



# Evaluation of EU Cooperation with Bolivia Final Report

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## Evaluation of EU Cooperation with Bolivia

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***The opinions expressed in this document represent the authors' points of view  
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***The approved and official version of the report is the Spanish one***

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## Acronyms

ALBA	Bolivarian Alliance of the Americas
AL-INVEST	EU's economic co-operation programme that aims to support the internationalization of small and medium enterprises in Latin America
ASOFIN	Association of Bolivian Financial Entities
BDP	<i>Banco de Desarrollo Productivo</i> or Productive Development Bank
BOL	Bolivia
CAD	<i>Comité de Ayuda al Desarrollo</i> or Development Assistance Committee
CAINCO	Chamber of Commerce, Service and Tourism of Santa Cruz – Bolivia
CAN	<i>Comunidad Andina de Naciones</i> or Andean Community of Nations
CEDLA	Center of Labour and Agricultural Development Studies
CEF	Comprehensive Evaluation Framework
CELAC	<i>Comunidad de Estados Latinoamericanos y Caribeños</i> or Community of Latin American and Caribbean States
CONALTID	<i>Consejo Nacional de Lucha Contra el Tráfico Ilícito de Drogas</i> or National Council for the Fight against Illicit Drug Trafficking
CPE	Political Constitution of the State
CPI	Corruption Perception Index
CSO	Civil Society Organization
CSP	Country Strategy Paper
DANIDA	Danish International Cooperation Agency
DEA	US Drugs Enforcement Administration
DG ECHO	European Commission's Directorate-General of Humanitarian Aid and Civil Protection
EC	European Commission
EC	Evaluation Criteria
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
EIDHR	European Instrument for Democracy and Human Rights
ELCN	Fight against Drug Trafficking Strategy
ENDIC	<i>Estrategia Nacional de Desarrollo Integral con Coca</i> or Comprehensive Development with Coca National Strategy
EQ	Evaluation Question
EUD	European Union Delegation
FELC-N	<i>Fuerza Especial de Lucha Contra el Narcotráfico</i> or Special Force to Fight against Drug Trafficking
FONADAL	<i>Fondo Nacional de Desarrollo Alternativo</i> or Alternative Development National Fund
FUNDEMPRESA	Entrepreneurial Development Foundation
GIRH	<i>Gestión Integral de Recursos Hídricos</i> or Comprehensive Management of Water Resources
GRUS	<i>Grupo de Socios para el Desarrollo de Bolivia</i> or Group of Partners for Bolivia's Development
HLD	High Level Dialogue

IDB	Inter-American Development Bank
IMF	International Monetary Fund
INE	<i>Instituto Nacional de Estadísticas</i> or National Institute of Statistics
INIAF	<i>Instituto Nacional de Innovación Agropecuaria y Forestal</i> or National Institute of Agricultural and Forestry Innovation
MDG	Millennium Development Goal
MDRyT	<i>Ministerio de Desarrollo Rural y Tierras</i> or Ministry of Rural Development and Land
MEFP	<i>Ministerio de Economía y Finanzas Públicas</i> or Ministry of Economy and Public Finances
MESDI	<i>Grupo de Socios para el Desarrollo de Bolivia</i> or Group of Partners for Bolivia's Development
MMAyA	<i>Ministerio de Medio Ambiente y Agua</i> or Ministry of Environment and Water
MSMEs	Micro, Small and Medium Size Enterprises
NIP	National Indicative Programme
NSA	Non-State Actors
ODA	Official Development Aid
OECD	Organization for Economic Co-operation and Development
PAMEFF	<i>Programa de Apoyo a la Mejora del Entorno Financiero y Fiscal</i> or Programme in Support of the Improvement of Financial and Fiscal Environment
PAMGFP	<i>Plan de Acción para la Mejora de la Gestión de las Finanzas Públicas</i> or Action Plan for the Improvement of Public Finance Management
PAP	<i>Plan de Acción Plurianual</i> or Multi-annual Action Plan
PASA	<i>Programa de Apoyo a la Seguridad Alimentaria</i> or Food Security Assistance Programme
PEF	Performance Evaluation Framework
PNC	<i>Plan Nacional de Cuencas</i> or National Basin Plan
PND	<i>Plan Nacional de Desarrollo</i> or National Development Plan
PNDIC	<i>Plan Nacional de Desarrollo Integral con Coca</i> or Comprehensive Development with Coca National Plan
PPP	Purchasing Power Parity
PRAEDAC	<i>Programa de Apoyo a la Estrategia de Desarrollo Alternativo en el Chapare</i> or Programme in Support of the Alternative Development Strategy in the Chapare
RCEC	<i>Reducción de Cultivos Excedentarios de Hoja de Coca</i> or Reduction of Surplus Coca Leaf Crops
ROM	Results-Oriented Monitoring
SBS	Sector Budget Support
SENASAG	<i>Servicio Nacional de Sanidad Agropecuaria e Inocuidad Alimentaria</i> or National Service of Agricultural Security and Food Safety
SENASBA	<i>Servicio Nacional para la Sostenibilidad de Servicios en Saneamiento Básico</i> or National Service for the Sustainability of Basic Sanitation Services
SERNAP	<i>Servicio Nacional de Áreas Protegidas</i> or National Protected Areas Service
SIN	National Tax Service
SNAP	<i>Sistema Nacional de Áreas Protegidas</i> or National Protected Areas Service
TGE	<i>Tesoro General del Estado</i> or General National Treasury

UELICN	<i>Unidad Ejecutora de la Lucha Integral Contra el Narcotráfico</i> or Executing Unit of Comprehensive Fight Against Drug Trafficking
UNDP	UN Development Programme
UNODC	United Nations Office on Drugs and Crime
USAID	US Agency for International Development
VAPSB	<i>Viceministerio de Agua Potable y Saneamiento Básico</i> or Vice-Ministry of Drinking Water and Sanitation
VCRH	<i>Viceministerio de Cuencas y Recursos Humanos</i> or Vice-Ministry of basins and Human Resources
VIDECI	<i>Viceministerio de la Defensa Civil</i> or Vice-Ministry of Civil Defense
VIPFE	<i>Vice Ministerio de Planificación y Financiamiento Externo</i> or Vice-Ministry of Planning and Foreign Financing
VMA	<i>Viceministerio de Medio Ambiente</i> or Vice-Ministry of Environment
VMABCC	<i>Viceministerio de Medio Ambiente, Biodiversidad y Cambios Climáticos</i> or Vice-Ministry of Environment, Biodiversity and Climate Change
VRHR	<i>Viceministerio de Recursos Hídricos y Riego</i> or Vice-Ministry of Water Resources and Irrigation
WFP	World Food Programme
WTO	World Trade Organization

# 1 Map of Bolivia





## 2 Bolivia – General Information

<b>Population:</b>	10 million (2012 census)
<b>Population growth rate:</b>	1.71 %
<b>Urbanization index:</b>	67 %
<b>Total surface area:</b>	1,098,580 km <sup>2</sup>

### Human Development Index (2011 or latest available data)

HDI1	Life expectancy (years)	Under-5 mortality rate (per 1000) <sup>2</sup>	Literacy rate (% ≥15 years)	Health expenditure (GDP) (%)
Peru (0.74)	Ecuador (75.8)	Peru (19)	<b>Bolivia (94.4)</b>	<b>Bolivia (3.0)</b>
Ecuador (0.72)	Peru (74.2)	Colombia (19)	Colombia (93.4)	Colombia (3.0)
Colombia (0.72)	Colombia (73.9)	Ecuador (20)	Ecuador (91.9)	Ecuador (3.0)
<b>Bolivia (0.67)</b>	<b>Bolivia (66.9)</b>	<b>Bolivia (54)</b>	Peru (89.6)	Peru (2.7)
Income distribution (Gini) <sup>2</sup>	Population under poverty line (%) <sup>3</sup>	GII index <sup>4</sup>	Human Rights situation	Corruption <sup>5</sup>
<b>Bolivia (47) 2008</b>	Ecuador (4.6)	Peru (0.38)	Good formal base for the exercise of human rights; BOL has ratified most international treaties. Women, indigenous peoples and justice are sectors showing problems.	Ecuador (32)
Ecuador (49.3) 2010	Peru (4.9)	Ecuador (0.44)		<b>Bolivia (34)</b>
Colombia (55.9) 2010	Colombia (8.2)	Colombia (0.46)		Colombia (36)
Peru (48.1) 2010	<b>Bolivia (15.6)</b>	<b>Bolivia (0.47)</b>		Peru (38)

<sup>1</sup> HDI: Human Development Index – comparative measure of life expectancy, literacy, education and lifestyle

<sup>2</sup> Gini Index: inequality measure – a value close to 0 indicates high equality

<sup>3</sup> US\$1.25 / day PPP

<sup>4</sup> GII: Gender Inequality Index – inequality between men and women with respect to reproductive health, empowerment and labor market. Value close to 0 indicates high equality.

<sup>5</sup> CPI: corruption perceived of public officials and politicians – from 0 (no corruption) to 100 (high corruption) – Transparency International, 2012

### Economic Indicators (2012)

GDP (Current, in millions of US\$)	GDP per capita (US\$)	GDP's growth rate (%)	Sectorial distribution of GDP
Colombia (369,812)	Colombia (7,752)	Peru (6.2)	Agriculture: 9.6% Mining: 7.3% Natural gas: 7.3% Manufacturing: 10.2% Trade: 6.6% Transportation: 8% Services: 51% (est. 2012)
Peru (197,110)	Peru (6,573)	<b>Bolivia (5.2)</b>	
Ecuador (84,532)	Ecuador (5,456)	Ecuador (5.0)	
<b>Bolivia (26,731)</b>	<b>Bolivia (2,520)</b>	Colombia (4.0)	
Inflation (CPI, %)	Unemployment (%)	External debt (USD bn)	
Colombia (3.1)	Peru (6.3) 2009	Colombia (82.5)	
Peru (3.6)	Ecuador (6.5) 2009	Peru (51.2)	
<b>Bolivia (4.5)</b>	<b>Bolivia (7.9) 2010</b>	Ecuador (17.7)	
Ecuador (5.1)	Colombia (11.6) 2010	<b>Bolivia (4.1)</b>	

**Foreign Direct Investment (Gross inflows 2012, millions of US\$):**

<b>Total inflows</b>	<b>FDI flow from EU</b>	<b>Total inflows</b>
1.505	762.9	1.505
<b>Main EU investors</b>	<b>Sectors</b>	<b>Main EU investors</b>
Spain, France, The Netherlands and UK, 51% of total FDI in 2011	Energy, Mining, Hydrocarbon Fuels and Services	Spain, France, The Netherlands and UK, 51% of total FDI in 2011

Sources: World Bank, ECLAC

**International Trade Indicators (2012)**

<b>BOLIVIA – Main trading partners</b>	<b>EU-BOL Trade in 2012</b>
1-Brasil	Imports from EU: US\$787M
2- United States	Exports to EU: US\$655M
3- Andean Community	<b>Trade Balance: - US\$132M</b>
<b>4- EU</b>	
<b>Imports from EU</b>	<b>Exports to EU</b>
<b>Industrial capital goods (59%)</b>	<b>Minerals (62%)</b>
Raw materials and intermediate products (26%)	Manufacturing products (20%)
Consumer goods (12%)	Agricultural products (19%)
Other (2%)	

**Development Cooperation**

<b>Net cooperation received (2011):</b>	<b>US\$759M</b>
Percentage of GDP:	3.2%
Per capita:	US\$75.9
Number of donors:	23
Main donors (2005-2010):	1- EU 2- Spain 3- The Netherlands

<b>2007 – 2013 EC Cooperation:</b>	<b>241M€ (CSP)</b>
<b>Thematic Lines and Economic Cooperation:</b>	<b>75-80€</b>

Sources: OECD, EC, GoB

## Executive Summary

1. The **evaluation of the European Union (EU) cooperation with Bolivia** between 2007 and 2013 took one year to prepare, between December 2013 and December 2014. Its objectives were: (a) to provide the European Commission services and the public at large with an independent evaluation of past and present cooperation and association relations between the EU and Bolivia; and (b) to identify lessons learned and formulate recommendations to improve the current and future strategies of the EU programmes and actions in Bolivia. Based on the Terms of Reference (ToR), the following key question was posed: **How far has the cooperation with the EU contributed to generating changes in Bolivia's development and well-being of its people, taking into consideration the political priorities defined by the country itself?**
2. The following are the **main findings** of the evaluation:
  - 2.1. The **objectives of the EU cooperation in Bolivia and its strategy do respond to the country's development priorities** and to its evolution in time, applying participation, equity, environmental sustainability and risk management cross-cutting approaches. The EU has also shown high capacity to adapt to the structural changes taking place in Bolivia since 2006, taking advantage of high-level political dialogue spaces concerning sector policies and technical issues. The strategy of the EU, as well as its capacity of adaptation, is highly valued by the main interested parties (official channels and civil society) at local, regional and national level. **A high degree of programme ownership by government institutions can be observed.** There is also coherence between programme design and instruments and government policies that look for, in a cross-cutting manner, the institutional strengthening of sectors, as well as high civil society participation within the framework of policies. **The support given by the EU to initiatives concerning comprehensive innovative policies is highly valued by the Government of Bolivia.** The EU has promoted processes such as: (a) redefining new strategies based on lessons learned; (b) innovative policy lines that take into account progress made within the framework of preceding assistance (ASPNC II and PAPS II); (c) design of a comprehensive plan for sector 3 (Water), which is expected to articulate the three sub-sectors (Water Resources, Environment and Water and Basic Sanitation). This period concludes with the creation of the European Coordinated Response (ECR), developed and approved by the Delegation (EUD) and the representatives of the EU Member States. The ECR proposes to deepen the division of work, as well as to improve coordination and complementarity based on the added value of the different interventions performed.
  - 2.2. The main interested parties confirm that **the selection of instruments (geographic and thematic), execution modalities and their combination have been mostly appropriate**, facilitating the achievement of programmed objectives and promoting internal coherence and articulation within the framework of the cooperation strategy of the EU in Bolivia. The existing fluid dialogue and coordination between the EUD in Bolivia, Brussels, the EUD in Peru (to provide support to the Andean Community – CAN), as well as with beneficiaries, have influenced the quality and adequate combination of thematic and geographic instruments, promoting cross-cutting approaches for social participation, decentralization, regional integration and accountability. ECHO and the EUD in Bolivia have reached exemplary articulation on issues concerning disaster risk management.

- 2.3. **The activities of the EU in favour of the productive sector (Sector 1 of CSP), in general terms, met the expected outcomes, in spite of serious early implementation delays.** The **financial transfer tool** (from the State to productive units and “collectives”<sup>1</sup>, considered as a good innovative practice) became, a posteriori of the EU support, **one of the main working modes of the Government of Bolivia**. In general terms, the generation of specific institutional capacities was not as widespread as expected. However, the support of the EU was an essential element to strengthen the general operation of supported institutions, especially the Vice Ministry of Trade and Plural Economy and the Productive Development Bank (BDP). Activities financed through both National Indicative Programmes (NIP) managed by the EUD to implement the Country Strategy Paper (CSP) were appropriately complemented with regional activities of the EU (AL-Invest and Urb-AL), which also achieved their expected outcomes in a satisfactorily manner.
- 2.4. **The assistance of the EU, via budget support, to food security with sovereignty policies (through PASA), has enabled the Government of Bolivia to achieve impressive outcomes in this area. The magnitude of these improvements will probably enable the fulfilment of nutrition-related MDGs, a fact that until just recently was not deemed possible.** The success of these activities is based on, according to this evaluation, two special conditions: Firstly, the work of APS PASA is only the last stage of the food security support work of the EU consolidated in Bolivia during the past 15 years, suitably building upon the outcomes of previous years. The sequence of thematic activities was properly planned with an initial stage of productive infrastructure followed by a community organisation stage and a final stage of direct support to food production. The second element of this success lies in the fact that, beginning in 2007, many of the outcomes of the activities of the EU in support of the productive sector converged on food security because producers benefited from the activities related to the implementation of the Ministry of Rural Development and Land’s sector policy (MDRyT), as well as potentially from the outcomes of the PAMEFF (greater access to credit), PRODUCE and PROEX programmes.
- 2.5. **The EU cooperation with Bolivia, along the evaluation period, in matters concerning the fight against drug trafficking has enabled government institutions to shift the dynamics of their relation with civil society organisations (CSOs) and international cooperation agencies.** For this purpose, support actions prioritizing institutional strengthening and the growing articulation between the government and the civil society were performed. This shift in the way the fight against drug trafficking is implemented has meant a rethinking of the way in which sector policies are applied, coinciding with the democratic principles concerning social inclusion, human rights and equity. Following this logic, a net reduction of coca-leaf crops, during the past consecutive three years, could be achieved without registering important confrontation or violence cases.
- 2.6. **Furthermore, the EU cooperation with Bolivia has enabled the stimulation of investments in the environmental sector in agreement with sector policies.** It has promoted a comprehensive approach to the management of natural resources and water, with the participation of state and non-state sectors, and it has integrated climate change and disaster risk management to public policies, as well as in relation to its own support strategies.

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<sup>1</sup> The MAS, the ruling party since 2006, defines “collectives” rather than the individual as the subject of politics; following this rationale any government support (in the productive sector) mostly goes to collective groups and not to individuals.

The main achievements of this process are: (a) increase of water and sanitation coverage as progress toward the fulfilment of the Millennium Development Goals (MDGs) and the Human Right to Water (in particular with respect to access to drinking water); (b) consolidation of the National Basin Plan as a genuine planning instrument, which in its second stage includes a programme for climate resilience; and (c) creation of synergies with ECHO to integrate climate change and disaster risk management to the policy. The EU is recognized for having promoted coordination, political dialogue and management for results within this sector, enabling working in a strategic and structural manner. Furthermore, this dialogue has favoured the increase of state resources for biodiversity management and protected areas, enabling the joint development of the sector's comprehensive plan, which addresses the new paradigms established in the "Mother Earth Law" related to the goals of the "2025 Patriotic Agenda of Bolivia" and main existing environmental issues. The comprehensive plan has generated high expectations by national authorities and has become a future major proposal for the sector.

- 2.7. **Good governance, human rights and civil society are areas included as cross-cutting issues in the strategy of the EU-Bolivia 2007-2013 bilateral cooperation.** No specific projects related to these issues were included in the country programme except for the support provided to civil society through the thematic lines of non-state actors (NSA) and the work of ECHO and DIPECHO in humanitarian issues and civil society favourable outcomes concerning the enforcement of human rights, resulting from interventions in the central axis of the country programme (i.e. access to water, food or income generation).

During this period, the EU strategies in Bolivia have contributed to supporting change processes concerning structural aspects, which were at the root of the conflict lived during the first years of the new century such as: (a) an extremely fragmented and confronted civil society; (b) persistent exclusion, poverty and inequality affecting most of the population; and (c) profound institutional weakness and resulting lack of instruments to face crises, develop specific instruments that address the structural causes of the conflict, promote good governance, and reinforce democracy in all cooperation activities.

- 2.8. **With respect to the sector budget support (SBS) modality in Bolivia, it is possible to verify the favourable effects of the way in which foreign assistance is provided on public policies supported and on its budgets.** SBSs have promoted the strengthening of formal national frameworks related to political dialogue between the Government of Bolivia, donors and non-state actors, leading to a) implementation of government strategies, and b) alignment and harmonization of cooperation focusing on national budget processes with strong commitment, leadership as well as ownership by the government. In Bolivia, available assistance has increased through the national budget as a function of SBS, basket funds and policy-based credits, all aligned around strengthened policy instruments, following a management for results approach and reduction of transaction costs.

3. The **general conclusion** of the evaluation of the EU - Bolivia cooperation is positive. Although the period 2007 - 2013 had "lights and shadows", the positives by far outweighed the negatives. Based on the five evaluation criteria of the OECD/DAC, the following are the **specific conclusions** reached by the evaluators:

- 3.1. **The EU's 2007 - 2013 Cooperation Programme with Bolivia was relevant** because it focused on the country's priority issues as stated in the National Development Plan (PND), see for example:

the initiatives to reverse low employment rates in spite of high economic growth; a historical paradigm shift with respect to the definition and implementation of a policy to control coca crops; the expansion of previously delayed water and sanitation coverage together with the management of water basins; and the support provided to cross-cutting issues, which becomes especially relevant within the context of the deep structural changes since 2006.

- 3.2. **The implementation of the Programme was effective** because it managed to help establish new models for public policy interventions (transferences and social control), within the Government of Bolivia, which have shown good operation and capacity to generate the expected results. The cooperation provided by the EU to Bolivia has contributed to strengthening the budgeting processes and increased the quality of the sector policies' formulation, which beyond pertinent concepts and approaches, has found the appropriate tools necessary for an implementation that enables progressing toward expected outcomes and has room for future expansion.
  - 3.3. The high levels of execution of the resources assigned to the Country Programme, in spite of early delays, **are a good sign of efficiency although the outcomes in the different axes varied**. In general, goals were reached within programmed costs.
  - 3.4. Although this evaluation did not attempt to analyze the impact generated by the implementation of the Country Programme, whose materialization requires a longer period of time, three findings were identified: (a) a significant contribution was made to the impending fulfilment of MDGs related to water and sanitation, nutrition and food security; (b) the coca production was substantially reduced; and (c) contribution was provided to employment generation.
  - 3.5. **The sustainability perspectives of the implementation of policies achieved with EU support are encouraging**. Intervention modalities are already established and in the hands of the government, which has already started to assign more resources to implement sector policies that had initially relied on the support provided by the EU.
4. Therefore, taking into consideration that there are still a number of aspects to improve, the evaluation makes the following **recommendations**:

With respect to Strategic Alignment and Instruments adopted

- 4.1. **Ensure work distribution based on the added value that can be contributed by the EC and each EU Member State**, which should be reflected as joint programming and strategy on part of the EU Member States, starting in 2017, completely aligned with the running Government Plan and the 2025 Patriotic Agenda.
- 4.2. **Promote the scaling up and appropriate combination of the project approach and budget support**. The project approach requires an existing institutional settlement and management units to be inserted in this setting to promote sustainable achievements and a nimbler start up. A scaled-up combination with subsequent sector budget support offers motivation for successful processes concerning institutional and capacity strengthening and policy innovation. On the other hand, the **incorporation of an institutional strengthening and capacity development axis should be promoted** as a component of each supported sector policy.
- 4.3. Just as sector budget support contributions for policy dialogue and budget support are inserted into existing national strategies, the **development of capacities to be inserted in an existing national strategy should be promoted**. If this strategy does not exist, **promote and/or support its design**. Furthermore, **the strengthening of public finance management should be promoted to ensure the efficiency and effectiveness of public management**.

**This should be done by means of a sector dialogue that guarantees the sustainability** of the modality now under the full application of the fungible and traceable funding principle, as well as the predictability of funds, matching SBS schedules with those of the national budget.

- 4.4. **Pay more attention to quality risks facing projects implemented within an environment in which political criteria prevail over technical implementation criteria.** In addition, it will be convenient to have contingency plans or diverse mechanisms for the early termination activities.
- 4.5. **Promote the measurement of the effects/impacts of the implementation of sector public policies.** This task will require dynamic work to strengthen capacities to generate information and monitoring systems appropriate for this purpose. It is recommended to promote appropriate coordination with the National Institute of Statistics (INE), starting with policy formulation.

With respect to supported sectors

- 4.6. Suggest that the Government of Bolivia carries out a **detailed analysis of experiences gained from the implementation of transfer-payments to productive sectors**, from an institutional perspective and the perspective of beneficiaries, to identify good practices and lessons learned. These lessons learned may strengthen the sector support exit strategy, whose definition is still pending on the part of the EUD.
- 4.7. Perform an **exhaustive analysis of the mechanisms behind food security improvement** and of the forces determining its progress, to be able to perform adjustments to intervention models and tools; for example, based on the needs of different geographical regions or types of products. Simultaneously, take advantage of the opportunity to analyse the contribution of the achievements made in food security to the generation of employment or income (poverty reduction).
- 4.8. Reinforce the development of capacities and institutional strengthening. Specifically, update existing regulations to **consolidate new dynamics for the fight against drug trafficking and the comprehensive development with coca**. It is recommended to continue the promotion of **participation of civil society organizations in the design and implementation** of comprehensive development strategic perspectives with coca and the fight against drug trafficking.
- 4.9. **Intensify efforts concerning basic sanitation issues, establishing efficient network management and promoting the application of financial mechanisms that ensure service operation and maintenance.** To ensure the quantity and quality of services, the sector has to take into consideration environmental management and the application of comprehensive basin management. Furthermore, it should promote the **measurement of the effects/impacts of the implementation of sector public policies** on social, environmental, socio-productive and local economic development aspects, because the purpose of the intervention strategy of the EU with respect to this sector is to promote local development, which will have an impact on poverty mitigation through sustainable practices.
- 4.10. **Support the consolidation of the new expanded civil society**, without it losing diversity and autonomy. This can be attained by reinforcing and consolidating important achievements made related to cross-cutting issues such as good governance, human rights and the support of civil society. More emphasis should be placed on the justice axis of the future cooperation strategy.

## 1. Objectives and Scope of the Evaluation

The **evaluation of the European Union (EU) cooperation with Bolivia between 2007 and 2013** took one year to prepare, between December 2013 and December 2014. Its **objectives** were: (a) to provide the European Commission services and the public at large with an independent evaluation of past and present cooperation and association relations between the EU and Bolivia; and (b) to identify lessons learned and formulate recommendations to improve the current and future strategies of the EU programmes and actions in Bolivia. Based on the Terms of Reference (ToR), the following key question was posed: **How far has the cooperation with the EU contributed to generating changes in Bolivia's development and well-being of its people, taking into consideration the political priorities defined by the country itself?**

A similar exercise, covering the 1996-2005 bilateral cooperation period was performed in 2006. The conclusions back then focused on the cooperation's strategy, outcomes of interventions and on intervention methods. In general terms, the evolution of the cooperation strategy was deemed as positive by all public and international actors present in Bolivia, and relevant to the country's necessities and priorities. However, it was acknowledged that economic cooperation had still not gained due priority. During this decade, EC interventions were characterized for their flexibility and fast adaptability to context changes, but observations (in terms of effectiveness, impact and sustainability) were different depending on the type of intervention and sometimes, between different action lines of a single intervention. For example, the efficiency and impact of the PRAEDAC<sup>2</sup> programme in support of municipalities was stressed, although in lesser fashion than with respect to its support of productive sectors. The impacts and sustainability of interventions in the water and sanitation sector were, in general terms, regarded as limited. It is also important to point out that the evaluation emphasized a certain lack of consistency between the will of the EC, with respect to the adoption of the budget support modality, and the development of Bolivia, characterized back then by growing political, social and institutional instability.

The **scope** of this evaluation encompasses focal sectors of the Country Strategy Paper (CSP) and other important areas of the EU cooperation with the country for the 2007-2013 period<sup>3</sup>. Besides the CSP (geographical instrument), the EU intensely used thematic instruments and humanitarian aid (ECHO), paying particular attention to non-state actors and local authorities. Projects under these financial lines were not the result of direct negotiations between the Government of Bolivia and the EU, but were proposed by civil society organizations (CSO). Evaluators were required also to analyze the complementarity of these thematic lines with cooperation programmes in the country. Particularly, the ToR placed emphasis on thematic lines concerning human rights (EIDHR) and financing (operations) through the stability instrument (SI). At regional level, the main cooperation sectors were: support in favour of regional economic integration, economic and social cohesion and drug control. Furthermore, the existing high-level political dialogue was appropriately taken into account as a reference framework for this evaluation.

This **Final Report** is the last of a series of documents to be delivered as required by the ToR. The Consortium led by GFA summarizes the methodology, conceptual framework, process followed and main findings of the evaluation used as support grounds for conclusions and for the development of proposals included in the final chapter of this document.

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<sup>2</sup> Programme in Support of the Alternative Development Strategy in the Chapare, ALA/1996/000-717, 18M€

<sup>3</sup> The three 2007-2013 bilateral cooperation sectors are: (1) creation of economic opportunities through decent work; (2) fight against the illicit production and trafficking of drugs; and (3) sustainable management of natural resources (water, environment, management of water basins).

