional Vida and Profin were very concerned about actuarial and other technical aspects of the project, above all in its initial years. They rightly assumed that these aspects would be decisive for the success of the scheme. However, their assumptions mainly related to the financial sustainability of the

scheme. They were surprised by the strong refusal of evaluation zones on part of producers and their insistence on individual damage assessments.

In this regard, Profin and Nacional Vida had difficulties linking their own ideas and expectations with the ideas of rural producers. The staff of Profin and Nacional Vida rightly assumed that notions of trust and social control played an important role in the local context. However, they did not realize that the concerns of producers diverged from their own perceptions of these concepts.

In the course of the project, it became very clear that there is a large distance between rural communities of Tarija and project offices in La Paz or Santa Cruz. Actors share certain narratives of climate change, food security, the importance of community life and migration, but when it comes to the details of this narrative, perceptions differ. Project elements like the baseline study did not bridge these gaps.

In the case of VidaAgrícola, producers were very hesitant to accept the elements of neoliberal governmentality that Profin and Nacional Vida carried into the local context, above all notions of risk-averse subjectivities. This aspect was not explored in depth in this chapter, because the limited implementation of the scheme does not allow for any final conclusions. Peasants did not directly refuse notions of risk-averse subjectivities and the responsible self, when VidaAgrícola was presented to them. As outlined in this chapter, they found it much more problematic to trust their community members. However, there were indications that many producers in Tarija were reluctant to be taught about risk reduction and so-called best practices, much more so than the grape producers addressed by the FTR. Only some peasants welcomed the idea of capacity building measures, others put their usefulness into question.<sup>524</sup> Grape producers rely much more than other producer groups on constant innovations in order to increase profits (compare chapter 8).

What did the project institutions make out of these experiences? The Sedag and the FSUCCT were very disappointed about VidaAgrícola. The Microinsurance Innovation Facility also considered VidaAgrícola as a major failure: from their perspective, a major part of the problems was attributable to internal problems of Profin rather than to difficult framework conditions.<sup>525</sup> In contrast, Profin considered VidaAgrícola as a good learning experience, at

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<sup>524</sup> For example, interview with Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011; workshops with producers in Entre Ríos Province and Iscayachi, 1.-2.7.2011.

<sup>525</sup> Cecilia Tondelli, Profin, 31.1.2013.

least in part. Its staff underlined that it had learned that PPPs were not necessary; that consumer education is a constant task; which products should be ensured; and how to manage relationships with insurance companies and sales channels, among other aspects.<sup>526</sup>

From the perspective of the insurance group Nacional Vida, the balance sheet was mixed at best: They had learned a lot about implementing agricultural insurance in Bolivia, in particular about expectations of peasants as well as about commercialization. At the same time, Nacional Vida had incurred considerable losses by investing into VidaAgrícola and other agricultural insurance products. They saw almost no returns on the \$300 000 that they had spent between 2008 and 2013.<sup>527</sup>

This is a relevant finding with regard to the question if microinsurance subsidies by governmental or non-governmental actors imply that insurance companies manage to pass on the cost of market expansion (Sennholz 2009). The example of VidaAgrícola shows that this notion is not at all wrong, but that insurance companies like Nacional Vida also run a major risk. They may incur considerable losses by investing in insurance products targeted at the low-income market.

To sum up, the actors who were most disappointed by VidaAgrícola were probably the rural producers of Tarija and their political representation. From their perspective, an optimal microinsurance product would include public subsidies. Still, even agricultural microinsurance at market prices might be interesting for major parts of the rural population: if it meets certain requirements, including an evaluation mechanism that is perceived as just, an evaluation level that is sufficient to cover investment costs and coverage for several products at once.

Put differently, for a microinsurance product to be attractive, it has to take existing strategies of production and social security into account (Hintz 2009; Schulze 2010). Challenges to agricultural production have been so long-standing that rural strategies are well adapted to them. The most important of these strategies is the diversification of production. In Tarija, only a minority depends on one cash crop like maize or potato. A product like VidaAgrícola is only interesting for this minority.

As was shown in the last chapter (8), this is very different when very high value cash crops are concerned. In this case, agricultural microinsurance for a single product, which is offered

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<sup>526</sup> Interviews with Edwin Vargas, Cecilia Tondelli and Carla Arenales, Profin, 31.1.20113.

<sup>527</sup> Aldo Alianiello, Nacional Vida, 4.2.2013.

at market prices, is even interesting for small scale producers. This pattern also emerged, when microinsurance was successfully introduced for peach producers in the Cintis region.<sup>528</sup> However, potato and maize are not as highly valued by the market as grapes or peaches.

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<sup>528</sup> Conversations with Gerardo Tejerina, Profin, 15.-16.2.2013.

## **10. Agricultural Insurance for Municipalities in Extreme Poverty (SAMEP) – a bono as first element of a comprehensive agricultural insurance system?**

Throughout the pilot phase of VidaAgrícola in Tarija, the expected introduction of a national agricultural insurance system had been a topic among the actors involved: peasants weighed the option of becoming a member of VidaAgrícola against their chances that the state would soon provide some form of subsidized insurance. Institutions like Profin or the Sedag hoped that their project might later be highlighted as first element of a much larger system. Yet the final design of the national scheme was largely unknown to actors in Tarija throughout most of the time.

In 2012/13, the national government finally started to implement the legislation on the topic (National Constitution of 2009, Law No. 144 of 2011, Decreto Supremo N° 0942 of 2011). It introduced the Agricultural Insurance for Municipalities in Extreme Poverty (*Seguro Agrario para Municipios en Extrema Pobreza*), SAMEP.<sup>529</sup> The SAMEP was first destined to the 63 poorest agricultural communities of the country and was free of cost. Peasant families were to receive 1000 Bs per hectare in case of catastrophic losses and could enrol up to three hectares.<sup>530</sup> The purpose of this comparatively small payout was not to cover production costs, but to provide a basic income for some time after a disaster.<sup>531</sup> As several of my interlocutors remarked, this instrument had all the characteristics of a *bono*, a social cash transfer, and did not require any contribution on part of producers.<sup>532</sup>

At the same time, the SAMEP was also designed as insurance: individual producers were enrolled one by one. The National Institute for Agricultural Insurance (Instituto Nacional del Seguro Agrario), INSA, envisioned this fully subsidized scheme as one element of a more comprehensive agricultural insurance system that would include fully and partly subsidized schemes as well as completely commercial offers. Originally, the SAMEP was to be implemented as public private partnership between the National Institute for Agricultural Insurance (Instituto Nacional del Seguro Agrario), INSA, and insurance companies. This proposition has not worked out, at least not in the initial phase.

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<sup>529</sup> Later, this scheme was renamed *Pirwa* (Murillo, et al. 2015).

<sup>530</sup> Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013; Cecilia Tondelli, Profin, 31.1.2013.

<sup>531</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>532</sup> Interviews with Cecilia Tondelli, Profin, 31.1.2013; Marcelo Collao, Cosude, 2.7.2011.



This study does not provide a full-fledged evaluation of the SAMEP or other related steps taken by the government. Their implementation is still an ongoing process, and I ended my fieldwork in 2013 before the first payouts in the framework of the SAMEP took place. This means that I have no conclusive results on the perceptions on part of those who have been enrolled. It should also be noted that this chapter largely moves out of the regional context of Tarija.<sup>533</sup> The SAMEP was initially not introduced in that department, where none of the poorest 63 communities is located. As the reader might imagine, this was very much to the disappointment of producers there.

Still, with a view to the research questions it is worthwhile to look at the basic features of the SAMEP and the political process behind, because - together with the preceding chapters - this exploration shows how an important part of the overall system of agricultural micro insurance and insurance that is now to be found in Bolivia emerged. This system is still not very coherent and covers only specific producer groups. However, if the original vision of the national government of a comprehensive system of different schemes is put into practice, this would imply the creation of a welfare market (cf. Nullmeier 2001; Taylor-Gooby 1999).

In order to explore these different aspects, this chapter first looks at the legal framework, the basic features of the SAMEP, its objectives and its character as a *bono*. It then turns to the overall agricultural insurance system that the national government and the Bolivian legislative and executive aim to create. In this context, the chapter also hints at the role that Bolivian and external actors have played with regard to the creation of the SAMEP. Finally, it provides a brief outlook on how the agricultural insurance system has developed so far.

### **10.1 The Law of Productive Communitarian Agricultural Revolution: objectives of and politics behind the SAMEP**

The actual creation of national agricultural insurance, which is a mandate of the National Constitution of 2009, came as part of a more comprehensive package of rural development policies in 2011: It was one of 16 measures adopted by the Law of Productive Communitarian Agricultural Revolution (*Ley N° 144 de Revolución Productiva Agropecuaria Comunitaria*). This law was the result of a lengthy negotiation process of the government with some of their most important supporters, namely rural organizations (compare chapter 6).

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<sup>533</sup> This chapter is mainly based on expert interviews realized in La Paz at the beginning of 2013 and some additional research that I conducted from Germany.

Article 30 of Law No 144 (2011) “creates the Universal Agricultural Insurance *Pachamama* with the objective to ensure rural production affected by damages produced by climate phenomena and adverse natural disasters (...)”.<sup>534</sup> For this purpose, the law introduces the National Institute for Agricultural Insurance (*Instituto Nacional del Seguro Agrario*), the INSA that is to implement the scheme and to cooperate with and regulate relevant insurance firms (Article 32). Moreover, it creates a subsidy for agricultural insurance in accordance with the economic situation of the beneficiaries (Article 35).<sup>535</sup>

The notion of *Seguro Pachamama* was further detailed in a decree adopted by the cabinet in August 2011 (Decreto Supremo N° 0942 of 2011). This decree creates the Agricultural Insurance for Municipalities in Extreme Poverty (*Seguro Agrario para Municipios de Extrema Pobreza, SAMEP*) as supposedly first scheme under the larger “umbrella”<sup>536</sup> of *Seguro Pachamama*. The stated purpose of the SAMEP is to cover the “means of subsistence” of producers in the poorest communities if they are affected by frost, floodings, droughts or hailstorms (Articles 4, 6). Insurance firms are to become contractors of the risks, a process that is to be administered by the INSA (Articles 8, 9).

Law No 144 (2011) and Decreto Supremo N° 0942 (2011) accommodated some long standing expectations on part of peasant federations and indigenous organizations. As basis for the law, the Ministry for Rural Development<sup>537</sup> used a first draft that had been compiled when Susana Rivero was still minister (2007-2009) entitled “Law of Food Security with Sovereignty” (*Ley de Seguridad Alimentaria con Soberanía*).<sup>538</sup> At the same time, the CSUTCB had already proposed a legislative project of their own, the “Law of the Productive Communitarian

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<sup>534</sup> Article 30 of Law 144 (2011): “Se crea el Seguro Agrario Universal “Pachamama”, con la finalidad de asegurar la producción agraria afectada por daños provocados por fenómenos climáticos y desastres naturales adversos, en la forma y de acuerdo con lo previsto en las disposiciones de la presente Ley.”

<sup>535</sup> Article 35 of Law 144 (2011): “(...) El subsidio a la prima podrá cubrir la totalidad de la misma en el caso de los productores más pobres para acceder a la cobertura de pérdidas derivadas de daños causados por fenómenos climáticos y naturales adversos, plagas y enfermedades, de acuerdo a reglamento. (...) El subsidio financiado por recursos económicos del Estado, a través del Gobierno Nacional y las entidades territoriales autónomas, deberá ser proporcionalmente mayor en tanto mayor sea el grado de pobreza del beneficiario. (...)”

<sup>536</sup> This picture was used by Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, in an interview on 1.2.2013.

<sup>537</sup> Inside the Ministry of Rural Development (Ministerio de Desarrollo Rural y Tierras), the Directorate for Rural Production and Food Security (Dirección de Producción Agrícola y Seguridad Alimentaria, DGPASA) was responsible for the law.

<sup>538</sup> Interviews with Erik Murillo, Director, INSA, 7.2.2013; Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

Decade”.<sup>539</sup> Beyond this, the CNMCIQB-BS, the “Bartolina Sisas”, had also made relevant propositions relating to the notion of food sovereignty (compare chapter 6.2).<sup>540</sup>

The Ministry for Rural Development resolved this struggle for influence by inviting a broad range of actors and organizations for a consultative process which opened the possibility to add different aspects to the original draft of the law.<sup>541</sup> In September and October of 2010, the technical personnel of the Ministry held assemblies with representatives of the CSUTCB, the “Bartolina Sisas”, the indigenous organizations CIDOB and CONAMAQ, environmental organizations and the CIOEC (Comité Integrador de Organizaciones Económicas Campesinas de Bolivia).<sup>542</sup> Depending on the topic to be discussed, they also invited external participants, including representatives of the banking and insurance sector.

In the end, the actual Law of Productive Communitarian Agricultural Revolution (Law N° 144 of 2011) introduced 16 policies ranging from the improvement of infrastructure and the introduction of irrigation systems to *Seguro Pachamama*. In line with the way the government and many rural organizations framed agricultural development at that time (compare chapter 6), law 144 mentions food sovereignty (*soberanía alimentaria*) and the notion of *vivir bien* as its overarching objectives.<sup>543</sup>

In addition, the actors involved in creating and implementing the law related it to the notion of the historical debt that the state owes to rural producers. The President himself used the picture of the rural population forgotten by the state in his speeches announcing the creation of agricultural insurance.<sup>544</sup> This concept was already explored above in relation to agricultural insurance more generally (compare chapter 7). An official of the INSA frames it this way:

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<sup>539</sup> This proposal suggested a strong empowerment of the federations, including the administration of all financial resources destined to the rural sector – a demand that the government declined pointing to the limited legitimacy of peasant organizations. Generally, the CSUTCB voiced very comprehensive demands in the first years of Evo Morales’ presidency. (Interview with Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013).

<sup>540</sup> Interview with Erik Murillo, Director, INSA, 7.2.2013.

<sup>541</sup> Interview with Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013.

<sup>542</sup> Interview with Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013.

<sup>543</sup> Article 3 of Law 144 (2011): “(FINALIDAD) La presente Ley tiene como finalidad lograr la soberanía alimentaria en condiciones de inocuidad y calidad para el vivir bien de las bolivianas y los bolivianos, a través de la Revolución Productiva Comunitaria Agropecuaria en el marco de la economía plural.”

<sup>544</sup> Interviews with Marcelo Collao, Cosude, 2.7.2011; Rubén Cuba, Cerdet, 28.6.2011.

[One] element for the creation of law 144 is that the state has assumed – the government has assumed the commitment to attend the sectors that were not attended for centuries. So we talk about paying a historical debt. To the sectors that have never been attended. And in this case... this modality of the insurance that attends to municipalities that are considered as the poorest ones is a form to pay this debt. The protection for the less protected sectors of the state. So this is the political ideological basic reason for which the social sectors pressed so much for Law 144 to be passed. (Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013)

Y [un] elemento para la creación de la ley 144 es que el estado ha asumido, el gobierno ha asumido el compromiso de atender los sectores que secularmente no han sido atendidos. Entonces nosotros hablamos del pago de una deuda histórica. Con los sectores que nunca han sido atendidos. Y en este caso (...) esta modalidad de seguro que atiende municipios que se consideran con los niveles mas altos de pobreza, es una forma de pagar esta deuda. La protección a los sectores menos protegidos del estado. Entonces esta es la razón política ideológica de fondo para que los sectores sociales hayan presionado tanto para que la ley 144 se promulge.

At the same time, state actors involved in the creation process of the SAMEP embraced many additional ideas with regard to the purposes of agricultural insurance that were commonly to be found in Bolivia (compare chapter 7): The personnel of the INSA considered it as a mechanism that would allow producers to avoid a vicious circle of poverty that natural disasters could easily create if they eliminated the means of rural production.<sup>545</sup> They would underline that climate patterns had fundamentally changed. In addition, they acknowledged that disaster assistance in Bolivia has usually taken a long time to reach the countryside if it existed at all.<sup>546</sup> At the same time, agricultural insurance was expected to ensure that there would be no unforeseen demands vis à vis the state that could precipitate new public debts.<sup>547</sup> All these motives resonate with the expectations and ideas that could be found in the department of Tarija and among non-public microinsurance institutions in the Bolivian context (compare chapter 7).

The actual introduction of the SAMEP in 2012/13 was just in time to render first results before the general elections of 2014.<sup>548</sup> The conflicts around the issue of the Tipnis National park that escalated later that year show that the government was under rising pressure at the

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<sup>545</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>546</sup> Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

<sup>547</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>548</sup> This aspect was for example underlined by Edwin Vargas, Director, Profin, interview on 11.5.2011.

time and that fissures between their different supporter groups, once united in the *Pact of Unity*, were becoming more apparent (compare chapter 6.1 and 6.2). In this turbulent environment, the adoption of the so called Law of Productive Communitarian Agricultural Revolution (Law N° 144 of 2011) silenced for a moment part of the demands for policies that would benefit the rural sector.<sup>549</sup>

I have explored the political process and the expectations of actors involved with some detail because they account for central features of the SAMEP. Relating to notions like food sovereignty, *vivir bien*, and a historical debt of the state, which have been explored above, the SAMEP was created to cover the “means of subsistence” of producers in the poorest communities if they are affected by frost, floodings, droughts or hailstorms (Decreto Supremo N° 0942 of 2011). The next section turns with more detail to the aspects of the SAMEP that show that it is basically a *bono* providing (limited) income support for poor subsistence farmers.

### **10.2 The SAMEP: a fully subsidized „bono“ for very poor subsistence farmers**

Two characteristics of the SAMEP highlight how much this scheme is aligned to the notion of a *bono*, namely its enrolment procedures and the way payouts are calculated. This section explores these characteristics and relates them to one of the central research questions: *does the arrival of agricultural microinsurance represent a boost for market-based social security production (at the detriment of other forms of social security) and in which sense?*<sup>550</sup>

As policy makers felt that they had to create an instrument that would be fast in transferring public resources to producers in need, they relied on a combined measure to identify the target communities. This measure takes into account statistics regarding the poverty line (*línea de pobreza*), unsatisfied basic need (*necesidades básicas insatisfechas*) and the vulnerability to food insecurity (*vulnerabilidad a la inseguridad alimentaria*). In addition, it looks at the acreage under cultivation in the communities in order to eliminate communities that prioritize other economic activities, for example mining.<sup>551</sup> In the first year (2012/13), 63 municipalities

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<sup>549</sup> Interviews with Erik Murillo, Director, INSA, 7.2.2013, Germán Gallardo, Director General de Producción Agropecuaria y Soberanía Alimentaria, DGPASA, Ministerio de Desarrollo Rural y Tierras (MDRyT), 7.2.2013.

<sup>550</sup> Some readers might argue that the SAMEP is not a microinsurance scheme, because it was fully subsidized by the state. However, subsidies are part of many microinsurance schemes. It should also be taken into consideration that the SAMEP was designed as a proper insurance with individual enrolment. Its creators drew heavily on the agricultural microinsurance activities in Bolivia and abroad that were going on at the time (next section).

<sup>551</sup> Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013; Cecilia Tondelli, Profin, 31.1.2013.

in six different departments were targeted in this way, in the second year (2013/14) 107 municipalities in seven different departments, including one municipality in Tarija. This meant an increase from 57.497 producer families in the first year to 106.053 producer families in the second year.<sup>552</sup> In the third year (2014/ 2015), 146.554 producer families were enrolled in the SAMEP, which meant a triplication if compared to the first year.<sup>553</sup> Since that year, four municipalities in Tarija have been included into the scheme.

The formula for calculating the payouts underlines that the most central goal of this policy has been to transfer public resources to individuals in need (i.e. the SAMEP conceived as *bono*). Irrespective of the produce,<sup>554</sup> the payout per hectare is 1000 Bs in case of a catastrophic loss (70% or above). The SAMEP creates an equal entitlement related to the notion of basic needs:

The insurance payout is defined per hectare, 1000 Bs., this is based on an analysis that is done in relation to the basic food basket in the rural area, right? Which also allows us to define the term [...] covered: it applies to the summer sowing, also called large sowing, which is the largest one. The largest possible acreage to be ensured per family is three hectares. (Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, 1.2.2013)

Se define el monto asegurado por hectárea, 1000 Bs., esto en base a un análisis que se hace en relación a la canasta básica de alimentos en el área rural, no es cierto. Lo que nos permite también definir cuál es la vigencia de... de la cobertura: se aplica a la siembra de verano, o la siembra grande (...), que es la mas extensiva [...]. Se define como superficie asegurable máxima tres ha por familia.

It should be noted that the SAMEP does not have the purpose of directly enabling producers to resume production after disasters by facilitating investments, although it was introduced as part of a policy package directed at food security. In contrast to the microinsurance schemes introduced above, the payout does not bear any relationship with actual production costs, which vary largely between products (compare chapter 8, 9).

Policy makers and the technical personnel involved in creating the scheme were fully conscious of the fact that a payout sum that only substitutes for a fraction of investment costs could in itself not be considered as sufficient to safeguard the future of smallholder production (compare chapter 7). As a justification, my interlocutors from the INSA described

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<sup>552</sup> These and other numbers can be found on the website of the INSA: <http://www.insa.gob.bo/> (retrieved on April 2dn, 2016).

<sup>553</sup> In that year, four municipalities in Tarija were already included in the scheme (Yunchará, Padcaya, Entre Ríos, El Puente).

<sup>554</sup> Wheat, maize, barley, oat, quinoa, bean and potatoes were covered by the SAMEP in 2012/13. The following year, only three products could be enrolled, but one year later already eight.

the SAMEP as one element of a much larger system of government policies directed at the rural sector:

Once the disaster occurs, emergency attention takes place where basically foodstocks, provisions and water are distributed. [In this phase], the families are absolutely unprotected. (...) Here, the insurance does not kick in yet. After this, we have the rehabilitation phase where the state starts to rehabilitate the infrastructure and social services (...). [During this phase], the state is still providing foods, provisions and water. But once we start going over to the reconstruction phase (...), what the state does for reconstruction is starting to provide the material for production, seeds, tools, small animals. And what happens, what we have observed is that they either eat or sell these seeds. They cannot wait one [agricultural] cycle in order to recover themselves. The agricultural insurance kicks in right there – in order for them to have access to food and water. The 1000 Bs. have this purpose. This cycle has been explained to every single one of the authorities [in the target municipalities]. (Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

Una vez que se da el desastre, existe una atención de emergencia donde básicamente se reparten vituallas, alimentos, y agua. Aquí las familias están absolutamente desprotegidas. (...) Allí todavía no entra el seguro. Luego tenemos la fase de rehabilitación donde el estado empieza a rehabilitar los servicios básicos y sociales (...). Allí todavía el estado está proveyendo vituallas, alimentos y agua. Pero cuando ya empezamos a pasar a la fase de reconstrucción, (...), lo que hace el estado en la fase de reconstrucción es empezar a proveer el material de producción productiva, semillas, herramientas, animales en cría. Y lo que se está pasando, lo que hemos observado es que estas semillas (...) o se las comen o las venden. No pueden esperar un ciclo para poder recuperarse. El seguro agrario entra justo en esta parte (...) para que ellos puedan tener acceso a alimentos y agua. Para eso es que son los 1000 Bs. Este ciclo ha sido explicado a cada una de las autoridades.

Given the reach and speed of public disaster relief at the time of research (compare chapter 7), this picture seemed overtly optimistic.<sup>555</sup>

The lump sum cash transfer is a central feature that the SAMEP has in common with other *bonos*. A second one is the enrolment mechanism. According to Decreto Supremo N° 0942 (2011), producers in the selected municipalities have to enrol through a statutory declaration in order to become part of the scheme (Article 10).<sup>556</sup> Individual entitlement under specified

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<sup>555</sup> As pointed out above (Chapter 5), the notion that agricultural insurance should be complementary with other measures to reduce and mitigate hazard is also proposed by the literature on disaster risk reduction (Schwank and al. 2010; Suarez and Linnerooth-Bayer 2011; Worldbank and IDS 2011).

<sup>556</sup> In order to inform the producers about the scheme and to start registration, the INSA gave talks to representatives (*dirigentes*) of the communities, who were supposed to disseminate the information.<sup>556</sup> Due to budgetary restrictions, the INSA did not carry out any publicity campaigns. The *dirigentes* also implemented the enrolment process using forms that had been provided by the INSA. In spite of the huge number of producers enrolled, this process was terminated within a few months. From the perspective of the INSA personnel, the

conditions is an important element of recent cash transfer programs (Molyneux 2007), both worldwide and in Bolivia (compare chapter 6).

