MID-TERM REVIEW

AND

NATIONAL INDICATIVE PROGRAMME

2011 – 2013

BOLIVIA
1. Executive summary

Bolivia has been through dramatic political, social and economic changes since 2006. Following Evo Morales’ election, the country is going through a “democratic and cultural revolution” geared to satisfy the demands of its majority indigenous population. The drafting of a new constitution has been the cornerstone of this transformation. The strong polarisation of the country requires an increased and tactful effort of mediation and support of the international community.

In recent years, Bolivia has experienced an export boom led by the hydrocarbons and mining sectors. However, private investment rates remain the lowest in the region especially after the nationalisations of some oil and telecommunications companies. The global economic crisis affects Bolivia mainly through falling commodity prices and remittances, but economic growth remains positive. The economic boom did not translate into any significant alleviation of poverty or increase in human development, despite the government’s efforts. The most striking effect of climate change in Bolivia is glacier melting, which will have a strong impact on water supply. The energy potential of Bolivia requires appropriate investment.

The implementation of EC cooperation under the National Indicative Programme (NIP) 2007-2010 has been slower than expected due to institutional instability. Out of the €134 million for NIP1, €93 million have been committed so far (December 2009), which is 70%. The main problems have been in sector 1, which aims at creating economic conditions for decent work through small and medium enterprises.

The EC strategy for Bolivia remains valid and should continue to be implemented in accordance with the priorities already established, subject to some readjustments in terms of both content and reallocation of funds. These readjustments reflect the government's commitment to the fight against poverty and the impact of climate change on water supply.

Although €234 million were indicatively allocated to Bolivia under the CSP in 2007, €115 million (instead of €100 million) are now available for the NIP 2011-2013, making the total amount €249 million. In view of the implementation difficulties of sector 1, it is proposed to shift the focus of EC cooperation to the other two sectors: drugs and water management. The sector of economic development for decent work will be broadened to include the fight against poverty and social exclusion in view of the impact of the economic crisis and the high priority of these issues for the government. Support for the fight against drugs is still relevant and should continue to be well funded. The departure of US intelligence is a new factor which needs to be taken into account. In the sector of water management, actions will relate to supply of drinking water and sanitation, efforts to combat global warming and management of national parks.
2. The Mid-term Review

2.1. Analysis of the Political, Economic, Social and Environmental situation

2.1.1 Political situation

Following Evo Morales' election as Bolivia's first indigenous President in December 2005, there has been a decisive shift towards satisfying the demands of Bolivia's majority indigenous population, and in particular the social movements which represent them. The "democratic and cultural revolution" aims to “re-found” the Bolivian state as "multi-national" to include the poor and end "500 years of colonialism and neocolonialism". The drafting of a new constitution has been the cornerstone of this transformation.

Bolivia is deeply divided both ideologically, between right and left, and geographically, between east and west. On one side are the central government of President Morales' Movimiento Al Socialismo (MAS) and the MAS-governed departments, which are mainly supported by the rural, indigenous poor and the lower middle classes. On the other side are the eastern departments of the so-called "Media Luna" or "Half-Moon" (Santa Cruz, Tarija, Beni and Pando), which draw support primarily from the business sector as well as from the non-indigenous population.

The process of the new constitution has been highly controversial within Bolivia. A Constituent Assembly elected in June 2006 approved the initial draft constitution in September 2007, but it was not accepted by the opposition. Angry and at times violent demonstrations followed and four regions declared autonomy in protest. A recall referendum was held in August 2008 with high scores both for the President and the main opposition prefects. Tensions heightened at the end of 2008 and violent protests erupted in the eastern departments of Media Luna (mainly in Santa Cruz). These tensions threatened to turn into a bloodbath with the deaths of peasants in Pando where at least 11 people were killed. Government and opposition, however, renegotiated the draft and a new version was submitted to a national referendum on 25 January 2009. The agreement was made possible thanks to a national dialogue monitored by international observers like the EU (local troika) and UNASUR. The new constitution was approved by national referendum with 61.4% in favour, although four out of nine departments voted against it, reflecting the continuing polarisation of the country. An EU Electoral Observation Mission monitored the referendum and considered that it had been conducted according to democratic standards.

The continuation in power of the Morales Government following the August 2008 recall referendum and the successful dialogue in Congress over the constitution have recently afforded Bolivia some stability. However, political volatility and institutional instability affect normal administration. Despite increased involvement of indigenous populations, democratic institutions and political parties are weak. Recent tendencies have favoured participative democracy, both through the ballot box and by direct involvement of social movements in the decisions and machinery of the state.

The new constitution (CPE) is an ambitious and complex document which includes the recognition of 36 indigenous "nations", a wide range of social, economic and political rights (especially for indigenous peoples), state intervention in the economy (including control over natural resources), and reform of the judiciary (with direct election of Supreme Court judges and a parallel system for indigenous peoples). Particularly contentious is the creation of four levels of autonomy without a clear definition of the distribution of competences and resources.
Since 2006 there has been a strong autonomy drive in Bolivia, based on the eastern departments' demands. Referenda on departmental autonomy were held in 2006 and 2008 and resulted in the adoption of autonomy statutes of Santa Cruz, Pando, Beni and Tarija, which were not recognised by the central government for legality reasons.

General elections and autonomy referenda took place in December 2009; resulting in a landslide victory for President Morales, and local elections will be held in April 2010. The scale of the task of organising these elections/referenda and of creating legal instruments to implement the constitution presents a significant challenge to the institutional capacities and resources, which is further compounded by conflicting interpretations of the constitution. This has prompted the EU to support Bolivia at this critical stage through its Instrument for Stability.

Control over natural resources and land redistribution are also divisive issues. The new constitution outlaws land tenure that does not fulfil any social or economic function. The government has given indigenous Guaraní people title deeds to 38 000 hectares that were the property of landholders from Alto Parapeti, in Santa Cruz.

The Bolivian government is pursuing a “coca yes, cocaine no” policy, which involves fighting against drugs but allows the production of coca under limited conditions. Coca cultivation exceeds legally established limits and drug processing and trafficking are persistent problems which have become more difficult to control after the departure of US intelligence. The government of Bolivia is trying to change the international legal status of coca. Government policy in the economy favours a stronger role for the state, including nationalisations of foreign-owned natural resources extraction and telecommunications companies.

Bolivia's foreign relations are shifting. Diplomatic ties with Argentina, Brazil, Chile, Uruguay and Paraguay have improved. On the contrary, relations with other CAN countries (Peru and Colombia) have been strained recently because of ideological differences on security, economic and trade matters. In particular, relations with Peru have become very tense after the indigenous uprising in Bagua. Bolivia participates, along with Cuba, Venezuela and Nicaragua, in the Bolivarian Alternative of the Americas (ALBA) that has kept a distance from market logic. Bolivia has not joined the current multi-party trade negotiations with the EU. Bolivia-US relations have been strained, especially during the Bush administration, due to mutual distrust and accusations. There have been signs of rapprochement between the two sides under the Obama administration. The government of Bolivia is looking for new allies for its anti-drugs policy, namely Brazil, Russia and Iran.

EU-Bolivia relations continue on a positive path, though mostly because of the government’s wish to steer away from the country's traditional US dependence. In the almost four years of the Morales administration the EU has delivered strong support to Bolivia's strained democracy through election observation, troika demarches at president level and EU observation and accompanying of the difficult dialogue process at the end of 2008. At present the EU is providing assistance to the organisation of the elections, promoting national dialogue, and giving advice in the legislative reform process. The EU's role in bringing about democratic stability has been recognised and appreciated.

Relations were dented because of the nationalisations in strategic sectors such as telecommunications, hydrocarbons and electricity, which affected the interests of EU companies. Nevertheless Bolivia remains open to EU investment as in the case of the lithium exploitation project. Also, the breakdown of negotiations with the CAN and the continuation of the process with individual CAN members and limited to FTA negotiations weakened the EU's position in that area. The EU’s position is also
affected by Bolivia's present policy seeking to focus on regional cooperation (Venezuela, Brazil) and on diversifying external relations (Russia, China, Iran).

2.1.2. Human rights

The Bolivian government has taken positive steps in the field of economic, social and cultural rights. Such efforts have been duly recognised by the Inter-American Commission on Human Rights, which visited the country in 2006. However, challenges remain in civil liberties and due process. A highly controversial Constituent Assembly process that took place in 2007 created political tensions in 2008. At the height of those tensions the Pando massacre occurred on 11 September, in which at least 11 persons were killed and which led the government to declare a state of emergency in the department. Lately there has also been an increase of reported acts of racism and discrimination against indigenous persons; attacks against human rights defenders; undermining of freedom of expression and the press; in some cases, excessive use of force by security forces, weakening of the administration of justice and interference in due process1.

As an elected Member of the UN Human Rights Council, Bolivia must uphold the highest standards in the promotion and protection of human rights and must fully cooperate with the Council. The human rights situation in Bolivia will be considered under the Universal Periodic Review in early 2010, following a process of public consultations with civil society and national human rights institutions. Furthermore, a country office of the UN Office of the UN High Commissioner for human rights is expected to provide capacity-building and technical assistance.

The continuing existence of forced labour2 involving at least 38 000 people, including women and children, is a cause for concern. The majority of forced labourers live in some form of inherited debt bondage and are mainly indigenous (Guaraní) people. Expropriation of land is possible if practices of forced labour are found.

The new constitution contains several clauses that uphold the rights of women, although laws are not always enforced and many women are unaware of their legal rights. Rape and violence against women continue to be pervasive and underreported problems3. The government is slowly beginning to take steps to improve the situation of women: in 2009 an equal rights and opportunities plan was launched.

Bolivia is a party to the ILO indigenous and tribal peoples Convention (No 169) and in 2007 it became the first country to ratify the UN Declaration on the rights of indigenous people. The new constitution (art. 30-32) recognises the rights of indigenous people to exist freely, to have a cultural identity and to their territory. They have the right to be consulted, in particular concerning the exploitation of natural resources in their territory, and to share the benefits of such exploitation.

2.1.3. The economic situation4

2 Forced labour practices exist in the sugar cane industry (Santa Cruz; 21,000 estimated cases) and Brazil nuts industry (Pando; 6,000 estimated cases), and on private ranches in the Chaco region of Santa Cruz, Chuquisaca and Tarija (11,000 estimated cases of indigenous Guaranís living in forced labour).
4 Principal sources of information: IMF and Bolivian Central Bank.
In recent years, the country has experienced an export boom led by the hydrocarbons and mining sectors, with a resultant improvement in growth performance and a strengthening of external and fiscal positions, but inflation has accelerated, and investment has remained low in the context of relentless political tensions. The rise in export prices during 2008 led to exceptionally high external current account surpluses and reserve accumulation. Changes in the hydrocarbons taxation regime in 2005-2006 further improved fiscal revenue, shifting the public sector accounts from deficits into substantial surpluses. Increases in food prices, combined with external surpluses, caused inflation to rise to double figures in 2007-2008. As part of its policy response, the central bank gradually allowed the Boliviano to appreciate, which contributed to a significant reduction in deposit dollarisation. However, despite the predominantly positive trends, private investment rates remain among the lowest in the region. The World Bank's Doing Business 2009 ranks Bolivia in position 150 among 181 countries studied.

In 2008, strong hydrocarbons and mining exports continued to support Bolivia's economic growth as well as its fiscal and external positions. Real GDP growth in 2008 has picked up to 6.15 percent and it is expected to stand at between 3 and 4 percent at the end of 2009. The external current account has recorded a surplus of 12 percent of GDP. In the last three years there has been a real increase in per capita income. Inflation rates were high during 2007 and 2008 (11.7 and 11.85 percent, respectively) mostly driven by food inflation and external demand pressures. Bolivia's overall fiscal position improved in 2008, benefiting from high hydrocarbons prices. The overall fiscal surplus rose from 2.6 percent in 2007 to 3.2 percent of GDP in 2008. It is estimated that in 2009 there will be a slight fiscal surplus. Booming hydrocarbon and mining exports, together with high remittance inflows, led to a record-high current account surplus and large reserve accumulation\(^5\). Since October 2008, the exchange rate has been stable. In real effective terms, the Boliviano has appreciated markedly over the past year, reflecting mainly the high inflation and significant currency depreciations in trading partners.

The current global crisis affects Bolivia mainly through three channels: financial, trade and remittances. Since the local capital markets are not significantly exposed to international markets, the first channel will have very limited effect. Capital inflows have been negligible for many years, except for Foreign Direct Investment (FDI) in hydrocarbons and mining, thereby largely insulating Bolivia's financial system from the external turmoil. On the other hand, almost all external financial requirements are covered by the international cooperation community. The second and third channels will affect the economy's performance since gas exports are declining due to a fall in oil prices and to a decrease in the quantity demanded by Bolivia's main buyer; Brazil. The fall in mining commodity prices and the reduction of remittances will affect negatively the current account. The price effect will also have a negative impact on other tradable sectors such agriculture and manufacturing, especially the latter after losing ATPDA preferences. Summarising, reduced fiscal and current account surpluses will affect government revenues, jeopardising important programmes designed to alleviate the needs of the most vulnerable populations. Unfortunately, the full impact of the crisis is still unknown.

Improving the investment climate is one of the biggest challenges since foreign direct investment remains significantly below the past decade's levels and far below the regional average. Bolivia has a significant energy potential, from both renewable and non-renewable sources. Bolivia has large natural gas reserves, estimated at around 50 TPC (trillion of cubical feet), which are the second largest in South America after Venezuela. Bolivia has half of the world reserves of lithium.

Trade negotiations with the European Union have proved difficult. Free Trade Agreements (FTAs) are not accepted by Bolivia. The Bolivian government, supported by a significant part of Bolivian society, considers FTAs a threat to sovereignty and associates them with instability of labour, environmental degradation, environmental degradation,

\(^5\) International reserves represented USD2 billion in 2002, USD7.8 billion in 2008 and USD8.6 billion in October 2009.
irrational natural resource exploitation, unlimited enrichment of multinational companies and political imposition.

2.1.4 Social situation

The deep inequalities that have marked the history of Bolivia have led to exclusion of the indigenous population (which represents 62% of the total population) from the benefits of social and economic development, a situation which results in chronic poverty. An estimated 60.1% of the population was affected by poverty in 2007. Over 20% of Bolivians live on less than one US dollar a day and 42.2% on less than two US dollars a day. Despite recent positive economic trends, Bolivia has a very low human development index (0.695) and high levels of inequality. The average income of the richest 10% is 15 times higher than the average income of the poorest 10%. The Gini coefficient increased between 1985 and 2006 from 0.52 to 0.6, reflecting an increased degree of inequality.

The government's 2008 report on progress towards the Millennium Development Goals indicates that, though some progress can be noted, it is still largely insufficient. While coverage in the provision of education, health and sanitation services has improved, concerns remain with regard to their quality and sustainability as well as equitable access, both geographically and socially. According to the latest Human Development Index, life expectancy is one of the lowest in Latin America (65.1 years). The under-five mortality rate (65 per 1 000 live births) is also one of the highest of the continent.

In terms of employment, the informal economy generates between 66% and 75% of all jobs. These are generally self-employed or family units, characterised by precarious conditions, insufficient physical and human capital, lack of access to entrepreneurial services, and absence of labour rights. Child labour, discrimination on grounds of ethnic origin, gender or age, long working hours, forced labour in certain sectors, lack of social protection coverage in regard to health, risks, pensions, etc, all contribute to the perpetuation of poverty.

Several of the social indicators related to literacy rates, access to primary and secondary education, health services, employment etc. show strong negative bias affecting women and indigenous populations.

The National Development Plan (2007), through its strategic pillar "Bolivia Digna", includes the fight against poverty and the reduction of vulnerability in the most deprived areas of the country as one of its main objectives.

The government has set up three income redistribution programmes: "Renta Dignidad" - a direct transfer of €240 to elderly people; "Bono Juancito Pinto" - a subsidy of €20 for every child enrolled in primary school, both on a yearly basis; and the recent new subsidy “Madre-Niño” of approximately €180 for every child with the objective of providing better health care to the most needy families. These social cash transfer programmes focus on promoting the demand for public services. The impact of these redistributive initiatives has not yet been measured, but their success will depend on factors such as: the quality of the services provided (and successful coordination with key sectors such as education and health), their ability to target and cover those most in need, their financial sustainability in the long term, etc.

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7 Since 2006 its ranking has even dropped from 111 to 117 out of 177 countries in the world. Human Development Report 2007/2008, UNDP.
8 http://www.udape.gov.bo/ODM/Documentos/5to%20Informe%20de%20Progreso.pdf
The reserves earned during the commodity boom of the last few years allow the government to undertake counter-cyclical policies to cope with the negative effects of the crisis, at least in the short term. The government is planning to expand public expenditure and increase the cash transfer programmes offered to the population. However, it is likely that the lower export earnings, the reduced amount of remittances and depressed foreign direct investment flows may finally have a negative impact on social expenditure and employment creation. In any case, more efforts should be made to improve the quality of public spending, in order to maximise its impact on economic growth, employment creation and poverty reduction.

The poverty and inequality which characterise Bolivia deserve continued attention by the donor community.

2.1.5. Environmental and energy situation

Bolivia is a country of great geographical and ecological diversity and one of the richest of the region in terms of climate, soils, ecosystems, vegetation and wildlife. The new constitution places great emphasis on protection of the environment and sustainable development, with a predominance of State ownership and social control over natural resources. Implementation of its provisions will be essential for successfully preserving the environment. The application of the regulatory framework is far from being effective due to the institutional weakness and constant government changes. Serious threats to the environment include: 1) soil and water pollution derived from industrial activities, mainly mining (significantly in the western lands of the country); 2) land erosion caused by the advance of the agricultural frontline, demographic pressure, deforestation and bad agricultural practices; 3) urban areas degradation due to inadequate managing of waste and effluents, and uncontrolled traffic growth; and 4) the disappearance of wild areas, selective extraction of species and illegal hunting.