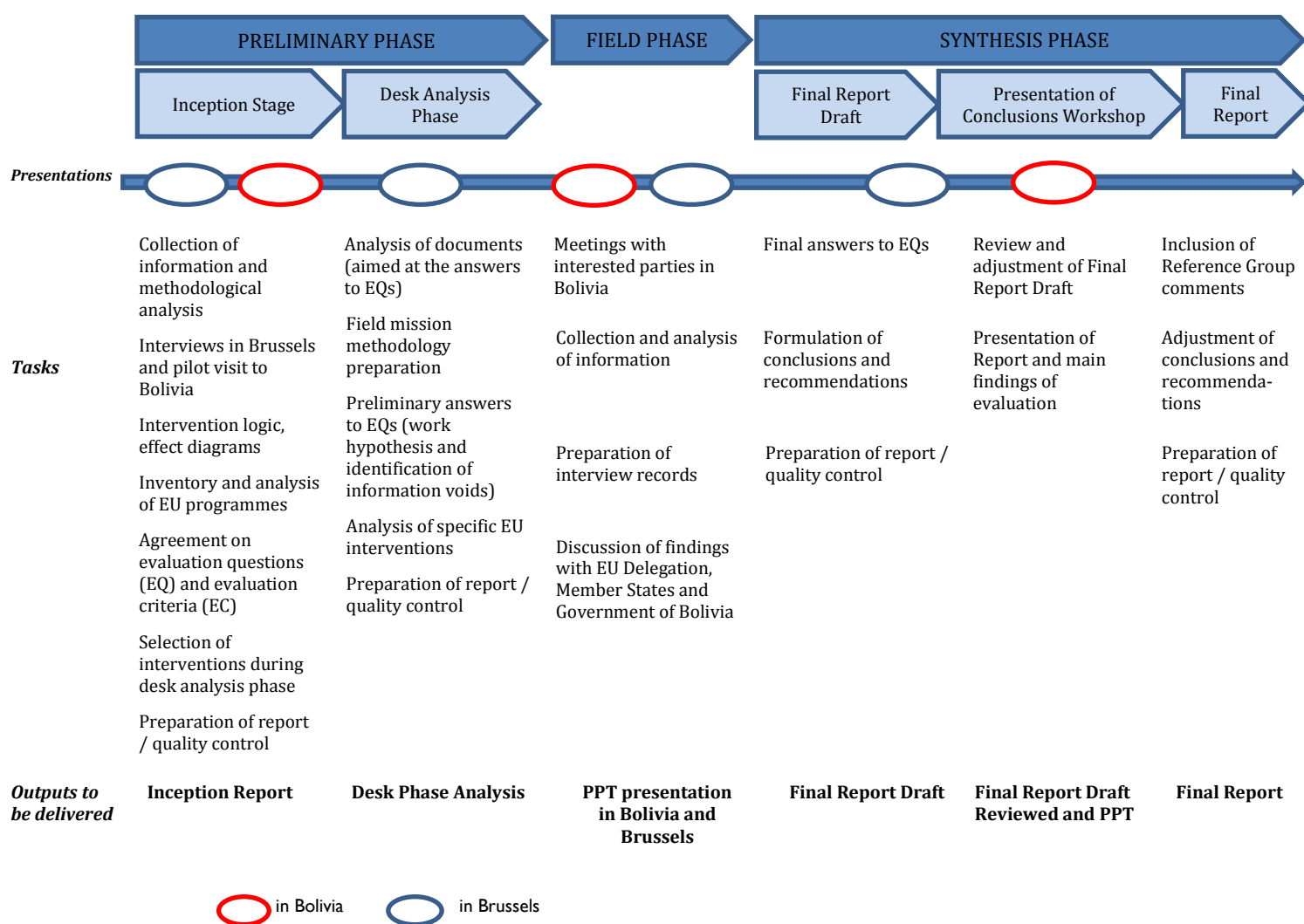


## 2. Methodology

### 2.1 Evaluation phases

The evaluation took place in four successive phases, concluding with a presentation of main findings, conclusions and recommendations at a workshop in La Paz on December 2, 2014. Graph n° 1 details the main tasks performed during each phase and stage<sup>4</sup>, as well as meetings held with the reference group (RG)<sup>5</sup> and deliverable outputs. Each phase started after the formal approval of the previous phase “deliverables” by the evaluation unit of the EC (UEC).

**Graph 1:** Phases and Stages of Bolivia’s Country Evaluation from 2007 to 2013



<sup>4</sup> These tasks are not exhaustive, but represent a guide of the steps to take by the team of evaluators.

<sup>5</sup> The Reference Group (RG) is an interface between the person responsible for the evaluation and the external evaluation team. Its members provide assistance to the external evaluation team to identify information sources and access them. They validate the questions of the evaluation and discuss conclusions reached and make recommendations. The reference group gives rise to the expression of a number of points of view concerning the intervention being evaluated. During this evaluation, RG meetings were always coordinated by DEVCO’s Evaluation Unit, and among the participants the following were included: geographic coordinator, EEAS, ECHO, la EUD Bolivia (via teleconference) and other specialized services of DEVCO.

## 2.2 Intervention Logic

This section summarizes the **intervention logic (IL) of the EU cooperation with Bolivia from 2007 to 2013**. It is important to remember that the IL was reconstructed by the evaluation team, taking into account available documentation, composed of the Government strategies that motivated the EU response, and programming and progress documents (in various cases ROM and evaluations) of different interventions. IL is a methodological instrument that shows, in aggregated fashion, the hierarchy of objectives and expected effects, expressed in the main documents of the country strategy from 2007 to 2013. As such, IL represents the backbone of the evaluation and summarizes the set of objectives against which EC interventions in Bolivia have been measured.

Graph 2 shows the **“Reconstructed Diagram of Effects”** of the EU intervention in Bolivia. It includes, in addition to the components part of the country programme, other financial instruments, non-programmable interventions (under all modalities) and other activities performed by the EU, including those without financial commitment or disbursement (i.e. political dialogue, trade agreements and other trade relations). Sources are, therefore, not only the Country Strategy Paper (CSP) including its two National Indicative Programmes (NIP), but, in addition, EU-LAC and official documents and declarations from EU-CAN summits. This diagram represents global intervention logic of the EU for the period under review, and highlights links between different sectors and their contribution to medium- and long-term objectives depending on country strategy of the EU.

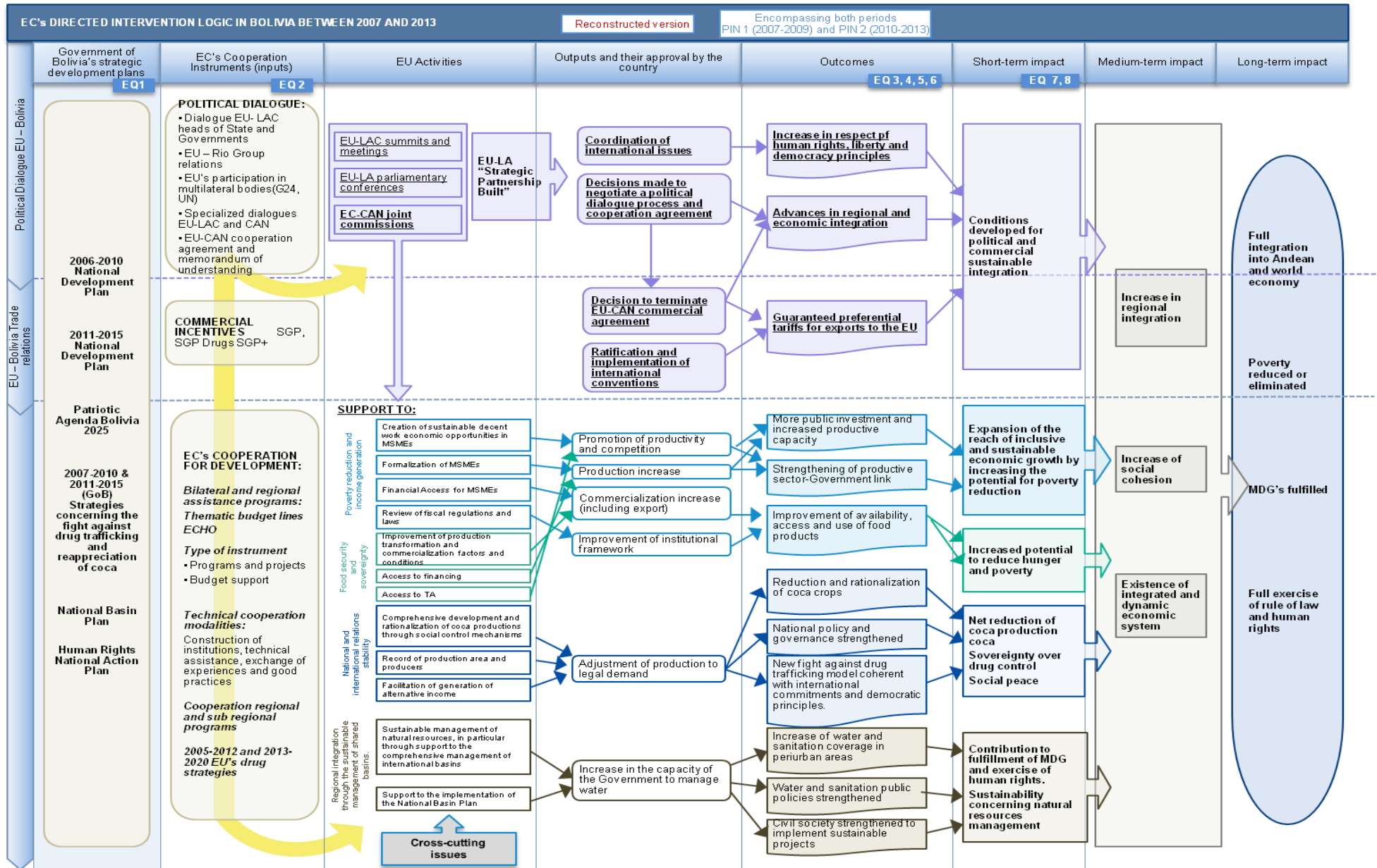
The reconstructed diagram includes seven logic levels (columns). These are from left to right:

- (1) EU Cooperation Instruments (“inputs”): Political, financial, human and material resources and corresponding instruments used in the development intervention.
- (2) EU Activities: Specific support interventions (projects and programmes) of the EU implemented to generate outcomes.
- (3) Outputs and their ownership by Bolivia: Here we include direct assistance outputs (and their ownership by the government) of the EU and outputs generated by the government, which nevertheless were induced through the support of the EU. The latter ones are not a direct consequence of the assistance of the EU, but are the effects on government, local institutions or national organizations (mainly beneficiaries of the EU assistance).
- (4) Effects / outcomes: Effects, already achieved or with high chances of being achieved in the short-term, based on social and economic context, generated through products or services of interventions aimed at generating development. In other words, specific changes taking place as a result of the EU contribution, corresponding to specific objectives.
- (5) Short-term impact: Effects on social and economic context expected during the first years after, or even during, the execution of the EU’s intervention<sup>6</sup>.
- (6) Medium-term impact: Effects of the intervention on social and economic contexts (corresponding to intermediate objectives such as regional integration, increase of social cohesion, etc.).
- (7) Long-term impact: Effects of intervention on social and economic contexts (corresponding to global objectives such as MDGs fulfilled, full exercise of rule of law, etc.).

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<sup>6</sup> I.e. the social and environmental impact of the construction of a dam, implying the relocation of people, flooding of forests, etc. can already be witnessed even before the generation of the first kW of electricity.

Graph 2: Intervention Logic



It is worth noting that the reconstructed diagram includes, in its first lines (highlighted on the left side), aspects concerning trade relations and the political dialogue between the EU and Bolivia. Furthermore, the first column of the reconstructed diagram includes indications of national policies and strategies it was hoped the EU could contribute to. The IL projected a coherent image of EU strategies with respect to its cooperation with Bolivia, as a whole (and at its different levels) as well as between them. The evaluation, based on the results of the review / analysis of documents and fieldwork was, therefore, aimed at validating or not this initial opinion.

According to the reconstructed IL graph, the EU cooperation strategy between 2007 and 2013, attempted to “contribute” to achieving impacts during three different time periods:

- Short-term. Main expected impacts were the generation of a consolidated economic and social context, enabling per capita income increase in an environmentally sustainable mode, and thus contributing to the generation of conditions for sustainable international political and economic integration.
- Medium-term. The objectives of intermediate expected impacts were to increase regional integration and strengthen grass-roots movements to achieve social cohesion, also based on the existence of an integrated and dynamic economic system.
- Long-term. It is still expected for the EU cooperation strategy to achieve impacts such as the full integration of Bolivia in Andean and global economy, reduction or elimination of poverty, fulfilment of MDGs, and full force and effect of the rule of law, together with the respect and exercise of human rights.

Finally, the graph shows, preliminary, to which stages of the intervention logic the evaluation questions refer to. Please note that **EQ 1** deals with aspects of governmental **policies and strategies** (and their complementarity with the support of the EU); **EQ 2 and 8** deal with **aspects concerning the EU cooperation instruments and activities**. Thus, the evaluation refers to all the stages of the LI that can be evaluated at the moment a programme ends. In concrete, the evaluation makes reference to early evidence of impacts, but has abstained from formulating specific evaluation questions concerning medium- and long-term impacts.

### 2.3 Evaluation Questions

Eight evaluation questions (EQ) were agreed upon<sup>7</sup> by the evaluation team and the EU to: (a) render and resolve strategy problems, objectives and the application of the EC cooperation with Bolivia; (b) evaluate the measure in which the EU objectives have been fulfilled as programmed, and (c) how these objectives were reached (Table 1).

Table 1 - EQs were selected based on selection criteria, assistance modalities and priority sectors related to the EU strategy in Bolivia. EQ 8 includes elements of step 1 of the “methodology for budget support operations” of the OECD.

Specifically, EQ 8 addresses levels 1 and 3 of the Comprehensive Evaluation Framework (CEF) of this methodology<sup>8</sup>. Therefore, the evaluation does not address outcomes (level 4) and impacts (level 5) of this methodology, nor step 3. Nevertheless, Annex 9 includes diagrams of effects and outcomes by sectors to synthesize the evaluation framework used for each case.

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<sup>7</sup> The Inception Report of this evaluation was approved by the EU at the end of April, 2014, thus validating proposed EQs proposed by the evaluation team. Afterwards, the Desk Phase Analysis submitted provisory findings, which were subsequently supplemented and/or corrected during the Field Mission.

<sup>8</sup> Level 1 corresponds to “inputs”(design of BS operations adapted to specific political, economic and institutional context); Level 2 corresponds to “direct outputs” (improvements in the relation between foreign assistance and national budget processes and policies); and Level 3 corresponds to “induced outputs” (positive changes in institutional framework and public expenditure financing and resulting improvements to public management policies and service provision, improved and more transparent PFM practices at the sector and general, levels etc.).

**Table 1:** Evaluation Questions

EQ nº, Criterion or Area	Step and Level according to MEI of EAP	Evaluation Question
EQ 1: Strategic alignment and flexibility.	EQ 1 through EQ 7 evaluate aspects also included in the Country Assistance evaluation method, but do not necessarily follow its methodology. Obvious aspects of any political-strategic evaluation, and which affect the levels of induced outputs and outcomes, are included.	To what extent have the objectives of the EU development cooperation in Bolivia responded to Bolivia's development priorities and its evolution in time?
EQ 2: Appropriateness of Execution Instruments and Mechanisms.		To what extent are instruments (geographical and thematic) and their combination, and execution modalities and their combination, appropriate to facilitate the achievement of the objectives programmed in the EU cooperation strategy with Bolivia?
EQ 3: Creation of economic opportunities through decent work.		To what extent has the EU support (including budget support) contributed, and contributes, to the competitiveness of MSMEs and their national and international insertion, while at the same time generating decent employment?
EQ 4: Food Sovereignty and Security.		To what extent has the EU support (including budget support) contributed, and contributes to the strengthening of the agricultural sector's productive and institutional capacities, stimulating thus the production of basic food staples, family consumption and improving the operation of local markets?
EQ 5: Fight against surplus coca leaf production and illegal drug trafficking.		To what extent has the EU support contributed to the fight against drug trafficking and to the comprehensive development of sectorial policy
EQ 6: Sustainable management of natural resources.		To what extent has the EU support (including budget support) contributed, and contributes to improving access to drinking water and basic sanitation, comprehensive management of water resources and biodiversity preservation?
EQ 7: Good Governance principles.		To what extent has the EU support strategy contributed, and contributes to the construction and strengthening of an institutional framework consistent with good governance principles?
EQ 8: Effects of Sector Budget Support	Direct and induced effects of financial and non-financial contributions 8Step 1, Levels 2 and 3 MEI-EAP	To what extent has the use of Budget Sector Support (SBS) favoured the improvement of the design and formulation of public policies in intervention sectors and in budgeting and accountability processes?

Table 2 permits checking if the five criteria of the OECD/DAC (and additional criteria required by the ToR) are covered by the selected questions:

**Table 2:** Evaluation Questions and Criteria

	Evaluation Questions							
	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8
<b>CAD Criteria</b>								
Relevance	X							
Efficiency		X						
Effectiveness		X	X	X	X	X		
Sustainability		X	X	X	X	X	X	
Impact			X	X	X			
<b>EU Criteria</b>								
EU's added value	X					X		X
<b>Principles of the Declaration of Paris</b>								
Ownership								
Alignment	X							
Harmonization		X						X
Results Oriented Management		X				X		X
Accountability		X						X
<b>3Cs</b>								
Coordination	X					X		X
Complementarity	X					X		X
Coherence	X					X		X
<b>Cross-cutting issues</b>								
Vulnerable groups (women, indigenous peoples, young people)							X	
Environment						X		
Human rights							X	

Source: Own elaboration

## 2.4 Data Sources and Selected Sample

During this evaluation four data sources were collected and analyzed:

1. Background and context information concerning Bolivia, Latin-America and the EU global cooperation policy. This information made possible understanding the main questions addressed or which should have been addressed with the support of the EU, to have a general perspective of the evolution of the country's situation with respect to these questions.<sup>9</sup> The purpose was to obtain a first impression of the possible contribution of the EU support with regards to trends observed. This work started during the inception phase and was complemented during subsequent stages with information specifically related to issues and sectors for which specific evaluation questions and interventions used as samples were selected.
2. Information related to the EU cooperation with Bolivia, such as strategy analysis and programming documents, alignment with policies of the Government of Bolivia, financing inventory of the EU, etc.
3. Information related to the overall interventions (See Annexes 3, 5, 6 and 7), preparing a selection by using relevance as main criteria to illustrate how the EU cooperation strategy with Bolivia was implemented. Documents available on these interventions were studied in detail at the level of each pertinent criterion and evaluation criteria.

<sup>9</sup> Annex 11 includes a complete "Country Context" analysis, which was done for the Inception Report of this evaluation.

This analysis was performed based on Evaluation Matrices, structured around evaluation questions, their evaluation criteria and indicators. Annex 8 of this report includes a Data Matrix.

4. Interviews with key actors of the Government of Bolivia, the EU and other donors, and from civil society and private sector (See Annex 4).

The selection of projects used as examples (table 3) meets the following criteria:

- Geographical coverage
- Financial representativeness
- Main financial instruments and budget lines
- Intervention modality (project approach or budget support)
- Sector coverage with respect to its importance within the EU cooperation strategy (% of NIP), and in relation to its coverage in EQs.
- Status of interventions (ongoing or closed) and future perspectives.

**Table 3:** Sample of selected projects

Starting date	Closing date	Title	Assistance modality	EU' contribution	Sector	Subsector	Progress status (12-2013)
<b>National Indicative Programmes</b>							
<b>SECTOR 1 – Creation of Economic Opportunities through Decent Work</b>							
1	08/03/12	07/03/16	Programme to improve the fiscal financial environments of Micro and SMEs (PAMEFF) DCI-ALA 2011/22861	SBS	35M	DCI-ALA	Employment policy and its management Ongoing
2	12/04/10	11/10/14	Support project to improve working conditions and generation of employment in Bolivia's mining areas - EMPLEOMIN DCI-ALA/2009/021-615	PA	10M	DCI-ALA	Ongoing
3	01/09/07	21/05/15	Programme in support of sectoral plan for productive employment with decent employment – EMPLEO DIGNO ALA/DCI/2009/019-774	PA	12M	DCI-ALA	Ongoing
<b>SECTOR 2 – Comprehensive Development with Coca and Fight Against Illegal Drug Trafficking</b>							
4	25/08/11	24/08/15	Programme for the institutionalization of the national council of the fight against the trafficking of illegal drugs - CONALTID DCI-ALA/2009/021-936	PA	9M	DCI ALA	Ongoing
5	12/04/10	11/04/13	Programme in response to food crisis through the strengthening of operations of food sovereignty and security policy in Bolivia – DCI-FOOD/2009/22002	SBS	11.75M	FOOD	Food assistance/ Food Security programmes Ongoing

	Starting date	Closing date	Title	Assistance modality	EU' contribution	Sector	Subsector	Progress status (12-2013)
6	03/04/08	12/31/12	Plan in support of the national comprehensive development with coca 2006-2011 DCI/2007/19027	SBS	26M	DCI	Alternative Development	Executed
7	03/04/08	09/30/12	Support to social control of coca production DCI/2007/19010	P	10M	DCI ALA		Ongoing
<b>SECTOR 3 – Sustainable Management of Natural Resources</b>								
8	04/20/09	10/19/12	Sector support programme for national basin plan - ALA-DCI/2007/19-306	SBS	19M	DCI ALA	Water Resources	Executed
9	6/16/11	12/16/15	Water and sanitation programme in peri-urban areas - PASAP- ALA/DCI/2010/021-937	SBS	20M	DCI ALA	Water and Sanitation	Ongoing
10	04/12/10	10/11/14	Project: Programme for the sustainable management of the natural resources of lake Poopó's basin - DCI-ALA/2009/021-614	P	10.9M	DCI ALA		Ongoing
11	08/04/11	08/01/18	Programme in support of the sustainable preservation of biodiversity - PAPS BIO - DCI-ALA/2011/022-834	SBS	18M	DCI ALA		Ongoing
<b>CONTINENTAL</b>								
12	12/05/07		Regional Programme in support of Social Cohesion Local Processes - URBAL III DCI-ALA/2007/019-157		50M	DCI ALA		Ongoing
13	12/05/07		AL-INVEST IV - DCI-ALA/2007/019-165		50M	DCI ALA		Ongoing
13.a	12/17/08	12/17/13	Institutional articulation model for the internalization of MSMEs in the Andean region - CAINCO - DCI-ALA/2008/ 164-094		10M	DCI ALA		Ongoing
14	01/18/07	06/30/14	EUROSOLAR DCI/ALA/2006/17223	PA	27.8M	DCI ALA		Ongoing
<b>REGIONAL</b>								
15	12/15/10	09/14/14	CESCAN – Support to Economic and Social Cohesion in the Andean Community DCI-ALA/2009/20391	PA	6.1M	DCI ALA		Ongoing
16	11/11/09	02/10/13	PRADICAN – Support to Andean Community in fight against Illegal Drugs (AAP 2008) DCI-ALA/2008/19670	PA	2.35M	DCI ALA		Ongoing

Source: Own elaboration based on data furnished by the EU and CRIS



### 3 Country Context Summary<sup>10</sup>

#### 3.1 Major Economic Trends and Political Events that took place between 2007 and 2013

Between 2007 and 2013, Bolivia experienced **major political and social changes**. The new Constitution of 2009 proposed an ambitious agenda aimed at the inclusion of indigenous peoples and the complete reorganisation of the State. The constitution launched a decentralization process that was to become an important step to improve efficiency in state structures, provide social services and to see the need to promote citizen participation and accountability on the part of the government and with respect to decision making. However, so far the execution of the autonomy process has progressed slowly, as a result of persistent coordination problems with ministries and factors limiting efficient vertical coordination with authorities at sub-national level.

During the past few years, Bolivia has displayed **solid and responsible macroeconomic performance**. The solidness of its current external and fiscal position has allowed Bolivia to reach historical levels of net international reserves (NIR), reducing its macroeconomic vulnerability. Despite the fact that during the past seven years the macroeconomic situation has been positive, **public accounts still depend to a large degree on the income generated by nationalized sectors, hydrocarbon fuels and mining**. Nevertheless, Bolivia experienced an important increase in tax revenues, in terms of GNP, going from 14.1% between 2000/2005 to 17% between 2006/2012, reaching a maximum percentage of GNP equal to 27%, resulting from the dynamism of the economy, the efficiency of tax collection and from supervision and control measures applied by tax collection agencies. There is still room to strengthen political guidelines and long-term strategic planning by the state, in turn strengthening productivity, competition and more widespread inclusion of the private sector.

Currently, Bolivia is classified as a **low and middle income country**. Recent available figures indicate per capita annual income at US\$ 2,470<sup>11</sup>, approximately. Although poverty and income distribution inequality are still high, progress has been made during the past few years **reducing extreme poverty** from 38.2% in 2005 to 21.6% in 2012, and moderate poverty from 60.6% in 2005 to 43.4% in 2012<sup>12</sup>.

However, this progress could be affected by a series of **environmental problems**, such as erosion and soil depletion, deforestation, in particular related to the loss of biodiversity, which can have major impacts at national and global levels. Natural disasters, floods and droughts, and water and air pollution constitute serious environmental threats. Climate change will have serious implications to economic development and poverty reduction, in particular as a result of changes in terms of water availability, droughts and climate fluctuations.

Starting in 2008, Bolivia's external partners for development<sup>13</sup> have contributed over US\$600M per year to support activities related to poverty reduction. Nevertheless, as a result of strong economic growth and the increase of internal resources, the **relative importance of donor resources to Bolivia's public expenditure has gradually decreased**.

<sup>10</sup> The Inception Report of this evaluation included a brief Context Analysis, which underwent a series of correction and data update rounds by the EU and the Government of Bolivia (See Annex 11 of this Final Report). Here we include a brief country context summary.

<sup>11</sup> GNP/population, Ministry of Economy and Public Finances, 2012.

<sup>12</sup> *Objetivos de Desarrollo del Milenio en Bolivia - Séptimo Informe de Progreso 2013* – UDAPE.

<sup>13</sup> It is important to keep in mind that OECD/DAC statistics do not include development aid provided by countries such as Venezuela and other non-traditional donors. As of late, Venezuela has become one of Bolivia's most influencing development counterparts. Currently there is no data available on the financial amount of this cooperation.

The key priorities of the government, as detailed in the First National Five-Year Development Plan, include the State's control of natural resources, safeguard of land ownership and management, coca cultivation while fighting drug trafficking growth, increase in access to social services and reorientation of the country's productive fabric through more participation on part of the State in the economy. European donors have contributed to the development process, national dialogue and legislative reform. **Bolivia was the first South-American Country to ratify the Declaration of Paris on Aid Effectiveness**, which resulted in the establishment of the Group of Partners for Bolivia's Development (GRUS) and twelve sector working groups.

### 3.2 Bolivia's Development Strategy

During the period under analysis, strategic planning of policies in Bolivia took shape in two main documents: the 2006-2011 National Development Plan "*Bolivia Dignified, Sovereign, Productive and Democratic to Live Well*" (in fact currently extended through the "Government Plan"); and the 2025 *Bicentennial Patriotic Agenda*". Furthermore, Government Plans supplemented the formalization of strategic goals and objectives.<sup>14</sup>

The **2006-2011 Development Plan** developed strategic sector proposals (and their implementation at community level) related to social policies, democracy (decentralization and community power), production (hydrocarbon fuels, transformation, agriculture, industry, transportation and the financial system), foreign relations and macroeconomics. The 2006-2011 Plan meant changes in policy approaches in all sectors, adopting a "new productive model" that proposed structural changes to overcome the main causes of poverty and inequality. This model starts by identifying two major sectors of the economy: The strategic one (hydrocarbon fuels, mining, electricity and environmental resources), which generates surpluses; and the sector having the capacity to generate income and employment (manufacturing industry, tourism, housing, agricultural development, etc.). One of the main characteristics of the latter is its scant dynamism resulting from low productivity. The new model places emphasis on added-value production, to be able to gradually abandon the traditional raw materials' exporting model. To achieve this, the model attempts to channel surpluses from mining, hydrocarbon fuels and electrical energy sectors to manufacturing, industry, tourism and agricultural development. The final result to be achieved is changing the country's productive matrix to reduce poverty in a sustainable fashion.

