

Document: EB 2007/92/R.14/Rev.1  
Agenda: 10(c)(i)  
Date: 12 December 2007  
Distribution: Public  
Original: English

**E**



Enabling poor rural people  
to overcome poverty

## **Republic of Bolivia**

### **Country strategic opportunities programme**

Executive Board — Ninety-second Session  
Rome, 11–13 December 2007

---

For: **Review**

## **Note to Executive Board Directors**

This document is submitted for review by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session:

**Roberto Haudry de Soucy**

Country Programme Manager  
telephone: +39 06 5459 2282  
e-mail: [r.haudry@ifad.org](mailto:r.haudry@ifad.org)

Queries regarding the dispatch of documentation for this session should be addressed to:

**Deirdre McGrenra**

Governing Bodies Officer  
telephone: +39 06 5459 2374  
e-mail: [d.mcgrenra@ifad.org](mailto:d.mcgrenra@ifad.org)

## Contents

<b>Abbreviations and acronyms</b>	<b>iii</b>
<b>Map of IFAD operations in the country</b>	<b>iv</b>
<b>Summary of country strategy</b>	<b>v</b>
<b>I. Introduction</b>	<b>1</b>
<b>II. Country context</b>	<b>1</b>
A. Economic, agricultural and rural poverty context	1
B. Policy, strategy and institutional context	3
<b>III. Lessons from IFAD's experience in the country</b>	<b>5</b>
A. Past results, impact and performance	5
B. Lessons learned	6
<b>IV. The IFAD country strategic framework</b>	<b>7</b>
A. IFAD's comparative advantage at the country level	7
B. Strategic objectives	7
C. Opportunities for innovation	8
D. Targeting strategy	8
E. Policy linkages	9
<b>V. Programme management</b>	<b>9</b>
A. COSOP management	9
B. Country programme management	10
C. Partnerships	10
D. Knowledge management and communication	10
E. The performance-based allocation system financing framework	11
F. Risks and risk management	12
<b>Appendices</b>	
I. COSOP consultation process	1
II. Country economic background	5
III. COSOP results management framework	6
IV. Previous COSOP results management framework	8
V. CPE agreement at completion point	11

**Key files**

Key file 1: Rural poverty and agricultural/rural sector issues

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

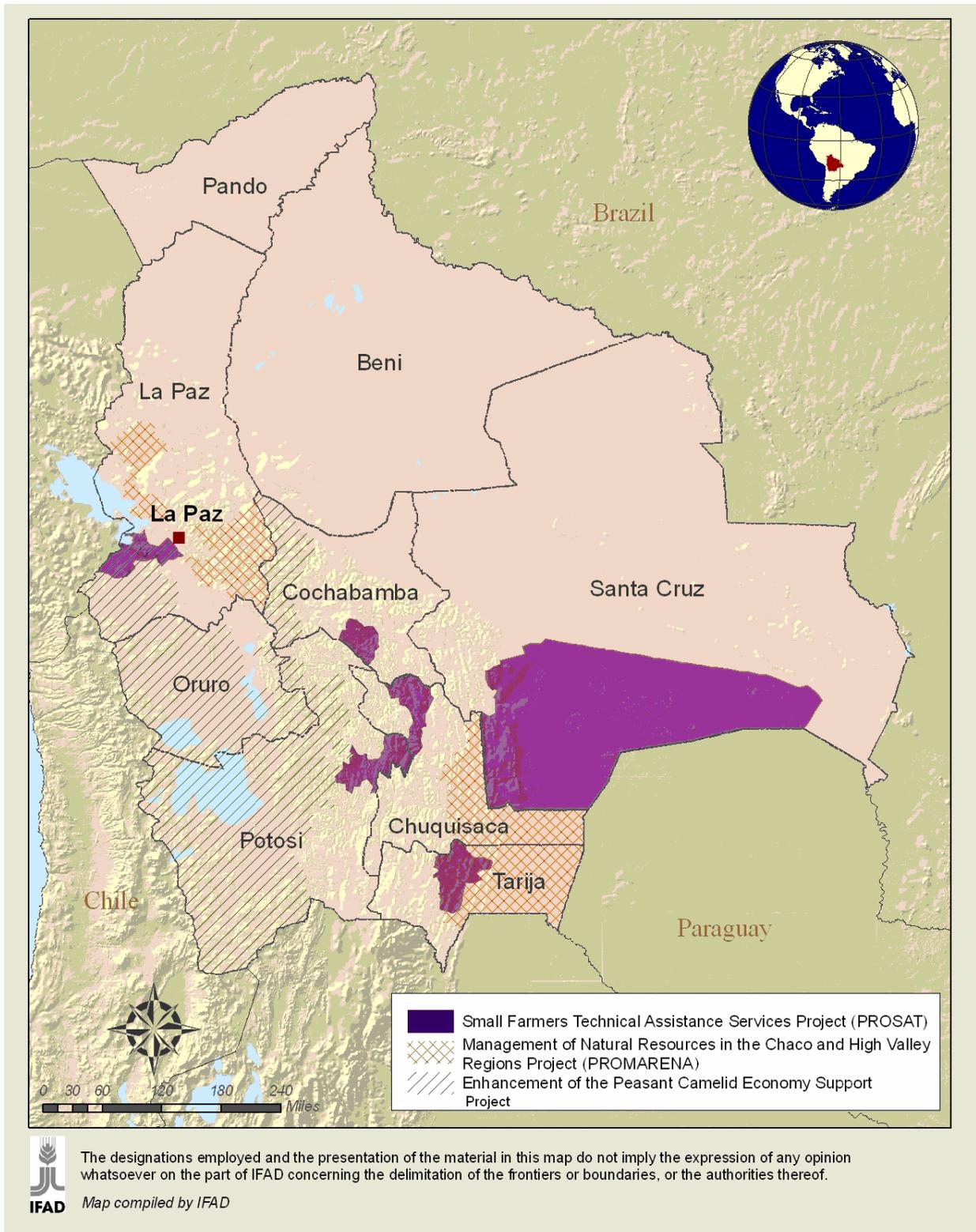
Key file 3: Complementary donor initiative/partnership potential

Key file 4: Target group identification, priority issues and potential response

## **Abbreviations and acronyms**

CAF	Andean Development Corporation
COSOP	country strategic opportunities programme
CPM	country programme manager
PROMARENA	Management of Natural Resources in the Chaco and High Valley Regions Project
VALE Project	Enhancement of the Peasant Camelid Economy Support Project

## Map of IFAD operations in the country



## Summary of country strategy

1. The present IFAD results-based country strategic opportunities programme (COSOP) is the second for Bolivia; the first one was prepared in 1998. Preparation of a new COSOP has been delayed as a result of several changes in government administration in recent years. This document is the result of extensive consultations with Government authorities, potential beneficiaries of future IFAD interventions and the donor community in Bolivia. As agreed with Government authorities, this COSOP will cover the period 2008-2012.
2. Poverty in Bolivia has not changed significantly since 1998, and the country's income-inequality level is one of the highest in the region. Bolivia has been attempting to implement poverty reduction strategies since 2001, but political and social circumstances have made this difficult. The current Government has prepared the National Development Plan for 2006-2010, which includes poverty reduction targets and priorities, and sector-based strategies. Linked to the National Plan, the Ministry of Rural Development, Agriculture and the Environment completed the preparation of a sector development plan in 2007 with specific strategies for rural development.
3. In the context of the national and sector development plans, the following two strategic objectives have been agreed upon with Government authorities for this COSOP.
  - **Strategic Objective 1: Enhancing the livelihood assets (human, natural, physical, cultural and social) of the rural poor and promoting the adoption of technological and knowledge innovations by supporting the access of the poor to a wide range of services.** This objective responds to the Government's strategic priorities to strengthen the economic and social capacities of poor and vulnerable populations. This objective also addresses the natural resources conservation and the promotion and adoption of knowledge and technological innovations.
  - **Strategic Objective 2: Promote integrated and sustainable management and development of natural resources in defined territorial areas, with due regard for sociocultural issues.** The central priorities of this strategic objective are: the integrated and sustainable management and development of forest resources and conservation measures that have the potential to generate income. Natural resources and forests are an important natural asset of local populations. Included in this objective is support for the provision of environmental services that take into account self-management of campesino and indigenous communities.
4. COSOP implementation would be flexible, taking into account changes in national conditions, as well as results achieved during implementation. The use of a participatory approach adopted by the programme, coupled with permanent and active political dialogue, will help reduce potential risks during implementation. To ensure better programme performance, IFAD will monitor and directly supervise operations and reinforce its presence in the country. Developing partnerships with other cooperation agencies will be an active strategy for IFAD engagement in Bolivia during the COSOP period.
5. The amount of IFAD funding available during the COSOP implementation period is based on the annual allocation established for COSOP year 1, which amounts to approximately US\$6,078,495 (table 1). The allocation for Bolivia from the Seventh Replenishment (2007-2009) is calculated at US\$18,336,140.



# Republic of Bolivia

## Country strategic opportunities programme

### I. Introduction

1. This is the second country strategic opportunities programme (COSOP) for Bolivia; it has been prepared following recommendations in the IFAD's Action Plan for Improving its Development Effectiveness and decisions by IFAD's Executive Board to make this document more results oriented and reflect government ownership. The earlier document, prepared in 1998, covered a five-year time span and focused mainly on access to financial and non-financial services and natural resources management. This COSOP is the result of extensive consultations with Government authorities, potential beneficiaries of future IFAD interventions and the donor community in Bolivia. COSOP formulation was a three-step process. (i) An initial mission visited Bolivia in November 2006 to familiarize authorities with the principles behind the new results-based document. (ii) At the request of Government authorities, a second mission visited Bolivia in January 2007, during which a series of workshops was organized with the participation of Government staff, small-scale producers, campesinos and indigenous groups. In parallel with COSOP formulation, IFAD prepared a case study on poverty reduction strategies and rural development in Bolivia in the context of a multidonor initiative.<sup>1</sup> Several conclusions of this study were useful to the formulation of the COSOP. During the formulation period, a number of changes in Government structures and appointed authorities occurred. (iii) In June 2007, the authorities completed preparation of a sector development plan entitled "A Rural, Agrarian and Forestry Revolution". This plan served as the basis for introducing a number of changes to the original COSOP document requested by the Government authorities. To this end, a third mission visited Bolivia in July 2007 to finalize preparation of the document and ensure Government ownership of the strategic proposals. As agreed with Government authorities, this COSOP will cover the period 2008-2012. A summary of the consultation process is described in appendix I; results from the previous COSOP are presented in appendix IV.

### II. Country context

#### A. Economic, agricultural and rural poverty context

##### Country economic background

2. Bolivia is a landlocked country in the centre of the South American continent. It has an area of 1,098,581 square kilometres and had an estimated population of 9.3 million people in 2006 and an estimated annual population growth rate of 1.8 per cent. Bolivia is a low-middle-income country with a gross national income per capita of about US\$1,100 in 2006 (Atlas method) and an annual growth rate in GDP of 4.6 per cent in the same year. Data for 2006 indicate that the fiscal surplus was 4.5 per cent of GDP and inflation was 12.2 per cent. Financial sector stability improved as deposits and credit increased for the first time in several years, and the balance of payments remained strong, with official foreign exchange reserves rising to historic highs. In 2006, exports reached a record value of US\$4 billion, with a commercial surplus of more than US\$1.3 billion and a current account surplus of 11.6 per cent of GDP, while net international reserves reached US\$3 billion. Macroeconomic indicators for 2007 are encouraging.
3. Recent consultations between Bolivia and the International Monetary Fund suggest that Bolivia's short-term economic prospects are favourable, however, medium-term

<sup>1</sup>Wiggins, S. and C. Toranzo (2007), "Poverty Reduction Strategies and Rural Development. Case study: Bolivia". IFAD, Rome.

challenges remain. These will require the necessary policies to be pushed forward to cement the recent macroeconomic gains, enhance a climate of trust and promote greater, more diversified and more equitable growth. At the same time, macroeconomic stability must be safeguarded, governance and expenditure management must be strengthened at all levels of Government and the resources made available under the Multilateral Debt Relief Initiative, effectively deployed.

4. As a result of the initiative, the ratio of public debt to GDP was projected to decline from 71 per cent at the end of 2005 to 51 per cent by the end of 2006. The accumulation of official reserves is projected to continue, reflecting a strong external current account surplus associated with the high international prices of fuels and minerals. Under the Multilateral Debt Relief Initiative, Bolivia has been granted debt relief from the World Bank and the International Monetary Fund for a total of approximately US\$1.7 billion. Under the enhanced Debt Initiative for Highly Indebted Poor Countries, IFAD has approved a total of SDR 6.5 million in debt relief to Bolivia.

#### **Agriculture and rural poverty**

5. In Bolivia, climatic conditions and elevations (ranging from 130 to 6,000 metres above sea level) vary widely. The Bolivian territory includes three distinct geographical areas: (i) the high plateau in the departments of La Paz, Oruro and Potosi where barley, *quinoa* and potatoes are produced, and South American camelids and sheep are raised; (ii) the Andean valleys in the departments of Cochabamba, Chuquisaca and Tarija that produce wheat, maize, potatoes and fruits and vegetables; in the lower parts, cassava, rice, maize, bananas, citrus fruits and coca are grown; (iii) the eastern lowlands in the departments of Santa Cruz, Beni and Pando that are characterized by commercial, export-led farming, mainly in soy beans, rice and sugar cane, and in the Amazonian provinces, Brazil nuts. According to the 2001 Population and Housing Census, 30 per cent of the population was employed in agriculture, and the agricultural sector contributed 15.7 per cent of GDP in 2004. It is estimated that there are 57 million hectares with capacity for agricultural and managed forestry, of which 3.7 million hectares for intensive agriculture, equivalent to 3 per cent of the land mass. A total of 53 million hectares are forests, of which 12 million hectares may be used for commercial purposes if properly managed. Between 1990 and 2004, the cultivable area increased from 1.4 million to 2.4 million hectares, with a possibility for expansion. Sector performance is highly heterogeneous. While traditional crop production in the high plateau and valleys showed an annual increase of only 1 per cent, industrial crops of soy beans, sorghum and cotton in the lowlands increased by 10 per cent, albeit with little effect on food security issues. It is therefore necessary to increase productivity in the high plateau and valleys in order to reduce food insecurity.
6. Agricultural and livestock production in Bolivia is extremely vulnerable to climatic conditions, which have a direct impact on food security. Drought, freezing temperatures and flooding resulted in significant losses in cultivated areas and crop yields in early 2007.
7. Bolivia faces high levels of poverty and income inequality. In 2002, 65 per cent of the population was living in poverty, of which nearly 40 per cent were living in extreme poverty. There was a decline in poverty in the mid-1990s; however, the rate today remains close to the level in the early 1990s. Income inequality increased significantly during 1997-2002; Bolivia's Gini coefficient is estimated at 0.58, making it a country with one of the highest rates of income inequality in the region. High income inequality reflects significant disparities in access to assets such as education and land tenure, in household size, and in earnings gaps by gender, ethnicity, location and employment type.
8. In 2002, 80 per cent of the rural population was considered poor. Rural poverty is concentrated in the high plateau and valleys, where 2.1 million rural poor people

live, of which 1.6 million are considered extremely poor. It is estimated that the lowlands include a half million rural poor, of which 230,000 live in extreme poverty. The incidence of poverty and extreme poverty in the rural population is significantly higher among those people involved in agriculture, particularly among family workers and the self-employed categories typical of rural economies in highlands and valleys. At the national level, the incomes of rural households derive mainly from agricultural activities; however, nearly 48 per cent derives from non-agricultural activities and non-labour revenues such as pensions and remittances, reflecting growing income-source diversification and the importance of rural-urban linkages.<sup>2</sup>

9. Poverty and vulnerability levels are higher among indigenous groups, rural women and youth. Most rural women work in the agricultural sector, many of them as heads of households due to frequent male migration. They confront difficulties in gaining access to all types of services, including technical assistance, which is mostly geared towards men. They typically receive less remuneration for similar work, have limited access to training resources, and are less often recognized for their roles in the community and their contribution to family economy. The illiteracy rate among 15-year-olds is 21 per cent among girls, compared with 8 per cent among boys. Average school attendance is only two and a half years among rural girls, compared with 4.7 years among boys. Bolivia's gender-related development index is 0.68, placing Bolivia 86th among 177 countries.<sup>3</sup> Rural poverty significantly affects youth. It is estimated that 86.4 per cent of people 25 years of age or younger are poor. In general, youth are particularly affected by low school attendance rates and few employment opportunities.
10. A number of factors explain why poverty persists even during periods of higher economic growth: (i) sectors that contribute more to the growth of the Bolivian economy, such as mining, oil, gas and extensive commercial agriculture, are not labour intensive and do not establish links with other industries or national-level activities; (ii) difficulties and high transaction costs involved in accessing internal and external markets and services; (iii) instability and lack of political continuity, combined with social conflict brought about by high levels of economic inequality; (iv) institutional weaknesses that affect policy definition and implementation; and (v) public investment policies are directed at sectors considered to have more potential rather than at the marginalized, mainly rural poor.

