



Deutsche Gesellschaft für  
Technische Zusammenarbeit (GTZ) GmbH

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**Programme Evaluation**  
**”Decentralised governance in support of the national poverty  
reduction strategy (PADEP), Bolivia”**

On behalf of

Federal Ministry for Economic Cooperation and Development

- Evaluationdivision -

This report entirely reflects the observations of the consultants and does not commit any of the institutions involved in the cooperation partnership.

# **German development cooperation with Bolivia**

## **Programme Evaluation**

### **”Decentralised governance in support of the national poverty reduction strategy (PADEP), Bolivia”**

#### **Summary**

Bolivia remains one of the poorest countries in Latin America. Its national poverty reduction strategy adopted in June 2001 carries forward the decentralisation policy of the 1990s, assigning to the municipal level, i.e. cities and districts, a central role in poverty eradication and hence in the implementation of the strategy. In view of their weak institutional and partially still unstable democratic structures, neither the national nor the regional – in particular municipal – administrations are up to performing the tasks allotted to them.

The evaluated programme (PADEP), which operates on all three levels of government, therefore sets priority on strengthening the decentralised, especially the municipal level, aimed at improving the efficiency and transparency of decentralised governance and facilitating implementation of the Bolivia’s poverty reduction strategy.

The programme brought together six individual components in a priority area of German development cooperation with Bolivia (modernisation of the state/decentralisation) in a single programme approach. At the time of the evaluation it had 10 components and 33 partners ("clients").

The purpose of the evaluation was to assess the current situation and future perspectives of the programme, which began on 1 January 2002, at a fairly early stage, having reference to the following aspects in particular:

- developmental effectiveness of the 10 individual components combined within the programme and of the programme as a whole,
- steering of such a programme
- possible gains and losses in effectiveness as a result of the comprehensive Programme design.

The early timing of the evaluation did not permit comprehensive impact monitoring. Nevertheless it seemed to the mission that the developmental strategy embarked upon by PADEP is generally sound and that PADEP is on the way to achieve the goals set. The programme approach and especially PADEP's innovative matrix organisation, which is an intelligent way of dealing with complexity, allow a high degree of flexibility towards the partners and in the face of the political challenges. The matrix organisation simplifies as well the coordination of the reform programmes at the various levels of government and administration. PADEP is already showing advantages over classical project designs in terms of functionality, organisation and management.

However, PADEP has not so far made optimum use of these advantages. The mission therefore recommends to reduce the number of interfaces and to concentrate the components. Furthermore the mission puts forward options for reforming the organisation and management structure; and considers PADEP's management experience in particular to be representative of other development cooperation programmes.

#### **Findings**

PADEP has developed far beyond a simple "roof construction" over previously "free standing" individual projects; inspite of its short running time. The programme’s conception has been oriented towards the requirements of Bolivia’s poverty reduction strategy right from the beginning. The conception of the programme as well as the focus on the lower level of

government (municipalities and districts), combined with a consistent multi-level approach and the integration of pro-poor themes, represent a significant gain in terms of the attainability of the programme's goals, especially the poverty reduction aspect.

All PADEP's activities are geared to reform processes on the partners' ("clients'") side. Agreements ("procesos de cambios") concluded with the latter set out the goals, activities and expected impacts of the joint work. These agreements on goals are then further particularised by measures arranged at shorter notice. Hence PADEP functions rather like a firm of consultants specialising in the modernisation of the state, decentralisation and poverty reduction, offering its clients tailor-made consulting services on the basis of agreed concrete targets. Explicit tailoring of programme activities to the partner promotes the latter's own responsibility as an actor, though it means that goal attainment also depends essentially on the quality of the client.

A "More political" development cooperation which sets out, like PADEP, to contribute to complex reform processes within society, has to follow more complex impact chains and get to grips with different indicators compared with "classic" German development cooperation/technical cooperation. Whereas PADEP's original offer with respect to the formulation and verifiability of its goals still displayed some weaknesses, the (newly) developed system of impact monitoring (MIPADEP) enables far better statements to be made about the individual programme components and generally has a number of interesting innovations to offer. With its development not yet quite completed, MIPADEP should, however, in the future, also be able, on its own, adequately to verify PADEP's total yield - in terms of the more highly aggregated goal of decentralisation and poverty reduction.

PADEP coped quite successfully with the steering problems that cropped up in the first year of programme creation. It also coped quite well with the complexity of the programme. It solved this problem innovatively and in the form of a matrix that enables responsibilities to be allocated exactly and, at the same time, - in contrast to classic development cooperation projects - to skilfully offer and pool a large number of consulting options. This same matrix organisation can, however, also "produce" unintended consequences. For example, in the view of the evaluators, PADEP has already gone beyond the optimum degree of complexity that can sensibly be handled. This is not attributable to any design failures, but chiefly to the way, and conditions under which, programme creation took place.

The clear allocation of responsibilities has proved its worth not least in PADEP's cooperation with German and international organisations. PADEP's networking with other German development cooperation institutions and its experience so far of cooperation with multilateral and bilateral - especially European - donor organisations have produced a positive picture. The mission gained the impression that the negotiating capacity and expertise of German development cooperation in the - for Bolivia - critical area of the modernisation of the state, decentralisation and poverty reduction - in terms of both content and organisation - have been tangibly improved as a result of the programme being created, and that PADEP has built up a large degree of acceptance in the donor community.