**The 2025 Patriotic Agenda of Bolivia** complements the development plan and government plans, providing a longer-term perspective and establishing the following pillars<sup>15</sup>:

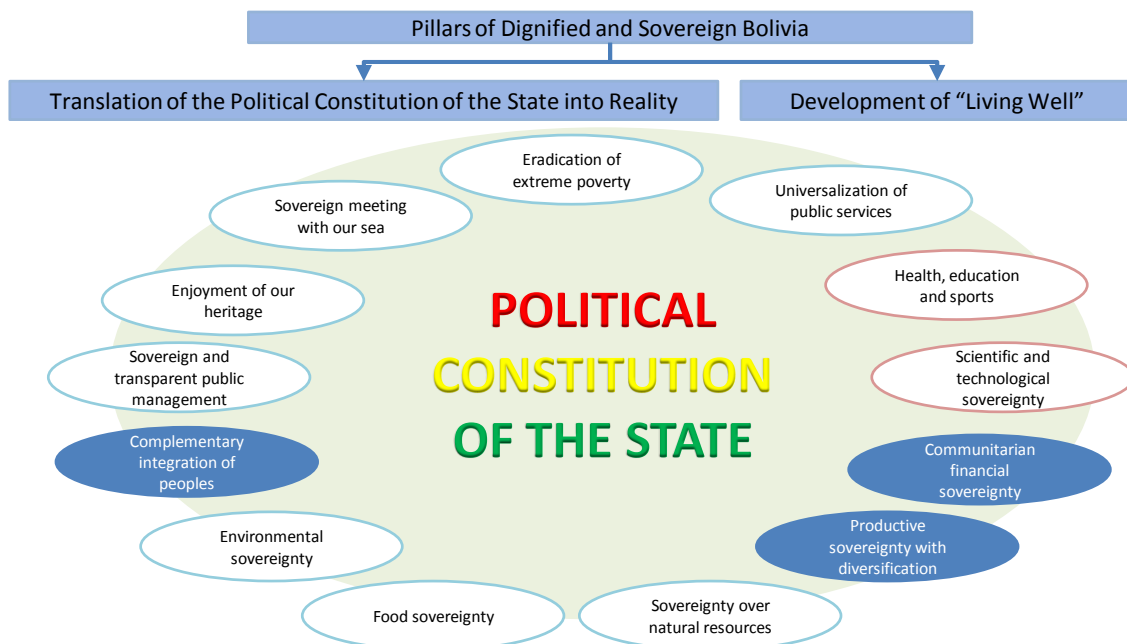
1. Eradication of extreme poverty because, as result, a fairer country will exist and communitarian socialism will be reached.
2. Universalisation of public services with sovereignty to live well because currently a large section of the country does not have access to drinking water, electricity and sanitation.
3. All Bolivians with free of charge access to health, education and sports to shape whole and healthy human beings.

<sup>14</sup> "Bolivia's 2025 Patriotic Agenda" (<http://www.agenda2025.gob.bo>) is the main government planning instrument comprising 13 axes, based on which five-year government programmes were established totally interlinked with the Agenda. The following were taken into account for the evaluated period: 2006-2011PND, 2010-2015 Government Programme, 2025 Patriotic Agenda and the 2015-2020 Government Programme, which were furnished by the Vice-Ministry of Planning and Foreign Financing (VIPFE).

<sup>15</sup> President Evo Morales proposed on January 13, 2013, the essential pillars of the *Bicentennial Patriotic Agenda*, to construct a dignified and sovereign Bolivia by 2025. To this respect, the President stated that. "With the new Political Constitution of the State..., we have to construct with clarity the essential pillars (necessary) to build a new society and State, more inclusive, more participative, more democratic, without discrimination, without racism, without hatred and without division, as mandated by the Political Constitution of the State we feel we have to propose 13 pillars for Bolivia dignified and sovereign.

4. Scientific and technological sovereignty with own identity, because knowledge and technology are essential to have access and bring basic services to the entire country and to better exploit renewable and non-renewable resources.
5. Communitarian financial sovereignty without servility.
6. Productive sovereignty with diversification and comprehensive development, in harmony and equilibrium with Mother Earth.
7. By 2025, a country is envisioned producing and transforming food and exporting electrical energy, taking full advantage of its hydroelectric potential and successfully developing large-scale renewable energy projects.
8. Food sovereignty through teaching of eating well to live well.
9. Environmental sovereignty with comprehensive development, respecting the rights of Mother Earth.
10. Complementary integration of peoples with sovereignty, aimed at uniting peoples and communities and states and government within a framework of respect, support, collaboration and solidarity.
11. Consolidation of the State and its administration with sovereignty and transparency, following the basic principles of “do not steal, do not lie and do not be lazy”.
12. Full enjoyment (happiness) of feasts, music, rivers, forests, mountains, snow-capped mountains, clean air and above all, one’s own dreams.
13. Sovereign meeting with the happiness, felicity, and prosperity of the sea, because Bolivia lost its sovereign access to the coastal shore of the Pacific Ocean as a result of an unfair war manipulated by the interests of small groups.

**Graph 3:** Long-term Development Strategy of Bolivia



President Morales stated during the unveiling of these objectives that in order to fulfil all the points of the Bicentennial Patriotic Agenda, Bolivians must start working immediately on integration projects, and announced that planning for the construction of the by-oceanic railroad would start soon in order to unite even more South-American peoples. Within this framework, he pointed out that in order to build the 13 essential pillars of the Agenda, Bolivians must guarantee the necessary economic resources, and proposed for the State to have sources of revenue (natural, mining, water and carbon resources), but also hydroelectric plants, agricultural sector and tourism. The President added that another pillar of the economy has to be science and technology, because with good training we could export “traditional” medicine given that currently different countries around the world are rediscovering ancestral knowledge used to cure different diseases.

### 3.3 Sector Policies

Bolivia’s global development strategy has taken shape along the analysis period, through sector policies, which the EU cooperation tried to get aligned with. The following are social policies adopted by the Government of Bolivia that are most relevant to the objectives of this evaluation:

#### **Economic Development, Decent Employment, Fight against Poverty and Social Exclusion**

The objective of the current **“Policy in Support of the Improvement of the Financial and Fiscal Environment of Micro, Small and Medium Enterprises (MSMEs)”** is to deepen the democratization and diversification of the financial system, giving priority to the development of the productive sector and the demands of traditionally excluded producers, with a gender and environmental sustainability approach, and the implementation of a fiscal, tax and tariff policy that contributes to formalizing productive initiatives of MSMEs. The purpose of the implementation of the aforementioned policy has been to develop a public-private financial system at the service of plural-national productive development and aimed at fair economic promotion, integration and articulation. Furthermore, the implementation of a set of tax, tariff and customs initiatives has been programmed to promote the strengthening of the country’s new productive matrix. The time scheduled to execute this policy was five years, with an estimated cost of Bs 527 million (approximately US\$ 76M). On March 8, 2012, the European Union and the Plural-national State of Bolivia signed Financing Agreement DCI/ALA/2011/022-861, in support of the execution of policies developed by the Ministry of Economy and Public Finances (MEFP), to improve the financial and fiscal environment of the country MSMEs’ productive units (Programme in Support of Improving the Financial and Fiscal Environment - PAMEFF). It is not possible to clearly identify in the budget of the Bolivian Government an amount allocated to this policy which is spent in addition to the funds made available by the PAMEFF, because these are different public institutions intervening. Out of a total of Bs 527 million contributed by the EU, Bs 487 million are aimed at the democratization and diversification of the financial system and Bs 40 million at the optimizing of the tax and customs system and the formalization of the productive sector.

The MEFP through the Productive Development Bank (BDP), and in coordination with the Vice-Ministry of Treasury and Public Credit, is in charge of developing the financial component, whose main challenges are the introduction of new financial mechanisms to take MSMEs through private sector financial institutions as complements to public banking.

On the other hand, this policy looks to implement a fiscal, tariff and customs policy that contributes to formalizing productive initiatives of MSMEs. In this sense, the MEFP, through the Vice-Ministry of Tax Policy, works to propose tax, internal, tariff and customs policies through legal provisions and regulations, to optimize the National Tax System, broaden the tax base; generate culture and more tax collection efficiency based on the institutional strengthening of collection agencies.

Through the implementation of tax and tariff measures aimed at the productive sector and the protection of local industry, qualitative and quantitative outcomes are expected from the formalization of micro and small enterprises, creating specific conditions to facilitate payment of tax obligations by MSMEs, enabling the formal development of the sector, including the following: 1) Formalization of micro, small and medium enterprises, creating conditions to facilitate the sector's payment of tax obligations; 2) Facilitation of access to raw materials and machinery that privilege production with more value added and 3) Strengthening and protection of local market and local production through the rational and timely use of tariffs, previous licenses and/or permits and other measures. The Productive Development Bank (BDP SAM), the Vice-Ministry of Tax Policy (MEFI's), the National Tax Service (SIN) and National Customs (AN) are public entities' operators of this sector policy.

The goal of the “**Productive Development with Decent Employment Sector Plan**”, of the ministries of Productive Development and Plural Economy and Work, Employment and Social Welfare is to develop a plural economy: public, mixed and private-communitarian, but with strong state presence, aimed at promoting the economic development of all productive units of the country, with more and better employment. Within the framework of the new plural economy model, the communitarian economic organization is recognized, encompassing production systems founded on the principles and visions of original indigenous and peasant nations and peoples themselves.

### **Sovereignty Policy and Food Security**

In Bolivia food security policies are framed within the “Food Sovereignty” concept, a broader concept supported by four pillars: (1) right to food; (2) access to productive resources; (3) promotion of agro-ecological production; (4) promotion and protection of local markets and change of international market rules. The corresponding legal documents emphasize the development of regulations to **exercise the right to “Live Well”** (guiding concept for the National Development Plan and the Patriotic Agenda).

The current food sovereignty and security policy is born formally in Bolivia with the change of Constitution in 2009. Nowadays, food sovereignty is understood as “the right of peoples to control their own seeds, lands, water and food production, safeguarding through local production, autonomous (participative, communitarian and shared) and culturally appropriate, in harmony and union with Mother Earth, peoples' access to sufficient, varied and nutritional food, increasing the production of each nation and people”.<sup>16</sup>

At sector level, the Strategic Plan of the Decentralized Unit of the **2010-2014 Programme in Support of Food Security** (PEI UD-PASA 2010-2014) defines strategic guidelines for the implementation of this policy and is directly articulated to the New Political Constitution of the State under Articles 306, 312 - 313 and 405 - 408. These Articles note that the state is responsible for guaranteeing food sovereignty and security, prioritizing community-based peasant, indigenous and original agricultural production, to increase the quantity and quality of food to strengthen self-management within the framework of larger social participation.

The “**Bolivia Productive**” national strategy looks for transformation, comprehensive and diversified change of the productive matrix, generating surpluses, income and employment with the purpose of changing the current excluding primary export-fuelled model. Among the policies of strategy we find the “Food Security with Sovereignty”-policy where the state is promoter and protagonist of development through instruments that will strengthen productive capacity, to be able to supply, in a timely fashion, mass-consumption basic food at fair prices.

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<sup>16</sup> Presentation by Oscar Mendieta, MDRyT, *Primer Encuentro Nacional sobre Soberanía Alimentaria*, June 2010  
[www.ftierra.org/index.php?option=com\\_docman&task=doc\\_download&gid=934&Itemid=65](http://www.ftierra.org/index.php?option=com_docman&task=doc_download&gid=934&Itemid=65)

Based on this mandate, the Ministry of Rural Development and Land (MDRyT) developed the Agricultural Sector Development Plan “Agrarian, Rural and Forest Revolution” (approved through Ministry Resolution 360, dated December 31, 2007) to generate and consolidate a structural change in agriculture and rural economy. For this purpose, it assumes the guidelines of the Agrarian, Rural and Forest Revolution as a new model for rural productive development, fostering the drive of state, private, communitarian and plural economy, combining all these elements to progress towards food security and sovereignty within the framework of comprehensive and sustainable development.

The food sovereignty and security sector policy directly contributes to the fulfilment of MDG 1, reduction of poverty and hunger which shows major achievements in Bolivia (see sector context and achievements chapter mentioned further on under policy credibility). The importance of this policy and previous food sector policies is confirmed by the fact that the European Union has been providing assistance to this sector since 1998. Achievements showing clear food security improvement in the country since 1990, demonstrate that these interventions are relevant in overcoming hunger and poverty<sup>17</sup>. This is also confirmed by the fact that the EU recognizes the importance of this problem and the relevance of this policy since 1998 through its support.

### **Comprehensive Development with Coca and Fight against Illegal Drug Trafficking**

Starting in 2006, a series of modifications have been made to governmental and cooperation policies related to coca leaf and the drug trafficking problem. This reorientation process is defined from a political perspective and took its first step by redefining the competencies of entities in charge of this sector. In this sense, the Vice-Ministry of Alternative Development became Vice-Ministry of Coca and Comprehensive Development, including among its tasks the control of coca crops and leaf commercialization, which up to that time had been in the hands of the Vice-Ministry of Social Defence and Controlled Substances. In addition, it was also assigned the challenge of promoting legal uses and industrialization of coca leaf. This redefinition of competencies in the sector is understood as being the **first effort made to separate coca from drug trafficking themes**, with the purpose of, from the government’s perspective, providing from here on a new political and ideological perspective of coca leaf.

An important aspect to point out is the **reorientation of Bolivia’s foreign relations and the rethinking of sovereignty terms in relation to drug policy issues**. In this sense, we point out the suspension, required by the government of Bolivia of US cooperation provided through the Drugs Enforcement Agency (DEA) and financial assistance provided by the Narcotics Affairs Section of the State Department of the United States of America. Furthermore, with respect to Alternative Development issues, USAID-supported programmes were suspended at the request of beneficiary farmers themselves in the areas where the production of coca leaf takes place. To summarize, a break took place in what had been Bolivia’s most important relation, given its implied financial volume, on matters concerning drug policies. The break with US cooperation left a number of budget and administrative voids which gradually were covered by the Ministry of Government, through its Executing Unit of the Comprehensive Fight against Drug Trafficking (UELICN). Thus, an activity was created in which programmes financed by the European Commission have enabled major development and skill matching. Under this scenario, the role of the United Nations Office on Drugs and Crime (UNODC) became more important for the country. Coca crop monitoring reports provide information related to the surface area of coca crops, certified and legitimized by the Government of Bolivia and the international community. Furthermore, it may be assumed that this agency has provided support through Comprehensive Development and Consumption Prevention projects.

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<sup>17</sup> Since 1990, 1/3 reduction in undernourishment prevalence. During the same period, global malnutrition was reduced by half. School feeding coverage reaches 95%, increase in dietary energy supply exceeds population growth and real improvement equal to 8 % was achieved since 1990.

The **will of the Government of Bolivia to reassess the legal uses of coca leaf** became official in a formal fashion through the presentation of the 2007-2012 National Strategy for the Fight against Drug Trafficking and the re-assessment of coca leaf. This official document includes, respectively, new perspectives such as crop control and re-assessment of the legal uses of coca leaf. Following this same line of separating drug policies and coca leaf re-assessment policies, two differentiated strategies, of sectorial nature, headed by different entities were proposed: the 2011-2015 Strategy for the Fight against Drug Trafficking and Surplus Crops of Coca Leaf (ELCN and RCEC); and the 2011-2015 National Strategy for Comprehensive Development with Coca (ENDIC). With respect to the efforts to re-assess coca leaf, a fact worth noting is that the Bolivian State has included coca leaf in its Political Constitution as cultural and natural patrimony to be protected in its natural state. The state has made an observation to the inclusion of coca leaf in List 1 of the 1961 United Nations Convention on Drugs.

Within the framework of the new EU Financing Agreement in support of ENDIC, there is a system with eight indicators for which, baselines and verification sources were established. The Ministry of Rural Development and Land (MDRYT) has set up an information system (based on results on its web platform) for SISEGER's monitoring and evaluation. The FONADAL, sector institution, also operated with SIPTA (information system) and VISUAL (financial information system). Both systems are in full operation.

On the other hand, the development of technological applications to register and perform technical monitoring of social control dynamics has been performed with the support of the European Union, through the **Programme in Support of Social Control of Coca Leaf Production**, projecting major legitimacy to the operation performed in joint fashion with organizations of coca producers.

Finally, we conclude that despite efforts made, the institutional challenges implied by changes identified are major and require not only financial assistance, but also technical strengthening to enable strategic planning, currently taking place in disarticulated fashion, between the coca and the fight against drugs sectors, to be performed in a coordinated fashion, responding to new challenges; (a) optimizing the performance of institutions responsible for this sector; and, (b) strengthening the coherence of two up to now differentiated policies internally: Fight against Drug Trafficking and Comprehensive Development with Coca.

### **Sustainable Management of Natural Resources Including Water Resources**

The **political framework of the environmental sector** and its institutions are fundamentally supported by Law 1333 of the Environment (1992) and its Regulations (1995), and the 2009 Political Constitution of the State (CPE). The sector does not have its own formal policy, in reality it never had one, work was always performed within the framework of sub-sector policies and strategies, which currently are framed as part of environment, biodiversity and climate change, water resources and irrigation and drinking water and basic sanitation aligned with main development instruments. Beginning in 2006, one of the major milestones related to the management of natural and water resources was reached through the **recognition of water as basic human right** and the importance of the state in facilitating its access, provision and use (in 2006 and 2009 with the CPE), favouring the creation of a set of coherent regulations with regards to this issue and the emergence of a new sector institutional configuration for their application.

Law 1333 establishes guidelines for an environmental policy at national level, planning, technical and legal instruments, to guarantee the exploitation and rational use of flora, fauna, protected areas and renewable and non-renewable natural resources.

At the same time, it defines the creation of the National System of Protected Areas (SNAP) and its management guidelines, for which purpose specific regulations are approved (1997) and the National Service of Protected Areas (SERNAP) is created, a decentralized institution under the supervision of the sector's head (back then the Ministry of Sustainable Development and Planning). The 2009 CPE states the protagonist role of the state in the promotion of the responsible and planned exploitation of natural resources. Its Articles establish the importance of the preservation of the environment for the well-being of present and future generations; the recognition of water as human right; and the right to free and informed previous consultation concerning the exploitation of natural resources affecting the territory and interests of the populations concerned. One of the essential issues of the Constitution is the role of the state in the promotion of access to and use of the water resource, based on solidarity, complementarity, reciprocity, fairness, diversity and sustainability principles. Within this context, the basin and its management is recognized as cross-cutting issue for public and social management. The Constitution is an attractive framework in terms of environmental and natural resources issues, and pioneer with respect to public consultation processes. However, this mandate is still being consolidated to promote and regulate its application, which requires the development of a legal framework and its regulations.

With respect to **climate change**, the government together with cooperation agencies is promoting the new **Mitigation and Adaptation Mechanism for the Comprehensive and Sustainable Management of Forests and Mother Earth (2012)**, as an alternative option to the market mechanism, which Bolivia does not follow for political reasons. It is expected that during the first stage of the implementation of this mechanism, protected areas will play a protagonist role through the capitalization of practical experiences related to the sustainable management of natural resources developed or to be developed inside them. With respect to the reduction of climate change related risks, reduction of vulnerability and adaptation, the umbrella regulation is the Risk Management Law, currently undergoing adjustments by the Vice-Ministry of Civil Defence. The Ministry of Water was created in 2006 to provide an institutional response to social conflicts taking place in the cities of La Paz and El Alto in 2005 (the "Water War"). Back then the fragility and insufficient institutions of the state to regulate, manage and guarantee access, quality and sustainable use of water resources became obvious. This is a relevant aspect in order to understand the policy implemented by the current government with respect to the management of natural resources and water. Thus, the Ministry of Water is created based on the Vice-Ministry of Irrigation (previously under the Ministry of Rural Development), Vice-Ministry of Basic Service (previously serviced by the Ministry of Public Works), and the Vice-Ministry of Basins and Human Resources (VCRH) part of the former Ministry of Sustainable Development and Planning. Subsequently, through the constituent process, the institutional scenario gets reconfigured again with the creation of the current Ministry of Environment and Water (MMAyA) composed by three vice-ministries and six directorates: VAPSB, VRHR (where the basins and irrigation areas are merged together) and the VMABCC.

With respect to the management of **Biodiversity and Protected Areas**, the SERNAP (created in 2007) has been kept as a decentralized structure under the MMAyA. Its main tasks include the comprehensive management of national-character protected areas (22 PA) and the coordination of the National System of Protected Areas (composed by 123 national and sub-national PAs). On the other hand, in order for sub-sectorial policies and strategies to become materialized, the remaining public management territorial institutions, such as departmental and municipal governments and indigenous, original peoples and peasant autonomies, and other actors of organized civil society and the private sector must be pointed out.

**Sub-sectorial policies and strategies related to basins and irrigation, water and sanitation and environment, biodiversity and climate change** are aligned, with respect to their goals and outcomes, to the country's main development instruments, which underpin the



reduction of poverty and inclusive and sustainable socio-economic growth: National Development Plan (2006), Agenda for Change and Bicentennial Patriotic Agenda (2013), which project the fundamental pillars of inclusive development for 2015. The Bicentennial Agenda (main current reference for development) places emphasis on the universalization of basic human rights, emphasizing in one of its pillars the sustainable management of natural resources and access to water, through the definition of 100% cover in access to drinking water and sanitation, as well as the comprehensive management of the water resources to achieve service sustainability.

The following are the main sub-sector references, with respect to policies and strategies, under the MMAyA:

- National Basin Plan under the VRHR, promoting the Comprehensive Management of Water Resources and the Comprehensive Management of Basins in the collection, harvesting, exploitation and use of water for human development system and with the participation of the involved population;
- Basic Sanitation Development Plan (2011-2015) under the VAPSB, which aims at universal and fair access to drinking water and sanitation services to fulfil MDGs; and
- Multi-annual Action Plan (PAP 2007-2011) under the VMA, executed to contribute to the natural resources and environment sector, developing operational national policy frameworks related to the protection, management and sustainable exploitation of biodiversity, environment and risk management and forest development.

## 4 Results of the Evaluation

Before making an analysis of the results of the evaluation, we provide a sample of the effective implementation of the EU cooperation strategy with Bolivia between 2007 and 2013 (Table 4).

**Table 4:** Effective Implementation of EU – Bolivia Cooperation between 2007 and 2013

Name of Intervention	Date of Approval	Amount Allocated (M€)	Total Contracted (M€)	% Contracted	Sector
Support of employment generation in the mining areas of Bolivia (EMPLEOMIN)	09/11/2009	10.0	8.6	86%	1
Support to the Sector Plan "Productive development with decent work"	09/11/2009	12.0	11.2	93%	
Diversification and Increase of Exports Support Project	10/11/2010	13.0	10.3	79%	
Programme for the Institutionalization of the National Council of the Fight Against Illegal Drug Trafficking (CONALTID)	10/11/2010	9.0	5.5	61%	2
Support to Social Control of Coca Production	26/10/2007	10.0	9.6	96%	
FONADAL - YUNGAS (Support to Bolivia's New Alternative Development Strategy)	11/8/2004	13.0	12.8	99%	
Programme for the Sustainable Management of Natural Resources of lake Poopó's Basin	9/11/2009	10.9	10.7	98%	3
<b>SUBTOTAL - Project Approach</b>		<b>77.9</b>	<b>68.7</b>	<b>88%</b>	
Support programme for the improvement of the financial and fiscal environment of small business (PAMEFF)	29/8/2011	35.0	33.4	95%	1
Support to the Comprehensive Development with Coca Plan	26/10/2007	26.0	24.5	94%	2
Programme to Support the Sectorial Plan for Basic Sanitation Development – Rural Areas	3/8/2012	24.0	22.0	92%	3
Programme to Support Bolivia's National System of Protected Areas	MULTI	18.0	17.3	96%	
Support to National Basic Sanitation Plan	10/11/2010	20.0	20.0	100%	
Sector Support to National Basin Plan	12/12/2008	19.0	18.6	98%	
Response to food price crisis because of the Reinforcement of Bolivia's Food Sovereignty and Security Policy Operations	9/12/2009	11.8	11.0	93%	SA
<b>SUBTOTAL - Budget Support (SBS)</b>		<b>153.8</b>	<b>146.8</b>	<b>95%</b>	
"Comprehensive Study of Coca Leaf in Bolivia"	4/17/2007	1.0	0.9	91%	
Support to addressing socio-political conflict in Bolivia	8/2/2012	4.0	3.8	95%	
"Promotion of Political Dialogue and Effective Democratic Institutions in Bolivia"	10/5/2009	4.0	3.6	89%	
<b>SUBTOTAL - Stability Instruments</b>		<b>9.0</b>	<b>8.3</b>	<b>92%</b>	
<b>TOTAL GENERAL</b>		<b>240.7</b>	<b>223.8</b>	<b>93%</b>	

Source: Own development with data extracted from Excel Spreadsheet prepared by the EUD Bolivia

Figures shown in Table 4 (rounded to millions of Euros for easy reading) are split by type of instrument used and focal sector of EU's Country Strategy.

- From the data in Table 4, it follows that financial resources contributed by the EU in Bolivia have been implemented through the **Sector Budget Support (SBS) modality (64%), project approach (32%) and the remaining through the Stability Instrument (4%)**.
- It is possible to verify that in **sector 1, 50%** of the funds were implemented **under SBS and 50% under project approach**; in **sector 2, 45%<sup>18</sup> under SBS and 55% under project approach**; in **sector 3, 88% under SBS and 12% under project approach**.
- Furthermore, it is possible to verify **an execution percentage more than acceptable for the programme as a whole**. Percentages effectively contracted varied from one programme to another (except for the CONALTID programme, with absorption of just 61% of allocated resources), given that in most cases percentages exceeded 80% and a number of figures were close to the budgeted total.

The rest of this chapter includes the main findings resulting from the answers provided to the eight questions formulated by the evaluators.<sup>19</sup>

#### 4.1 Strategic Alignment and Flexibility

The following is the question formulated to evaluate the degree of strategic alignment of the EU cooperation with Bolivia between 2007 and 2013:

***EQ 1: To what extent have the objectives of the EU development cooperation in Bolivia responded to Bolivia's development priorities and its evolution in time?***

##### Summary of findings

- The **objectives of the EU cooperation in Bolivia and its strategy do respond to the country's development priorities and to its evolution in time, applying participation, equity, environmental sustainability and risk management cross-cutting approaches**. The EU has also shown high capacity to adapt to the structural changes taking place in Bolivia since 2006, taking advantage of high-level political dialogue spaces concerning sector policies and technical issues. The EU's strategy, as well as its capacity to adapt, is highly valued by main interested parties (official channels and civil society) at local, regional and national level. However, during this same period, the government of Bolivia did not have an Institutional Strengthening Strategy or capacity development at global level, to which the EU in Bolivia could have aligned to. This period concludes with the European Coordinated Response (ECR), developed and approved by the Delegation (EUD) and the representatives of EU State Members. The ECR proposes to deepen work division, as well as to improve coordination and complementarity based on the valued added of different interventions performed.
- The **cooperation strategy** during the evaluated period reflected national necessities and priorities **taking into account the local reality**. It was also **consistent with the principles of the Declaration of Paris** (alignment and harmonization) and placed **special emphasis on the reduction of poverty and on helping the country fulfil the Millennium Development Goals (MDGs)**. EU's interventions in Bolivia address those challenges identified by national policies in selected work areas and were aimed at promoting improvements to the public policy cycle based on management for results.

<sup>18</sup> Indicated percentages are based on available documentation, which does not include the evolution of recent programmes such as the PAPS II.

<sup>19</sup> A brief analysis of the evaluation's final findings, including a profuse documental base, is attached to this document as Annex 8.

The government of Bolivia considers these experiences as references to improve policy frameworks in sectors with or without the support of international cooperation.

- The cooperation strategy evidenced **flexibility through the modifications made to programming and budget allocation by sectors**, and those made within the framework of specific agreements, as a function of new priorities agreed to during the political dialogue, conjectural events and each sector's specific necessities.
- In view of the weakness of local institutions, the strategy **paid special attention to measures to create capacities and the promotion of good governance**.
- The **European Coordinated Response (ECR)**, covering between 2015 and 2016, and which will guide the programming exercises of the EU's Commission and Member States (plus Switzerland) in Bolivia, will be the basis for joint dialogue about development cooperation with the Bolivian government. The ECR **represents a first step toward better coordination, complementarity and coherence among EU cooperation programmes**. At the same time, it constitutes a challenge to expand the successes of the EU cooperation and achieve the alignment of the programming and joint strategy of the EU's EC and Member States with the Government's Programme and Bolivia's 2025 Patriotic Agenda<sup>20</sup>.

In particular, as response to EQ 1, evaluators ascertained that:

*The EU support strategy is in line with national necessities and priorities as established by the 2006-2011 National Development Plan (PND), incorporating new issues introduced by the 2025 Patriotic Agenda of Bolivia (Ref. EC 1.1.)<sup>21</sup>*

Beginning in 2006, Bolivia has undergone major changes at institutional level:

- The basis for change and the country vision are embodied in the 2006-2011 PND, through the following strategies: 1) socio-communitarian, 2) social power, 3) economic and 4) foreign relations.
- For its part, the 2009 Political Constitution of the State (CPE) is a milestone toward the construction of a Unitary Social State of Plural-national Right based on plurality and equity principles.
- The Andrés Ibáñez Decentralization and Autonomy Framework Law (2010) defines four levels of Administration: departmental (counties or districts); regional (provinces); municipal (municipalities), and indigenous, original peoples peasant land; and creates the Ministry of Autonomies.
- The "2025 Patriotic Agenda" was established in 2013<sup>22</sup> and was developed following a management by results approach defining goals for each axis.