## **B. Policy, strategy and institutional context**

### **National institutional context**

11. To implement the National Development Plan, the Government has altered the structure of the executive branch with the aim of increasing the role of the State in economic and social development. The organizational changes have assigned special emphasis to the involvement of the Ministry of Development Planning as a coordinating entity for all sectoral policies. The other institution closely related with IFAD operations in the country is the Ministry of Rural Development, Agriculture and the Environment, which will be IFAD's counterpart in technical and substantive matters in the context of sector development plans. Another institution in the public financial services sector that could contribute to rural development and poverty reduction is the recently established Bank for Productive Development.

### **National rural poverty reduction strategy**

12. Since taking office, the Government of President Evo Morales has prepared a National Development Plan to serve as a blueprint for pursuing a wide-ranging agenda for political and economic transformation. Prior to the adoption of the Plan,

<sup>2</sup> Jiménez, W., and S. Lizárraga (2003), "Ingresos y desigualdad en el área rural de Bolivia". Unidad de Análisis de Políticas Sociales y Económicas, La Paz.

<sup>3</sup> UNDP (2006), *Human Development Report 2006: Beyond Scarcity; Power, Poverty and the Global Water Crisis*. New York: Palgrave Macmillan and United Nations Development Programme.

Bolivia had prepared a comprehensive and participatory poverty reduction strategy, which has now been replaced by the Plan. Based on the general framework provided in the Plan, the Ministry of Rural Development, Agriculture and the Environment has prepared a strategic plan that includes three main thrusts: (i) furthering food security and sovereignty by ensuring the provision of healthy foodstuffs to the population at large, putting emphasis on capacity development among indigenous and campesino groups in agricultural and forestry activities, establishing more equitable enabling conditions for rural development, and preserving natural resources and eradicating poverty; (ii) deepening the contribution of agriculture and forestry to better livelihoods among the population and to the development of the country by enlarging the economic base, considering the possibility of the environmentally sustainable industrialization of renewable natural resources, creating sustainable employment and incomes among the rural population, and consolidating the linkages with off-farm activities; and (iii) furthering the sustainable management of natural resources so as to improve the living conditions of indigenous and campesino groups and rural society at large through the use of renewable natural resources – without putting existing ecosystems, natural landscapes and biological diversity at risk – as a larger process aimed at minimizing the impacts of other economic activities on the quality of the environment.

13. In the past, weak institutions, together with a lack of continuity in policies and programmes, conspired against better performance in development operations. The Government has decided to reverse this process by establishing programme and project implementation units responsible for the direct administration of rural development projects, programmes and operations.

#### **Harmonization and alignment**

14. Bolivia was at the centre of donor coordination in the past and has responded to recent assessments of progress in meeting targets and indicators set forth in the Paris Declaration on Aid Effectiveness. A report prepared by the Organization for Economic Cooperation and Development states that Bolivia received aid amounting to US\$791 million in 2006. It also indicates that there were 257 donor missions and 50 analytical studies in 2006, which underlies the need for more robust coordination among donors. IFAD is contributing towards harmonization by joining with the Food and Agriculture Organization of the United Nations and the World Food Programme in preparing an action plan aimed at addressing rural poverty. IFAD is also strengthening its relationship with the Andean Development Corporation (CAF) and the German Agency for Technical Cooperation, with the intention of increasing the efficiency and effectiveness of programmes related to microfinance, gender and natural resources management. A field presence officer located in the country would contribute towards ensuring that IFAD activities are coordinated with the activities of other donors (including the European Union, Belgium, Denmark and Switzerland) and aligned with Government priorities.
15. IFAD operations in Bolivia will continue to benefit from regional and subregional grants to (i) promote innovative initiatives for replication and scaling up, (ii) reinforce the operational capacity of lending-based projects through specific training and technical assistance and (iii) generate and share experiences among the investment initiatives in the region of IFAD's Latin America and the Caribbean Division and help rural organizations gain access to external knowledge in the context of regional networks.

### III. Lessons from IFAD's experience in the country

#### A. Past results, impact and performance

16. A country programme evaluation was conducted in 2003.<sup>4</sup> The evaluation covered the period 1979-2003, during which IFAD approved nine projects for Bolivia, totalling US\$81.3 million. The agreement at completion point provides the basis for the lessons learned, together with project evaluations. In addition, the Independent External Evaluation of IFAD analysed the impact of the Sustainable Development Project by Beni Indigenous People and the Small Farmers Technical Assistance Services Project. Since the country programme evaluation, IFAD has funded the Management of Natural Resources in the Chaco and High Valley Regions Project (PROMARENA) and approved the Enhancement of the Peasant Camelid Economy Support Project (VALE Project). Since the last COSOP, IFAD has funded operations that have contributed to the empowerment of campesino and indigenous grass-roots organizations by transferring resources and capacities to these organizations, thus enabling the rural poor to undertake initiatives identified and later implemented through these organizations.
17. Evaluations have shown positive results, notably in land rehabilitation, microirrigation and the provision of access to safe drinking water. Support for traditional handicrafts recognized the importance of the cultural assets of indigenous women who participated in these activities and achieved a substantial increase (over 50 per cent) in the family incomes of these women. The recently completed Sustainable Development Project by Beni Indigenous People helped strengthen indigenous organizations through a process of formalizing the rights of these people to more than 1 million hectares of land. The project improved the human capital of beneficiaries by supporting more than 700 scholarship students who increased their income-earning opportunities following training (the original target was 250).
18. Regarding the sustainability of project-initiated activities, a number of components have shown sustainable effects: (i) in area-based projects, investments and the diversification of production have generated lasting increases in incomes; (ii) community-based organizations have been strengthened and have continued to operate effectively; (iii) incomes have increased within the camelid chain through the development of demand for products and by-products; (iv) value was added to campesinos' production; and (v) the strengthening of land titles and organizations among Beni indigenous communities responded to the expressed needs of project beneficiaries.
19. Recent IFAD-funded projects in Bolivia have assisted in providing access to financial services for more than 5,000 rural families (2,800 were initially targeted) in the high plateau region that earn their living by breeding South American camelids and marketing the resulting products. It is estimated that 20,000 campesino families have obtained access to technical assistance services. Current projects will double these figures.
20. The two ongoing projects are not considered at risk. The Small Farmers Technical Assistance Services Project, due to close in June 2008, has a balance of US\$400,000, which will be used. The cooperating institution and IFAD will determine the eligible amounts to be submitted for withdrawal, justify the expenditures under the special account and present a project completion report and audited statements as of 31 December 2007. Of some concern, however, is PROMARENA, which has been effective since August 2003 and has disbursed only SDR 2 million, equivalent to 20 per cent of the approximately SDR 9.3 million approved. As the closing date is September 2008, it will be necessary to carry out an assessment for an extension and a possible scaling down, taking into account the recommendations of the mid-term review and the implementation performance.

---

<sup>4</sup> See appendix V.

## B. Lessons learned

21. Accumulated experience in the country indicates the need to consider the following:

- **Flexibility in project design.** Positive results in several projects have been achieved mainly due to the originality and flexibility of component design, and full beneficiary involvement and participation in the preparation process. The formulation of future operations should ensure that potential beneficiaries are consulted throughout and measures are included in project design to allow beneficiaries to monitor project implementation constantly to ensure the transparency and effectiveness of interventions.
- **Implementation risks.** Recent projects have encountered major institutional problems and have had to be redesigned during reorientation missions. Projects have suffered on a large scale due to Government reorganizations and weak implementation capacity. Problems were aggravated partly by the national political situation. Although there is no guarantee that institutional issues and changes will not occur, measures should be taken to ensure that implementation can proceed without major disruption, including limiting political interference in project staff selection and appointment. It has been suggested that project staff selection processes be improved and that adequate salary levels be provided so as to enhance performance. In general, it will be necessary to adopt a dynamic approach whereby any needed adjustments can be made in tune with changing economic, social and political realities.
- **Decentralization.** A high concentration of decision-making processes in the capital makes field operations difficult. It is indispensable to locate project implementation units in the field and to finance project activities through local governments. It has been found that co-financing resources are available for ongoing operations that, in many instances, are larger than those available through the projects themselves.
- **Prioritizing the provision of and access to assets.** It is essential to support campesino and indigenous groups, especially women and youth, in gaining access to non-financial services, as well as diversified financial services to empower them and increase their assets. Assistance to the segments of the population that lack identity documents is essential, as this lack limits their access to services and the possibility for them to become organized in order to exercise their rights to full citizenship. Interventions should focus on reducing regional disparities by concentrating on the poorest highland communities. The experience gained in Bolivia demonstrates that organizational and social capital assets can be increased rather quickly, especially if support is provided for the management of microirrigation systems and launching small business ventures.
- **Targeting and gender issues.** Projects under this COSOP will need to take into account new IFAD targeting and gender policies. By doing this, new operations will ensure that rural women increase their food security and enhance their nutrition, are recognized as citizens because they possess identity documents, and legally establish their organizations. Project implementation units would need to guarantee the full participation of women in all project activities and benefits.

## IV. The IFAD country strategic framework

### A. IFAD's comparative advantage at the country level

22. Over the last 15 years, IFAD and implementing agencies have pursued a number of approaches that Government authorities have recognized as distinctive and that demonstrate IFAD's comparative advantage relative to other rural development interventions. IFAD's comparative advantage in rural development includes four main contributions: (i) supporting initiatives based on the assets of the poor, which are defined by their potential rather than by a listing of needs; (ii) implementing activities through a demand-based approach and introducing dynamism into private financial and non-financial markets; (iii) empowering campesino and indigenous groups by providing access to essential knowledge in the pursuit of initiatives and by transferring monetary resources directly to the organizations of the target population so as to enable these people to acquire, on the market, the services they need to carry out their own initiatives; and (iv) providing – in a competitive manner - support and resources that may be self-managed and require initiatives that are cofinanced by beneficiaries and other stakeholders. IFAD's participatory approach, which is based on the recognition that the rural poor have assets and capacities, has allowed it to gain the confidence of poor rural communities and organizations, as well as Government agencies.

### B. Strategic objectives

23. This COSOP is consistent with the IFAD Strategic Framework 2007-2010, which aims to ensure that poor rural women and men have better access to (a) skills and organizational capacities, (b) natural resources, (c) agricultural technologies and services, (d) financial services, and (e) off-farm employment and the establishment of business ventures. Strategic objectives will enhance the participation of the rural poor in national policy and programming processes. They have been designed based on Government plans and programmes and a consultation process that builds on IFAD's experience in Bolivia. The activities to be implemented within each objective complement and interact with each other.
24. **Strategic Objective 1: Enhancing the livelihood assets (human, natural, physical, cultural and social) of the rural poor and promoting the adoption of technological and knowledge innovations by supporting the access of the rural poor to a wide range of services.** This objective responds to the strategic priorities of the Government in strengthening the economic and social capacities of the poor and vulnerable. The objective also addresses natural resource conservation and the promotion and adoption of knowledge and technological innovations. This objective will also deepen the provision of diversified non-financial services such as training and technical assistance, as well as financial services and the acquisition of the formal documentation necessary for exercising citizens' rights. This objective recognizes that families and the poorest segments of the population have assets that can be valued and increased, thereby allowing these people to overcome their poverty.
25. **Strategic Objective 2: Promote integrated and sustainable management and development of natural resources in defined territorial areas, with due regard for sociocultural issues.** This objective is in line with the Government's strategic priorities for the integrated and sustainable management and development of forest resources and conservation measures that have the potential to generate income. Project designs under this objective will lead to organizational strengthening, enhanced local management practices, the preservation of the cultural identity of campesino and indigenous communities, and increased incomes among local populations.

### C. Opportunities for innovation

26. New operations under this COSOP will facilitate the introduction of three innovative approaches. The first innovative feature includes developing a local private market for the provision of diversified non-financial services such as technical and marketing assistance and advice, as well as the supply of relevant information and training. The use of campesinos, local artisans and microentrepreneurs as service providers will increase the reach of this innovation, which has been successful in previous IFAD-supported projects in the Andean subregion. The second innovation focuses on widespread inclusion of cultural elements in the context of economic development, including valuing the social capital of campesino and indigenous people's organizations in pursuing territorial development through references to local identities, while also safeguarding the environment. The use of public funds by the rural poor and indigenous people's organizations for their own development will advance democratic dialogue based on beneficiary strategies and experiences. The third innovation relates to inclusion of the rural poor in diversified financial services offered by the formal banking sector, especially through the mobilization of savings aimed at reducing the vulnerability of the rural poor, especially women. The use of a national institution such as the Productive Development Bank will facilitate the expansion of the scope and reach of the banking system to include the rural poor, enabling them to exercise their citizen rights. Innovations will be pursued by ensuring that technical assistance service providers include campesinos themselves, funding initiatives that are based on local culture and values, and the introduction of a savings-mobilization mechanism, especially among rural women.

### D. Targeting strategy

27. Studies to establish a profile of Bolivia's rural population have identified a number of different groups based on ethno-cultural and geographical characteristics and the ecological niches in the areas in which these groups are located. The broadest generalization distinguishes between the eastern region, represented by the lowland plains and the Amazon River basin, and the western region, represented by the high plateau and the high Andean valleys. Traditional Andean communities, mainly of Quechua and Aymara origin, are located in the highlands, while the predominant groups in the lowlands are indigenous peoples of Amazonian origin, some of which are dispersed, as well as a non-indigenous population and, increasingly, rural migrants from the highlands.
28. The COSOP formulation has followed IFAD's targeting strategy. Through the use of geographical targeting, it has been possible to determine that the most numerous rural populations are located in the highlands, where there are extremely high levels of poverty and where families have developed various strategies to address the limitations they face, building on a series of community values and assets that can be leveraged for their well-being. These populations are organized mainly around communities, or *ayllu*, which involve local socio-political organizations with great potential for helping to solve complex poverty-related issues. Future projects would need to reach consensus on implementing initiatives and activities rather than creating new committees or social groups that may seem appropriate for carrying out project interventions, but may lead to disruptions in existing social capital. It is also relevant to note that, in these organizations, women's participation is scarce, due mainly to a lack of minimal recognition for citizen rights and women's inability to generate their own incomes. However, if these two negatives can be corrected, women would rapidly accede to leadership positions, and the gender gap would be diminished.
29. It has been estimated that the lowlands include 500,000 poor rural inhabitants, mainly indigenous groups, who require specific attention. Experience indicates that working with these groups requires more time, up to 10 years, and considerable efforts in building human capital, mainly through literacy and leadership training. This would be carried out in view of enhancing sustainable self-development

processes that would value the natural, cultural and biological resources these vulnerable populations possess.

30. Geographical targeting based on poverty analysis by the Government will lead to interventions in favour of the rural population of municipalities and communities identified by the Government's Communities in Action Programme, which has determined that there are 148 rural municipalities exhibiting extreme poverty.

## **E. Policy linkages**

31. The current administration in Bolivia has decided to replace the poverty reduction strategies adopted by its predecessors and is focusing interventions on the National Development Plan for 2006-2010, the Integral Community Development Programme, and the recently-approved sector strategy of the Ministry of Rural Development, Agriculture and the Environment. The main policy discussions relate to (i) promoting agricultural and forestry production with an emphasis on food sovereignty and security and the integrated and sustainable management of natural resources; (ii) enhancing the economic capacities of the poor and at-risk rural population and solidifying appropriate institutional mechanisms for providing financial services to traditionally excluded sectors; and (iii) the technological development of agricultural production, the promotion of off-farm rural employment and insertion into new markets, and activities that complement the Communities in Action Programme. Other issues on the policy agenda will be centred on (a) adopting the mechanisms necessary to allow for the direct transfer of resources to rural poor organizations, (b) establishing a market for the provision of technical assistance; (c) supporting the exercise of fundamental rights by the rural poor; (d) promoting and supporting the implementation of the integrated and sustainable management and development of forest resources and conservation of biodiversity with the participation of campesino and indigenous peoples; and (e) complementarity of infrastructure and basic equipment with initiatives among the rural poor.