At the same time, individual enrolment in agricultural insurance that is financed by the state is unusual and sets the SAMEP apart from usual “macro level” agricultural insurance schemes. In most cases, governments that finance agricultural insurance and microinsurance schemes are directly entitled to the payouts and decide how to distribute them in case of a disaster (Hazell et al 2010; Loster & Reinhard 2012). This “macro level” approach is for example to be found in Mexico, which also served as central reference point for the creators of the SAMEP (see below).<sup>557</sup>

Originally, producers were supposed to contribute 10% of the actual premium payment. This notion is in line with microinsurance writings that suggest that contributions, even if they are small, reduce moral hazard and are a prerequisite for establishing an insurance culture (compare chapter 5.1). However, the Bolivian government was afraid that producers would reject the SAMEP if it required a contribution and set this idea aside.<sup>558</sup> At the outset of the scheme when I conducted my interviews, the personnel of the INSA were convinced that in the future peasants would accept a small premium payment.<sup>559</sup> Up to date, it has not been introduced.

The SAMEP has required some considerable financial engagement on part of the government.<sup>560</sup> In 2012/ 13, the national government spent 28 million Bs. on payouts and 7 million Bs. on administrative costs.<sup>561</sup> In 2013/ 14, 40 million Bs. were earmarked for

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involvement of the communities is a central feature of the scheme. The fact that producers and their *dirigentes* feel directly addressed, can be seen as changing their relationship with the state (*tomado en cuenta*). (Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013; and Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

<sup>557</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>558</sup> Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013; Cecilia Tondelli, Profin, 31.1.2013.

<sup>559</sup> At the beginning of 2016, this proposition had still not materialized.

<sup>560</sup> The municipal and departmental governments were supposed to co-finance part of the SAMEP from the second cycle onwards. (Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

<sup>561</sup> Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.



payouts,<sup>562</sup> for the agricultural circle of 2015/ 16, 33 million Bs..<sup>563</sup> All in all, some ten million dollars were transferred to small producers in the first four cycles of the scheme.<sup>564</sup>

Obviously, the exclusive reliance on public resources constitutes a challenge for the long-term financial sustainability of the SAMEP. With every year that the scheme exists it becomes more difficult for the Bolivian government to abolish the scheme or reduce its scope. However, any severe fiscal crisis might put the scheme into question. A new national government or head of state might also re-evaluate the overall approach.

To sum up, two characteristics of the SAMEP underline that it has been designed as a *bono* and obeys to a similar logic as conditional cash transfers (Molyneux 2007):<sup>565</sup> This insurance is fully financed from public funds and targets the poorest rural producers (using a combined measure of poverty) on the condition that they are enrolled and lose 70% or more of their produce. It is notable that article 407 of the Constitution of the State that introduces public agricultural insurance does not hint in this direction: It does not refer to a *bono* or any other form of public welfare for any particular target group, but to the protection of agricultural production.<sup>566</sup>

Possibly agricultural insurance turned into an attractive instrument for policy makers in Bolivia, *because* it could be modelled as individual cash transfer to subsistence farmers most in need.<sup>567</sup> Actually, the Articles on the so called “Seguro Pachamama” are among the most detailed parts of law 144, and the SAMEP was among the first policies that were put into practice. All in all, with the SAMEP the national government created a heavily subsidized scheme targeting poor subsistence producers.

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<sup>562</sup> Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>563</sup> INSA homepage, <http://www.insa.gob.bo/index.php/95-prensa/258-seguro-agrario-transfiro-us-10-millones-a-pequenos-productores-en-cuatro-anos>, accessed on 11.11.2016.

<sup>564</sup> INSA homepage, <http://www.insa.gob.bo/index.php/95-prensa/258-seguro-agrario-transfiro-us-10-millones-a-pequenos-productores-en-cuatro-anos>, accessed on 11.11.2016.

<sup>565</sup> The director of Profin, whose organization had become engaged in the overall process of creating a public insurance system, drew his own conclusions from the character of the SAMEP: He planned for his organization to sensitize public and private actors with regard to the differences between private insurance and bonos. (interview with Edwin Vargas, Director Profin, 31.1.2013).

<sup>566</sup> Article 407 Nr. 4 of the Constitution stipulates that “[t]he law shall provide for the creation of agricultural insurance” in order to “protect agricultural and agro-industrial production from natural disasters and inclement climate, and geological catastrophes”.

<sup>567</sup> As one of my interlocutors underlined, it has been difficult to implement instruments that target the poorer parts of the rural population. He reported that this was an important reason for a positive feedback on the SAMEP of government actors at the municipal and departmental level. (Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

The finding that the Bolivian state has used agricultural microinsurance in order to create a cash transfer for a specific target group is essential with regard to a central question of this research, namely *if microinsurance schemes represent a boost for market-based social security production (at the detriment of other forms of social security)*.<sup>568</sup> In Bolivia, the national government has assimilated agricultural microinsurance in such a way into the larger social security framework that it constitutes the opposite of a shift towards market-based welfare production. It uses agricultural microinsurance in order to create new entitlements for parts of the electorate that are seen as historically disadvantaged and assumes responsibilities that are not part of its “traditional” role in welfare production. A minimum cash transfer for rural producers is for example not part of the Social Security Minimum Standards Convention of the ILO (No. 102 of 1952).

To conclude, agricultural microinsurance does not necessarily represent a boost for market-based social security production, but can be used in different ways. In one and the same context, it can play a role as market mechanism and as cash transfer. Even in an environment that is as strongly infused with anti-neoliberal ideologies as the Bolivian one, policy makers have relied on it in order to strengthen public welfare provision.

### **10.3 “Better than nothing“? - Indications with regard to the acceptance of the SAMEP**

For obvious reasons, this research cannot at all provide a definitive answer to the question how Bolivia’s rural population has perceived the SAMEP: I did empirical research only in the countryside of Tarija and in La Paz, and my last stay there dates back to 2013, the year of the introduction of the SAMEP. Still, my research material indicates that a particular producer group has appreciated the scheme to some degree, and that other producer groups have been disappointed.

During the initial years of SAMEP/*Pirwa*, the number of insured producers grew quickly. From 2012/13 until 2015/16, the number of insured municipalities grew from 63 to 142, and the number of insured families from 57.410 to 135.456. In 2014/15, even some 146.554 families were insured.<sup>569</sup> In the following years, the number of insured producers decreased

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<sup>568</sup> Some readers might argue that the SAMEP is not a microinsurance scheme, because it was fully subsidized by the state. However, subsidies are part of many microinsurance schemes. It should also be taken into consideration that the SAMEP was designed as a proper insurance with individual enrolment. Its creators drew heavily on the agricultural microinsurance activities in Bolivia and abroad that were going on at the time (next section).

<sup>569</sup> <http://www.insa.gob.bo/index.php/component/content/article/95-prensa/237-el-seguro-agrario-llego-a-146-mil-familias-de-141-municipios-en-bolivia>; and [http://www.insa.gob.bo/images/gestion/INFORMACION\\_ESTADISTICA.pdf](http://www.insa.gob.bo/images/gestion/INFORMACION_ESTADISTICA.pdf) (both accessed 4.4.2018).

slightly to 128.107 in the agricultural cycle of 2017/18.<sup>570</sup> In 2012/13, 7.414 families received an indemnity payment, in 2013/14 - due to very bad weather conditions – as many as 23.425 families, and in 2014/15 12.482 families. All in all, some 113.886 producers have received an indemnity payment in the first five years of the scheme between 2012/13 and 2017/18.<sup>571</sup>

As the chapter about the expectations of producers with regard to agricultural microinsurance underlined (chapter 7), important parts of the rural population expected the state to create a *bono*. Rural organizations like the FSUCCT in Tarija have exerted quite some pressure in order for the SAMEP to come to live and have made sure that it is strongly subsidized. Obviously, the design of the scheme is to some degree aligned to the expectations of these producer groups.

Still, an indemnity payment of only 1000 Bs. per hectare irrespective of the produce fell short of the expectations of many producers. The personnel of the INSA who “socialized” the scheme in the selected municipalities during the first cycle of the scheme were directly confronted with this feeling. They underlined that the question if producers were positive about the SAMEP depended first on the scale of their production and second on their dependency on the market.

Market-oriented producers, who often concentrate on the production of high-value produce, were often disappointed about the SAMEP.<sup>572</sup> Part of this group relies mainly on agriculture for its survival. The INSA justified the scheme by hinting to commercial products:

In some municipalities, depending on the characteristics of the producers, the help has been welcome, because it is better to receive something than nothing (...). In other municipalities they have realized that – given the characteristics of the producers – this scheme obviously does not resolve their problems, for example the producers of fruit, potato, quínoa. Because 1000 Bs. per hectare is nothing for them. However, they have also been explained that commercial schemes with other indemnity levels will be developed, which will require a contribution on their part in order to pay the premium. Which has been accepted.<sup>573</sup> (Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.)

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<sup>570</sup> [www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia](http://www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia) (accessed on July 20, 2018).

<sup>571</sup> [www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia](http://www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia) (accessed on July 10, 2018).

<sup>572</sup> Interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013; Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

<sup>573</sup> I will return to this notion of the evolution of commercial schemes below.

En algunos municipios, en función a las características de los productores (01:18:00) la ayuda ha sido bien vista, porque es mejor tener algo que no tener nada (...). En otros municipios dadas las características de los productores han visto que este esquema evidentemente no soluciona sus problemas, están los productores de fruta por ejemplo, los de papa, los de quinua. Porque mil bolivianos por ha no es nada para ellos. Sin embargo se les ha explicado también que se van a desarrollar esquemas comerciales con otros niveles de indemnización que sí van a implicar un aporte por parte de ellos para que puedan pagar la prima. Lo cual ha sido aceptado (...).

Producers engaged in very small scale production were usually most positive about the scheme.<sup>574</sup> This group often produces for subsistence rather than the market. It often engages in diversified survival activities, including trade and the transport business (compare chapter 7).<sup>575</sup>

From the administration's perspective, this selective approach was justified, because subsistence production and poverty are often associated with each other:

We have to recognize that this insurance targets the poorest part of the population. And the poorest ones depend – this is certainly true for most countries – on support. (...) Take into account that I have producers who have enrolled 50 square metres, that is how poor they are, for them, who have never received anything, to receive something is already something. It means feeling part of the country; it means being attended to, even though it is little, but attended to. (...) No producer who grows cereals like wheat, barley, or oats have discussed [the amount of payout], because basically these products are for subsistence. They grow them in the worst places in order to be able to do this. And they are basically used for family consumption. (Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

Tenemos que entender que este seguro estába siendo orientado a los mas pobres. Y los mas pobres, como en gran parte seguramente de los países es, es una materia pendiente de apoyo. (...) Porque por si acaso tengo agricultores que tienen consignados 50 metros cuadrados, son así de pobres, y para ellos recibir algo, que no han recibido nunca nada, ya es algo. Es sentirse parte del país, es sentirse atendidos, aunque sea con poquito, pero atendidos. (...) Ningún agricultor que cultiva cereales como trigo, cebada, avena han discutido porque básicamente estos cultivos son para subsistencia. Los cultivan en los peores lugares que tienen para poder hacerlo. Y les sirven básicamente para el consumo de la familia.

As noted above (cf. Chapter 6.2), statistics indeed suggest that poverty is highest among those producer groups that engage in subsistence agriculture, in particular among indigenous

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<sup>574</sup> Interviews with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013; Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>575</sup> Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

communities.<sup>576</sup> In addition, it was also a rational move from the government's perspective to address the most destitute parts of the rural population, who had weak links with the state in the past<sup>577</sup> and for whom 1000 Bs. payout per hectare is a relief. This is the voter group that has usually been considered as most fervent clientele of Evo Morales and his government.

With regard to the acceptance of the scheme, enrolment rates provide an important indicator. All in all, every second producer decided to enrol himself in those municipalities that were covered in the first year.<sup>578</sup> While enrolment rates do not only depend on the perceived usefulness of the project,<sup>579</sup> the INSA personnel were very frank in stating that they had heard repeatedly that the payout was not useful.

These indications with regard to the perception of the SAMEP underline that only part of the membership of the rural organizations and federations that had fought for agricultural insurance felt addressed. Among those who were disappointed were federation members in Tarija. Only in later phases, parts of Tarija were included into SAMEP. This tied in with the feeling of being left behind by the state, which part of these producers expressed in interviews (compare previous chapters).

Even beyond the immediate group of those who were directly disappointed, the subsistence model that the SAMEP supports was by no means uncontroversial at the time of my research. As pointed out above (chapter 6.2), family and community based production are a central part of the notion of food sovereignty, which is at the heart of the MAS government's rural agenda. Actors from other political camps would underline that technological innovation and growth should be addressed first in order to make Bolivian agriculture more competitive.<sup>580</sup> Subsistence production and innovation do certainly not have to be mutually exclusive. However, given limited resources, there were many discussions about the question which

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<sup>576</sup> At the same time, there are important exceptions within this larger picture: subsistence producers are not in each and every case the poorest members of rural communities. In Tarija, for example, families who earn their money in the transport sector or as labourers in neighbouring countries would often still engage in subsistence farming, which has a high cultural value to them.

<sup>577</sup> The INSA personnel also reported that producers were very positive about the SAMEP because they had the impression of being directly addressed. According to their account, producers in many places were surprised that actual evaluations of the harvest took place, because this had happened never before. Reportedly, producers perceived this as a sign of genuine interest and acknowledgement on part of the state. (Interview Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

<sup>578</sup> Interview Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

<sup>579</sup> INSA personnel reported that they also met some mistrust during the introduction phase, in particular if producers thought that the collected data might be used in order to tax them. (Interview Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

<sup>580</sup> Interview with Ernesto Farfán, Profin, 3.12.2011.

need should be prioritized. As pointed out above (cf. 6.3 chapter), in discussions about the Prosol in Tarija, many people also expressed the view that small money transfers to individuals or families might not be the most effective and efficient means to promote agricultural production.<sup>581</sup>

Beyond their disappointment with the SAMEP, producers acted pragmatically when it came to agricultural insurance. My interlocutors at the INSA reported that producers, in particular those with high-value produce, had expressed general interest in commercial agricultural microinsurance schemes that would render higher payouts. This is in line with the openness that I had found in the field to learn about *Vida Agrícola* agricultural microinsurance and other schemes. This underlines once more the pragmatic approach of producers in Bolivia who expect the state to play a dominant role in welfare production, but at the same time do not reject market based offers (cf. previous chapters).

#### **10.4 Notions of complementarity: welfare markets to be created by the state**

In two senses, the INSA imagined the SAMEP to become part of a larger system of social security provisions. As indicated above, its representatives described the SAMEP as kicking in during the post-disaster phase, while the state would help out with other instruments at other points in time.<sup>582</sup> Beyond this, they promised to producers of high-value crops that commercial schemes would be developed over time that would meet their needs.<sup>583</sup> The visions of both a comprehensive state role and of a developing market have so far not been fully put into practice. Still, the notion of insurance market expansion that is fostered by the state deserves some closer attention here, since it directly relates to the research questions.

State representatives expected a number of instruments to be introduced under the larger “umbrella”<sup>584</sup> of Seguro Pachamama: the lump sum provision called SAMEP, which was initially free of cost, but would supposedly require a contribution in the medium term; new market based offers to be provided by insurance firms; and a public insurance company, which would be responsible for the administration of Seguro Pachamama (both according to article 34 of Law No. 144 of 2011). The INSA personnel assumed that the public company to

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<sup>581</sup> For example, interviews with Roger Romero, Pampa la Villa Chica (Valle de Uriondo), 29.10.2011; José Sánchez, Anavit, 27.10.2011; Aldo, Dirigente, 14.2.2013.

<sup>582</sup> Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

<sup>583</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>584</sup> This picture was used by Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, in an interview on 1.2.2013.

be created would offer a range of insurance products, including investment and index insurance for rural producers.<sup>585</sup>

All in all, both the legislation on agricultural insurance as well as the INSA personnel tasked with its implementation embraced a somewhat idealized vision of the possible complementarity of state and market elements within the framework of Seguro Pachamama. Different groups of producers were to be targeted by different schemes:

I held a presentation for the Departmental Federation of Sucre and all the *dirigentes* of the agrarian syndicates, to which they invited me as [representative for the topic of] agricultural insurance and Profin people as [representatives for the topic of] private insurance. In the beginning we had - or I would rather say that they that the vision that we were competitors. But certainly insurance with these criteria and with this orientation, with this purpose does not compete with commercial insurance. This is a different insurance mode. The agricultural producers have understood it clearly as both were presented. (Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

Yo tuve una presentación en Sucre con la Federación Departamental y con todos los dirigentes de los sindicatos agrarios, en la cual me invitaron a mí como seguro agrario e invitaron a las personas de Profin como seguro privado. (...) En un principio teníamos - o mas bien diría que ellos tenían esa visión de que nosotros eramos competidores. Pero definitivamente un seguro bajo estos criterios y bajo esta orientación, esta finalidad no compite con un seguro comercial. Este es otro esquema de seguro. Los agricultores lo han entendido claramente con la exposición de ambos.

The notion that insurance firms and NGOs were going to be responsible for new commercial offers under the supervision of the INSA was one important element of the envisioned complementarity. A second one was that private insurers were also going to be central actors within the framework of the SAMEP: as officially laid down in Law No 144 (2011) and Decreto Supremo N° 0942 (2011), they were expected to become risk contractors. In November 2012, the INSA published a call for bids asking insurance firms to offer an insurance model and coverage for the SAMEP.<sup>586</sup>

With its vision that merges state and market elements into a hybrid setup (cf chapter 3.4) the MAS government clearly aimed at the creation of welfare markets. Taylor-Gooby (1999) and Nullmeier (2001) propose this concept with a view to European welfare state reforms from the 1990s onwards. They describe how public systems of welfare provision or pension

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<sup>585</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>586</sup> Interview with Cecilia Tondelli, 31.1.2013.

systems are opened towards an inclusion of markets. In Nullmeier's (2001) writing, for example, private pension accounts are established as forms of regulation within the realm of social policy (ibid).<sup>587</sup> His analysis shows that the creation of new forms of regulated private provision has far-reaching implications: social policy has a new direction, as it includes support for the establishment, extension and regulation of market offers. New actors become important, including actors of the capital market and new regulatory bodies. As Nullmeier (2001) points out, new actor constellations also impact on discussions about redistribution within the pension system.

There are not only parallels, but also some differences between the Bolivian and the European example: In Bolivia, agricultural insurance does not directly substitute for a pre-existing state system, so the concept of welfare markets<sup>588</sup> has to be slightly adapted to the context. In Bolivia, welfare markets can be understood as those market-based economic structures oriented towards the production and redistribution of goods and services that are subject to social political regulation with the objective of creating social security and social justice (cf. Goldboom 2014).

In this context, I also suggest that in Bolivia agricultural microinsurance should be considered as social policy (compare introduction). Very clearly, this market instrument can no longer be considered as opposite to government policy here, but has become part of the latter. As Nullmeier has pointed out (2001), social policies based on welfare markets are far removed from the traditional understanding according to which the state is to adopt instruments in order to meet risks that emerge outside of its realm, typically within the market. As far as the *SAMEP/ Pirwa* scheme is concerned, microinsurance even de-commodifies social security, which is the cornerstone of traditional definitions of the term (Esping-Andersen 1990) (chapter 2, 3).

The adaptability of Taylor-Gooby's and Nullemeier's concept shows that the approach of the Bolivian government resembles strategies adopted in very different contexts around the

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<sup>587</sup> As noted above, the introduction of market elements within the welfare state system first took place and was analyzed outside of Germany. LeGrand (1991) researched the emergence of "quasi-markets" for the delivery of welfare services in the UK in the Thatcher era, and Taylor-Gooby (1999) followed up on this topic.

<sup>588</sup> Taylor-Gooby (1999) provides the original definition by describing welfare markets as market-based economic structures oriented towards the production and redistribution of goods and services that have traditionally been under the protection of the welfare state as provisions that create social security and social justice and continue to be subject to social political regulation as they have become markets. Both Taylor-Gooby as well as Nullmeier (2001) consider a broad range of market-based structures as welfare markets, but a social policy that frames the market is always a constitutive element of welfare markets.



world.<sup>589</sup> At the same time, the government's notion of complementarities is also in line with the country's overall approach to social security: population groups in need are covered by some form of limited lump-sum cash transfer or limited insurance (e.g. health), but market offers also play an important role, in particular for population groups with a somewhat higher income.

It is interesting to note that the Bolivian vision of an agricultural insurance system managed by the state is not very similar to the agricultural insurance policies adopted in neighboring countries. This is true in spite of the support that the INSA had received from the insurance providers of other Latin American countries for setting up SAMEP.<sup>590</sup>

The closest relationship had been established with Agroasemex, the Mexican public insurance provider for the agricultural sector. On several occasions, Agroasemex experts visited Bolivia in order to provide advice on different technical aspects and to offer classes for the field personnel of the INSA.<sup>591</sup> In addition to this, the Brazilian and Peruvian agencies for agricultural insurance supported the Bolivian state in setting up the first schemes. A Brazilian team had met with representatives of the MdDRyT, the responsible ministry, as early as 2011.<sup>592</sup> When the SAMEP had been introduced, the Inter-American Development Bank (IADB/ *BID*) also offered its support.<sup>593</sup>

### **10.5 Until now: no real welfare markets**

In practice, the creation of a welfare market has proven difficult for the INSA in the first phase of its activities. Offers of private insurance firms in the realm of agricultural insurance have remained very scarce to date. At the same time, the participation of private insurance firms as risk contractors within the framework of the SAMEP failed. Still, this final section

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<sup>589</sup> It should be noted that this approach was in line both with the expectations of producers and the self-understanding of the Morales administration at the time of research (compare chapter 7). Most producers expected the state to act politically on the issue of microinsurance and often considered agricultural insurance as a means to channel public revenues to the rural sector. At the same time, many of them were ready to make some contribution to agricultural insurance.

<sup>590</sup> The World Bank had also offered its support for the introduction of a public agricultural insurance scheme, but the ministry had declined this support, at least in part for ideological reasons (interviews with Edwin Vargas, Profin, 11.5.2011; Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013).

<sup>591</sup> The EU funded these capacity building measures (interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013).

<sup>592</sup> Interview with Edwin Vargas, Profin, 11.5.2011.

<sup>593</sup> Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

also finds hints that welfare markets for agricultural insurance might emerge in the future. The implications are partly addressed here and in part in the conclusion of this dissertation.

The attempt to include private insurers into SAMEP largely failed due to administrative problems, but there is also a huge degree of mistrust between state and market actors. In order to participate in the government's call for SAMEP bids, which was published in November 2012, five Bolivian insurers (Credinform, Latina Seguros, Alianza, Bisa Seguros, La Boliviana) set up a pool under the leadership of Credinform.<sup>594</sup> They offered a mixed insurance model to the INSA, according to which payouts would be based on a mixed measurement of harvests and damages. They were also able to secure full international reinsurance cover for the product, which was to be provided by Aon Benfield.<sup>595</sup>

The signature of the respective contract between the insurance firms and the INSA was cancelled last minute: the regulatory body published legal observations against two members of the pool, namely Credinform and La Boliviana.<sup>596</sup> Since there was no time left for a new call for bids before the first insurance cycle, the government decided to administer the payouts itself through an insurance fund (*fondo de aseguramiento*) without any "proper" insurance or reinsurance cover.<sup>597</sup> Until this date, the INSA has continued to operate under this model for its public insurance scheme.<sup>598</sup>

Still, other elements of the envisioned welfare market have seen some progress. Recently, a public insurance company has been set up. Inaugurated in February 2016, UNIVida S.A. covers the branch of personal insurance, in particular life insurance and burial insurance.<sup>599</sup> This makes it more credible that a public insurance for agricultural products will also be created as foreseen by Article 34 of Law No. 144 (2011).

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<sup>594</sup> Interviews with Cecilia Tondelli, Profin, 31.1.2013; Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

<sup>595</sup> Interviews with Cecilia Tondelli, Profin, 31.1.2013; Luis Salas, Credinform, 6.2.2013.

<sup>596</sup> There was also major disappointment among insurance firms that finally the insurance pool was not contracted for the provision of the SAMEP (interview with Cecilia Tondelli, Profin, 31.1.2013; Luis Salas, Credinform, 6.2.2013; Martín Gonzalez, BISA Seguros (formerly Profin), 7.2.2013; Aldo Alianiello, Latina Seguros, 4.2.2013).

<sup>597</sup> The INSA personnel admitted that in the case of extreme disasters the public fund might not be sufficient to cover all losses (interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, 1.2.2013).

<sup>598</sup> Cf. INSA homepage: , accessed on November 10th, 2016.

<sup>599</sup> Cf. Homepage of the Ministry for Economy and Public Finance: [http://www.economiayfinanzas.gob.bo/index.php?opcion=com\\_prensa&ver=prensa&id=3594&categoria=5&seccion=306](http://www.economiayfinanzas.gob.bo/index.php?opcion=com_prensa&ver=prensa&id=3594&categoria=5&seccion=306), accessed on 10.11.2016.