These planning and legal frameworks identified the country's development necessities and priorities, to which EU's strategy became aligned to using mechanisms contributing to the correct and permanent addressing of these priorities, such as the High Level Dialogue – HLD

<sup>20</sup> EU Member States in Bolivia (Germany, Belgium, Denmark, Spain, France, Sweden) EU Delegation and Switzerland signed on September 17, 2014, an agreement with the Bolivian government to work on a joint programming agenda. With this objective in mind, European countries announced an amount close to 520M€ for cooperation (donations) programmes between 2014 and 2016.

<sup>20</sup> GNP/population, Ministry of Economy and Public Finances, 2012.

<sup>21</sup> Matrixes with detailed answers of all evaluation questions (EQ), with explanation of evaluation criteria (EC) applied and indicators agreed to measure achievements, are found as Annex 8 of Volume 2 of Annexes.

<sup>22</sup> For the purposes of this evaluation we highlight the objectives concerning Eradication of Extreme Poverty, Socialization and Universalisation of Basic Services; Scientific and Technological Sovereignty; Financial Communitarian Sovereignty; Productive Sovereignty with Diversification and Comprehensive Development; Sovereignty over Natural Resources through Nationalization, Industrialization and Commercialization; and Public Management Transparency.

and sectorial-level dialogue groups that permit prioritizing, evaluating and monitoring policies, in addition to the necessity that arises from this permanent analysis now and then.

The evaluation corroborates the fact that processes to identify priorities and the definition of interventions take place with high participation on part of governmental institutions, and are socialized within the framework of workshops with the participation of civil society representatives, whenever interventions require it. Within the framework of budget support to government policies, indicators are included where social participation constitutes an essential part of fulfilling goals. High ownership level of programmes by government institutions, interest and coherence between programme design and instruments and government policies that look for, in cross-cutting fashion, the strengthening institutional of these sectors can be observed, as well as high level of participation on the part of civil society within the framework of policies. Programming and formulation documents and agreements explicitly show how interventions intent to address challenges identified at the level of supported policies and in selected work areas. This process has improved within the framework of interventions under the budget support modality, because they require an analysis of sectorial policy based on the sector's information and previously performed diagnostics.

In spite of these tangible achievements, the following challenges were identified:

- Development and formalization of MSMEs within the current financial and fiscal environment to create employment and improve income.
- Reduction of impact of food price rise on most vulnerable populations, strengthening the productive and institutional capacities of the agricultural sector and reinforcing Government's actions.
- Consolidation of the Comprehensive Development with Coca sectorial policy and its institutional framework, inter-relating it to similar sectors, shared with social and institutional actors.
- Strengthening of organizational and technical capacities of local institutions and actors for the sustainable and comprehensive management of basins.
- Strengthening of the National System of Protected Areas, promoting shared management and the economic and social role of local communities as per the national regulatory framework.

There are diagnostics<sup>23</sup> identifying these aforementioned challenges at political level and in selected work areas, which have been taken in consideration in the design of EU programmes. Given the relevance of strengthening institutional frameworks and capacities related to the formulation, implementation, monitoring and evaluation of policies, the EU has taken into consideration technical assistance support for a large portion of its programmes. This support, although based on the diagnostic of available capacities, does not follow a strategy defined by the government of Bolivia in global terms because of the fact that planning instruments and sectorial strategies did not include institutional strengthening and capacity development strategies. Thus, flaws are evident in strategic addressing at the level of construction of institutional capacities (which remains a challenge in Bolivia), as well as in the connection of institutions with clear mandates to develop sectorial capacities, such as the National Service for the Sustainability of Basic Sanitation Services (SENASBA: sector 3); National Institute of Agricultural and Forest Innovation; and National Service of Agricultural Security and Food Security (INIAF and SENASAG: sector 2).

The connection with Bolivian academic institutions is also scant with respect to the execution of actions for institutional strengthening and capacity development promoted by the EU, which would permit a larger degree of installation of local capacities.

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<sup>23</sup> Developed within the framework of TA support provided by other donors, such as Holland, in sector 3 of the CSP.

Within this context, challenges and risks included in sector policy reports stand out, which were corroborated during the field mission, and which are monitored within the framework of political dialogue processes. Some of these are closely related to: the quality of Performance Evaluation Frameworks (PEFs), monitoring systems, technical and financial sustainability of interventions and articulation with sub-national levels, at inter-sectorial level and with civil society.

Indicators included in programming and formulation documents and agreements coincide with the indicators of the plans and policy strategies of supported sectors<sup>24</sup>. Within this context, the EU has even contributed to generating or consolidating local development strategies in intervention sectors, as well as to establishing and improving their performance evaluation frameworks. Contribution within this context is not only beneficial to those sectors where interventions take place, since it promotes the alignment of other donors and multilateral banks with these policy instruments through their own modalities such as basket funds or policy-based credits<sup>25</sup>, otherwise as confirmed by the Government of Bolivia for other sectors where progress is expected with respect to management for results using these experiences.

*The EU support strategy has managed to adapt to political changes (Constitution, autonomies) and related to economic structure (more State presence in the economy) (Ref. EC 1.2)*

According to the National Evaluation of the Declaration of Paris, Phase 2 Bolivia<sup>26</sup>, the major added value of the donor community to the development of Bolivia within the framework of the Declaration of Paris can be observed in its capacity to adapt to structural changes taking place in the country since 2006. Donor-driven practices have decreased substantially in the country, probably not because of the Declaration per se, but due to better fiscal capacities and institutional improvements introduced in Bolivia, which has enabled better alignment with local priorities and more use of national public financing systems and management for results planning.<sup>27</sup>

These facts have made a number of cooperation entities (which traditionally supported strategic areas such as institutional settlement and governance) leave the country at the request of the government of Bolivia.

The current Administration agreed to the principles of the Declaration of Paris (alignment and Harmonization), establishing coordination groups with cooperation under governmental leadership. Concretely, The EU provided concrete support through the definition of a roadmap and the training of public officials and other donors on Budget Support approaches as a financing modality of Official Development Aid (ODA). The response capacity of EU's support is ratified in so far as it is valued by the government of Bolivia because of its high alignment level with the priorities of Bolivia's policies and regulations within a global and sectorial framework.

After the Mid-Term Review of the EU's Country Strategy Paper (CSP) in Bolivia, the following spaces have been incorporated:

- High Level Dialogue (HLD) political forum, as well as dialogue mechanisms for formal sector policies.
- GRUS (Group of Partners for Bolivia's Development).

<sup>24</sup> I.1.1.3 of Annex 8: Use by the EU of indicators of local development plans and strategies for EU intervention sectors.

<sup>25</sup> In sector 3, Member States such as Sweden, Holland and Denmark have jointly used instruments such as sector policies and PEFs. The Inter-American Development Bank also started the use of credits based on policies applying these same instruments.

<sup>26</sup> <http://www.oecd.org/dac/evaluation/dcdndep/47082924.pdf>

<sup>27</sup> OECD's 2012 survey on progress made with respect to the commitments assumed under the Declaration of Paris reveals that in Bolivia progress has been made in areas related to alignment with local priorities, use of national public financing systems and management for results planning.  
<http://www.oecd.org/dac/effectiveness/Bolivia%204.pdf>

- Sectorial Groups: Environmental Groups (Basins, Climate Change, Biodiversity), Education, Macroeconomics, Productive Development (INIAF, Production and Employment, Food Security), Health, Comprehensive Development Sectorial Group (MESDI).

The priorities and objectives of the EU were redefined as a function of the political dialogue, policy and technical spaces, and based on Bolivia's specific necessities. This capacity to redefine priorities, but also the **support of innovative policy and comprehensive initiatives by the EU are highly valued by the Government of Bolivia**. The EU has promoted processes such as: redefinition of new strategies based on lessons learned; innovative policy lines taking into account progress made within the framework of preceding support (ASPNC II and PAPS II); promotion of comprehensive plan design for sector 3 (Water), expected to articulate 3 subsectors (Water Resources, Environment and Water and Basic Sanitation).

It is also important to point out that in sector 1 of the CSP (Support to Productive and Decent Employment Sectors), the EU was able to adapt to the schedule of the Government of Bolivia to implement new action lines, which are based on the new economic model characterized by more state presence in the economy, a nationalization process declared as completed by the government, and on industrialization through public investment in sectors where Bolivia has comparative advantages (energy and productive), looking to contribute to "Living Well" with stability and in fair fashion.

## 4.2 Suitability of Execution Instruments and Mechanisms

For this section, the following was the question asked:

***EQ 2: To what extent are instruments (geographical and thematic) and their combination, and execution modalities and their combination, appropriate to facilitate the achievement of the objectives programmed in the EU cooperation strategy with Bolivia?***

### Summary of findings

- The main interested parties confirm that the **selection of instruments (geographical and thematic), and execution modalities and their combinations have been appropriate** mostly to facilitate the achievement of programmed goals, promoting coherence and internal articulation within the framework of the EU cooperation strategy in Bolivia. The **existing fluid dialogue and coordination between the EUD in Bolivia, Brussels, EUD in Lima, as well as with beneficiary structures, have influenced the quality and appropriate combination of thematic and geographical instruments, promoting cross-cutting approaches related to social participation, decentralization regional integration and accountability**. ECHO and the EU in Bolivia have reached exemplary articulation in risk management. In sector 2, it can be mentioned the appropriate combination of project approach for institutional strengthening (FONADAL) and the thrust given to innovative social policy lines, such as social control, to subsequently move to budget support, which provides motivation to the sector where the intervention takes place to bring to fruition institutional strengthening, training and policy innovation processes.
- The **Government of Bolivia implemented actions that enabled it to meet eligibility criteria for budget sector support (SBS)** starting in March 2008, which enabled 64% of programmable cooperation to follow this modality by 2013. The government positively values the SBS modality because of its contribution within the principles of the Declaration of Paris, and because it has become a reference for governmental actions in other sectors that could take advantage of the lessons learned from EU supported sectors, in terms of improving public policy frameworks, by applying the management for results approach. Keeping in mind that policy goals show high degree of compliance, the effectiveness and efficiency towards the achievement of the objectives in agreements under this modality are positive. Although the level of disbursement reached 96% for concluded support activities,

this modality also experienced difficulties and delays during the preparation of disbursement dossier stage.

- With respect to **agreements following the project approach**, according to mid-term and ROM reports, there are **low levels of effectiveness and efficiency towards the achievement of objectives observed, but with a tendency to improve as time passes**. Most actions are implemented during the second half of the implementation of projects, and the level of contracting and disbursement has reached 86% maximum. There are still no final evaluations available of these projects to determine in detail the final levels of effectiveness and efficiency and make more precise recommendations on how to overcome procedural limitations under this modality.
- The EU strategy placed **special emphasis on measures concerning the creation of institutional capacities**, and contributed 24M€, through a number of technical assistance contracts within the framework of specific agreements, to institutional strengthening and capacity development. **However, this axis remains a challenge**, not only to the implementation of the cooperation strategy, but also to the effective implementation of public policies. Other factors that constitute challenges to achieving programmed objectives are: 1) high staff turnover in key posts of public institutions; 2) high dependency of foreign aid in some sectors; 3) differences in the schedule of disbursements of EU's ODA, still not synchronized with the Bolivian State budget schedules.

In particular, the following are the findings of the evaluation with regards to EQ 2:

*The EU has endeavoured for global coherence between its development interventions in Bolivia (Ref. EC 2.4.)*

There is coherence and internal articulation between EU's support interventions that include programmable cooperation, cooperation programmes at regional and continental level, assistance thematic lines for non-estate actors and local authorities and cooperation through ECHO. The existing fluid dialogue and coordination between the EUD in Bolivia, EU institutions in Brussels, the EUD in Lima<sup>28</sup>, as well as with beneficiary structures, has influenced the quality of all project stages and programme cycle, as well as the appropriate combination of thematic and geographical instruments, promoting social participation, decentralization, regional integrity and accountability cross-cutting approaches aimed at achieving a global result. Comprehensive support to national and sub-national level governmental environments, as well as to civil society, is considered key by all actors in general because it promotes improvements in accountability and decentralization processes.

In sector 1 of the CSP (Economic Opportunities and Decent Employment synergies with AL-Invest (continental programme) actions were created by the Productive Development Project. The EUD also promoted civil society's articulation through its interventions (PROBOLIVIA and PROEX) and sector 2 (Comprehensive Development with Coca) beneficiaries would profit from its grants. Sector 2 stands out for the level of political advocacy that its actors (municipalities, communities and confederations) have achieved. This sector has also managed to articulate with sector 3 (Sustainable Development of Natural Resources), promoting productive projects in protected areas, and through regional programmes such as PRADICAN, whose final evaluation recommended regionalizing Bolivia's experiences related to coca's comprehensive development and social control, constituting a contribution made by Bolivia to the dialogue concerning drugs and drug trafficking policies.

The EU provides assistance and humanitarian aid to disaster response and the training in Bolivia for this type of events. These activities are executed by DG ECHO that has a regional office in Quito and has confirmed exemplary coordination with the EUD in Bolivia, contributing

<sup>28</sup> Lima's Delegation acted as project coordinator at Community of Andean Nations level.



to the cross-cutting of risk management in policies supported in sector 3 (Sustainable Management of Natural Resources), and also with other sectors and thematic lines in support of non-state actors and local authorities, within whose environment the protagonist role of the Vice-Ministry of Civil Defence (VIDECI) has been key.

*The project approach shows lower levels of efficiency and effectiveness in the achievement of objectives with respect to SBS, which is positioned as the modality preferred by the Government of Bolivia, and which although having limitations, promotes more harmonization and alignment centered on the management for results approach (Ref. EC 2.1. and 2.3.)*

During the 2007 – 2013 period, the Government of Bolivia performed actions to be able to work with eligibility criteria for the sector budget support modality, starting in March, 2008, having by 2013 64% of programmable cooperation follow this modality, compared to 32% for project approach and 4% under the stability instrument<sup>29</sup>. Governmental actors value positively this modality because of its contribution within the framework of the principles of the Declaration of Paris, and because it has become a reference for governmental actions in other sectors that may take advantage of lessons learned from sectors supported by the EU, in terms of improving public policy frameworks by applying the management for results approach. Keeping in mind that policy goals show high degree of compliance, the effectiveness and efficiency towards the achievement of the objectives in agreements under this modality are positive.

In sector 1, 50% of the funds were implemented under SBS and 50% under project approach (PA); in sector 2, 45% under SBS and 55% under project approach (PA); in sector 3, 88% under SBS and 12 under project approach (PA).<sup>30</sup> During the field mission, it was corroborated by interested actors that the high SBS percentage of sector 3, during the cooperation period evaluated, was due to major advances made in policy formulation and in political dialogue frameworks. In sectors 1 and 2, modalities were combined in scaled fashion, using PA initially to provide support to policy lines or public policy innovations (social control) and institution building (FONADAL, CONALTID, PROBOLIVIA, PROEX), to subsequently move to SBS when advances in policy formulation and performance evaluation frameworks (PEFs) were achieved. This scaled combination in sector 2 has proven very appropriate since it provides motivation to the intervention sector to successfully undertake processes concerning institutional strengthening, capacity building and policy. This fact is corroborated by documents used for the formulation of the Coca SBS<sup>31</sup>, which show how the strengthening of institutional capacities at municipal level and FONADAL's (as an action under project approach: Project FONADAL Yungas) increased budget execution from Bs 24M to Bs 19M, thanks to a comprehensive institutional development plan for the institution executing PNDIC's policy (2005-2010). Furthermore, in sector 1, the success of the project approach to strengthen PROBOLIVIA, which now has an important budget, was corroborated. PROBOLIVIA generates a percentage of its own resources to offer more opportunities to sector beneficiaries, replicating actions being funded, as well as a structure that one can say has generated critical mass, hinting at the sustainability of actions.

Policy and dialogue frameworks and timely progress in the eligibility criteria of the SBS modality have been analyzed at the moment of identifying and formulating programmes for each case to define their combination and to achieve each sector's objectives. The action charts and technical and administrative provisions of interventions show expected impacts and outcomes within the framework of each support modality per sector, with the purpose of addressing those challenges identified at cooperation level, as well as at the level of supported policies in selected work areas. This process has improved within the framework of

<sup>29</sup> I.1.1.4 of Annex 8 shows a table with percentages by modality.

<sup>30</sup> Shown percentages are based on available documentation, which does not include the evolution of recent programmes such as PAPS II.

<sup>31</sup> I.2.2.2 of Annex 8, where the sector 2 process is analyzed.

interventions under budget support modality because these require an analysis of sector policy based on the sector's information and previously performed diagnostics.

With respect to agreements under the project approach, according to mid-term and ROM reports, there are low levels of effectiveness and efficiency towards the achievement of objectives observed, but with a tendency to improve as time passes because most actions are in their second execution phase. This fact becomes evident through the amendments introduced to agreements under this modality and, in general terms, delays in procedures and management, requiring for their solution changes prolonging the operational phase, reducing the closing phase and adjustment of budgets. The contracting level of these agreements reached 86% and 68% respectively in disbursements; keeping in mind that N+3 had already past, these projects will reach 86% maximum disbursement level if the total amount of the contract is disbursed<sup>32</sup>. These delays and lower contracting and disbursement levels are limitations to the fulfilment of the objectives and outcomes programmed for these projects. Final evaluations of these projects are still not available, which could be important inputs to generate future recommendations concerning procedural improvements for these cases. Another aspect corroborated by sector 3 government actors for these modality in particular and for Poopó projects, implemented at sub-national level, is that the management unit was not inserted into the existing institutional framework, becoming a parallel unit, distorting the object of the assistance given to a sector where SBS is applied and alignment is promoted. Another project implemented at sub-national level, and with serious difficulties under this modality was EMPLEOMIN, which similarly lacked more ownership on the part of the Ministry of Mines.

Although SBS disbursement level in programmes already concluded reaches 96%<sup>33</sup>, due to high compliance level with goals established in the PEF, the modality also suffers difficulties and delays during the preparation stage of disbursement dossiers. OECD's 2010 survey<sup>34</sup>, on the advances made with respect to commitments assumed under the Declaration of Paris, makes evident that management for results and accountability in Bolivia continue being a major challenge. Within this context, the SBS modality that promotes management for results, based on the use of PEF, suffers from: 1) deficiencies in ad hoc type information systems, and the quality of information made available<sup>35</sup>, based on hand collection, to verify goal compliance within the framework of the disbursement dossiers of variable sections, as well as 2) management capacity deficiencies at sub-national levels (departments, municipalities and indigenous authorities), who are very important at budget level within supported policies, above all with respect to sectors 2 and 3 where the General National Treasury's major leverage of funds, within the framework of these policies, takes place thanks to the co-financing of these levels. The weakness found in information systems and the quality of data related to advances made in supported policies, is not just a limitation in terms of the modality's implementation, but also in terms of the formulation of a policy based on data and information that looks to focalized action lines on those aspects requiring it the most.

Based on the analysis of modalities performed, and keeping in mind that both modalities look to develop capacities, but that SBS looks in addition to consolidate finance and contracting systems and national level capacities, it is considered that the latter one is the modality that contributes the most within the framework of political dialogue spaces that contribute to more central character of sector leaders and social actors, starting with the definition of the PEF and policy formulation, going through evaluation of advance processes and preparation of disbursement reports, up to the closing of the programmes.

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<sup>32</sup> I.2.3.2 of Annex 8: Contracting and payment rate, by assistance modality.

<sup>33</sup> I.2.3.2 of Annex 8 where contracting and payment rates by modality are shown.

<sup>34</sup> <http://www.oecd.org/dac/effectiveness/Bolivia%204.pdf>

<sup>35</sup> I.2.3.4 where ROM reports are extracted from.

Other factors constituting challenges to the achievement of objectives are: 1) high staff turnover in key posts of public institutions; 2) high dependency of foreign aid in some sectors; 3) differences in the schedule of disbursements of EU's ODA, still not synchronized with the Bolivian State's budget schedules.

*Selected aid modalities (and application mechanisms) and their combination take into account the capacities of Bolivian institutions (Ref. EC 2.2.)*

The Country Strategy Paper (CSP) described the weakness of Bolivian institutions, in particular in terms of the formulation and implementation of consistent sector policies, and recommended special attention to be paid to capacity development measure, as well as to entities promoting good governance.

The CSP mid-term evaluation made recommendations, such as including actions to strengthen and improve institutional and civil society's capacities in all programmes, as well as having the possibility of creating a small UE cooperation unit to examine other approaches to improving the institutional capacities of public administration, civil society, private sector and local institutions, without hindering sustainability (in all sectors). It is confirmed that the institutional capacities of supported sectors is one of the criteria applied by the EU in Bolivia to define a support modality, which is documented in the action charts of programmes and projects, and these in turn make use of diagnostics of institutional capacity and timely necessities.<sup>36</sup> Thus, the EU strategy paid special attention to measures aimed at the creation of institutional capacities, and contributed 24M€<sup>37</sup>, through technical assistance contracts within the framework of specific agreements under both modalities to institutional strengthening and capacity development in the three sectors, corroborating the need to strengthen institutional capacities at national and sub-national levels.

The project approach was aimed more at the development of specific capacities, either for policy components or productive sectors (sector 1), policy lines and institutional strengthening (sector 2) or regions with some given priority (sector 3 in Oruro). Meanwhile, SBS looked to ensure compliance with the modality's eligibility criteria and the strengthening of capacities at sector level. Using sector 3 as reference, where there are four different TA contracts, a specific analysis is performed in Annex 8(I.2.2.1) demonstrating that their outcomes promote compliance with SBS eligibility criteria (except for Poopó's), for the modality to continue being implemented and funds to be disbursed. These TA contracts, although trying to become articulated, have not generated a comprehensive action plan for sector 3 where, within its framework, their actions may be harmonized. In this sense, it is confirmed that programmes have included TA components as recommended by the CSP, but by supported programme or subsector and not so much at a more comprehensive and articulating sector level<sup>38</sup>, reason why it is still applicable the recommendation made with respect to the fact that institutional strengthening and capacity development will require a special approach in future EU assistance. Up to now, the biggest achievements at the level of these TA actions have been consolidated around: 1) the improvement of political dialogue thanks to the facilitation of dynamics and promotion of exchange spaces at sub-sectorial level where assistance harmonization around PEFs has promoted management for results; 2) generation of management instruments; and 3) improvement of public policy formulation.

<sup>36</sup> I.2.2.1 of Annex 8: Proof that EU's intervention modalities in Bolivia are framed within a coherent institutional development strategy

<sup>37</sup> I.2.2.1 of Annex 8 detailing the amount per agreement. From these 24M€, 27% was allocated to sector 1, 30% to sector 2 and 43% to sector 3.

<sup>38</sup> Necessary in sectors with different interventions and supported, in larger proportion under the SBS modality, such as sector 3

There are still aspects to look deeper into, such as: 1) installation of capacities by having better connection between sectorial institutions, through a capacity development mandate included in EU's capacity development measures; 2) strategy to ensure the absorption and ownership of instruments provided by TA on the part of social actors; 3) implementation of information systems generating comprehensive and dynamic data, and articulated to national statistical systems; and 4) strengthening of sub-national levels and organized civil society, which is also an axis of extreme importance to improve policy implementation, accountability and political dialogue.

### 4.3 Creation of Economic Opportunities through Decent Work

The following is the corresponding evaluation question asked:

***EQ 3: To what extent has the support of the EU (including budget support) contributed, and contributes, to the competitiveness of MSMEs and their national and international insertion, while at the same time generating decent employment?***

#### Summary of findings

- **The activities of the EU in favour of the productive sector (sector 1 of CSP), in general terms, managed to meet expected outcomes, in spite of serious early implementation delays.** The financial transfer-payments from the State to productive units and collective groupings (considered as a good innovative practice) tool becoming, a posteriori of EU Activities, **one of Government's main working modes.** In general terms, the generation of specific institutional capacities was not as widespread as expected; however, EU's support was an essential element to strengthen the general operation of supported institutions<sup>39</sup>, with the exception of the Ministry of Mining and Metallurgy. **Activities financed through both National Indicative Programmes (NIP) managed by the EUD to implement the CSP, were correctly complemented by the EU's regional activities (AL-Invest and Urb-AL), which also achieved their expected outcomes in satisfactory fashion.**<sup>40</sup>
- The EU's support to the productive sector, starting in 2007, took place under different modalities: PAMEFF was implemented following SBS modality; and the activities of PRODUCE, PROEX and EMPLEOMIN were performed following the project modality. The general outline of the CSP had been designed prior to 2006. The Government, which took over back then decided to transform the country's economy into a plural economy.<sup>41</sup> **Therefore, all of the activities of sector 1 included in this evaluation were started considerably later than their schedule starting date and furthermore, suffered implementation delays.**<sup>42</sup> **As a result, the initial 70M€ programmed financing was reduced to 55M€**<sup>43</sup>, after CSP's mid-term evaluation was performed.
- **Despite these start-up problems, PRODUCE and PROEX projects finally managed to generate expected outcomes satisfactorily and generated institutional capacities in the environment of the Ministry of Productive Development and Plural Economy (MDPyEP)**<sup>44</sup>.

<sup>39</sup> Mainly the Ministry of Productive Development and Plural Economy and BDP.

<sup>40</sup> Annex 9 includes this sector's comprehensive evaluation framework following OECD methodology for Budget Support, based on the inputs of the application of step 1 of the evaluation, and its combination with the country level evaluation by sectors.

<sup>41</sup> With mixed ownership structures (public and private) and allocation of productive activities between both sectors.

<sup>42</sup> It refers to the end of N+3. EMPLEOMIN, for example, which showed considerable delays (besides implementation quality problems) and the EUD offered the Ministry of Mining and Metallurgy to close by the end of 2011, offer rejected by the Ministry.

<sup>43</sup> The remaining 15M€ were allocated to other programme axis.

<sup>44</sup> Of the Ministry of Productive Development and Plural Economy.

This fact was reflected in terms of the administration of resources and processes concerning tenders for the adjudication of financial transfers for productive activities, and development of institutional capacities for the provision of MSMEs support services<sup>45</sup>. Mostly, the PRODUCE project meant substantial assistance to the operation of the MDPyEP in general.<sup>46</sup> **However, the EMPLEOMIN project lagged behind expectations and programmed outcomes were not reached.**<sup>47</sup> It is important to point out that the **scale of the project (number of productive projects supported and direct or indirect employment generated) is small**, and the task of expanding these activities in the future is the responsibility of the government. EU's regional activities worked at a larger intervention scale than projects included in sector 1 of the CSP. Despite formal compliance with programmed outcomes, **it was not possible to give continuity to the decent employment sectorial strategy.**

- The PAMEFF managed to start its activities by 2011, after the formulation of the corresponding sector policy. **Its process suffered delays due to the initial lack of clarity with respect to the new productive policy of a plural economy structure.** The Government's decision aimed at generating a productive structure in which the private sector (business) will continue playing its traditional role<sup>48</sup>, but complemented through an increased productive activity on the part of productive collectives (primary producers and associated MSMEs) from the lower economic strata of the productive pyramid. The support of the **PAMEFF was essential to the institutional strengthening of the Productive Development Bank (BDP) during its transformation into becoming a first-tier bank.** Advances made in the implementation of PAMEFF's financial component were more important (and more satisfactory) than those made in the implementation of the fiscal component.
- **The use of the tool for state transfers to productive actors was a proposal submitted by the EU from the start of the formulation of the Country Programme in 2006.** It was **considered to be a good and innovative practice**, was well received by authorities, because it was not just accepted for projects during the implementation process, but it became a public policy tool and currently is being implemented by the MDPyEP and the Ministry of Rural Development and Land (among others), to finance similar activities with funds from the General National Treasury.
- **The EU's regional activities (Al-Invest and Urb-Al) complemented the activities managed by the EUD.** While government transfers (and non-financial assistance) were focused on the lower strata of the population, Al-Invest's activities were focused on the medium strata of the population pyramid.<sup>49</sup> Following an approach that promotes local public policies concerning social cohesion in Latin-America, URB-Al also financed local productive activities, quiet often with a gender approach that successfully complemented the logic of state transfers to productive units of the lowest strata al local government level.