## **V. Programme management**

### **A. COSOP management**

32. The implementation of the COSOP will proceed in line with the work programme established by the Latin America and the Caribbean Division of IFAD for the Seventh Replenishment. It may include the design and formulation of three operations in the context of the programme's strategic objectives, while taking into account the existing portfolio. It is foreseen that, during the time frame for this COSOP, PROMARENA will continue to be implemented (in consideration of future extension). The programme will be flexible and adjustable over time to reflect possible changes in national policies and the institutional framework. In order to assist in programme implementation, the country programme manager (CPM) for Bolivia will support the establishment of a country programme management team composed of the CPM, representatives from other IFAD divisions, the field presence officer, the cooperating institution and the staffs of ongoing projects. Government entities have expressed their interest in participating on the team. They would be invited on an ad hoc basis. Participation by other donor representatives, NGOs and specialized consultants would also be considered. Given the adoption of the results management framework, the country programme management team will contribute to the preparation of IFAD's annual portfolio review and other special studies and an annual report on the implementation of the Results and Impact Management System (RIMS). It is expected that the programme will be reviewed on an annual basis during supervision by the CPM and specialized consultants. During year 1, special attention will be paid to implementation progress in PROMARENA, the launch of the VALE Project and the design of a new operation to be determined by Government authorities among the three operations outlined and briefly described in appendix IX. In 2010, a mid-term review of the programme will be carried out

jointly with participating Government entities and specialists from research centres and universities. This review will recommend adjustments to the objectives and the results management framework if circumstances require. In 2012, at the end of the COSOP period, the programme results will be examined in light of the strategic objectives and their contribution to the country's poverty reduction goals. The core element of the final report on COSOP implementation will be a complete review of the results management framework and will include a workshop with all stakeholders.

33. The COSOP projects will be implemented, as applicable according to negotiations for each operation, by deconcentrated units of the Ministry of Rural Development, Agriculture and the Environment (PASA-CRIAR, PAR-EMPODERAR and SUSTENTAR) set up under Supreme Decree No. 29315 of 17 October 2007.

## **B. Country programme management**

34. Responsibility for programme implementation will rest with the CPM for Bolivia within the Andean subregion of IFAD's Latin America and the Caribbean Division. CAF will continue to supervise operations in Bolivia as it has been doing for PROMARENA. Nonetheless, supervision of the recently approved VALE Project will be carried out directly by IFAD in line with the guidelines for supervision approved by IFAD's Executive Board. IFAD will ensure that the functions, instruments and activities of monitoring and evaluation systems of existing and future projects are effective and efficient. Based on a request by Bolivian authorities, IFAD will assist in harmonizing such systems in IFAD-supported projects and those of the monitoring and evaluation unit of the Ministry of Development Planning. IFAD operations will continue to be supported by a field presence officer and by staff at IFAD headquarters in the area of financial administration and disbursements.

## **C. Partnerships**

35. The Ministry of Development Planning is the representative of the borrower, while the Ministry of Rural Development, Agriculture and the Environment is IFAD's counterpart on substantive and technical matters. Other national and regional agencies have participated in the implementation of IFAD-funded projects. Operational agreements could be strengthened and expanded progressively with regional and municipal governments (the prioritized 148) on the basis of agreements already in existence under current projects. Partnerships with local communities and organizations will be intensified as new territorial development approaches take hold and the direct transfer of resources, decisions and responsibilities are reaffirmed. Partnerships will be established with the National Institute for Agricultural and Forestry Innovation to improve the capacity of native and indigenous campesinos to innovate and increase their productivity. The main partners for natural resources management include the Centre for International Forestry Research and the German Agency for Technical Cooperation and, for financial services, the Swiss Agency for Development and Cooperation and CAF. Contacts made with a significant number of donors during COSOP preparation have shown that it is possible to forge alliances and collaboration agreements in pursuit of strategic objectives.

## **D. Knowledge management and communication**

36. New IFAD-supported operations will include mechanisms for systematizing, disseminating and exchanging experiences with partners and others in the country, the region and abroad, including international research centres assisted through IFAD grants such as the Centre for International Forestry Research, the International Centre for Tropical Agriculture, the International Development Research Centre and others. IFAD will also seek partnerships with academic and research institutes during the implementation of the activities foreseen in this COSOP. The use of IFAD-funded regional networks such as FIDAMERICA will be

paramount for disseminating information on country operations. Other programmes, such as the regional monitoring and evaluation programme of IFAD's Latin America and the Caribbean Division, will be called upon to provide additional support for building relevant databases and impact indicators. A recently approved IFAD grant to the Regional Programme for Rural Development Training (PROCASUR) will facilitate knowledge sharing not only in Bolivia, but on a regional basis through learning "routes", an approach which involves project staff and others visiting successful initiatives across a wide range of subject areas. The main issues to be researched and studied will include (a) savings mobilization among rural women, (b) the use of competitive awards systems, (c) the self-management of financial transfers, (d) the use of the asset-based community development approach and (e) the introduction of cultural development in the overall economic development context.

## E. The performance-based allocation system (PBAS) financing framework

37. The amount of IFAD funding available for the COSOP implementation period is based on the annual allocation established for COSOP year 1; it amounts to approximately US\$6,078,495 (table 1). The allocation for Bolivia from IFAD's Seventh Replenishment (2007-2009) is calculated at US\$18,336,140.

Table 1  
PBAS calculation for COSOP year 1

<i>Rural sector scores</i>	<i>Indicator</i>	<i>COSOP year 1</i>
	Regulatory and legal framework for rural organizations	5.20
	Dialogue between Government and rural organizations	4.63
	Access to land	4.10
	Access to water for agricultural use	3.86
	Access to research and agricultural extension services	3.00
	Conditions conducive to developing rural financial services	4.88
	Favourable investment climate for rural enterprises	4.13
	Access to agricultural inputs and markets for products	4.25
	Access to education in rural areas	4.00
	Representation	3.75
	Allocation and management of public resources for rural development	3.83
	Accountability, transparency and corruption in rural areas	3.94
	Sum of overall point values	49.70
	<b>Average of overall point values</b>	<b>4.14</b>
	Score of projects at risk	6.00
	Score of evaluation of national policies and institutions	3.71
	Country score	5 361
	<b>Annual allocation (United States dollars)</b>	<b>6 078 495</b>

38. Table 2 shows an estimation of outward and downward variations, depending on implementation performance.

Table 2  
Relationship between performance indicators and country score

<i>Financing scenario</i>	<i>Projects at risk rating (+/- 1)</i>	<i>Rural sector performance score (+/- 0.3)</i>	<i>Percentage change in PBAS country score from base scenario</i>
Low hypothesis	5	3.84	-19.5
<b>Base hypothesis</b>	<b>6</b>	<b>4.14</b>	<b>0.0</b>
High hypothesis	6	4.44	+5.8

## **F. Risks and risk management**

39. Programme implementation entails four main risks. The first is of a general legal, institutional and policy nature related to the transfer of resources to individuals or families as opposed to larger community groups. The financial services initiative for savings mobilization based on conditional cash transfers to poor rural women, although approved by Government authorities, may be subject to further review. This risk can be minimized by a rapid inclusion of individuals and organizational entities so that they benefit from access to financial services, thus creating a consensus on the benefits of the approach. A second risk is of a political and operational nature; it sees the authorities changing a decentralized participatory approach to a centralized one, i.e. moving towards technical assistance services, centrally planned and delivered, including the provision of inputs. IFAD's focus on poor communities and markets related to their interests and the use of co-financing of small amounts can help mitigate this risk. A third risk revolves around the capacity of indigenous beneficiary groups to take advantage of the corresponding market opportunities and other project-induced activities. Interventions based on the direct transfer of financial resources to beneficiaries reduces this risk by ensuring a high degree of community oversight and a high level of ownership of the investments within a stronger cultural and territorial framework.
40. Finally, a fourth risk is related to climate conditions. Bolivia's extreme vulnerability to poor climatic conditions could affect negatively the results and impacts of poverty reduction investments. To mitigate this risk, it will be necessary to include adequate provisions and incentives in all future operations so as to increase the value of biodiversity and local knowledge aimed at confronting eventual natural disasters and contributing favourably to reducing the effects of climate change in Bolivia and elsewhere.

## **COSOP consultation process**

### **Background**

The consultation process for the preparation of this document began with a country visit in November 2006, with the specific objective of defining the conditions, agreements and schedules necessary for formulation of the IFAD strategies document. The visit was coordinated with the Vice Ministry of Public Investment and External Financing within the Ministry of Sustainable Development and Planning. A consultant interviewed officials and representatives of Government agencies in order to establish Government priorities and expectations in the area of rural poverty alleviation and the possible contribution IFAD could make in this regard. Possible areas and priorities, as well as possible partners were identified on a preliminary basis. Meetings and field visits were also held with staffs of IFAD-funded projects currently being implemented in the country, PROMARENA and the Small Scale Farmer's Technical Assistance project. Meetings were also had with the Mission Leader of the Appraisal Mission for the VALE Project.

Discussions were also advanced with representatives of various international cooperation agencies, as well as with experts, researchers, academics, heads of non governmental organizations and other stakeholders involved in the issues of poverty and rural development. Material was gathered for analysis to help identify and define COSOP strategic objectives, and specifications were outlined for a rural poverty study in the country. In parallel, IFAD commissioned a study on Bolivia's Poverty Reduction Strategy as part of a five-country analysis of rural poverty reduction strategies.<sup>1</sup> This study has informed COSOP preparation, especially in the analysis of Government poverty-reduction strategies since the 1990s, and in its analysis of and comments on the dynamics of poverty in the country and the current Government's strategies.

A second COSOP formulation phase visited Bolivia on 15 January 2007. During a three-week period, the COSOP Formulation Mission collected documents and other reference material, met with officials and other stakeholders in La Paz and other cities and departments, and held participatory consultation events. The Country Portfolio Manager for Bolivia participated in a Consultation Workshop in the city of Sucre and in meetings in the capital. In May 2007 an IFAD Mission submitted a draft COSOP document to Government authorities. In June 2007, MDRAMAMA prepared a strategic plan which addresses main issues involved in its mandate. A description of this Plan, which has been considered in the formulation of the COSOP, is provided in appendix VIII. Bearing in mind the new approaches contained in the Strategic Plan the Government requested IFAD to review the draft COSOP. A Mission held meeting in La Paz with Government authorities and agreed on the strategic objectives outlined in the main text.

#### **Consultation with local stakeholders**

Two broad-based consultation workshops were held with representatives of rural organizations, non governmental organizations and the private sector from the departments of La Paz, Oruro, Chuquisaca, Potosí and Santa Cruz, as well as with representatives of regional and local government agencies, including those responsible for IFAD-supported projects. Total attendance at these events exceeded 50 participants.

#### Objectives and methodology

The main objectives of the consultation workshops were to: i) meet potential stakeholders and those involved in IFAD-supported projects, as well as representatives of related regional and local sectors and institutions in order to ascertain their views on factors that limit their ability to overcome poverty in each area, the strategies people use to address the situation, and actions needed to support these efforts; ii) exchange views on the National Development Plan's approaches for rural poverty reduction and rural community development, which could provide a framework for IFAD's cooperation;

---

<sup>1</sup> S. Wiggins and C. Toranzo C. "El Enfoque de la Estrategia de Reducción de la Pobreza y el Desarrollo Rural, Estudio de Caso: Bolivia," IFAD 2006.

iii) gather ideas on priorities for IFAD's support in terms of poverty reduction and rural development in the country; and iv) obtain information on possibilities for complementary actions with existing programmes and projects.

Each workshop lasted one day and included the presentation of each institution represented, along with its objectives, area of action including geographic, thematic and target population, and the principle results of their work. Introductory presentations were then made, with the help of visual aids, and groups of no more than eight people were formed to discuss issues related to the workshop objectives. After the group sessions, the participants summarized their conclusions for presentation and discussion in a final plenary session.

#### Findings and conclusions

The consultations provided the opportunity to exchange information that has been useful not only for preparing the strategic opportunities programme for Bolivia, but also for the beneficiaries and other organizations, with regard to Government strategies and priorities and IFAD's activities in the country. The information gathered from the group work and plenary sessions provided input for the definition of the following areas.

#### **a) Limitations on income generation**

Participants noted that although specific characteristics vary, the rural poor population basically consists of small-scale farmers, settlers and indigenous people. In general, they did not distinguish among degrees of poverty, saying there is no great difference among the rural poor in the geographic areas studied.

Among the obstacles that local people face in emerging from poverty, participants listed those directly related to the quantitative or qualitative availability of natural resources and transportation infrastructure, as well as: i) lack of entrepreneurial knowledge and guidance and low levels of formal education and productive technology; ii) lack of legal safeguards, lack of identity documents including legal recognition of their organizations iii) difficulties in accessing financial services; iv) inadequate recognition of their production in markets and low volume of commercial production; v) lack of refrigerated storage, animal and plant health problems; and vi) lack of Government support and of policies promoting rural productive development.

#### **b) Income generation strategies and activities**

Issues were discussed based on geographical areas. In the Bolivian High Plateau the main agricultural activity is livestock raising, mainly South American camelids. Traditional crop cultivation predominates in the valleys, mainly with potatoes and crops for family consumption, but there has been an increase in fruit cultivation mainly peaches. Dairy and cheese production are also important, as is hog fattening. Rural agro-industry is limited, with small-scale processing of grapes for wine in some areas. Neighbours traditionally collaborate in farm activities. Artisanal activities have a lower priority, although there are some areas where they are significant such as textiles, leather products and preserves. There is optimism regarding the potential for communal tourism and eco-tourism activities, but these are still very incipient and rudimentary. In some areas, especially in the central High Plateau, commerce and transportation have offered significant opportunities for increasing income. In general, seasonal and permanent migration by family members helps mitigate the limitations on income from local activities.

#### **c) Suggestions for improving productive conditions**

Among the actions suggested for improving productive conditions, participants highlighted: i) improving the supply of and access to markets through differentiated products and product processing and transformation; ii) developing agro-industry based on market demands; iii) creating conditions at the municipal level to support local economic development; iv) inserting rural economic organizations into this dynamic;

v) strengthening dairy production in appropriate areas; vi) taking advantage of the organic and fair trade markets; vii) promoting processes to add value to production and raw materials; viii) making it possible for small-scale farmers to gain access to appropriate financial services; ix) assisting with more technically improved agricultural infrastructure and practices and renovation of plantations; and x) training small-scale farmers in non-farm activities that are key for income generation.

#### **d) Recommendations for new programmes and projects**

Recommendations for new programmes, projects and cooperation support fell mainly into the following areas:

Training and technical assistance: Proposals in this area can be summarized as:

i) emphasizing training and building human, social and institutional capital; ii) implementing technical and vocational education systems in rural communities and providing specialized regional training; iii) promoting and supporting the development of rural business initiatives; iv) building people's entrepreneurial capacity through training and incentives; and v) technical assistance in production and management.

Access to financial services: Participants emphasized the importance of developing financial services that are accessible to the rural poor. There was interest in the possibility of establishing savings accounts in formal financial institutions and providing access to various services.

Access to markets and adding value: Various proposals focused on: i) promotion of and support for the processing and transformation of fruit and other agricultural products; ii) more technically advanced productive, commercialization and post-harvest processes; iii) support for the production of organic products and differentiated products; and iv) participation in fair trade initiatives.

Institutions and policies: Participants insisted on the need to include the following considerations in institutional programmes and public policies: (i) direct transfer to communities of financial resources for rural development, avoiding intermediaries; (ii) fostering conditions for municipalities to support local economic development, ensuring that their participation is not subordinated to opportunities created by Government institutions and international cooperation; (iii) establishment of an appropriate financial system for agriculture and development of rural areas; (iv) promotion of public policies aimed specifically at rural development and channelling resources for this purpose; and (v) promoting key associations among local governments, non governmental organizations, donors and their programmes in rural areas.

As a result of the stakeholder consultation the following emerged:

- There is acknowledgement that beyond natural and material limitations, it is necessary to assist in development of entrepreneurial capacities;
- The issue of legal safeguards arose repeatedly;
- Great importance is placed on education and training, particularly skills for implementing non-agricultural productive activities;
- There is strong insistence that financial resources from Government and international cooperation agencies for rural development and poverty-reduction programmes be transferred directly to communities and organizations;
- The importance of access to financial and market services, for the intensification and diversification of productive activities, was mentioned repeatedly;
- There is strong motivation for initiatives related to adding value to products, fair trade, organic production and ecotourism;

- There is still a lack of sufficient detailed information regarding Government strategies and programmes for rural areas. The “Communities in Action” programme appears to be creating the greatest expectations and;
- Great importance is placed on the participation of municipal governments in rural development.