Bolivia is beginning to suffer from the consequences of climate change, such as the retraction of glaciers, more frequent floods and droughts, cold waves and the displacement of some tropical diseases towards areas of higher altitude. For Bolivia, climate change could impact significantly on health, water supply and food security. One of the most striking impacts is the dramatic shrinking of the Chacaltaya glacier, which has lost 80% of its area in the last 20 years, with potentially devastating consequences for future water supplies in the region. In addition, overgrazing and poor cultivation methods (including slash-and-burn agriculture) and deforestation are leading to soil erosion, desertification and a loss of biodiversity. The Bolivian government and civil society are responding to climate change with comprehensive policies, including local-scale initiatives, national policies and international lobbying. President Morales, in particular, is projecting Bolivia’s position in the international arena, with arguments in favour of respect for the environment and rejection of excessive consumerism. The National Climate Change Adaptation Programme aims to promote socio-economic development, focusing on five key areas: water resources, food security, health, natural resources management and ecosystem adaptation. The Bolivian Civil Society Platform on Climate Change is an initiative coordinated by the key social and indigenous movements as a way to discuss climate change-related issues and give a voice at both the national and international level to those who are already experiencing the effects of climate change.

Bolivia has a significant energy potential, from both renewable and non-renewable sources, in particular natural gas (Bolivia has the second largest natural gas reserves in South America), lithium, hydroelectric, solar and wind energy.

2.2. New EC/EU policy objectives and commitments

2.2.1 Relevance of the new policy objectives and commitments
The consequences of **climate change** are already being seen in Bolivia in the form of drought, flooding, extreme weather events and glacial melting. In March 2007 the European Council made climate change a central internal and external policy priority and embarked on an ambitious response, the **climate change** and energy package. The EU is committed to helping developing countries embark on low-carbon development paths as well as supporting their efforts to develop resilience to the impacts of climate change. The Commission is prompting the EU to become the leader of the multilateral climate change negotiations. Indeed the EU has kept the issue high on the political and diplomatic agenda. In the European Consensus, climate change is presented as an essential environment issue and can therefore be part of focal as well as non-focal sector activities. Both mitigation and adaptation are important aspects to take into account during political dialogue with local authorities for the review of focal sectors. The EU-LAC Lima Declaration of May 2008 recognised the need to address the challenges of environmental degradation and climate change. As a follow-up to the Lima Declaration, several initiatives have been adopted, including the EUrocLIMA programme, which aims to improve understanding, raise policymakers' awareness, integrate climate change into sustainable development policies and build institutional capacity to do so. Bolivia already benefits from several environmental projects dealing with climate change in the areas of agriculture (in Potosí and Santa Cruz) and forestry (in Santa Cruz and the Amazonas region). Although climate change is not a priority sector in EC cooperation with Bolivia, it affects most sectors of development as a cross-cutting issue. Therefore it should be assessed for all sectors of EC intervention and appropriate changes or measures should be envisaged. Mitigation will also be factored in by looking at how a specific intervention can be done in the cleanest or most carbon neutral way possible. This is especially important for sectors such as water management. Additionally, concrete climate change projects could be identified on the basis of the country's action plans and for supporting relevant institutions and policies. The EU will also consider awareness raising and capacity building for both government and civil society actors (the Civil Society Platform on Climate Change) with a view to participation in the climate change negotiations and gaining access to the mitigation funding mechanisms (specifically the Reduction of Emissions from Deforestation and forest Degradation-REDD mechanism). A donor coordination group on climate change, where the EU participates, is already active, its main tasks being to develop a common understanding of the climate change challenges for Bolivia and identify potential joint actions and mechanisms to mainstream or directly fund climate change issues in cooperation activities.

**Migration** has become an important issue in relations between the EU and Latin America. Although these are not official figures, it is estimated that 2.5 million Bolivians (25% of the Bolivian population) live abroad, mainly in Argentina, Spain, Brazil and USA. Recognising that poverty is one of the main reasons for this phenomenon, the Lima Declaration announced the intention to develop a structured and comprehensive dialogue on migration and to intensify cooperation. In October 2008 the EC adopted a Communication on strengthening the global approach to migration, followed by Council conclusions on the same subject in December 2008. On 30 June 2009, a bi-regional EU-LAC Dialogue on Migration was launched. Its principal objectives include the identification of common challenges and areas for mutual cooperation. Since 2007 the EU has been financing projects on migration and asylum through a new thematic cooperation programme. In 2007 a project on securing travel documents, improving border management and sustaining return and reintegration in Bolivia was approved. Several regional projects on migration approved in 2008 benefit Bolivia, concerning for example migration of health professionals and flows of migrant domestic workers. Bolivia disagrees with the EU measures on illegal immigration and is strongly opposed to the Directives on return of illegal immigrants and on sanctions applicable to employers of illegal immigrants.
The objective of the EU strategy of aid for trade is to help developing countries to integrate into the trading system and to use trade more efficiently for poverty alleviation. Aid for trade is a key complement to trade negotiations but is delivered independently of progress in the negotiations. Even if at present there are no trade negotiations taking place between the EU and Bolivia, aid for trade could be useful in helping Bolivia to benefit fully from its GSP+ trade advantages. In addition, if Bolivia decided to join the ongoing EU negotiations with other CAN countries (Peru and Colombia), aid for trade would be particularly relevant. Through aid for trade, the EU is also committed to supporting trade-based regional integration. Several regional trade-related technical assistance (CANTRTRA) projects exist. In addition, Bolivia could use bilateral cooperation funds for aid for trade, under the focal area of economic development/decent work.

Despite increasing efforts, drugs constitute a growing global threat to international security. In December 2008 the EU adopted a new Drugs Action Plan for 2009-2012, implementing the EU Drugs Strategy for 2005-2012. The EU Action Plan gives emphasis to improving cooperation and assisting third countries in becoming more effective in both drug demand and drug supply reduction. Inter alia, under the EU Action Plan it is hoped to step up regional and intra-regional cooperation and to intensify financial support for the implementation of alternative development. The Lima Declaration of May 2008 recognised the need to further EU-LAC cooperation on drugs, in accordance with the principle of shared responsibility, and recommended the strengthening of the EU-LAC Coordination and Cooperation Mechanism on Drugs. There are several regional projects on drugs which include Bolivia like COPOLAD (a project to enhance cooperation between European and Latin American drugs authorities), a project involving cooperation to fight crime along the cocaine route between Europe, Latin America and West Africa, and two CAN regional projects: PRADICAN and DROSICAN. Bolivia is the third biggest world producer of coca and fighting illicit production and trafficking of drugs is a focal sector of EC cooperation.

Energy has become a top priority for the EU after the European Council of March 2007. Limited access to energy services and heavy reliance on traditional biomass are hallmarks of poverty in developing countries. Better access to sustainable energy services is necessary for economic growth and better quality of life. The EU Energy Initiative is a commitment by Member States and the Commission to create synergy and attract resources to energy and poverty, and is a framework for dialogue with partner countries and stakeholders. The drive to improve access to sustainable energy is also reflected in key policy documents such as the European Consensus on Development. Bolivia takes part in EURO-SOLAR, a regional project which permits those in the poorest rural areas without access to the national grid to access electricity generated by sun and wind. The Commission is launching an Investment facility in the field of energy, climate change and other aspects of EC cooperation with all Latin American countries. Bolivia has a strong energy potential in terms of both renewable (solar) and non-renewable (gas and lithium) sources. Focal sector 1 could be used to promote work in the energy sector.

The sharp increase in food prices in early 2008 undermined social and political stability in a number of developing countries and led to the approval of an EC Regulation in December 2008 establishing a facility for rapid response to soaring food prices in developing countries, known as the 'food facility' Regulation. Although food and agricultural prices have declined since then, the volatility of markets is expected to remain high and the worldwide economic crisis has a special negative impact on the developing countries and their most vulnerable populations. The Regulation provides for €1 billion over three years to get agriculture back on its feet. The facility will finance access to fertilizers

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and seeds, vets' services, microcredit, rural infrastructure, training in the agricultural sector and safety net measures. Bolivia is one of the beneficiary countries with an amount of €9.55 million: €1.8 million for a school feeding programme implemented by the World Food Programme and €7.75 million as budgetary support to the national food security policy.

The EC provides both humanitarian assistance and assistance for Disaster response and preparedness in Bolivia. These activities are implemented by DG ECHO, the European Commission's office for Humanitarian Aid. In this regard, it is particularly important that synergies are consolidated and opportunities for Linking Relief Rehabilitation and Development (LRRD) sought. Coordination of development projects with the programmes of DG ECHO, including its disaster preparedness programme, DIPECHO, should be strengthened.

2.2.2 Aid effectiveness Agenda

Concern over aid effectiveness and donor coordination was highlighted by the European Parliament in its democratic scrutiny of the CSP. The ownership of the government of Bolivia in regard to the development agenda, including the Paris Declaration, is strong, although it does not have the capacity to take on leadership responsibilities. Development partners have made clear efforts to promote aid effectiveness. A forum for discussion and coordination between all donors (GruS: Grupo de Socios para el desarrollo de Bolivia) was established in La Paz at the beginning of 2007 and has allowed some progress to be made. A more restricted group, involving 9 Member States and the EC, has been working on a preliminary matrix defining responsibilities within sectors, including leadership and silent partnership (see annex). In addition, Bolivia is a member of the Fast Track Initiative on Division of Labour with Denmark and Spain as co-leaders. In spite of these first results, the donor community acknowledges that there is still a long road ahead.

Sector 1 (economic development-decent work): the main donors are the World Bank, ILO, Spain, Germany, Denmark, the Netherlands and Switzerland. The EC intervention is complementary to their programmes. Interventions in this area have been quite arduous for all donors, except for those working with the private sector and local actors directly.

Sector 2 (drugs): All major donors in Bolivia have significantly reduced (US, UN, OAS and Belgium) or even concluded (Spain, Germany) their interventions in the alternative development sector. EC cooperation with Bolivian institutions on interdiction and intelligence activities has always been discrete since the US provides concepts and funds. Although the US is still, in financial terms, the largest donor in the sector, the EC is the most relevant.

Sector 3 (water management): EC budget support to the National River Basins Plan (ASPNC) is not only aligned with governmental policy, but also harmonised with a Pool Fund implemented in 2008, which brings together five donors under the leadership of the Netherlands (DK, GER, SE, CH).

2.2.3 Non-State Actors, Local Authorities and National Parliaments

The role of Non-State Actors (NSAs) as development partners has been recognised by the European Consensus on Development (2005), and needs to be enhanced. This is particularly true in Bolivia where social movements are very strong and local authorities play an increasingly important role. EU humanitarian assistance is often implemented through NGOs. Support to civil society also reinforces
democracy and good governance. EC support to Bolivia under the European Instrument for Democracy and Human Rights represents an important tool for supporting civil society activities in the area of protection and promotion of human rights. NGO projects in Bolivia can help the most vulnerable populations through well-targeted interventions, mostly at the local level, and concern health, human rights, local economic development, environment and food security. The involvement of local authorities in development cooperation with Bolivia is essential but quite challenging and politically sensitive in the departments of the “Media Luna”, because of the diverging political and economic views between the central government and the “prefecturas”.

2.3. RESULTS, PERFORMANCE AND LESSONS LEARNT

2.3.1 Country performance

Bolivia is going through a major political transformation and is creating a radically new institutional framework aiming at giving a greater voice and share of resources to its majority indigenous population. Bolivia is in the process of becoming a decentralised state. This process is still unfinished and has been quite controversial because of strong disagreements between the central government and the departments. The government’s policy is based on a strong role of the state in the economy in order to guarantee minimum social and economic rights and to protect general interests such as the environment and natural resources. The Morales’ government’s approach to drugs is a “Coca, yes – Cocaine, no” policy which takes into account the traditional use of coca in Andean culture. The fundamental pillars of this policy are cooperative coca reduction, rather than forced eradication, and comprehensive (alternative) development. Bolivia has started an international campaign to legalise coca. With a history of foreign exploitation of natural resources and disregard for the basic needs of the Bolivian population, the government has a principled policy of state control of natural resources. Thus, it has taken control of natural gas exploitation and commercialisation, through a revision of the contracts with the foreign, mostly European, companies. Bolivia is actively looking for new direct investments for its energy sector. Also in other strategic sectors such as energy, water and telecommunications, the government has taken control.

The political upheaval during the drafting of the constitution, the frequent elections and referenda and the continuous change of the administration at both political and technical levels have seriously disrupted the implementation of EC assistance. An intervention under the Instrument for Stability in the run-up to the elections and during the critical phase of initial implementation of the constitution is being put into action. This should help the implementation of development cooperation with Bolivia.

2.3.2 Cooperation performance

Implementation of cooperation under NIP1 has been slower than originally expected due to political instability and weak institutions. Out of the €134 million of NIP1, €93 million have been committed so far (December 2009), that is 70%. The main problems concern sector 1 (economic development-decent work), while in sector 3 (water management) all the funds have been committed (€34 million). Out of the total €93 million committed, €50 million have taken the form of sector budget support (53%). A transfer of funds from sector 1 (economic development-decent work) to sector 3 (water management) is envisaged. This transfer reflects the current priorities of the government and will contribute positively to achievement of the millennium development goals concerning drinking water and sanitation coverage.
Although it is too early to assess overall cooperation performance in terms of results, some initial progress has been achieved in the different sectors.

**Sector 1: Generating sustainable economic opportunities for decent work in micro-enterprises and small and medium-sized enterprises.**

Several factors have hampered decisive progress in this area. The lack of institutional experience in this field and high rotation among policymakers in the early stages curtailed the high ambitions of the present government concerning the development of a comprehensive policy on production and employment. A sector plan, inter-ministerial coordination and institutions were formalised only towards the end of 2008, supported by an intense policy dialogue, in particular with the ILO and the EC.

At the same time an important reform process is ongoing, characterised by stronger involvement of the public sector in economic activity and the determination to lift the large and complex informal sector to the level of formality. Additionally, the difficult constitutional process and an intense power struggle have absorbed most of the government's attention, generating in the public sector a certain preference for short-term interventions. Additionally, the previous positive economic context, where the country benefited from high commodity prices, may have caused a false impression that the legitimate change in focus was not urgent.

Two projects approved at the end of 2009 concern productive development with decent work (€12 million) and employment in the mining areas of Bolivia (€10 million). Since implementation is only starting, there have been no results yet.

**Sector 2: Support to the Bolivian Strategy for the Fight against Drugs**

President Morales’ policy of “coca yes, cocaine no” is a strong priority for the government and was reflected in the new Bolivian “Strategy for the Fight against Drugs” (2006). The government of Bolivia has undertaken the nationalisation/ownership of its drugs policy; its diversification through new partners; regionalisation (increasing cooperation with neighbouring countries) and the legalisation of coca. The constitution considers coca as a cultural patrimony and a renewable natural resource (art.384) and has recognised the importance of sustainable, comprehensive rural development (art. 405-409).

According to the UN Office for Drugs and Crime (UNODC)\(^{11}\), Bolivia is the world’s third producer of coca with 18% of total world cultivation. The extent of coca cultivation expanded by 20 % between 2005 (25 400 Ha) and 2008 (30 500 Ha), but it is still below previous historical levels. The total production area in any case exceeds the legal limit of 12 000 Ha and the tolerated surface of 20 000 Ha resulting from agreements between the government and the “cocaleros”. On the other hand, seizures of cocaine paste have increased by 113 % between 2005 (10 152 Kg) and 2008 (21 641 kg).

International support for the anti-narcotics fight has decreased recently after the deterioration of relations between Bolivia and the US, its main partner in anti-drugs policy until now. In November

2008, the Bolivian government suspended indefinitely the Drug Enforcement Agency’s (DEA) activities in Bolivian territory, accusing the US of conspiracy against the Morales administration. The activities of USAID have also been reduced substantially. UNODC, traditionally a prominent actor in the policy dialogue with the government and coca producers and in data collection on coca production, has recently downgraded its representation level.

€36 million have been committed out of €45 million available under NIP1 for two interventions which are now being implemented. One of them is a sector policy support programme on alternative development supporting the implementation of the National Plan of Comprehensive Development with Coca 2006-2010 with €26 million. It includes €24 million in sector budget support and €2 million for technical assistance. The government fulfilled initial conditions for the first disbursement of a €3 million fixed tranche. The second action is an innovative project on “social control” mechanisms of coca production (€10 million), developing participative rationalisation of coca production. In terms of results these two interventions have not reduced the area of coca cultivation but are helping to establish a process based on dialogue aiming at the reduction of coca cultivation.

EC cooperation in the sector benefits from previous experience under the Fonadal project in the Yungas region, which has been quite successful and where there is strong ownership by Bolivian partners. A study on the legal demand for coca, financed under the Instrument for Stability, is now being implemented, but only after difficult negotiations with coca producers’ organisations on the scope and methodology of the study.

On the whole, efficiency and effectiveness are still below expectations. In addition to the traditional weakness of the Bolivian public administration, the implementation capacities of public institutions have worryingly deteriorated. Even though impact and sustainability cannot be assessed at this stage, the government of Bolivia is constantly striving to increase the impact of its anti-drugs policy and generate the conditions for its proper implementation.