<sup>45</sup> I.e. technological and productive innovation centres of the PROINFO system, among others. For more details see below and I.3.2.1. of Annex 8.

<sup>46</sup> PRODUCE began its activity with five officials, reaching 70 officials at the time of maximum activity (which at the time was a number higher than the total number of officials assigns to other Vice-ministry tasks). After the official conclusion of PRODUCE, many of these officials were assigned to PROEX.

<sup>47</sup> In spite of its long implementation process, EMPLEOMIN did not manage to commit more than 70% of available resources (mostly transfers to alternative employment to mining projects or small investments in communitarian structures for mining). Furthermore, decisions about the type of activity to be financed did not prioritize their viability criteria, therefore limiting the effect and possible impact of transfers. Weaknesses in the project's design (concerning the eligibility of activities and operating modes) contributed to initial delays and limited budget execution.

<sup>48</sup> Complementated by growing participation on the part of public enterprises.

<sup>49</sup> Having exceeded its programmed goals and results with respect to the number of enterprises assisted and the quality of the assistance, in addition to excellent performance for Bolivia (See Final Report Al-Invest, Brussels, August 2014).

In particular, the evaluation found that:

*EU's support strategy reflects national necessities and priorities with respect to employment and generation of income opportunities, mainly through the development of MSMEs, and their evolution in time, taking into account EU's general objectives in the region. (Ref. EC 3.1)*

EU's support strategy is aligned with government priorities laid out in development plans and sector policies (See I.3.2.1). This is evident with respect to policy documents and was checked by this evaluation with respect to the practice of the implementation of these policies. Although the Ministry of Productive Development and Plural Economy formulated in 2009 a Productive Development with Decent Employment Sector Plan, in line with the one already existing in PRODUCE, the subsequent implemented policy was focused, in fact, a lot more on productive sector support (formal and informal, in support of MSMEs and also of informal productive collectives), without paying much attention to aspects concerning decent employment conditions. De facto, the Productive Development with Decent Employment Sectorial Plan formally lost all relevance in all aspects<sup>50</sup> by 2012, without up to now a new sectorial plan having been submitted.

**Box 1: Programme in Support of Improving the Financial and Fiscal Environment of Micro, Small and Medium Size Enterprises**

**Programme in Support of Improving the Financial and Fiscal Environment of Micro, Small and Medium Size Enterprise (PAMEFF) – 35M€**

With the purpose of democratizing credit for Micro, Small and Medium Size Enterprises, the **European Union considered as eligible the Programme in Support of Improving the Financial and Fiscal Environment of Micro, Small and Medium Size Enterprises (PAMEFF)**, depending of the central government and managed by the Ministry of Economy and Public Finances, **for the concession of 35M€ non-reimbursable funds.**

The general objective of the PAMEFF programme is to promote the development and formalization of MSMEs, from the financial and fiscal environment, to create employment and improve the revenues of MSMEs. Its specific objectives are: 1) financial component: To deepen the democratization and diversification of the financial system, giving priority to the development of the productive sector and the demand from traditionally excluded producers, with a gender and environmental sustainability approach; 2) fiscal component: To implement a fiscal, tax and tariff policy that contributes to formalizing productive MSMEs' initiatives.

One of the most visible and successful contributions of the PAMEFF to sectorial policy, was its support to the institutional strengthening and service expansion of the Productive Development Bank (BDP), established in 2007 as a second-tier bank to support and expand micro-credit through the national financial system (public and private). As stated by BDP's management for this evaluation, it was mostly PAMEFF's technical assistance and financial resources (for the expansion of the pre-existing guarantee fund for micro-credits) that allowed first, the design of innovative and previously inexistent financial products offered by the BDP and second, enabled the successful implementation of these new products (complemented with the technical training of micro-credit beneficiaries) enabling: i) expanding access to micro-credits in the country and ii) strengthening sufficiently the BDP and consolidating its financial operations until making possible the BDP's conversion to a first-tier bank on October, 2014. From this recent conversion, the Government expects even more and faster expansion of micro-credits in the country.

Given their concentration, transfer modality projects included in this evaluation (and PAMEFF's financial component), centered their effects mainly on the creation of income-generating opportunities and not on employment creation. PAMEFF's financial component has the widest scope, with approximately 140,000 credits delivered. The total number of productive or infrastructure projects financed through Produce, PROEX and EMPLEOMIN does not exceed 100. There are no official estimates of the number of direct and indirect beneficiaries of these projects; however, EUD officials and project technical staff agree that the number of families benefited directly or indirectly exceeds 3,000.

<sup>50</sup> As stated by Luis Baudouin, Vice-minister of Trade, for this evaluation, pointing out that the Government is working on the development of a new sectorial plan with a slightly different approach, not focused so much on formal sector support and developed dealing with decent employment.

Faced with this reality, the major contribution of these projects lies in the institutional strengthening of partner ministries (considerable with the MDPyEP)<sup>51</sup>, save for the case of the Ministry of Mining and Metallurgy.<sup>52</sup> The evaluation recognizes that, in general terms, capacity generation is satisfactory when compared with outcomes programmed in project documents and budget support agreements.

Regional projects had much more ambitious goals, above all within AI-Invest's framework. Only in Bolivia, this programme provided assistance under its different modalities to more than 4000 enterprises. It had a specific design of capacities to be built in partner institutions, to offer more and better assistance to regular costumers of the chambers (and other partner institutions), and also to expand its assistance offer to other sectors of enterprises, providing in this way an expansion of the creation of income generating opportunities.<sup>53</sup>

*EU's support strategy contributes to improving the promotion of formalized MSMEs (Ref. EC 3.2)*

Support given to formalized MSMEs was provided mainly through PAMEFF's financial component and the resulting credit assistance through the BDP. It is important to take into consideration that the PAMEFF provides assistance to an entire financing for development sector policy, not only limited to the BDP's activity<sup>54</sup>, but which generated since 2007 important regulatory (i.e. the new Financial Services Law) and institutional (i.e. conversion of the BDP also into a first-tier financial institution) changes, which as a whole contributed to: i) a general availability expansion of micro-credits for productive activities; ii) reduction of interest rates (and legal regulation establishing maximum interest rates); iii) an expansion of credits for the rural area and women; and iv) an increase in the number of financial entities providing micro-credit services (See Annex 8 I.3.2.1).<sup>55</sup>

The strategy of the sector policy looks to provide support to MSMEs through more and better financial services (micro-credit and others), simultaneously provided through public and private financial entities. In order for this to be possible, the idea is to create innovative financial instruments and the institutional strengthening of financial institutions (i.e. through a guarantee fund) or special support to the management capacity of the Productive Development Bank (BDP). From fiscal management's perspective, support is provided to financial actions through enterprise formalization management and fiscal and commercial management of MSMEs (internal and foreign trade). The BDP values the SBS cooperation modality because it has enabled expanding the implementation of the sector's policy (through the availability of more financial resources). Preliminary evidence indicates that this policy's expected outcomes and impacts are beginning to be achieved. Graphs 4 and 5 show the positive trend of achievements with respect to the expansion of the credit offer for MSMEs in general, and also to rural areas.

*EU's support strategy contributes to the generation of decent alternative employment, in particular in mining and coca production areas. Ref. EC 3.3*

Actions performed by PAMEFF's SBS are complemented with project modality activities. Projects included in this evaluation are PRODUCE (15M€), EMPLEOMIN (13M€) and PROEX

<sup>51</sup> I.e. through and ex-ante analysis of the type of capacities and institutional structures required by the MDPyEP's Vice-ministry of Trade, going beyond specific activities related to PRODUCE or PROEX.

<sup>52</sup> Given that the project was implemented through a decentralized programme executing unit.

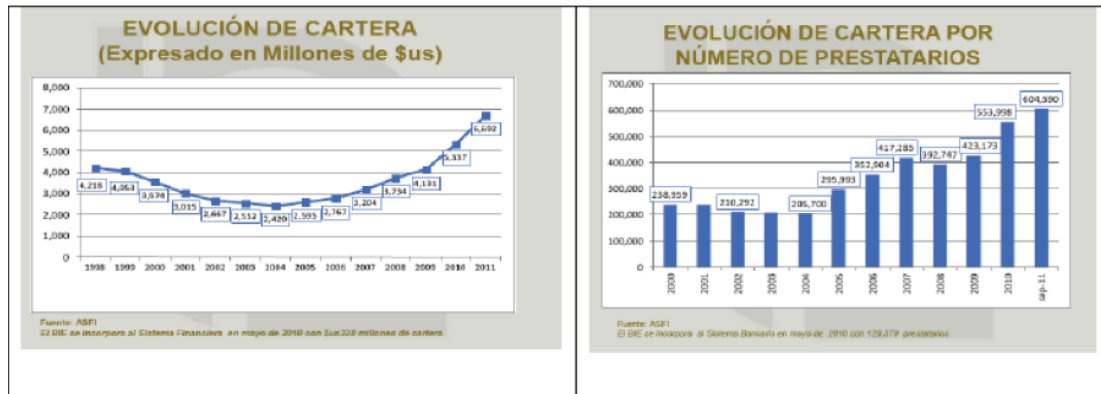
<sup>53</sup> CAINCO (Industry and Trade Chamber of Santa Cruz) expanded its service offer to enterprises that provide services. Before AI-Invest IV, CAINCO only offered services to the industry and trade sectors.

<sup>54</sup> BDP's achievements are easier to visualize within PAMEFF's framework because the BDP has PAMEFF's specific resources to set up guarantee funds for micro-credits (under its second-tier operational modality) being the institution that made very efficient use of TAs' contracting.

<sup>55</sup> In addition to the expansion of the micro-credit portfolio of Banco Unión, property of the State.

(13M€).<sup>56</sup> EU's contributions in support of MSMEs' productive sector and its indirect effect on employment generation were already previously described. Although these outcomes were also achieved in parts of mining zones (through EMPLEOMIN), it was precisely the transfer modality applied by projects that generated the geographical decentralization of beneficiary projects. In fact, PRODUCE and PROEX financed productive activities throughout the entire national territory (See project maps in Annex 8 I.3.2.7).

**Graph 4:** Evolution of loan portfolio



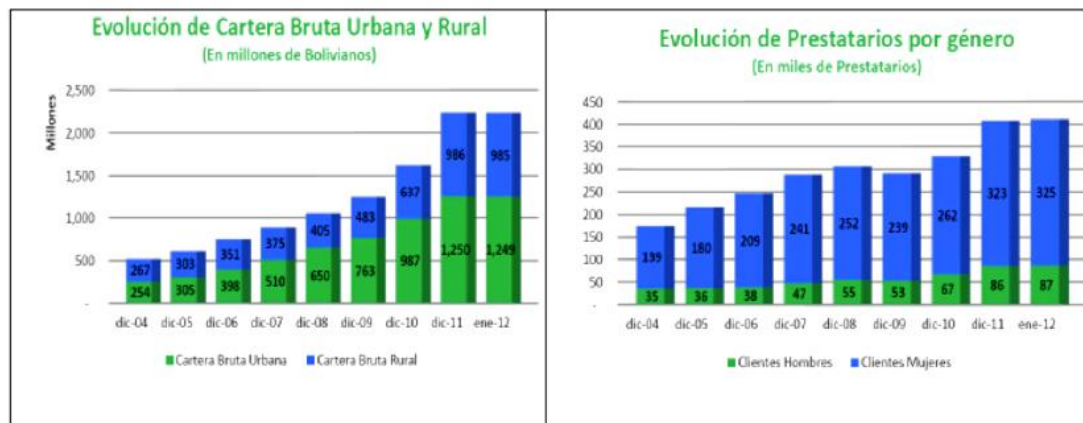
PORTFOLIO EVOLUTION (in US\$ million)

PORTFOLIO EVOLUTION BY NUMBER OF BORROWERS

Source: Information Bulletin, 2001

<http://www.asoban.bo/index.php?option=comdocman&task=docdownload&gid=198&Itemid=21>

**Graph 5:** Evolution of the Situation of Credit Borrowers



Gross Urban and Rural Portfolio Evolution (in millions of Bolivianos)

Evolution of Borrowers by Gender (in millions of borrowers)

■ Gross Urban Portfolio ■ Gross Rural Portfolio ■ Male Clients ■ Female Clients

Source: FINRURAL, January 31, 2012

<http://www.finrural.org.bo/index.php/informacion/boletin-electronico>

<sup>56</sup> PRODUCE is the official name of a project commonly known as PROBOLIVIA (since it is implemented as part of the MDPyEP's previously existing PROBOLIVIA unit).



The mechanism behind this decentralization is two-fold. First, only high quality projects are financed (design and presentation consistency with high sustainability potential)<sup>57</sup>; second, the final decision to confer financing through competitive funds is made by the evaluation committees of implementing institutions and not the EUD. Following the strategic guidelines of the National Development Plan, these committees prioritized primary production activities and food (of high nutritional value) processing (industrialization), during a first stage for the local market and during a second stage for export (supported by PROEX). This correct application of strategic guidelines for development by authorities naturally made interest diminish in mining and coca production areas. Although this problematic was handled through the EMPLEOMIN and FONADAL projects, dynamics or additional outcomes were not generated by Axis 1 activities. This evaluation states for the record that faced with the dynamic of sector advances and the implementation of Axis 1, this result is perfectly acceptable.

*EU's support strategy contributes to the positioning of Bolivian products and possible MSMEs in regional, local and international markets. (Ref. EC 3.4)*

Although at the start of the implementation of the Country Programme in 2007, the Government's policy and strategy were not clearly defined in relation to the promotion and export of MSMEs' products, this result was finally fully achieved through a two-fold approach applied by the Government. Although during the first years of the implementation period, the Government began to control the export of strategic food products (to ensure food security), once this objective was reached, it was precisely the export of tradition food products of high nutritional value (i.e. quinoa, chia, cocoa, potatoes, etc.) that contributed to an increase of Bolivian exports. It is important to take into consideration in this context that the increase in food production by family farming managed to, first of all, ensure food security (supported by the PASA project) to subsequently, increase non-traditional food exports (processed and non-processed food products), supported by PRODUCE and PROEX and potentially co-financed by the BDP<sup>58</sup>. In fact, Bolivia's food exports doubled between 2008 and 2013. An important part of this increase corresponds to quinoa (and other products exclusively produced by family agriculture and processed through MSMEs). This export dynamic, supported by PROEX (See PROEX project maps in I.3.2.7) is underpinned by better performance of MDPyEP's complementary services, such as certification of origin, fair trade certificate or the promotion of the country brand (all activities performed by PROBOLIVIA and directly or indirectly supported by PRODUCE and PROEX).

*The conditions are given for the benefits concerning MSMEs' productivity and competitiveness to last past the end of foreign assistance. (Ref. EC 3.5)*

It was previously explained that the Government favours the State transfers to productive enterprises tool, as engine to promote production in low economic strata and thus, generate more production and make possible higher earnings. This strategy transcends Axis 1 because it was implemented in food security and in CSP's Axis 2.

<sup>57</sup> This reference is made to two concrete facts. First, the requirements concerning the technical quality of project designs were high (as certified by tender documents and proposal adjudications. In PRODUCE and PROEX tenders, participants strived to comply with demands and in fact, high quality was achieved (> 60% of proposals submitted) complying with quality standards (which wasn't the case with EMPLEOMIN). The sustainability of projects proves the following facts: first of all, all projects supported by PRODUCE continue currently in operation and approximately two thirds got a second financing opportunity through PROEX.

<sup>58</sup> It refers to the fact that enterprises benefiting from PRODUCE and PROEX automatically meet all formal requirements to become BDP clients (indirectly through other financial entities to the resources of the BDP as second-tier bank, or beginning in 2014, directly as BDP first-tier bank clients). Beneficiary enterprises voluntarily decide if they want to request BDP financing during or after the period supported by PRODUCE or PROEX. There is no formal connection between these projects and the BDP, but it is important to point out that PRODUCE and PROEX beneficiary enterprises have this additional financing option and may make use of it if they wish to.

From the start of its implementation, this tool has yielded satisfactory outcomes with respect to the expansion of production, revenues and exports, as well as to the generation of the capacities of public institutions to implement this type of tools in appropriate fashion. Although there is still ample room to improve implementation performance (and monitoring above all) of transfers, these proved being a powerful tool (in Bolivia's current social and political context). It is precisely this successful experience, added to the fact that the Government continued working along these same lines (transferences) in the food security sector with State funds (see EQ4 below), and that the Ministry of Productive Development and Plural Economy looks to have access to the necessary funds from the General National Treasury, to be able to continue with this modality after the closing of PROEX giving continuity to this intervention model and presumably also to supported undertakings. Up to now, PROEX enabled providing continuity and sustainability to a number of undertakings initially supported through PRODUCE.

#### 4.4 Food Security with Sovereignty

The following is the corresponding evaluation question asked:

***EQ 4: To what extent has EU's support (including budget support) contributed, and contributes to the strengthening of the agricultural sector's productive and institutional capacities, stimulating thus the production of basic food staples, family consumption and improving the operation of local markets?***

##### Summary of findings

- **EU' support to food security with sovereignty policies, through budget support (PASA), has enabled the government of Bolivia to achieve highly satisfactory outcomes in this area.** The success of these activities is based, as per this evaluation, on two special conditions.<sup>59</sup>
- **First, the work of the PASA SBS is just the last stage of work supported by the EU concerning food security in Bolivia, consolidated along 15 years correctly building upon the outcomes of previous years.** The sequence of thematic activities during 15 years was correctly planned, starting with an initial productive infrastructure stage, followed by a communitarian organization stage and a final direct support to food production stage.
- The second success element is the fact that **beginning in 2007, many of the outcomes of EUD's activities in support of the productive sector converge in the food security sector**, because its producers benefit from sector policy implementation activities of the Ministry of Rural Development and Land, as potentially also of the outcomes of PAMEFF (more access to credit), PRODUCE and PROEX.

In particular, the following are the main findings:

***EU's support strategy contributes to improving incentives for production, industrialization and proper distribution of strategic food items. (Ref. EC 4.1)***

The main indicators of food security and nutritional achievements show considerable improvement in the country, with an accelerated (and unexpected) improvement during the past five years (See I.4.2.2). **The magnitude of recent improvements will very probably allow the country to fulfil the nutrition MDG, fact which until recently was not considered possible. One of the main determinants of this improvement was the food security with sovereignty public policy, which received considerable support from the EU (through**

<sup>59</sup> Annex 9 includes this sector's comprehensive evaluation framework, following OECD methodology for Budget Support, based on the inputs of the application of step 1 of the evaluation, and its combination with the country level evaluation by sectors.

**PASA) and previous to PASA, through a number of European financial modalities starting in 1998.**

**Box 2: “Response to Food Crisis through the Strengthening of the Operations of the Food Sovereignty and Security Policy in Bolivia” Programme**

**“Response to Food Crisis through the Strengthening of the Operations of the Food Sovereignty and Security Policy in Bolivia” Programme – (PASA) 13M€**

Food Security with Sovereignty and the Human Right to Appropriate Food are concepts that have progressively evolved in the country during the past few years, to promote the rediscovery of family communitarian agricultural productivity, but respecting the development of different modalities of plural economy. PASA’s global objective is to contribute to the efforts of the Government of the Plurinational State of Bolivia to reduce the impact of food price rises on Bolivia’s most vulnerable populations. The specific objective is to strengthen the productive and institutional capacities of the agricultural sector and reinforce governments actions aimed at stimulating the production of basic food staples, family consumption and local markets.

EU’s support to food security in the country goes back a long time. From the beginning of the assistance back in 1998, a sequential intervention can be appreciated whose stages and milestones began with the support to productive infrastructure (mainly irrigation systems allowing an increase in crop productivity of approximately 30%), moving to a second stage with support to productive undertakings (technical assistance). The Government performs the interventions, but it was the EU’s SBS (and before previous projects) that assisted to; i) consolidate sufficiently the sectorial policy to enable SBS and ii) enable the development along the years of an innovative State to productive collectives transfer model (in Bolivia), with an approach that generates social benefits beyond economic results. The success of this model is proven by the considerable improvement in food and nutritional indicators, and also through other cooperation entities (i.e. World Bank) who work on expanding it.

The objective of this evaluation was not to perform an empiric assessment<sup>60</sup>. However, the following seem to be the most visible elements (and presumably determinants) of the public policy behind the reported improvements:

- Support given through State transfers (with PASA’s support) to food production;
- Establishment of fair price policies for strategic food staples by PROBOLIVIA (with PRODUCE’s support)<sup>61</sup> and new regulations for the operation of the national food market (through MDPyEP) through the purchase and storage of strategic food staples performed by EMAPA<sup>62</sup>;
- Elaboration of food vulnerability maps (VAM, implemented by the PMA with PASA’s financial support) which facilitate the geographical focalization of transfers and furthermore, their use to prioritize the implementation of agricultural insurance<sup>63</sup>. For nutritional achievements it was an important determinant of the expansion of the school feeding programme (co-financed by the EU and implemented by WFP)<sup>64</sup>;
- Promotion of food processing (generation of value added) through MSMEs (supported by PRODUCE) and its insertion in export markets (supported by PROEX).

As a whole, these measures (and their corresponding support by the EUD) established a new incentive structure which in practice not only enabled reaching more production, but also resulted in more food exports.<sup>65</sup> The set of these measures increased at the same time the possibilities and options for the commercialization of fair priced food in the local market.

<sup>60</sup> Quantitative, econometric and statistical.

<sup>61</sup> For example, in the dairy sector or through agricultural modalities by contract implemented by EMAPA (the latter ones always yield better outcomes/ revenues compared to those that can be gotten in the free market (at greater risk), but do not stop being an important incentive for large group of producers in family or small-scale agriculture.

<sup>62</sup> Also see I.4.1.2. of Annex 8.

<sup>63</sup> Agricultural insurance covers losses for strategic food staples. This insurance and its operation do not have the EU’s direct support, but VAM maps are an essential tool for its operation.

<sup>64</sup> Which for timely experiences represents and incentive for food production through the modality of the purchase of local food for school feeding.

<sup>65</sup> With the exception of wheat; also see I.4.1.2, I.4.2.2 and I.3.4.4. of Annex 8.

Furthermore, there are more opportunities to export food (also for small producers) and increased capacities and an expanded offer of support services provided by public institutions for exports (PROEX). All of these outcomes constitute a structure of incentives for food production.

It is important to take into consideration that most direct incentives for food production in small plots come from the field intervention model promoted by the Ministry of Rural Development and Land through its sector policy, based on cooperation experiences with the EU starting in 1998. The elements of this model and the generation of capacities and incentives facilitated by the model are described in the following section (EC.4.2).

*EU's support strategy contributes to the strengthening of the capacities of private – communitarian actors for the production of food for the local market and export. (Ref. EC 4.2)*

From the beginning of the EU cooperation in favour of food security in Bolivia in 1998, the aim was to improve the conditions of individual primary producers, as well as of collectives, associations or communitarian models. The results of PASA assistance with respect to the strengthening of producer capacities can only be understood if we take into consideration these results jointly achieved by successive Bolivian Governments and the EU.

The 15-year (1998 – 2013) complete assistance phase can be divided into three stages. The first stage concentrated mainly on the use of transfers to productive communitarian collectives to invest in productive infrastructure.<sup>66</sup> The second phase consisted of the consolidation of an organizational operational modality (empowerment) for primary producers (among other things, for example, around infrastructure works, for their use). The third phase consisted at the start of the direct support to food production (through transfer modality). The first two stages were mainly implemented under the project modality, while the third stage was implemented under the budget support modality, thus recognizing the advances in the development and successful implementation of a sector policy. Along these 15 years of cooperation, approximately 900 projects were implemented during the three mentioned stages.

Each one of these stages had its corresponding technical assistance model and the achievements made with respect to food security, nutritional situation of the population and increase in the national availability of food with simultaneous increase in exports, attest to the increased productive capacity of primary producers.

However, management staff of the Ministry of Rural Development and Land identified the communitarian organization and empowerment model as the most important element of the EU cooperation in the food security sector, as far as producer capacities is concerned.<sup>67</sup> According to ministry technicians, it was this organization of a more social nature that enabled producer collectives to take more advantage of TA and increase their productive capacities (also taking advantage of the benefits of an increased productive infrastructure).

*EU's support strategy contributes to the development of Technological Innovation for production and by upgrading and technifying small and medium size rural producers, with emphasis on food security. (Ref. EC 4.3)*

The intensification of national research to improve food production and productivity is performed through the food security with sovereignty sector policy, which was supported by PASA's SBS. Since 2008, the **National Institute of Agricultural and Forestry Innovation**

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<sup>66</sup> Mainly irrigation systems (whose appropriate use enables increasing agricultural productivity by approximately 30%), and also open roads all the time and warehousing systems

<sup>67</sup> Without going into too many technical details, this is basically a social organization approach similar to the one NGOs and CSOs have been promoting for a while now. The main difference is that from 2006, it is governmental officials that perform this work in support of empowerment. At the Ministry of Rural Development and land, it is mentioned that these approaches and work modalities were learned by the ministry thanks to and through PASA.

(INIAF its acronym in Spanish) is in existence. Based on the objectives of the sector policy, food security with sovereignty must be reached through the collective productive work of family agriculture, financed by the State through transferences (model established and supported by PASA), based on productive decisions (what and how to produce) defined by the producers themselves. Technical knowledge is acquired by productive collectives through the technological innovation council promoted by INIAF. These councils gather together producers, local authorities, technicians, the INIAF and academics to jointly decide on what to produce best in which area, or which technology to use. Up to now, only a few pilot experiences have been performed, but initial outcomes are promising (according to MDRyT sources).

Animal health is improving in major fashion in Bolivia. Just recently (May 30, 2014), the World Organization for Animal Health (OIE) unanimously decided to certify Bolivia, for the first time, as a country free of mouth-disease fever and minor small ruminant diseases, through which the country can guarantee the safety of its meat products to the entire Bolivian population and international community. The National Service of Agricultural Security and Food Safety (SENASAG) maintains that this certification is the result of worked performed for thirteen years, allowing at first for the Chiquitania of Santa Cruz to be declared free of mouth-disease fever, than the Altiplano and in 2013, the Bolivian Lowlands and Chaco, to finish by certifying the Amazonia, completing the national circle. This achievement is framed within the objectives of PASA's Outcome n<sup>o</sup>1: "Strengthening of the sector's institutional capacity in terms of coordination and technical support for projects at national and regional level; activity n<sup>o</sup> 2: "Strengthening of the technical capacities of national and regional institutions with respect to planning, evaluation and control".

PASA, given its nature as budget support modality, assisted the government in the consolidation of the outcomes achieved by the EU's PROCOIN project in Bolivia, which had included assistance to consolidate Bolivian institutions, such as the National Service of Agricultural Security and Food Safety (SENASAG), to improve technical and health control frameworks. All this activity takes place in view of CAN - EU negotiation, and possible increases in CAN's food exports (including Bolivia), taking into consideration communitarian policy within the environment of health and plant health controls and consumer protection, aspiring to guarantee safeguarding the economic and health interests of consumers and the protection of food security and European public health.

#### 4.5 Comprehensive Development with Coca and Fight against Illegal Drug Trafficking

The following is the corresponding evaluation question asked to analyze this sector:

***PE 5: To what extent has the EU support contributed to the Fight against Drug Trafficking and to the comprehensive development sector policy?***

##### Summary of findings

- **The EU's cooperation with Bolivia** with respect to the Fight against Drug Trafficking, along the evaluation period, **has enabled government institutions to shift the dynamics of their relations with civil society organizations and international cooperation agencies.** For this purpose, support actions were performed that prioritized institutional strengthening and the articulation between government and civil society. This change in which the fight against drug trafficking is implemented has meant the rethinking of the

exercise of sector public policies, coinciding with the democratic principles of social inclusion, Human Rights and equity.<sup>68</sup>

- These processes have been performed coinciding with a **new political vision that differentiates Comprehensive Development with Coca on one side, and the Fight against Drug Trafficking on the other**. Under this perspective, policy and institutional construction generated in these two subsectors has meant respect for national sovereignty, increase in the efficiency of actions to reduce crops and an opening for a shift from the War against Drugs concept towards a policy more coherent with local reality. This has enabled increasing the level of social acceptance of sector policies and the strengthening of the commitments made by civil society organizations.
- Within these innovations, it is recognized that it is in **specific policies dealing with the reduction of coca leaf farming where deeper changes have taken place concerning social acceptance and participation**. Reference is made to the **Social Control of Coca Leaf Production**, understood as a unique practice currently successful in Bolivia's context, in the dynamics of the fight against drug trafficking involving the commitment on the part of civil society in coherence with international commitments and legislation concerning this matter<sup>69</sup>.
- The **continuity of these processes will require**, in different proportions, more efforts for consolidation through the **institutional formalization of the updating of current legislation, capacity development and budget allocation**.