### **Consultation with other donors**

The meetings with donor agencies allowed for an exchange of information on programmes and strategies being implemented in the country. The COSOP Mission had the opportunity to explain to a broad group of donor agencies including those of the governments of Belgium, Denmark, Germany, the Netherlands, Sweden and Switzerland, and multilateral agencies represented in Bolivia such as the Commission of the European Union, the World Bank, the Inter-American Development Bank and the Andean Development Corporation the basic elements of the work being undertaken. The Mission responded to questions from donors and listened to comments and suggestions. Elements for possible collaboration with different organizations and programmes were considered. Possibilities arose for reaching agreements with the Andean Development Corporation, the Commission of the European Union, and cooperation agencies from Denmark, Germany and Sweden. In general, donors expressed interest in exploring mechanisms for coordination and future association, noting the importance of adequate, timely information. Some agencies also expressed concern concerning a lack of definition with regards to their cooperation areas, and the expectation was expressed that the Bolivian Government would take an active role in the definition and coordination of various cooperation programmes and initiatives to ensure harmonization.

### **Other consultations**

Meetings with academics, researchers and others involved in the study of social and economic problems in Bolivia enabled the COPSOP Formulation Mission to hear opinions on issues of poverty reduction and rural development in the country, as well as national strategies adopted recently, and conclusions and suggestions for the formulation of future policies and strategies.

Some of those consulted underlined the importance of education in rural areas from a quantitative and qualitative point of view. There is a need to address the needs of rural youths who for lack of opportunities have to migrate. Development of an entrepreneurial vision was suggested as there were several examples in a number of communities where an entrepreneurial vision had led to success. The issue of land tenure was highlighted as this has not been resolved. Rural development plans should include consideration of value adding processes and should also include support for non agricultural activities.

Concerning public investment those consulted noted that this had been limited, short term and lacked. Investments have been largely concentrated in the lowlands, with marginal investment in the High Plateau and Andean Valleys. The dismantling of existing organizations at certain stages has been negative with difficulty in coordinating among public institutions. Other consulted indicated that they saw a return to a view of the Government as benefactor. In terms of poverty reduction those interviewed indicated that the country's economic growth does not lead to poverty reduction because it has such a narrow base with little creation of income and employment.

## Country economic background

<b>Land area (km<sup>2</sup> thousand) 2005 1/</b>	1 084	<b>GNI per capita (USD) 2005 1/</b>	1 010
<b>Total population (million) 2005 1/</b>	9.18	<b>GDP per capita growth (annual %) 2005 1/</b>	2
<b>Population density (people per km<sup>2</sup>) 2005 1/</b>	8	<b>Inflation, consumer prices (annual %) 2005 1/</b>	5
<b>Local currency</b>	Boliviano (BOB)	<b>Exchange rate: USD 1 =</b>	BOB 7.76
<b>Social Indicators</b>		<b>Economic Indicators</b>	
Population (average annual population growth rate) 1999-2005 1/	2.0	GDP (USD million) 2005 1/	9 334
Crude birth rate (per thousand people) 2005 1/	29	GDP growth (annual %) 1/	
Crude death rate (per thousand people) 2005 1/	8	2000	2.5
Infant mortality rate (per thousand live births) 2005 1/	52	2005	4.1
Life expectancy at birth (years) 2005 1/	65	Sectoral distribution of GDP 2005 1/	
Number of rural poor (million) (estimate) 1/		% agriculture	15
Poor as % of total rural population 1/		% industry	32
Total labour force (million) 2005 1/	4.16	% manufacturing	14
Female labour force as % of total 2005 1/	44	% services	53
<b>Education</b>		Consumption 2005 1/	
School enrolment, primary (% gross) 2005 1/	113 a/	General government final consumption expenditure (as % of GDP)	14
Adult illiteracy rate (% age 15 and above) 2005 1/	n/a	Household final consumption expenditure, etc. (as % of GDP)	68
<b>Nutrition</b>		Gross domestic savings (as % of GDP)	17
Daily calorie supply per capita		<b>Balance of Payments (USD million)</b>	
Malnutrition prevalence, height for age (% of children under 5) 2004 2/	27	Merchandise exports 2005 1/	2 671
Malnutrition prevalence, weight for age (% of children under 5) 2004 2/	8	Merchandise imports 2005 1/	2 341
<b>Health</b>		Balance of merchandise trade	330
Health expenditure, total (as % of GDP) 2005 1/	7 a/	Current account balances (USD million)	
Physicians (per thousand people)	n/a	before official transfers 2005 1/	-150
Population using improved water sources (%) 2004 2/	85	after official transfers 2005 1/	498
Population with access to essential drugs (%) 2/	n/a	Foreign direct investment, net 2005 1/	-280
Population using adequate sanitation facilities (%) 2004 2/	46	<b>Government Finance</b>	
<b>Agriculture and Food</b>		Cash surplus/deficit (as % of GDP) 2005 1/	-4
Food imports (% of merchandise imports) 2005 1/	10	Total expenditure (% of GDP) 2005 1/	n/a
Fertilizer consumption (hundreds of grams per ha of arable land) 2005 1/	45 a/	Total external debt (USD million) 2005 1/	6 390
Food production index (1999-01=100) 2005 1/	110 a/	Present value of debt (as % of GNI) 2005 1/	38
Cereal yield (kg per ha) 2005 1/	1 787	Total debt service (% of GNI) 2005 1/	6
<b>Land Use</b>		Lending interest rate (%) 2005 1/	17
Arable land as % of land area 2005 1/	3 a/	Deposit interest rate (%) 2005 1/	5
Forest area as % of total land area 2005 1/	54		
Irrigated land as % of cropland 2005 1/	4 a/		

a/ Data are for years or periods other than those specified.

1/ World Bank, *World Development Indicators* database

2/ UNDP, *Human Development Report*, 2006

## COSOP results management framework

Country Strategy Alignment	Key Results			Institutional/Policy objectives
Poverty Reduction Strategy and Targets	Strategic Objectives	Outcome that IFAD expects to influence	Milestone Indicators (by projects)	Policy dialogue agenda
<p>1. Strengthen human, economic, social and cultural capacities of indigenous and <i>campesino</i> communities</p> <p>2. Support productive territorial development, food production ,integral management of indigenous territories and those of <i>campesino</i> communities and the sustainable management of natural resources</p> <p>3. Contribute to the development of <i>campesino</i> and indigenous family agriculture and community forestry management while identifying new economic opportunities</p> <p>4. Develop human settlements by strengthening organizational capacities, facilitating access and better management of goods and public services, provision of technical assistance and improved management of renewable natural resources.</p> <p><b>Baseline</b> Rural Poverty (2002): Rural poor: 83% = 2.6 mil rural poor Extreme poor: 67% = 1.8 mil rural poor Poverty among women 58% of rural poor Malnutrition 24.2% in 2003</p> <p><b>Access to technical assistance services</b> Approximately 70% of farmers with</p>	<p><b>SO 1:</b> Enhancing the livelihood (human, natural, physical, cultural and social) assets of the rural poor, and promoting the adoption of technological and knowledge innovations by supporting their access to a wide range of services</p> <p><b>SO 2:</b> Integrated and sustainable management and development of natural resources in defined territorial areas, with due regard for sociocultural issues.</p>	<p><i>By 2012</i></p> <ul style="list-style-type: none"> <li>• 57 000 of rural poor families have improved their income and increased their patrimony by more than 20% (Baseline: 2002: income US\$40/month for poor farmers, US\$22/month for extreme poor farmers)</li> <li>• 35 000 (approx 11 000 women) organized in formal or informal groups with increased engagement in productive activities and/or valuing natural resources.</li> <li>• 23 000 individuals (60% women) empowered and with improved self-management capacities.</li> <li>• 28 000 individuals (80% women) with improved access to financial services</li> <li>• 4 000 of rural youths trained having profitable business ventures and adequate employment</li> <li>• 24 000 individuals (50% women) increased their social capital and improved legal and judicial security</li> <li>• 75 000 ha (belonging to approx 25 000 families) with improved natural management practices</li> <li>• 10 000 families with improved communal pasture management</li> </ul>	<ul style="list-style-type: none"> <li>• # of social and economic organizations promoted and assisted in management, organizational development and income generating activities on a regular basis</li> <li>• # of women included in economic organizations and # of them in leadership positions</li> <li>• # of the rural poor , women and youths trained in management and administration and business ventures</li> <li>• # of organized producers with access to technical and management assistance on a regular basis</li> <li>• # of the rural poor women and youths assisted to access basic financial services</li> <li>• # of micro and small scale rural enterprises established and supported</li> <li>• # of communities and # individuals informed of their rights and assisted in obtaining essential documentation and in participatory and organizational processes</li> <li>• # of individuals receiving training and technical assistance for the development of their productive agricultural , forestry and other activities with identity and sustainable integral management of renewable</li> </ul>	<ul style="list-style-type: none"> <li>• The projects M&amp;E systems will be strengthened and linked to the COSOP M&amp;E system, so that they measure project performance and outcomes as well as track lessons learned.</li> <li>• Adopt legal and regulatory norms for the direct transfer of financial resources to economic organizations of the rural poor</li> <li>• Develop a market for the supply of technical assistance services including State agencies, academic institutions , NGOs and individual independent technicians the <i>inter pares</i> exchange of knowledge</li> <li>• Identify and promote ways for accessing financial services for organizations and families of vulnerable rural communities</li> <li>• Linkages with relevant programmes aimed at providing access to productive support services to the rural poor and with national government programmes</li> <li>• Provide support by all levels of Government to the economic activities of the rural poor through provision of infrastructure and basic equipment</li> <li>• Coordinate activities with the Communities in Action programme and other</li> </ul>

Country Strategy Alignment	Key Results			Institutional/Policy objectives
Poverty Reduction Strategy and Targets	Strategic Objectives	Outcome that IFAD expects to influence	Milestone Indicators (by projects)	Policy dialogue agenda
<p>farms smaller than 5 ha lack access to technical assistance services.</p> <p><b>Targets:</b></p> <p><b>Poverty indicators 2012:</b> Reduced from 60 to 49.7%</p> <p>Extreme poverty from 38.1 to 27.1%</p> <p>Malnutrition from 24.2 to 19% by 2015</p> <p><b>IFAD's contribution (relevance) to target by 2012:</b></p> <p>Beneficiaries taken out of poverty: approx 57 000 families out of overall 2.6 mil rural poor people</p>			<p>natural resources</p> <ul style="list-style-type: none"> <li>• # of communities and # of families included in programmes aimed at conservation of natural resources and/or sustainable management of forestry resources</li> <li>• # of communities who provide environmental services included in specific programmes</li> </ul>	<p>institutions in provision of support to basic services and other social protection programmes</p> <ul style="list-style-type: none"> <li>• Support the exercise of citizen rights by supported communities</li> <li>• Support the participation of campesino and indigenous population in managing forests, biodiversity resources and environmental services</li> <li>• Consideration of territorial self – management and empowerment of poor rural communities</li> <li>• Coordination with national programmes aimed at regularizing territorial rights already established , protection of the environment , biodiversity, forest management and renewable natural resources</li> <li>• Support the economic activities of the rural poor by providing productive infrastructure support and other related activities</li> <li>• Coordination with the Communities in action programme and other institutions providing basic services and social protection programmes</li> </ul>

## Previous COSOP results management framework

	STATUS AT COSOP DESIGN	STATUS AT COMPLETION	LESSONS LEARNED
<p><b>A Country Strategic Goals:</b> Government of Bolivia's National Action Plan (1998-2002). The overall objective of the Plan was to reduce poverty through higher sustainable growth projected to average about 5 per cent per annum.</p> <p>Specific objectives under each of the pillars</p> <ul style="list-style-type: none"> <li>• <b>Opportunity:</b> (i) strengthening the financial sector, (ii) enhancing the regulatory framework for key infrastructure sectors and (iii) improving physical infrastructure</li> <li>• <b>Equity:</b> (i) increasing social expenditures, (ii) improving the efficiency and quality of social services and (iii) boosting the productivity of small farmers</li> <li>• <b>Institutionality:</b> (i) developing an efficient and transparent state, (ii) modernizing the legal framework for the private sector, (iii) strengthening the judicial system and (iv) deepening the decentralization process.</li> </ul>	<p><b>Economy</b> GDP per capita Us\$ 930 ( 1997) GDP growth rate: 5.0 per cent (1997) External debt: 57.3 % GNP in 1996 Consumer prices: 6.7 per cent (1997) Contribution of agriculture to GDP: 14.1 per cent (1997)</p> <p><b>Poverty (1999)</b> National poverty rate 63.5 per cent National extreme poverty rate 40.7 per cent Rural poverty: 84.0 per cent Extreme rural poverty; 69.9 per cent</p>	<p><b>Economy( 2006)</b> GDP per capita; US 1010 (2005) GDP growth rate: 4.6 (2005) External debt: 40.9 of GDP (2004) Consumer prices: 4.6 per cent (2005) Contribution of agriculture to GDP 16 per cent (2005)</p> <p><b>Poverty (2002)</b> National poverty rate; 65.2 per cent National extreme poverty rate: 41.3 per cent Rural poverty: 83.4 per cent Extreme rural poverty 66.8 per cent</p>	<ul style="list-style-type: none"> <li>- High political instability conspired against progress in achieving economic and social progress,</li> <li>- Considerable impact of debt relief</li> <li>- Political uncertainty and social instability prevented Bolivia from taking full advantage of improved economic conditions.</li> <li>- Growth is concentrated in the hydrocarbon sector with a danger of Dutch disease</li> <li>- Rural poverty has decreased due to contribution of commercial agriculture in the lowlands.</li> </ul>
<p><b>B. COSOP Strategic Objectives:</b></p> <p>i) strengthening the stability, depth and access of financial services</p> <p>ii) enhancing decentralized provision of services, developing rural markets on a demand-driven basis while increasing rural productivity</p>	<p>Strong micro credit movement but limited experience in wider provision of other financial services</p> <p>Inroads were being made in decentralized provision of technical assistance services with IFAD support</p>	<p>Some experience gained in provision of credit under the Camelid Producers Development project in the Andean High Plateau;</p> <p>Considerable experience gained in provision of technical assistance in the context of the Small framers Technical Assistance project</p>	<p>Consider flexibility in project design in a full participatory basis by all stakeholders, and seek co-financing</p> <p>Maintain a strong policy dialogue to deepen consensus on COSOP implementation and pursue results based management</p> <p>Orient the lending programme toward, high priority issues and with high development impacts,</p>

<p><b>C. IFAD operations</b></p>	<p><b>Ongoing.</b>          -Camelid Producers Development project in the Andean High Plateau          -Sustainable Development project by Beni Indigenous People          -Small Farmers Technical Assistance Services project  <b>Proposed</b>          -Development of the Bolivian Chaco project          -Indigenous Development Support project          -Rural-urban Business Ventures project</p>	<p><b>Closed</b>          -Camelid Producers Development project in the Andean High Plateau          -Sustainable Development project by Beni Indigenous People  <b>Ongoing</b>          Small Farmers Technical Assistance Services project ( to be closed December 2007)          Management of Natural Resources in the Chaco and High Valley region project  <b>Approved</b>          Enhancing the Productive Camelid Economy project</p>	<p>a) Support for the development of a technical assistance services market, helped increasing access to and quality of assistance as well as income from the productive activities receiving assistance.</p> <p>b) Most of the markets to which peasant farmers have access demonstrate weaknesses in structure, transparency and other functional areas; although some progress was noted in certain projects, significant progress was not seen in the development of more transparent markets with better performance.</p> <p>c) There were no significant achievements in the strategic objective of decentralization. For reasons related to the political and institutional situation, despite the decentralization strategy adopted by the country,</p> <p>d) Projects fell back on their own implementation structures with varying degrees of centralization and did not incorporate components for strengthening local public institutions.</p> <p>e) Community participation in the projects has been important, including direct management of the financial resources required for implementation.</p> <p>f) Women's participation has been achieved in the projects, and the productive components include a gender approach. Women still have not achieved significant representation in leadership positions</p>
----------------------------------	---	--	---