**Sector 3: Sustainable Management of Natural Resources – Integrated Management of River Basins**

The implementation of cooperation in this area has benefited from institutional and policy stability. The National Programme for Water Basins (PNC) has not been affected by political changes and constructive dialogue between the government and donors has existed since 2004.

The sector was allocated €34 million under NIP1 and all of it has been committed. The disbursement of the final tranche of a sector budget support programme for water and sanitation (€5.3 million) was approved in 2007. In addition, a Financing Agreement (€19 million) on watershed management was signed in 2009. It includes €16 million of sector budget support for the National River Basins Plan (ASPNC) and €3 million for technical assistance. Another project recently approved and whose implementation is planned for 2010 will deal with sustainable management of the natural resources of the Basin of Lake Poopó in the Department of Oruro (€10.9 million).

The government is preparing an ambitious multi-donor programme for water in peri-urban areas, which would be managed through a programme-based approach. The government has expressed an interest in receiving an EC contribution for this programme.

**2.3.3. Lessons learned**
**General:** Political and institutional instability is a major challenge for effective cooperation. The escalating political polarisation presents a threat to the development of the country, thus requiring further attention to promoting dialogue and mediation. The weakness of the Bolivian public administration's efforts to implement efficiently EC cooperation needs to be addressed with appropriate support. In terms of results, implementation of the CSP is only starting, since most commitments are very recent. Therefore, lessons learned are more focused on the process than on the results achieved so far. However, past evaluations on previous cooperation with Bolivia in these sectors provide some useful guidance. For instance, in the area of water and sanitation previous evaluation has highlighted the importance of defining the institutional and management structures in advance. In the sector of drugs, experience in alternative development has showed that respect of local institutions, participation of the beneficiaries and non conditionality has given the EC the leadership in this field. EC interventions have contributed to the improvement of the living standards of the population in the coca producing areas and to the improvement of access to health and education.

**Sector 1 (economic development-decent work):** The lack of a sector policy and the weakness of public institutions for productive development and employment generation made the development of concrete interventions very challenging. These might have benefited from a prior programme of institutional strengthening in the sector. The implementation of this sector has required continuous dialogue with the government on a sector programme, which still needs further precision. Efforts should be made to broaden the dialogue to the private sector, civil society and local institutions. There have been no results yet since commitments are very recent.

**Sector 2 (drugs):** Though EC cooperation on drugs is highly regarded by the government of Bolivia due to its respect for sovereignty and human rights, cooperation is politically sensitive because of diverging views among donors on eradication and alternative development. At the same time, the departure of US intelligence represents both a challenge and a risk since it has left the EC cooperation on drugs through alternative development more vulnerable. In these circumstances, results have fallen short of expectations, in particular regarding the new innovative interventions such as social control mechanisms and comprehensive coca study, and more emphasis should be given to the political dialogue with both government entities and international partners. Despite these interventions the area under coca cultivation has expanded. However, the Bolivian anti-drugs policy has been consolidated and drugs seizures have increased.

Due to permanent changes of personnel in sector institutions and responsible ministries, results on institutional capacity building of sector institutions are still disappointing. Also, sector budget support modalities are still widely unknown and coordination between sector ministries and the finance ministry is weak. All programmes under focal area 2 should increase efforts on institutional strengthening and improve concepts and instruments of capacity building.

There is scope for the EC to step up its activity in this sector, taking into account the objectives of the EU Action Plan on Drugs, the limited presence of Member States in this sector, the deterioration of relations between the government of Bolivia and the US, and the regional scope of anti-drugs policy. Coordination with regional programmes is weak.

**Sector 3 (water management):** It may be possible to build on previous successful EC cooperation on drinking water and sanitation. This is a sector with stronger institutional stability and for which strong demand exists.

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The water and sanitation budget support programme (PASAAS) launched at the end of 2004 was the EC's first effort to introduce BS as an alternative intervention method. Like most of the "pilot" initiatives, the programme encountered some difficulties such as: i) changes in sector policy and ii) the need to tailor the programme to new government objectives through a flexible indicators system. Despite these obstacles, the programme evolved through consecutive modifications (five Addenda) of its structure including the insertion of public finance indicators and sector variables related to cross-cutting issues such as institutional strengthening, environment and MDGs. PASAAS has taught valuable lessons which are reflected in the design of the ongoing programmes and in the new initiatives under construction.

2.4. Quality improvements

General: Stabilisation and strengthening of public institutions should be pursued. The recent decision under the Instrument for Stability should contribute to this aim. Capacity building of the Bolivian administration should be included in future projects and programmes. The possibility of creating a small EC cooperation unit in the Bolivian administration as well as other ways to improve the institutional capacities of the public administration should be examined, although without hampering sustainability. Cross-cutting issues such as good governance, gender, indigenous people, migration, children’s rights and environment/climate change need to be integrated more systematically starting from the identification phase of new projects/programmes. The involvement of civil society, the private sector and local institutions in the implementation of EC development cooperation should be strengthened to broaden its impact. Forums for dialogue between the government and these actors in the implementation of EC development cooperation are needed and should reflect changes under the new constitution. There could be more systematic investment in people and institutions for enhancing the country’s capacity to generate, assimilate and use scientific knowledge, in particular on livelihoods of vulnerable people, access to water resources management and the fight against poverty. As regards modalities of assistance, the Bolivian government is trying to improve the conditions for budget support and has asked the World Bank for a PEFA (Public Expenditure and Financial Accountability) assessment, which entails the evaluation of Bolivian public finances. It is important to increase synergies with the thematic and the regional programmes. In general, coherence with other EC policies (such as those on human rights and democracy, trade, agriculture, health and consumers, environment, research, conflict prevention, drugs, migration and humanitarian assistance/disaster preparedness) should be further developed.

Sector 1 (economic development-decent work): The sector will be broadened to include the fight against poverty and social exclusion, which is a high priority for the government. Identification of programmes and projects on private sector/decent work, which are in the pipeline, will not be affected. The role of the private sector is of particular relevance. Integration of migrants returning to Bolivia deserves particular attention in the employment sector. In light of the perceived training needs of young people, support for the vocational training sector should be assessed.

Sector 2 (drugs): The government of Bolivia should improve internal coordination both in political terms and on administrative procedures. Institutional strengthening is essential. As all the interventions of the EC in the sector focus on alternative development, opportunities to widen the scope of interventions (legislative, judicial, penitentiary, police) are being analysed. The operational level of EC assistance should be complemented by a political dimension, strengthening the role of the EC as a partner, in dialogue and coordination with Member States and other international stakeholders such as UNODC. The environmental impact of coca cultivation and cocaine production ought to be considered in future programmes. Coordination between local and regional levels and headquarters on the EC side
should be increased to achieve better synergies and coherence of the EU Action Plan on Drugs. Coordination of technical assistance from the different donors in the sector should be reinforced.

**Sector 3 (water management):** Given the importance of this sector, it is reasonable to broaden this focal area in order to include efforts to combat the effects of global warming, and to improve supply of drinking water, sanitation and management of national parks. New interventions should follow a participatory approach including local beneficiaries (indigenous populations, municipalities) during the project management cycle. As mentioned, this sector should include climate-related considerations as an important element for the sustainability of the intervention strategy. The challenges brought about by climate change will reinforce the need to develop water governance institutions, including watershed management organisations, at the appropriate levels (local, regional and trans-boundary).

**2.5. Consultation with civil society**

The Delegation has organised two seminars with civil society: NGOs, “prefecturas”, municipalities, unions, chambers of commerce and of industry, among others. The first seminar took place on 19 March 2009 in La Paz, and the second was held on 26 March 2009 in Santa Cruz. In general, the participants appreciated the strategy of the EC, and agreed in particular with the three priority sectors, while stressing the need to work more in the area of climate change. They considered the present political-administrative context to be extremely difficult due to a lack of institutional stability at the central government level. Furthermore, they highlighted a significant communication problem between the Prefecturas (especially those of the opposition) and the Central Government, which makes access to financing of international cooperation difficult. Participants therefore requested the participation of the EC and international cooperation in efforts aimed at facilitating dialogue with the Central Government (See annex for more details).

**2.6. Conclusions**

The relevance of the three sectors established in the CSP is confirmed, subject to some adjustments. In general, institutional strengthening and capacity building will require a special focus in future EC assistance. The involvement of civil society, the private sector and local institutions should be strengthened. The sector involving generation of economic opportunities for decent work should be broadened to include the fight against poverty and social exclusion, which is a high priority for the government. Furthermore, it should be more comprehensive so as to cover all aspects of productive development, including territorial cluster development, productive chain management and trade. In the focal area of drugs, two programmes on comprehensive development and rationalisation of coca production are under way, though experience to date is limited. The relevance of this sector is high, and there is scope for an intensified intervention. Regarding the integrated management of international river basins, a comprehensive sector support programme is just about to start. Due to the consistency of the sector and its relevance, the focus should be widened to encompass: water supply and sanitation, mitigation of the effect of global warming on water resources as well as management of natural reserves. This and other priority sectors would benefit from taking up existing research results and/or making use of technology transfer where appropriate to enable higher levels of innovation which are supportive of sustainability aspirations both in the public and private sectors.

**3. National Indicative Programme (NIP 2) 2011-2013**
Taking into account the new EU policy objectives (in particular as regards drugs and climate change) as well as the major commitment on the part of the government of Bolivia to combat poverty, assistance to Bolivia under NIP2 will concentrate on the following:

1. Fight against poverty and social exclusion. This will include creating conditions for decent work, for example boosting the productivity of small businesses.
2. Supporting Bolivia’s fight against drugs.
3. Sustainable management of water. This will include the integrated management of international river basins.

An indicative allocation of €234 million has been earmarked for the period 2007-2013 (€134 million for NIP 1 (2007-2010) and €100 million for NIP 2 (2011-2013)). Although the initial amount foreseen for NIP 2 was €100 million, and in order to further support poverty alleviation efforts, this amount has been increased to €115 million, making the total amount €249 million. In addition, Bolivia is expected to qualify, as in the past, for funding under certain funding mechanisms and thematic programmes of the DCI and other instruments (humanitarian aid, food facility, Instrument for Stability).

All actions funded by the EC will take account of the cross-cutting issues including human rights, gender equality, democracy, good governance, rights of children, rights of indigenous people, conflict prevention, uptake of research results and technology transfer for innovation and protection of the environment.

The involvement of civil society and local authorities in the implementation of EC assistance will be strengthened and special attention will be given to the promotion of dialogue.

The main risk to implementation of the NIP is the political and institutional instability of the country. In addition, Bolivia's limited capacity to absorb cooperation funds may also have a negative impact on EC cooperation with Bolivia. Finally, the new institutional set-up provided for in the new constitution of 2009 and its complexity may also take up some time and delay cooperation efforts.

3.1 Fight against poverty and social exclusion

EC cooperation is intended to support the efforts of the government of Bolivia in the fight against poverty and social exclusion through i) generation of economic opportunities for decent work and ii) improved access to and quality of basic social services for the most vulnerable population groups. Support will be aligned to the National Development Plan in its latest form, the government programme for the period 2010-2015 “Bolivia País Líder”, and in particular its chapters on production and employment and on reduction of poverty. Particular attention should also be given to implementation at decentralised levels (departments and municipalities), considering their increased competencies under the new constitution.

**General objective:** To contribute to the reduction of poverty and social exclusion.

**Specific objective 1:** To improve productivity and the quality of employment, in particular in small businesses\(^{13}\).

**Expected results:**

1.1. Increased access to decent employment and sustainable income.

**Indicators:**

\(^{13}\) In focal area 1, the previous lack of state interest in productive development and informal sectors has resulted in the absence of reliable statistics, making it impossible to establish baselines and targets. The sector programme that will start in 2010 ought to correct this situation through comprehensive support to the National Statistics Institute for data gathering in the related area.
• Labour force participation rate by social, economic and geographical category.
• Level and reliability of wages.
• Percentage of population with access to social protection schemes.
• Indigenous, female and youth participation in wage labour and other income-generating activities.
• Number of people doing forced labour.

1.2. Development of human capital.

*Indicator:*

• Proportion of employees and small entrepreneurs who receive training, including access to research results.

1.3. Enhancement of small businesses' capacity through the promotion of productive development and trade capacity.

*Indicators:*

• Number of small and micro-enterprises formalised.
• Increase in output and export levels of small businesses.
• Formation of clusters and business associations.
• Increase in value added per worker.

1.4. Promotion of an adequate regulatory and fiscal environment.

*Indicators:*

• Establishment and implementation of new legislation on labour and employment developing art. 46-55 of the new constitution.
• Increase in availability and quality of financing mechanisms for the small and micro-business sector.

1.5. Institutional strengthening, including at decentralised levels.

*Indicator:*

• Consolidation of capacity for policy implementation, administrative and financial management of central and departmental authorities.

*Specific objective 2:* To improve the quality of and access to basic social services for the most vulnerable population groups.

*Expected results:*

2.1. Reduction of people living in extreme poverty.

2.2. Improvement of the quality of and access to basic social services with a specific focus on the poorest regions/populations and in the framework of existing national poverty reduction or regional and local sector plans.

*Indicators:*
• Percentage of people living in extreme poverty. In 2008 this represents 49.2% of the population living in rural areas and 22.7% in urban areas.
• MDG indicators on health and education such as school attendance rate; illiteracy rate; prevalence of malnutrition among children under six years, and among children of school age (6-14); number of children who have received the full vaccination scheme; health checkups for infants in the first year of life; prenatal checkups for pregnant women, etc. Indicators with baselines and targets will be further developed during the process of identification and formulation of the interventions.

Risks: a) the political conflict may have a negative impact on the government’s focus on poverty alleviation; b) Bolivia’s high dependence on primary commodity exports makes the country and its social spending vulnerable to price shocks; and c) lack of an appropriate environment conducive to investment and business consolidation, and lack of concrete implementing measures. The success of the programmes to be supported by the EC will depend on: maintaining a sound institutional and regulatory environment; appropriate participation of the poor in policy formulation; increasing legal certainty and achieving a significant reduction of social and political conflict in Bolivia. Natural disasters can affect the prospects of success, especially in certain areas of the Bolivian Altiplano, i.e. jeopardising farming production capacity or destroying houses and social infrastructures. This factor is beyond the control of the Bolivian State.

3.2. Supporting Bolivia’s fight against illicit drugs

Anti-narcotics actions will be widened to reflect changes in national anti-drugs policy and the changed government relations with other donors. Opportunities to widen the scope of interventions (legislative, judicial, penitentiary, police) will be analysed. Particular attention will be paid to institutional strengthening, enhancing regional cooperation in anti-drugs policies and in the development of inter-institutional coordination mechanisms.

General objective: To support the Bolivian government in tackling drugs problems in order to prevent and mitigate conflict, facilitate social cohesion and comply with national and international laws.

Specific objective 1: To support the implementation of a wide-ranging national sector policy on comprehensive development through innovative approaches to the reduction of illicit coca production involving social control.

Expected Results:

1.1 UNODC annual crop monitoring indicates a net decrease of overall Coca production in illegal cultivation areas.

1.2 Sector policy on comprehensive development formally adopted and transformed into action plans.

1.3 Coca producer organisations participate actively in coca reduction programmes, providing data for and applying social control mechanisms and implementing comprehensive development.

Indicators:

• gradual reduction of the overall area under coca cultivation in Bolivia down to the legally permitted total area, measured in hectares and by yield (indicative figures);
  2. Coca production in 30 500 has (2008) down to 20 000 has in 2013.

• consolidation of a legal, institutional and financial framework for implementing a comprehensive development policy;
  1. Sector institution FONADAL, other public entities and donors increase investment in
production zones from €4 million/year (2008) to €8 million in 2013 (indicative figures).

2. Sector policy PNDIC renewed in 2010 including a monitoring system with SMART indicators.

3. Out-migration and risk zones identified and addressed with comprehensive development activities in 2013.

4. New internal and external financing sources for sector policy available in 2013.

- social control mechanisms and supporting instruments designed appropriately for rationalisation of coca surface;
  1. Legal coca production areas defined for community level in 2013.
  3. 80% of production areas with land titles in 2013.
  4. Comprehensive data system on excess coca production applied by government and coca producer organisations in 2013.

- implementation characterised by low conflict level during rationalisation and reduction, and existence of a reliable database on coca production maintained by social organisations;
  1. Conflict prevention and mitigation measures developed and applied by both government entities and coca grower organisations in 2013 in order to significantly lower conflicts on eradication/rationalisation.
  2. Coca grower organisations establish a control system on production areas and use reports for self-control mechanism in 2013.

- corresponding government entities possess equipment and a database for implementing mechanisms to control the importation, distribution and legal use of chemical precursors for cocaine production.
  1. Customs and Special Police Force FELC-N equipped and trained to control importation and distribution of precursors in 2013.
  2. Increase by 30% of liquid and solid precursors seizure in 2013 (reference year 2008).

**Specific objective 2:** Institutional strengthening and capacity building of the Bolivian drugs authorities in order to assure coherence, coordination and complementarity of policies, institutions and activities at national, regional and international levels.

**Expected Results:**

2.1 National Council for counter-narcotics (CONALTID) and other involved public entities with institutional capacity to coordinate anti-drug programmes and maintain dialogue on drugs with regional and international bodies.

2.2 Drug policy mainstreamed among involved public entities and coordinated with regional and international bodies and entities.

**Indicators:**

- Consolidation of a legal, institutional and financial framework for implementing the drug policy, in particular CONALTID.
- Bolivian authorities participate actively in regional and international counter-narcotic bodies
and feed back the recommendations into Bolivian anti-drug policy and institutions.

- Involved public entities adopt concrete action plans to improve impact of drug policy.