In addition, in 2016 the INSA announced that it was involved in the creation of private agricultural insurance schemes.<sup>600</sup> These schemes would be offered by Bolivian insurance firms with international reinsurance backup under the supervision and guidance of the INSA. The respective study was being realized in Tarija, Chuquisaca and Santa Cruz.<sup>601</sup> The new insurance products will supposedly be designed for small, medium and large producers. It might still take some time until the actual insurance products are being introduced, but a welfare market as envisioned by the Morales government might slowly emerge. This would also support the notion explored by the financialization literature that financial market instruments have an ever increasing scope of application, including social policy (Fine 2012; Lavinas 2017).

Going back to the research question, the realization of this planning would imply a particular *division of responsibilities* among the state, market actors, producers and NGOs in the medium term. The *state* would be responsible for the control of the insurance market, but also for fostering particular market schemes and the overall agricultural insurance market (mainly an organizational responsibility). The *insurance companies* are the risk takers in the government plans and have a chance to conquer new markets. As pointed out above, this has been the hope of insurance firms for a while, but it has not materialized so far. As part of this role, they have the organizational responsibility for developing new insurance mechanisms and implementing them.

However, the trust that seems to be necessary for the development of welfare markets did not seem to exist at the time of research. In Taylor-Gooby's (1999) and Nullmeier's (2001) studies, a social policy that frames and supports market-based instruments is based on the assumption that the latter play a positive role and that state and market actors can trust each other.

In the field, I did not encounter this trust: The INSA personnel were very sceptical of the readiness on part of Bolivian insurance firms to become constructive members of the envisioned welfare market. They considered the profit orientation of the companies as major

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<sup>600</sup> Statement of Erik Murillo, INSA, cited in "Proyectan aplicar desde agosto el seguro agrario comercial", *Cambio*, 19.5.2016, <http://www.cambio.bo/?q=node/7025>, accessed on 10.11.2016.

<sup>601</sup> <http://www.ico-bo.org/category-blog/103-los-valles-crucenos/315-se-estudia-posibilidad-de-implementar-un-seguro-agrario-comercial>, accessed on 10.11.2016.

obstacle.<sup>602</sup> From their perspective, the notion of social responsibility is a hypocritical stance, because private actors do not care for the public good in the first place:

The private sector has taken the risk of participating in this insurance [the SAMEP]. But this is definitely not sufficient. We cannot continue having initiatives like the one I saw in a municipality of Tarija where [a banner] stated “Agricultural insurance. Area of social (...) responsibility”. An insurance company. Wow, I said: are they doing charity in this municipality? Analyzing, for example, all the conditions and characteristics of the insurance products that they were offering in this municipality, this is not social responsibility. Come on, (...) come on. We cannot continue having a pseudo-philanthropic participation [of the insurance sector] (...). The private insurance firms in Tarija are doing business. And they will do business in Cochabamba and Chuquisaca (...). (Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013)

La iniciativa privada ha tomado el riesgo de ser parte de este seguro. Pero definitivamente no es suficiente. No podemos seguir concibiendo iniciativas privadas, como he visto en un municipio de Tarija, donde decía “Seguro agrario. Área de responsabilidad (...) social.” Una aseguradora. Wow, yo decía: Están haciendo beneficencia aquí en este municipio? Y cuando uno analizaba, por ejemplo, todas las condiciones y características de los seguros que estaban ofreciendo en este municipio, eso no es responsabilidad social. Por favor. (...) Por favor. No podemos seguir teniendo una participación pseudo-filantrópica. (...) Las entidades privadas de aseguramiento en Tarija están haciendo negocios. Y van a hacer negocios en Cochabamba y Chuquisaca (...).

This critical stance was mirrored by some degree of scepticism regarding cooperation with the state on part of insurance providers.<sup>603</sup>

Another prerequisite for welfare markets that seems to emerge from the relevant literature (Nullmeier 2001; Taylor-Gooby 1999) was also not in place at the time of research: the actual capability of the Bolivian state to effectively foster insurance markets and supervise insurance companies. At the time of my research, the INSA had only part of these capabilities. It drew on both international experience and the knowledge that local actors like Profin were able to provide.

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<sup>602</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, in an interview on 1.2.2013.

<sup>603</sup> Representatives of insurance companies were afraid that state institutions would appropriate their knowledge while not letting them participate in the profit (e.g. Manuel Oquendo, Nacional Vida, 5.7.2011). The difficult relationship between the insurance industry and the regulatory body has a long history and stems from the time before the creation of the INSA. The head of the national insurance association (Asociación Boliviana de Aseguradores/ ABA), reported for example that his organization had several times offered advice on the “Seguro Pachamama” project, which the responsible ministry had not accepted (interview with Justino Avendanho Renedo, Gerente General de la Asociación Boliviana de Aseguradores (ABA), 10.5.2011).

INSA representatives seemed to be aware of the gap between the role required from them and their actual knowledge and resources at the time of research. In our discussions, they tried to depict the INSA as Bolivia's most relevant actor when it came to agricultural insurance by playing down any potential influence by other national actors, both insurance companies and NGOs.<sup>604</sup> INSA representative quickly put into question Profin's self-understanding as leading Bolivian knowledge hub in the field of agricultural microinsurance. They clearly wanted to be perceived as those actors who define the rules of the game and provide guidance to non governmental institutions. They imagined a clear reversal of the roles that was to be found until the creation of the INSA.

In contrast, the Profin personnel I talked to was strongly convinced that their organization had been a key player in developing the national agricultural insurance legislation as well as the actual SAMEP.<sup>605</sup> They perceived a major shift of position on part of the government actors: The leadership of Profin had been asked to provide advice on the legislative project that later became Law No 144 (2011).<sup>606</sup> Profin also hoped to become an insurance provider under the umbrella of Seguro Pachamama.<sup>607</sup> However, when the INSA was created, its officials seemed to be very reluctant interlocutors.<sup>608</sup>

The rural producers to be covered by future schemes would eventually have *financial responsibilities* as contributors. Beyond this, the INSA personnel had early on adopted the notions of an "*insurance culture*" and *co-responsibilities*, which was also promoted by Bolivian NGOs and internationally (compare chapters 5, 7).<sup>609</sup> They expected producers to

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<sup>604</sup> Some of them denied a major role of Profin and insurance companies all together (interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013). Another interlocutor would admit that Profin has specific expertise, but for the topic of productive risk mitigation rather than insurance (Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013).

<sup>605</sup> Interviews with Martín Gonzales, 18.10.2011 and 14.4.2011; Edwin Vargas, 11.5.2011; Gabriela Caro, 29.6.2011; Cecilia Tondelli, 6.2.13. At least in part, the Profin personnel were certainly right that they had had a major impact. For example, the INSA personnel presented a stop-loss insurance model to me as their own, which I had been presented with several years earlier by Profin.

<sup>606</sup> Interview with Edwin Vargas, Profin, 11.5.2011.

<sup>607</sup> Interview with Martín Gonzales, Profin, 14.4.2011.

<sup>608</sup> In spite of this reluctance, Profin provided some services to the INSA, including studies about the topic of "sensibilization". Profin also participated in workshops organized by the INSA (interview with Cecilia Tondelli, Profin, 31.1.2013).

<sup>609</sup> Interview with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013.

turn agricultural insurance into a regular part of their disaster management strategies (“manera de hacer gestión ante de desastres”).<sup>610</sup>

Beyond this, with regard to the fully subsidized SAMEP, local leaders (*dirigencia*) had the most comprehensive responsibilities: they were responsible for explaining the scheme in their communities, for collecting information about local production, for making correct information available to the INSA, and for notifying the INSA in case of a disaster. The producers were to exert social control in two directions in this context, according to the INSA personnel: control on their *dirigentes* and on other community members. The INSA verified the information provided by producers, but only some part of it.

The representatives of the INSA considered the creation of an insurance culture as part of their tasks, to be achieved through education:

[...] This process of co-responsibility that we were talking about also meant having clear information and clear rules from the beginning. And one of the rules that we established in order to be able to incentivise social control, communitarian morality and shared control, was basically that we were going to punish communities [if] we realized in the course of a verification that the information provided in the register was wrong (Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, 1.2.2013)

Porque este proceso de corresponsabilidad de lo que estamos hablando involucra también tener información clara y reglas claras desde el principio. Y una de las reglas que establecimos para poder motivar el control social, la moral comunitaria y el control compartido, fue básicamente que nosotros íbamos a penalizar a las comunidades que a través de una verificación de los datos consignados en el registro veamos que haya sido falsa.

Reportedly, local leaders paid a lot of attention to the expectations raised by the INSA and took the collection of information very seriously.

To sum up, the discourse of *insurance culture* and *co-responsibilities* promoted by the international network sustaining microinsurance expansion around the world was pushed forward in the context of the SAMEP. However, while the Bolivian government envisioned the creation of welfare markets (Nullmeier 2001; Taylor-Gooby 1999) when it adopted its legislation on agricultural insurance and microinsurance, in the first phase, public agricultural insurance has taken the form of a *bono*, a direct cash transfer conditioned on disastrous losses. At the same time, the recent creation of a public insurance company and steps towards the creation of private schemes in the context of *Seguro Pachamama* show that the emergence of

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<sup>610</sup> Interview with Joseph Tapia Gutierrez, Director de Estudios, Productos y Riesgos, INSA, 5.2.2013.

welfare markets in a sense adapted from Taylor-Gooby (1999) seems a possible future development. A few possible implications are addressed in the conclusion.

## **11. Conclusion**

This dissertation has explored three different attempts at establishing agricultural microinsurance in Bolivia: the FTR and the VidaAgrícola scheme, which were both initiated by NGOs and insurance firms; and the first steps of the public SAMEP/ Pirwa scheme. Picking up the notion of public policy coined by Wedel et al. (2005), it has paid particular attention to the relationship between public policy and the larger social context. Among other aspects, the organizational and financial responsibilities inscribed in the microinsurance schemes and the social security practices and expectations of agricultural producers were explored.

As has been shown the three schemes are connected to each other in several ways: the design of the second and the third scheme partly drew on experiences with the first and the second scheme. Beyond this, the three schemes have been connected through a few relevant actors. In the sense of “studying through” (Shore and Wright 1997b: 14), part of the research strategy has been to follow the connections between actors, institutions and discourses.

This last part reiterates the central findings of the empirical chapters and draws them together in order to answer the research questions spelled out in the beginning of the dissertation. First however it looks at the agricultural microinsurance landscape that has developed so far in Bolivia.

### **11.1 Agricultural microinsurance in Bolivia: an evolving landscape**

The last chapter has shown that the Bolivian government aims at a comprehensive system of agricultural insurance and microinsurance that covers as many producers and crops as possible in the long run, while prioritizing small-scale producers. Government plans include a combination of subsidized insurance, commercial insurances and schemes offered by a public insurance company. According to legislation adopted since 2011, this system would be supervised and in large parts implemented by the government (mainly, the newly created INSA). At the same time, welfare markets, i.e. the introduction of market elements within the welfare state (LeGrand 1991; Nullmeier 2001; Taylor-Gooby 1999) are part of the government project.<sup>611</sup>

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<sup>611</sup> Since in Bolivia agricultural insurance does not directly substitute for a pre-existing state system, the concept of welfare markets as coined by these authors has to be slightly adapted to the context. In Bolivia, welfare markets can be understood as those market-based economic structures oriented towards the production and redistribution of goods and services that are subject to social political regulation with the objective of creating social security and social justice (Goldboom 2014).



Market elements have been part of the relevant government planning in several ways: insurance firms were initially supposed to become risk contractors of the fully subsidized government scheme (SAMEP/ *Pirwa*); private insurance firms were expected to introduce commercial schemes for a broad range of cash crops in collaboration with and under the supervision of the INSA, the regulatory body; and the public insurance company for agricultural insurance that is to be created (see chapter 10) is supposed to make additional offers requiring contributions on part of producers.

However, the current state of affairs differs largely from this idealized vision of complementary roles of the state and non-state actors and a comprehensive agricultural insurance system that is founded on the Constitution of 2009. At the moment, the coverage through agricultural insurance and microinsurance is patchy, as it reaches only specific producer groups, and in most cases the payout sums are very small:

The fully subsidized SAMEP/ *Pirwa* scheme, which was introduced in 2011 (Ley N° 144 de Revolución Productiva Agropecuaria Comunitaria), has covered between 120 000 and 150 000 producers in the past three years.<sup>612</sup> All in all, some ten million dollars were transferred to small producers in the first four cycles of the scheme (until 2016).<sup>613</sup> As pointed out in the last chapter, the lump sum payout of only 1000 Bs. per hectare is designed to cover the means of subsistence during the immediate post-disaster phase in the poorest rural communities of the country. It is not designed to cover the investment costs in order to directly enable investments in production. The latter has been the objective of NGOs and insurance firms designing agricultural insurance in Bolivia.

The indicative findings presented above<sup>614</sup> show that subsistence producers in many cases probably find this payout helpful although the scheme falls short of the expectations raised before its creation and in spite of the very limited payout. Their partly positive evaluation contrasts with indications regarding producers who mainly send their produce to the market: apparently, they do more often not consider the small payout as meaningful support, since their investment costs are often much higher.

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<sup>612</sup> INSA: <http://www.insa.gob.bo/> (retrieved on April 2dn, 2016). [www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia](http://www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia) (retrieved on July 10th, 2018).

<sup>613</sup> INSA homepage, <http://www.insa.gob.bo/index.php/95-prensa/258-seguro-agrario-transfirio-us-10-millones-a-pequenos-productores-en-cuatro-anos>, accessed on 11.11.2016.

<sup>614</sup> These findings are indicative, because they mainly rely on expert interviews realized in La Paz in 2013. In contrast to the FTR and VidaAgrícola schemes, I did not do extended field work in the countryside in order to evaluate the national insurance scheme.

SAMEP/ *Pirwa*, which can also be considered as *bono*,<sup>615</sup> seems to provide some support to subsistence producers, but not a meaningful change for agricultural production in general. This is in line with one of the political purposes of the scheme, which is to change the relationship between the state and the most disadvantaged parts of the rural population, thus repaying a perceived historical debt of the state (chapters 6, 7, 10).

In contrast, the limited number of agricultural microinsurance and insurance products that NGOs and companies have developed so far has reached specific sub-groups of producers, in particular producers specialized in high-value cash crops destined to the market. The FTR for grape producers in Uriondo, which was explored above (chapter 8), is a good example for this kind of scheme. Producers enrolled in the FTR received indemnity payments that related to their production cost (Bs. 17 000 per hectare at the time of research). According to the producers, the payouts helped to keep up production after a major disaster.

Still, the reach of this kind of schemes is very limited. The FTR, for example, never covered more than 200 producers. Also, the number of similar schemes (for example, for coffee or peach production) is very small.<sup>616</sup> All in all, for the major part of producers there does not yet exist any agricultural insurance mechanism that would provide payouts relating to the cost of production.

The failure of the *VidaAgrícola* scheme (chapter 9) demonstrates the difficulties of designing agricultural microinsurance for producers who are mostly integrated into agricultural markets, but combine several crops. In the areas of Tarija where I did my field research only very high value crops are regularly linked to a high degree of specialization. Because of this, the fact that *VidaAgrícola* microinsurance covered only maize and potatoes, i.e. Tarija's two most important cash crops from a statistical point of view, discouraged demand for the scheme - along with other factors, which are reiterated below. For a majority of producers, a contribution-based microinsurance scheme would only be relevant if it covered a range of products. This remains a technical challenge in Bolivia.

Put differently, it is particularly difficult to offer agricultural insurance with a good value proposition to those producers who have adopted agricultural diversification as a form of social protection strategy. On a more general level, it needs to be reiterated that for a

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<sup>615</sup> *Bonos* are public social cash transfers. They are the backbone of Bolivia's current public social protection system along with social insurance for part of the employed population (chapter 6.1).

<sup>616</sup> Some insurance schemes have been offered by the major insurance firms to large-scale producers in the lowlands of Bolivia, in particular Santa Cruz.

microinsurance product to be attractive, its design has to take existing strategies of production and social security into account (Hintz 2009; Peterson 2012; Schulze 2010). In this research, I have combined a perspective that takes these aspects seriously with an analysis of political negotiation processes.

The patchy nature of the current agricultural microinsurance landscape (in terms of reach and payout sums) shows that so far the high expectations of federations and organizations that pushed for the inclusion of this mechanism into the Constitution of the State and for its implementation (chapters 7 and 10) have only partly been met. As was pointed out above, these actors as well as NGOs and insurance firms have all had very high expectations with regard to microinsurance. They have hoped that this instrument would shield peasants and their families from economic insecurities; would facilitate rural development; and would eventually prevent an exodus from rural areas. Quite a few actors, in particular those largely aligned to the current government, have also hoped that it would help to secure a future for smallholder subsistence production in Bolivia. The current Bolivian government has turned agricultural insurance into a key element of its agricultural development strategy, which is based on a particular notion of “food sovereignty” (chapter 6). Hence, most producers have expected the state to play a key role in this regard.

### **11.2 To this date: no real boost for market-based social security production**

A main impetus behind studying the evolution of this agricultural microinsurance landscape was a research question stemming from social security and welfare state research as well as writings about microinsurance: *How does the arrival of agricultural microinsurance transform social security production in Bolivia? In particular does it represent a boost for market-based social security production (at the detriment of other forms of social security) and in which sense?*

Welfare state researchers advocating universal social protection (Barrientos 2004; UNRISD 2010b) and authors concerned with microinsurance (Deblon and Löwe 2012; Löwe 2010) have agreed – often implicitly - that microinsurance is a liberal mechanism in the sense that it prioritizes market instead of state structures in social security.<sup>617</sup> Both camps have however assessed this perceived shift in very different ways. A considerable part of social protection research, in particular welfare regime research, favours universal formal social security and a

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<sup>617</sup> As noted above, the term liberal is used here in the sense proposed by Esping-Andersen in relation to his concept of liberal welfare regimes: In a liberal welfare regime, social policy is used “to grant the cash nexus a hegemonic role in the organization of social and economic life” (Esping-Andersen 1990:62).

strong role of the state in this field. From this perspective, private insurance schemes are not the most appropriate social protection mechanism for the poor (Barrientos 2004; UNRISD 2010b), because they do not aim to ensure universalism through de-commodification.

In contrast to this position, the advocates of microinsurance expect it to close social protection gaps because the state has in many cases failed to do so (Deblon and Löwe 2012; Löwe 2010). The social risk management (SRM) approach coined by the World Bank (Holzmann 2001), which is largely market friendly, has been an important point of departure for microinsurance promotion.

In order to approach the research question, I have *tried to unearth if evolving agricultural microinsurance schemes in Bolivia embody a particular division of responsibilities*. I have found the notion of responsibility (Beck 1992a; Ewald 1991; Ewald 1993 [1986]) useful because it makes it possible to address questions raised by “institutionalist research” (Benda-Beckman and Benda-Beckmann 2000 [1994]) from an anthropological perspective (chapter 2). *I have also studied how this division of responsibilities relates to local social protection strategies and perceptions and, at least partly as a result, to the impact of the schemes*.

Obviously, the notions of liberalism and neoliberalism are central to this research although the research questions only relate to them in part. Liberalism plays a role as possible principle of welfare organization identified by welfare regime research (chapter 2 and 3); neoliberalism in turn has been used as a shorthand for describing a broad political agenda that reduces the role of the state in the economic realm to a minimum and is now largely rejected in Bolivia (chapter 6); and as a form of governmentality which implies risk-averse and prudent subjectivities (see below).

As Ferguson (2009) has remarked, the notion of neoliberalism retains some analytical value, in spite of its very wide and often unspecific usage: it enables the researcher to identify similarities on a regional or global scale. For it to be useful, I have tried to be specific with regard to the meanings that the concept adopts in different contexts (Abbott, et al. 2006; Larner 2000).

With regard to the notion of *financial and organizational responsibilities*, it is notable that any form of close long-term cooperation between state, NGOs and insurance companies, i.e. state and non-state actors, has failed in the cases that were studied, either after a few years or even before the start of sales. Put differently, hybrid setups that clearly articulate both the state and the market (cf. chapter 3.4) have been short lived so far.

Close cooperation failed in spite of the fact that usually the actors involved (state, NGOs, insurance companies) considered close cooperation as useful or even necessary in the first place. In the cases of the FTR and VidaAgrícola, organizational PPPs and premium subsidies proved difficult to implement. In the case of the state scheme SAMEP/ *Pirwa*, insurance firms did not provide insurance cover as had been planned. As the result, the schemes became either publicly or privately organized, at least after some time if not immediately.

A closer look shows that in the case of the FTR, perceived legal insecurity and political volatility were the main reasons for the failure of the PPP. In 2009, the FTR started as tri-sector partnership (PPP) in which the municipal government took over the major part of the *financial responsibilities* (in 2009/10, it subsidized premium payments; in the following year administrative costs); the non-for profit organization Profin was responsible for an important part of the *organizational responsibilities*; the credit cooperative El Churqui acted as channel by administering the payments of the producers and supporting the marketing. This cooperation fell apart after the mayor, who had initiated the scheme, had left office. Since political legitimacy partly depends on personalized policies in Bolivia, politicians often prefer to initiate new projects instead of continuing existing ones. Moreover, the new municipal government doubted that subsidies for agricultural microinsurance were even allowed.

The same reasons played a role in the case of the VidaAgrícola scheme. In terms of *financial responsibilities*, the intended creation of public premium subsidies failed altogether. A microinsurance NGO (Profin) engaged in heavy political lobbying (*cabildeo*) for premium subsidies, but they were not successful because of legal doubts. Moreover, the project, which was finally launched in 2011, after the MAS had for a few years taken over the political leadership of Tarija, had first been proposed by an earlier (conservative) municipal government, which was linked to a different political camp.<sup>618</sup>

Part of the *organizational responsibilities* for VidaAgrícola was initially taken over by the departmental development service and the peasant federations of the department in the framework of a PPP with the NGO Profin and the insurance firm Nacional Vida. This PPP failed, among other reasons, because the peasant federations were disappointed by the design of the microinsurance product.

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<sup>618</sup> The investment cost for creating VidaAgrícola was shared between the Microinsurance Innovation Facility, which contributed more than half of the budget, Nacional Vida insurance group and Profin and its donors.

In addition, asymmetries within this PPP with regard to decision making power, resources and expertise played an important role. The fact that the non-governmental institutions were clearly in the lead in all these regards vis à vis the peasant federations did not meet the expectations of the *dirigentes* and the producers they represented. Since interactions between the project partners were also marked by unequal economic, cultural and symbolic capital at the personal level (Bourdieu and Wacquant 1992), these actors found it difficult to manage these differences. At the same time, both Profin and Nacional Vida were disappointed by the limited support that federations provided and the perceived “politicization” of the project. After only a short time, VidaAgrícola emerged as non-governmental microinsurance scheme sold at market prices.

To conclude, the cases of both the FTR and VidaAgrícola suggest that in a volatile and somewhat insecure political context like Tarija, private microinsurance stakeholders find it difficult to convince public actors of premium subsidies. Also, subsidies might be very short lived if they are provided at all, as in the case of the FTR. PPPs relating to organizational tasks, as they were formally established for the FTR and the VidaAgrícola schemes also have a low chance of surviving.

The national Bolivian government has been striving for a reversal of the role division between state and non-state actors explored in the cases of VidaAgrícola and FTR. As pointed out above, it has been planning for a system of complementary public and private agricultural insurance schemes managed and in large parts implemented by the government. However, for several reasons, the envisioned complementarity and cooperation have scarcely materialized so far. The attempt to contract insurance cover from private insurance firms for the SAMEP/*Pirwa* scheme largely failed in 2012/13 - in spite of an acceptable offer by a Bolivian insurance pool with international reinsurance cover. This was mainly due to administrative problems (legal observations against two members of the pool) (chapter 10). In addition, there was a large degree of mistrust between the INSA, the responsible government institute, and the private insurance firms.

In the end, the SAMEP/*Pirwa* scheme has been financed directly from the state coffers without any reinsurance. Also, contrary to initial plans, it has not required any co-payment from producers. As has already been noted, another element of government planning, namely offers of private insurance firms in the realm of agricultural insurance, have remained very scarce to date.

The different ways in which agricultural microinsurance has been adapted to the Bolivian context testify to the flexibility of the mechanism: it has on the one hand taken the form of commercial schemes, implemented only in part with the help of the state, and on the other hand of a fully subsidized cash transfer (*bono*) organized by the government in order to support vulnerable citizens.