<b>D. IFAD performance</b>			
<b>Policy dialogue</b>	<ul style="list-style-type: none"> <li>-Establishment of rural financial services and the creation of savings mechanism</li> <li>-Development of rural markets of goods and services and direct transfer of resources to local communities</li> <li>-Assurances for territorial development and land tenure issues for implementation of projects in favour of indigenous people</li> </ul>	<ul style="list-style-type: none"> <li>- Some progress made on introducing savings mobilization programme in the context of the Enhancing the Productive Camelid Economy project</li> <li>-Some success in ensuring direct transfer of resources through the continued implementation of the Small Farmers Technical Assistance project</li> <li>- Limited participation in discussions on land issues</li> <li>-Limited contribution of FPO in advancing policy dialogue</li> </ul>	<ul style="list-style-type: none"> <li>- Constant political changes conspire against pursuing constructive political dialogue.</li> <li>- Issues such as direct transfer of resources to beneficiaries require legislative changes although some forms of implementation can be found.</li> <li>- Mandates for FPOs are not sufficiently specific to ensure their participation in policy dialogue issues</li> </ul>
<b>Partnerships</b>	<ul style="list-style-type: none"> <li>-Possible collaboration with the World Bank on an Indigenous People's Learning and Innovation Loan and the with Danish Development Agency</li> <li>- Possible cooperation from the German Technical Assistance Agency in implementation of the Chaco development project</li> </ul>	<ul style="list-style-type: none"> <li>-Proposed Indigenous People's Development project was not pursued thus collaboration with the World Bank did not materialize;</li> <li>- Collaboration with the German Technical Assistance Agency was pursued but did not come to fruition.</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>Mechanisms for establishing partnerships such as the Consultative Group meetings were discontinued due to the prevailing political uncertainty. Reviving the process or instituting a new modality is needed</li> <li>-Timing en project cycles does not coincide among possible partners which makes co financing difficult</li> </ul>
<b>Portfolio performance</b>	<ul style="list-style-type: none"> <li>-Portfolio performance was impacted by macroeconomic policies which affected traditional credit schemes</li> <li>-Reduction of the state apparatus impacted in project implementation</li> <li>-Disbursements had not lagged substantially</li> </ul>	<ul style="list-style-type: none"> <li>The Small Farmers Technical Assistance project has disbursed nearly all loan proceeds and will close by December 2007</li> <li>The Management of Natural Resources in the Chaco and High Valley regions has experienced serious disbursement problems</li> </ul>	<ul style="list-style-type: none"> <li>Disbursement problems should be addressed in a timely fashion and root causes analysed with implementing agencies and Government to find acceptable solutions to this problem</li> </ul>

## CPE agreement at completion point

### Introduction

In 2003, IFAD decided to evaluate its Bolivia programme, given the importance of its operations in the country, including the approval of nine projects totalling US\$ 81.3 million between 1979 and 2003. The evaluation was carried out during the first half of 2004 using the methodological framework defined by the Office of Evaluation in January 2004. A Mission carried out field work in Bolivia between 15, March and 17, April, 2004. The conclusions and recommendations provided in a Main Report were analyzed in a meeting with Government, the Office of Evaluation and the Latin America and Caribbean Division in July 2004. In December 2004, a further meeting was held to discuss the Agreement at Completion Point with the participation of Government officials involved with IFAD cooperation in the country, IFAD's Cooperating Institution in Bolivia, the Andean Development Corporation and IFAD's Latin America and the Caribbean Division.

### Issues and recommendations agreed by all partners

#### (i) Alignment of intervention strategies

Future IFAD interventions should be aligned with other activities being carried out in Bolivia by the Government and international cooperation agencies, in an overall rural poverty reduction programme with a local and territorial focus on rural development.

#### (ii) Interconnection of interventions

The interventions must connect the social-economic capital that exists in each rural territory with social economy networks, municipalities, producer associations, non-governmental organizations, businesses, cooperation agencies, associations of residents abroad, among others. Communities and organizations must be empowered to reinforce their participation in political and administrative bodies in a given territory.

#### (iii) Institution building

To ensure the sustainability and effectiveness of future interventions, it was recommended that productive-commercial transformation be integrated with institution building, though training and strengthening of public and private institutions that provide services to sectors in which IFAD is directly involved at the national, departmental, municipal and *mancomunidad* (groupings of municipalities) levels.

#### (iv) Targeting the rural poor

Future interventions should incorporate an approach based on differentiated inclusion that makes it possible to address the circumstances and limitations of each community, facilitating access by the weakest sectors to the projects' services. This implies ensuring that services are provided in the people's language, and that there are different forms of accompaniment and different paces for each target group. To accomplish this, the community's participation in the design, implementation, evaluation and reformulation of the projects is crucial. Future efforts should continue to solidify progress made toward a gender and generational approach that promotes shared responsibility by men and women, youth and adults, in tasks and in leadership of community organizations.

#### (v) Income diversification

The structural limitations that the rural environment places on solving the problems of poverty mean that income for the rural poor must come not only from primary productive activities, but also from the transformation of products, with an approach based on market chains or added value, as well as other activities, such as handicrafts. Any future strategy must also include the identification of employment and income opportunities in other sectors of the economy, which allow for the design of alternatives for training and support for non-farm activities, to help emigrants from rural areas improve their

employment and income situation, fostering economic bonds with their communities of origin. Among other things, it is important to take into account opportunities for leveraging the monetary contributions of migrants within the country and abroad.

#### **(vi) Technical assistance**

Technical assistance services provided as part of projects has evolved from a supply-driven approach to the current approach, in which the beneficiaries express their demands and are responsible for arranging for the services, paying an increasing proportion of the cost. To ensure the sustainability and widespread implementation of this approach, it is recommended that a long-range strategy for development of technology supply and demand be designed, to ensure a systematic increase in the productivity and competitiveness of the rural poor. This implies reviewing certain aspects of the current strategy, such as: (i) the need to complement it with financing components; (ii) supporting it with medium- and long-range market studies and information systems for the products included in the sub-projects; (iii) limiting their increasing costs for poor farmers. The development of rural technical assistance services markets requires decisive support for those supplying these services, so they can acquire new know-how, especially through field visits and internships aimed at increasing their technical and managerial know-how and knowledge of markets.

#### **(vii) Linkage with markets**

Recent projects have helped promote demand for some peasant farm products, with positive impacts on adding value in market chains, but they have not included explicit components aimed at improving the structure and functioning of markets. A comprehensive vision of the agro-food chain must be adopted and problems of transparency and performance in essential functions must be resolved. With support from IFAD, local institutions such as municipalities must make investments that facilitate enterprises that directly improve markets for goods and services such as fairs, slaughterhouses, agricultural and animal health services, Internet access and others.

#### **(viii) Rural financial services**

Lack of access by the rural poor to rural financial services remains a critical aspect of operations supported by IFAD in Bolivia. Although Bolivia has one of the most developed microfinance systems in Latin America, poor farmers' access to rural financial services is still limited in terms of coverage and content. In the last five years IFAD operations have resulted in bringing into the system more than 5,000 rural poor families and 1,000 beneficiary organizations which represent more than 20,000 families who now have banking accounts in order for them to finance contracting of technical assistance services to implement business ventures through self identified and prepared business profiles and plans. However, non credit services such as savings micro-insurance, remittances, escrow funds, certificates and leasing should be substantially enhanced in order to guarantee access by the poor to formal and modern financial services.

#### **(ix) Environmental dimension**

The environmental dimension was not included systematically or given due weight in the formulation, monitoring and evaluation of projects until 2003, when a project for conservation and better use of natural resources began. Along with the experience gained from this project, it was recommended that all future interventions incorporate an environmental dimension in the definition of base lines, monitoring and evaluation, and planning for possible negative effects and corresponding mitigation measures, in accordance with Bolivia's current environmental legislation.

Bolivia is one of the richest countries in the world in terms of mega bio diversity, It will be necessary to value this huge diversity paying special attention to climate change issues and occurrence of natural disasters. This should be done in such a manner that activities benefit the rural poor. This poses an important challenge for future IFAD operations in Bolivia and should be adequately addressed in project designs.

**(x) Decentralization and participation by beneficiaries**

Grassroots participation, modernization of production, decentralization of municipal governments and groupings of municipalities, social development dialogue among various cultures, gender equity and environmental sustainability provide an appropriate framework for a rural poverty reduction strategy. There is a need to reinforce participation through the organizational capacity of peasant farmers and indigenous people, to enable them to take advantage of opportunities in their communities and establish linkages with third parties that allow them to effectively negotiate issues that affect their well-being.

An IFAD programme should strongly support decentralization, establishing mechanisms for allocation of project resources and locating technical personnel where they will be close to the people and local institutions and subject to community oversight. Resources provided by IFAD should complement the initiatives of local democratic community organizations, traditional organizations and municipalities.

**(xi) Training and strengthening of organizations**

Training and strengthening peasant organizations to take action in public spheres beyond the bounds of the projects is strategically very important for reducing poverty in countries such as Bolivia, where these organizations are a valuable asset with decades of consolidation and development. It is recommended that mechanisms be implemented to facilitate beneficiaries' participation in the projects and strength social capital to foster opportunities for broader participation.

**(xii) Monitoring and evaluation**

Weaknesses were observed in the monitoring, evaluation and systematic reorientation of projects; these were due, among other things, to the relative lack of emphasis on these areas, interruptions due to personnel turnover, small staff in implementing units and the resulting delays in the processing of information, lack of training for those responsible for monitoring and evaluation, and the strong emphasis on actions and spending, rather than results and impact, as performance criteria.

In order to contribute towards the establishment of an appropriate Monitoring and Evaluation aimed at strengthening a national statistical system and poverty reduction programme will require allocating resources through projects in order to guarantee compatibility and alignment of donor contributions and those assigned by the State.

**(xiii) Project management**

The IFAD programme in Bolivia had been conditioned by changes in public policies and institutions that led to organizational changes related to project implementation. Frequent institutional changes, including some associated with political influence in technical teams, had negative repercussions on the projects' progress. To avoid such distortions, independent implementation units were created, making it possible to reduce the risk of political interference in the selection of technical staff, use of resources, and continuity of interventions, and enhancing the specific results of the projects. Nevertheless, this also reduced the consistency and synergies between the projects and public policies and other poverty-reduction initiatives. Keeping in mind that the public and private institutional structure has serious weaknesses, future interventions should include components for strengthening the institutions involved. Project resources should strictly comply with guidelines established in the loan agreement, but there should also be appropriate linkages with the corresponding public policies and institutions.

**(xiv) Programme sustainability**

Circumstances such as changes in public policies, the weakness of public institutions, poor performance of financial markets and peasant farmers' products, and limited technical assistance reduce the overall sustainability of the projects. Appraisals did not include specific analysis of their sustainability or sufficient consideration of the interventions' exit strategy. The design of new interventions should include an

assessment with a comprehensive view of the sustainability of the projects' financial support on three levels: microeconomic, local-regional, and global-macroeconomic. It was also recommended that a future strategy take into consideration the strengthening of beneficiaries' social and economic organizations based on their adaptation to new contexts and their connections with various markets and national policy priorities.

**(xv) Dialogue and strategic partnerships**

The macroeconomic, institutional and policy context for rural development in the 1990s significantly conditioned the performance of projects and proved to be insufficient for reducing rural poverty. Investment in social infrastructure in the last decade had a positive impact on lowering indicators based on unsatisfied basic needs, mainly in urban areas. The many projects and programmes that exist for assisting peasant farmers and indigenous people are fragmented and scattered, undermining their effectiveness. A new IFAD strategy should be connected with a global rural poverty reduction programme; to achieve this, it is suggested that it contribute to further dialogue between the Government and civil society.

## Baseline Poverty Analysis

### Current situation

Poverty measured by income in 2002 indicated that the poverty line was Bs 289 (US\$40.25) a month per family, and the extreme poverty line was Bs 157 (US\$22) a month per family. Using these figures it was possible to determine that 65 per cent of Bolivia's population was poor and 41 per cent were in extreme poverty conditions. These rates were even higher in rural areas, where they reached 83 per cent and 67 per cent, respectively. The rural poverty index is 50 per cent higher than the urban rate, and the extreme poverty rate in rural areas is more than twice the urban rate. Bolivia has highly inequitable income distribution, with a Gini index of 0.56 at the beginning of this decade, and a Gini index for rural areas of 0.65. Non-farm and non-labour income from pensions and remittances is high. A higher value for agricultural production in the lowlands means that in these areas the contribution of non-farm activities carries less weight.

### Evolution of rural poverty in Bolivia

In the past 50 years, the rural population in Bolivia decreased from 73 to 38 per cent of the national total, but in absolute terms it increased by more than 1 million people. Bolivia is the poorest country in South America. Per capita GDP in 2002 was US\$910 annually, compared to US\$3 280 for Latin America and the Caribbean as a whole. The country's poverty index particularly in rural area indicates that inequality has increased in rural areas. Between 1997 and 2002, the country's poverty index varied little, and in a negative direction (from 64 to 65 per cent), while in rural areas the deterioration was more marked, with poverty rising from 78 to 83 per cent and extreme poverty from 59 to 67 per cent.

**Table 1.**  
**Evolution of poverty and extreme poverty measured by income in percentages**

National and Rural Indicators	1997	1999	2002
National poverty	63.6	63.5	65.2
Rural poverty	78.0	84.0	83.4
Rural extreme poverty	59.0	69.9	66.8

Source UDAPE INE

In the past two decades, there was a significant increase in social investment in Bolivia, but it mainly targeted urban areas. This helped reduce average national poverty indicators as measured by the unsatisfied basic needs method, which dropped from 85.5 per cent in 1976 to 59 per cent in 2001. In rural areas, however, the index fell only slightly, from 98.6 to 90.9 per cent, during those years.

**Table 2.**  
**Evolution Unsatisfied Basic Needs Index**  
**By urban and rural areas in percentages**

Areas	1976	1992	2001
Urban	66.3	53.1	39.0
Rural	98.6	95.3	90.9
Country total	85.5	70.9	58.6

Source: UDAPE-INE data

### **Location and characteristics of the rural poor population**

Rural poverty is concentrated in the High Plateau and high valleys in the western part of the country. Of the total 2.6 million rural poor people nationwide of which 1.8 million of whom live in extreme poverty, 2.1 million live in those two areas, including 1.6 million who live in extreme poverty. Figures in the lowlands are significantly lower: 500 000 rural poor people, less than half (230,000) of whom live in extreme poverty. The departments of Potosí and Chuquisaca, in western Bolivia, have the highest poverty rates. The groups with the highest rates of poverty and vulnerability are indigenous people, women and youth. In the highlands, the population is mainly of Quechua or Aymara origin, with Quechua speakers predominating in the valleys and Aymara speakers in the High Plateau. In the Amazon tropical forest and subtropical areas, there is an indigenous population of approximately 345,000 people, who are mainly dedicated to hunting, gathering and subsistence agriculture. In the Chaco region there is a population of approximately 135,000 people, almost all of them of Guaraní origin, who are mainly dedicated to agriculture. Indigenous people in the lowlands are scattered or in small settlements and organized in Communal Lands of Origin, extensive enough to allow for future development. However, they lack legal safeguards, citizenship papers, education, technological training and other basic and production-oriented services. They generally live in extreme poverty with high vulnerability, with problems related to isolation, food insecurity, lack of public services, lack of legal safeguards, lack of identity documents, little knowledge of their fundamental rights, and a low level of formal education and technological training.

Although the difference between men's income and women's income is slight (Bs. 138 vs. Bs. 147), living conditions for women in Bolivia, especially in rural areas, are notably more precarious than for men. The poverty rate for rural women is 90 per cent, compared to 76 per cent for men. Most rural women work in agriculture, complementing the functions of the head of household, or taking full responsibility for them, because men frequently migrate. It is estimated that in the High Plateau as many as 87 per cent of women act as heads of households at some time during the year. They face difficulties in access to more technically appropriate production techniques, which are oriented more toward men; limited access to training, aggravated because of their lack of time; and the low value placed on their role in the community and the family economy although it is estimated that they contribute 47 per cent of the income in a peasant household. The illiteracy rate for women over age 15 is 21 per cent, compared to 8 per cent for men over age 15, and the average number of years of schooling is only 2.5 for rural women, compared to 4.7 for men. Overall, Bolivia's Gender Development Index is 0.68, placing it 86th out of 177 countries.

In the rural population pyramid, young adults are the group most affected by poverty, with a rate of 86.4 per cent among those under age 25, compared to 80 per cent for people between ages 25 and 64 and those age 65 and over. These differences are significant, given the generalized levels of impoverishment in rural areas.

### **Agriculture and rural poverty**

More than 80 per cent of rural households depend on agriculture and livestock production for their income. Rural poverty and extreme poverty rates are significantly higher among those dedicated to agriculture (86.6 per cent and 71.9 per cent, respectively), and among the family workers and independent workers typical of the peasant economy of the High Plateau and valleys. Wage-earning workers have the lowest poverty rates, coinciding with the structure of the labour market in rural areas of the Bolivian plains, where commercial agriculture plays a larger role in the economy.