In particular, the following are the main findings of this sector:

*The relation and coordination between social and governmental actors promoted by the European Union's cooperation has enabled the reduction of conflict and violence levels around sector policies, without losing coherence with the objectives of plans, sector strategies or the agreements established in conventions and political dialogues (Ref. EC 5.1).*

The fluid and close relation existing between civil society organizations (CSO) and government entities was built from two perspectives. The first one, in chronological terms, was the construction of the "Comprehensive Development with Coca" model; a proposal that innovated on the previous "Alternative Development" model by incorporating beneficiaries to the analysis of priorities and the development of strategic proposals. The new model was also innovative because it discarded the compensation for reduced coca crop area logic, adopting an approach to development without constraints. This information has been observed in institutional efforts performed by FONADAL to gain the trust, participation and counterpart contribution of different beneficiaries.

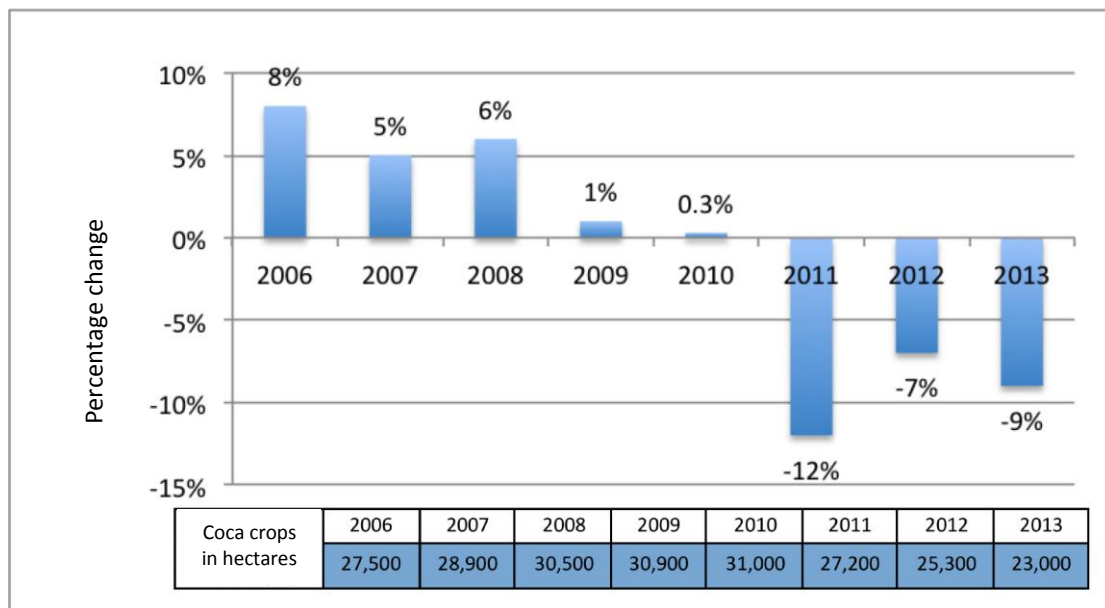
For this purpose, the Report of the Closing of the FONADAL – Yungas Agreement and its institutional memory were consulted; corroborating this data with interviews of municipal officials, leaders of peasant organizations, officials of FONADAL and the Vice-Ministry of Coca and Comprehensive Development.<sup>70</sup>

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<sup>68</sup> Annex 9 includes this sector's comprehensive evaluation framework following OECD methodology for Budget Support, based on the inputs of the application of step 1 of the evaluation, and its combination with country level evaluation by sectors.

<sup>69</sup> Progress in this area has made the EU commit itself to supporting Bolivia's sectorial strategy as a whole.

<sup>70</sup> Indicator 5.1.2 of Annex 8: Signs of social acceptance of Alternative – Comprehensive Development and concerted rationalization of crops among peasant coca producer organizations.

**Graph 6:** Annual change percentage of surface area with coca crops in Bolivia, 2006 -2013

Source: UNODC's Survey of Monitoring of Coca Crops in Bolivia, June 2014

[https://www.unodc.org/documents/crop-monitoring/Bolivia/Bolivia\\_coca\\_survey\\_2014\\_web.pdf](https://www.unodc.org/documents/crop-monitoring/Bolivia/Bolivia_coca_survey_2014_web.pdf)

Along the 2007–2013 period, coordination between organizations of coca leaf producers and governmental institutions has strengthened a second joint work perspective in correspondence with political coincidences and social proximity existing between the representatives of these actors. We refer to Social Control coca leaf production; a proposal launched by peasant organizations producers of coca leaf in the Tropic of Cochabamba, themselves. Within this context, it is understood that support to Social Control has resulted in a reduction of conflict levels and the stabilization of coca crops and furthermore, an increased pace in the reduction of coca crops. In general terms, this analysis is extracted from reports of the Project in Support of Social Control of Coca Leaf Production, and a number of interviews with leaders of peasant organizations involved.<sup>71</sup> This policy resulted in a net reduction of coca leaf crops during the last three consecutive years (once Social Control processes were consolidated, starting in 2010, an accumulated reduction of 26%; equivalent to 8,000 hectares has been achieved), as shown in Graph 6. It must be emphasized that these policies to reduce the surface area dedicated to coca leaf crops have been implemented with notable reduction of the conflict index.<sup>72</sup>

In brief, the described scenario permits understanding that the EU's cooperation has facilitated the development of technical proposals and financing responses on part of the State to the requirements of peasant/coca producer organizations, presented to strengthen their commitment and participation, achieve net reductions of coca crops and improve their living conditions.

<sup>71</sup> Indicator 5.1.1 of Annex 8: Tests of participative processes established between Social Organizations and Government Entities to perform the rationalization of coca crops and reorientation of Comprehensive Development with Coca projects.

<sup>72</sup> In Bolivia, coca is recognized as "cultural patrimony" by the Constitution of 2009. Current drug law permits the cultivation of 12,000 hectares maximum, for traditional and medicinal uses, although authorities have recognized that part of the surplus production goes to drug trafficking to produce cocaine.

*The strengthening of Bolivian institutional capacities has enabled the consolidation of the new meaning given by the Government to the implementation of sector policies, from an inclusion and social participation perspective. (Ref. EC 5.2 and 5.3).*

The implementation of actions by the EUD in Bolivia in this sector, under its different modalities, has implied in each case the strengthening of governmental and social capacities for the management of the Comprehensive Development with Coca or the Fight against Drug Trafficking programmes.

First of all, it is recognized that the development of planning instruments and financing modalities at the FONADAL has been progressive. This can be appreciated in the positive trend shown in the execution of funds, going from Bs2.5 million in 2002 to Bs109 million by 2010. The inference made from this trend backs the recognition of capacity development, positively valued, by means of management tools for FONADAL and the Vice-Ministry of Coca and Comprehensive Development (VCDI), such as sector strategies and sectorial coordination spaces like the Sectorial Group (MESDI), and links with local counterparts such as municipal governments.<sup>73</sup>

Furthermore, it is important to point out that the development of capacities related to the formulation and presentation of projects, between municipal governments and beneficiary social organizations, was achieved through a progressive process simultaneous to the call for tenders and their execution.<sup>74</sup>

Finally, it is important to mention that the Programme in Support of Social Control of Coca Leaf Production (PACS), together with CONALTID's Strengthening Programme, are actions that have promoted institutionalization processes that enabled implementing the new approach for Bolivian drug policies.

First of all, with respect to the PACS, important outcomes achieved are Social Control regulation, information generation and training of human resources, registered as outcomes in the corresponding evaluation and monitoring reports. Nevertheless, it is also important to point out that there was no sufficient adaptation of the institutional scenario and the definition of the competencies of the Vice-Ministry of Social Defence and of the Vice-Ministry of Coca and Comprehensive Development, to enable the full use of the information management system developed to monitor Social Control actions.<sup>75</sup>

Secondly, with respect to the action to strengthen CONALTID, the importance of pointing out that it has facilitated deepening the analysis of new sector policies, adaptation of institutional structures, inter-institutional coordination and consolidation of a new strategic perspective for the Fight against Drug Trafficking (LCN) is recognized. More specifically, it has been observed that this effort also facilitates joint work with the United Nations Office on Drugs and Crime, conferring a synergic nature to the effort made in the Fight against Drug Trafficking by the government of Bolivia, the European Union and UNODC.

As a whole, these aspects have been confirmed by reports of the FONADAL – Yungas Agreement, PACS's Mid-term Evaluation and interviews with managers and officials of the Technical Secretariat of the National Council against Illegal Drug Trafficking (CONALTID).<sup>76</sup>

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<sup>73</sup> Indicators 5.2.1 and 5.2.2 of Annex 8: Investment increase based on institutional strengthening and management tools for the implementation of sector policies.

<sup>74</sup> Indicator 5.3.2 of Annex 8: Signs of social participation in the implementation of Social Control and Comprehensive Development with Coca.

<sup>75</sup> Indicator 5.1.1 of Annex 8: Tests of participative processes established between Social Organizations and Government Entities to perform the rationalization of coca crops and reorientation of Comprehensive Development with Coca projects.

<sup>76</sup> Indicator 5.4.2 of Annex 8: Evidence of the institutionalization and regulation of projects supported by cooperation in favour of the Fight against Drug Trafficking and Comprehensive Development with Coca.



**Box 3: Sector Budget Support to Comprehensive Development with Coca Strategy**

**Sector Budget Support to Comprehensive Development with Coca Strategy – (26M€)**

This programme was financed through the National Alternative Development Fund (FONADAL), to diversify agricultural production in coca regions (i.e. bananas, cocoa, coffee, citrics and heart of palm) and improve the living conditions of rural population, through the provision of social infrastructure (water, sanitation, school hospitals, etc.) and the creation of capacities in local administrations and social organizations, providing for example, professional advice and equipment.

Its impact is as follows:

- 524 projects performed in four areas: economic development, social development, institutional consolidation and national resources and environment.
- Internal migration flow to the areas of illegal coca production decreased by 30 %.
- Each year, 200 youngsters received technical training to diversify and increase employment opportunities.
- Coca production in Bolivia decreased by 18% since 2010.
- Furthermore, alternative agricultural production has increased substantially and a number of promising productive chains have been created.

*The sustainability of institutional and social processes achieved with the support of the European Union in the Fight against Drug Trafficking, has implied a prolonged consolidation process still not finished yet and which maintains differentiated progress levels (Ref. EC 5.4).<sup>77</sup>*

The sustainability of the achievements made with respect to the aforementioned processes, related to the redefinition of sector policies and their implementation, is understood in terms of the institutionalization and adaptation of the scenario, based on what's needed to consolidate started processes. This presupposes the necessary allocation of resources by the government of Bolivia (different levels and sources) to continue with started actions and the consolidation of their outcomes without losing sight of what shared responsibility in an international context means.<sup>78</sup>

The sustainability of the capacities developed by FONADAL and subsequent execution by PAPS, has been backed up by an important allocation of counterpart resources (much larger than those required by EU agreements) along the implementation of each financing agreement. This information is taken into account because these figures reflect a high probability of maintaining these levels of counterpart contributions and project more efficient management of new funds for the continuity of started development dynamics and processes.<sup>79</sup>

With respect to advances made in Social Control, it is important to point out that its sustainability is projected based on the creation of the Social Control unit within the Vice-Ministry of Social Defence and Controlled Substances (VDS-SC). However, the sustainability of achievements made could be compromised by insufficient information and regulation of new processes. This implies that the updating of competencies and the adjustment of institutional structures to promote the administrative, financial and technical capacities of involved state and social entities.<sup>80</sup>

The little effectiveness of EU's actions concerning this issue at regional level is mainly due to the lack of institutional capacity of the General Secretariat of the CAN to identify coherent and coordinated actions and to a deficient monitoring and follow up of these actions. Furthermore, the regional level institutional framework leads to a lack of clarity during implementation. An obvious reason for this is that the SG-CAN mandatorily interacts with the Foreign Offices of its Member States and not with technical ministries or their executing public entities.

<sup>77</sup> That's why EU's support to this sector will continue as a priority area for the 2014 – 2020 period.

<sup>78</sup> Indicator 5.4.2 of Annex 8: Evidence of the institutionalization and regulation of projects supported by cooperation in favor of the Fight against Drug Trafficking and Comprehensive Development with Coca.

<sup>79</sup> Indicator 5.4.1 of Annex 8: Evidence of the existence of other financing sources and fiscal allocations.

<sup>80</sup> Indicator 5.4.2 of Annex 8.

In this fashion, coordination and the effective implementation of selected actions is very limited. Secondly, Bolivia has designed, during the past decade, a new anti-drug policy, substantially different and with different priorities. Therefore, proposed actions, even those identified together with Bolivia, have not been prioritized by the government. Finally, it is clear that due to the reorganization of the Drug Observatory, Bolivia has not benefited from the corresponding PRADICAN component.<sup>81</sup>

#### 4.6 Sustainable Management of Natural Resources

In this work area, the following question was asked:

***EQ 6: To what extent has EU support (including budget support) contributed, and contributes to improving access to drinking water and basic sanitation, comprehensive management of water resources and biodiversity preservation?***

##### Summary of findings<sup>82</sup>

- **The EU cooperation in Bolivia has enabled stimulating investment in the environment sector, in sync with sector policies.** It has promoted a comprehensive approach to the management of natural resources and water, with the participation of state and non-state actors, integrating, in addition, climate change and risk disaster management to public policies as well as to its own assistance strategies. The main **achievements of this process** are the **increase in water and sanitation coverage, as an advance to the fulfilment of the MDGs and the Human Right to Water** (in particular with respect to access to drinking water); the consolidation of the **National Basin Plan as a genuine planning instrument**, which in its second phase includes a climate resilience programme, and the creation of **synergic actions with ECHO to integrate climate change and disaster risk management** in the policy. The EU is recognized for having promoted coordination, political dialogue and management for results within the sector, enabling working in strategic and structured fashion. Furthermore, **this dialogue has strengthened the management of natural resources in protected areas, as a result of the institutional strengthening of this sub-sector, the participation of sub-national governments and the increase of state resources for biodiversity management.** On the other hand, the **EU has enabled the joint development of the sector's Comprehensive Plan**, which addresses new paradigms established by the Mother Earth law in correlation with the goals of the 2025 Agenda and main environmental problems. The **Comprehensive Plan has aroused the expectation of national authorities** and, currently, it is one of the main bets for the future.
- **There is no evidence yet of the impacts of sector policies on beneficiary populations or the environmental quality or health of ecosystems**, in spite of more dynamic investments. During the formulation of the policy and its evaluation framework, indicators to measure this impact were not included, nor have studies and evaluations of this nature been performed up to now. This aspect takes on particular relevance because the purpose of EU's strategy in the sector is to influence poverty mitigation and local development, through sustainable practices concerning natural resources.
- **Pending challenges and tasks concern the technical and financial sustainability of public policies, institutional and capacity strengthening, knowledge management, vertical and horizontal intra and inter-sectorial articulation and the promotion of**

<sup>81</sup> Indicator 5.5.3 of Annex 8: Key national counterparts at local, regional and/or national level (Including EU's staff (EC and Member States) and other donors) confirm the existing coordination among the different levels of operation and its effective scope.

<sup>82</sup> Annex 9 includes this sector's comprehensive evaluation framework following OECD methodology for Budget Support, based on the inputs of the application of step 1 of the evaluation, and its combination with the country level evaluation by sectors.

**public policy resilient to climate change.** The aperture achieved by the EU with respect to political dialogue can be an important space to continue contributing to the addressing of the qualitative aspect (not just quantitative) of public management, to move toward a more efficient and comprehensive management of environment and water.

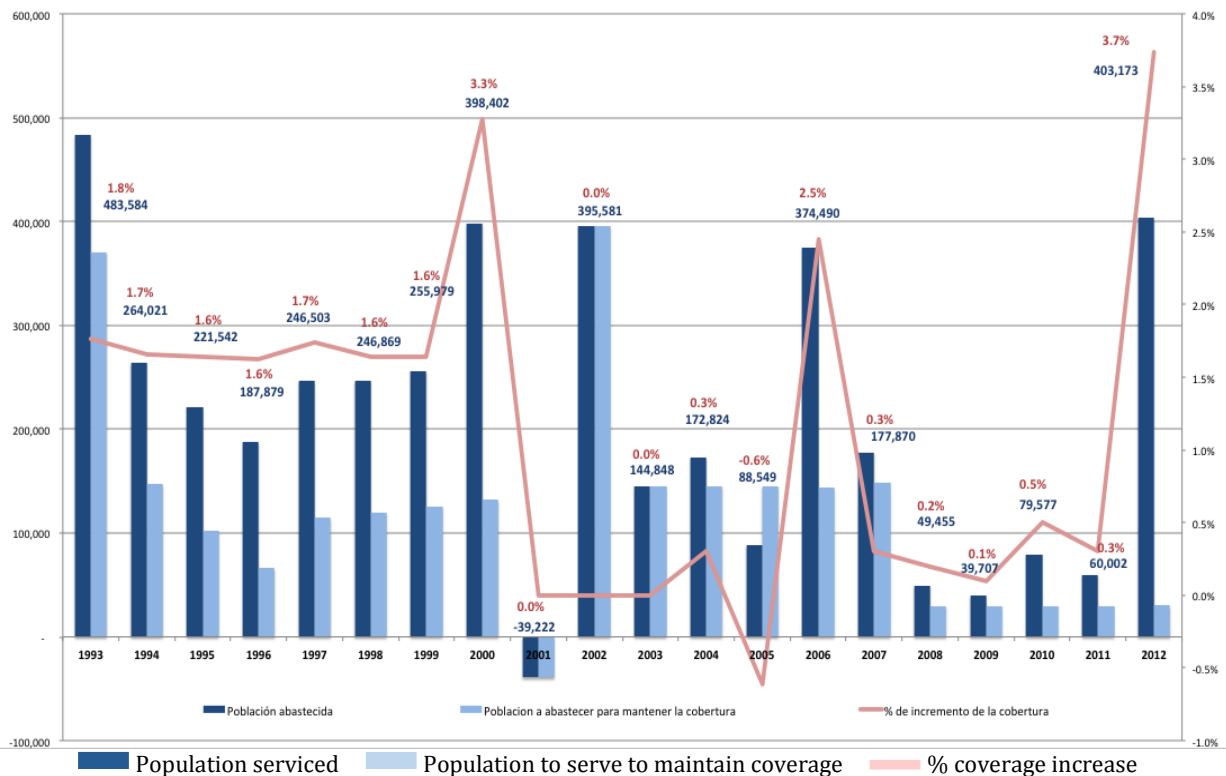
In particular, the evaluation verified the following fact:

*The EU support has contributed to the fulfilment of Millennium Development Goals and to the Human Right to Water, through the increase of the coverage of drinking water and basic sanitation services in Bolivia’s peri-urban areas. (Ref. EC 6.1)*

Through its support, the EU has contributed to increase the coverage of water and sanitation service, enabling the government of Bolivia to reach 58,682 homes in peri-urban areas with new drinking water connections, and an additional 38,917 homes with sewage systems<sup>83</sup>. This support is framed within Bolivia’s multi-annual process to provide access to its citizens to basic services, as shown in Graph 7, below.

During the 2006 -2012 period, 1,184,275 people gained access to water in Bolivia, an average increase of approximately 200, 000 people per year. This increase contributes to the fulfilment of MDGs and the procurement of the national policy that establishes access to water as a basic human right<sup>84</sup>. Thus, by 2015, Bolivia must ensure that 78.5% of its population has access to water and 64% will have sanitation services.

**Graph 7:** Actions performed in Bolivia to exercise the Human Right to Water and Sanitation (HRWS)



**Source:** *Water Resources in Latin-America and fulfilment of the HRWS in Bolivia* – Ministry of Environment and Water - [scm.oas.org/pdfs/2014/CIDRP00607S.pptx](http://scm.oas.org/pdfs/2014/CIDRP00607S.pptx)

<sup>83</sup> I.6.1.1. of Annex 8. Increase in coverage of drinking water and basic sanitation.

<sup>84</sup> This contribution is associated to a series of favourable factors concurring toward a fast increase in water and sanitation, showing the political will of the government of Bolivia to meet its commitments, through the availability of major foreign funds resulting in a fast investment pace.

**Box 4: Water and Sanitation Programme in peripheral urban areas (PASAP)**

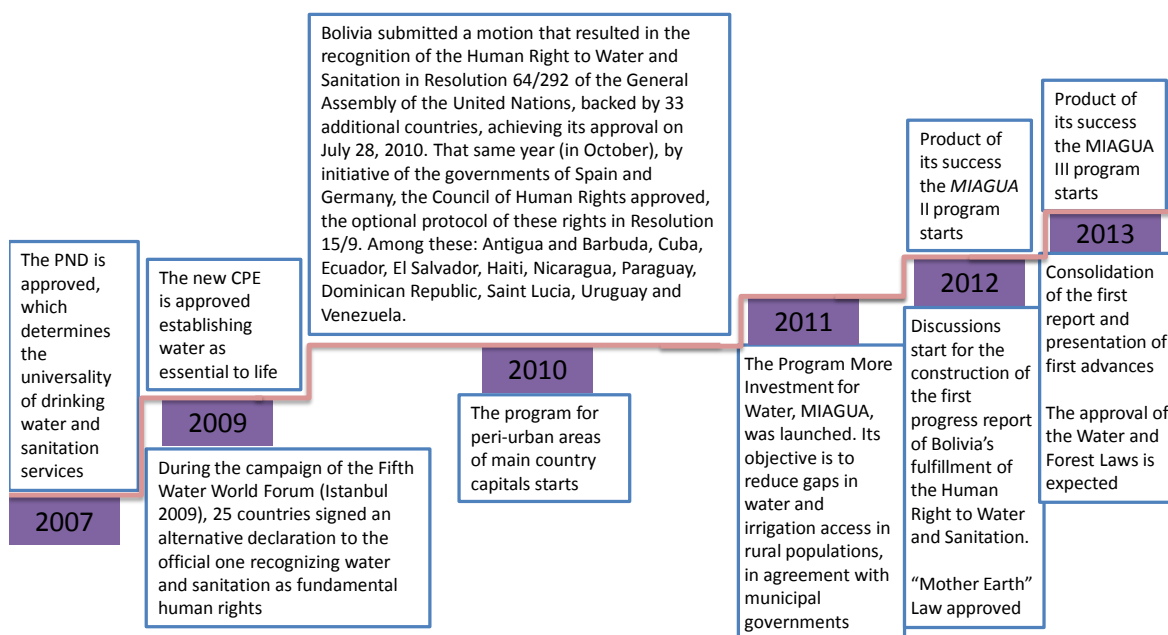
**Water and Sanitation Programme in peripheral urban areas (PASAP) - 20M€**

The PASAP, created to improve the living conditions of the population of peripheral urban areas (suburban areas of more than 10,000 inhabitants next to cities) of La Paz, El Alto, Cochabamba, Santa Cruz and other important localities, has contributed to increasing drinking water coverage to 58,682 homes, and to 38,917 homes through sanitation systems. On the other hand, the capacities of 59 EPSAS have been strengthened through technical assistance. This contribution is associated to a series of favourable factors concurring toward a fast increase in water and sanitation investment, showing the political will of the government of Bolivia to meet its commitments through the availability of major foreign funds (IDB-Spain, JICA, KfW), promoting a fast investment pace. In quantitative terms, PASAP's indicators 1 and 3 are even being exceeded with respect to programmed goals. According to the verification Reports of the outcomes of the 2012-2013 variable section, the following is the progress of PASAP indicators for 2010 and 2011:

PASAP Indicators	Goals 2011-2012	Fulfilment 2011-2012
1. Inter-annual increase of drinking water connections (conventional and CC).	37095	58682
2. Inter-annual increase of sanitation connections (conventional and CC).	30319	38917
3. Number of sanitation systems with sewage treatment plant	4	5
4. Number of EPSAS with operational sustainability.	63	59
5. Number of SENASBA's annual TA interventions with EPSAS in localities of more than 10,000 inhabitants.	68	68

The 2025 Agenda for its part, establishes the universalisation of water and sanitation services. To this respect, according to the data of the last 2012 Population and Housing Census<sup>85</sup>, the country has reached 77% coverage with drinking water services<sup>86</sup> (very close to the target) and 51% in basic sanitation. Graph 8 shows the milestones of the political process and policies that have enabled the country to advance in the achievement of these goals.

**Graph 8:** Bolivia's progress in the exercise of the human right to water



Source: *Water Resources in Latin-America and fulfilment of HRWS in Bolivia* – Ministry of Environment and Water - [scm.oas.org/pdfs/2014/CIDRP00607S.pptx](http://scm.oas.org/pdfs/2014/CIDRP00607S.pptx)

<sup>85</sup> 2014 Comprehensive Plan of MMayA's Sector Plan, preliminary version.

<sup>86</sup> For its part, the MMayA pointed out during the seminar held in La Paz on December 2, 2014, that water coverage in Bolivia reached 82%.

The sector received technical assistance from the EU to strengthen institutional capacities and to improve knowledge management, where the generation of comprehensive information and monitoring system (SIAM) stands out, which collects the information from the three sectors composing the MMAYA. Furthermore, this technical assistance has enabled the opening of discussion spaces to address sensitive issues inherent to efficient service management and its institutional settlement.

The following is a summary of future challenges to the water and sanitation sector:

- Fewer advances are registered in basic sanitation coverage for Bolivia to reach its goals.
- Technical<sup>87</sup> and financial sustainability for the provision of water and sanitation services, institutional and human resources strengthening, and better knowledge management are all pending assignments.
- The outcomes/effects of the implementation of the water and sanitation policy on health or on the life quality of beneficiary populations are not known.
- Water provision, with respect to quantity and quality, is related to establishing more connections between the water and sanitation sector with basins and environment, to include the comprehensive approach to water resources and appropriate disposal of solid and liquid waste.
- In spite of efforts made, inter-sectorial connections with health and education are still pending tasks.

*The EU has provided support to the basin policy by means of the National Basin Plan as genuine planning instrument. (Ref. EC 6.1 y 6.2)*

The basin policy is being consolidated through the implementation of the National Basin Plan as a genuine planning instrument. The credibility of the national authority and its increasing closeness to the sub-national level and communitarian grass-roots has contributed to this consolidation. Furthermore, the implementation of projects in micro-basins<sup>88</sup>, which has included social participation and governance mechanism, has had important influence. It is estimated that basin preservation activities have benefited over 100,000 families from seven departments of Bolivia, and indirectly approximately 250,000 families<sup>89</sup>. EU's support is appreciated, in particular because it has: (a) promoted coordination and harmonization centered on the PEF; (b) contributed with management instruments and strategies that have fed the design of the second phase of the basin policy, including the integration of climate change and risk management; and (c) furnished other inputs, such as planning instruments and strategies that are being absorbed gradually by the sector. Also, the contribution of the Programme of the Poopó Basin to the regional basin policy, through the formulation of the Basin Master Plan and the creation of a Departmental Basin Service as part of the institutionalization necessary to implement the Master Plan, stands out.

The following points summarize future challenges to basins:

- The generation of transparent links between basin preservation actions and the efficient use of water and in relation to productive aspects, it is still a pending assignment to have an effect on the lives of beneficiaries of intervention areas covered by the National Basin Plan<sup>90</sup>.

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<sup>87</sup> It is estimated that between 50% and 70% of water is lost due to little efficient technical management (information collected from field work, environment work group, TA-EU).

<sup>88</sup> The VRHR defines no more than 100 Km<sup>2</sup> as the area of micro-basin intervention.

<sup>89</sup> I.6.1.5 of Annex 8. Contribution to the preservation of natural resources.

<sup>90</sup> The National Basin Plan has taken steps to this respect, including demonstration activities (drinking water, efficient use of water) in local projects implemented in micro-basins.

- Micro-basin projects have promoted social participation and have facilitated the understanding of practices concerning comprehensive management between involved actors; however, these interventions have found limitations with respect to technical and financial sustainability.
- The sector identifies the need for technical assistance and knowledge management to continue progressing in its consolidation. It considers that point short-life products are not the most appropriate strategy to follow.
- Actors consider important the generation of information that provides accountability of the outcomes/effects of the implementation of the basin policy in socio-productive environments.