*To conclude, the negotiation processes about agricultural microinsurance with diverging results in terms of responsibilities, which were studied here, cannot be considered as real boost to market-based welfare production, at least not to this date. In one and the same context, it can be used in very different ways that range from cash transfer to market mechanism.*

The two private schemes, which were PPPs for some time,<sup>619</sup> can certainly be considered as a *form of market expansion*. However, one of the schemes has failed altogether, and the other one remained very limited in size. In contrast, the national government has even introduced agricultural microinsurance in such a way that it can be considered *as the opposite of a shift from state to market-based social security production*. The Bolivian government has used agricultural microinsurance in order to create new entitlements for those citizens who are considered as historically disadvantaged. In doing so, the government assumes responsibilities that are not part of its “traditional” role in welfare production.<sup>620</sup> Even the envisioned cooperation with insurance firms for this purpose did not work out.

Certainly, this form of welfare creation can also be considered with a certain degree of scepticism. The fact that SAMEP/*Pirwa* provides a small conditional lump sum payment (*bono*) makes it similar to conditional cash transfers. These have been criticized, among other aspects, for cementing inequalities instead of reducing them. With a view to the Brazilian case, Lavinás (2017) has suggested that “[s]ocial policy served as collateral to access financial markets through credit, facilitating an intense process of financial inclusion. As such, it has supported debt-financed spending at the expense of the provision of public goods and services.” (ibid: 5) Public disaster relief can certainly turn Bolivian peasants into more trustworthy loan takers as well. From the perspective of many Bolivian peasants this might however be a positive development.

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<sup>619</sup> As noted earlier, the expansion of networked forms of governance that are partly located beyond the state is very much in line with the notion of market expansion (Swyngedouw 2005).

<sup>620</sup> As pointed out above, minimum cash transfer for rural producers is for example not part of the Social Security Minimum Standards Convention of the ILO (No. 102 of 1952).

At the same time, the microinsurance schemes which were studied *do not necessarily imply the destruction of other institutions of social security, in particular state or community-based support*. This becomes clear if the social protection strategies in the countryside of Tarija at the time of research are taken into account (compare chapter 7). Strategies for dealing with natural disasters were highly individualized as households could in most cases not expect to receive support from their communities, their larger social network or from state institutions. Common social protection strategies in agriculture have included mixed economies, the usage of savings, credits, and work as day-labourers including temporary migration. Mutual support within communities is much more common with regard to individual risks, for example health issues.

Above (chapter 7), I have concluded that the notion that microinsurance embodies some kind of privatization of social protection should not be generalized. This notion might be true for health microinsurance (Barrientos 2004), but not for the agricultural risks studied here. Generalizing this notion would mean to idealize social protection in parts of the world. When it comes to climate risks, the Bolivian government has never provided comprehensive social protection; the role of communities seems to have diminished over the last decades.

This finding is mirrored by the *opinions and expectations* that rural producers have held with regard to agricultural microinsurance. In interviews, they often complained about the low degree of solidarity within their communities. Because of this, they usually liked the idea that insurance schemes pool risks and formalize some degree of mutual support. In the case of the FTR, many clients considered agricultural insurance as a way to strengthen the community. The promotion campaigns of the microinsurance provider systematically exploited and reinforced this idea (see chapter 8).

Most producers expected the state to play a strong role with regard to institutionalizing agricultural microinsurance. Usually they also hoped for some kind of subsidy. Many of them thought of agricultural insurance as a *bono* quite some time before the SAMEP had been designed, even though they were usually aware that any insurance would usually require some contribution. Apparently, they did not associate agricultural microinsurance with market expansion, which is largely opposed as “neoliberal” in the country, at all.

All in all, microinsurance as a mechanism does not necessarily represent either an expansion of markets at the cost of state institutions or a strengthening of the state. It is a highly adaptable instrument, which can become part of different institutional choices and can be integrated with different social security systems. In a context like Tarija, microinsurance has



been considered as embodying social solidarity, the expansion of social security and at times also the expansion of the role of the state. This was possible, because both social security in rural communities and state engagement for social protection in the countryside were perceived as deficient.

### **11.3 Agricultural risk and insurance: prominent concerns**

Before I return with more detail to the question how local perceptions, in particular of producers, relate to the outcomes of the microinsurance schemes studied, this section briefly exposes the specific concerns and expectations of producers. While welfare markets relating to agricultural microinsurance and insurance have been realized only very partially, both risk and insurance are remarkably prominent concepts in societal and political discourse in present-day Bolivia. In order to analyze this finding, concepts stemming from the sociology of risk were integrated into the research perspective (see chapter 3). The sociology of risk studied with some detail how risk perceptions and mechanisms to deal with risks evolved in industrial societies (Beck 1992a; Beck 1992b; Douglas 1992; Ewald 1991; Ewald 1993 [1986]; Giddens 1999; Luhmann 1991).

In Bolivia, the interest in agricultural microinsurance stems from the perception that climate risks nowadays strongly challenge the economic model of small scale production and agricultural production in the country more generally (cf. chapter 7 about the expectations with regard to microinsurance). Small-scale producers, who are the largest producer group in Tarija as well as the rest of the country, face a range of difficulties that do not relate to the climate, including volatile prices, high transportation and input costs, and in many cases a low level of qualification and the so-called *minifundio* (extremely small acreage). For a long time, migration, in particular urbanization has been a primary motor of change in Bolivia (chapter 6.1). While the rural population as well as many policy makers accept migration as normal to some degree, they also perceive of it as challenges rather than progress in the first place.

Climate change is perceived as adding a different dimension to these problems. Extreme weather events, in particular storms, hail storms, frosts, draughts and inundations, have become much more common and intense (Andersen, et al. 2014; Oxfam 2009; UNDP 2011). At the same time, regular weather events are less predictable nowadays. In my interviews, producers made clear that the perceived increase of climate-related risks intimidated them to such a degree that they doubted if they should continue producing at all (chapter 7.1). From their perspective, the decision to sow has now turned into a risk (“riesgo”), and they had to decide if to take it. This strong awareness of the importance of their own decisions was in

tune with Luhmann's (1993) suggestion that risks are the consequence of human decision making, while dangers are independent of it.

When it comes to ways for dealing with climate risks, the notion of agricultural insurance is surprisingly prominent in Tarija, where this mechanism does almost not exist (cf. chapter 7.1). At the time of my research, most rural producers knew about agricultural insurance. One reason was the introduction of an insurance product for the grape producers of Uriondo (FTR) a few years earlier. An even more important factor was labour migration between Bolivia and Argentina. There has been a regular flow of agricultural labourers from Bolivia, in particular Tarija, to Argentina and back for decades. As producers regularly pointed out to me, agricultural insurance was key in making Argentine production more successful and sustainable. In fact, the notion of agricultural insurance had been a central demand of peasant federations in Tarija for several years before I started my research in 2011 (chapter 7).

Beyond this, producers also had a range of more specific ideas and expectations with regard to agricultural insurance and microinsurance (cf. chapters 7.1 and 7.2 for details). They hoped not only that the insurance products would cover as many crops as possible, but also that payout levels would be high enough in order to revitalize production after a disaster. Another main concern of producers was that the insurance products should be "just": the payouts should match the actual losses incurred due to adverse climate events.

Beyond all this, their perspective at risk and insurance also included a very clear notion of the role of the state and the relationship between state and society in these regards (chapter 7.2). Since they considered climate change as a challenge to be tackled at least in large part by the state, they expected the latter to play a central role in the creation of insurance schemes. With the help of the state, producers wanted to shield their model of smallholder production from further erosion. While urban growth, rural depopulation and migration more generally have been constitutive elements of Bolivian history (cf. chapter 6), most producers were convinced that these developments should be stopped.

The notion that the state had to act on climate change by supporting rural producers was widely shared by policy makers from different camps, the insurance industry as well as development organizations (compare chapter 7.2). This common sense was the very basis for the evolution of microinsurance schemes explored above. At the same time, some actors related to more specific convictions when they lobbied for public subsidies to agricultural microinsurance. For example, non-governmental organizations were concerned that

agricultural microinsurance would not be viable without public subsidies. Notions of justice were not so important for them as for the producers.

In Bolivia, negotiations about the future role and design of microinsurance met particular interest from the actors involved given the resource boom at the time of research. In Tarija, where Bolivia's largest gas fields are located, revenues were particularly large. Most producers whom I interviewed considered agricultural insurance as a way to channel a "just share" of public revenues stemming from gas production to the rural sector (chapter 7.2). In line with the official discourse embraced by the ruling MAS party, they demanded that the state should pay a historical debt to the countryside, which had often been disregarded by previous governments. As has already been mentioned, many producers considered agricultural insurance as another *bono*, a social cash transfer. *Bonos* are now an important pillar of Bolivia's public social protection policy (chapter 6.1).

These findings on producers' expectations resonate with Ewald's (Ewald 1991; Ewald 1993 [1986]) suggestion that risk perceptions are central to the ways in which people relate to each other in society. According to Ewald (1991), the creation of social insurance in France was connected to an evolving image of society highlighting solidarity. His writing (Ewald 1993 [1986]) calls attention to the judicial conflicts, political processes and debates about the responsibility for compensation that usher a particular social contract. In a similar vein, this research has looked into negotiations about different aspects of the responsibility for compensation, in particular financial and organizational aspects (cf. chapter 3.2 regarding the analytical approach).

The explorations above show that climate risks and agricultural insurance were so prominent concerns in Bolivia at the time of research that Bolivia probably qualifies as "insurance-based society"<sup>621</sup> in the sense of Ewald (1993 [1986]): „These are not only societies in which insurance institutions have become common – though this is also of some importance –, but above all those societies that reflect on their problems and try to deal with them using the technique and the categories of insurance.” At the same time, actual insurance penetration rates are currently low in Bolivia (chapter 5.5).

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<sup>621</sup> To my knowledge, an English translation of Ewald's (1993) "Der Vorsorgestaats" does not exist. „Insurance-based society“ is my own translation of the German term "Versicherungsgesellschaft".

#### **11.4 Relating current social security practices and expectations to outcomes**

The overview of the evolving microinsurance landscape in Bolivia provided at the beginning of this conclusion has already pointed to the relationship between pre-existing social security practices and expectations on the one hand and outcomes on the other hand. In particular, it has pointed out that given current production and social security strategies, which include diversification, for a majority of producers, a contribution-based microinsurance scheme would only be relevant if it covered a broad range of products. The absence of such a product, which is in part due to technical challenges, contributes to the patchy nature of agricultural microinsurance provision on Bolivia. In this section, I expand on the question how the expectations and social security practices of rural producers were matched by the schemes that were studied. This underlines that the responsibility division which was embodied in the schemes was not only relevant from a theoretical viewpoint, but also in order to understand impact.

To begin with, the SAMEP/ *Pirwa* scheme has met the central expectation that the state should play a role in strengthening insurance and that it should also provide more financial support to rural producers. However, as pointed out above, the low payouts per hectare have discouraged demand from certain producer groups, which remain largely uncovered by microinsurance (chapter 10).

In the case of the FTR, both the institutional and financial setups were largely aligned to the expectations of the producers targeted, and most so in the introduction phase. In this as in other cases, producers in the local context hoped both for more solidarity as well as for some degree of decommodification of social security (chapters 7 and 8). In this case, the initial involvement of the municipal government and initial premium subsidies apparently helped to create trust in the scheme and to boost sales rates. Other aspects that were perceived positively were by and large the comparatively high amount of the payout, because it enabled producers to reinvest into production; the swift payout process, since swift investments are key to recovering vineyards after natural disasters; and the capacity building offered as part of the scheme.

When decommodification did not materialize in the long run (the subsidies were abolished after the initial phase), producers were in most cases still ready to make contributions to a fund that they perceived both as a form of solidarity and as helpful with regard to production - at least if they had the financial means to do so. At first sight, this seems to confirm the propositions of a major part of the microinsurance literature regarding PPPs and subsidies:

Many authors argue that public support is mainly needed in the initial phase, when microinsurance schemes are set up (Churchill and McCord 2012; Dercon and Kirchberger 2008; Suarez and Linnerooth-Bayer 2011). However, grape production is a specific sector with very high rates of return. In contrast to subsistence producers, most grape producers are fully integrated into market cycles and have comparatively good access to credit. In sectors that are less capital intense and less profitable, the premiums for agricultural microinsurance would probably not be affordable for small producers without public subsidies.

In the case of the VidaAgrícola scheme, the failure of premium subsidies became an important obstacle to its proliferation. After lengthy negotiations, the scheme became a contribution based microinsurance scheme sold at market prices. This offer did not meet the expectations of rural producers with regard to public financial support. Their disappointment also meant that most *dirigentes* (local leaders) were not ready to actively promote the scheme among community members. This dissatisfaction with premiums added to other weaknesses of VidaAgrícola, including the low degree of adaptation to diversified production strategies already mentioned at the beginning of this conclusion.

In addition, the project institutions, in particular Profin, partly failed as “mediators” (Olivier de Sardan 2004)<sup>622</sup> at the interface between the transnational microinsurance community and rural communities in Tarija as far as project design is concerned. This was of particular importance when it came to the notion of evaluation standards that would trigger insurance payouts. The representatives of Profin realized that notions of social control and mutual trust play an important role both in transnational microinsurance discussions as well as in the local context.

However, they drew wrong conclusions from this fact, because they did not pay attention to the different ways in which these concepts are used. Nacional Vida and Profin expected producers to exert social control within communities and to provide relevant information in the project context. In contrast, peasants feel that they would like to trust each other as well as outside actors, but cannot do so. Because of this, they hoped for external controls; in particular, they expected objective evaluations of productive losses to trigger insurance payouts (chapter 9). The design of the VidaAgrícola scheme did not account for these expectations.

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<sup>622</sup> In development contexts, “mediators” arbitrate between different types of knowledge, modes of behaviour, practices, and interests (Olivier de Sardan 2004: 166-184).

All in all, VidaAgrícola was not aligned to local social security practices and expectations in a number of ways. Since many producers in Tarija have adopted agricultural and more generally economic diversification as a form of social security, an insurance scheme that “only” covered the statistically two most important crops did not seem interesting to many producers; most of them did also not perceive of an evaluation model that was based on indicative assessments and mutual community control as “just”; and producers were disappointed by the absence of subsidies. As pointed out above, the PPP formed for the purpose of the scheme did not survive these perceived shortcomings, at least in part because project partners were not able to deal well with the asymmetries within the PPP when it came to decision making power, resources and expertise. In hindsight it does seem surprising that this scheme failed at an early stage in contrast to the two other schemes studied.

### **11.5 Which role for the state? The contradictions of the microinsurance literature**

The fact that the expansion of microinsurance markets seems to hinge largely on the success of state policies is interesting, because it betrays the ideology embraced by many actors involved in microinsurance proliferation. The advocates of microinsurance, who usually argue in line with the Social Risk Management (SRM) approach coined by the World Bank (Holzmann 2001), consider microinsurance as market mechanism that can at least partly substitute for deficient state social security (Churchill 2006b; Deblon and Löwe 2012; Microinsurance Network 2016b) (cf. chapter 5.3).

At the same time, a major part of the literature about microinsurance envisions an important subsidiary role for the state, according to which it should ensure favourable legal frameworks, beneficial agricultural policies, and financial support in the initial phase and in some cases beyond (with regard to agricultural microinsurance cf. Hazell, et al. 2010; Loster and Reinhard 2012; Roth and McCord 2008). Writers concerned with microinsurance usually also have a favourable stance towards PPPs (Churchill and McCord 2012). While several authors (Hazell, et al. 2017; Loster and Reinhard 2012; Skees, et al. 2008) urge for the cautious design of subsidies for agricultural microinsurance, because subsidies send out price signals that put climate change adaptation into danger (chapter 5), this does not challenge the overall picture.

The empirical evidence from different parts of the world shows that Bolivia is not an exception with regard to the importance of state engagement. Donor support and broad government commitment have been key to the success of many microinsurance schemes (chapter 5). In many cases, public actors have financed the investment costs, and the recent

boom of microinsurance, including agricultural microinsurance, would have been impossible without their support (Roth and McCord 2008). Moreover, most complex schemes, above all in the areas of health and agriculture, are not sustainable without constant subsidies from governments or (mostly public) donors, because of the costs of the risks involved, information asymmetries and other obstacles (Mahul and Stutley 2010; Suarez and Linnerooth-Bayer 2011).<sup>623</sup> Hybrid setups that draw on substantial and sustained engagement from state as well as market actors, including formal PPPs, seem to be more of a rule than an exception.

Only over the last few years, many microinsurance practitioners and researchers seem to have become more aware of the importance of durable public support for the viability of microinsurance products (Weilant 2015).<sup>624</sup> By now, they have also developed some guidelines for successful PPPs and subsidy models (Solana 2015).

In order to account for the longevity of the apparent contradiction between the actual scope and practical necessity of public involvement and the market ideology behind microinsurance, I have pointed (in chapter 5) at the in-group thinking of the transnational policy actors (Orenstein 2005: 177) who have helped to bring microinsurance pilots to a very large number of countries and to develop markets. They are also responsible for a major part of microinsurance research and can be considered as epistemic community: “a network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge within that domain or issue-area” (Haas 1992b: 3). As in other cases, the experts belonging to this epistemic community share notions of validity and causal assumptions. Moreover, they have the same normative convictions and a common policy enterprise.

The important role of state engagement with regard to microinsurance expansion raises important questions pertaining to the notion of legitimacy: after all, is it just that insurance coverage is partly financed from public funds if this mechanism is only accessible to a few

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<sup>623</sup> As also mentioned in chapter 5, there are some exceptions from this rule: some countries, which have a strong tradition in agricultural insurance, have reached high penetration rates without or with low subsidies, for example Germany and Argentina (Mahul and Stutley 2010).

<sup>624</sup> This claim is partly based on personal conversations with microinsurance professionals in 2011 and 2012. In 2012, Churchill and McCord wrote in an assessment of new trends in microinsurance: “One of the interesting trends in recent years is the increase in public-private partnerships (PPPs) and the willingness of policymakers to subsidize premiums for vulnerable households. Indeed, in some countries the boundary between market- and government-driven initiatives is becoming quite blurred, and both are necessary to ensure that vulnerable households have adequate risk protection.” (Churchill and McCord 2012: 11).

producers, as in the case of the FTR and the VidaAgrícola schemes? Similar questions have been raised by Sennholz (2009).

As pointed out above, this concern was not a major concern of the people whom I interviewed during my fieldwork. Only in a few cases, producers demanded to expand subsidized insurance to other agricultural products (chapter 8). As already indicated, it is in a different way that legitimacy issues discontinued subsidies. For example, after local elections it became attractive to abolish the subsidies for the FTR microinsurance project, because the political legitimacy of politicians largely depends on projects (*obras*) that are attributed to a particular person (Lazar 2008).

Still, I would like to reiterate a point that I raised elsewhere (Goldboom 2013): Usually, there are also alternatives to subsidizing agricultural microinsurance in the local context, which policy makers should take into account. In the case of the FTR, this was a project that subsidized foils as protection against hailstorms. If subsidies are provided at all, they seem more just if they are provided for several instruments reducing risks that might reach different producer groups.

Beyond this, the empirical case of the VidaAgrícola scheme shows that the notion that subsidies enable insurance companies to partly pass on the cost of market expansion either to the state or to international donors (Sennholz 2009) is partly right. However, the same case also shows that insurance companies like Nacional Vida also run a major risk. They may incur considerable losses by investing in insurance products targeted at the low-income market (chapter 9).

### **11.6 Risk-averse subjectivities within a strong state: an ideal with limited practical relevance**

This research has also explored subjective aspects of the renegotiation of responsibilities for social security that go beyond the match of expectations of producers. Governmentality researchers concerned with the transformation of social security have called attention to the importance of subjectivities for the way in which state and society relate to each other, in particular to the ways in which power is supposedly exercised in neoliberal or advanced liberal societies (Dean 2007; O'Malley 1992; Rose 1993; Trnka and Trundle 2017).

Forward-looking and risk-averse subjectivities, which are described as central to neoliberal governance, are promoted by microinsurance practitioners (Dror, et al. 2012). Producers are asked to employ risk mitigating production techniques and they are exposed to so called financial education campaigns. Hence, this research has asked: *Do forward-looking and risk-*



*averse subjectivities, which form part of theories of neoliberal governmentality, become more important as microinsurance is introduced in Bolivia, thus confirming notions of neoliberal governmentality?*

The findings of this research have shown that the actors involved in microinsurance creation are very keen to promote “prudent subjectivities”: Both state and non-state actors involved in microinsurance activities aimed to create an “insurance culture” through financial education (chapter 7 onwards). This notion did not only imply that producers were to buy insurance products. They were also expected to exercise mutual control on each other within the insurance schemes, which was supposed to reduce moral hazard.<sup>625</sup> Moreover, producers were expected to adopt production techniques which would reduce agricultural risks. To this end, capacity building workshops were a usual element of agricultural microinsurance schemes. All in all, both state and non-state had a very uncritical stance towards the creation of risk-averse subjectivities. Moreover, they were very optimistic that this was an attainable objective, because they considered the perceptions and strategies of producers as flexible.<sup>626</sup>

Both the state and individual producers were imagined as active subjects in this vision of responsibilities. In contrast, Rose’s (1993) study on prudential subjectivities looks at the creation of an “enterprising self” in a context, in which social security is privatized. The case under consideration here is closer to the Australian approach to unemployment, which was described by Dean (2007). That author looked at “the grafting of a particular version of individualized risk assessment into a system of public benefits” (ibid: 229).

However, the reactions of producers and actual negotiation processes on the ground confirm that there is often a large gap between policies embracing some form of neoliberal governmentality and actual politics and practices (cf. Gustafson 2009b: 21; Larner 2000). The range of reactions on part of producers to the promotion of risk-averse practices and mutual control, in particular to capacity building measures, was considerable. As previously described by Kingfisher and Maskovsky (2008), neoliberal governmentality remained a partial and unstable process.

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<sup>625</sup> Moral hazard might occur once individuals have purchased insurance: they might engage in activities that increase their risk exposure and which they would not undertake if they were not insured. Such a behavior is problematic from the perspective of the insurer, because the actual risks of the insurees are higher than had been anticipated when the premium rates were calculated (Hellmuth, et al. 2009).

<sup>626</sup> As remarked in chapter seven, I rarely heard critical voices suggesting that moral hazard might be a major problem for microinsurance schemes in Tarija and that mutual control within communities might not be sufficient. Among the exceptions was Emiliano Tarraga, Director, Sedag Entre Ríos, 28.6.2011.

As pointed out above, Trnka and Trundle (2017), who propose the notion of “competing responsibilities”, have found a number of empirical cases in which people who are confronted with notions of self-responsibility do not fully espouse these notions, but try to shift part of the responsibility to others, including the state (ibid). Thus, the Bolivian case is in line with the results of more recent governmentality research that foregrounds actual practices.

Among the cases that were studied here, the grape producers of the Valle de Uriondo did most directly conform to the expectation of state and non-state microinsurance promoters. Since many producers there welcomed capacity building measures, forward-looking and risk-averse subjectivities seemed to become more important as microinsurance was introduced. Education about production techniques that were to mitigate the risks of hailstorms took two forms: During their individual visits to vineyards, the *peritos* (experts) usually provided advice on possible improvements to production, for example the use of a specific fertilizer or the trimming the vines at a certain point in time. In addition, the experts (*peritos*) realized some workshops for the members of the FTR. In fact, workshops were received so positively by many producers that the project personnel was convinced that they were an important marketing instrument. According to them, sales were pushed by the perception that the FTR shared the interests of the producers and was accessible.<sup>627</sup>

Beyond this, moral arguments about solidarity, honesty and mutual control played a central role in the attempts to promote the scheme and to reduce moral hazard: the sales personnel and the *peritos* would point out to potential clients that the FTR was a fund belonging to all members and that it implied an important element of solidarity. They would also argue that for this reason clients were expected to make only claims that were justified by the rules of the fund. In addition, they would explain to clients that mutual control between community members was important to prevent fraud and to keep the FTR affordable to all producers.

In a context in which many producers would prefer their communities to show more solidarity (chapters 7, 8), many members of the FTR fully agreed to these notions. Grape producers readily embraced the idea of a fund that strengthened solidarity. At the same time, the adoption of new risk-averse subjectivities remained partial in Uriondo at the time of research. For example, a few producers did not look carefully after their vines once they were

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<sup>627</sup> However, workshops did not become a continuous part of the FTR due to financial constraints and organizational challenges.

insured.<sup>628</sup> In a few other cases, producers overstated their losses in order to receive higher indemnities.

In the case of the VidaAgrícola scheme, producers were much less open to moral arguments, notions of social control and capacity building. When the project was explained to them in reunions, producers did not directly refuse these notions. However, only a few of them welcomed the idea of capacity building measures, others put their usefulness into question.<sup>629</sup> One reason for the larger interest of grape producers might be that they rely more than other producer groups on constant innovations in order to increase profits (compare chapter 8).