**Risks:** After the expulsion of DEA and a significant reduction of USAID activities, there is a greater risk of both coca cultivation and drugs seizures increasing again. It is important that Bolivia maintains its commitment to fight against drugs production and trafficking and respects international conventions. Although, for the moment, it is foreseeable that Bolivia will continue respecting its international commitments, it will be important to keep track of developments affecting the fundamentals of EC assistance.

Due to the adoption of the new Political Constitution of the State, declaring the coca leaf as cultural heritage of the State, it is most likely that the new government (January 2010) will substantially modify the legal framework for counter-narcotics policy (Law 1008). Such modification bears the risk that the institutional framework will be reorganised, separating drugs interdiction from coca cultivation. It will be of high importance, though considered a minor risk, that such modification will not affect the successful implementation of EC support programmes.

However, the greatest risk in the implementation of Community actions is the weakness of the public administration and the high political sensitivity of coca and drug trafficking.

### 3.3. Sustainable management of water resources

New policy commitments have been undertaken at EU and national level, and these should be reflected in a broadening of the scope of actions to include not only integrated water basin management but also other environment and water-related aspects. Environmental questions, particularly those related to climate change and energy, should also receive more attention in programme design as a transversal issue. A reallocation of resources is therefore indicated from Focal Area 1 to Focal Area 3, following the pattern outlined in the table below. Furthermore, actions in the field of water supply will be studied, in line with the conclusions of the study evaluating the impact of 10 years of interventions in this sector. More precisely, the government is devising an ambitious programme of suburban water supply and sanitation, in which several donors may participate. Dialogue and cooperation with local communities on water management will be developed. Experience in research and coordination projects both in Bolivia and in neighbouring countries, will be used.

**General objective:** To improve water management from an environmental and human development perspective.

**Specific objective 1:** To improve access to drinking water and sanitation.

Expected results:

1.1. Increased access to safe water in the target area.

1.2. Increased access to basic sanitation in the target area.

**Indicators:**

- Increased percentage of the population connected to water network compared to the present baseline (25% of the population does not have access to drinking water).

- Increased percentage of people with access to basic sanitation compared to the present baseline (54% of the population does not have access to basic sanitation).

**Specific objective 2:** To improve conservation and preservation of water.

Expected results:
2.1. Increased availability of water in the target area, thereby increasing the area’s resilience to climate change.

2.2. Prevention and reduction of water pollution.

2.3. Increased percentage of waste water being treated.

**Indicators:**

- Areas (in hectares) of protected wetlands, lakes and rivers created or better managed.
- Levels of chemicals, minerals, metals, pesticides in water in the project target area.
- Proportion of waste water that is treated before being discharged. If a baseline does not exist, its calculation needs to be foreseen in future projects.

**Specific objective 3:** To increase government capacity for the integrated management of water resources.

**Expected results:**

3.1. An appropriate legal framework is established.

3.2. Distribution of competences among main actors at central, regional and local level is accepted by all and is clear.

**Indicators:**

- A legal framework is adopted.
- A memorandum of understanding among actors at different levels is signed.

**Risks:** The definition of responsibilities and tasks of the central government and the departmental authorities in water management will affect the implementation of EC cooperation. There is also the risk that the impact of climate change exceeds the capacities of Bolivian institutions and resources. The formulation, acceptance and consolidation of the PNC in Bolivia, in political, institutional and also financial terms, is still at an early stage. The greatest risk to the management of international basins in Bolivia lies in the lack of political will on the part of neighbouring countries to provide an appropriate institutional framework to devise, finance and implement plans for the integrated management of basins.

3.4. **Indicative Budget**

<table>
<thead>
<tr>
<th>Areas of cooperation</th>
<th>Total</th>
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<tbody>
<tr>
<td>Focal area 1: fight</td>
<td>35</td>
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<tr>
<td>against poverty</td>
<td></td>
</tr>
<tr>
<td>Focal area 2: drugs</td>
<td>40</td>
</tr>
<tr>
<td>Focal area 3: water</td>
<td>40</td>
</tr>
<tr>
<td>management</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
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</table>

*Indicative figures. Up to 20% of funds may be reallocated between focal areas, according to GoB requests.*
Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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<tbody>
<tr>
<td>ALBA</td>
<td>Bolivarian Alternative of the Americas</td>
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<tr>
<td>ASPNC</td>
<td>Sector support to the National plan for river basins for Bolivia (Apoyo Sectorial al Plan Nacional de Cuencas)</td>
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<tr>
<td>ATPDA</td>
<td>Andean Trade Preference Act</td>
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<tr>
<td>CAN</td>
<td>Andean Community</td>
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<tr>
<td>CANTRTA</td>
<td>Proyecto de Cooperación UE-Comunidad Andina en Materia de Asistencia Técnica Relativa al Comercio</td>
</tr>
<tr>
<td>CONALTID</td>
<td>National Council for counter narcotics</td>
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<tr>
<td>COPOLAD</td>
<td>Cooperation Programme between Latin America and the EU on antidrug policies</td>
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<tr>
<td>CPE</td>
<td>Constitución Política del Estado</td>
</tr>
<tr>
<td>CSP</td>
<td>Country Strategy Paper</td>
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<tr>
<td>DEA</td>
<td>Drugs Enforcement Agency</td>
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<tr>
<td>DROSICAN</td>
<td>Support for the Andean Community in the Area of Synthetic Drugs</td>
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<tr>
<td>EC</td>
<td>European Commission</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUrocLIMA</td>
<td>Joint EU-LAC Environment programme</td>
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<tr>
<td>EURO-SOLAR</td>
<td>Cooperation Programme between the European Union and Latin America in the Renewable Energy Sector</td>
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<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>LRRD</td>
<td>Linking Relief Rehabilitation and Development</td>
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<tr>
<td>MAS</td>
<td>Movimiento al Socialismo</td>
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<tr>
<td>NGO</td>
<td>Non Governmental Organisation</td>
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<td>NIP</td>
<td>National Indicative Programme</td>
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<td>NSA</td>
<td>Non State Actors</td>
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<td>PEFA</td>
<td>Public expenditure and Financial Accountability</td>
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<td>PNC</td>
<td>Plan Nacional de Cuencas</td>
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<tr>
<td>PRADICAN</td>
<td>Anti-IIllicit Drug Programme of the Andean Community (PRograma Anti-Drogas Ilicitas en la CAN)</td>
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<tr>
<td>TPC</td>
<td>Trillion of cubical feet</td>
</tr>
<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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</table>
ANNEXES

1. Country at a Glance-Social Indicators
2. Millennium development goals.
4. Donor matrix – Aid effectiveness
5. MTR consultations – government, civil society and Parliament.
6. Country Environmental Profile.
7. Country Migration Profile.
8. Support to the Bolivian Strategy Fight against Drugs.
## ANNEXE 1

**Country at a Glance-Social Indicators**

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## Annex 1: Social Indicators

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<th>2008</th>
<th>2010e</th>
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<td>1. Proportion of population below 1$/day in PPP</td>
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<td>37,7</td>
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<td>2. Prevalence of underweight children</td>
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<td>3. Under 5 child mortality</td>
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<td>75,0</td>
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<td>4. HIV prevalence rate of women aged 15-24</td>
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<td>19,2</td>
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<td></td>
<td>13,0</td>
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<td>5. Proportion of births attended by skilled health personnel</td>
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<td>65,0</td>
<td></td>
<td></td>
<td></td>
<td>70,0</td>
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<tr>
<td>6. Proportion of 1 year old children immunised against measles</td>
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<td>82,6</td>
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<td>95,0</td>
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<td>7. Net enrolment ratio in primary education</td>
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<td>92,7</td>
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<td></td>
<td></td>
<td>95,0</td>
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<tr>
<td>8. Ratio of girls to boys in primary and secondary education</td>
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<td>-0,6</td>
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<td></td>
<td>0,0</td>
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<tr>
<td>9. Primary school completion rate</td>
<td>55,4</td>
<td>75,6</td>
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<td></td>
<td>88,7</td>
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<td>10. Proportion of population with sustainable access to an improved water source</td>
<td>57,5</td>
<td>73,1</td>
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<td>81,8</td>
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<td>11. Fixed lines and mobile telephone per 1000 inhabitants</td>
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<td>50,3</td>
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<tr>
<td>12. Formal cost required for business start up</td>
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</tr>
<tr>
<td>13. Time required for business start up</td>
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<td>14. GDP per capita</td>
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<td></td>
<td></td>
<td>1.201,8</td>
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<td>15. Access of rural population to an all season road</td>
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<td></td>
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<tr>
<td>16. Household electrification rate</td>
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</table>

**Explicacion de indicadores claves**

1. Dato 2015 corresponde a una proyección Plan Nacional de Desarrollo
2. El año de base corresponde a 1989 y dato de 25,5 al año 2003, proyección PND para 2010 (0%)
3. Dato base corresponde a 1989
4. dato para total población
5. Corresponde al dato de cobertura de parto institucional
6. Corresponde a la cobertura de vacunación con tercera dosis pentavalente

7. Dato base corresponde a año 2001

8. corresponde a dato de 1992 - brecha de género en la tasa de término a 8° de primaria

9. año base corresponde a 1992

10. dato base corresponde a 1992 (cobertura de agua potable)

11. primer año es de 2005. No se cuenta con información anterior

14. dato 2006 pib per cápita $us

Las casillas dejada en blanco corresponde a información no disponible en las fuentes gubernamentales
ANNEXE 2

MILLENIUM DEVELOPMENT GOALS

Millennium Development Goals

Bolivia

With selected targets to achieve between 1990 and 2015 (indicate closer to date shown, or 2 years)

Goal 1: halve the rates for extreme poverty and malnutrition

| Year | Bolivia
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<tr>
<th></th>
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<tbody>
<tr>
<td>1990</td>
<td>63.2%</td>
</tr>
<tr>
<td>1995</td>
<td>60.7%</td>
</tr>
<tr>
<td>2000</td>
<td>55.5%</td>
</tr>
<tr>
<td>2007</td>
<td>52.1%</td>
</tr>
</tbody>
</table>

Goal 2: ensure that children are able to complete primary schooling

Primary school enrollment (net, %)

| Year | Bolivia
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>95.7%</td>
</tr>
<tr>
<td>2007</td>
<td>96.7%</td>
</tr>
</tbody>
</table>

Goal 3: eliminate gender disparity in primary and secondary education

| Year | Bolivia
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>101.0%</td>
</tr>
<tr>
<td>2007</td>
<td>104.9%</td>
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</tbody>
</table>

Goal 4: reduce under-five mortality by two-thirds

| Year | Bolivia
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>2000</td>
<td>43.9%</td>
</tr>
<tr>
<td>2007</td>
<td>44.5%</td>
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</tbody>
</table>

Goal 5: reduce maternal mortality by three-fourths

| Year | Bolivia
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<tr>
<td>2000</td>
<td>43.7%</td>
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<tr>
<td>2007</td>
<td>43.9%</td>
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</tbody>
</table>

Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases

| Year | Bolivia
<table>
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<tbody>
<tr>
<td>2000</td>
<td>13.2%</td>
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<tr>
<td>2007</td>
<td>29.5%</td>
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Goal 7: halve the proportion of people without sustainable access to basic needs

| Year | Bolivia
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<tr>
<td>2000</td>
<td>36.3%</td>
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<tr>
<td>2007</td>
<td>39.4%</td>
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Goal 8: develop a global partnership for development

| Year | Bolivia
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<tbody>
<tr>
<td>2000</td>
<td>0.25%</td>
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<tr>
<td>2007</td>
<td>0.35%</td>
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Education indicators (%)

- Primary net enrollment ratio
- Dropouts of girls and boys in primary and secondary education

Note: Figures in italics are for years other than those specified. Indicators data are not available.

Development Economics, Development Data Group (DECDG).

EN

31

EN
## ANNEX 3

### SUMMARY TABLE
NIP1 and NIP2 Indicative financial allocations

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<thead>
<tr>
<th>NIP</th>
<th>TOTAL AMOUNT</th>
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<td>NIP I</td>
<td>€134 million</td>
<td>SEC I</td>
<td>€22 million</td>
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<td></td>
<td></td>
<td>SEC II</td>
<td>€36 million</td>
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<td>€9 million</td>
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<td></td>
<td></td>
<td>SEC III</td>
<td>€5.3 million</td>
<td>€19 million</td>
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<td></td>
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<td>2011 - 2013</td>
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<tr>
<td>NIP II</td>
<td>€115 million</td>
<td>SEC I</td>
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<td></td>
<td></td>
<td>SEC II</td>
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<tr>
<td></td>
<td></td>
<td>SEC III</td>
<td>€40 million</td>
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For the last three years, efforts to boost the Harmonisation process, based on the Paris Declaration, the Code of Conduct and the Accra Agenda for Action have been made.

The ownership of the government of Bolivia in regard to the development agenda, including the Paris Declaration, is strong. This is, however, not always the case regarding its capacity to undertake leadership responsibilities. The dialogue between the government and partners has especially been disrupted by frequent changes of centrally placed ministers and vice-ministers. This has also meant that little progress has been made in the operationalisation of the National Development Plan, presented in June 2006, as a basis for increased alignment to government policies, and the structure for coordination established by the government has not been activated.

Despite the lack of consistent government leadership, development partners have made substantial efforts to promote the agenda, including the EU Code of Conduct. A forum for discussion between all donors (including all Member States and others, as well as International Organisations such as UN, WB, IDB,…) was established at the beginning of 2007. This forum, called the GruS (Grupo de Socios para el desarrollo de Bolivia), has paved the way for discussions on how to advance this process, in coordination with the government of Bolivia. The progress in this rather large group has been slow in terms of producing concrete results. A more restricted group involving Member States has been working on a matrix defining responsibilities within sectors, including leadership and silent partnership.

Aside from the GruS, there are several sector working groups, involving technical Ministries, which are successful to varying degrees in defining sector strategies, coordinating external support missions, coordinating responses to singular requests, and providing an environment for discussion between all the involved partners.

The pattern for the sectors reflects the definition of the Ministry of Planning of Bolivia. These sector descriptions do not follow the OECD definitions, and we are in the process of defining them, so as to reach an agreement among all partners.

Depending on how sector strategies advance, these processes have different degrees of harmonisation. All Member States have integrated in their respective Country Strategy the concentration concept, in defining intervention in a maximum of two or three sectors. This has been defined by Member States which have recently drawn up Country Programmes, namely:

- Belgium: Health and Irrigation sectors. Belgium has planned in its new Country Strategy a budget of €2 million for delegated cooperation.
- Germany: Water and Sanitation, Governance and Sustainable Agricultural Development.
- France: Health and cultural sector.
- Netherlands: Environment and Productive Development and working towards a silent partnership in Education in a few years.
- European Commission: Economic opportunities for decent work, fight against drug production and trafficking, and Watershed Management.
- Sweden: They are in the last phase of elaborating their Country Strategy, and their final proposal is to concentrate on Natural Resources, Governance and Education.
• Denmark: Initiating programming for 2010 to 2015 in order to concentrate the country programme.

Many Member States will integrate this concentration in their respective Future Country Programmes. It is strongly felt that in tackling the development needs of the partner country the process could be more efficiently harmonised if, in the medium term of three or four year, a common Country Strategy were devised.

We would like to mention the sectors where coordination and harmonisation are presently taking place:

• **Education**: A basket fund was created in 2004, to support the sector plan of the Bolivian Government. It includes NL, DK, SW and SP. It provides support for the operational annual plans elaborated by the GoB. With the change of government in 2006, the Ministry is preparing a new sector plan and a Medium Term Expenditure Framework to strengthen the sector approach. Sub sectors have been defined, and are currently in the process of defining leadership, including Japan, an active partner in the sector.

• **Watershed**: A Joint Financial Agreement was signed in 2008 between the Government of Bolivia and NL, SW, DK, DE, and Switzerland, in order to support the Watershed National Plan, developed in the framework of the “Water for All” policy of the National Development Plan. This sector will be under the leadership of NL, sole candidate for this sector. The Sector Budget Support developed by the European Commission for this sector will be led and steered by NL, in coordination with the actors in the sector.

• **Health**: A basket fund is in its final preparation stage to support the programme “desnutritional zero”, between the GoB and FR, BE and Canada.

• Some minor basket funds and delegated funds are in place in some specific sub sectors such as “Defensoría del Pueblo”, National Electoral Court, Anti-Corruption Integrated Programme, Constituent Assembly.

All in all, harmonisation requires a lot of effort, is a slow and sometimes frustrating process, but will allow donors to enhance aid effectiveness.
<table>
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<th>Nº</th>
<th>Agencia de Cooperación/ País</th>
<th>Periodo de su Plan Estratégico de País</th>
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<th>2008</th>
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<td>5</td>
<td>Francia</td>
<td>No hay Plan Estratégico, sino un Contrato de Desendeudamiento y Desarrollo para el periodo 2006-2011</td>
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<td>6</td>
<td>Italia</td>
<td>Aunque Italia no implementa un country strategy paper formal, el periodo de agenda estratégica es 2008 - 2012 de la oficina de Cooperación Regional (Ecuador, Colombia, Bolivia, Perú; con sede en La Paz)</td>
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<td>ACDI - Canadá</td>
<td>2002-2007 (esta vigente hasta la aprobacion del proximo PES)</td>
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</table>
**ANNEX 5**

**MTR CONSULTATIONS**

**GOVERNMENT**

Consultations with the Bolivian government (in particular the Minister of Foreign Affairs, the Minister of Planning, the Minister of Economy, Minister of Education and Minister of Environment and Water) took place on the occasion of a joint MTR mission (AIDCO-RELEX) to Bolivia in April 2009. The National Indicative Programme (NIP) 2 was sent to the Bolivian government on 11 September 2009 and a meeting with the Minister of Planning, VIPFE and two Vice-Ministers of Foreign Affairs (Mr. Guzman and Mr. Fernandez) took place on 14 September. The government of Bolivia has indicated its wish to allocate cooperation funds in the area of education and the fight against poverty. The fight against drugs and access to drinking water and sanitation are also strongly supported areas for EC cooperation.