According to a study by the Social and Economic Policy Analysis Unit, the average structure of family income in rural households is as follows: 21 per cent from commercial agriculture; 19 per cent in family consumption; 12 per cent from livestock; 39 per cent from non-farm activities; and 9 per cent from non-labour-related income (pensions, remittances, etc.). In other words, approximately 52 per cent of income comes from agriculture and raising livestock, and 48 per cent from non-farm sources, reflecting a

growing diversification of income sources in rural households and diversification of economic intensity between city and countryside. This distribution varies by region, depending on potential for agriculture; the weight of income from outside the farm and non-farm sources is greater in the High Plateau and high valleys than in the lowlands.

One notable characteristic of Bolivia's rural population is the significance of seasonal and permanent migration. Statistics show a poverty rate of 74.9 per cent among the migrant population, significantly lower than in the non-migrant population (86.9 per cent). Average per-capita income in migrant households was Bs. 201, compared to Bs. 120 in non-migrant households, showing that migration strategies among people from the western part of the country are aimed at increasing income.

### **Rural poverty dynamics in Bolivia**

Problems of low income levels are associated with structural conditions, with variations among regions. Factors include unemployment and underemployment; food insecurity; limited productive resources; inadequate infrastructure and rural services; lack of and poor performance of markets for inputs; products and services; insufficient creation and transfer of technology; lack of access by small farmers to financial services; low levels of formal education and inadequate quality of education; and serious shortcomings in health care services.

Rural poverty rates have varied little since the 1990s. At the departmental level, there are significant variations, some of which are negative. In departments such as Potosí, the poverty index increased slightly (from 95.1 to 95.4 per cent), while in the department of Santa Cruz it decreased significantly (from 92.5 to 81 per cent); the decrease in the indigence rate was even more significant (from 58.9 to 45.1 per cent).

Despite the country's economic growth and substantial investment in development programmes little has changed in poverty conditions. Various factors which are complementary and interact have influenced this. The sectors that have contributed most to Bolivia's economic growth include mining, petroleum and gas, and extensive commercial agriculture generate little demand for labour and do not establish significant links with other industries or activities. They may also contribute to structural problems that have not been satisfactorily resolved, which limit greater use of territory and greater incorporation of the productive capacity of marginal sectors. Other factors often mentioned are related to political instability and lack of continuity in the country, with serious social conflict provoked by sharp economic inequalities. This also contributes to the weakness of Bolivian institutions, as well as the traditional bias of public investment policy, which tends to target sectors with greater potential rather than marginal poor sectors that are mainly rural.

## Agriculture and rural development issues

### Background

Bolivia's geography is highly diverse, but the country can be divided into three main regions based on physical, agro-ecological, cultural and socio-economic characteristics: the High Plateau and inter Andean valleys, and the eastern tropical plains. The High Plateau, in the west-southwest of the country, covers approximately 27 per cent of the total area and concentrates about half the national population. It is a region of high mesas at an altitude of about 4,000 meters above sea level, and is surrounded by mountain ranges, with a cold climate that limits agricultural production. The inter-Andean valleys are located in the centre of the country, between Andean mountain ranges, at altitudes ranging from 2,200 to 3,400 meters above sea level. They cover about 13 per cent of the country and are home to one fourth of the population. The tropical plains in the eastern and northern part of the country are the most extensive and least populated region. They have great productive potential, both in the Amazon rain forest and in the eastern Chaco. The forested areas, mainly located in this region, represent about half of Bolivia's territory, approximately 500,000 km<sup>2</sup>.

During most of the 20th century, most of the population and most employment were in the rural sector; in recent decades, however, there has been significant rural-to-urban migration. Nevertheless, the rural population is still a high percentage of the total reaching 37 per cent in 2002, down from 50 per cent in 1985. Agriculture remains the main employment-creating economic activity, not only in rural areas but in the country as a whole. Official estimates show that the share of agriculture-related employment has increased from 40 per cent to more than 42 per cent between 1999 and 2002.

Bolivia has about 57 million hectares of land suitable for agriculture and forestry, 3.7 million hectares of which are suitable for intensive crop cultivation or about 3 per cent of the total land area, 16.4 million for extensive agriculture and the rest for livestock. The huge area of tropical forests that covers the country contains great biodiversity. Agriculture is carried out in the country's various ecological niches, with some 660,000 farms. The agrarian structure varies by region. About 83 per cent of all farms and 23 per cent of the land under cultivation are located in the High Plateau and inter Andean valleys, while 17 per cent of all farms and 77 per cent of the land under cultivation are located in the eastern lowlands. The agriculture area under cultivation increased between 1990 and 2004 from 1.4 million hectares to 2.4 million hectares, still far below the total amount of land suitable for farming. The expansion of agriculture in the Bolivian tropics has occurred at the expense of forests; deforestation has proceeded at an average rate of 180,000 hectares a year before 2001 and 224,000 hectares between 2001 and 2004.

The Bolivian agriculture sector's performance is markedly heterogeneous. Between 1980 and 2005, production of traditional Andean crops such as quinoa and tarwi, mainly in the highlands, increased at a rate of about 1 per cent per year, while in the lowlands crops mainly aimed at agro-industry, such as soy, cotton and sorghum, showed an annual increase of more than 10 per cent. There has also been significant expansion of dairy farming, cattle ranching and production of fowl. One condition worth noting when discussing the difference in the dynamics of the various regions, besides specific natural conditions, is the fact that farms in eastern Bolivia have been the target of substantial public and private investment for several years, supported by appropriate policies and strong institutions, ensuring the necessary continuity. This has not been true in the west, especially in the case of small farms. This takes on greater significance given that public investment in Bolivian agriculture has amounted to less than 2 per cent of GDP, and less than 8 per cent of total public spending, representing barely 50 per cent of the sector's contribution to GDP.

## The agriculture sector in the economy

Share of gross domestic product. Agriculture's share of total GDP in recent decades has been about 15 per cent, making it the second-largest sector of the national economy. Farm crops contribute 60 per cent of the sector's GDP, while livestock contributes about 30 per cent and forestry the remaining 10 per cent. The sector's average annual growth rate between 1980 and 2004 was 3.17 per cent, but this average conceals significant periodic differences, as average growth in the 1980s did not exceed 20 per cent. Only in 1992 did growth rates above the national average occur as a result of a sustained increase in exports, particularly vegetable oils. In 1998, the growth rate dropped again because of the economic crisis that occurred between that year and 2003. In 2002, the agriculture sector contributed 14.6 per cent of GDP, with moderate growth rates (2.7 per cent) that were lower than those of other economic activities. Public investment in the Bolivian agriculture sector has been less than 2 per cent of GDP and less than 8 per cent of total public investment, representing 50 per cent of the sector's contribution to GDP.

Sector growth. Growth in the agriculture sector in the past two decades was mainly linked to certain industrial areas such as soy, other oil-producing plants, and fowl. During that period, peasant agriculture's share of total agricultural production decreased systematically. Nevertheless, peasant farm production remains very important, representing half the sector's GDP contribution and more than 7 per cent of total GDP.

**Table 1.**  
**Contribution of *campesino* and large-scale agriculture in percentages**

Type of production	1979-81	1984-85	1990	1995	1999
Campesino	71.6	66.5	57.9	49.4	50.1
Industrial	28.4	33.5	42.1	50.6	49.9

Employment. Approximately 87 per cent of the rural economically active population is employed in agriculture, making it the sector with the largest percentage of the economically active population. It is followed by the service sector, commerce, industry and construction. The amount of labour occupied in agriculture reflects the sector's overall importance and underscores the sector's employment base. Nevertheless, a growing number of farmers have been forced to diversify their income sources as a survival strategy, while fewer and fewer farm families obtain income exclusively from agricultural production. This is especially true in the western part of the country, where risks are higher and the agrarian structure is an obstacle to the expansion of agriculture (UDAPE, 2005). Another significant change in the structure of agricultural employment is the emergence of industrial and semi-industrial farms, defined as economic units in which owners, employers or partners participate directly in production (CEDLA, 1990). These have expanded significantly, mainly in the department of Santa Cruz. These farms hire labourers, use improved inputs and machinery, and take advantage of other specialized, market-oriented support services. They are responsible for Bolivian agriculture's increased and significant contribution to national revenue.

Rural income. More than 80 per cent of rural households obtain their income from farming. According to a study by the Social and Economic Policy Analysis Unit,<sup>1</sup> the average structure of family income in rural households is as follows: 21 per cent from commercial agriculture, 19 per cent in family consumption, 12 per cent from raising livestock, 39 per cent from non-farm activities, and 9 per cent from non-labour sources including pensions and remittances. In other words, approximately 42 per cent of income comes from farming and 48 per cent from non-farm sources, reflecting a growing diversification of income sources in rural households and the diversification of economic

<sup>1</sup> Jiménez, W. and Lizárraga, S. "Ingresos y desigualdad en el área rural de Bolivia," UDAPE (2003).

emphasis between city and countryside. This distribution varies from region to region, depending on agricultural potential. Non-farm income carries greater weight in the High Plateau and high valleys than in the lowlands.

**Table 2**  
**Rural family income structure by region**  
**(1999-2001) in percentages**

Income source	HIGH PLATEAU	VALLEYS	PLAINS
Commercial agriculture	9.7	23.8	25.5
Family consumption	27.6	19.4	22.3
Livestock and derivatives	14.5	8.4	16.0
Non-farm income	39.7	40.4	31.3
Other income (pensions, remittances, assistance)	10.8	8.0	4.9
	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: UDAPE, based on Ongoing Household Survey (Encuesta Continua de Hogares) 1999-2001, INE

**Migration.** One characteristic of Bolivia's rural population is the importance of seasonal and permanent migration from rural to urban or peripheral urban areas or other rural areas. Seasonal migration is part of the peasant farm family's traditional production and survival strategy, especially in the highlands. Permanent migration to major cities is aimed at increasing family income, ensuring children's education and seeking access to various services. Permanent migration to the eastern lowlands is due to the lack of land, demographic growth and the persistence of rural poverty in the highlands, which has led to constant agrarian conflict.

The notable difference between the growth and share of industrial and non-industrial agriculture and livestock raising, along with significant changes in the sector's structure and forms of agricultural production as a result of the 1953 agrarian reform, the expansion of agriculture in eastern Bolivia and migration/colonization in Santa Cruz, Beni and the tropical regions of Cochabamba and La Paz, have modified the agricultural boundaries, the concentration of land, investment patterns, employment and the composition of production.

### **Limitations on agricultural and rural development**

Generally low productivity in the agriculture sector is a key factor in rural poverty and ongoing rural-urban migration. Lack of skilled labour and other productive factors, resulting from years of low government investment in complementary public goods such as technology, rural education and physical infrastructure, are exacerbated by structural factors, such as a strong dependence on climate and geography, soil deterioration, and lack of access to financial and technical assistance services. As a result, agricultural productivity, especially in the highlands, is lower than in other countries in the region.

**Access to land.** Land distribution and ownership has historically been one of the most important problems of Bolivia's economy. Land ownership is highly concentrated, and most of the rural population has insufficient access to land. The 1953 Agrarian Reform sought to satisfy the demands of peasant farmers in the western region of the country while laying the groundwork for future agricultural development in the eastern lowlands, but the inequitable distribution of land has not changed substantially. Between 1953 and 1996, through the National Agrarian Reform Council and the National Colonization Institute, 52 million hectares were distributed to 1 million beneficiaries. Three per cent of landowners have 77 per cent of farms of more than 5 000 hectares, while 81 per cent of beneficiaries gained access to 3 per cent of the land in farms of less than 100 hectares. In practice, the Agrarian Reform established a structure of small farms between one-half to two hectares in the highlands, a size that is generally inadequate for meeting the basic needs of a peasant farm family. Production relies on traditional techniques, family labour

and inputs, with food production mainly for family consumption or for local and urban markets. The great distances between farming areas and markets and the difficult topography result in high costs for transportation, communication and services. The resettlement of part of the population in the lowland plains, both spontaneous and promoted by the government in past decades, has led to the migration of thousands of families from the Altiplano and high valleys to the eastern lowlands, but land concentration in the lowlands has persisted. The distortions created by the concentration of land ownership occur in all areas, from sale and purchase of land to working conditions for farmers, with imbalances in the agrarian structure and a decrease in the productivity and profitability of small and medium-size farms, which limits their possibilities for making the investments necessary for development. Besides poor land distribution, there are problems related to weak enforcement of legislation, overlapping land rights and a tendency to base land rights on possession rather than legal title.

Rural financial services. Bolivia as in most of Latin American countries had a State agricultural bank providing direct credit. The bank was closed in 1991 as a result of structural adjustment policies. It was replaced by a second tier institution the Peasant Development Fund which has later been disbanded. The provision of credit to small scale producers was taken up by numerous non governmental organizations which represent 10 per cent of the total amount of funds available for on lending to small scale producers which in turn represented 10 per cent of total lending to the agricultural sector

Water for irrigation. In the highlands, water is an important factor in production and risk reduction. There is a widespread lack of water, and access to water for irrigation is limited. In 2002, less than 4 per cent of the land under cultivation annually and permanently was irrigated. Most irrigation systems are small and rely on intakes from rivers with seasonably variable flows that are intermittent, unstable and dependent on rainfall, making production highly seasonal. Most of the systems are also old. Besides the lack of irrigation infrastructure, water management is inadequate, which has a negative impact on soil conservation.

Access to technology. Use of inappropriate technologies. There is a weak extension system, with no organization or specialized assistance for users of irrigation water. An estimated 68 per cent of family farms of less than five hectares lack access to technical assistance. Among peasants who have settled in the south, farms range in size from 20 to 50 hectares, but the agricultural system is slash and burn, and farmers tend to use obsolete technologies and poor soil management practices.

Electricity service. The rural electrification system's coverage is still low, while in some areas with electricity the system is underutilized, and is dedicated mainly to domestic use rather than production. Firewood and manure are still the most common energy sources for both domestic and rural industrial use.

Storage infrastructure. Because of the serious lack of adequate storage infrastructure, farmers cannot manage their supply of products when faced with price fluctuations.

Communication infrastructure. Bolivia suffers from high transportation costs, partly because of the rough geography of the highlands, but also because of the lack of highway development. Between 1990 and 2000, the highway system was expanded from less than 43 000 km to more than 53 000 km, an increase of about 25 per cent according to the World Bank.

Basic services: In the 1990s, there was a significant increase in resources dedicated to education, from 3.1 per cent of GDP in 1990 to 6 per cent in 2000. An educational reform in 1994 placed priority on rural education and introduced a bilingual, multicultural curriculum. Public investment in health services increased from 2.1 per cent to 4.1 per cent of GDP between 1990 and 1998.

### **Pre-2005 agricultural and rural development strategies and measures**

Under previous administrations, a National Agricultural and Rural Development Strategy was defined, including policies, strategies and actions related to competitiveness, infrastructure and land, indigenous development and alternative development. It was based on the active participation of organizations in municipalities and groupings of municipalities called mancomunidades. There was also a Productive Agricultural Transformation Strategy, which emphasized investment in roads and irrigation, resulting in a significant increase in highway infrastructure, and a National Irrigation Programme implemented with a loan from the Inter-American Development Bank and support from the German Agency for Technical Cooperation for irrigation which added about 14 400 hectares to the approximately 128 000 hectares already under irrigation between 1996 and 2005. The earlier strategies are reported to have been biased, through a market chain approach, toward producers with greater potential and toward intermediaries and companies in the processing, storage and transportation sectors, sidelining peasant farmers with scarce resources.

Decentralization and participation laws passed in 1995 and 1994, respectively offered a series of advances and results with a positive impact on rural development and gave impetus to local democracy building, although a lack of planning and implementation capacity in municipalities and a bias toward social and non-productive investment resulted in inefficiencies.

In 1996, the National Institute for Agrarian Reform Law gave new impetus to the Agrarian Reform, facilitating the regularization of land titles and property rights. One new provision of this law included Government recognition of indigenous territories as "Communal Lands of Origin" More than 5 million hectares have been titled as under this modality for indigenous peoples in the lowlands, and more than 800 000 hectares have been recognized as women's lands representing 10,000 land titles. A nationwide cadastre is being prepared, to be handled by municipal governments.

To make agricultural research and extension more decentralized and responsive to demand, four foundations were created for the country's main geographic areas: the High Plateau, high valleys, Chaco and humid tropics. They began operating around 2000, with the establishment of the Bolivian Agricultural Technology System, which makes public resources available to groups of producers interested in improving their production, allocating resources by means of competitive funds.