Beyond this, the project did in many instances not relate to local perceptions in a way that was acceptable to producers. As pointed out in a previous section, when the project personnel embraced moral arguments in favour of mutual social control, these arguments were not easily accepted by producers given the design of the VidaAgrícola scheme: Producers strongly refused the notion of evaluation zones and insisted on individual damage assessments. Producers did not necessarily trust their community members a lot, and were usually not ready to share payouts with producers not hit by a disaster. Hence, they considered the VidaAgrícola project as unfair. At the same time they expressed many times that they would prefer having more mutual support within their communities.

All in all, the feelings of producers with regard to their communities were more complex than the project personnel from the capital imagined. While the staff of Profin and Nacional Vida rightly assumed that notions of trust and social control played an important role in rural communities, they did not know how exactly these notions would play out.<sup>630</sup> Urban project personnel and rural community members in Tarija share certain ideas of climate change, food security, the importance of community life and migration, but when it comes to the details of these ideas, perceptions differ.<sup>631</sup>

To conclude, notions of risk-averse subjectivities as well as moral arguments about solidarity, honesty and mutual control were part of the project agenda, as microinsurance was introduced in Bolivia. A coherent discourse that could be considered as pertaining to neoliberal or

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<sup>628</sup> Informal conversation Gerardo Tejerina, Profin, 31.10.2011; interview Juan Ramos, Profin, 18.2.2013.

<sup>629</sup> For example, interview with Doña Sara, Ejecutiva FSUCCT El Puente, Tarija, 29.10.2011; workshops with producers in Entre Ríos Province and Iscayachi, 1.-2.7.2011.

<sup>630</sup> As was explained above, in the context of the VidaAgrícola scheme, only preliminary conclusions with regard to the notion of risk-averse subjectivities could not be drawn because of the limited implementation of the scheme.

<sup>631</sup> Profin realized a baseline study about local perceptions. This study did however not enable

advanced liberal governmentality was identifiable at the level of policy programmes in various contexts. However, its translation into concrete practices remained very partial. Producers did not easily develop the prudent subjectivities supposedly pertaining to neoliberal governmentality. Neoliberal governmentality as proposed by microinsurance projects was definitely not a dominant pattern at the time of research, but part of an open-ended process (Collier 2005; Ferguson 2009; Kingfisher and Maskovsky 2008), which resulted in practices that were partly neoliberal.

### **11.7 Outlook: in the long term, a stronger welfare market could emerge**

With a view to the future development of agricultural microinsurance in Bolivia, a caveat with regard to the finding that the introduction of agricultural microinsurance does not necessarily represent a boost for market-based social security production needs to be reiterated: this is still a possible outcome in the longer run (chapter 10). Obviously, the fact that local actors do not reject microinsurance as neoliberal does not mean that it could not have effects associated with this political program or its underlying ideology.<sup>632</sup> After all, the proliferation of new forms of cooperation between state and market institutions (PPPs) (Beisheim, et al. 2008; Nelson 2002) and of hybrid forms of welfare provision has been a long-term trend, as was mentioned above (chapters 3, 5).

Welfare markets would in particular receive a huge boost if the national government is successful at implementing the envisioned system of complementary state and market offers, including its own close involvement into insurance markets. The 2016 announcement of the INSA that it was overseeing the creation of private agricultural insurance schemes<sup>633</sup> suggests that over time the government might achieve its objective. Moreover, the announcement of the creation of a public life insurance firm (UNIVida S.A.) (chapter 10) makes it more credible that a public insurance for agricultural products will be created as foreseen by Article 34 of Law No. 144 (2011).

If energy prices remain low over the next years this could obviously hamper government engagement in the field of agricultural microinsurance and insurance. However, as was

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<sup>632</sup> I have borrowed this distinction from (Larner 2000).

<sup>633</sup> As pointed out in chapter 10, these schemes would be offered by Bolivian insurance firms with international reinsurance backup under the supervision and guidance of the INSA. The respective study was being realized in Tarija, Chuquisaca and Santa Cruz.<sup>633</sup> The new insurance products will supposedly be designed for small, medium and large producers. It might still take some time until the actual insurance products are being introduced.

pointed out in chapter 6, until now the government has prioritized investments in the field of food security and has not cut back its spending for that area (CEPAL 2017a)

In terms of *responsibilities*, the realization of the government planning would require the state (INSA) to oversee the insurance market and to foster commercial offers at the same time. In addition to this organizational responsibility, it would probably continue to implement and at least partly finance insurance schemes for the most destitute producers. The insurance firms, which would have the organizational responsibility for new insurance mechanisms, would finally receive access to new markets. As far as the rural producers to be covered by future schemes are concerned, they would eventually have financial responsibilities as contributors along with their suggested co-responsibilities lined out above.

This development could have far reaching implications that go beyond the current state of affairs in which the government has turned agricultural insurance into a *bono*, thus creating new entitlements for part of its electorate and adopting new responsibilities (see above). First of all, this development could imply a change of the overall relationship between state and market actors. Both would have to rely on each other and might be required to develop a somewhat trustful connection: As Taylor-Gooby (1999) and Nullmeier (2001) pointed out, in parts of Europe, social policies that have included market instruments have been based on the assumption that market instruments play a positive role and that state and market actors can trust each other.

The development of insurance markets would also require the Bolivian state to strengthen its capabilities, in particular with regard to fostering the insurance market and supervising insurance companies, i.e. to exert the role foreseen by the relevant legislation. As pointed out in chapter 10, INSA representatives seemed to be aware of the gap between the role required from them and their actual knowledge and resources at the time of research.<sup>634</sup>

Finally, the actual creation of welfare markets could go hand in hand with a major boost for the notions of an insurance culture and co-responsibilities. As pointed out in chapter 10, the INSA adopted these notions at an early stage and has expected producers to turn agricultural insurance into a regular part of their risk management strategies. These notions were part of the communication strategy of the INSA in the context of the *SAMEP/ Pirwa*. Among other

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<sup>634</sup> In our discussions, they tried to depict the INSA as Bolivia's most relevant actor when it came to agricultural insurance by playing down any potential influence by other national actors, both insurance companies and NGOs (in particular, interviews with Edwin Canedo Morales, Director de Seguros y Subsidios, INSA, and Cesar Junaro Durán, Coordinador de Dirección General Ejecutiva, INSA, 1.2.2013).

aspects, both local leaders (*dirigentes*) as well as producers have been asked to exert strong mutual control at the community level.

If welfare markets for agricultural microinsurance become more common, demand for the products would probably be strongest among those producers who are already well integrated into markets. As has been pointed out (chapter 10), at the time of my field research these producers were most dissatisfied with a small lump sum insurance payout as provided by the SAMEP, because it does not relate to their relatively high investment costs. Buying agricultural insurance would reinforce their overall market integration. As Sennholz (2009) and Peterson (2012) have pointed out, this form of market integration creates new risks, not least because of the volatility of markets.

If the Bolivian government is successful at creating the welfare market for agricultural microinsurance and insurance that it envisions, this would also mean that it finds its own way of resolving an important contradiction that is currently inherent to the mechanism: the gap between the market ideology that has been a central part of microinsurance ideology and the actual dependency on the active engagement of donors and very often the state, including financial support. So far, the importance of state engagement both in practical terms as well as in terms of the expectations of producers has been a strong limiting factor to the expansion of agricultural microinsurance in Bolivia.

From a theoretical viewpoint, the realization of the envisioned welfare market would mean that a hybrid setup that clearly articulates both the state and the market would finally be implemented. In the theoretical part (chapter 3.4), I have argued that in order for it to retain some analytical value, the notion of hybridity should only be used if the practices and ideas under consideration clearly involve both the state and the market. Recent research on welfare state reforms, mostly in Europe, has shown how common hybrids of state and market institutions are in some parts of the world (LeGrand 1991; Nullmeier 2001; Read and Thelen 2007; Taylor-Gooby 1999). Berner (Berner 2009) even suggests that the institutions of the welfare state are genuine hybrids and calls the distinction between state and market an ordering fiction (“Ordnungsfiktion”). So far, the evolution of agricultural microinsurance in Bolivia has not confirmed this trend, but might do so in the future.

In any case, even now it is clear that a largely idiosyncratic system of agricultural microinsurance has been emerging in Bolivia in spite of the engagement of actors belonging to the transnational epistemic community promoting microinsurance. Throughout the text I have shown that many elements that are part of current transnational debates, including

organizational models, subsidies, mutual community control, and the notion of an insurance culture have been transferred to the local context. Several projects implemented by development organizations, NGOs and insurance firms have been central to this process.

Still, these elements have been merged with other local ideas, for example regarding food security, in such a way that new propositions and ideas have come up. The Bolivian government and rural actor groups that have been backing it for a long time have been the central actors in this process. The Bolivian vision of a holistic agricultural insurance system that combines market and state elements and is managed by the state is also not very similar to the agricultural insurance policies adopted in neighboring countries - in spite of the support that the INSA has received from insurance providers of other Latin American countries. In the rest of Latin America, it is usually the state and not individual producers who are ensured against climate risks (chapter 5).

Transnational policy actors like those pertaining to the epistemic community that promotes microinsurance around the world are obviously not able to control the outcomes of their activities. For example, the Microinsurance Innovation Facility would have hoped for a totally different outcome of the VidaAgrícola project. In the case of Bolivia, this epistemic community contributed in important ways to creating the basis for a welfare market. These and other developments which are documented in this dissertation might well be the starting point for the evolution of even more hybrid models of social security creation.

## Appendices

### I. Short version English

This dissertation studies the introduction of insurance and microinsurance schemes that cover agricultural produce in Bolivia. Partly due to climate change, agricultural disasters have become more frequent in this country. One coping strategy of peasants and their federations has been to adopt insurance instruments. Insurance has also become part of the National Constitution of 2009 and the national government's strategy for the rural sector. This development is linked to the evolution of microinsurance at a worldwide scale, i.e. insurance products that are specifically designed for the low-income market (Churchill 2006b; Churchill and McCord 2012). Microinsurances usually require a premium payment, but might be (partly) subsidized.

The evolution of the agricultural microinsurance landscape in Bolivia is studied in order to answer a research question that is mainly inspired by social security and welfare state research and relates to writings about microinsurance: *How does the arrival of agricultural microinsurance transform social security production in Bolivia? In particular does it represent a boost for market-based social security production (at the detriment of other forms of social security) and in which sense?*

Welfare state researchers advocating universal social protection (Barrientos 2004; UNRISD 2010b) and authors concerned with microinsurance (Deblon and Löwe 2012; Löwe 2010) have agreed – often implicitly - that microinsurance is a liberal mechanism in the sense that it prioritizes market instead of state structures in social security.<sup>635</sup> Both camps have held opposing views of this perceived shift: A considerable part of social protection research, in particular welfare regime research, favours universal formal social security and a strong role of the state. From this perspective, private insurance schemes are not the most appropriate social protection mechanism for the poor (Barrientos 2004; UNRISD 2010b), because they do not hold the promise of universalism through de-commodification.

In contrast to this position, the advocates of microinsurance expect it to close social protection gaps, where the state has failed to do so (Deblon and Löwe 2012; Löwe 2010). The social risk management (SRM) approach coined by the World Bank (Holzmann 2001), which is largely

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<sup>635</sup> The term liberal is used here in the sense proposed by Esping-Andersen in relation to his concept of liberal welfare regimes: In a liberal welfare regime, social policy is used “to grant the cash nexus a hegemonic role in the organization of social and economic life“ (Esping-Andersen 1990:62).



market friendly, has been an important reference point for the expansion of microinsurance, which has taken place in the course of the last two decades. These different perspectives at microinsurance and social security more generally are at the centre of chapter two.

Chapter three develops the research perspective by exploring concepts pertaining to the sociology of risk and notions of transnational political processes. In order to approach the main research question mentioned above, this research tries *to unearth if evolving agricultural microinsurance schemes in Bolivia embody a particular division of responsibilities*. The empirical part disentangles interrelated dimensions of responsibility that are being negotiated, among others the organizational and financial responsibilities inscribed in agricultural microinsurance schemes. In connection with this, *this study also looks at the question how the evolving division of responsibilities relates to local social protection strategies and perceptions and, at least partly as a result, to the impact of the schemes*.

This approach is inspired by the sociology of risk that has shown how the notion of responsibility articulates perceived dangers and risks with social security mechanisms: fixing the responsibility for social security enables social actors to create social security in the face of hazards. This notion is the foundation of writings that consider the institutional history of early industrial society as the social and political search for mechanisms to deal with an increasing number of industrial accidents and insecurities (cf. Beck 1992a: 99). Ewald (1993 [1986]) shows how newly identified dangers can engender large-scale negotiation processes regarding the responsibility for compensation.

The notion of responsibility is also used in order to add a specific focus to an analysis that embraces a broad notion of social security stemming from anthropological research (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Rohregger 2010). According to this broad notion, social security consists of “(...) the efforts of individuals, groups of individuals or organisations to overcome [diverse] insecurities” (Benda-Beckman, et al. 1988:10) or, put differently, “(...) all those aspects and dimensions of social relations and social institutions that are directed at securing [...] livelihoods.” (Steinwachs 2006:11; own translation).

In addition, this research explores if the expansion of microinsurance is linked to the expansion of specific subjectivities. Governmentality researchers concerned with the transformation of social security have called attention to the importance of subjectivities for the way in which state and society relate to each other, in particular to the ways in which power is supposedly exercised in neoliberal or advanced liberal societies (Dean 2007;

O'Malley 1992; Rose 1993; Trnka and Trundle 2017). They have described forward-looking and risk-averse subjectivities as central to neoliberal governance. These same subjectivities are promoted by microinsurance practitioners: Producers are asked to employ risk mitigating production techniques and they are exposed to so-called financial education campaigns. Hence, this research asks: *Do forward-looking and risk-averse subjectivities, which form part of theories of neoliberal governmentality, become more important as microinsurance is introduced in Bolivia, thus confirming notions of neoliberal governmentality?*

Three different schemes are studied in detail in the empirical part: The smallest one, the *Fondo de Transferencia de Riesgos* (FTR) covered from 2009 until 2014 a specific, but prominent produce in parts of the department of Tarija, namely grapes. It was initiated as public private partnership (PPP) between the municipal government of Uriondo, development organizations and financial institutions. The second one is the *VidaAgrícola* insurance product, which was offered in 2011 and 2012 to potato and maize producers in the department of Tarija. In spite of large-scale financial and practical support by transnational actors, this scheme failed altogether. Finally, the study looks into the introduction of the SAMEP (*Seguro Agrario para Municipios en Extrema Pobreza*)/ Pirwa scheme, which the national government created in 2012/13.

For the methodological approach of this study (chapter 4), it is important that these three (micro)insurance schemes have been connected through a few relevant actors, and that these actors have built on their evolving experiences. Adopting the notion of “studying through” (Shore and Wright 1997b: 14), this study investigates the unfolding of agricultural insurance as public policy by following the connections between actors, institutions and discourses through “different organizational and everyday worlds” (ibid). It relies on a multi-sited ethnography (Marcus 1995), including participant observation and a major number of formal and informal qualitative interviews. Written material was also used as source for this research. All in all, the author visited Bolivia four times for this study (November 2010, April-July 2011, October-December 2011, January 2013). It should be noted that the evolution of agricultural microinsurance in the department Tarija (cf. chapter six for details) is a main focus of this study, mainly because some NGO and state actors have used it as a laboratory for the development of agricultural microinsurance schemes within Bolivia.

The exploration of the three above-mentioned microinsurance schemes (chapters eight to 10) shows that to this date, the agricultural microinsurance landscape of Bolivia remains very patchy, both in terms of reach and payout sums. So far, the high expectations of federations

and organizations that pushed for the inclusion of this mechanism into the Constitution of the State, for relevant legislation and for its implementation (chapter 7) have only partly been met.

To begin with, the limited number of agricultural microinsurance and insurance products that NGOs and companies have developed so far has reached specific sub-groups of producers, in particular producers specialized in high-value cash crops produced for the market (e.g. FTR, chapter 8). Producers enrolled in the FTR from 2009/10 onwards often found the payouts helpful in order to keep up production after a major disaster. However, for the major part of producers no comparable agricultural microinsurance is available.

The failure of the *VidaAgrícola* scheme (chapter 9) demonstrates – among other aspects - the difficulties of designing agricultural microinsurance for producers who are mostly integrated into agricultural markets, but combine several crops in order to reduce economic risks. The fact that *VidaAgrícola* microinsurance covered only maize and potatoes (from 2011/12 onwards), i.e. Tarija's two most important cash crops from a statistical point of view, discouraged demand for the scheme (along with other factors): For a majority of producers, a contribution-based microinsurance scheme would only be relevant if it covered a wide range of products. This remains a technical challenge in Bolivia. Put differently, it is particularly difficult to offer agricultural insurance with a good value proposition to those producers who have adopted agricultural diversification as social protection strategy.

Relating to these earlier attempts, since 2011 the Bolivian government has adopted legislation in order to create a comprehensive system of agricultural insurance and microinsurance that in the long run is supposed to cover as many producers and crops as possible, while prioritizing small-scale producers. Government plans include a combination of subsidized insurance, commercial insurances and schemes offered by a public insurance company. While this system would be supervised and in large parts be implemented by the government, welfare markets, i.e. the introduction of market elements within the welfare state (LeGrand 1991; Nullmeier 2001; Taylor-Gooby 1999), is part of the planning as well: insurance firms were initially supposed to become risk contractors of the fully subsidized government scheme (SAMEP/ *Pirwa*); private insurance firms were expected to introduce commercial schemes for a broad range of cash crops in collaboration with and under the supervision of the national regulatory body; and the public insurance company for agricultural insurance that is to be created (see chapter 10) is supposed to make additional offers requiring contributions on part of producers.

However, the outcomes to this date differ largely from this idealized vision of complementary roles of state and non-state actors. The insurance firms have not adopted the tasks expected from them, and the public insurance company for the agricultural sector has not been created. To this date, the fully subsidized SAMEP/ *Pirwa* scheme, first introduced in 2012/13, has successfully been created. It now covers a major number of producers (around 120 000-150 000 insured producers in each of the last three years).<sup>636</sup>

With regard to its impact it needs to be noted that it is not designed to cover the investment costs in order to directly enable investments in production. This sets SMEP/ *Pirwa* apart from the two schemes initiated by non-governmental actors explored in this dissertation. A limited payout sum only covers the means of subsistence during the immediate post-disaster phase in the poorest rural communities of the country. Subsistence producers in many cases apparently find this limited payout helpful although the scheme falls short of the large expectations raised before its creation. The purpose of the SAMEP/ *Pirwa*, which can also be considered as *bono* (social cash transfer), partly differs from that of the other microinsurance schemes explored in this dissertation: the Bolivian government aims to change the relationship between the state and the most disadvantaged parts of the rural population, thus repaying a perceived historical debt of the state (chapters 6, 7, 10).

The analysis of the *financial and organizational responsibilities* embodied in the three schemes shows that any form of close long-term cooperation between state, NGOs and insurance companies, i.e. state and non-state actors, has failed, either after a few years or even before the start of sales. Chapters eight to 10 explore in detail why hybrid setups that clearly articulate both the state and the market (cf. chapter 3.4) have been short lived so far.

Instead, agricultural microinsurance has been adapted to the Bolivian context in a number of different ways that testify to the flexibility of the mechanism: it has on the one hand taken the form of commercial schemes, implemented only in part with the help of the state. The two private schemes studied here, which were PPPs for some time,<sup>637</sup> can certainly be considered as a *form of market expansion*. Still, one of the schemes has failed altogether, and the other one remained very limited in size. On the other hand, agricultural microinsurance has taken the form of a fully subsidized cash transfer (*bono*) organized by the government in order to

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<sup>636</sup> INSA: <http://www.insa.gob.bo/> (retrieved on April 2dn, 2016); <http://www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia> (retrieved on July 10th, 2018).

<sup>637</sup> The expansion of networked forms of governance that are partly located beyond the state can be considered as part of the notion of market expansion (Swyngedouw 2005).

support vulnerable citizens. The Bolivian government has introduced agricultural microinsurance in such a way that it can be considered *as the opposite of a shift from state to market-based social security production*. It has used agricultural microinsurance in order to create new entitlements for those citizens who are considered as historically disadvantaged. In doing so, the government has assumed responsibilities that are not part of its “traditional” role in welfare production.<sup>638</sup>

*All in all, the negotiation processes that unfold as agricultural microinsurance is being introduced in Bolivia have diverging results in terms of responsibilities. Its introduction cannot be considered as real boost to market-based welfare production, at least not to this date. In one and the same context, it can be used in very different ways that range from public cash transfer to market mechanism.*

The fact that SAMEP/*Pirwa* provides a small conditional lump sum payment (*bono*) makes it similar to conditional cash transfers. These have been criticized, among other aspects, for cementing inequalities instead of reducing them, in particular because they accelerate financial inclusion and in some cases debt-financed spending (Lavinás 2017). Public disaster relief can certainly turn Bolivian peasants into more trustworthy loan takers as well. From the individual perspective of many Bolivian peasants this might however be a positive development in spite of the risks attached to this development.

At the same time, the microinsurance schemes which were studied here *do not necessarily imply the destruction of other institutions of social security, in particular state or community-based support*. This becomes clear if the social protection strategies in the countryside of Tarija at the time of research are taken into account (compare chapter 7). Strategies for dealing with natural disasters were highly individualized including mixed economies, the usage of savings, credits, and work as day-labourers including temporary migration. Mutual support within communities is much more common with regard to individual risks, for example health issues. This suggests that the notion that microinsurance embodies some kind of individualization or privatization of social protection should not be generalized. This notion might be true for health microinsurance (Barrientos 2004), but not for the agricultural risks studied here.

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<sup>638</sup> Minimum cash transfer for rural producers is for example not part of the Social Security Minimum Standards Convention of the ILO (No. 102 of 1952).

This finding is mirrored by the *opinions and expectations* that rural producers have held with regard to agricultural microinsurance in Tarija (see in particular chapter 7). Deploring the perceived lack of solidarity within their communities, they usually liked the idea that insurance schemes pool risks and formalize some degree of mutual support. In the case of the FTR, many clients considered agricultural insurance as a way to strengthen the community. The promotion campaigns of the microinsurance provider systematically exploited and reinforced this idea (see chapter 8).

At the same time, most producers expected the state to play a strong role with regard to the launch of agricultural microinsurance. Usually they also hoped for some kind of subsidy – not at all associating agricultural microinsurance with market expansion, which is largely opposed as “neoliberal” in the country. An important reason for this expectation was that most producers considered climate change as a challenge to be tackled at least in large part by the state. With the help of the state, many producers wanted to shield their model of smallholder production from further erosion. The notion that the state had to act on climate change by supporting rural producers was widely shared by policy makers from different camps, the insurance industry as well as development organizations (compare chapter 7.2).

Both risk and insurance are remarkably prominent concepts in societal and political discourse in present-day Bolivia, where insurance penetration remains low. Small-scale producers, who are the largest producer group in Tarija as well as the rest of the country, face a range of difficulties that do not relate to the climate, including volatile prices, high transportation and input costs, and in many cases a low level of qualification and the so-called *minifundio* (extremely small acreage). Climate change is perceived as adding a different dimension to these problems, as extreme weather events have become much more common and intense (Andersen, et al. 2014; Oxfam 2009; UNDP 2011).

The resource boom during the time of empirical research in Bolivia meant that negotiations about the future role and design of microinsurance met particular interest among producers and politicians. In Tarija, where Bolivia’s largest gas fields are located, revenues were particularly large. Most producers whom I interviewed considered agricultural insurance as a way to channel a “just share” of public revenues stemming from gas production to the rural sector (chapter 7.2). In line with the official discourse embraced by the ruling MAS party, they demanded that the state should pay a historical debt to the countryside, which had often been disregarded by previous governments.

These findings on producers' expectations resonate with the insight of the sociology of risk that risk perceptions are central to the ways in which people relate to each other in society. According to Ewald (1991), the creation of social insurance in France was connected to an evolving image of society highlighting solidarity. Climate risks and agricultural insurance were so prominent concerns in Bolivia at the time of research that Bolivia probably qualifies as "insurance-based society" in the sense of Ewald (1993 [1986]): „These are not only societies in which insurance institutions have become common – though this is also of some importance -, but above all those societies that reflect on their problems and try to deal with them using the technique and the categories of insurance.” At the same time, actual insurance penetration rates are currently low in Bolivia (chapter 5.5).

The expectations of the producers are central in order to understand the impact of the schemes studied in this dissertation. The divisions of financial and organizational responsibilities that the schemes have embodied match these expectations to different degrees. In the case of the VidaAgrícola scheme, the failure of premium subsidies became one among a range of important obstacles to its proliferation. In contrast, the SAMEP/ *Pirwa* scheme has met the central expectation that the state should play a role in strengthening insurance and that it should also provide more financial support to rural producers. At the same time, the low payouts per hectare have discouraged demand from certain producer groups, which remain largely uncovered (chapter 10). Finally, in the case of the FTR, subsidies existed in the initial phase, but decommodification did not materialize in the long run. In this case, producers were in most cases still ready to make contributions to a fund that they perceived both as a form of solidarity and as helpful with regard to production.