As to whether there has been an added gain for development policy as a result of programme activities, the mission can answer that question with an unequivocal 'yes' on account of (i) the good content-related interaction so far between the individual components, at several levels of government, (ii) the flexibility of the consulting services in terms of deployment and their orientation to the specific requirements of the partner and (iii) the work carried out so far. However, these generally positive effects have to be weighed against the "costs" of such programme activity.

In respect of activities, organisation and management, PADEP is already exhibiting clear advantages over classic project approaches. They derive in particular from (i) flexible, demand-led use of funds (ii) regular multi-level interaction (iii) client-led consulting work (iv) clear responsibilities for clients, and (v) a strengthened position within the donor community. However PADEP has not so far made optimum use of these advantages. This is attributable to

institutional weaknesses connected with the way in which programme creation took place and to new challenges in programme steering.

With PADEP promoting a better institutional framework in which to implement Bolivia's poverty strategy, the programme is making an important contribution overall to facilitating poverty reduction. However, the extent to which the poor and socially disadvantaged - who are after all the intended target group - will actually benefit from the programme's measures will depend essentially on the conditions pertaining to institutional development, political steering and participation prevailing at – precisely - the municipal level in each case. For PADEP, these mean definite limits on the reach of its interventions in respect of its indirect goal of poverty reduction. The latter is likely to be extremely difficult to achieve without promotion – including direct promotion - of civil society, and therefore requires targeted cooperation with strongly grassroots-oriented programmes and organisations in the individual programme regions.

## **Recommendations**

In order to raise the efficiency of the programme and the effectiveness of its interventions, the mission proposes two key reforms:

- revision of the portfolio by pooling the (10) components within four new thematic areas,
- thorough revision of current working procedures (organisational and management reform).

With regard to PADEP's management, it is recommended in addition:

- to substantially strengthen knowledge management (including public relations work), with a view in particular to providing examples of good practice and concrete experience from PADEP's work
- to expand the area of evaluation and impact monitoring in a very concentrated form, especially so as to be able to monitor more closely the interaction of the individual components and their impacts as well as the concentrated programme activities and impacts, and make any necessary corrections in good time
- to aggregate the impacts and data, which have hitherto been fragmented and oriented to the "procesos de cambios", far more at the level of the programme's components, to ensure better steering of the programme as a whole
- to thoroughly review the consulting activities with a view to delegating more of them to new (local) organisations.

With regard to its (indirect) poverty-reducing impacts, the programme should:

- review the situation in the partner municipalities to determine to what extent local civil society should be promoted directly. Where appropriate, steps should be taken to ensure that appropriate measures are taken, through cooperation with programmes or organisations and working more closely at grassroots level (German development cooperation, other donors, NGOs),
- give greater prominence in consulting work to local economic promotion and the efforts of the communities themselves
- determine the legitimacy and acceptance of the civil society organisations supported by PADEP, broken down by locality, in terms of the effectiveness of their promotion, and supplement existing opportunities for promoting local mechanisms of social control, where necessary through cooperation with other organisations
- ensure that impacts at municipal level - taking the local level into account as well - are closely monitored. PADEP should at least make spot checks in this regard and agree on appropriate impact monitoring with organisations operating at the local level.

With regard to new challenges facing PADEP,

- measures aimed at dialogue and consensus-building can make a great deal of sense - especially in view of the current political challenges
- it will be very important for PADEP to give a view on existing problems at intergovernmental levels and put forward a number of concrete reform options
- the conditions necessary for local economic development in the public and private sector must be improved. For PADEP and PDR, a flexible combination of functional separation and regional responsibilities drawing on the comparative advantages of both GTZ programmes would seem to lend itself here.
- where the distribution of funds to the municipalities is concerned, options for using performance indicators - alongside the currently dominant poverty indicators - and for increasing competition between the municipalities (for example in the form of advertised municipal competitions) should be considered
- giving greater regard to existing development potential for concrete poverty reduction in the future selection of clients would offer PADEP the possibility of integrating successful 'model municipalities' as well in its consulting work.

## General conclusions

PADEP's management experience is representative of other development cooperation programmes in a number of different ways:

- from the point of view of personnel management, especially when it comes to integrating former individual projects and their staff under programme creation
- from the point of view of complexity management, for which appropriate solutions have to be found.

Moreover, PADEP's experience so far indicates that:

- the process of programme creation itself is crucial for the success of a programme (i.e. with or without precursor projects and staff)
- personnel management must be very attentive and circumspect in any such process
- development cooperation programmes can only be more effective in terms of development policy compared with traditional projects if they succeed in coping with the rapid increase in complexity generated by consulting activities and clients, within an appropriate management structure, e.g. similar to PADEP's matrix organisation
- programmes need a new type of development manager who must possess consulting skills in developmentally relevant sectors and good management skills, as well as being a good team player.

## Basic data

Programme name	Decentralised governance in support of the national poverty reduction strategy (PADEP)
Programme start	January 2002
Term of first promotion phase	January 2002 – December 2005
Recommended overall term	January 2002 – December 2011 (10 years)
Authorised amount	€17.9 million (current promotion phase)
Authorisation number	PN. 2001.2175.6
BMZ-division responsible for programme	Division 120

Implementing organisation

GTZ

Period of evaluation (in Bolivia)

21.09.-07.10.2003

Experts

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