The Bolivian Government has now outlined its strategies in the National Development Plan 2006-2011, which has sector-based components within a vision of a "productive Bolivia," as well as a more integral, community-based approach under the heading "Bolivia with dignity." The new administration of President Morales has also prepared a strategic plan to guide MDRAMA operations which set out a number of actions to guide Government action in favour of the rural poor. A more detailed description is provided in appendix VIII.

# Summary of Strengths and Weaknesses of the National Poverty Reduction Strategies

## Introduction

The current Government has focused its public policy objectives on strategic areas related to decreasing poverty; promoting more equitable distribution of income, employment, consumption, wealth and opportunities; and explicit recognition of the identity, culture and rights of original and indigenous peoples. In line with these objectives, it has drafted a National Development Plan as the main tool for public intervention for the five-year period from 2006 to 2010. The Plan suspends the Poverty Reduction Strategy process in Bolivia and modifies the processes and rationale of previous strategies. Its approach gives the Government a greater role and decreases the consultation process, but also places key emphasis on combating exclusion, especially of indigenous and peasant communities, and on the development of rural areas. The Plan has four dimensions: Bolivia with Dignity, Sovereign Bolivia, Productive Bolivia and Democratic Bolivia. Bolivia with Dignity includes the Social Protection and Integral Community Development Policy, which links the four dimensions through explicit action aimed at eliminating poverty and vulnerability among the country's individuals, families, communities and peoples, and building economic, territorial, environmental, and social and infrastructure capacity. Productive Bolivia outlines sector-based policies, including the proposal for agricultural development that is reflected in the Agrarian Structural Transformation Programme, which calls for permanent, sustainable solutions for poverty-related problems among indigenous peoples.

### The National Development Plan's strategies

#### Social Protection and Integral Community Development Policy

This policy is designed to address the major national objectives of eliminating poverty and exclusion and ensuring universal access to basic services. The specific objectives are: (i) eradicating extreme poverty; (ii) eliminating all forms of internal and external exclusion; (iii) reducing inequality gaps; and (iv) decreasing risk factors, vulnerability and precariousness in people's living conditions. Policy guidelines based on these objectives place priority on: (i) restoring the rights and building the capacities of indigenous peoples and peasant farmers; (ii) strengthening the community model, reflected in collective decision making, traditional forms of organizations of local populations, direct community oversight and community values; (iii) deepening complementary action between communities and municipalities through groupings of municipalities known as *mancomunidades*, as the basis for eliminating poverty, with direct transfer of resources to local, peasant, indigenous, and neighbourhood organizations, to ensure more just and efficient distribution of powers, opportunities and resources; (iv) mobilizing the capacities of the local population; and (v) increasing and optimizing public investment and enhancing spending capacity through direct allocation to communities in the form of grants.

The Social Protection and Integral Community Development Policy includes the following programmes: (i) community economic initiatives (aimed at enhancing the economic capacities of the extremely poor local population, promoting their inclusion in the market through economic activities that enable them to reinforce their cultural identity); (ii) life with dignity (comprehensive enhancement of the human capacities of the poorest local populations, so that in light of their own cultural views they attain food security, access to high-quality education and health care and other basic services, such as potable water and sanitation, and other actions that facilitate their exercising of their full rights as citizens); (iii) environmental restitution (conserving, enhancing and restoring the natural capacities of the poorest population); (iv) enhancement of communal practices for self-sustainability (building socio-communal capacities through support for community practices at various organizational levels); (v) Infrastructure and social and productive equipment (meeting needs for social infrastructure and support for production in urban

and rural areas of extreme poverty and risk); as well as four supporting programmes. They are: (i) Knowledge and Innovation (development of knowledge in dialogue between local knowledge and practices and technical-scientific knowledge, incorporating successful integral development experiences); (ii) Territorial identity (identification and consolidation of territorial practices of local peasant, indigenous/original and community societies); (iii) Cultural identity (valuing and transmission of cultural practices and world view); and (iv) Regional development (connecting integral community development with regional scenarios). In light of these objectives and guidelines, Government interventions focus on three clearly-defined sectors of the population: (a) communities in action. communities were identified in 148 rural municipalities and chosen on the basis of the percentage of highly-vulnerable communities located within their boundaries; (b) reciprocal communities; and (c) communities in solidarity. The first two are defined by territorial criteria (the former rural and the second urban), while the third focuses on the people at greatest risk in both rural and urban areas.

#### Agrarian Structural Transformation

The National Development Plan's proposal for agrarian structural transformation is based on adoption of the following fundamental policies:

- a) *Transformation of the structure of land ownership and access to land*, based on the regularizing and granting of land titles (56 million hectares) will be implemented. The regularizing process is currently under way (2006-2007) for 36.9 million hectares, with a medium-range (five-year) goal of 31.3 million hectares. Certification is also expected for state-owned land: 2.2 million hectares are already certified, 2.3 million are in the title clearing process and 7.5 million more are to be processed. Distribution of land to indigenous peoples and campesinos: 20 million hectares (8 million have already been distributed as TCOs, while 12 million have been titled or are in the titling process, benefiting some 51 600 families). This includes three main programmes: (i) Regularization of property rights to land and territory; (ii) Redistribution of Government lands (including the reversion of lands under dubious ownership and non-productive lands to the State); and (iii) Land Administration System (includes a rural cadastre, national land title registry and land tax system).
- b) *Stimulation of the capacities of new communities and territories*: promotes the integral development of indigenous and original peoples on their communal lands of origin; provides technical and financial assistance to communities; supports the consolidation of new communities (equipment, infrastructure, markets, etc.).
- c) *Rights of indigenous and autochthonous peoples*. The goal is the full exercising of indigenous rights, especially to land and territory. Proposes collective development and implementation of a regulatory and institutional framework conducive to the full exercising of the rights of indigenous and autochthonous peoples.
- d) *Technological development of agricultural production*, stimulating research, inventories and validation of native technologies, adapting external technologies and promoting the participatory adoption of technological know-how. Proposals include creation of a National Agricultural Research Institute based on the restructuring of existing organizations, repositioning of the National Irrigation Programme or its equivalent.
- e) *Expansion of irrigation coverage* through technical assistance and public investment, along with the adoption of water and soil management technologies and agro-forestry around watersheds.
- f) *Food sovereignty*. Emphasizes the production of native products with high nutritional value, which would be purchased by Government programmes.
- g) *Rural development*. The National Development Programme sees this basically as support for non-farm activities through training, infrastructure and information. It

highlights development of local micro enterprises and small businesses, producers' associations and community economic organizations; support for the transformation of primary products in rural areas, including development of tourism potential; and promotion of domestic and external markets.

- h) *Industrialization of coca*: integral development of coca-growing areas, with transformation of coca leaves into legal products.

To complement these policies, the National Development Plan mentions two important elements related to rural development and poverty reduction, linked to the proposal for Agricultural Structural Transformation:

Communities in Action: This programme, which targets the poorest rural communities, includes two areas: social programmes and the promotion of community economic activities through seed capital and accompaniment.

National Financial System or Productive Development. The system's goal is to expand access to financial services for sectors that traditionally have lacked access. The fundamental instrument for this would be the creation of a Productive Development Bank, a second-tier institutions, which would channel funds for investment in agriculture, micro enterprise and small and medium-size businesses, for municipal and regional productive and social infrastructure, and for the development and transfer of technology.

### **The Rural, Agrarian and Forest Revolution Sector Plan**

In June 2007, MDRAMA approved a sector development plan for 2007-2010. Objectives include:

- (a) Furthering food sovereignty of the country, assuring the supply of healthy foods for the population, emphasizing the development of the capacities in the agriculture and community-indigenous forestry for food production;
- (b) Enlarging the contribution from agricultural and forest production to the livelihoods of the population and the development of the country, facilitating the expansion of the economic base considering the industrialization of environmentally sustainable renewable natural resources, the expansion of sustainable sources of employment and revenues for the rural population, the consolidation of productive systems ecologically and environmentally responsible, and the recovery of the patrimony of natural resources for rural development, consolidating linkages with the non agricultural economies; and
- (c) Fostering the sustainable administration of natural resources that makes possible the improvement of livelihoods of the indigenous and *campesino* groups, and of the rural population at large, through the use of renewable natural resources, without putting at risk the conservation of ecosystems, natural landscapes and biological diversity.

The sector plan is consistent with the National Development Plan as it will support three processes simultaneously: (a) transform the holding structure and access to land and forests; (b) implement rural territorial development by means of furthering in specific territorial environments, linked to the degree of the population's vulnerability and the readiness of more forest resources and biodiversity, of two processes that articulate political territorial, sector policies: (i) develop actions to guarantee food production aimed at achieving food sovereignty; and (ii) stimulate actions linked to rural productive development; and (c) implement sector interventions that are guided towards valuing the contribution that renewable natural resources biodiversity can make.

Within the context of national policies and those of the strategic objectives of the sector, the sector plan prescribes seven main guiding principles, subject to a permanent process of adjustment, as a result of lessons to be learned, as well as of the permanent dialogue between the Ministry and rural actors:

- a) Transforming the holding structure and access to land and forests in order to change access conditions, use and management of land, forests and biodiversity;

- b) Introducing dynamism and integral restitution of productive capacities, benefiting particularly the poorest communities and in particular those of indigenous territories;
- c) Transforming production and food patterns by the simultaneous development of productive processes linked to the population's food security and rural productive development. Two main programmes will be implemented; (i) Creation of Rural Food Initiatives aimed at consolidating food security in the country; (ii) and the Rural Empowerment Programme aimed at self-management of rural productive development.
- d) Industrialization of renewable natural resources, to impel with the active participation of the State, the transformation of agricultural and forest production and commercialization;
- e) Conservation and sustainable use of biodiversity, to promote the conservation, the knowledge and the sustainable use of these resources;
- f) Sustainable agricultural and forestry management towards more integral management systems for lands and forests, promoting the restoration of the patrimony of natural resources; and
- g) Environmental management to strengthen the role of the State in the monitoring, prevention and control of the environmental quality.

### Strengths and Weaknesses

Because of the nature of IFAD's interventions in Bolivia, the analysis of the strengths and weaknesses of the poverty reduction and agricultural development strategies in the National Development Plan for 2006-2010 and in the Rural Development Plan will focus on a few selected strategies. The following table lists the programmes with their strengths and weaknesses:

Policies/ Programmes	Strengths	Weaknesses
Communities in Action	<ul style="list-style-type: none"> <li>- Integral interventions for alleviating extreme poverty in the country's poorest municipalities.</li> <li>- Targeting based on extreme poverty criteria.</li> <li>- Programmes to strengthen communities for better management and greater ownership of interventions.</li> <li>- Interventions differentiated by causes of poverty in western and eastern regions.</li> <li>- Respect for uses and customs in management of resources.</li> </ul>	<ul style="list-style-type: none"> <li>- Falls outside framework of existing Popular Participation Law.</li> <li>- Likely to create patronage networks in the communities where it operates.</li> <li>- Design and institutional structure of interventions still undefined.</li> <li>- Lack of information about communities (INE data are at the municipal and departmental levels).</li> <li>- No explicit link to interventions of the Productive Bolivia Strategy (Development Bank).</li> <li>- No clear financing strategy.</li> <li>- Monitoring and community accountability mechanisms vague.</li> <li>- Legal framework still not adjusted to allow transfer of resources to private entities (communities).</li> <li>- Interventions not well defined.</li> <li>- Community participation processes not envisioned within context of existing institutional structure.</li> </ul>
National Plan for Regularizing and Granting Land Titles	<ul style="list-style-type: none"> <li>- Definition of goals for organizing land titling.</li> <li>- Includes strategy for strengthening (and decentralizing) INRA.</li> <li>- Identification of financial needs and strategy for obtaining resources for handling land titling.</li> </ul>	<ul style="list-style-type: none"> <li>- Risks associated with affected interest groups.</li> <li>- INRA institution-building process faces potential problems of political influence.</li> <li>- Legal framework not fully defined (by Constituent Assembly).</li> <li>- Likely conflicts with groups that have established themselves on land in the past.</li> <li>- Conceptual loopholes related to property rights.</li> <li>- Financing not ensured after 2008.</li> </ul>

Policies/ Programmes	Strengths	Weaknesses
Stimulating the capacities of new communities and territories	<ul style="list-style-type: none"> <li>- Promotes the integral development of indigenous peoples on their communal lands of origin, provides technical and financial assistance to communities, and supports the consolidation of new communities (equipment, infrastructure, markets).</li> </ul>	<ul style="list-style-type: none"> <li>- Well-designed action plans are needed to ensure the participation of the target population.</li> <li>- Isolation makes access difficult, complicating the intensity and continuity of the necessary actions.</li> <li>- Could require large investments.</li> </ul>
Exercising of rights by indigenous and original peoples	<ul style="list-style-type: none"> <li>- The goal is full exercising of and respect for indigenous rights, especially to land and territory, to foster a positive political framework and widespread awareness of the importance of the issue, both nationally and internationally, which ensures support, including financial support.</li> <li>- Legal land titling is essential to this process.</li> </ul>	<ul style="list-style-type: none"> <li>- Specific mechanisms and instruments have not yet been precisely established.</li> <li>- Much of the population lacks identity documents and citizenship papers.</li> <li>- Opposing interests could arise.</li> <li>- It is necessary to consider significant efforts in training and information.</li> </ul>
Rural Development	<ul style="list-style-type: none"> <li>- Fosters the inclusion of non-farm productive activities, especially those related to adding value to production.</li> </ul>	<ul style="list-style-type: none"> <li>- The National Development Plan proposal appears to be limited to infrastructure, agro-industry and markets, with a net separation of agricultural development (although it includes mechanization and insurance for production) and social and structural aspects.</li> <li>- Intervention mechanisms undefined.</li> </ul>
Financing productive development	<ul style="list-style-type: none"> <li>- Integral mechanism for development of production that includes financial and technical assistance and support for infrastructure.</li> <li>- Definition of financial mechanisms that complement credit and micro credit.</li> <li>- Merger of financial and non-financial institutions into a single institutional framework.</li> <li>- Integration of technical assistance programmes (irrigation, seeds, research and others).</li> </ul>	<ul style="list-style-type: none"> <li>- Probable risks associated with disintegration of current micro credit system.</li> <li>- Need for high levels of interconnection and coordination, which currently do not exist in the public apparatus.</li> <li>- Implies modification of a large number of regulations and laws related to banking, public finance and property rights.</li> <li>- Mechanisms for control, repayment and sanctions not explicitly established.</li> <li>- Beneficiary groups not identified in detail.</li> <li>- The logistical, administration and financial alignment of financing sources could take some months.</li> <li>- One fundamental issue is maintaining the country's macroeconomic stability and healthy financial policies, in order to make large-scale efforts to promote a culture of savings.</li> </ul>

## **Summary of Draft Programme Concept Papers**

### **A. Valuing and Developing the Assets of the Rural Poor**

#### **Introduction and Justification**

1. It is now widely agreed that the rural poor have assets which can be valued and developed in the context of existing national resources and their potential for development. It is also recognized that the rural poor have strategies and initiatives for increasing the value of their assets in order to overcome poverty conditions. Experience gained by IFAD funded projects in Bolivia demonstrates that supporting the strategies and initiatives of the rural poor can contribute to their wellbeing, providing ample justification for this proposed intervention.

#### **Target areas**

2. The proposed project would have national coverage focused on rural communities selected on the basis of their poverty and vulnerability conditions and their productive potential. It is estimated that the project's target groups would include 23,000 poor rural families, assembling at least 30,000 direct beneficiaries, organized in formal and informal groups.

#### **Project Objectives**

3. The purpose of the project would be to value and increase the assets of the rural poor by supporting the provision of non-financial productive services on a demand-driven basis and by transferring financial resources to beneficiary groups for them to identify, formulate, implement and monitor their own initiatives with gender equity considerations.

#### **Project Components**

4. The proposed project would include implementation of three main components: (i) Valuing and developing human and social capital by providing training for organizational capacity building and furthering citizenship rights; (ii) Deepening access to diversified non-financial services by providing incentives and instituting appropriate mechanisms for supporting the self-identified initiatives of the rural poor; and (iii) Knowledge management and policy dialogue by gathering, processing and disseminating information of the merits of the project's approach and (iv) project management, administration and monitoring and evaluation.

#### **Project Costs and duration**

5. Total project costs for an implementation period of 5 years have been estimated in US\$21 million of which IFAD would fund US\$14 million; the Government US\$4 million and beneficiaries would make cash contributions estimated in US\$3 million.