At first sight, the case of the FTR seems to confirm the proposition to be found in writings about microinsurance that public support is mainly needed in the initial phase, when microinsurance schemes are set up (Churchill and McCord 2012; Dercon and Kirchberger 2008; Suarez and Linnerooth-Bayer 2011). However, grape production is a specific sector with very high rates of return. In sectors that are less capital intense and less profitable, the premiums for agricultural microinsurance would probably not be affordable for small producers without public subsidies.

The fact that the expansion of microinsurance markets seems to hinge largely on the success of government action conflicts with the ideology embraced by many actors involved in microinsurance proliferation: The advocates of microinsurance consider microinsurance as market mechanism that can at least partly substitute for deficient state social security

(Churchill 2006b; Deblon and Löwe 2012; Microinsurance Network 2016b) (cf. chapter 5.3). However, donor support and broad government commitment have been key to the success of many microinsurance schemes around the world (chapter 5). In many cases, public actors have financed the investment costs, and most complex schemes, above all in the areas of health and agriculture, are not sustainable without constant subsidies from governments or (mostly public) donors (Mahul and Stutley 2010; Suarez and Linnerooth-Bayer 2011). Hybrid setups that draw on substantial and sustained engagement from state as well as market actors, including formal PPPs, seem to be more of a rule than an exception.

Only over the last few years, many microinsurance practitioners and researchers seem to have become more aware of the importance of durable public support for the viability of microinsurance products (Weilant 2015). By now, they have also developed some guidelines for successful PPPs and subsidy models (Solana 2015).

In order to account for the longevity of the apparent contradiction between the actual scope of public involvement and the market ideology behind microinsurance, this dissertation points (in chapter 5) at the in-group thinking of the transnational policy actors (Orenstein 2005: 177) who have brought microinsurance pilots to a very large number of countries. They are also responsible for a major part of microinsurance research and can be considered as epistemic community (Haas 1992b: 3). It is important to take note of the actual scope of public engagement in the promotion of microinsurance since it gives questions regarding the legitimacy of public subsidies for this form of social security more importance (cf. conclusion).

With regard to the question if forward-looking and risk-averse subjectivities, which form part of theories of neoliberal governmentality, become more important as microinsurance is introduced in Bolivia, there is a notable gap between the ideas of microinsurance advocates and developments on the ground. The findings of this research show that the actors involved in microinsurance creation are very keen to promote “prudent subjectivities”: Both state and non-state actors involved in microinsurance activities aimed to create an “insurance culture” through financial education (chapter 7 onwards). Producers were to buy insurance products, and they were expected to exercise mutual control on each other within the insurance schemes, which was supposed to reduce moral hazard.<sup>639</sup> Moreover, producers were expected

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<sup>639</sup> Moral hazard might occur once individuals have purchased insurance: they might engage in activities that increase their risk exposure and which they would not undertake if they were not insured. Such a behavior is



to adopt production techniques which supposedly reduce agricultural risks. To this end, capacity building workshops were a usual element of agricultural microinsurance schemes.

Still, the reactions of producers and actual negotiation processes on the ground confirm that there is often a large gap between policies embracing some form of neoliberal governmentality and actual politics and practices (cf. Gustafson 2009b: 21; Larner 2000). The range of reactions on part of producers to the promotion of risk-averse practices and mutual control, in particular to capacity building measures, was considerable. As previously described by Kingfisher and Maskovsky (2008), neoliberal governmentality remained a partial and unstable process.

Among the cases that were studied here, the grape producers of the Valle de Uriondo did most directly conform to the expectation of state and non-state microinsurance promoters. Since many producers there welcomed capacity building measures, forward-looking and risk-averse subjectivities seemed to become more important as microinsurance was introduced. In the case of the VidaAgrícola scheme, producers were much less open to moral arguments, notions of social control and capacity building. One reason for the larger interest of grape producers might be that they rely more than other producer groups on constant innovations in order to increase profits (compare chapter 8).

Trnka and Trundle (2017), who propose the notion of “competing responsibilities”, have found a number of empirical cases in which people who are confronted with notions of self-responsibility do not fully espouse these notions, but try to shift part of the responsibility to others, including the state (ibid). Thus, the Bolivian case is in line with the results of a branch of recent governmentality research that foregrounds actual practices.

The *outlook* of this dissertation explores the possibility that in the longer run the introduction of agricultural microinsurance could still represent a boost for market-based social security: this is still a possible outcome in the longer run (chapter 10). The fact that local actors do not reject microinsurance as neoliberal does not mean that it could not have effects associated with this political program or its underlying ideology.<sup>640</sup>

Welfare markets would in particular receive a huge boost if the national government is successful at implementing the envisioned system of complementary state and market offers,

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problematic from the perspective of the insurer, because the actual risks of the insurees are higher than had been anticipated when the premium rates were calculated (Hellmuth, et al. 2009).

<sup>640</sup> I have borrowed this distinction from (Larner 2000).

including its own close involvement into insurance markets. However, if energy prices remain low over the next years this could obviously hamper government engagement in the field of agricultural microinsurance and insurance.

In terms of *responsibilities*, the realization of the government planning would require the state to oversee the insurance market and to foster commercial offers at the same time. In addition to this organizational responsibility, the Bolivian state would probably continue to implement and at least partly finance insurance schemes for the most destitute producers. The insurance firms, which would have the organizational responsibility for new insurance mechanisms, would finally receive access to new markets. As far as the rural producers to be covered by future schemes are concerned, they would eventually have financial responsibilities as contributors along with their suggested co-responsibilities for low-risk production lined out above.

This development could have far reaching implications that go beyond the current state of affairs in which the government has turned agricultural insurance into a *bono* (see above). First of all, this development could imply a change of the overall relationship between state and market actors. Both would have to rely on each other and might be required to develop a somewhat trustful connection (cf. Taylor-Gooby 1999, Nullmeier 2001). The development of insurance markets would also require the Bolivian state to strengthen its capabilities, in particular with regard to fostering the insurance market and supervising insurance companies, i.e. to exert the role foreseen by the relevant legislation. Finally, the actual creation of welfare markets could go hand in hand with a major boost for the notions of an insurance culture and co-responsibilities.

If the Bolivian government is successful at creating the welfare market for agricultural microinsurance and insurance that it envisions, this would also mean that it finds its own way of resolving an important contradiction that is currently inherent to the mechanism: the gap between the market ideology that has been a central part of microinsurance ideology and the actual dependency on the active engagement of donors and very often the state, including financial support. So far, the importance of state engagement both in practical terms as well as in terms of the expectations of producers has been a strong limiting factor to the expansion of agricultural microinsurance in Bolivia.

## II. Short version German

Diese Arbeit untersucht die Ausbreitung von Mikroversicherungen in der bolivianischen Landwirtschaft, insbesondere für Kleinbauern. Naturkatastrophen und extreme Wetterereignisse, die zu hohen Verlusten beim landwirtschaftlichen Anbau führen, sind in diesem Land insbesondere aufgrund des Klimawandels häufiger geworden. Eine Bewältigungsstrategie der Bauern und ihrer Interessenvertreter besteht in der Einführung von Versicherungsinstrumenten. Die Verfassung Boliviens von 2009 bezeichnet die Schaffung von Versicherungen für die Landwirtschaft als staatliche Aufgabe, und entsprechende Versicherungsprodukte sind Teil der landwirtschaftlichen Strategie der bolivianischen Regierung. Diese Entwicklung steht in Verbindung mit einem weltweiten Trend der Ausbreitung von Mikroversicherungen, das heißt von Versicherungsprodukten, die auf einkommensschwache Zielgruppen zugeschnitten sind, in den letzten beiden Jahrzehnten (Churchill 2006b; Churchill und McCord 2012). Mikroversicherungen erfordern normalerweise eine Prämienzahlung, können aber (teilweise) subventioniert sein.

Die Entwicklung der landwirtschaftlichen Mikroversicherungslandschaft in Bolivien wird untersucht, um eine Forschungsfrage zu beantworten, die im Wesentlichen von Forschungen über soziale Sicherheit und den Wohlfahrtsstaat inspiriert ist und sich zugleich auf die Literatur über Mikroversicherungen bezieht: *Wie verändert die Einführung von Mikroversicherungsprodukten für Bauern und Kleinbauern die Herstellung sozialer Sicherheit in Bolivien? Bedeutet diese Einführung insbesondere eine Stärkung der marktbasierter Herstellung von sozialer Sicherheit (auf Kosten anderer Formen der sozialen Sicherheit) und ggf. in welchem Sinne?*

Sozialstaatsforscher, die universelle Systeme der sozialen Absicherung befürworten (Barrientos 2004; UNRISD 2010b) und Autoren, die sich mit Mikroversicherungen beschäftigen (Deblon und Löwe 2012; Löwe 2010), stimmen (meist implizit) darin überein, dass Mikroversicherungen insofern ein liberaler Mechanismus sind als dass sie marktbasierter gegenüber staatlichen Strukturen in der sozialen Sicherung stärken.<sup>641</sup> Die beiden Lager haben allerdings entgegengesetzte Ansichten über diese wahrgenommene Stärkung: Ein wesentlicher Teil der Forschung über soziale Sicherheit, insbesondere die Wohlfahrtsregimeforschung, befürwortet einen universellen formalen Schutz und eine starke

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<sup>641</sup> Der Begriff "liberal" wird hier im von Esping-Andersen im Zusammenhang mit seinem Begriff des liberalen Wohlfahrtsregimes genutzten Sinne verwendet: In einem liberalen Wohlfahrtsregime wird Sozialpolitik genutzt, "um dem 'cash nexus' eine hegemoniale Rolle in der Organisation des sozialen und wirtschaftlichen Lebens zu garantieren" (Esping-Andersen 1990:62).

Rolle des Staates. Aus dieser Perspektive sind private Versicherungen nicht der am besten geeignete Schutzmechanismus für einkommensschwache Bevölkerungsgruppen (Barrientos 2004; UNRISD 2010b), weil sie nicht das Versprechen eines Universalismus der sozialen Sicherung durch Dekommodifizierung enthalten.

Im Gegensatz dazu erwarten die Befürworter von Mikroversicherungen, dass diese Angebote bestehende Lücken in der sozialen Sicherheit genau dort schließen, wo der Staat nicht dazu in der Lage gewesen ist (Deblon und Löwe 2012; Löwe 2010; Microinsurance Network 2016b). Der von der Weltbank geprägte Ansatz des Social Risk Management (SRM) (Holzmann 2001), der weitgehend marktfreundlich ist, war ein wichtiger Ausgangspunkt für die Ausbreitung von Mikroversicherungen im Laufe der letzten zwei Jahrzehnte. Diese unterschiedlichen Perspektiven auf Mikroversicherungen und soziale Sicherheit stehen im Mittelpunkt des zweiten Kapitels.

Kapitel drei entwickelt die Forschungsperspektive unter Zuhilfenahme von Begriffen der Risikosoziologie und von Untersuchungen zu transnationalen politischen Prozessen. Um die oben genannte übergeordnete Frage zu untersuchen, geht diese Arbeit insbesondere der Frage nach, *ob die Ausbreitung von Mikroversicherungsangeboten in der bolivianischen Landwirtschaft eine spezifische Aufteilung von Verantwortlichkeiten mit sich bringt*. Der empirische Teil wirft einen genauen Blick auf miteinander verbundene Dimensionen von Verantwortung, die neu verhandelt werden, unter anderem organisatorische und finanzielle Verantwortlichkeiten, die Teil von agrarischen Mikroversicherungsprogrammen sind. In diesem Zusammenhang befasst sich diese Studie auch mit der Frage, *wie sich die neu entstehenden Verantwortlichkeiten auf lokale Strategien der sozialen Sicherung, auf lokale Vorstellungen und (zumindest teilweise als Ergebnis) auf die Auswirkungen der Mikroversicherungsangebote beziehen*.

Dieser Ansatz ist von der Risikosoziologie inspiriert, die gezeigt hat, dass der Begriff der Verantwortung wahrgenommene Gefahren und Risiken zu Mechanismen der sozialen Sicherung in Beziehung setzt. Indem sie die Verantwortung für die Herstellung sozialer Sicherheit festlegen, sind soziale Akteure in der Lage, soziale Sicherheit im Angesicht von Gefahren zu schaffen. Diese Vorstellung ist die Grundlage von Forschungen, die sich mit der Geschichte der frühen Industriegesellschaft als sozialer und politischer Suche nach Mechanismen für den Umgang mit einer wachsenden Zahl industrieller Unfälle und Unsicherheiten beschäftigen (cf. Beck 1992a: 99). Ewald (1993 [1986]) hat gezeigt, dass neu

identifizierte Gefahren umfassende gesellschaftliche Verhandlungsprozesse in Bezug auf die Verantwortung für Entschädigungen auslösen können.

Der Begriff von Verantwortlichkeiten wird auch genutzt, um einer Analyse, die einen breiten Begriff sozialer Sicherheit nutzt, welcher aus der ethnologischen Forschung stammt (Benda-Beckman and Benda-Beckmann 2000 [1994]; Benda-Beckman, et al. 1988; Rohregger 2010), einen spezifischen Fokus zu geben. Dem breiten Begriff sozialer Sicherheit zufolge besteht diese aus "(...) den Bemühungen von Individuen, Gruppen von Individuen oder Organisationen, [verschiedene] Unsicherheiten zu überwinden" (Benda-Beckman, et al. 1988:10).

Darüber hinaus untersucht diese Arbeit, ob die Ausbreitung von Mikroversicherungen in den untersuchten Fällen mit der Ausweitung spezifischer subjektiver Einstellungen verbunden ist. Die mit der Transformation sozialer Sicherheit befasste Gouvernamentalitäts-Forschung hat auf die Bedeutung von Subjektivität für die Art und Weise hingewiesen, wie Staat und Gesellschaft miteinander in Beziehung stehen, insbesondere für die Art und Weise, wie Macht in neoliberalen oder fortgeschritten-liberalen („advanced liberal“) Gesellschaften ausgeübt wird (Dean 2007 ; O'Malley 1992; Rose 1993; Trnka und Trundle 2017). Ihre Vertreter haben insbesondere vorausschauende und risikoaverse Einstellungen als zentral für die neoliberale Machtausübung beschrieben.

Eben diese Einstellungen werden im Rahmen der Verbreitung von Mikroversicherungen durch die daran beteiligten Institutionen, insbesondere Versicherer und NROs, gefördert: Bauern werden aufgefordert, risikomindernde Produktionstechniken einzusetzen, und sie werden sogenannten "Financial Education"-Kampagnen ausgesetzt. Daher geht diese Forschung auch der folgenden Frage nach: *Werden zukunftsgerichtete und risikoaverse Einstellungen, die Teil der Theoriebildung über neoliberale Gouvernamentalität sind, wichtiger, wenn Mikroversicherungen in Bolivien eingeführt werden?*

Drei verschiedene Mikroversicherungsprogramme werden im empirischen Teil zur Beantwortung der aufgeworfenen Fragen untersucht: Das kleinste, der Fondo de Transferencia de Riesgos (FTR), bot von 2009 bis 2014 Versicherungsschutz für die Weintraubenproduktion - ein spezifisches, aber prominentes Erzeugnis in Teilen des Departements Tarija. Der FTR wurde als Public Private Partnership (PPP) zwischen der Stadtregierung von Uriondo, Entwicklungs-NROs und Finanzinstitutionen ins Leben gerufen. Als zweites wird die VidaAgrícola-Mikroversicherung untersucht, die 2011 und 2012 den Kartoffel- und Maisproduzenten im Departement Tarija angeboten wurde. Trotz

umfangreicher finanzieller und praktischer Unterstützung durch transnationale Akteure scheiterte dieses Versicherungsprojekt insgesamt. Schließlich untersucht die Arbeit die Einführung des SAMEP (Seguro Agrario para Municipios en Extrema Pobreza) / Pirwa-Programms durch die bolivianische Regierung in den Jahren 2012/13.

Für den methodischen Ansatz dieser Studie (Kapitel 4) ist es zentral, dass diese drei Angebote durch einige relevante Akteure miteinander verbunden sind und dass diese Akteure im Laufe der Zeit im Rahmen der verschiedenen Programme auf ihre sich entwickelnden Erfahrungen zurück gegriffen haben. Die Arbeit greift den Begriff des „studying through“ (Shore und Wright 1997b: 14) auf und untersucht die Entwicklung der Agrarversicherungen als politisches Handeln, indem sie den Verbindungen zwischen Akteuren, Institutionen und Diskursen durch "unterschiedliche Organisations- und Alltagswelten" (ebd.) folgt. Sie stützt sich dabei auf eine „multi-sited ethnography“ (Marcus 1995), einschließlich teilnehmender Beobachtung und einer größeren Anzahl formeller und informeller qualitativer Interviews. Schriftliches Material wurde ebenfalls als Quelle für diese Arbeit verwendet. Die Autorin besuchte Bolivien insgesamt vier Mal für diese Studie (November 2010, April-Juli 2011, Oktober-Dezember 2011, Januar 2013). Dabei stehen die Entwicklungen im Department Tarija (siehe Kapitel 6 für Details) im Zentrum der Untersuchung, da sowohl staatliche als auch nicht-staatliche Akteure dieses Departement als Labor für die Entwicklung von landwirtschaftlichen Mikroversicherungen betrachtet haben.

Die empirische Untersuchung (Kapitel 8 bis 10) zeigt, dass das Mikroversicherungsangebot für bolivianische Bauern sowohl hinsichtlich seiner Reichweite als auch der möglichen Auszahlungsbeträge bis heute sehr lückenhaft ist. Bislang wurden die hohen Erwartungen der Bauernverbände und Organisationen, die sich für die Einbeziehung dieses Mechanismus in die Verfassung des Staates, für eine entsprechende Gesetzgebung und deren Umsetzung (Kapitel 7) eingesetzt haben, nur teilweise erfüllt.

So hat die begrenzte Anzahl von landwirtschaftlichen Mikroversicherungs- und Versicherungsprodukten, die NRO und Unternehmen bisher entwickelt haben, bestimmte Untergruppen von Produzenten erreicht, insbesondere Bauern, die auf hochwertige Produkte spezialisiert sind, die für den Markt bestimmt sind (z.B. FTR, Kapitel 8). Hersteller, die ab 2009/10 den FTR (Traubenproduktion) genutzt haben, fanden die Auszahlungen oft hilfreich, um nach einem größeren wetterbedingten Schaden die Produktion aufrecht zu erhalten. Für den Großteil der Produzenten sind jedoch keine vergleichbaren landwirtschaftlichen Mikroversicherungen verfügbar.

Das Scheitern des VidaAgrícola-Programms (vgl. Kapitel 9) verdeutlicht unter anderem die Schwierigkeiten bei der Schaffung landwirtschaftlicher Mikroversicherungen für Erzeuger, die in Agrarmärkte integriert sind und dabei mehrere Ernten kombinieren, um wirtschaftliche Risiken zu minimieren. Die Tatsache, dass die VidaAgrícola-Mikroversicherung ab 2011/12 nur die beiden statistisch gesehen wichtigsten Produkte Tarijas absicherte (Mais, Kartoffeln), behinderte (zusammen mit anderen Faktoren) ihre Ausbreitung: Für einen Großteil der kleineren Produzenten wäre eine beitragsbasierte Mikroversicherung nur eine wesentliche Veränderung, wenn sie eine breite Palette von Produkten abdeckte. Dies bleibt allerdings eine technische Herausforderung in Bolivien. Anders gesagt, ist es besonders schwierig, Bauern ein hilfreiches Mikroversicherungsangebot für ihren Anbau zu machen, wenn sie die Diversifizierung ihrer Produktion als Strategie sozialer Sicherung nutzen.

Unter Berücksichtigung dieser früheren Initiativen hat die bolivianische Regierung seit 2011 Schritte unternommen, um ein umfassendes System von Agrarversicherungen und Mikroversicherungen zu schaffen, das auf lange Sicht möglichst viele Bauern und landwirtschaftliche Produkte absichert, wobei sie Kleinbauern Vorrang gibt. Die Pläne der Regierung beinhalten eine Kombination aus subventionierten Mikroversicherungen, kommerziellen Angeboten und Versicherungen, die von einem staatlichen Versicherer angeboten werden sollen. Während dieses System von der bolivianischen Regierung beaufsichtigt und zu großen Teilen umgesetzt werden soll, sind Wohlfahrtsmärkte, d.h. die Einführung von Marktelementen innerhalb des Wohlfahrtsstaates (LeGrand 1991; Nullmeier 2001; Taylor-Gooby 1999) ebenfalls Teil der Planung: Versicherungsunternehmen sollten ursprünglich zu Risikonehmern der vollständig subventionierten staatlichen Mikroversicherung (SAMEP/ *Pirwa*) werden; von privaten Versicherungsunternehmen wird erwartet, dass sie in Zusammenarbeit mit und unter Aufsicht der nationalen Regulierungsbehörde kommerzielle Angebote für ein breites Spektrum agrarischer Produkte einführen; und eine neu zu gründende staatliche Versicherungsgesellschaft (vgl. Kapitel 10) soll zusätzliche beitragsbasierte Angebote schaffen.

Bisher unterscheiden sich die tatsächlichen Entwicklungen jedoch stark von dieser idealisierten Vision komplementärer Rollen staatlicher und nichtstaatlicher Akteure. Die Versicherungsunternehmen spielen nicht die skizzierte Rolle, und das öffentliche Versicherungsunternehmen für den Agrarsektor wurde bisher nicht ins Leben gerufen. Bisher gibt es das vollständig subventionierte SAMEP/ *Pirwa*-Programm (seit 2012/13). Es bietet

nun einer relativ großen Anzahl von Kleinbauern (rund 120 000 bis 150 000 Versicherte in jedem der letzten drei Jahre) einen begrenzten Schutz.<sup>642</sup>

Im Hinblick auf seine Auswirkungen ist ein wesentliches Merkmal von SAMEP/ *Pirwa*, dass es nicht für den direkten Ersatz der Investitionskosten konzipiert ist. Dies unterscheidet SAMEP/ *Pirwa* von den beiden hier untersuchten Angeboten nichtstaatlicher Akteure, welche Investitionen zur unmittelbaren Aufrechterhaltung der Produktion nach einem Klimaschaden ermöglichen sollen. Die begrenzte Auszahlungssumme von SAMEP/*Pirwa* wurde vielmehr konzipiert, um die Lebenshaltungskosten während der unmittelbaren Nach-Katastrophenphase in den ärmsten ländlichen Gemeinden zu decken. Insbesondere Subsistenzproduzenten halten diese begrenzte Auszahlung in vielen Fällen für hilfreich, auch wenn das Programm hinter den großen Erwartungen zurückbleibt, die vor seiner Gründung gesteckt wurden. Die gesamte Zielsetzung des SAMEP/ *Pirwa*, der auch als *bono* (sozialer Geldtransfer) angesehen werden kann, unterscheidet sich in wesentlichen Teilen von dem der anderen Mikroversicherungen, die in dieser Dissertation untersucht wurden: Der bolivianischen Regierung geht es darum, das Verhältnis zwischen dem Staat und den am stärksten benachteiligten Teilen der ländlichen Bevölkerung zu verändern und letztlich darum, eine wahrgenommene historische Schuld des Staates zu begleichen (Kapitel 6, 7, 10).

Die Untersuchung der *finanziellen und organisatorischen Verantwortlichkeiten* in den drei Mikroversicherungsprogrammen zeigt, dass jede Form einer engen langfristigen Zusammenarbeit zwischen Staat, NRO und Versicherungsunternehmen, also staatlichen und nichtstaatlichen Akteuren, nach einigen Jahren oder sogar schon davor gescheitert ist. Die Kapitel acht bis 10 zeigen auf, warum hybride Konstrukte, die Staat und Markt eng miteinander verschränken (vgl. Kapitel 3.4), bisher nur von kurzer Dauer waren.

Die hier untersuchten landwirtschaftlichen Mikroversicherungen wurden auf ganz unterschiedliche Weise an den bolivianischen Kontext angepasst, was auf die Flexibilität des Mechanismus hinweist: Auf der einen Seite stehen kommerzielle Angebote, die nur zum Teil staatlich unterstützt wurden. Die beiden hier untersuchten Produkte, die für eine begrenzte Zeit PPPs waren,<sup>643</sup> können als Elemente der *Marktextension* angesehen werden. Eines der Programme ist jedoch insgesamt gescheitert, und das andere blieb in seiner Größe sehr

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<sup>642</sup> INSA: <http://www.insa.gob.bo/> (retrieved on April 2dn, 2016); <http://www.insa.gob.bo/index.php/95-prensa/365-mas-de-113-mil-productores-se-beneficiaron-con-el-seguro-agrario-en-bolivia> (retrieved on July 10th, 2018).