**CIVIL SOCIETY**

The Delegation has published on its website an invitation to Non-State Actors to make their contributions and comments on the strategy of bilateral EU-Bolivia cooperation. It has also organised two seminars with civil society. 276 invitations were sent to all regular contacts of the Delegation, including the organisations that had been invited to the identification seminar for the CSP in 2005: NGOs, prefecturates, municipalities, unions, chambers of commerce and of industry, among others. The first seminar took place on 19 March 2009 in La Paz with 55 participants, and the second was held on 26 March 2009 in Santa Cruz attended by 33 persons.

In general, the participants agreed with the relevance of the EC’s strategy, and in particular with the three priority sectors. However, they also expressed concern that the present political-administrative context is extremely difficult due to a lack of institutional stability at the central government level. Furthermore, they pointed to a significant communication problem between the prefecturates (especially those of the opposition) and the central government, which makes access to financing of the international cooperation difficult. Participants therefore requested the EC’s help and international cooperation in efforts aimed at facilitating dialogue with the central government. Regarding cross-cutting issues, the participants stressed the need to work more in the area of climate change.

In the context of each sector, the main comments of the participants were:

**Sector 1 (economic development-decent work):**

- It is necessary to take into account the role of the private sector.
- There is a pressing need for TA to facilitate access to international markets.
- Promoting research and technical innovation should be an important aspect of this sector.
- Participants stressed the need to ensure benefits of financial services in rural areas.
- Capacity-building for the workforce in urban and peri-urban areas is foreseen in the CSP, although there is still much need for technical capacity-building in rural areas.
- The re-integration of returning migrants into the labour market is not specifically foreseen in the CSP. The data concerning this issue seem to be rather worrying.
- Particular attention was demanded concerning the integration of young people in the labour market.
Sector 3 (water management)

- Given the EC's experience in the water and basic sanitation sector, the participants stated that they considered it necessary that the EC return to this area of cooperation.

PARLIAMENT

The Bolivian Parliament has not been consulted: general elections under the new constitution are scheduled for 6 December 2009.

Annex 6
Perfil Ambiental - Bolivia

1. Análisis resumen

Bolivia es un país de grandes contrastes geográficos y ecológicos y uno de los más variados de la región en clima, topografía, vegetación natural y suelos. Posee abundantes recursos naturales renovables y no renovables, entre los que se destacan los forestales y las reservas gasíferas y minerales. En lo que se refiere a su patrimonio medioambiental, Bolivia tiene una rica biodiversidad todavía relativamente bien conservada (es considerado país “megabiodiverso”). Cuenta con 22 áreas protegidas nacionales, las cuales ocupan una superficie de 182.717 Km², equivalentes a un 16,6% del territorio nacional.

Bolivia enfrenta problemas ambientales tanto en el medio rural como en el urbano. La idea de que es un país con enormes y extensas áreas naturales, muchas de ellas vírgenes, y casi sin contaminación, no es del todo cierta. Se pueden observar los impactos ambientales en los rincones más apartados, como la tala de árboles, la caza furtiva, la captura y tráfico ilegal de fauna y flora, y finalmente la desaparición de áreas silvestres sea por el avance de la frontera agropecuaria o por grandes obras de infraestructura. En el medio urbano ha tenido lugar un fuerte deterioro en casi todas las ciudades, en especial por la proliferación de residuos sólidos y los malos sistemas de manejo de basuras, junto a las crecientes dificultades para manejar los efluentes.

Por otra parte Bolivia posee una enorme riqueza ambiental, y además es muy diversificada, desde paisajes montañosos hasta la selva tropical. Esa gran riqueza ecológica está asociada a una riqueza productiva, tal como gas y minerales que ameritan la necesidad de un manejo responsable. Pero además Bolivia innovó a nivel mundial con nuevas instituciones para el manejo ambiental. Fue el caso del Ministerio de Desarrollo Sostenible intentando articular la política económica con la ambiental, o el caso de contralorías y superintendencias para recursos naturales.

Uno de los mayores problemas ambientales es la degradación de los suelos, que es creciente y amenazadora, y se expresa fundamentalmente en un agudo proceso de erosión que trae consigo la pérdida de la capacidad del suelo agrícola y forestal con la consecuente destrucción de la base productiva del país y el agravamiento de la pobreza. En general las malas prácticas agrícolas vienen deteriorando y agotando los pocos suelos aptos para la producción agrícola. Un ejemplo de ello es la costumbre de quemar el bosque para habilitar nuevas tierras de cultivo que son abandonadas cuando la fertilidad del suelo decrece.

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14 This Profile is an updated version of the Annex on Bolivia included in “Regional Environmental Profile - Andean Countries” (February 2005). The Regional Environmental Profile was financed by the European Commission and presented by ORGUT Consulting AB for the European Commission. It does not necessarily reflect the opinion of the European Commission.
La contaminación del agua también es significativa y altamente preocupante, especialmente en el occidente del país, donde se asientan las actividades mineras. Se estima que entre el 30% al 50% de las aguas residuales de la actividad minera son descargadas sin tratamiento de ninguna especie, lo cual es especialmente grave en el caso de los sedimentos de metales pesados, que contaminan permanentemente los cuerpos de agua con el consecuente perjuicio a la salud humana y propiciando la desaparición de especies de flora y fauna. En el oriente, la contaminación hídrica es generada fundamentalmente por las descargas de agrotóxicos y el uso de pesticidas en la producción agropecuaria. En el Altiplano en la zona cercana al lago Titicaca y de otros cuerpos de agua como ríos y lagunas en donde se cuenta con población se produce un mayor índice de contaminación deteriorando las condiciones del agua. En las áreas sin presión antrópica que generalmente son desérticas se tienen problemas de erosión por causas pluviales o eólicos debido principalmente a la falta de cubierta vegetal y a la fragilidad de los suelos. En el área urbana, el inadecuado uso de los desechos humanos e industriales ocasiona la contaminación de ríos. En el desarrollo de sus actividades, las ramas industriales provocan severos daños al medioambiente y contaminación hídrica, de suelos y atmosférica, afectando la seguridad y salud de los trabajadores y de la población en general.

La contaminación del aire en las ciudades bolivianas es relativamente baja, si se la compara con la existente en otras ciudades del continente, sin embargo no deja de aumentar constantemente. Se genera fundamentalmente por la actividad industrial, el transporte, la actividad en los hogares, la quema de pastizales y chaqueos. Las prácticas de quema o chaqueo generan deterioro de los suelos así como la pérdida de semillas y otros ecosistemas propios de dichas áreas; además producen problemas ambientales de contaminación de la atmósfera afectando principalmente los centros poblados.

Es importante, igualmente, señalar que Bolivia padece ya algunas consecuencias derivadas del proceso global de cambio climático, como la retracción de los glaciares, inundaciones y sequías más frecuentes y el desplazamiento de algunas enfermedades tropicales hacia cotas más altas, entre otros.

El país cuenta con un marco regulador adecuado. En efecto, la Ley del Medio Ambiente (1992), la Ley Forestal (1996) y la Ley INRA (1996) son instrumentos muy avanzados para proteger el medio ambiente pero su aplicación está lejos de ser efectiva por la debilidad del aparato institucional en cuanto a recursos humanos, técnicos y financieros, así como su constante transformación generando permanentes conflictos en cuanto a competencias: durante el actual gobierno, han estado en manos de hasta cuatro ministerios diferentes. En la actualidad, el recientemente creado Ministerio de Medio Ambiente y Agua cuenta con tres Viceministerios: 1) de Agua Potable y Saneamiento Básico; 2) de Recursos Hídricos y Riego; y 3) de Medio Ambiente, Biodiversidad y Cambios Climáticos.

Generalmente las limitaciones económicas y de capacidades humanas no permiten enfrentar adecuadamente los problemas ambientales. La priorización del Estado para el gasto ambiental está muy lejos de las necesidades, así como la fragilidad en la permanencia de cargos públicos, no permite la consistencia del capital humano ni la especialización que se requiere para tratar, proponer y manejar los problemas ambientales.

Sin embargo, Bolivia tiene un gran potencial en la posibilidad de incursionar hacia modelos de producción y explotación ecológica, en especial en el sector de los alimentos, el turismo y los productos forestales, lo que le puede otorgar ventajas competitivas en el mercado.

En este escenario, Bolivia ha ingresado en un proceso de reconfiguración del Estado y de las relaciones socioeconómicas existentes a través de la nueva Constitución y las Autonomías departamentales, proceso que define, todavía de manera incipiente, la propiedad y gestión de los recursos naturales y el medio ambiente bajo tres enfoques: el desarrollo sostenible como objetivo último, el dominio y la presencia del Estado por encima de los derechos individuales y la gestión participativa y control social en la gestión ambiental, introduciendo medidas muy progresistas en cuanto a los derechos de los pueblos indígenas sobre los recursos naturales de sus territorios. Sin embargo, los conflictos derivados de la propiedad y el uso de los recursos, especialmente los derechos sobre la tierra y la definición de
competencias entre los diferentes niveles de representatividad política territorial siguen estando presentes y amenazan con agravarse en el futuro próximo.

2. Bases y estado del ambiente

Geografía y clima

Bolivia ocupa la parte central de América del Sur, encontrándose entre los paralelos 9°30’ y 23°00’ de latitud sur, abarcando más de 13 grados geográficos y los meridianos 57°30’ y 69°40’ de longitud oeste. Esta posición geográfica determina que el país esté incluido en la zona tropical, por encontrarse al norte del trópico de capricornio, sin embargo la influencia del relieve, que corresponde a la cordillera de los Andes, ejercita un factor preponderante en la variación climática del país. Esta cadena montañosa a su vez al no facilitar el paso de las nubes provenientes de la cuenca amazónica determina en gran medida el régimen de lluvias en el altiplano boliviano.

La superficie total de Bolivia es de 1.098.581 km². Fisiográficamente se suele dividir el país en dos grandes regiones, que corresponden a las tierras altas en la cordillera de los Andes con una superficie de 414.574 km² y las tierras bajas del oriente con 684.007 km². El clima en Bolivia es muy variado. Es uno de los pocos países donde se encuentran todos los climas de la zona intropical, desde el tropical en lo llanos hasta el polar en las alturas, las temperaturas y precipitaciones aumentan gradualmente de oeste a este de acuerdo con el cambio en la topografía. El gradiente de humedad creciente es de sur a norte tanto en el altiplano como en la llanura chaco-beniano. Igualmente existe una gran variación regional en la duración de la época de lluvias, desde 11 meses o más en el Chapare y ceja de montaña en los Yungas hasta menos de un mes en Uyuni.

Manejo de los Recursos Naturales

Bosques

El área cubierta por bosques tropicales en Bolivia representa el 10% de los existentes en Sudamérica, pero la misma está disminuyendo rápidamente en la última década, debido principalmente a la ampliación de la frontera agrícola, la conversión de tierras en áreas de pastoreo, la explotación forestal desordenada y los incendios forestales por las quemazones para habilitar tierras y pasturas, sin medidas de precaución, siendo el factor más incidente cuando se talan grandes extensiones con maquinaria pesada, donde los bosques ya no se recuperan. Actualmente de acuerdo al Mapa de Cobertura y Uso Actual de la Tierra, la superficie boscosa es de 60.087.000 ha. que resulta el 54.7% de la superficie total del país, distribuidos principalmente en la Amazonía (41.5%), en la Chiquitanía (14%), en el Chaco (18.8%), en los Yungas (12.9%), en la región perichaqueña (5.2 %) y en los valles intermontanos (7.5%). Según el Ministerio de Desarrollo Sostenible los bosques en las tierras bajas conforman el 36% de la superficie del país y el 12% en las tierras altas; de acuerdo a la Superintendencia Agraria se cuentan con 430.900 ha. de plantaciones forestales extensivas.

El estudio Tasa de Deforestación realizado por BOLFOR (2003) indica que el área deforestada del país entre 1993 y 2000 fue de 1.892.332 has. lo que significa una tasa de deforestación anual de 270.000 has. y un aumento de la superficie desmontada del 89%. El último estudio, realizado por el Museo de Historia Natural Noel Kempff, muestra que entre el año 2000 y 2004, la tasa promedio anual de deforestación llegó a 300.000 hectáreas. Los bosques que más se han reducido son los de las regiones chiquitana y chacoquina componiendo el 73% de los tipos de bosques que se han perdido. Indudablemente los incendios forestales son un factor que incide en la deforestación, es así que en 1999 producto de la sequía, los fuegos alcanzaron a casi 13.000.000 has. y causaron cuantiosas pérdidas de árboles maderables y de infraestructura.
En febrero del 2001 se promulgó el D.S. 26075 que establece como Tierras de Producción Forestal Permanente una superficie de 42.000.000 has. Las especies con mayores volúmenes de extracción son la mara, el ochoo, roble, sujo, yesquero blanco, cedro, soto mapajo, bobosi, almendrillo, verdolago, curupau. Bolivia es uno de los países líderes en el manejo sostenible de bosques al alcanzar las 2,2 millones de hectáreas de áreas boscosas certificadas. Sin embargo, según el “Análisis de Bolivia sobre Bosques y Biodiversidad” preparado para USAID/Bolivia (2002), los actuales sistemas de manejo no están asegurando la regeneración de los árboles cortados ni manteniendo la calidad del bosque. Por otra parte la tala clandestina e ilegal incrementa los procesos de deforestación que se vienen produciendo en Bolivia.

El sector forestal del país genera anualmente alrededor de 130 millones de dólares americanos en exportaciones, y alrededor de 50,000 empleos directos. Estos beneficios económicos y sociales se ven seriamente afectados por los incendios forestales, ya que estos disminuyen el potencial productivo de los bosques. Una disminución en el valor económico del bosque resultará inevitablemente en un aumento en la tasa de deforestación del país. Por lo tanto, es necesario incorporar planes de prevención de incendios forestales en los Planes Generales de Manejo Forestal. Otro de los problemas actuales del sector forestal es el conflicto por las tierras.

Las empresas que poseen concesiones forestales responsabilizan al Gobierno de la inseguridad jurídica y, producto de ello, según datos de la Cámara Forestal de Bolivia, las áreas certificadas de bosque se han ido reduciendo en los últimos años. A ello se atribuye también el hecho de que el sector haya registrado un crecimiento menor al 10% durante 2006, contrastando con un crecimiento promedio de un 20% de los últimos cuatro años.

Biodiversidad

Debido a su diversidad de pisos altitudinales, regiones ecológicas, climas y microclimas, variedad de suelos y su ubicación en el centro de Sudamérica, Bolivia es uno de los países más ricos en especies del planeta, siendo uno de los quince países de megadiversidad biológica (Cumbre de Johannesburgo). La región de los Yungas es la de mayor biodiversidad, sobre todo en lo referente a la flora. En cuanto a la fauna silvestre la mayor biodiversidad, principalmente en mamíferos, se encuentra en los bosques amazónicos, en la región del pantanal, las sabanas benianas y el gran chaco. El documento “Estrategia Nacional de Biodiversidad de Bolivia” (ENCB) establece 4 biomas, 14 ecoregiones y 199 ecosistemas.

En cuanto a la flora existente, se estima la existencia de un total de 20.000 especies. La Lista Roja de la UICN (2002) señala 70 especies de plantas amenazadas en Bolivia. En lo referente a la fauna se tienen inventariados 2.730 especies. Se calcula que falta por descubrir del 10 al 15% de especies de animales vertebrados. Los grupos que presentan mayor número son los roedores (154 especies), los murciélagos (113 especies), marsupiales (34 especies) y los primates. Entre las especies endémicas se encuentran 2 de primates, 14 de roedores, 16 de aves. Bolivia se encuentra entre los ocho países que tienen más diversidad de aves y entre los cuatro con mayor riqueza de mariposas en el mundo.

Entre las causas que ponen en riesgo la flora y fauna están: la pérdida de hábitat, la ampliación de la frontera agrícola, la explotación forestal, la caza comercial y deportiva, el comercio ilegal de especies, la pesca con dinamita, la apertura de caminos, las actividades mineras, petroleras y la colonización. En Bolivia existen más de 40 áreas protegidas legalmente creadas pero sin gestión. El Sistema Nacional de Áreas Protegidas (SNAP) está constituido por 22 áreas importantes por su representatividad biogeográfica y ecológica, éstas ocupan más de 182,717 km², que corresponden a un 16,6% de la superficie territorial del país. De éstas se encuentran en funcionamiento un total de 17. La mayor parte de áreas protegidas se encuentran habitadas por comunidades indígenas y campesinas, haciendo una población mayor a los 70.000 habitantes.

Agua
De acuerdo al Informe Mundial sobre el Agua elaborado por la UNESCO (2003), Bolivia ocupa el puesto 16 entre 180 países, en cuanto a abundancia de recursos hídricos. Sin embargo ocupa el puesto 67 entre 122 países en cuanto a calidad de sus aguas. La población urbana en general no goza de agua potable de buena calidad y la rural en su mayoría bebe agua insegura. Según la FAO la precipitación promedio es de 1258,86 km³/año, mientras que el total de agua renovable interna es de 303,53 km³/año, las aguas subterráneas producidas internamente son de 130,00 km³/año y las aguas superficiales producidas internamente alcanzan 277,41 km³/año. Las tres cuencas hidrográficas principales son la del Amazonas que cubre 724.000 km², la del Paraguay–Paraná con 229.500 km² y la cuenca del altiplano con 145.081 km².