*The EU's support strategy to the environment and biodiversity sector stands out for having promoted political dialogue and coordination to strengthen the management of Protected Areas. (Ref. EC. 6.3)*

EU's support to the biodiversity sector began at a delicate time because of the exit of a number of donors that supported the preservation of Protected Areas. This investment enabled the continuity of the SNAP's management and operation, under a modality appreciated for its openness and flexibility.<sup>91</sup> The EU was able to promote policy dialogue and better articulation between donors that resulted in the strengthening of the national policy of Protected Areas, in a wider sense, in which the institutional strengthening of the National Service of Protected Areas for better management of SNAP, with important participation in this process of the sub-national level, stands out. The sector values in particular: the increase of TGN funds to hire protection personnel for Protected Areas<sup>92</sup>, translated as new line items for the National Service of Protected Areas; initiatives promoted for better management of national resources and tourism; and the development of management instruments such as, for example, Protected Areas management and protection plans. A programme to develop the capacities of Protected Areas protection staff is being designed and prepared, in addition to a digital Observatory of Protected Areas, which will provide updated information on the preservation status of Protected Areas, their preservation numbers, management level and the threats these are exposed to.

The following is a summary of the future challenges related to the management of Protected Areas:

- Sector actors identify the financial sustainability of the National System of Protected Areas and the proper incorporation of Protected Areas in development planning and management, as significant threats to policy consolidation.<sup>93</sup>
- Protected Areas and their development potential have not been studied in comprehensive fashion, which is why it is important to invest in research and studies useful for decision-making purposes.
- There are no indicators enabling the visualization of the sustainable management of biodiversity with respect to socio-environmental aspects, and their connection with "living well". Public investment indicators are mainly economic indicators.

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<sup>91</sup> Currently, according to the financial structure furnished by MMAyA, the EU has become the main donor, after CAF, KfW and DIB, whose funds are registered as credit within financing.

<sup>92</sup> PACSBIO, as part of its indicators, included the increase of the TGN's contribution to SERNAP's budget. In 2012, 12 new line items were created for Protection Heads with TGN funds (out of a total of 42 new line items), expecting by 2014 to have 36 line items committed to the sector as target, out of a total of 105 necessary line items. PACSBIO's indicator monitoring matrix, information complemented in-field with the environmental sector work group).

<sup>93</sup> 1.6.3.2 of Annex 8. Increase and scope of investments in environmental sector through sustainable projects and practices concerning the management of natural resources.

*The participative construction of the Comprehensive Plan for the environment and water sector constitutes a major contribution of the EU. (Ref. EC. 6.2 y 6.3).*

The EU is highly valued for pushing forward the joint construction of the sector's Comprehensive Plan, with the active participation of MMAyA authorities. The future implementation of this Plan will enable better intra and inter-sectorial coordination, through the use of strategic guidelines and pilot experiences at territorial level, favouring sustainable practices concerning the management of natural resources and water. This instrument, currently under review for approval, is the result of technical effort and consensus to *land* the new paradigm concepts established by the Mother Earth Law, taking into consideration the goals of the 2025 Agenda and main environmental problems<sup>94</sup>. Fruit of this analysis is a proposal with five strategic axes: Comprehensive management of water resources; Basic and environmental sanitation of human settlements; Management of environmental tasks; Strengthening of sectorial institutional arrangements; and Response to climate change impacts. The application of the Plan may generate valuable learning from an innovative experience that will create opportunities to rethink environmental actions.

Based on the analysis performed to develop the Comprehensive Plan, the following major challenges are mentioned, which must be faced for its future implementation:

- Progress in sectorial institutionalization through the organizational strengthening of the MMAyA.
- Clearly define roles and functions, through appropriate mechanisms and diverse intra and inter-sectorial articulation mechanisms, and with the participation of sub-national governments, social actors and the international cooperation.

*The EU has strengthen the capacities of civil society through its thematic line strategy, while at the same time is making progress in linking this learning to bilateral cooperation strategies. (Ref. EC. 6.5)*

Civil society organizations that implemented projects within the framework of the EU's thematic line strategy (through public tenders), have seen their organizational and technical capacities strengthened to address aspects related to local economic development and natural resources management. Some evidence of this strengthening refers to major participation on the part of Bolivian civil society and local authorities, with respect to international organizations, through project proposals that have improved their technical quality through time<sup>95</sup>. Through these projects, the EU has worked in geographical areas not necessarily covered by sector policies and with local beneficiaries of interventions, in a fruitful relationship that enables having a better understanding of existing problems and the interrelation between different actors in the field. It is considered that this learning could very well feedback sector policies and vice versa. To this respect, the EU currently promotes the implementation of productive projects in Protected Areas of common interest to both support strategies (comprehensive sector with coca and preservation of Protected Areas).

The following are future challenges related to civil society's participation and the complementarity of thematic lines with public policies:

- According to civil society organizations, dialogue with state actors has not been fluid; relations have at times taken place in a tense context, making difficult the implementation of field actions that aim at supporting public policies.

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<sup>94</sup> 1.6.3.3 of Annex 8. Evidence of ownership of successful sustainable practices on the part of beneficiary actors of EU's assistance.

<sup>95</sup> 1.6.5.5. of Annex 8. Degree of development and application of social participation mechanisms on the part of actors involved in the management of natural resources in EU's intervention areas.

- According to the opinion of civil society actors, one of the major existing challenges is the clear definition of the real role of civil society in Bolivia, to aim in this direction future assistance strategies.
- Administrative-financial mechanisms for the operational management of projects, within the framework of EU's support strategy for civil society, have had the tendency to become complex with time.
- Consultation processes for the definition of issues to be addressed in EU's assistance thematic lines have had the participation of civil society actors; although these have not been systemic and structured processes that, in addition, included lessons learned from public policy support strategies.

*The EU has generated complementary actions with ECHO and other initiatives that integrate risk disaster management and climate change into sector policies, favouring the promotion of resilient public investments<sup>96</sup>. (Ref. EC. 6.2).*

Synergies constructed with ECHO<sup>97</sup> are materialized through the development of complementary projects within the framework of EU's thematic lines, which have included disaster risk management and climate change adaptation in the calls for tenders, aimed at providing support to civil society. This has enabled the participation of DEPECHO, which itself provides support to two basins in Bolivia in natural disaster prevention. The EU in Bolivia has been catalogued as one of the most dynamic Delegations in the region, with respect to finding synergic actions with ECHO. It is worth pointing out that risk management and climate change adaptation is the concern of different support lines of the environmental and water sector, and that efforts have been made to integrate these in appropriate fashion. For example, the second phase of the basin policy visualizes the issue as one specific component, and at the same time as a cross-cutting axis. Meanwhile, this policy includes the implementation of a major climate resilience programme (PPCR), in coordination with the EU, WB, and IDB. For its part, the sector's Comprehensive Plan has included a strategic axis to provide an answer to the effects of climate change.

The following is a summary of main existing challenges with respect to Disaster Risk Management and Climate Change Adaptation:

- Recurring hydro-climatological events taking place in Bolivia have a negative impact on the development opportunities of vulnerable populations. That's why it is important to promote resilient public investments, at different management levels (national, sub-national), through the application of tools that help the integration of climate change and disaster risk management in public management<sup>98</sup>.
- Due to the nature of emergency response actions, the humanitarian network has not been associated to social organizations; important links to be established in the future<sup>99</sup>.

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<sup>96</sup> Climate resiliency, in general terms, is the capacity of an ecosystem or human community to withstand outside shocks and reorganize itself; it is the capacity to deal with change and continue developing.

<sup>97</sup> EU's fund working in two lines: 1) emergency response, with partners of the humanitarian network 2) disaster risk prevention with DIPECHO counterparts.

<sup>98</sup> See Annex 8, P6, I.6.2.5 Number and scope of risk management and climate change, Comprehensive Management of Water Resources – Comprehensive Basin Management and biodiversity preservation.

<sup>99</sup> Ibid.



## 4.7 Good Governance Principles

In this work area, the following question was asked:

***EQ 7: To what extent has the EU's support strategy contributed and contributes to the construction and strengthening of an institutional framework consistent with good governance principles?***

### Summary of findings

- **EU-Bolivia 2007-2013 bilateral cooperation included good governance, human rights and civil society areas as cross-cutting issues.** There are no specific projects for these thematic areas, save for the support provided to civil society through Non State Actors (NSA) and the work performed by ECHO and DIPECHO related to humanitarian issues and civil society. The EU also works on political dialogue processes that indirectly contribute to the good performance of cross-cutting issues.
- **During the 2007-2013 period, EU's strategy in Bolivia has contributed to providing support to change processes related to structural processes at the root of the conflict lived during the first years of the new century:** (a) extremely fragmented and polarized society; (b) persistent exclusion, poverty and inequality affecting most of the population; (c) profound institutional weakness and resulting lack of instruments to face the crisis by developing specific instruments to address the structural causes of the conflict and promote good governance and the reinforcement of democracy in all cooperation activities.
- Many of the aforementioned aspects began to change, substantially improving the situation beginning in 2006. The most important achievements of the **EU's contribution to this process were the creation of dialogue spaces between the different actors present in the territory, strengthening of civil society networks and organizations, and promotion of the creation of alliances between public and private actors.**
- **The work of the EUD has contributed to the noticeable strengthening of the operational capacity of national civil society organizations.**

In particular, the following are the findings concerning this thematic:

*EU's support strategy reflects national necessities and priorities following good governance principles over time, and takes into account the general objectives of the EU in the region (Ref. 7.1)*

The activities of the EU in Bolivia during the period under analysis, with respect to good governance issues, have been performed through projects or sector budget support. In all thematic axes (Employment/MSMEs/income generation opportunities, food security, water resources and comprehensive development with coca/fight against illegal drug production) good governance elements such as citizen participation, accountability and institutional transparency, are included.

The answers to the remaining EQs of this report indicate two outcomes that indirectly favour better good governance performance: the operation of civil society and respect for human rights. These EQs describe the improvement of the institutional capacities of productive development, food security and management of water and other natural resources sectors. This institutional operation improvement, together with a correct definition and implementation of sector policies and the additional financial support of the EU and other donors, enabled generating achievements (i.e. income increase, poverty reduction, increased food security), which by themselves facilitate, through a State action, an improvement of good governance aspects and progress in the exercise of human rights (mainly economic and social).

*EU's support strategy contributes to promoting respect for the human rights of most vulnerable populations. (Ref. EC 7.2)*

The main actors in these subject areas recognize EUD's support; however, they point out that this support could have had a larger scope, if there had been a good governance, civil society and human rights axis in the country programme. Nevertheless, taking into consideration that these themes were worked in cross-cutting fashion through the Non-State Actor thematic and indirectly through the ECHO and DIPECHO100 programmes in Bolivia, the consistency of these activities is recognized.

Outcomes (confirming the capacities of the EUD) are noticed in the institutional strengthening of national-level Civil Society Organization (CSOs) that received support within the thematic lines of Non-State Actors. ECHO and DIPECHO's work in the country, concentrated on humanitarian assistance, also leaves an important contribution to the strengthening of civil society (counterpart in many projects) and improvement of intervention policies to be better prepared for disasters and be able to provide better post-disaster response. During the 2007-2013 period, Bolivia benefited to a large extent from these regional funds, if compared with the remaining 8 countries in the region receiving this type of resources. The concentration of resources in Bolivia is explained by ECHO, precisely through the good outcomes achieved and cooperation level with the EUD in Bolivia.

*The country is willing and in a position to maintain its capacity to promote the rule of law and human rights respect after the conclusion of foreign assistance. (Ref. 7.3)*

Beginning in 2006, Bolivian Civil Society expanded and became diversified, promoted by a new concept applied by the Government: the promotion of the participation of grassroots organizations through the creation of different actor collectives, among which we find primary producers (family agriculture), small collectives of secondary or tertiary producers (MSMEs) and their link to local government institutions (municipalities, associations, governorates). Frequently, the activities of these new collectives were financed by the State through different modality programmes and transfer projects. This expansion of participation opportunities for Civil Society and the increase in the number of actors in this sense is a laudable accomplishment, reached based on a Government's initiative confirming the political will to expand the participation opportunities of civil society.

However, the point criticized the most (by main actors and interested parties) is that two groups of CSOs were generated, traditional and others of more recent creation, who see themselves faced with: (a) unequal levels of interest on part of the Government to be considered as strategic partners, and (b) different stances with respect to the role of Civil Society in the accompaniment of the Government and the definition, itself, of who should be considered as Civil Society members. Faced with this discrepancy, the lack of integration to achieve Civil Society's effective contribution to ongoing development processes is noticeable. Local authorities expressed to the evaluators that they are open to this pending dialogue, which is gradually beginning to take place. Civil Society representatives recognize that in general terms, dialogue is improving between them and the Government and thank the EUD for having facilitated and supported this process.

The second positive sign of the political will of the State, recognized by the donor community and other major actors, is the assertion of the need to reinforce the work performed in justice reform (and its direct and indirect contributions to the operation of the rule of law and fulfilment of Human Rights). The "Justice" axis included in the Joint Response of the Commission

<sup>100</sup> Between 2007 and 2013, ECHO allocated 3€M to Bolivia through Non-State Actors (supporting civil society). DIPECHO (humanitarian aid) allocated from the beginning of its work in Bolivia in 1994 (and until the end 2013), 34€M, of which 3.7€M were executed between 2012 and 2013.

and EU Member States in Bolivia (ECR, that also includes Swiss Cooperation), is an example of mutual commitment already assumed by the Government and donors.

Possibly, the most successful and visible example of productive and efficient work between authorities and grassroots organizations/civil society, showing political will, joint effective work and achievements beyond expectations, is the Social Control work related to the problematic of coca leaf production, drug trafficking control and alternative development. After a shift of the model's approach applied to control of coca leaf production, abandoning the persecution and punishment approach and favouring social control<sup>101</sup>, **in joint work between authorities and grassroots' organizations, a reduction of the surface area for coca leaf production was achieved, which is considerable, much more successful than the achievements made with the previous model ("the drug war"). This fact has been internationally recognized and certified by the UNODC (United Nations Office on Drugs and Crime).**

#### 4.8 Effects of Sector Budget Support (SBS)

This final section is dedicated to the analysis of direct and induced effects of financial and non-financial contributions (Step 1, Levels 2 and 3 of the Comprehensive Evaluation Framework – Evaluation of Sector Budget Support (SBS)), the following is the question asked:

***EQ 8: To what extent has the use of Budget Sector Support (SBS) favoured the improvement of the design and formulation of public policies in intervention sectors and in budgeting and accountability processes?***

##### Summary of findings

- For the **SBS modality in Bolivia, it is possible to see these favourable effects in the way assistance is provided, in public policies supported and in its budgets. SBS actions have promoted the strengthening of national policy dialogue frameworks between the government of Bolivia, donors and non-state actors** conducive to: (a) implementation of government strategies, and (b) alignment and harmonization of cooperation around national budgetary processes with strong commitment, leadership and ownership on the part of the government of Bolivia. In **Bolivia, available assistance has increased through the national budget in the shape of SBS, basket funds and policy-based-credits, all of them aligned around policy instruments strengthened under a management for results approach and reduction of transfer costs to provide it.**<sup>102</sup>
- **EU's SBS and basket funds implemented by other donors have promoted an increase of the national budget allocation to sector policies supported**, and have facilitated to some degree the management of disbursements. An **improvement of the quality of Performance Evaluation Frameworks (PEFs) is noticeable**, with indicators linked to MDGs and jointly defined with the interested parties, leaving still pending impact measurement indicators. In fact, data collection and monitoring systems showing compliance with sector policy goals still show some weaknesses with respect to quality, reliability, continuity of information and its articulation with national statistical systems.
- Funds from the General National Treasury (TGE) aimed at sector policies supported by the EU have been increasing, in particular based on contributions made by sub-national levels.

<sup>101</sup> "Social Control" is understood as the gradual voluntary reduction of coca leaf production, supported by communitarian control and oversight of compliance with authorized production volumes of coca leaf and surface areas for traditional consumption and their commercialization in legalized markets.

<sup>102</sup> Annex 9 includes this sector's comprehensive evaluation framework following OECD methodology for Budget Support, based on the inputs of the application of step 1 of the evaluation, and its combination with the country level evaluation by sectors.

The **full application of SBS's fungible and non-traceable principles**, based on Supreme Decree 1841, dated December 2013, **demands more links between sectorial leaders, Ministry of Economy and Public Finances and control entities**, in terms of policy formulation, its approval, financial and non-financial accountability and budget scrutiny, being SBS currently under the same scrutiny as internal resources.

- **Bolivia has a Plan to Improve Public Finance Management (PMGFP) to which the EU and other donors contribute in an aligned and harmonized fashion**,<sup>103</sup> and over which a public finance management dialogue takes place. Bolivia also performs income redistribution actions through direct transfers to sub-national levels, and has the mechanisms to ensure macroeconomic stability, current issues documented in policy dialogue processes. National legislation mechanisms promote national-level formal dialogue spaces with civil society and sub-national governments, which strengthen transparency, accountability and social control processes within the framework of policies.
- Key actors recognize advances and confirm the positive influence of the SBS modality to the improvement of all phases of the cycle of supported public policies. With respect to **institutional strengthening and capacity development, the EU**, through its instruments, **mainly contributed to the consolidation of the management for results approach**, leaving pending tasks, in particular those that ensure efficient and effective public management on the part of municipalities and departments within the framework of the decentralization process.

In particular, the following are this section's findings:

*SBS actions have promoted the strengthening of national policy dialogue frameworks between the government of Bolivia, non-state actors and donors (Ref. EC 8.1.), as well as links between Government and control entities in terms of policy formulation, its approval, financial and non-financial accountability and budget scrutiny (Ref. EC 8.4.)*

SBS offers a platform for EU-Bolivia (Government, control organisms and civil society) dialogue on supported policies and their financing, objectives and outcomes, in consonance with the principles of ownership, transparency and accountability. The EU participate in the GRUS (Group of Partners for Bolivia's Development) coordinated by the government of Bolivia, which brings together each month representatives of the Government (Ministry of Planning and Development) and of international cooperation. Furthermore, the GRUS is sub-divided into Sectorial Groups: Environment, Climate Change, Biodiversity); Education; Macroeconomics; Productive Development (INIAF, Production and Employment, Food Security); and Health. Table n<sup>o</sup> 3 summarizes the characteristics of this dialogue at sector level and the mechanisms used by the EU within SBS's framework.

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<sup>103</sup> This Plan was updated with the support of the EUD in Bolivia and through the TA provided to PAMMEF (Ministerial Resolution 376, dated May 2014).

**Table 5:** Main characteristics of sector policy dialogue by sectors

Sector 1	Sector 2	Sector 3
According to PAMEFF's disbursement reports, the EU is the only existing donor at the level of this subsector and available reports show the high quality policy dialogue at this level. EUD's internal document on Policy Dialogue, identifying priorities referred to PAMEFF. <sup>104</sup>	Within the GRUS framework there is a Productive Development Sectorial Group <sup>105</sup> . The sector has since 2007 donor coordination mechanisms <sup>106</sup> (MESDI) as a strategic coordination and dialogue space on aspects relevant to comprehensive development, with the participation of sector authorities and cooperation entities (including the EU, under the leadership of the VCDI.	The GRUS framework includes the Sectorial Group, Environment <sup>107</sup> Groups and an Ad-hoc Group that includes EU's participation, to establish commitments to improve the effectiveness of the sector's assistance and which has programmed concrete actions in these fields. <sup>108</sup>

Source: Own development with EU and the government of Bolivia's data.

Furthermore, each sector has inter-institutional and collaboration agreements promoted within the framework of SBS and its actions and specific goals, with academic institutions<sup>109</sup>, enriching policy dialogue from the academic world, private sector and CSOs perspectives.

Dialogue effectiveness is high measured in terms of eligibility evaluations with each section's disbursement. The EUD in Bolivia has an action plan for public policy dialogue designed around issues implying more risk to good policy performance. These themes, given their nature, are mostly readdressed at higher dialogue levels (Ambassadors) and at the dialogue level of Public Finance Management, the latter very well documented. The priorities and goals of the Bolivian government, beginning in 2006, are normally in line, or even exceed main donor expectations with respect to equity and poverty reduction. Policy dialogue in current Bolivia mostly faces challenges with respect to actions' follow-up, quality, sustainability and impact within policy framework. In this sense, dialogue actions readdressing these issues are documented within the framework of the records of sectorial groups, but there isn't still a document of the dialogue strategy by sector at this level. There are no indicators facilitating the measurement of the effectiveness of dialogue methods and mechanisms applied to the action plan. However, it is evident (based on interviews of EUD's officials<sup>110</sup>) that the most efficient time for dialogue is at the moment of the identification and formulation of actions or when the EU provides timely support to policy design exercises (i.e. design of Comprehensive Plan for Sector 3) or action plans for institutional strengthening and capacity development (i.e. design and monitoring of the Plan to improve Public finance Management).

National Legislation mechanisms (Law 004 [Marcelo Quiroga Santa Cruz](#); Political Constitution of the State; National Transparency Policy and Fight against Corruption) promote national-level formal dialogue spaces and mechanisms with civil society and sub-national governments, which strengthen transparency, accountability and social control processes within a policy framework. During the field mission, it was corroborated that line ministries supported by SBS make public information concerning their performance in compliance with legislation and are held accountable vis-à-vis civil society, cooperation and sub-national entities once or twice a year.

<sup>104</sup> Fiscal Reform, progress made in relation to the initiative concerning transparency of extracting industries (EITI), Public Enterprises, and advances made with respect to the role, reach and quality of External Audits in Bolivia.

<sup>105</sup> INIAF, Production and Employment, Food Security.

<sup>106</sup> Germany, Belgium, OAS, United States (absent now) Spain (concluded support) and the UN.

<sup>107</sup> Water and Sanitation, Basins, Climate Change and Biodiversity.

<sup>108</sup> The development of a comprehensive sectorial plan as sector's strategy, coordinating better the strategies of the three Vice-ministries and Foreign Office, management for development results, follow up and monitoring Systems, Coordination of Institutional Strengthening actions between central and sub-national entities, Technical Cooperation coordination and Agility in investment execution.

<sup>109</sup> More details under: I.8.1.1 of Annex 8.

<sup>110</sup> I.8.1.1 of Annex 8: Evidence of the commissioning, development and permanence in time of a formal dialogue framework.

Within SBS's framework and policy dialogue, an attempt has been made to improve these accountability schemes, to strengthen the voice and legitimacy of local actors, guaranteeing that objective and verifiable information concerning development outputs is of public domain.<sup>111</sup>

The Comptroller General of the State (CGE) and other mechanisms established by law are in charge of governmental control in Bolivia. The procedures, acts, reports and results of the inspection are open, transparent and public. Law n<sup>o</sup> 1178 of Administration and Governmental Control (SAFCO) proposes 7 management instruments, over which a specialized unit (Internal Audits), performs an audit normally by annual instructions received from the CGE. This report is sent to the Comptroller General of the State (CGE) for it to submit its comments. Sectorial heads perform this procedure as established by law and receive the report only after these comments have been emitted. The Comptroller General of the State (CGE) does special audits concerning corruption. It is worth noting that there have been no special audits during the last terms of any of the 3 supported sectors (according to EUD and MEFP's information).<sup>112</sup>

The full application of the fungible and traceable funding principles, based on Supreme Decree 1841, dated December 2013, currently demands more links between sectorial heads of supported sectors, the MEFP and control entities, in terms of policy formulation, its approval, financial and non-financial accountability and budget scrutiny, because based on this Decree, SBS is currently subjected to the same scrutiny than the TGE's internal resources. Line ministries have expressed their concern with respect to the starting phase of the new legislation, requesting EU's support in that sense<sup>113</sup>.

*EU's SBS actions have promoted cooperation's alignment and harmonization (Ref. EC 8.5.), in particular around national budgeting processes, and have promoted an increase of the national budget allocation to sector policies supported by the EU and the predictability of disbursements (Ref. EC 8.3.)*

Given the presence of a large number of donors in the sustainable management of natural resources sector, formal policy dialogue frameworks "Environment and Natural Resources Group, subdivided into 3 groups: 1) basins, 2) water and sanitation and 3) protected areas", have played an important role in assistance alignment and harmonization. These dialogue groups are coordinated by the sector<sup>114</sup>. These frameworks include joint financing mechanisms between EU's SBS, IDB's policy based credits and basket funds (Holland, Denmark, Sweden, Switzerland and Germany), enabling a qualitative jump since 2008 because they are aligned with national budgeting processes, the frameworks of this policy with their sub-sectorial PEFs, while at the same time they boost policies through additional funds. These instruments enable a decrease of the transaction costs of the assistance provided<sup>115</sup>, allowing the sector to have a better map of the capacities and specialties of the demand when requesting financial and capacity support from donors. However, the major limitation to implementing these modalities is the institutional and capacity weakness of actors such as the Directorate General of Planning, Administration and Finances, Vice-Ministries, their executing entities and national sub-levels. The big challenge consists of joining efforts to create one sole group centered on a policy integrating the 3 subsectors and thus, consolidating into one the support provided by the three policies.

<sup>111</sup> I.8.4.1 of Annex 8: Evidence of the improvement of financial and non-financial accountability processes, as well as budget scrutiny (Comptroller General's role).

<sup>112</sup> I.8.4.1 of Annex 8: Evidence of the improvement of financial and non-financial accountability processes, as well as budget scrutiny (Comptroller General's role).

<sup>113</sup> According to meetings held with line ministries during field mission.

<sup>114</sup> MMAyA, Vice-ministries with the participation of executing agencies such as SERNAP, EPSAS, SENASBA, etc.

<sup>115</sup> I.8.5.3 of Annex 8: Reduction of transaction costs to provide assistance.

The EU has assumed a leadership role in support of this process, which is highly valued by sector actors, representing at the same time an opportunity to increase the degree of coordination between EU State Members, based on the joint analysis of the value added of the parties with respect to the EU's Code of Conduct.<sup>116</sup>

In the comprehensive development with coca sector, joint actions have been promoted, including joint analysis and evaluations since the ONUDC, for example, has important statistical information, which is included in sector policy analysis. Within PASA's framework, joint programming actions and spaces are documented between MDRyT, EU, WFP and FAO. In sector 1, during the field mission, no important advances were noticed with respect to PAMEFF's based alignment and harmonization for this sector.

Other aspects contributing to the alignment to national budgetary processes are the credibility of the reform process of Public Finance Management (PAMGFP's implementation) and macroeconomic stability, as well as policy dialogue centered on these aspects. As of June 2013, financial execution reached 31.4%, and physical progress exceeded 50%<sup>117</sup>; aspects contributing to more efficient tax collection, better public management and budgeting transparency. The main medium-term challenges to Financial Budgetary Management consist of overcoming the weaknesses identified in the six areas of the budgeting cycle, the consolidation of main reforms, more participation of the Assembly in Financial Budgetary Management, guaranteed solvent tax collection, improvement of corruption control mechanisms, promotion of the new orientation of the new budget support guide, counter the dependency of state revenues on contracts for the sale of hydrocarbon fuels and finish the development and subsequent promulgation of the new investment law that will reduce uncertainty and promote local and foreign private investment.<sup>118</sup> The Government has put into practice direct redistributive policies (Juancito Pinto Stipend, Juana Azurduy Stipend and the *Renta Dignidad* or Decent Income Stipend) favouring vulnerable sectors. Another way in which redistribution has taken place becomes evident starting in 2008, when the investments of municipal Governments started to be larger than those of governorates. This fact takes on particular relevance since, in spite of the major achievements marking a positive trend for Bolivia toward the decrease of poverty factors and the increase of greater opportunities, there are still persistent high-inequality levels. For the country's authorities, the challenge now is to reconcile the economic growth of the last few years promoting investment and productive employment-generating development by means of redistributive policies that decrease inequality in access to opportunities and offer more income-distribution equity.

An essential area for the EU's Agenda for Change<sup>119</sup> is the elimination of macroeconomic distortions resulting from a primary surplus. Bolivia's medium-term fiscal sustainability perspectives are favourable, and existing risks may be considered to be limited as a result of strong financial reserves. The MEFP indicates that since 2006 a model is being implemented to change the country's productive matrix in order for natural resources revenues to finance an industrialization process in sectors where Bolivia has comparative advantages<sup>120</sup>. Save for an external shock resulting from a drastic decrease in the prices of raw materials, demand for natural gas at regional level and an increase in public expenditure exceeding revenue growth, Bolivia's fiscal and external situation will remain strong. In order to maintain medium-term high sustainable growth, the investment climate will have to improve through the reduction of uncertainties concerning the judicial framework and the promulgation of key laws (i.e.

<sup>116</sup> I.8.5.2 of Annex 8: Degree of coordination between EC and EU Member States, in particular in the follow up of the joint analysis of the added value of parties, with respect to EU's Code of Conduct.

<sup>117</sup> I.8.3.3 of Annex 8: Existence of dialogue concerning public finance management.

<sup>118</sup> Information provided by the EUD in Bolivia.