<sup>643</sup> Die Verbreitung vernetzter Formen von Governance, welche teilweise jenseits des Staates lokalisiert sind, kann als Bestandteil der Ausbreitung von Märkten betrachtet werden (Swyngedouw 2005).



begrenzt. Auf der anderen Seite hat eine landwirtschaftliche Mikroversicherung die Form eines vollständig subventionierten Bargeldtransfers (*bono*) angenommen, welcher von der Regierung geschaffen wurde, um die Rechte benachteiligte Bürger zu stärken. Die bolivianische Regierung hat landwirtschaftliche Mikroversicherungen also so genutzt, dass *das Gegenteil einer Verlagerung von einer staatlichen hin zu einer marktwirtschaftlichen Herstellung sozialer Sicherheit* stattgefunden hat. Dabei hat die Regierung Aufgaben übernommen, die nicht zu ihrer "traditionellen" Rolle in der Wohlfahrtsproduktion gehören.<sup>644</sup>

*Alles in allem haben die Verhandlungsprozesse, die sich im Kontext der Einführung von Mikroversicherungen in Bolivien entfalten, sehr unterschiedliche Ergebnisse, wenn es um die Aufteilung von Verantwortlichkeiten geht. Die Einführung von Mikroversicherungen kann nicht eindeutig als Stärkung marktbasierter Formen der sozialen Sicherung betrachtet werden, jedenfalls bisher nicht. In ein und demselben lokalen Kontext können Mikroversicherungen auf sehr unterschiedliche Art und Weise verwendet werden, die vom sozialen Geldtransfer bis zum Marktmechanismus reichen.*

Die Tatsache, dass SAMEP/ *Pirwa* eine konditionalisierte Geldauszahlung (*bono*) darstellt, rückt das Programm in die Nähe von „conditional cash transfers“. Diese sind unter anderem dafür kritisiert worden, dass sie Ungleichheiten festschreiben anstatt sie zu reduzieren, insbesondere weil sie die finanzielle Inklusion und in einigen Fällen den schuldenfinanzierten Konsum beschleunigen (Lavinás 2017). Die staatliche Unterstützung für Kleinbauern, die Opfer von Klimaschäden geworden sind, kann diese ebenfalls zu vertrauenswürdigeren Kreditnehmern machen. Aus der individuellen Perspektive vieler Bauern könnte dies trotz der damit verbundenen Risiken eine positive Entwicklung sein.

Gleichzeitig *bringen die Mikroversicherungen, die hier untersucht wurden, nicht notwendigerweise die Zerstörung anderer Institutionen der sozialen Sicherung mit sich*, insbesondere staatlicher oder gemeinschaftsbasierter gegenseitiger Unterstützung. Dies wird deutlich, wenn man die zum Zeitpunkt der Forschung im ländlichen Tarija üblichen Strategien sozialer Sicherung betrachtet (vgl. Kapitel 7). Strategien für den Umgang mit Verlusten aufgrund von Klimaschäden waren stark individualisiert, einschließlich gemischter Ökonomien, der Nutzung von Ersparnissen oder Krediten und der Arbeit als Tagelöhner, teilweise in Verbindung mit vorübergehender Migration. Die gegenseitige Unterstützung

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<sup>644</sup> Begrenzte Geldtransfers zur Absicherung von Kleinbauern sind zum Beispiel nicht Teil der *Social Security Minimum Standards Convention* der ILO (No. 102 of 1952).

innerhalb von lokalen Gemeinschaften ist stärker ausgeprägt im Hinblick auf individuelle Risiken, beispielsweise im Krankheitsfall. Dies deutet darauf hin, dass die Annahme, dass Mikroversicherungen eine Individualisierung oder Privatisierung der sozialen Sicherung mit sich bringen, nicht verallgemeinert werden kann. Diese Vorstellung mag auf Mikroversicherungen im Gesundheitsbereich zutreffen (Barrientos 2004), lässt sich jedoch für die hier untersuchten landwirtschaftlichen Risiken nicht verallgemeinern.

Diese Feststellung spiegelt sich in den *Ansichten und Erwartungen* wider, welche die Bauern in Bezug auf landwirtschaftliche Mikroversicherungen in Tarija äußern (vgl. insbesondere Kapitel 7). Sie beklagen den vermeintlichen Mangel an Solidarität in ihren Gemeinschaften und nehmen es als Vorteil wahr, dass Versicherungssysteme Risiken bündeln und ein gewisses Maß an gegenseitiger Unterstützung formalisieren. Im Fall der FTR betrachteten viele Kunden die Agrarversicherung explizit als Möglichkeit, die Gemeinschaft zu stärken. Die Werbekampagnen des Mikroversicherers nahmen deutlich Bezug auf diese Vorstellung und haben sie verstärkt (vgl. Kapitel 8).

Gleichzeitig erwarteten die meisten Bauern eine starke Rolle des Staates bei der Einführung von Mikroversicherungen für die Landwirtschaft. In der Regel hofften sie auch auf eine Subventionierung der Angebote, wobei sie die Einführung von Mikroversicherungen nicht als Form der Marktexpansion wahrnahmen, welche große Teile der bolivianischen Bevölkerung als "neoliberal" ablehnen würde. Ein wichtiger Grund für die Erwartungshaltung in Richtung des Staates ist, dass die meisten Bauern den Klimawandel als eine Herausforderung betrachten, der zumindest zu einem wesentlichen Teil von staatlicher Seite begegnet werden muss. Viele Produzenten hoffen, mit Hilfe des Staates ihr Modell der kleinbäuerlichen Produktion vor weiterer Erosion schützen zu können. Politische Entscheidungsträger aus verschiedenen Lagern und Vertreter der Versicherungswirtschaft und von Entwicklungsorganisationen teilten die Vorstellung, dass der Staat durch die Unterstützung der Bauern auf den Klimawandel reagieren müsse, weitestgehend (vgl. Kapitel 7.2).

Die Begriffe des Risikos und der Versicherung sind bemerkenswert prominent im gesellschaftlichen und politischen Diskurs im heutigen Bolivien, wo die Versicherungsdichte zugleich sehr gering ist. Kleinbauern, die in Tarija und im übrigen Land die größte Erzeugergruppe darstellen, sind mit einer ganzen Reihe von Herausforderungen konfrontiert, die nicht direkt mit dem Klima zusammenhängen, einschließlich volatiler Preise, hoher Transport- und Investitionskosten, in vielen Fällen einem niedrigen Qualifikationsniveau und dem so genannten *Minifundio* (extrem kleine Anbauflächen). Der Klimawandel wird als

Verstärkung dieser Probleme wahrgenommen, da extreme Wetterereignisse viel häufiger und intensiver geworden sind (Andersen, et al. 2014; Oxfam 2009; UNDP 2011).

Bolivians Ressourcenboom, der während der empirischen Forschung anhielt, führte bei Produzenten und Politikern zu einem besonders großen Interesse an den Verhandlungen über die zukünftige Rolle und Ausgestaltung von Mikroversicherungen. In Tarija, wo sich die größten Gasfelder Boliviens befinden, sind die Einnahmen aus dem Gasexport besonders hoch. Viele Bauern betrachteten agrarische Mikroversicherungen als Möglichkeit, einen gerechten Anteil an den öffentlichen Einnahmen aus der Gasproduktion in die Landwirtschaft zu lenken (Kapitel 7.2). Im Einklang mit dem offiziellen Diskurs der regierenden MAS-Partei forderten sie, dass der Staat eine historische Schuld gegenüber peripheren ländlichen Gebieten bezahlen solle, die von früheren Regierungen oft missachtet worden seien.

Diese Ergebnisse im Hinblick auf die Erwartungen der Produzenten stimmen mit der Beobachtung der Risikosoziologie überein, dass Risikowahrnehmungen für die Art und Weise, wie Menschen in einer Gesellschaft miteinander in Beziehung stehen, von zentraler Bedeutung sind. Ewald (1991) zufolge ging die Schaffung der französischen Sozialversicherung Hand in Hand mit der Entwicklung eines Gesellschaftsbilds, das Solidarität hervorhob. In Bolivien waren Klimarisiken und Agrarversicherungen im Zeitraum dieser Untersuchung so prominent, dass Bolivien wohl als "Versicherungsgesellschaft" im Sinne von Ewald (1993 [1986]) betrachtet werden kann: "Dies sind nicht nur Gesellschaften, in denen Versicherungsinstitutionen üblich geworden sind - auch wenn dies von einiger Bedeutung ist -, sondern vor allem jene Gesellschaften, die ihre Probleme reflektieren und versuchen diese zu lösen, indem sie die Technik und die Kategorien der Versicherung nutzen." (Kapitel 5.5).

Die Erwartungen der Produzenten sind auch zentral, um die Auswirkungen der in dieser Dissertation untersuchten Mikroversicherungsangebote zu verstehen. Die Aufteilung der finanziellen und organisatorischen Verantwortlichkeiten auf verschiedene Akteure innerhalb der Mikroversicherungen entsprach diesen Erwartungen in unterschiedlichem Maße. Im Fall des VidaAgrícola-Programms wurde das Scheitern der Prämiensubventionen (zusammen mit anderen Gründen) zu einem wichtigen Hindernis für seine Verbreitung. Im Gegensatz dazu hat das SAMEP / *Pirwa*-Programm die zentrale Erwartung erfüllt, dass der Staat eine Rolle bei der Ausbreitung von Mikroversicherungen spielen sollte und dass er Bauern, insbesondere Kleinbauern, mehr finanzielle Unterstützung zukommen lassen sollte. Gleichzeitig haben die niedrigen Auszahlungsbeträge dieses Programms (im Verhältnis zur Fläche und den

Investitionskosten) die Nachfrage bestimmter Bauern gebremst, die in der Folge weitgehend ohne Versicherungsschutz geblieben sind (Kapitel 10). Schließlich gab es im Falle der FTR in der Anfangsphase Subventionen, aber die (teilweise) Dekommodifizierung war auf lange Sicht nicht erfolgreich. In diesem Fall waren die meisten Traubenproduzenten bereit, selbst höhere Beiträge zu dem Fonds zu leisten, den sie sowohl als eine Form der Solidarität als auch als hilfreich in Bezug auf die Produktion empfanden.

Auf den ersten Blick scheint der Fall der FTR die häufige These der Mikroversicherungsliteratur zu bestätigen, dass öffentliche Unterstützung vor allem in der Anfangsphase benötigt wird, wenn Mikroversicherungen neu geschaffen werden (Churchill und McCord 2012; Dercon und Kirchberger 2008; Suarez und Linnerooth-Bayer 2011). Die Traubenproduktion ist jedoch ein spezifischer Sektor mit sehr hohen Erträgen. In Sektoren, die weniger kapitalintensiv und weniger rentabel sind, wären Prämienzahlungen für Mikroversicherungen für die meisten Kleinbauern ohne öffentliche Subventionen wahrscheinlich kaum erschwinglich.

Die Tatsache, dass das Wachstum der Mikroversicherungsmärkte in Bolivien weitgehend vom Erfolg staatlicher Maßnahmen abhängt, steht im Widerspruch zur Ideologie vieler Akteure, die hinter diesem Wachstum stehen (vgl. Kapitel fünf). Die Befürworter des Mikroversicherungsinstrumentariums betrachten es als Marktmechanismus, der defizitäre staatliche Systeme sozialer Sicherheit zumindest teilweise ersetzen kann (Churchill 2006b; Deblon und Löwe 2012; Microinsurance Network 2016b) (vgl. Kapitel 5.3). Allerdings war ein groß angelegtes Engagement von Gebern und Regierungen der Schlüssel zum Erfolg vieler Mikroversicherungsprogramme weltweit (Kapitel 5). In vielen Fällen haben öffentliche Akteure die Investitionskosten getragen, und die meisten komplexen Mikroversicherungsprogramme, vor allem in den Bereichen Gesundheit und Landwirtschaft, sind ohne dauerhafte Subventionen von Regierungen oder (meist öffentlichen) Gebern nicht tragfähig (Mahul und Stutley 2010; Suarez und Linnerooth-Bayer 2011). Hybride institutionelle Kooperationsformen, die auf einem substantiellen und dauerhaften Engagement sowohl von staatlichen als auch von privatwirtschaftlichen Akteuren beruhen, einschließlich formeller ÖPP (öffentlich-privater Partnerschaften), scheinen eher die Regel als die Ausnahme zu sein.

Erst in den letzten Jahren scheinen sich viele Akteure, die sich praktisch oder im Rahmen von (meist praxisorientierten) Forschungen mit Mikroversicherungen beschäftigen, der Bedeutung dauerhafter öffentlicher Unterstützung für die Überlebensfähigkeit von

Mikroversicherungsangeboten bewusster zu werden (Weilant 2015). Inzwischen haben sie auch Richtlinien für erfolgreiche ÖPP und Subventionsmodelle entwickelt (Solana 2015).

Zur Erklärung der Langlebigkeit des offenbaren Widerspruchs zwischen dem tatsächlichen Umfang des öffentlichen Engagements und gegenteiligen ideologischen Annahmen, weist diese Arbeit (in Kapitel 5) auf das gruppeninterne Denken der transnationalen politischen Akteure (Orenstein 2005: 177) hin, die erste Mikroversicherungen in eine sehr große Anzahl von Ländern gebracht haben. Dieselben Akteure sind auch für einen Großteil der Mikroversicherungsforschung verantwortlich und können als epistemische Gemeinschaft im Sinne von Haas (1992b: 3) betrachtet werden. Es ist wichtig, den tatsächlichen Umfang des öffentlichen Engagements für die Förderung von Mikroversicherungen anzuerkennen, da Fragen nach der Legitimität öffentlicher Subventionen für diese Form der sozialen Sicherheit mit dem Umfang der Förderung an Bedeutung gewinnen (vgl. Schlussfolgerungen).

Im Hinblick auf die Frage, ob vorausschauende und risikoaverse Subjektivitäten, die Teil von Theorien neoliberaler Gouvernamentalität sind, in Bolivien mit der Einführung von agrarischen Mikroversicherungen wichtiger werden, besteht eine deutliche Kluft zwischen den Vorstellungen der Mikroversicherungsbefürworter und den tatsächlichen Entwicklungen. In den untersuchten Fällen waren und sind die an Mikroversicherungsprogrammen beteiligten Institutionen darauf bedacht, "vorausschauende Subjektivitäten" zu fördern: Sowohl staatliche als auch nichtstaatliche Akteure zielen darauf ab, durch finanzielle Bildung eine "Versicherungskultur" zu schaffen (ab Kapitel 7). Die Bauern sollen diesem Ansatz zufolge nicht nur Versicherungsprodukte kaufen, sondern von den ihnen wird auch gegenseitige Kontrolle innerhalb der Mikroversicherungsprogramme erwartet, um moralische Risiken zu reduzieren. Darüber hinaus sollen die Bauern Produktionstechniken anwenden, welche landwirtschaftliche Risiken verringern. Workshops zum Kapazitätsaufbau sind deshalb ein gängiges Element agrarischer Mikroversicherungsprogramme.

Allerdings unterstreichen die Reaktionen der Bauern und die Verhandlungsprozesse vor Ort, dass es oft einen großen Unterschied zwischen den politischen Programmen gibt, die eine Form neoliberaler Gouvernamentalität beinhalten, und den tatsächlichen Praktiken (vgl. Gustafson 2009b: 21; Larner 2000). Die Reaktionen der Bauern auf die Förderung einer „Versicherungskultur“ gingen weit auseinander. Wie in der Untersuchung von Kingfisher und Maskovsky (2008) blieb die Entwicklung neoliberaler Gouvernamentalität ein partieller und instabiler Prozess im untersuchten Kontext.

Unter den hier untersuchten Fällen entsprachen die Weintraubenproduzenten des *Valle de Uriondo* den Erwartungen staatlicher und nichtstaatlicher Mikroversicherungsträger am ehesten. Da viele Hersteller dort großes Interesse an Workshops zum Kapazitätsaufbau und den dort vorgestellten Ideen und Produktionstechniken zeigten, schienen vorausschauende und risikoaverse Subjektivitäten mit der Einführung des FTR an Bedeutung zu gewinnen. Im Falle des VidaAgrícola-Programms zeigten die Bauern viel weniger Offenheit für moralische Argumente, soziale Kontrolle und spezifische Produktionstechniken. Ein Grund für das größere Interesse der Weintraubenproduzenten könnte sein, dass sie sich häufiger als andere Produzenten auf Innovationen stützen, um ihre Gewinne kontinuierlich zu steigern (vgl. Kapitel 8).

Trnka und Trundle (2017), die den Begriff "konkurrierende Verantwortlichkeiten" vorschlagen, haben eine Reihe von empirischen Fällen identifiziert, in denen Menschen, die mit der Vorstellung von Eigenverantwortlichkeit konfrontiert werden, diese Idee nicht vollständig akzeptieren, sondern versuchen, einen Teil der Verantwortung auf andere zu verschieben, unter anderem auf den Staat (ebd.). Insofern erinnern die hier vorgestellten Ergebnisse aus dem bolivianischen Kontext an einige Erkenntnisse aus einem Zweig der jüngeren Gouvernementalitätsforschung, welcher tatsächliche Praktiken in den Vordergrund stellt.

Im Ausblick und im letzten Kapitel (vgl. Kapitel 10) geht diese Arbeit auf die Möglichkeit ein, dass die Einführung von agrarischen Mikroversicherungen auf längere Sicht doch noch eine eindeutige Ausweitung der marktbasierter sozialen Sicherheit mit sich bringen könnte (Kapitel 10). Die Tatsache, dass Bauern und andere lokale Akteure Mikroversicherungen nicht als neoliberales Instrument ablehnen, bedeutet ja nicht, dass die entsprechenden Programme keine Auswirkungen haben könnten, die diesem politischen Programm oder der zugrunde liegenden Ideologie zugerechnet werden können.

Wohlfahrtsmärkte würden insbesondere dann einen enormen Schub erfahren, wenn die nationale Regierung das angestrebte System sich gegenseitig ergänzender staatlicher und marktbasierter Angebote, einschließlich der eigenen Beteiligung u.a. durch einen staatlichen Versicherer, erfolgreich umsetzen könnte. Falls jedoch die Energiepreise in den nächsten Jahren niedrig bleiben, könnte dies das Engagement der Regierung für die landwirtschaftliche (Mikro-)Versicherung begrenzen.

Im Hinblick auf die Verantwortlichkeiten würde die Umsetzung der Regierungspläne erfordern, dass der Staat den Versicherungsmarkt überwacht und gleichzeitig kommerzielle

Angebote fördert. Zusätzlich zu dieser organisatorischen Verantwortung würde die bolivianische Regierung wahrscheinlich weiterhin Versicherungen für die ärmsten Produzenten anbieten und zumindest teilweise finanzieren. Die Versicherungsunternehmen, welche die organisatorische Verantwortung für neue Versicherungsmechanismen tragen würden, würden schließlich Zugang zu neuen Märkten erhalten. Die Bauern wiederum würden finanzielle Verpflichtungen als Beitragszahler übernehmen, zusätzlich zur oben genannten Vorstellung von der Mitverantwortung für eine risikoarme Produktion.

Diese Entwicklung könnte weit reichende Auswirkungen haben, die über die aktuelle Situation hinaus weisen, in welcher die Regierung die Mikroversicherung in einen *bono* umgewandelt hat (siehe oben). Diese Entwicklung könnte erstens eine Veränderung der Beziehungen zwischen staatlichen und Marktakteuren bedeuten. Beide müssten sich aufeinander verlassen und müssten eine möglichst vertrauensvolle Verbindung eingehen (vgl. Taylor-Gooby 1999, Nullmeier 2001). Die Entwicklung von Versicherungsmärkten würde auch erforderlich machen, dass der bolivianische Staat seine Kapazitäten ausbaut, insbesondere zur Förderung des Versicherungsmarktes und die Aufsicht über diesen Markt, d. h. die von den einschlägigen Rechtsvorschriften vorgesehene Rolle auszufüllen. Schließlich könnte die tatsächliche Schaffung von Wohlfahrtsmärkten mit einem starken Impuls für die Entwicklung einer „Versicherungskultur“ und für Vorstellungen einer Mitverantwortung der Bauern einhergehen.

Wenn es der bolivianischen Regierung gelingt, den von ihr ins Auge gefassten Markt für landwirtschaftliche Mikroversicherungen und Versicherungen zu schaffen, würde sie damit auf ihre ganz eigene Weise den oben genannten Widerspruch zwischen der Marktideologie, auf welche sich viele Schlüsselakteure der Mikroversicherungsindustrie stützen, und der tatsächlichen Abhängigkeit des Mechanismus von öffentlicher Unterstützung auflösen. Bisher ist die große Bedeutung staatlichen Engagements für die praktische Umsetzung und in Bezug auf die Erwartungen der Produzenten ein stark begrenzender Faktor für die Ausbreitung landwirtschaftlicher Mikroversicherungen in Bolivien gewesen.





### **III. List of previous publications on the topic of this dissertation ("Vorabveröffentlichungen")**

Goldboom, Tabea

2013 An Instrument for Social Protection and Climate Change Adaptation? The Politics of Implementing Agricultural Microinsurance in Bolivia.

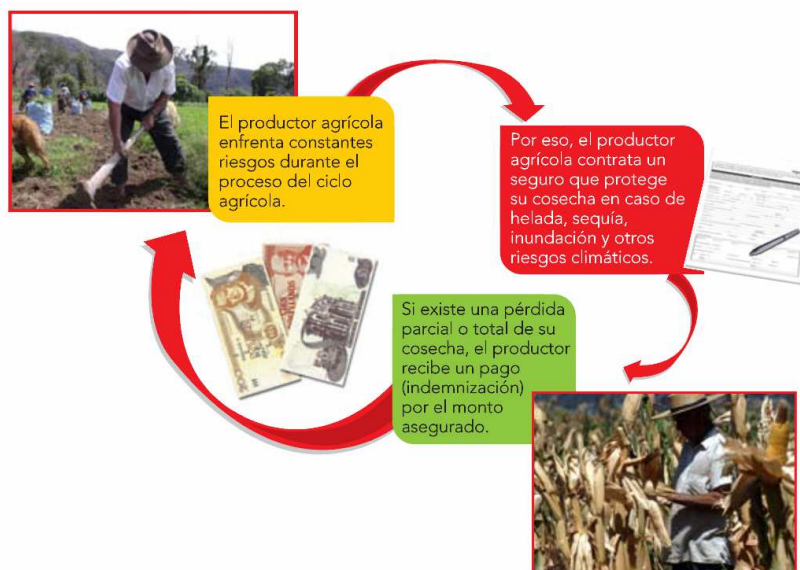
Goldboom, Tabea

2014 Transnationale Verflechtungen und die Herausbildung hybrider Formen der sozialen Sicherung Formen und Folgen der Verbreitung von Mikroversicherungen. *In* Vielfalt und Zusammenhalt. Verhandlungen des 36. Kongresses der Deutschen Gesellschaft für Soziologie in Bochum und Dortmund 2012. M. Löw, ed. Frankfurt/Main: Campus.

## IV. Flyer Vida Agrícola

Esta información ha sido elaborada en forma exclusiva para la Federación Sindical Única de las Comunidades Campesinas de Tarija (Ampliado Departamental del 9 de septiembre de 2011)

### 1 ¿Qué es un seguro agrícola?



### 2 Microseguro "VIDA AGRÍCOLA"

Dirigido a productores de papa y maíz



CARACTERÍSTICAS	MICROSEGUROS		
	AGRO	VIDA	BIENES
PRODUCTO	2 Cultivos: maíz / papa	Seguro de vida	Seguro de daños Materiales
VALORES ASEGURADOS	Maíz: hasta Bs. 2,500 por hectárea Papa: hasta Bs. 6,000 por hectárea	Bs. 7,000	Hasta Bs. 21,000
TIPO DE PROTECCIÓN	Rendimiento	Muerte natural o accidental a dos personas	Robo, incendio, daños Meteorológicos y otros
FORMA DE PAGO	Al final de cosecha, por diferencias en el rendimiento muestreado vs. histórico	Primera muerte	A valor establecido
DURACIÓN	6 meses	12 meses	6 meses

3

## ¿Cómo funciona el Microseguro "VIDA AGRÍCOLA"?

### Microseguro de VIDA

#### ¿Qué cubre?

La muerte natural o accidental con cobertura a dos personas.

#### ¿Cómo se paga?

Se paga a la primera muerte. En principio se otorga un adelanto de dinero para gastos urgentes previa presentación del documento de identidad del beneficiario y el monto restante se pagará al presentar los documentos que prueben la muerte del asegurado y la causa de la misma.