La contaminación de las aguas es un problema ambiental significativo porque afecta la salud pública y la calidad de vida de los pobladores. En Bolivia gran parte de los ríos y lagos así como las aguas subterráneas cercanas a las ciudades principales y las minas se encuentran contaminadas, siendo uno de los casos más conocidos el de los ríos Rivera y Tarapaya, afluente del río Pilcomayo y el lago Poopó. Los niveles de contaminación producidos por las descargas directas de aguas residuales de la red de alcantarillado, especialmente de las industrias, son altos en todas las ciudades bolivianas. Una de las mayores causas de contaminación del agua es la minería. Entre los contaminantes que produce se encuentran los ácidos, bases, iones metálicos y no metálicos. Entre los metales pesados más peligrosos están el cobre, cinc, cadmio, cromo, plomo, arsénico y mercurio.

**Suelos**

En Bolivia los suelos tanto de tierras altas como bajas son de consistencia frágil, fácilmente erosionables y de poca profundidad. Estas condiciones hacen que solo el 2.6% del territorio sea apto para la agricultura intensiva: Los mejores suelos se encuentran en los valles interandinos de Cochabamba, Chuquisaca, Potosí y Tarija, los mismos que debido al mal uso están en un continuo proceso de erosión. La FAO calculó que entre 1954 y 1996 la superficie erosionada de suelos se ha incrementado en 86%. Otras causas de pérdida de suelos son el avance de la urbanización, particularlymente en Cochabamba; así como la contaminación de los ríos con aguas residuales mineras como el caso del río Pilcomayo y sus afluentes. Los departamentos que sufren de procesos de degradación severos son Oruro, Potosí, Chuquisaca y Tarija, sumando cerca de 45 millones de hectáreas que corren el peligro de ser infértiles. Los problemas de salinización y alcalinización de los suelos son muy extendidos sobre todo en las zonas áridas del país. De acuerdo al Mapa de Cobertura y Uso Actual de la Tierra de la Superintendencia Agraria (2001) la superficie total cultivada alcanza a los 3.700.653 has. que corresponde al 3.37% del total de territorio boliviano. El Uso Actual de la Tierra según el Ministerio de Agricultura está distribuido como sigue:

<table>
<thead>
<tr>
<th>Categoría</th>
<th>Superficie en has.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tierras cultivadas</td>
<td>3.350.911</td>
<td>3,00</td>
</tr>
<tr>
<td>Pastizales</td>
<td>33.830.700</td>
<td>31,00</td>
</tr>
<tr>
<td>Bosques</td>
<td>53.444.182</td>
<td>49,00</td>
</tr>
<tr>
<td>Otros usos</td>
<td>19.232.307</td>
<td>17,00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109.858.100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

La gran inequidad existente con respecto a la tenencia de la tierra ocasiona que este aspecto se constituye en uno de los mayores problemas en el país, que además de generar conflictos sociales, está llevando a la degradación de la tierra. En las zonas altas donde prevalece el minifundio, la tierra se sigue dividiendo dando como resultado el llamado “surcosfundío” situación que obliga a los campesinos a sobreutilizar los suelos y la vegetación. Mientras tanto en las zonas bajas donde prevalece el latifundio, se producen relaciones de explotación y opresión, de los terratenientes, que incluso controlan el ejercicio de los derechos políticos de los indígenas y campesinos. Como resultado de la Reforma Agraria entre 1953 y 1993 se distribuyeron más de 44 millones de has. a 652.626 beneficiarios. En las tierras bajas, hasta 1993 fueron distribuidos 26 millones de has. de las cuales 22,8 millones (87%) fueron dadas a 78.000 propietarios medianos y grandes y solo 3,3 millones (13%) fueron adjudicados a 76.000 pequeños productores.
**Minería y Petróleo**

La minería boliviana participa del PIB en un 4.9% (promedio de los últimos 5 años) y en un 31% de las exportaciones nacionales. El valor de la producción es de más de 2.000 millones de dólares americanos (2008), generando alrededor de 60.000 empleos directos (2008), de los que un 85% corresponde a la pequeña minería. La actividad minera se constituye en una de las más contaminantes, por lo que las zonas mineras han sufrido una significativa degradación ambiental sobre todo por la contaminación de sus aguas, los pasivos ambientales (colas y desmontes) y el uso de la leña, los que tienen severos impactos en la salud humana, por cuanto los metales disueltos son altamente tóxicos. Estos aspectos son más agudos en la explotación de la pequeña minería, las cooperativas y la minería artesanal, que explotan los minerales en condiciones sumamente precarias, con tecnologías rudimentarias y muy contaminantes. Las actividades mineras también destruyen la cobertura vegetal, causan erosión, sedimentación y contaminación de suelos agropecuarios con metales pesados.

Uno de los ejemplos más notorios es la contaminación del río Pilcomayo. Los daños producidos a los agricultores, ganaderos y pescadores se estiman en 62,4 millones de dólares al año (MDSP 2000). Según MEDMIN, ONG dedicada a apoyar el control ambiental en la minería, de evitarse la contaminación en la cuenca del Pilcomayo la producción agrícola podría aumentar en 3,7 millones de dólares y la producción ganadera en 1,8 millones de dólares. Otro ejemplo lo constituye la cuenca del lago Poopó, humedal que forma parte de la red Ramsar y cuyo estado de conservación fue calificado como crítico en el año 1998. La calidad química del agua en el lago y sus afluentes se caracteriza por un alto contenido de contaminantes debido a la fuerte contaminación por actividades mineras (drenajes ácidos de roca y minas, sedimentos de colas y desmontes) que resulta en la destrucción del ecosistema y, en consecuencia, la desaparición de la vida silvestre.

En cuanto a los hidrocarburos, las reservas de gas natural comprobadas en Bolivia se estiman en 651,8 miles de millones de metros cúbicos y las de petróleo en 440,5 millones de barriles (2006). La prospección, producción y el transporte de hidrocarburos son actividades de gran impacto ambiental. Los derrames de petróleo producidos en algunas zonas de Oruro, Cochabamba y Santa Cruz han ocasionado algunos de los peores desastres ambientales registrados en Bolivia. Pese al hecho que las normas ambientales son poco exigentes aún así no se cumplen, siendo los más afectados los campesinos de los lugares que se han visto afectados en sus aguas, suelos y fauna y que no han sido compensados por los daños.

**Ambiente Urbano e Industrial**

La cobertura de agua potable y de alcantarillado en Bolivia no satisface a niveles apropiados de población es así que de acuerdo al censo del 2001 el agua potable en las viviendas conectadas a red de cañería, solo alcanza el 62% de la población total, correspondiendo el 82% a la población urbana y el 30% a la rural. A esta deficiencia se debe añadir el problema de contaminación de las aguas de las que se sirven las poblaciones. En cuanto al saneamiento básico, la población solo está cubierta con sistemas de alcantarillado en un 62%, correspondiendo el 83% al área urbana y el 30% a la rural, pero se debe añadir que las aguas servidas, en general y con la excepción de la ciudad de Sucre, no son tratadas en su deposición final.

En general, en las principales ciudades de Bolivia, los niveles de contaminación del aire son todavía bajos comparados con otras ciudades del continente. Con respecto a la deposición de la basura y su tratamiento, Bolivia no escapa, en este aspecto, a la generalidad de los países de América Latina, en donde prácticamente es nulo el tratamiento de las basuras en la mayoría de las ciudades e inexistente en el medio rural.

**Cambio Climático**
El aporte de Bolivia a las emisiones globales de gases de efecto invernadero (GEI) es muy pequeño, alcanzando apenas el 0.28% de las emisiones mundiales de GEI en el año 2000 (el aporte en el sector energético apenas representa el 0.03% de las emisiones globales y en el sector del uso de la tierra el 0.25%). Las emisiones en Bolivia en total bordearon los 86 millones de toneladas de CO₂ en el año 2004, de las cuales 31 millones en el sector energético y casi 55 millones en el de uso de la tierra y cambio en el uso de la tierra y el suelo.

La condición de vulnerabilidad al cambio climático en el país se manifiesta de forma totalmente heterogénea, siendo el sector agropecuario uno de los más vulnerables. Se ha visto que los ecosistemas más afectados son los ecosistemas húmedos y semihúmedos andinos como es el caso de los Yungas y la Ceja Montana de Yungas, que se verán seriamente amenazados (las proyecciones señalan que la extensión de estos ecosistemas se verá reducida entre un 30 a 50% de su extensión para el 2050). Asimismo, los ecosistemas más áridos manifiestan una creciente tendencia de incrementar su extensión hasta casi un 25% para el 2050, según el análisis realizado con los escenarios de cambio climático IS92a.

Los efectos demostrados en el país como consecuencia del cambio climático son: 1) la retracción de los glaciares, que genera impactos sobre los volúmenes de agua para el consumo humano, la generación de energía y la agricultura (los glaciares Tuni y Condoriri han perdido 39.2 % de su área desde 1983 hasta la fecha, lo cual significa un ritmo de retroceso de 0.24 km2 por año, y las proyecciones señalan que el glaciar del Tuni desaparecería para el 2025 y el del Condoriri para el 2045); 2) los eventos extremos se han venido presentando con mayor intensidad y mayor frecuencia generando grandes inundaciones como consecuencia de los fenómenos de El Niño y La Niña y también sequías, granizadas y heladas, las cuales generaron pérdidas anuales del orden del 5% del Producto Interno Bruto; 3) los cultivos se ven fuertemente influenciados por los impactos del cambio climático, en especial en áreas donde se da un mayor incremento de la temperatura y una disminución de las precipitaciones, lo que desencadenará serios problemas de seguridad alimentaria para el país. En cuanto a la producción pecuaria en Bolivia: los modelos de simulación señalan que el incremento de la temperatura traería consigo la disminución del peso del ganado si no se considera un incremento en las precipitaciones, lo que produciría una menor disponibilidad de alimento. Estos efectos impactarían básicamente el área de las sabanas inundables del Bení y asimismo en los humedales de altura que están situados en la cordillera de los Andes y que constituyen una de las principales actividades económicas y de seguridad alimentaria de estas zonas; y 4) se ha visto que el cambio climático incide directamente sobre ciertas enfermedades, como en el caso de la malaria, que ha reaparecido en extensas zonas en las que ya no había transmisión (áreas que tradicionalmente por sus condiciones de altitud y climáticas no permitían el desarrollo de este tipo de enfermedad).

El Ministerio competente para los temas de cambio climático es el Ministerio de Agua y Medio Ambiente a través del Viceministerio de Medio Ambiente, Biodiversidad y Cambios Climáticos. En 2007 fueron aprobados el Mecanismo Nacional de Adaptación al Cambio Climático y la Estrategia de Mitigación del Cambio Climático. Las acciones son coordinadas a través del Programa Nacional de Cambios Climáticos (PNCC), dependiente del Viceministerio de Medio Ambiente, Biodiversidad y Cambios Climáticos. Asimismo, existe una Oficina de Desarrollo Limpio, dependiente del PNCC, y que se encarga de los temas que refieren al Mecanismo de Desarrollo Limpio del Protocolo de Kyoto. Actualmente está en proceso de revisión el relanzamiento del Consejo Interinstitucional del Cambio Climático.

Igualmente, se está coordinando la participación del PNCC en la iniciativa denominada EUrocLIMA, la cual responde a los compromisos adquiridos en la pasada cumbre Unión Europea-América Latina (16 de mayo de 2008) en cuanto a la implementación de la Agenda conjunta para el Desarrollo Sostenible, Medio Ambiente, Cambio Climático y Energía (puntos 51 y 52 de la Declaración). La iniciativa EUrocLIMA está pensada para apoyar los países de Latino América en la promoción de un diálogo.
estructurado y del conocimiento mutuo de los temas relativos a la problemática de adaptación y mitigación al cambio climático. Su objetivo es mejorar el conocimiento y las fuentes de datos sobre el cambio climático para facilitar la toma de decisiones políticas y estratégicas y elevar la conciencia ciudadana al respecto, tanto a nivel regional como nacional.

**Economía y Ambiente**

A pesar de ser un país relativamente con poca población comparada con su gran extensión, la presión antrópica sobre los recursos naturales en Bolivia es grande, debido a que la actividad económica es mayoritariamente primaria. Por otra parte las inversiones que destina el Estado a acciones de protección del medio ambiente son mínimas y en muchos casos inexistentes, por la realidad económica del país. Los pocos fondos que se destinan a este aspecto provienen principalmente del apoyo internacional o de las acciones de instituciones como las ONGs que gestionan financiamiento y actúan en temas ambientales pero en forma limitada y en áreas determinadas. Uno de los logros más importantes fue la creación del Fondo Nacional para el Medio Ambiente (FONAMA) 1992 como una organización dependiente de la Presidencia de la República, a través de la cual se logró concretar canje de deuda externa por naturaleza (en este sentido se logró la reducción de 372 millones de deuda con Estados Unidos a cambio del compromiso del Gobierno de Bolivia de contribuir aproximadamente con 22 millones de dólares en los siguientes 10 años para el apoyo en programas ambientales). El Fondo está en proceso de transformación en un nuevo Fondo para el apoyo al Desarrollo Sostenible. En el transcurso de este periodo han existido varios cambios en la estructura, administración y gobierno.

3. **Política Ambiental, Legislación y Marco Institucional**

La Ley 1333 del Medio Ambiente, de orden público, interés social económico y cultural, "tiene por objeto la protección y conservación del medio ambiente y los recursos naturales regulando las acciones del hombre con relación a la naturaleza y promoviendo el desarrollo sostenible con la finalidad de mejorar la calidad de vida de la población." Esta Ley fue reglamentada mediante Decreto Supremo Nº 2406 de 8 de diciembre de 1995 a través de los Reglamentos: General de Gestión Ambiental, Prevención y Control Ambiental, Sustancias Peligrosas, Residuos Sólidos, Contaminación Atmosférica, Contaminación Hídrica. La creación del Ministerio de Desarrollo Sostenible y Planificación, hoy Ministerio de Desarrollo Sostenible (MDS), fue un paso positivo, constituyéndose en el primer ministerio de este tipo en el mundo.

Otras leyes vinculadas al medio ambiente son las siguientes:

- **Ley Forestal**, vigente a partir del 12 de julio de 1996, que está destinada a normar la utilización sostenible y la protección de los bosques y tierras forestales en beneficio de las generaciones actuales y futuras, armonizando el interés social, económico y ecológico del país.

- **Reglamento a la Ley Forestal** aprobado por Decreto Supremo Nº 24453 de 21 de diciembre de 1996, que establece las regulaciones complementarias que se requieran para el cabal cumplimiento de la Ley.

- **Reglamento Ambiental para el Sector de Hidrocarburos** aprobado por D.S No 24335 de 19 de Julio de 1996, que regula y establece los límites y procedimientos para las actividades del sector en todo el territorio nacional relativas a exploración, explotación, refinación e industrialización, transporte, comercialización, mercadeo y distribución de petróleo crudo y gas natural, que produzcan impactos ambientales y/o sociales en el medio ambiente.
Código de Minería, promulgado en marzo de 1997, con un capítulo específico del medio ambiente que determina que las actividades mineras deben realizarse conforme al principio de desarrollo sostenible, en sujeción a la Ley del Medio Ambiente y sus Reglamentos.

Decreto Supremo N° 24782 de 31 de julio de 1997, aprueba el Reglamento Ambiental para Actividades Mineras de aplicación preferente para todas las actividades de prospección y exploración, explotación, concentración, fundición y refinación regulando la gestión ambiental minera desde el inicio hasta la conclusión de la actividad.

Reglamento General de Áreas Protegidas, aprobado por Decreto Supremo N° 24781 de 31 de julio de 1997, regula la gestión de las áreas protegidas, establece su marco institucional en función a la Ley de Medio Ambiente y el Convenio sobre la Diversidad Biológica.

El Servicio Nacional de Áreas Protegidas (SERNAP), dependiente del Ministerio de Medio Ambiente y Agua es un instrumento práctico para la gestión de las áreas protegidas. Con el apoyo de la sociedad civil y la cooperación internacional se creó la Fundación para el Desarrollo Nacional de Áreas Protegidas (FUNDESNAPE), instrumento que tiene como objetivo principal financiar la aplicación de operaciones de protección de la biodiversidad sobre la base de las políticas y prioridades que define el país a través de SERNAP, por lo cual en la realidad existe una política clara y con grandes posibilidades de éxito en esta responsabilidad del Estado. En 1992, se creó el Fondo Nacional para el medio Ambiente (FONAMA) como organismo encargado de proveer los recursos necesarios para el cumplimiento de la Ley de medio Ambiente y tuvo una acción importante al principio, logrando aportes de la Cooperación internacional. Pero posteriormente su paulatina politización y la pérdida de sus mejores recursos humanos lo fueron convirtiendo en un organismo inoperante. El FONABOSQUE, que cuenta con importantes recursos, es un instrumento valioso para financiar proyectos relacionados con las actividades forestales. El Sistema de Reglamentación de los Recursos Naturales Renovables (SIRENARE) fue establecido también por la Ley Forestal y tiene por objetivo reglamentar, controlar y supervisar la utilización sostenible de los recursos naturales renovables y en él se inserta la Superintendencia Forestal.