<sup>119</sup> [http://europa.eu/rapid/press-release\\_IP-11-1184\\_es.htm](http://europa.eu/rapid/press-release_IP-11-1184_es.htm)

<sup>120</sup> I.8.4.2 of Annex 8: Evidence of the measures to take to avoid / eliminate macroeconomic distortions that may be caused by a primary surplus.

investment, hydrocarbon fuels and mining). These issues are present in the policy dialogue of the EU with Bolivia. The TGE's contribution to policies has increased, reducing, thus, the high percentage of foreign aid received. This has taken place in spite of the increase in the volume of SBS, basket funds and credits, which although variable, from year to year, has increased the budget available to offer additional fiscal room to supported policies.<sup>121</sup> To this fact contributes the high disbursement level (96%) of the 3 SBS already concluded. With respect to the effectiveness of disbursement, there are still weaknesses found: excessive delays during the process to develop payment request dossiers and their subsequent process to free up disbursements affecting the predictability of SBS funds; and the "indicative" schedule of disbursements established in Financing Agreements, which is not always compatible with national budgeting schedules.<sup>122</sup>

*EU's SBS actions have promoted the strengthening of institutional capacities for the management for results of supported policies, their PEFs and sector-level monitoring systems (Ref. EC 8.2. and 8.3)*

The scope and the positive influence of the SBS modality is confirmed by the development of institutional capacities during all phases of the policy cycle of supported sectors, and the fact is appreciated that probably these advances would not have been achieved without SBS.<sup>123</sup> The EU has dedicated to capacity development an average 12% of the total budget of SBS agreements<sup>124</sup>, being sector number 3 the one receiving the most. These funds have been applied through technical assistance (TA) contracts. Improvements are evident in the management for results approach: a) more collection, better capacities for the design, planning and implementation of national and sub-national level policies based on information generated by PEFs and from systematized lessons learned, promoting the allocation of resources to programmes based on their results, b) better organizational structures and management instruments in key institutions at sectorial level, d) facilitation and accompaniment of policy processes building dialogue and concertation bridges. The following are the main weaknesses persisting at institutional level<sup>125</sup>: (a) monitoring systems (information collection and impact measurement), (b) scant integration of gender approaches, and (c) technical and financial sustainability of policy actions; (d) maintenance of operational structures (due to staff turnover and lack of TGE funds); (e) need to improve the institutional capacity of sub-national levels to achieve better budget execution levels and include it in policy dialogues; (f) need to expand decentralized offices on the part of ministries at departmental level to enable effective coordination with local governments; and (g) lack of promotion of knowledge management by creating actor networks and platforms. These aspects have been identified as risks within the SBS framework.

SBS has made specific contributions to the design of sectorial PEFs through policy dialogue and capacity development instruments. There's linkage and alignment between PEFs supported by MDGs<sup>126</sup>, contributing to their scope and to the objectives of the cooperation strategy, in particular with respect to the "Eradication of extreme poverty and hunger". At the general level of second generation PEFs (ASPNC2 and PAPS2), these show substantial improvement in the reduction of the number, typology (migration has taken place from process indicators to output and outcome indicators) and in the quality of indicators derived from policy dialogue priorities, such as: public service quality, their sustainability and that of institutions providing these services.

<sup>121</sup> I.8.3.7 of Annex 8: Increase of available budget for discretionary expenses or fiscal room.

<sup>122</sup> I.8.3.6 of Annex 8: Trends of the General National Treasury (TGE) funds aimed at sectorial policies supported by the EU.

<sup>123</sup> I.8.2.1 -2 of Annex 8: Evidence of the improvement of the quality of PEFs and of sector policies.

<sup>124</sup> I.8.5.3 of Annex 8: Reduction of transaction costs to provide assistance.

<sup>125</sup> I.8.2.5 of Annex 8: Degree of institutional strengthening at sectoral and sub-sectoral level.

<sup>126</sup> I.8.2.3 of Annex 8: Evidence of linkage and alignment between PEFs' indicators and MDGs.



The interinstitutional nature of supported policies requires information systems articulated between them at sectoral level, and with different actors at national and sub-national levels. Important efforts have been made in the three sectors through SBS to improve data's quality, reliability and durability, which in the three sectors is a policy dialogue issue and thus, present in the PEFs. In TA's terms of reference, specific outcomes are programmed with respect to the improvement of monitoring and information systems. In spite of these efforts, the development and upgrading of M&E systems, looking also to impact measurement and their articulation with the country's institutions providers of statistics continues to be a major challenge within the policy framework. This weakness results in the lack of good quality data for accountability purposes and the design of supported policies that ensure impacts.<sup>127</sup>

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<sup>127</sup> 1.8.2.4 of Annex 8: Evidence and scope of the improvement of reliability and durability of statistical data used at national, sectorial and sub-sectorial levels

## 5 Conclusions and Recommendations

### 5.1 In General Terms

The **general conclusion** of the evaluation of the EU-Bolivia cooperation is positive. Although the period 2007 – 2013 had “lights and shadows”, the positives by far outweighed the negatives. Based on the five evaluation criteria of the OECD/DAC, the following are the **specific conclusions** reached by the evaluators:

- **The EU’s 2007-2013 Cooperation Programme with Bolivia was relevant** because it focused on the country’s priority issues as stated in the National Development Plan (PND); see for example: the initiatives to reverse low employment rates in spite of high economic growth, a historical paradigm shift with respect to the definition and implementation of a policy to control coca crops, the expansion of previously delayed water and sanitation coverage together with the management of water basins, and the support provided to cross-cutting issues which becomes especially relevant within the context of the deep structural changes since 2006.
- **The implementation of the Programme was effective** because it managed to help establish new models for public policy interventions (transferences and social control) within the Government of Bolivia, which have shown good operation and capacity to generate the expected results. The cooperation provided by the EU to Bolivia has contributed to strengthening the budgeting processes and increased the quality of the sector policies’ formulation, which beyond pertinent concepts and approaches, has found the appropriate tools necessary for an implementation that enables progressing toward expected outcomes and has room for future expansion.
- The high levels of execution of the resources assigned to the Country Programme, in spite of early delays, **are a good sign of efficiency although the outcomes in the different axes varied**. In general, goals were reached within the programmed costs.
- Although this evaluation did not attempt to analyze the impact generated by the implementation of the Country Programme, whose materialization requires a longer period of time, three findings were identified: (a) a significant contribution was made to the impending fulfilment of MDGs related to water and sanitation, nutrition and food security; (b) the coca production was substantially reduced; and (c) contribution was provided to employment generation.
- **The sustainability perspectives of the implementation of policies achieved with EU support are encouraging**. Intervention modalities are already established and in the hands of the government, which has already started to assign more resources to implement sector policies that had initially relied on the support provided by the EU.

In relation to the different Evaluation Questions (EQs), the evaluation formulates the following conclusions and recommendations, grouped into two clusters to facilitate their comprehension:

### 5.2 With respect to Strategic Alignment and Instruments Used

#### Conclusion 1: Capacity to adapt to context changes in partner country

The EU has demonstrated its **high adaptive capacity to the needs that the context and political changes of Bolivia** have demanded, crowning this period with an European Coordinated Response (ECR), developed and approved by the EUD and the representations of the EU Member States<sup>128</sup>, which itself is a challenge to increasingly deepen the division of work,

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<sup>128</sup> Germany, Belgium, Denmark, Spain, France, Italy, Sweden and Switzerland.

as well as coordination and complementarity based on the added value of different interventions.

**Recommendation n° 1: Ensure work distribution based on the added value that can be provided by the EC and each EU Member State**, which should be reflected as joint programming and strategy on part of EU Member States, starting in 2017, completely aligned with the running Government Plan and the 2025 Patriotic Agenda.

In order to implement this recommendation, the EU could promote the distribution of work based on successes achieved in each sector by each Member State within the policy dialogue framework already existing between the Commission and the EU Member States. These successes may be measured in terms of effects, outcomes and impacts achieved through the different strategies and leadership carried out by each Member State within this context<sup>129</sup>. The Government of Bolivia, for its part, might promote the alignment of donors and multilateral development banks centered on the 2025 Patriotic Agenda, goals established, policies already developed and the consolidated PEFs. The main challenge, however, will be defining existing gaps where local capacities require more support from the international cooperation. Sector policy dialogues, for their part, will enable prioritization, search for coordination, complementarity and coherence of all cooperation action lines within the framework of supported policies. The EU will make available consolidated experiences from sectors 1, 2 and 3 with respect to policy design and formulation, PEFs, successful institutional strengthening and capacity development cases and for other sectors in which the EU does not necessarily intervene, but the Government of Bolivia on its own or in collaboration with other donors does, and might benefit from these experiences. To this end, it will be of major importance to develop exercises that evaluate and systematize these experiences.

**Conclusion n° 2: Complementarity of instruments and modalities with the strategic alignment of Bolivia’s development priorities and needs**

To a large extent, **instruments and modalities have complemented each other and are combined in an appropriate fashion**, promoting the achievement of the cooperation strategy. However, there are important procedural limitations around the project’s approach and sector budget support. Furthermore, the EU has reached a **high level of strategic alignment with Bolivia’s development needs and priorities**<sup>130</sup>, which has been derived to support sector policies; the same process with regards to institutional strengthening and capacity development is still pending.

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<sup>129</sup> I.e. the EU demonstrated for the evaluated period, effects, outcomes and impacts in sector 2 (see Annex 9 of sector outcomes) and in sector 3, it promoted through leadership alignment, harmonization and management for results around sub-sectoral policies looking to achieve de development of a comprehensive plan.

<sup>130</sup> Alignment around the 2006-2011 PND and the 2025 Patriotic Agenda, as well as with government programmes.

***Recommendation n° 2: Promote the scaling up and appropriate combination of the project approach and budget support.*** The project approach requires an existing institutional settlement and management units to be inserted in this setting to promote sustainable achievements and a nimbler start up. A scaled-up combination with subsequent sector budget support offers motivation for successful processes concerning institutional and capacity strengthening and policy innovation. On the other hand, the **incorporation of an institutional strengthening and capacity development axis should be promoted** as a component of each supported sector policy.

To implement this recommendation, the EU should analyze the existing institutional settlement, based on the design of the intervention strategy in a sector, in order for project units to be appropriately inserted and not become parallel units. Sector strategies should foresee a scaled project approach intervention at the beginning in order to strengthen institutional capacities or support innovative policy lines, to subsequently provide budget support. This should take place in coordination with the national level and should be totally incorporated into existing institutions. At governmental level (and each sector), it will be necessary to work on the assessment of the existing institutions (to know the demand) and its development perspectives so that the EU assistance, under the project approach modality, can be included into this framework. Once the sector policy is consolidated, further progress can be made based on achievements on institutional and capacity development. Institutional strengthening and capacity development instruments, defined together with the EU, should include monitoring and evaluation tools reporting the physical and financial progress of actions within the wide institutional framework in which they are performed. Furthermore, the EU may include this recommendation in each sector's intervention design, strategy and policy dialogue. The Government of Bolivia could also establish components like that in its policies, in full articulation with the science and technology axis of the 2025 Patriotic Agenda. Under its framework, sectorial institutions will be diagnosed and play roles following their mandates, while at the same time becoming articulated with the academic world. Finally, instruments defined by the EU to promote these components should be variable and flexible, including TA, twinning programmes with other countries, grants for institutions with institutional strengthening and capacity development mandates at national level, as well as scholarships and collaboration programmes with the academic world.

**Conclusion n°3: Correlation between the relevance and impact of the assistance of the EU in Bolivia with its financial sustainability**

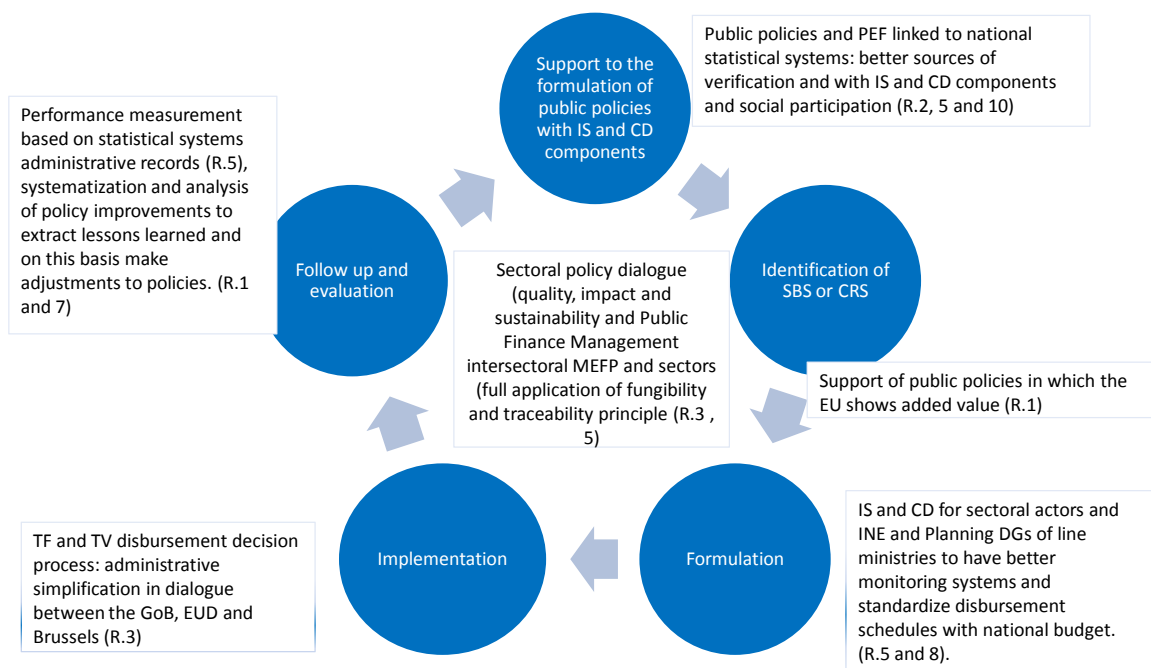
**There is correlation between the relevance and impact of supported policies and their financial sustainability.** According to the information of the MEFP, the TGE finances policies that demonstrate impact and relevance.

***Recommendation n° 3:*** Just as sector budget support contributions for policy dialogue and budget support are inserted into existing national strategies, the **development of capacities to be inserted in an existing national strategy should be promoted.** If this strategy does not exist, **promote and/or support its design.** Furthermore, **the strengthening of public finance management should be promoted to ensure the efficiency and effectiveness of public management. This should be done by means of a sector dialogue that guarantees the sustainability** of the modality now under the full application of the fungible and traceable funding principle, as well as the predictability of funds, matching SBS schedules with those of the national budget.

To implement this recommendation, the EU must continue promoting the consolidation of management for results capacities and better accountability, in particular at sub-national level. The EU must continue improving its policy dialogue strategy at different levels, (first and foremost with the Ministry of Development Planning and the MEFP, to ensure sustainability) and dialogue methods and mechanisms that generate best outcomes, monitoring the strategy by means of indicators and extracting lessons learned for future actions. The Government of Bolivia may intensify its efforts to meet the indicators and goals defined in the 2025 Agenda and its derivation to sector policies, based on the physical and financial monitoring of these planning instruments. Prioritise capacity development and institutional strengthening measures, on a case by case basis, which function at the international level, and ensure that these capacities, once developed, have a permanent place in the Bolivian system (training of trainers).

The following is a graph of these recommendations made concerning SBS:

**Graph 9:** Recommendations to improve policies, budgeting and accountability processes (SBS)



Furthermore, the EU must ensure, based on the design of the sector budget support, that its institutional strengthening and capacity development actions are inserted into the global and sector strategies of the Government of Bolivia already existing in this area.<sup>131</sup> The EU has already supported the design of these strategies and, therefore, should continue inserting this type of design improvements. During implementation, the EU must maintain a fluid dialogue with SBS specialists of DEVCO’s Geographical Unit and DEVCO 03 Unit “Budget Support and Public Finance Management”, to submit simplification proposals to expedite the operation of this modality based on field experience. For its part, the Government of Bolivia must guarantee institutional diagnostics of sectors receiving cooperation and institutional strengthening and capacity development components for sector policies to be designed.

**Conclusion n<sup>94</sup>: Risks associated with the prevalence of political criteria over technical criteria in the adoption and implementation of assistance projects**

<sup>131</sup> This recommendation complements the one referring to strategic alignment.

A case in point is the EMPLEOMIN project, which did not meet the expected performance and outcomes because the reconversion of the mining sector<sup>132</sup> was not a priority for the government during a period characterized by long debates about the new mining law<sup>133</sup>. Project resources were used based more on political rather than technical criteria.<sup>134</sup>

***Recommendation n° 4:* Pay more attention to quality risks facing projects implemented within an environment in which political criteria prevail over technical implementation criteria.** In addition, it will be convenient to have contingency plans or diverse mechanisms for the early termination of activities.

To implement this recommendation, a frank and continuous dialogue between partners is required, enabling both of them to recognize and identify risks and bias signals in the implementation of activities in due time, reaching an acceptable solution that respects as far as possible technical criteria of activities, to achieve expected outcomes without the government losing its sovereignty with regard to decision-making and leadership in the implementation of activities. This dialogue must take into account and possibly involve activities with other cooperation entities in the sector.

#### **Conclusion n°5: Effects of Sector Budget Support on impact measurement**

**The EU supported policies and their PEFs have improved considerably**, but policy impact has not been measured consistently and there is no strategy to do so.

***Recommendation n°5:* Promote the measurement of the effects/impacts of the implementation of sector public policies.** This task will require dynamic work to strengthen capacities to generate information and monitoring systems appropriate for this purpose. It is recommended to promote appropriate coordination with the National Institute of Statistics (INE), starting with policy formulation.

To implement this recommendation, the EU could include impact indicators in the PEFs in each sector's intervention design and policy dialogue strategies, and articulation with the INE. This articulation must come with improvements to the definition of indicators and verification sources based on administrative records for the monitoring and evaluation of indicators. At governmental level it should include impact indicators in the 2025 Agenda (i.e. definition of a "Live Well" index), as well as in sector policies. Institutional strengthening and capacity development instruments at national and EU levels must include the INE and the Directorate General of Planning of supported ministries.

### **5.3 With respect to supported sectors**

#### **Conclusion n°6: Support to sector policies aimed at the productive sector**

**The EU support** is highly valued by the authorities<sup>135</sup>, **contributing to the consolidation of sector public policies marked by a new operating model of transfer-payments from the State to productive units and collective organisations.**

<sup>132</sup> In small mining undertaking such as associative and cooperative models.

<sup>133</sup> Within the framework of this debate, for a number of years Government interests and those of the mining industry, managed by large firms and small mining, were in confrontation.

<sup>134</sup> Despite the project's poor design, which was recognized by the authorities, the Government of Bolivia did not want to terminate the project early, although the EUD offered that possibility

<sup>135</sup> Beginning in 2007, the EU was one of a few donors in the production and employment thematic.

This is contributing to the positive trends in the main indicators of the performance of MSMEs in the country: a greater number and activity of MSMEs, greater formalization of enterprises, better access to credit and higher export levels for MSMEs. The government has generated the required institutional capacities to operate and successfully implement the financial transfer tool in the Ministry of Productive Development and Plural Economy, but its full potential was not used in projects and through TA to generate specific capacities.

*Recommendation n°6:* Suggest that the Government of Bolivia carries out a **detailed analysis of experiences gained from the implementation of transfer payments to productive sectors**, from an institutional perspective and the perspective of beneficiaries, to identify good practices and lessons learned. These lessons learned may strengthen the sector support exit strategy, whose definition is still pending by the EUD.

In order to be able to implement this recommendation and promote additional support to the major achievements of sector 1 of the CSP, taking into consideration its reduced period of operation, the EUD should consider implementing a gradual phase-out of the assistance provided to this sector. This could consist of a transition to follow-up assistance using the resources of the Member States within the framework of a future joint response. This type of efforts should be accompanied by minor adjustments to sector policies and a gradual increase of TGE resources for their implementation.

**Conclusion n°7: Consolidation of a long process supporting adequate policies dealing with food security**

**The EU support to food security** in Bolivia during the last 15 years **went from project modality to sector budget support**. This fact proves that, since 1998, sufficient technical and management capacity has been developed at the MDRyT to design and successfully implement a sector policy that is consistent and capable of moving forward towards expected outcomes on food security with sovereignty. The MDRyT managed to strengthen itself and implement an intervention model that has yielded positive outcomes, as shown, among others, by the improvement in nutritional indicators, enabling fulfilment of MDGs. This long-term **assistance to the sector enabled institutional strengthening, developing the capacity to formulate sector policies and to implement them in a way that permitted achieving major outcomes related to food security**. The fact that these outcomes are being achieved (i.e. high probability of fulfilling the food security MDG), contributes to more commitment on the part of the Government of Bolivia to finance the implementation of the sector policies with its own resources. The potential and scope of future improvements that these intervention models and tools can still generate is not fully understood yet. The analysis and subsequent adjustments of these interventions has invaluable potential with respect to the continuous improvement of food security.

*Recommendation n° 7:* Perform an **exhaustive analysis of the mechanisms behind food security improvement** and the forces determining its progress, to be able to perform adjustments to intervention models and tools; for example, based on the needs of different geographical regions or types of products. Simultaneously, take advantage of the opportunity to analyse the contribution of the achievements made in food security to the generation of employment or income (poverty reduction).

Most important to implement this recommendation is an analysis of institutional structures and capacities existing in the sector, for the implementation of sector policies and above all, the model of direct transferences.

It is possible to imagine this analysis taking place in two stages - the first stage concentrates on the consolidation of existing institutional structures and capacities; the second stage concentrates on institutional sprawl and expansion (i.e. through decentralized structures) to scale up the policy's effects. Furthermore, it is necessary to design a research (academic) approach to perform the analysis necessary to understand the type of information (qualitative and quantitative) required in terms of the performance and outcomes of sector policies. This task should involve, inter alia, the MDRyT, academy, the INIAF and local authorities. This way, institutional aspects of the food security policy will be strengthened as well as the technical aspects and the intervention model. Lessons learned from similar policies in other countries could help save time and avoid mistakes that could have a very high social cost.

#### **Conclusion n°8: Innovation in policies related to the fight against drug trafficking**

The **implementation of projects and budget support** in sector 2 **have enabled** the strengthening and adaptation of the capacities of the institutions of the Government of Bolivia to **establish sovereign and democratic dynamics concerning the management of policies related to the fight against drug trafficking**. However, this process is not finished and requires technical support for its consolidation from a sustainability perspective. **Social legitimacy has been built upon the growing participation of civil society in sector policies**, and on a dialogue that has evolved from the simple identification of demands to the design of strategic sectorial perspectives. This has had a positive outcome at the effectiveness level without the collateral effects of social violence implied by the previous model to combat drug trafficking (the so-called “drug war”).

**Recommendation n°8:** Reinforce the development of capacities and institutional strengthening. Specifically, update existing regulations to **consolidate new dynamics for the fight against drug trafficking and the comprehensive development with coca**. It is recommended to continue the promotion of **participation by civil society organizations in the design and implementation** of comprehensive development strategic perspectives with coca and the fight against drug trafficking.

To implement this recommendation, the institution building process, that commenced with the FONADAL and that continues now through CONALTID and CONCOCA, must be backed up by policy dialogue, institutional strengthening instruments and capacity development. These are to be defined in a component of the policy, through the promotion and support of the definition of new institutional regulations, consolidation of professional teams and awareness raising activities. Under this logic, it is recognized that Social Control practices require the formalization of institutional processes and the consolidation of capacities between CSOs and government institutions. It is also proposed to deepen the promotion of democratic values and social inclusion through citizen practices with national budget allocations and through capacity development instruments supported by the EU.

#### **Conclusion n°9: Improvement in the provision of water and sanitation with a comprehensive approach to natural resources management**

**EU support to the water and sanitation sector has contributed to increasing the number of drinking water and basic sanitation connections in peripheral urban areas of Bolivia**. This increase contributes to progress in one of the main pillars of the policy of the Government of Bolivia concerning the Human Right to Water and the Millennium Development Goals, in particular with respect to access to drinking water. Despite these achievements, minor progress has been recorded in basic sanitation coverage and in aspects concerning the service's technical and financial sustainability.



Furthermore, the **EU has helped to energize investments for the application of environmental and water sector policies. These have promoted the comprehensive management of natural resources and water basins, and the strengthening of the National System of Protected Areas. The Comprehensive Sector Plan correctly integrates climate change with risk disaster management in one public policy.** Currently, because of the lack of studies or evaluations of this nature, it is not possible to have evidence of the effects/impacts of these investments on recipient populations or with respect to environmental and ecosystem quality.

***Recommendation n°9:* Intensify efforts concerning basic sanitation issues, establishing efficient network management and promoting the application of financial mechanisms that ensure service operation and maintenance.** To ensure the quantity and quality of services, the sector has to take into consideration environmental management and the application of comprehensive basin management. Furthermore, it should promote the **measurement of the effects/impacts of the implementation of sector public policies** on social, environmental, socio-productive and local economic development aspects, because the purpose of the intervention strategy of the EU with respect to this sector is to promote local development, which will have an impact on poverty mitigation through sustainable practices.

In order to implement this recommendation, the EU has to promote policy dialogue which focuses attention on the efficient management of water and basic sanitation networks, and the financial mechanisms necessary for their operation and maintenance. This way, the Government of Bolivia may improve its policies, strategies and actions concerning this task. It is advisable for the EU to continue supporting the strengthening of the capacities of service operators and managers, including at sub-national level by means of instruments that respond to the necessities defined by the sector, and by linking public and private entities, especially SENASBA. The Government of Bolivia wants to multiply its efforts to increase sanitation coverage, and from this perspective, coordination has to improve between the VAPSB and the VMA. The latter is in charge of regulating and supervising the management of solid and liquid waste, and of impacts derived from activities that have consequences for the quality of the environment. In order to ensure water provision, with respect to quantity and quality, VAPSB has to achieve closer collaboration with VRHR for the effective incorporation of comprehensive basin management and its preservation practices. Additional sectorial articulations which the MMAyA should promote in the future concern the involvement of the health and education sectors. In addition, it will be convenient for the EU to promote policy dialogue to reflect the effects/impacts of the implementation of public policies, through indicators relating to the effect of sustainable and comprehensive actions with the “living well” approach and the quality of the environment of beneficiary populations, within the local scope of interventions. This task will require the development of institutional and human capacities, framed within the sector’s Comprehensive Plan as institutional strategy to generate studies, methodologies and monitoring systems appropriate for this purpose. In this sense, the Government of Bolivia must promote coordination between sectors, particularly health, rural development and analysis of socio-economic policies, and strategic partnerships with public and private entities linked to research and development.

***Conclusion n°10:* Tangible outcomes in good governance, human rights and civil society, in preparation of the ground to implement ECR actions**

**The EUD in Bolivia, through its strategy and complementary of EU regional activities, has managed to rightly achieve cross-cutting outcomes with respect to good governance principles, support of human rights and civil society.**

These outcomes are of essential importance during a period that, on the one hand, was characterized by an expansion of civil society participation and, on the other, by a major expansion of the legal basis to human rights. However, these two positive achievements still have not been converted into full benefits for the entire population as the expansion of citizen participation was not free of conflicts. Also, new legal regulations still have not been fully implemented. Furthermore, the **EUD work conveniently prepared the ground for the future work of the Commission's Coordinated Response and of the EU Member States (ECR)** with respect to these issues, and was sufficiently convincing to have the Government of Bolivia decide to include an axis dedicated to improving justice delivery in the future cooperation strategy.

***Recommendation n°10:*** **Support the consolidation of the new expanded civil society**, without it losing diversity and autonomy. This can be attained by reinforcing and consolidating important achievements made related to cross-cutting issues such as good governance, human rights and the support of civil society. More emphasis should be placed on the justice axis of the future cooperation strategy.

In order to implement this recommendation, the EUD in Bolivia must maintain its line of work with non-state actors under an approach aimed at supporting different segments of the civil society. It also must push forward the political dialogue with authorities with the purpose to consolidate civil society, now diversified but characterized by old and new actors. Once a roadmap is found toward this joint goal of the EUD and the Government of Bolivia, action lines should be jointly designed to achieve this objective. Furthermore, a parallel intervention approach is suggested, which will strengthen the institutional capacity required in order for new laws favouring human rights to be implemented in a way that will convert them into beneficial outcomes for citizens. Given that these are cross-cutting aspects, institutional strengthening is not limited just to work in the justice sector. This suggests that the Government of Bolivia should promote the incorporation of these cross-cutting issues in all public institutions. The EUD and EU Member States should consider providing support to these processes by means of pertinent activities through the ECR.