### Microseguro de BIENES

Los bienes del productor también se aseguran.

**Edificios:** vivienda y depósitos

**Bienes:** contenido de la vivienda y/o depósito (muebles, enseres, televisor, cocina, refrigerador, radio y herramientas de trabajo)

**Insumos:** semilla, plaguicidas, herbicidas, abonos y viveres.

El microseguro establece un valor a los bienes del asegurado. En caso de que los bienes del asegurado tengan daños o sean robados, el microseguro paga el valor acordado por estos bienes a sola presentación del reclamo del asegurado, hasta una suma máxima.



4

## ¿Cómo funciona el Microseguro "VIDA AGRÍCOLA"?

### Microseguro AGRÍCOLA

El productor del departamento de Tarija paga al microseguro agrícola un monto de dinero por cada hectárea de papa o de maíz que siembra y así sus costos de producción quedan asegurados por seis meses, (duración del ciclo agrícola).

Si hubiera una reducción en el rendimiento por efectos climáticos el microseguro pagará al asegurado.



5

## Principales beneficios del Microseguro "VIDA AGRÍCOLA"

- El microseguro es barato y sencillo de adquirir. Los pagos son rápidos y fáciles de tramitar, porque se confía en la honestidad del agricultor. La compra del microseguro y los pagos en caso de pérdidas, se realizarán en una institución cercana a su comunidad.
- Los montos que paga el microseguro sirven para dar continuidad a la actividad agrícola.

ESTE MICROSEGURO SIRVE PARA LA PROTECCION REAL QUE SUFRE EL PRODUCTOR TARIJEÑO DE PAPA Y MAIZ TODOS LOS AÑOS.

Para mayor información: Contactarse con el proyecto "VIDA AGRÍCOLA" - Cel. 67196610

## **V. List of abbreviations**

ADB	Asian Development Bank
Agroasemex	Agro-Aseguradora Mexicana (Mexican Agricultural Insurance Company)
Anavit	Asociación Nacional de Vitivinicultores
APG	Asamblea del Pueblo Guaraní (Assembly of the Guaraní people)
Aproviv	Asociación de Viticultores del Valle (Uriondo)
APS	Autoridad de Fiscalización y Control de Pensiones y Seguros (Authority for financial control and the control of pensions and insurances)
ASFI	Autoridad de Supervisión del Sistema Financiero, Bolivia (Authority for the control of the financial system)
Centro Afin	Centro Internacional de Apoyo a las Innovaciones Financieras
CIOEC	Comité Integrador de Organizaciones Económicas Campesinas de Bolivia (Integrative Committee of Economic Peasant Organizations of Bolivia)
COB	Central Obrera Boliviana (Bolivian Workers' Centre)
CSCB	Confederación Sindical de Colonizadores de Bolivia (Union Confederation of Bolivian Colonizers)
CSCIB	Confederación Sindical de Comunidades Interculturales de Bolivia (Syndicalist Confederation of Intercultural Communities of Bolivia)
CSR	Corporate Social Responsibility

CNMCIQB-BS	Confederación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia “Bartolina Sisa”  (National Confederation of Peasant Indigenous Originary Women of Bolivia “Bartolina Sisa”)
CSUTCB	Confederación Sindical Unica de Trabajadores Campesinos de Bolivia  (Sole Union Confederation of Campesino Workers of Bolivia)
CONAMAQ	Consejo Nacional de Ayullus y Markas de Qullasuyu  (National Council of Ayullus and Markas of the Qullasuyu)
DRR	Disaster Risk Reduction
FAO	Food and Agriculture Organization of the United Nations
FSUCCT	Federación Sindical Única de Comunidades Campesinas de Tarija  (United trade union federation of peasant communities Tarija)
FTR	Fondo de Transferencia de Riesgos  (Risk transfer fund)
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH  (German Agency for International Cooperation)
IADB	Inter-American Development Bank
IFAD	International Fund for Agriculture and Development
IFPRI	International Food Policy Research Institute
INC	Instituto Nacional de Colonización  (National Institute for Colonization)
ILO	International Labour Organization
INSA	Instituto Nacional del Seguro Agrario  (National Institut for Agricultural Insurance)

LVC	La Via Campesina
MAS	Movimiento al Socialismo (Movement towards socialism)
MFI	Microfinance institution
NGO	Non-governmental organization
PPP	Public-private partnership
Profin	Fundación para el Desarrollo Productivo y Financiero (Foundation for productive and financial development)
Prosuco	Promoción de la Sustentabilidad y Conocimientos Compartidos (Promotion of Sustainability and Common Knowledge)
SAMEP	Seguro Agrario para Municipios en Extrema Pobreza
SAPs	Structural Adjustment Policies
SDC	Swiss Agency for Development and Cooperation
SRM	Social Risk Management
Sedag Tarija	Servicio Departamental Agropecuario Tarija (Departmental agro and livestock services Tarija)
TCOs	Tierras Comunitarias de Origen (Native Community Lands)
UN	United Nations
UNRISD	United Nations Research Institute for Social Development
WTO	World Trade Organization

## VI. List of interviews, conversations, events etc.

### *Interviews and conversations first field research stay (April – July 2011)*

Date	Place	Institution, function/ Vocation	Name of Interviewee
13.4.2011	La Paz	Prodem	Fernando Lema
13.4.2011	La Paz	UC Davis	Nathaniel Freiburger
13.4.2011	La Paz	Zurich Bolivia	Mónica Beltrán
13.4.2011	La Paz	Zurich Bolivia	Jorge Álvarez-Pol
14.4.2011	La Paz	Profin	Martín González
14.4.2011	La Paz	Ecofuturo	Ramiro Riera
15.4.2011	La Paz	Afin	Gonzalo Posadas Alcázar
18.4.2011	La Paz	Profin	Gabriela Caro
18.4.2011	La Paz	BancoSol, Analista de Canales	Carla Espinatto
18.4.2011	La Paz	Ecofuturo; Sucursal Villa Fátima	
19.4.2011	La Paz	Ecofuturo; Sucursal Obrajes	Julitza Cuenca
20.4.2011	El Alto	Ecofuturo; Sucursal 16 de Julio	Glorio Morales
20.4.2011	La Paz	BancoSol, Analista de Canales	Carla Espinatto
21.4.2011	El Alto	Ecofuturo; Sucursal Ceja, Enc de Servicio y Atención al Cliente	Nilda Ballesteros Calvo
25.4.2011	La Paz	BancoSol, Regional La Paz, Jefe Regional de Captaciones	Lucía Quiroga
25.4.2011	La Paz	BancoSol, Agencia San Pedro, ventas	Marcelo Chávez
3.5.2011	La Paz	Fundación Capital	Luis Calvo Soux
5.5.2011	La Paz	Finrural	Pablo Beltrán
10.5.2011	La Paz	Plan Internacional; earlier: Ministerio de Trabajo, Empleo y Previsión Social	Marcelo Rengel
10.5.2011	La Paz	ABA (Asociación Boliviana de Aseguradores)	Justino Avendanho Renedo
11.5.2011	La Paz	Profin, , Director	Edwin Vargas
13.5.2011	La Paz	Prosuco	María Quispe
18.5.2011	Tarija	Profin, Representante Regional de Profin (Sur)	Ernesto Farfán
20.5.2011	Tarija	FTR Uriondo, Former „Perito“ (evaluator)	Saul
20.5.2011	Tarija	FTR Uriondo, Former „Perita“	Carla

		(evaluator)	
23.5.2011	Tarija	Profin, FTR 2009-2011	Gerardo Tejerina Farfán
24.5.2011	Uriondo	Cooperativa El Churqui/ socio FTR	Gabriela Miranda, Ing. Juan
24.5.2011	Uriondo	Aproviv (“socio” FTR), member of FTR Uriondo 2009-10	Josué Cuellar
24.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009	Nancy Miranda
24.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009	Telmo Miranda
24.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009-10	Osman Romero
24.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009-10	Reider Baldivieso
24.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009-10	Marcelino Ríos
26.5.2011	Tarija	Grapes producer, member of FTR Uriondo 2009-10	Carlos Gareca
26.5.2011	Tarija	FTR Uriondo, Responsable de promoción y venta 2010	Vladimir Uzqueda
27.5.2011	Uriondo	FTR Uriondo, Responsable de promoción y venta 2009	Rolando Figueroa
27.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009-10/ representative	Hernán Vilte
30.5.2011	Uriondo	Grapes producer, did not become member of FTR	Griselda ¿?
30.5.2011	Uriondo	Grapes producer, member of FTR 2010	Asunción Jurado
30.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2010	Don Annibal, Marido de Nilza Romerovega Nicolasa
30.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2010	Shirko Vega, brother of Nilza Romerovega Nicolasa
30.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2010	Bernabel Vega Ibañez
30.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2010	Sinecio Cardozo Delgado
30.5.2011	Uriondo	Grapes producer, member of FTR Uriondo 2009	Griselda Quiroga
30.5.2011	Tarija	Fautapo	Ricardo Moravec
1.6.2011	Uriondo	Alcalde de Uriondo	Álvaro Ruiz
1.6.2011	Uriondo	Alcaldía Uriondo, Secretario	Miguel Navajas



1.6.2011	Uriondo	Grapes producer, did not become member of FTR	Ana ¿?
1.6.2011	Uriondo	Consultant for Cenavit and other institutions; grapes producer, did not become member of FTR	Igor Arcienega Paniagua
1.6.2011	Uriondo	Alcaldía Uriondo; grapes producer, did not become member of FTR	Miro Ríos
1.6.2011	Tarija	Sedag (Servicio Departamental Agropecuario), Director	Maycol Choque
1.6.2011	Tarija	Grapes producer, member of FTR Uriondo 2009	Victor Hugo Hiza Zunhiga
7.6.2011	Tarija	Federación Sindical Única de Trabajadores Campesinos de Tarija (FSUTCT), Secretario Ejecutivo	Elvío Díaz
8.6.2011	Tarija	Ex Alcalde Uriondo; Ex Gobernador Tarija	Paúl Castellanos
8.6.2011	Tarija	PIC/ Proseder, Gestora local	Jaqueline Padillas
13.6.2011	Tarija	PIC/ Proseder, Gestora local	Jaqueline Padillas
14.6.2011	Timboy	Maize proucer, representante Plataforma de Productores de Maíz	Luis Alvarado
14.6.2011	Timboy	Maize producers	Gregorio and Epifanio García
15.6.2011	Timboy	Maize producers	Madre de Gabriel Corso, Flavia Alvarado
15.6.2011	Timboy	Maize producer	Nancy Herrera
15.6.2011	Timboy	Maize producer	Antorín Gareca
15.6.2011	Timboy	OTB Community of Timboy, producer	Jacinto Rera
15.6.2011	Timboy	Drunk producer	Sabelio Herrera
15.6.2011	Timboy	Producer	Wife of Raymundo Espíndola
15.6.2011	Timboy	Corregidor Community of Timboy, producer	Rolando Cruz
16.6.2011	Tarija	Cosude, Representante	Marcelo Collao
20.6.2011	Entre Ríos	Municipio Entre Ríos	Ing. Sadith Méndez, Secretario de Desarrollo Productivo
20.6.2011	Timboy	Maize producer	Ventura Sembrana
20.6.2011	Timboy	Maize producer	Raymundo Espíndola
20.6.2011	Timboy	Maize producer	Roberto y Patricia

20.6.2011	Timboy	Producer, representative Aproma (Asociación de Productores de Maíz)	Felix Gareca
21.6.2011	Timboy	Pesant (recent migrant from Chuquisaca)	Marta Pereira
21.6.2011	Timboy	Mother of a guaraní peón	¿?
27.6.2011	Uriondo	Grapes producer (did not become member of FTR)	Ernesto, Vilma
27.6.2011	Uriondo	Grapes producer (did not become member of FTR)	Dora
27.6.2011	Uriondo	Grapes producer (did not become member of FTR)	Silvio Alcóbar
27.6.2011	Uriondo	Grapes producer (did not become member of FTR)	Adolfo Ruiz
28.6.2011	Entre Ríos	Sedag Entre Ríos, Director	Ing. Emiliano Tarraga
28.6.2011	Entre Ríos	Cerd-et	Rubén Cuba
28.6.2011	Entre Ríos	Municipalidad Entre Ríos, Oficial Mayor Técnico de Producción	Ing. Alvaro Taavera
4.7.2011	La Paz	Profin, verschiedene	
4.7.2011	La Paz	Cosude	Marcelo Collao
5.7.2011	La Paz	Ministerio de Desarrollo Rural y Tierras, Asesor Seguro Nacional	Oscar Alcaraz
4.7.2011	La Paz	Latina Vida	Manuel Oquendo

*Interviews and conversations second field research stay (October – December 2011)*

<b>Date</b>	<b>Place</b>	<b>Institution, function/ Vocation</b>	<b>Name of Interviewee</b>
11.10.2011	La Paz	Profin	Gabriela Caro
13.10.2011	La Paz	GIZ	Vladimir Amaller
14.10.2011	La Paz	Profin	Ingrid Antezana
18.10.2011	La Paz	Profin	Martín Gonzalez
18.10.2011	La Paz	APS	Javier Veras, Bellido
19.10.2011	Tarija	Fautapo	Ricardo Moravec
19.10.2011	(telephone interview)	La Alianza, Sta Cruz	Pozzoli
20.10.2011	Camargo	Mancomunidad de Cintis	Llanos
24.10.2011	Tarija	Sedag Tarija, Asesor	Abraham Rifarrach
24.10.2011	Tairja	GIZ	Marty Fokkink

24.10.2011	Tarija	Profin	Tito (Gerardo Tejerina)
26.10.2011	Uriondo	Aprovid	Josué Cuellar
26.10.2011	Uriondo	Grapes producer	Nelva Aguiar
26.10.2011	Uriondo	Grapes producer	Roger Romero
27.10.2011	Uriondo	Grapes producer	Telmo Mirando
27.10.2011	Tarija	Anavit	José Sánchez
27.10.2011	Tarija	Sedag Tarija	“Mama Elena”
28.10.2011	Uriondo	(producer)	Osman Romero
28.10.2011	Uriondo	Profin	José
29.10.2011	Tarija	FSUCCT, “dirigente”	Sara
31.10.2011	Tarija	FSUCCT	Guillermo Michel
31.10.2011	Tarija	Today: Asesor de la Comisión de Desarrollo Productivo, before: FSUCCT (continues as “dirigente”)	Johnny Gareca
1.11.2011	Uriondo	Grapes producer	Nicolás Lazcano
4.11.2011	Iscayachi	Sub-Alcade Municipio El Puente	Samuel Soliz Mercado
4.11.2011	Iscayachi	Producer	Julia Rueda
4.11.2011	Iscayachi	“Dirigente”, prouducer	Don Osvaldo
4.11.2011	Iscayachi	“Dirigente”, producer	Don Hugo
7.11.2011	Timboy	Daughter of producers	¿?
7.11.2011	Timboy	Maize producer	Doña Cecilia
7.11.2011	Timboy	Maize producer	Nancy Herrera, Rolando Cruz
7.11.2011	Timboy	Maize producer	Maria Fernandez
7.11.2011	Timboy	Aproma, “dirigente”	Felix Gareca
11.11.2011	Tarija	Ex-“dirigente” (first executive secretary) FSUCCT	Eugenio Ruiz
15.11.2011	Uriondo	Grapes producer	Elidia Guerrero
17.11.2011	Chorcuya Méndez (Iscayachi)	Producer	Don Antenor
17.11.2011	Chorcuya Méndez (Iscayachi)	Producer	Don Edelio
18.11.2011	Campanario (Iscayachi)	Producer	Don Roberto y su hermano
18.11.2011	Campanario	Field staff (técnico) Sedag	Maximiliano

	(Iscayachi)		
18.11.2011	Campanario (Iscayachi)	Producer	¿
19.11.2011	Uriondo	Grapes producer	Elidia Guerrero
21.11.2011	Tarija	Sedag, asesor	Abraham Riffarach
24.11.2011	Uriondo	Alcaldía Uriondo, asesor	Miguel Navajas
1.12.2011	Tarija	Profin	Ernesto Farfán
1.12.2011	Tarija	Sedag, asesor	Abraham Riffarach
2.12.2011	Tarija	Sedag, asesor	Abraham Riffarach
5.12.2011	Tarija	El Churqui Tarija	Soraya Cortéz

***Interviews and conversations third field research stay (January– February 2013)***

<b>Date</b>	<b>Place</b>	<b>Institution</b>	<b>Name</b>
30.1.2013	La Paz	Profin	Cecilia Tondelli, Carla Arenales, Edwin Vargas (Director Ejecutivo)
1.2.2013	La Paz	Instituto Nacional del Seguro Agrario (INSA)	Edwin Canedo, Cesar Junaro
4.2.2013	La Paz	Latina Seguros, Jefe Dept. Agrícola	Aldo Alianiello
4.2.2013	La Paz	Profin, Oficial Temático Actuarial	Adrián Castellon
5.2.2013	La Paz	Alianza Seguros	Carla Montellanos
5.2.2013	La Paz	Instituto Nacional del Seguro Agrario (INSA), director de Estudios, productos y riesgos	Joseph Tapia Gutiérrez
6.2.2013	La Paz	Credinform, Subgerente Actuarial	Luis Salas
6.2.2013	La Paz	Profin, Oficial de Programa - Vida Agrícola OIT	Cecilia Tondelli
7.2.2013	La Paz	APS	David Bellido
7.2.2013	La Paz	BISA Seguros, Suscriptor Nacional	Martín Gonzalez
7.2.2013	La Paz	Instituto Nacional del Seguro Agrario (INSA), Director General Ejecutivo	Erik Murillo
7.2.2013	La Paz	Ministerio de Desarrollo Rural y Tierras (MdDRyT), Director General de Producción Agropecuaria y Soberanía Alimentaria – DGPASA	Germán Gallardo
13.2.2013	Tarija	Gobernación de Tarija, formerly Sedag	Abraham Riffarach

13.2.2013	Tarija	Profin,(promoter of VidaAgrícola microinsurance scheme in Valle Central region in 2012/13	Vismar Chavez
13.2.2013	Tarija	Responsible for publicity for VidaAgrícola microinsurance scheme in 2012/13	Gustavo Castellanos
13.2.2013	Tarija	Profin, responsible for VidaAgrícola microinsurance scheme	Gerardo Tejerina
14.3.2013	Tarija	Sedag, “técnico” from Guarayuaico	Aldito
14.3.2013	Tarija	Federación Sindical Única de Comunidades Campesinas de Tarija (FSUCCT), Dirigente Ejecutivo	Pámfilo Guzman
14.3.2013	Valle Central de Tarija (San Andrés)	--	Different producers who bought/ did not buy insurance
15.2.2013	Iscayachi	Producer, bought VidaAgrícola in 2012/13)	Feliciano Ramirez// local representatives
15.2.2013	Tarija	Profin, Representante Regional de Profin; formerly Secretario de Desarrollo Productivo del Dept. de Tarija	Ernesto Farfán
15.2.2013	Tarija	Profin, promoter of VidaAgrícola microinsurance scheme in Entre Rios/ O’Connor region in 2012/13	Grimaldo Gines
18.2.2013	Tarija	Profin, promoter of FTR microinsurance scheme in 2012	Juan Ramos
19.2.2013	Tarija	Sedag, Director	Aníbal Alfaro
19.2.2013	Tarija	Formerly: Profin/ Latina Seguros; responsible for VidaAgrícola project	Roberth Escalante
20.2.2013	Tarija	Asamblea Legislativa del Dept. de Tarija, Asambleista, MAS	Guadalupe Jurado
22.2.2013	La Paz	Representación del Dept. de Tarija en La Paz; formerly Federación Sindical Única de Comunidades Campesinas de Tarija (FSUCCT)	Elvio Díaz
22.2.2013	La Paz	Confederación Nacional de Mujeres Campesinas Indígenas Originarias de Bolivia “Bartolina Sisa”, Secretaria Ejecutiva	Juancita Ancieta
22.2.2013	La Paz	Formerly Director General de Producción Agropecuaria y Soberanía Alimentaria – DGPASA, Ministerio de Desarrollo Rural y	Javier Guzmán

		Tierras	
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**List of other activities (meetings, workshops, presentations)**

Date	Event	Institution, location	Topic
<b>April 2011, La Paz</b>			
21.4.2011	Presentation of a research report	PNUD	Political change in Bolivia
12.5.2011	Book presentation	UMSA/ Fernanda Wanderley	Industrialization policies in Bolivia
27.4.2011	Workshop	Ministerio de Desarrollo Rural y Tierras/GIZ	„Experiencias en la reducción del riesgo e incorporación de la adaptación al cambio climático en el Desarrollo Rural”
<b>May - July 2011, Tarija</b>			
18.5.2011	Meeting	Gobierno Departamental de Tarija, Secretaría	Preparation for meeting on 19.5. at Secretaría, with Hugo Castro (Asesor), Ernesto Farfán
19.5.2011	Meeting	Secretaría de Desarrollo Comunitario Campesino y Economía Plural	Seguro Departamental
19.5.2011	Meeting	Profin	Planning of my research, situation in Tarija; Ernesto Farfán, Gerardo Tejerina Farfán
20.5.2011	Meeting	Alcaldía Uriondo	Future of Fondo de Transferencia de Riesgos (FTR) Uriondo; preparation of meeting on 25.5.; with Alvaro Ruiz (Alcalde de Uriondo), Miguel Navajas (Secretario Alcaldía), Ernesto Farfán
25.5.2011	Workshop/ public meeting	Alcaldía Uriondo	Future of FTR Uriondo, role of the municipality and other institutions
1.6.2011	Meeting	Alcaldía Uriondo	Role of the municipality with regard to the FTR; with Álvaro Ruiz (Alcalde), Miguel Navajas (Secretario Alcaldía), Ernesto Farfán
2.6.2011	Workshop	Community of La Cueva, Entre Ríos	Objectives: socialization of a study on maize production improvement; determination of the price of a micro insurance product; with representative of various communities; Profin, other agencies

	Workshop	Community of Chiquiacá, Entre Ríos	Objectives: socialization of a study on maize production improvement; determination of the price of a micro insurance product; with representative of various communities; Profin, other agencies
3.6.2011	Workshop	Community of Timboy, Entre Ríos	Objectives: socialization of a study on maize production improvement; determination of the price of a micro insurance product; with representative of various communities; Profin, other agencies
	Workshop	Community of Taquillos, Entre Ríos	Objectives: socialization of a study on maize production improvement; determination of the price of a micro insurance product; with representative of various communities; Profin, other agencies
16.6.2011	Meeting	Gobernación de Tarija	Agreement regarding agricultural insurance with Cosude (Marcelo Collao), Profin (Edwin Vargas), Sedag (Maycol Choque), Gobernación (Roberto Ruiz, Secretario)
17.6.2011	Meeting	La Alianza Tarija	Search for a distribution channel
21.6.2011	Workshop	Own workshop; community of Timboy, Entre Ríos	Social Map and Timeline (natural disasters in the last 30 years) with various members of the community
22.6.2011	Workshop	PIC/ Community of Loma Alta, Entre Ríos	The needs of maize farmers, component about financial products
29.6.2011	Meeting	Sedag Tarija	Preparation of agreement on agricultural insurance, with Ernesto Farfán, Xavier, Abraham, Tito
	Meeting	Sedag Tarija	Preparation of agreement on agricultural insurance, with Ernesto Farfán, Gabriela Caro, Abraham and others
30.6.2011	Workshop, public presentation	Sedag Tarija	Seguro Agrícola in Tarija, signing of agreement between Sedag and Profin
	Meeting	El Churqui (La Alianza)	Search for a distribution channel

1.7.2011	Workshops	Izcayachi/ Santa Ana, Uriondo	Market research for micro insurance product
2.7.2011	Workshops	Tarupayo, Entre Ríos	Market research for micro insurance product
<b>October - December 2011, Tarija</b>			
31.10.2011	Participant observation	FTR, Uriondo	Peritaje
3.11.2011	Workshop	Tarija	Training of the insurance channels (VidaAgrícola)
8.11.2011	Workshop	GIZ, Suaruro	Integrated watershed management
10.11.2011	Official event	Chiriguayo	Entrega de uria por parte de la gobernación
10.11.2011	Workshop	Chiriguayo; Profin, insurers	Discussion about VidaAgrícola
31.11.2011	Presentation	Ampliado Izcayachi; Profin, insurers	“Diffusion” VidaAgrícola
2.12.2011	Presentation	“Plataforma de maiz y maní O`Connor“/ Profin, insurers	“Diffusion” VidaAgrícola
<b>February 2013, La Paz</b>			
21.2.2013	Discussion	Profin offices La Paz	Presentation of preliminary research results, feedback



## **VII. Curriculum Vitae Tabea Goldboom**

*For reasons of data protection, the curriculum vitae is not included in the online version.*



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