Bolivia se encuentra en un proceso de reconfiguración del Estado y de las relaciones socioeconómicas existentes a través de la nueva Constitución y las Autonomías departamentales, proceso que define, todavía de manera muy incipiente, la propiedad y gestión de los recursos naturales y el medio ambiente bajo tres enfoques: el desarrollo sostenible como objetivo último, el dominio y la presencia del Estado por encima de los derechos individuales y la gestión participativa y control social en la gestión ambiental, introduciendo medidas muy progresistas en cuanto a los derechos de los pueblos indígenas sobre los recursos naturales de sus territorios.

La reciente creación del **Ministerio de Agua y Medio Ambiente** parece una medida muy acertada y necesaria, tanto para reintegrar la gestión ambiental, como para aplicar la nueva Constitución Política del Estado. Cuando el gobierno de Evo Morales abolió el Ministerio de Desarrollo Sostenible (MDS), dividió la gestión ambiental en tres ministerios: Planificación del Desarrollo, Desarrollo Rural, Agropecuario y Medio Ambiente, y Agua. El otorgar competencias a tres ministerios sobre recursos que deben administrarse de forma coherente e integral, resultó en un desorden institucional y grandes dificultades en la aplicación de la legislación vigente.

Las **prefecturas** tienen competencias en el ámbito ambiental definidas en diferentes disposiciones legales. El reglamento de Gestión Ambiental (1995) de la Ley de Medio Ambiente establece, entre las principales funciones y atribuciones a las prefecturas, la aplicación de la política ambiental nacional a nivel departamental, la fiscalización y control de las actividades relacionadas con el medio ambiente y los recursos naturales, revisión de la ficha ambiental, definición de la categoría de los estudios de evaluación de impacto ambiental (EEIA), aprobación o suspensión de la Declaratoria de Impacto Ambiental, y control de la contaminación ambiental. El Decreto Supremo N° 27457 de 2004 de la
La gestión ambiental municipal ha sido establecida en diversas normas. La Ley de Municipalidades (1999) define como uno de los objetivos de los municipios la preservación y conservación del medio ambiente y el aprovechamiento sostenible de los recursos naturales. Entre sus competencias se encuentran las siguientes: planificar el desarrollo municipal, aprobar y coordinar la ejecución del ordenamiento territorial, conservar y contribuir a la protección del medio ambiente y los recursos naturales, controlar la contaminación ambiental, promover e incentivar el turismo, promover y fomentar programas y proyectos a favor del desarrollo integral y los derechos de los pueblos indígenas y comunidades originarias. El reglamento de Gestión Ambiental define como atribuciones de los gobiernos municipales la formulación del plan de acción ambiental municipal y la coordinación de acciones con la autoridad ambiental enmarcadas en las políticas ambientales nacional y departamental, la revisión de la ficha ambiental y de los estudios de evaluación de impacto ambiental, manifiestos ambientales y el control y vigilancia a nivel local sobre las actividades relacionadas con medio ambiente y recursos naturales. La Ley Forestal establece que los municipios y mancomunidades municipales deberán cumplir funciones dirigidas a: la delimitación de áreas de reserva por el 20% del total de tierras fiscales de producción forestal permanente de cada jurisdicción municipal, destinadas a concesiones para agrupaciones sociales del lugar; al apoyo a estas agrupaciones en la elaboración y ejecución de sus planes de manejo; y a la fiscalización de las actividades forestales.

Convenciones Internacionales

Con respecto a la biodiversidad, Bolivia es signataria de diversos acuerdos internacionales tales como el Convenio de Diversidad Biológica (1992), la Convención de Washington sobre el Comercio de Especies Amenazadas de Fauna y Flora Silvestre, la Convención sobre los Humedales de importancia mundial, especialmente como Habitat para las Aves migratorias (Ramsar); la Convención sobre el Patrimonio Natural y Cultural de Importancia Mundial de la UNESCO; el Convenio para la Conservación y Manejo de la Vicuña, el Protocolo de Cartagena sobre Seguridad de la Biotecnología; y el Convenio para la elaboración de la norma regional de armonización para la protección de conocimientos, innovaciones y prácticas tradicionales de las comunidades indígenas afroamericanas y locales en países andinos. Otros documentos reafirmados son el protocolo de Kyoto, la Convención Marco de las Naciones Unidas sobre el Cambio Climático, la Convención de las Naciones Unidas de lucha contra la desertificación, el Convenio de Estocolmo sobre Contaminantes Orgánicos Persistentes, la Convención de Viena sobre la capa de Ozono.

Un convenio que tiene especial relevancia por sus características, por su alcance y la forma como se viene implementando es el referido al tratamiento de la cuenca endorreica del lago Titicaca, suscrito entre Bolivia y el Perú, que ha permitido establecer el lago Titicaca como “Condominio Indivisible de los dos países”, calificación única a nivel mundial para un cuerpo de agua y que incluso a permito institucionalizar la Autoridad Binacional del Lago Titicaca (ALT) como órgano ejecutor de los dos países para el manejo hidrológico e hidrobiológico de la cuenca y que ha sido considerado en uno de los ejemplos a nivel mundial a tomar en cuenta.

La última gran reunión sobre temas de medio ambiente desarrollada es “La Cumbre Mundial de
Desarrollo Sostenible” efectuada en Johannesburgo, en donde entre otros aspectos, se ratificaron los tratados sobre Bioseguridad, el Tratado Internacional sobre Recursos Genéticos de Plantas para la Alimentación y la Agricultura, el Convenio de Rotterdam sobre exportación de químicos peligrosos y plaguicidas, el acuerdo de la ONU sobre recursos pesqueros, el Convenio de Basilea sobre el transporte de residuos tóxicos y el Convenio europeo de Aarhus sobre el acceso a la información.

Por otro lado, la Comunidad Andina (CAN) coordina tareas de cambio climático a nivel de la región. Existe también la Red Iberoamericana de Oficinas de Cambio Climático. De ambas redes forma parte el Programa Nacional de Cambio Climático.

4. La Integración concerniente al medio ambiente de sectores principales

Sectores de agricultura, pesca y forestación

El sector mayormente involucrado en los aspectos de desertificación y la propuesta de desarrollo sostenible, indudablemente es agricultura. Al respecto en Bolivia en base a la ley INRA, se priorizan las actividades agropecuarias que estén ligadas transversalmente a la protección del medio ambiente y el uso de recursos de una forma sostenible. Dentro de la estructura organizacional del sector agrícola boliviano se encuentra la actividad pesquera que en cuanto línea de acción está todavía muy limitada y falta desarrollarla, tanto en sus aspectos de investigación, tecnología y propuesta de manejo y desarrollo de la misma. Es muy poco el trabajo que se realiza en el sector pesquero en los ríos y en lo relativo al caso del lago Titicaca, donde muchas acciones provienen de un acompañamiento a iniciativas del sector peruano. En cuanto a la forestación, son escasos los trabajos consistentes. Como resultado, las tres actividades pese a estar estructural y administrativamente en el mismo sector, se desarrollan muy individualmente y con poca coordinación.

Sectores de minería y petróleo

Si bien en la ley de medio ambiente estas dos actividades están inmersas en el mismo capítulo, su tratamiento, manejo y efectos son completamente diferentes por sus características particulares. En este sentido la minería tiene mayor desarrollo y presencia en las zonas altas de Bolivia y sus efectos en el medio ambiente mayormente son los producidos por la contaminación del agua. En el caso del petróleo esta actividad se desarrolla principalmente en los valles afectando a los ecosistemas de bosques elevando sus riesgos cuando se producen derrames de petróleo.

Sectores de energía y agua

En Bolivia la mayor parte de la energía eléctrica es producida por las centrales hidro-eléctricas existentes en el país principalmente en la zona de los valles o en las cañadas interandinas. Si bien el agua utilizada en el proceso hidroeléctrico revierte al sistema sin mayor gasto, se produce contaminación por los aceites y lubricantes de los generadores. Por otra parte, al generarse la obras de embalse y lagos artificiales de depósito y regulación se producen modificaciones al entorno afectando los ecosistemas del área.

Sector industrial

Es uno de los sectores más contaminantes tanto por los residuos de su actividad que en su gran mayoría contienen componentes químicos contaminantes, como por la contaminación atmosférica generada por los humos y que afecta a los centros poblados cercanos. Si bien en Bolivia la industria todavía es incipiente, la poca que existe por sus niveles tecnológicos es altamente contaminante, siendo la normatividad y la estructura institucional muy débiles para enfrentar con eficiencia este problema.

Transporte
En Bolivia como en el resto del mundo en la última década ha habido un considerable incremento del transporte, es así que en el año 2002 el transporte público contaba con 106,346 movilidades y los automóviles particulares eran de 337,293 y el transporte oficial de 5,517 vehículos. Así mismo se debe notar que en el caso del transporte público las unidades están generalmente en mal estado por lo que son más contaminantes, en su gran parte utilizan diesel y carecen de filtros, lo que afecta la calidad del aire. Igualmente las nuevas unidades que llegan a Bolivia carecen de filtros, aspecto que es exigido en otros países.

5. Recomendaciones

Bolivia deberá fortalecer su gestión ambiental, en donde debe participar activamente la sociedad civil, el Parlamento, el Poder Judicial, los gobiernos locales, constituyéndose el Estado en propiciador de esta participación y velando por la aplicación de la nueva Constitución. Se deben generar mecanismos de monitoreo constante de las variables y parámetros ambientales y definir normas específicas de acuerdo a cada problema y lugar. La planificación del desarrollo y el uso de los recursos naturales deberán tener un enfoque sistémico, para considerar en forma integral los diversos componentes que afectan e intervienen en el medio ambiente.

Debería de propiciar la priorización del tratamiento de aguas servidas en los municipios, generando mecanismos de sanción en caso de no implementarlos, y reestudiar la afectación de tierras en el valle retomando las concesiones bajo estudios reales de explotación sostenida y en tiempos apropiados a dichas actividades. Será importante generar sobre todo en el sector ambiental la carrera pública de forma que se garantice la permanencia de los niveles técnicos, exentos de coyunturas políticas, y propiciar la toma de conciencia a todo nivel de la problemática ambiental y el compromiso de todos en preservarla, introduciendo temas ambientales en las currículas escolares y generando a nivel de la actividad pública y privada charlas y talleres al respecto. El Ministerio de Medio Ambiente y Agua deberá organizar un área de difusión y capacitación permanente para ello.

Se deben establecer mecanismos organizacionales de prevención de conflictos sobre recursos naturales, de forma que se pueda planificar y dar soluciones con anticipación bajo el principio de resolverlos por la vía de negociación y en forma pacífica. Se debe propiciar y plantear mecanismos de ingreso permanente para el medio ambiente, aplicando un porcentaje a los impuestos que se apliquen a las actividades de explotación de los recursos naturales, y generar un documento tipo Plan Maestro Ambiental que defina la política y visualice el estado del Medio Ambiente en el corto, mediano y largo plazo. Considerando el gran potencial de Bolivia, será importante introducir la variable de ecoturismo en las actividades medioambientales incluso como un mecanismo de generación de fondos para ellas y promover un mayor aprovechamiento de las Universidades del país como entes permanentes de estudio e investigación sobre la problemática ambiental y medidas de solución. Se debe aprovechar la tecnología adecuada actual como son la información satelital y los Sistemas de Información Geográfica a efectos de los programas de monitoreo y seguimiento del comportamiento ambiental de los diferentes ecosistemas en Bolivia.

Se debe considerar cada vez con mayor amplitud que los problemas ambientales son de carácter regional e incluso continental y mundial, por lo que las propuestas ya no solo se deben circunscribir al ámbito territorial de un país sino se debe generar mecanismos de comunicación y coordinación para actuar en ese espectro. Se debería aprovechar las experiencias existentes implementadas al respecto como es el caso del establecimiento de la Autoridad Binacional de Lago Titicaca efectuado entre Bolivia y el Perú y analizar sus posibilidades de réplica en el área amazónica entre Perú, Bolivia y Brasil o el de la cuenca del río Pilcomayo. Igualmente, las experiencias regionales en Cambio Climático deben ser consideradas, así como la posibilidad de integrar al país en mecanismos de financiamiento de programas de adaptación al cambio climático en los sectores y en las áreas geográficas más vulnerables, que normalmente son las áreas más deprimidas del país. Asimismo, es importante incorporar acciones a nivel de Reducción de Emisiones de la Deforestación y Degradaación (REDD).
Se debe conceptuar que el manejo de los recursos en Bolivia parte por el de solucionar la pobreza y en ese sentido se debe intensificar el principio del manejo sostenible de los mismos, propiciando métodos apropiados y no descuidando el seguimiento a dichas actividades. El acceso a los recursos naturales deberá ser equitativo propiciando el reducir las brechas de pobreza existente, en este sentido el Estado deberá asumir un papel preponderante a fin de propiciar la participación activa de los extractos de mayor pobreza e el manejo sostenible de los recursos naturales.

Se debe organizar adecuadamente y mantener los bancos de germoplasma y genéticos que permitan preservar las especies de flora y fauna el país. El Estado debe reordenar la legislación sobre contaminación minera y generar los mecanismos que permitan realmente el cumplimiento de los preceptos de protección del medio ambiente, derivando la responsabilidad de seguimiento y autoridad competente para hacerlas cumplir en los organismos descentralizados en el país. Se debe estudiar y emitir de una vez leyes vitales para el medio ambiente como la Ley de Aguas, la Ley de Áreas Protegidas, la Ley de Biodiversidad, la Ley de Ordenamiento Territorial.
Annex 7

Migración

Según el Instituto Nacional de Estadística de Bolivia (INE), los habitantes empadronados en el último censo se encontraban entre 8.274.325 a 9.627.269, estimaciones desde el 2001 al 2006. En otros datos proporcionados por el INE se calcula que entre los años 2007, 2008 y 2009 Bolivia alcance una población de 10.227.299 de habitantes. Estos datos reflejan que el país cuenta con una población total relativamente pequeña.

Aunque las cifras de migración correspondientes a Bolivia no son significativas en el contexto global, el país cada vez se ve más afectado por los flujos migratorios ya que éste fenómeno tiene una influencia significativa dado el tamaño reducido de su economía y las escasas oportunidades de trabajo.

La migración es una consecuencia directa de la crisis económica, política y social que sufre el Estado. Argentina, España, Brasil y EE.UU. son los principales destinos a los que se han dirigido más recientemente los emigrantes bolivianos. La Dirección de Régimen Consular del Ministerio de Relaciones Exteriores de Bolivia estima que alrededor de 1,5 millones de ciudadanos bolivianos residen en el exterior, basando este cálculo en los registros de los consulados, siendo la tasa de migración neta de alrededor de 1,14 migrante(s)/1.000 habitantes para el 2008. Sin embargo, existen fuentes no oficiales que afirman que los bolivianos en el exterior rondan los 2.500.000.

Teniendo en cuenta estas cifras, la migración boliviana hacia el exterior es significativa en términos de la población total del país. Igualmente, el efecto económico que los flujos migratorios tienen sobre la economía boliviana es muy relevante. El volumen y valor de las remesas que los emigrantes bolivianos realizan, las mismas que se utilizan principalmente para cubrir gastos familiares esenciales, oscilan entre los 400 a 800 millones de dólares anuales. Esta cifra corresponde a un valor promedio por transacción de $US 165, realizada por lo menos ocho veces al año por 650.000 personas residentes en el exterior. Si se estima que, en promedio, estas personas están acompañadas en el exterior por dos familiares, se puede considerar que la población residente en el exterior en de casi 2 millones, una cifra intermedia entre los registros del Servicio Consular y las estimaciones no oficiales. Actualmente estas transferencias monetarias se están viendo afectadas por la crisis económica mundial que está teniendo un impacto mayor en países como España que cuenta con una alta diáspora boliviana.

Es igualmente necesario destacar que como consecuencia de los problemas económicos que están sufriendo los países de destino de los emigrantes bolivianos, muchos de ellos están optando por el retorno voluntario al país de origen.

La migración interna es otro fenómeno significativo en Bolivia, principalmente del campo hacia las ciudades y de la región occidental, de vocación fundamentalmente minera, hacia la frontera agrícola del oriente del país. La ciudad de El Alto, adyacente a La Paz, es el principal centro receptor de la migración de las áreas rurales del Altiplano con una tasa de crecimiento anual de su población de 5%, según el INE, aunque entendidos en la materia indican que hay un movimiento migratorio estacional aún mayor en épocas de baja actividad agrícola en el campo. La región agrícola/ganadera de Santa Cruz tiene tasas de crecimiento anual de 4% resultante en gran parte de la migración proveniente de otras regiones del occidente, mientras que la ciudad de Santa Cruz crece al mismo ritmo que El Alto, un 5% anual.
A pesar de que la migración al exterior involucra a un porcentaje significativo de sus ciudadanos y la migración interna tiene matices complejos y problemáticos, el Gobierno no tiene políticas definidas en esta materia. Fuera de la labor de protección de sus ciudadanos a través del Servicio Consular, las acciones del Gobierno en esta área se dirigen más a evitar el uso del territorio boliviano como punto de tránsito por ciudadanos de países limítrofes para migrar hacia un tercer país (por ejemplo, de Perú hacia Argentina) e inclusive de países lejanos (pakistaníes y chinos) hacia Europa y Estados Unidos. Otra área de acción del Gobierno es el control que ejercen las autoridades de migración, tanto sobre nacionales como extranjeros, en caso de sospecha de actividades ilícitas como narcotráfico y otras.

Las debilidades institucionales, incluyendo la corrupción, en las instancias gubernamentales responsables para la migración y la emisión de pasaportes y otros documentos, han contribuido a que Bolivia sea considerada como un país atractivo para el tránsito ilegal de emigrantes que buscan como destino final terceros países.
Main political, economic, social and environmental developments in Focal Area 2:

Support to the Bolivian Strategy for the Fight against Drugs

a) Political Situation

Since identifying focal area 2 in 2006, the political situation of the drugs sector has changed significantly:

On the one hand, Bolivia started an international campaign to “legalise” production and internal consumption of Coca leaves with the ultimate objective being to eliminate the Coca leaf from schedule I of the 1961 UN Convention. The basic principle for this publicly declared policy aim for Bolivia’s international relations constitutes the hypothesis that “Coca is not Cocaine” and that for ancestral, cultural and religious reasons Bolivian citizens should be allowed to produce and consume Coca leaves in their natural state. Under this overall policy agenda, new concepts for the national drugs policy have been put forward:

- **Nationalisation**, where the GoB defines concepts and implementation modalities, and contributes with a sizeable budget (approx. 20 M $us in 2009).
- **Diversification**, where new regional and international partners support the Bolivian efforts in the fight against drugs not only with financing but also in conceptual and operational terms.
- **Regionalisation**, where neighbouring countries are contacted to identify common strategies and joint operations on drugs.
- **Legalisation**, where new laws will be designed to reflect adequately the new constitution and the change of government policy on this issue.

The new Bolivian “Strategy for the Fight Against Drugs” (Estrategia Nacional de Lucha contra el Narcotráfico, 2006) is based on the following pillars:

- A resolute fight against processing Coca leaves, trafficking of Cocaine (pasta base) and control of precursors.
- All registered affiliates to Coca producer organisations are allowed to grow one (1) “cató of Coca” (1 600 m2 Chapare; 2 500 m2 Yungas).
- Control of rationalisation (eradication with social control) of coca fields will be realised jointly between police/military forces and producer organisations. Social control mechanisms will be set up to oversee delimited Coca extension.
- In order to determine the amount of Coca consumed for legal and traditional uses within the country a comprehensive study will be carried out, including a national household survey and a productivity study.
- As poverty is considered the main cause of excess production of Coca, a new concept of alternative development has been proposed whereby Coca cultivation forms part of local economic development in addition to social, institutional and environmental measures.

On the other hand, as a result of this new strategy, GoB relations with the main partner in anti-drugs policy, the United States of America, have worsened dramatically. During the last 20 years, successive Bolivian governments have faithfully implemented the so-called “war on drugs”: Coca production was
cut to 50% (1996 to 2005) entailing severe social and political problems, not only in Coca production areas. The American intervention in the drugs sector is three-fold:

- Drug Enforcement Agency (DEA) provides intelligence services at regional and international level with an approximate budget of 2 M $us/year.
- Narcotic Affairs Service (NAS) takes care of equipment, supplies and services for police and military eradication forces with around 26 M $us/year.
- Agency for International Development (USAID) offers development programmes for municipalities, local communities and producer associations conditional on prior eradication of their Coca crops, mainly in the agro-industrial export sector, spending some 5 M $us in 2008.

In November 2008, the President of Bolivia suspended indefinitely DEA activities in Bolivian territory, which caused major concern among the international community, as an alarmingly serious setback in the fight against national and international drug mafia. USAID, which had already been scaling down their financing since 2006, drew back from the Chapare area due to hostile acts and pronouncements of the Coca grower federation, and maintains only minor interventions in the lower Yungas area (Asunta, Palos Blancos) executed by American-based NGOs. In addition, the annual USAID programmes for 2008 and 2009 underwent a long revision process on objectives and implementation modalities by the GoB, leading to even less investment in alternative development. The NAS activities have been maintained so far.

Since 2006, the UN office for Drugs and Crime (UNODC) has played an active role regarding coordination and dialogue among donors and with GoB, and has co-chaired two coordination mechanisms of EC programmes related to alternative development and the implementation of the Coca study. In January 2009, UNODC surprisingly announced the withdrawal of its Bolivian office at representative level and that official UNODC representation from April 2009 onwards would be steered from their regional office based in Lima, Peru. Even though a downscaled Bolivian office would maintain supervision of their few projects, political impact has been considerable since little credibility has been given to the official argument of lack of operational funds.

As things stand, the Bolivian drugs policy concerns increasingly the international community and its specialised institutions. Meetings and information-sharing intensified during 2008, namely with the International Narcotics Control Board (INCB), the office of the Executive Director of UNODC, the CICAD-OAS (Inter-American Drug Abuse Control Commission), Dublin Group and EU-LAC mechanisms. The GoB responds positively by participating with high ranked government officials. The Commission on Narcotic Drugs High-Level segment in March 2009 saw the participation of the Bolivian President together with a 15-person delegation.

In this complex, highly politicised context the EC has managed to maintain its neutral position towards all involved actors, including coca grower organisations, and constitutes a recognised interlocutor for all parties. Despite the “muddling through” political, operational and financial problems at project level, a significant portfolio has been established since 2006. All important pillars of the Bolivian anti-narcotics strategy are supported and dialogue at sub-sector level is considered to be fluent, trusting and result-orientated.

b) Economic Situation
In economic terms, Coca production and commerce is an important part of Bolivia’s agricultural sector. Coca production accounts for at least 5% of agricultural GNP with some 300 M $us annual income at farm-gate prices. Around half a million persons depend on Coca production and commerce, providing employment for around 70 000 farmers and 6 000 retailers.

Bearing in mind that Coca production increased exorbitantly during the 1980s, supported by substantial migration flows from the impoverished Altiplano into the Chapare production area, a similar situation could occur in the coming years generating high migration pressure on the Yungas y Chapare Coca cultivation areas.

- Since the mining sector is experiencing, again, a historical fall in prices and the closure of hundreds of small-scale mining enterprises, thousands of cooperative miners will probably lose their jobs.
- The indefinite suspension of the trade agreement ATPDEA (Ley de Preferencias Arancelarias y Erradicación de la Droga) between Bolivia and the US is putting in danger some 20 000 jobs which depend on the export of textiles to the US market.
- The global financial crisis is already having an impact in Latin-American economies, with the return of tens of thousands of Bolivian migrant workers from Spain, Argentina, Brazil and Chile.
- Due to the contradictory government policy (confiscation of land, prohibition of Soya oil and meat export, subsidies on food products, failures in supply of fuel, etc.) the agricultural export sector has lost its absorption capacity for unskilled rural labour.
- The failed sector policy on decent employment formulated in the National Development Plan (PND) cannot provide sufficient jobs throughout the country.

c) Social Situation

Since the early 1990s, Coca producer organisations have been highly capable of mobilisation. Any GoB intervention on Coca production will generate social unrest and political pressure. The 2008 negotiations with Yungas organisations demonstrated that the Evo Morales administration controls fairly well the Chapare but has little influence in Yungas. Almost 70% of the overall Coca is cultivated in this region and GoB activities regarding eradication or rationalisation will have to encompass the previously untouchable Yungas. Moreover, the annual eradication aim of 5 000 has agreed with the US can no longer be achieved in the Chapare area alone, and interventions in the lower Yungas area appear to be evident. The incursion of police or military forces into the Yungas will inevitably lead to major tension and jeopardise the acceptability of GoB’s anti-drug policy among its main supporters.

d) Environmental Situation and energy trends

Coca cultivation has become increasingly unsustainable in the upper Yungas region. Steep slopes, poor soil and decades of mono-cultivation have caused a sharp decline of productivity, shifting cultivation into marginal areas, increasing deforestation. Landslides, degradation of soil and drinking water shortage are the visible outcomes of this over-exploitation. The municipalities of the region are more and more conscious of the environmental impact of expanding Coca cultivation, requesting projects to stem the impact and conserve the environment.
The environmental impact in the Chapare is somewhat different. The enormous deforestation during 30 years of colonisation (at least 200,000 has) has caused regular flooding, destroying rural infrastructure and putting at risk entire communities. Another important environmental impact is caused by tens of thousands of small cocaine factories which pour the chemical leftovers of their illicit activities into rivers and soil.

2. New EC/EU policy objectives and commitments

The recent EU Action Plan on Drugs 2009 – 2012, in its introductory part, states: “While implementation is often the responsibility of the Member States, the Commission plays an active part in facilitating and evaluating the work in progress...”. Chapter IV, regarding international cooperation, stipulates several objectives, actions and indicators which concern the Delegations in drug-producing countries.

In general terms, the EU Action Plan aims to include systematically EU drugs policy in relations with third countries at both MS and EC levels. Improved coordination is sought with different partners, in particular with the UN system. The alternative development concept of the EC should be included in the broader development agenda of MS and third countries by means of increasing the financial contribution and number of projects.

Coordination with other donors and complementarities among drug-related projects have been difficult during recent years due to new government policy regarding Coca production, highly politicised relations between GoB and US and different approaches regarding alternative development concepts.

The Delegation is participating in the occasional mini Dublin group meetings and maintains contacts with HQ on drug issues. However, coordination with regional EC programmes is weak.
Annex 9  
Sector Budget Support

Definition
The EC defines Sector Budget Support (SBS) as the transfer of financial resources from an external financing agency to the National Treasury of a partner country in support of a sector programme, following the respect by the latter of agreed conditions for payment. The financial resources thus received are part of the global resources of the partner country, and are consequently used in accordance with the public financial management system of the partner country. The transfer of resources will take place in the context of dialogue, harmonisation, alignment, and capacity development.

Benefits
The EC favours the use of SBS when certain conditions are met. In recent years the European Commission and other donors have pointed to a series of potential benefits of using budget support as a financing modality such as:

- Strengthened ownership, as it supports the implementation of the partner government's sector programme.
- Better framework for public policy and public expenditure, by integrating donor support into the budget of a country.
- Increased coherence, by bringing "on-budget" what was often "off-budget" it increases the potential for achieving a more coherent mix between sectors, and between different types of expenditure (capital/recurrent, wage/non-wage).
- Lower transaction costs, by using national systems, the transaction costs of delivering aid as budget support are potentially lower than other forms of aid.
- Greater harmonisation of donor practices and alignment around national systems.
- Strengthening domestic accountability; donor funds are integrated into the national budget and therefore subject to the same scrutiny as domestic resources.
- Improved efficiency and sustainability; by using national systems donors contribute to improving them and the possibility of lasting effects is greater.

Supporting a sector programme, or the implementation of a sector policy, is a process that involves promoting coherence between policy, budgeting, institutional reforms and sector results. SBS is an appropriate tool to support these processes, which are complex and tend to evolve in the long term. This preference for the use of budget support is reflected in the European Consensus (Art 26, 113).

Legal Bases
The Cotonou Agreement states that direct budgetary assistance in support of macroeconomic or sectoral reforms shall be granted where: (i) public expenditure management is sufficiently transparent, accountable and effective; (ii) well defined macroeconomic or sectoral policies established by the country itself and agreed to by its main donors are in place; and (iii) public procurement is open and transparent (Art 61/2).

The Regulation of the European Parliament and the Council establishing a financing instrument for development cooperation (DCI) (Art 25 (1) b) and the European Neighbourhood and Partnership Instrument (ENPI) (Art 15 (2)(e)) state that Community financing will take the form of budget support "if the partner country's management of public spending is sufficiently transparent, reliable and effective, and where it has put in place well defined sectoral or macroeconomic policies positively assessed by its principal donors; including, where relevant, the international financial institutions”.

Art 25 (1) b of DCI adds "Disbursements of budgetary support shall be conditional on satisfactory progress towards achieving the objectives in terms of impact and results”.

Eligibility Criteria
The EC defines the three basic eligibility criteria as follows:

1. A well defined sectoral policy is in place or under implementation.

The main purpose of any SBS is to support a sector programme which stems from a sector policy. The eligibility criterion requires that this sector policy be assessed and that the result of the assessment be positive: principal donors have to share the objectives and approaches of a sector policy in order to engage as reliable partners for its implementation.

2. A credible and relevant programme to improve public financial management is in place or under implementation.

Resources transferred with SBS become part of the global resources of the partner country and are managed according to the partner country’s own public financial management system. Public financial management is concerned with the planning, spending, reporting and auditing of public money as well as assessing the extent to which plans are implemented and whether a budget is comprehensive and transparently prepared and executed. As a result the country’s public financial management system is a key factor in determining the efficiency and effectiveness with which budget resources contribute to achieving the objectives of the sector policy.

An assessment of the quality of the PFM system is carried out using as the EC's favoured tool of choice the "Public Financial Management – Performance Measurement Framework" (PFM-PMF) of the PEFA (Public Expenditure and Financial Accountability) initiative.

For assessing the PFM reform process, the EC will pay particular attention to the national authorities’ political will to improve PFM performance relevance of reforms in correcting identified weaknesses; the relevance and implementation of a reform strategy; and the relevance and implementation of capacity development programmes in this area.

An assessment of the quality of overall PFM systems and an assessment of the PFM reform process is sufficient to establish eligibility.

3. A stability-oriented macroeconomic policy is in place or under implementation.

Although stability-oriented macroeconomic reform is not an objective of SBS, short and medium-term macro stability is necessary for the successful execution of sector budgets and to ensure predictable and sustained sector funding. The assessment of this eligibility criterion relies on a summary of the main past and expected trends in macroeconomic variables; a description of the relationship between the partner country and the IMF; and any special topic of macroeconomic interest.

Allocation of Funds

The SBS operates on the basis of tranches, a brief description of which follows:

- **Fixed tranches** have a fixed value, specified in advance within the Financing Agreement. They are either disbursed in full (if all conditions are met) or not at all (if one or more conditions are not met). In other words, partial disbursement is not possible.

- **Variable tranches** have a maximum value, specified in advance within the Financing Agreement. They are disbursed either in full or in part, with the amount disbursed being based on performance achieved in relation to pre-specified targets or designated performance criteria and indicators (provided that at the same time the general conditions are all met).

**SBS in Bolivia**

The following table illustrates the ongoing interventions under SBS modality in Bolivia

<table>
<thead>
<tr>
<th>Name</th>
<th>Amounts in millions €</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programa Sectorial de Abastecimiento</td>
<td>51.5</td>
<td>Closing phase, last disbursement authorised during</td>
</tr>
</tbody>
</table>
The water and sanitation budget support programme (PASAAS) started its implementation phase at the end of 2004 as the first effort of the EC to introduce BS as an alternative intervention method. Like most of the "pilot" initiatives, the programme confronted serious difficulties such as: i) implementation issues and ii) inadequate or incomplete design. The first effect of these difficulties was reflected in lack of consistency between an orthodox design of a SBS and a Financial Agreement that looked more like a balance of payments support programme. Despite this unpredictable start, the programme evolved through consecutive modifications (five Addenda) of its structure including the insertion of public finance indicators and sectoral variables related to cross-cutting issues such as gender and MDGs. At the end of PASAAS, valuable lessons have been learnt which are reflected in the design of the ongoing programmes and in the new initiatives under construction.

To sum up, in Bolivia the seven key areas of assessment for a SBS are comprehensively analysed before deciding to use this particular modality as the preferred intervention method.

A simplified example of the basic structure of a current SBS follows:

1. **SECTOR BUDGET SUPPORT – COMPREHENSIVE DEVELOPMENT WITH COCA**

**Figure A: Indicators and source of verification – Fixed Tranche**

<table>
<thead>
<tr>
<th>Nro.</th>
<th>INDICATOR</th>
<th>SOURCE OF VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Positive assessment of macroeconomic performance in Bolivia.</td>
<td>IMF (Art. IV), Bretton Woods Institutions, Central Bank, National Statistical Institute, Finance Ministry and other reliable information sources</td>
</tr>
<tr>
<td>2</td>
<td>Positive assessment of public finance management performance/progress</td>
<td>A public finance management action plan should be drawn up by the Finance Ministry.</td>
</tr>
<tr>
<td>3</td>
<td>Positive assessment regarding the existence and implementation of a sector policy</td>
<td>Government dependent institutions</td>
</tr>
</tbody>
</table>

**Figure B: Selected Indicators and source of verification – Variable Tranche**

<table>
<thead>
<tr>
<th>Nro.</th>
<th>INDICATOR</th>
<th>SOURCE OF VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Coordinated actions executed between national and sub-national levels</td>
<td>Institutional activities report</td>
</tr>
<tr>
<td>11</td>
<td>Environment-oriented implemented</td>
<td>Impact analysis and budgetary reports.</td>
</tr>
<tr>
<td>14</td>
<td>Reduction of population under poverty threshold in the intervention areas</td>
<td>National Statistics Institute and other sources.</td>
</tr>
</tbody>
</table>
It is important to emphasise that the three basic eligibility criteria are represented in the fixed tranche indicators.

Closing Remarks

Since President Morales took office at the beginning of 2006, the EC has been the only International Cooperation Institution using SBS given that the donor community was reluctant to take any steps towards a new and more effective way of aid delivery. This reluctance was probably based on an unstable political environment, fragile institutions and the lack of concrete actions and proposals. Cooperation Agencies were sceptical about the new institutionalism among some other structural reforms that - under a risk-averse response - led them to circumscribe their interventions to classical projects, programmes and basket funds. Now, the situation has dramatically changed, the GoB having given enough proof of adequate macroeconomic management and important efforts have been made in public finance management such as the 2008 Public Finance Evaluation (EFIP), its Action Plan and the recent PEFA assessment officially presented in October 2009 (prepared with assistance of the World Bank).

This new context will encourage the donor community to get directly involved in SBS initiatives in the near future; some of the bilateral donors are already planning to start using this modality from 2011 whilst some others have expressed their interest in participating in the design of a mid-term public finance reform strategy that should end up as an action plan, where the EC will participate actively in the formulation and implementation phases.