#### **Next Steps**

6. Bearing in mind that the existing IFAD funded Technical Assistance Services Project (PROSAT), which is similar in nature to this proposed project, and that PROSAT will be closing by end December 2007 it would be advisable to initiate earliest formulation of this operation with the expectation that the new proposed project would become on stream after a year from the start of formulation.

## **B. Rural Financial Services and Savings Mobilization Programme**

### **Introduction and Justification**

7. Within banking services, monetary savings by the poor constitutes the basis for all other financial services and is an effective instrument for citizenry inclusion. The Government of Bolivia has considered the possibility of progressively incorporating a high percentage of rural poor families into the banking system. Although this initiative would be new to Bolivia implementation would benefit from IFAD's experience with similar approaches in neighbouring countries.

### **Target Areas**

8. The project would be implemented progressively as a pilot initiative for the provision of diversified financial services to an estimated 20 000 individuals mainly women and youths members of poor rural households in communities selected based on high poverty levels and vulnerability.

### **Project Objectives**

9. The project's main objective would be to promote and facilitate, under market conditions, access by the rural poor to formal and diversified financial services so as to allow them to administer their own financial resources, manage risks more efficiently, reduce their vulnerability and increase their investment possibilities.

### **Project Components**

10. The proposed project would have the following components: (i) administration of financial monetary assets, access to investment instruments and risk management; (ii) financial education and social intermediation aimed at strengthening beneficiary capacity in managing their own resources; (iii) introduction of regulatory and financial innovations and new technologies in pursuit of inclusive financial systems and (iv) project management and monitoring and evaluation.

### **Project Cost and Duration**

11. The total cost of the proposed project is estimated at US\$5 million over a 3-year implementation period. The Government of Bolivia would fund US\$1.5 million while IFAD would contribute US\$3.5 million. IFAD and the Government of Bolivia would, from the outset of project formulation, seek co-financing from other multilateral and bilateral donors in order to expand coverage and targets.

### **Next Steps**

12. Project design would be initiated by the end of 2009.

## **C. Territorial Development of Indigenous and *Campesino* Communities in the Amazon River Basin.**

### **Introduction and Justification**

13. The humid tropical forest of the Amazon River basin in northern areas of Bolivia is an ecosystem with great biodiversity and constitutes the principal mean for subsistence for local populations. The proposed project is justified by favouring initiatives aimed at improving the productive capacity of the area, facilitating access to markets and services by the local population and strengthening the assets of communities and

organizations while promoting alternative forestry, agriculture and non-agriculture economic activities and sustainable use of biodiversity resources.

### **Target Areas**

14. The proposed project would be implemented in municipalities and communities in the departments of Beni, Pando and Northern La Paz more specifically in poor and vulnerable indigenous and *campesino* settlements giving priority to women and youths. It is estimated that the project's target groups would include 19 000 direct beneficiaries with 60% of women, organized in formal and informal groups.

### **Project Objectives**

15. The purpose of the proposed project would be to strengthen economic and social development with identity while strengthen self-management capacities and empowerment of indigenous and *campesino* communities in northern areas of the Amazon River basin in Bolivia.

### **Project Components**

16. The proposed project would include implementation of three components:  
(i) Enhancing citizen rights and developing capacities for the integral management of renewable natural resources; (ii) Providing non-financial support services for carrying out self-identified indigenous and *campesino* initiatives and assisting in managing investment resources aimed at producing, transforming and marketing forest and biodiversity resources in a sustainable manner; (iii) Managing and monitoring project implementation.

### **Project Costs and duration**

17. Total project costs have been estimated for a five-year implementation period in US\$12 million of which IFAD would contribute US\$8 million, the Government would fund US\$2.6 million and beneficiaries US\$1.4 million in cash and/or in kind. Additional funding would be sought during formulation in order to increase coverage.

### **Next Steps**

18. It is foreseen that project design would be initiated no later than early 2009.

## Key file 1: Rural poverty and agricultural/rural sector issues

PRIORITY AREAS	AFFECTED GROUP	PRINCIPAL ISSUES	NECESSARY MEASURES
Valuing, increasing and development of rural poor assets.	Especially households in Andean communities, particularly in the Altiplano.	Overcoming limitations on quality of and access to natural resources, particularly land and water. Sustainable management of lands. Practices and measures for the prevention, management and mitigation of environmental risks. Growth of financial assets and increase in investment. Increase in family assets. Identification and valuing of cultural and social assets. Valuing of landscape and natural surroundings.	Foster the integration and association of properties and non-fragmentation of land. Support rehabilitation of deteriorated land and recovery of lands. Improve production and facilitate access to water. Support and reinforce mutual aid (reciprocity). Support the diversification of rural employment and decrease seasonal unemployment. Adopt measures to decrease natural risks and their effects. Stimulate family savings in formal institutions and a culture of saving.
Increase in productivity and efficient management of productive resources.	All groups of poor farmers, particularly in the highlands.	Increase the technological and management capacities of the rural poor and develop initiatives for gaining access to sources of financing for investment and working capital, incorporating savings. Efficient management of natural resources and biodiversity. Secure rights to land and water. Creation of surplus and access to broader, more dynamic markets.	Support poor rural producers' access to technical assistance, as well as animal and plant health care as needed (demand driven) and other non-financial services. Foster and strengthen associations. Foster access to instruments for financing profitable productive activities and to other financial services. Ensure legal security for ownership of agricultural land. Develop programmes aimed at good management of natural resources. Place priority on assistance for good water use and management. Promote protection for water sources. Improve access to markets.
Alternatives for productive employment and non-farm enterprises.	Andean communities, especially women and youth of both sexes.	Raising educational level. Creation of opportunities for farm and non-farm employment in rural areas. Training for alternative employment in countryside and cities. Promotion of productive investment.	Support the rural poor, especially women and young people of both sexes, with training and other assistance for the identification, planning and implementation of small non-farm rural enterprises, and prepare them for profitable jobs related to value added chains in agricultural production or non-farm activities in their areas.
Social inclusion and affirmation of civic rights.	Groups of indigenous and peoples. Migrants.	Obtaining citizenship documents. Knowledge and exercising of fundamental rights, particularly for indigenous and original peoples. Literacy. Increase in educational level. Economic and social inclusion.	Information and training in fundamental rights and the particular rights of indigenous and original peoples, and support for the exercising of these rights. Include literacy in the formal educational system with an approach rooted in cultural identity. Build capacities for development of economies and territories, preserving cultural values and emphasizing biodiversity and sound environmental management. Reduce isolation, vulnerability, marginalization and exclusion.
Empowerment of women and ability to fully exercise their rights.	Women in various groups within the rural poor population.	Obtaining citizenship documents. Knowledge and exercising of fundamental rights. Effective protection against abuse. Effective access to literacy and formal education. Integration into economic and social organizations. Inclusion in leadership positions.	Facilitate and support women's access to literacy and formal education. Train women and their organizations to fully exercise their civic rights. Prioritize organizations with high participation by women and support women's promotion to decision-making positions.
Access to health, education and other basic services.	Andean communities and rural households in the lowlands, which are scattered or far from intermediate cities.	Actions to break down physical isolation. Equipment in communities. Improvements to make roads usable year-round. Increase efficiency of basic rural services.	Pay particular attention to and channel investments by various programmes, to expand and reinforce basic services and equipment for rural communities and promote and facilitate access to them, especially by mothers and children.

## Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats [SWOT] analysis)

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
Ministry of Development Planning <ul style="list-style-type: none"> <li>Vice Ministry of Planning and Coordination</li> <li>Vice Ministry of Public Investment and External Financing</li> <li>Vice Ministry of Territorial Planning and Environment</li> </ul>	<ul style="list-style-type: none"> <li>Plans public investment policies and strategies for the country's integral development.</li> <li>Official counterpart for various multi- and bilateral bodies in negotiation of loans and donations for the country.</li> <li>Has qualified technical staff with extensive experience in public investment.</li> </ul>	<ul style="list-style-type: none"> <li>Control of programmes and projects highly oriented toward financial indicators and indicators linked to percentage of progress made in producing outputs.</li> <li>Planning processes and activities too centralized.</li> <li>Lacks results-oriented monitoring and evaluation system.</li> </ul>	<ul style="list-style-type: none"> <li>Funders' commitment to align their programmes/projects with ministry objectives.</li> <li>Economic environment conducive to increasing domestic public investment and obtaining better results.</li> <li>Risk that technical personnel may be politically influenced.</li> </ul>	Under the new executive branch structure, MDSP oversees all development policy and is the nerve centre for analysis and design of public policy. This establishes an implicit objective of separating government fiscal and financial areas from development-related issues.
Ministry of Rural Development, Agriculture and Environment <ul style="list-style-type: none"> <li>Vice Ministry of Land Development and Agriculture</li> <li>Vice Ministry of Biodiversity, Forestry Resources and Environment</li> </ul>	<ul style="list-style-type: none"> <li>Turnover among top authorities, with new officials showing signs of more effective management of sector policies and programmes.</li> <li>Encourages more efficient farm land titling</li> <li>Extensive experience with programmes/projects financed by multi- and bilateral entities.</li> </ul>	<ul style="list-style-type: none"> <li>High turnover of technical personnel.</li> <li>Ministry lacks credibility with local and international entities.</li> <li>Inadequate process for hiring technical personnel.</li> <li>Weak coordination with prefectures.</li> <li>Lack of system for monitoring and evaluation of interventions and results.</li> </ul>	<ul style="list-style-type: none"> <li>With appropriate political and technical leadership, could play a key role in a new, integral approach to development based on the National Development Plan.</li> <li>Direct dialogue with grassroots movements.</li> <li>Lack of credibility makes it difficult for the ministry to attract financial resources, because it has shown few results.</li> <li>Lack of control over land takeovers.</li> </ul>	After passage of the new law reorganizing the executive branch, this ministry absorbed two ministries and part of a third (Peasant and Agricultural Affairs, the Ministry of Indigenous Affairs and Original Peoples, and part of the former Ministry of Sustainable Development, which included land, environment and biodiversity).  The National Development Plan proposes strengthening women's active participation in productive economic processes, establishing a culture of equity and equality, ensuring access to justice, the exercising of fundamental rights and life without violence.
Ministry of Water <ul style="list-style-type: none"> <li>Vice Ministry of Irrigation</li> </ul>	<ul style="list-style-type: none"> <li>Recently created ministry that has the opportunity to develop an organizational culture of technical capacity</li> </ul>	<ul style="list-style-type: none"> <li>Because it is new, it is still institutionally weak at the national and departmental levels.</li> <li>Lack of operating capacity to ensure</li> </ul>	<ul style="list-style-type: none"> <li>Enforce Law 2878 and its enabling regulations, which define the legal framework for planning the sector's</li> </ul>	

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
Ministry of Production and Microenterprise  • Vice Ministry of Microenterprise and Small Business  • Vice Ministry of Tourism	<p>and efficiency that will give it credibility.</p> <ul style="list-style-type: none"> <li>The first team of executives has developed a comprehensive, sustainable water policy to ensure the right to access to water for the entire population, with emphasis on environmental protection.</li> <li>There is a new law (Law 3525) for regulation and promotion of agricultural production and ecological, non-timber forest products</li> <li>Has the authority to take leadership role in promoting and encouraging enterprise among indigenous and peasant communities and civil society organizations, to develop tourism and ecotourism activities in coordination with the appropriate bodies.</li> </ul>	<p>good system for monitoring and evaluation of its work plan and to ensure that the plan is results oriented.</p> <ul style="list-style-type: none"> <li>Irrigation projects are infrastructure oriented.</li> <li>High personnel turnover.</li> <li>Selection process for technical staff not oriented toward hiring the best.</li> <li>Weak coordination with prefectures and municipal governments.</li> <li>Weak coordination with prefectures and municipal governments for supporting programmes to increase productive initiatives.</li> <li>Lack of promotion of its programmes, which would encourage organizations and/or communities to take advantage of training for indigenous communities.</li> <li>Lack of dissemination of information about its strategy and work plans in rural areas.</li> </ul>	<p>development, based on collective rights reflected in "uses and customs."</p> <ul style="list-style-type: none"> <li>Play a more active role in organizing investments, programmes and projects at departmental and municipal levels.</li> <li>Enormous potential in the various regions of the country to take advantage of biodiversity and foster eco- and ethno-tourism initiatives.</li> <li>Channelling technical assistance to assist municipal governments and associations that create initiatives for local and international tourism.</li> </ul>	<p>The National Development Plan proposes expanding women's participation in the labour force, enhancing their active participation in productive economic processes.</p>
Agrarian Reform Institute ( <i>Instituto de Reforma Agraria</i> , INRA)	<ul style="list-style-type: none"> <li>This is the technical body responsible for planning, implementing and consolidating the country's agrarian reform.</li> <li>Technical experience in land titling.</li> <li>Decentralized offices nationwide, with technical and legal teams.</li> </ul>	<ul style="list-style-type: none"> <li>Cumbersome bureaucratic processes for clearing and obtaining land titles.</li> <li>Entity historically managed with criteria that are more political than technical.</li> <li>High turnover of technical staff.</li> <li>High administrative costs of technical processes.</li> </ul>	<ul style="list-style-type: none"> <li>President's political commitment to support more effective processes for providing land.</li> <li>Willingness of financial cooperation bodies to support processes for clearing and obtaining land titles.</li> </ul>	<p>Progress in clearing land titles has been slow since Law INRA 1715 was signed (1996)</p> <p>The Bolivian government promulgates Law 3545 of Nov. 28, 2006, the goal of which is to modify and incorporate new provisions of Law 1715 of Oct. 18, 1996 (Law INRA).</p>

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
Bolivian Agricultural Technology System ( <i>Sistema Boliviano de Tecnología Agropecuaria, SIBTA</i> )	<ul style="list-style-type: none"> <li>Initiated an institutional process to ensure the technical quality of its services.</li> <li>Engaged in a decentralization process in its regional offices.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional solidification at risk because of political pressure in naming of technical personnel.</li> <li>Not all regional offices use technically correct processes and procedures.</li> <li>Does not make information about management and results public.</li> </ul>	<ul style="list-style-type: none"> <li>Can support enhancement of competitiveness of agro market chains, from production to sale.</li> <li>Can help ensure sustainable use of natural resources.</li> </ul>	<p>Entity is currently being questioned, and a new institutional structure has been proposed for research and agricultural extension. The proposal would centralize its operations in the national government, which could affect participatory models of demand-driven access supported by IFAD.</p>
National Agricultural Health and Food Safety Service ( <i>Servicio Nacional de Sanidad Agropecuaria e Inocuidad Alimenticia, SENASAG</i> )	<ul style="list-style-type: none"> <li>Has received assistance to strengthen its institutional structure.</li> <li>Services and offices were decentralized and some have made notable progress in quality of services.</li> <li>Implementation of quality and certification processes has improved some services, such as school breakfast programme.</li> <li>Definition of technical processes for importing and exporting agricultural products.</li> </ul>	<ul style="list-style-type: none"> <li>Suffers from political pressure and high turnover of technical personnel.</li> <li>Management has done little to make processes more transparent and overcome reputation for being a corrupt organization.</li> </ul>	<ul style="list-style-type: none"> <li>Improving phytosanitary registration process.</li> <li>New ministry officials have the opportunity to lead a process to increase institutional solidity and increase transparency for enhancing services.</li> </ul>	<ul style="list-style-type: none"> <li>There has recently been a new outbreak of hoof-and-mouth disease, with a negative impact on meat exports.</li> </ul>
Superintendency of Banks and Financial Entities ( <i>Superintendencia de Bancos y Entidades Financieras</i> )	<ul style="list-style-type: none"> <li>Structured supervisory body for formal financial sector (banks, mutual savings banks, home loans, open savings and credit cooperatives, private financial funds).</li> <li>Mandate to protect national savings.</li> </ul>	<ul style="list-style-type: none"> <li>Some shortcomings in supervision of formal microfinance activities, making it difficult for IFIs to gain access to rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>Recent external technical assistance (USAID)</li> <li>Approval, as of November 2006, of new regulations regarding "mandates for financial intermediation," through which formal IFIs can delegate their functions (capturing and lending) to contractually designated, legally established non-supervised entities, expanding their coverage.</li> </ul>	
Productive Development Bank ( <i>Banco de Desarrollo</i> )	<ul style="list-style-type: none"> <li>Second-tier public bank in process of formalization (by merger between</li> </ul>	<ul style="list-style-type: none"> <li>Government structure still undefined.</li> <li>Mission includes providing both</li> </ul>	<ul style="list-style-type: none"> <li>Risk of political influence undermining scrupulous management.</li> </ul>	<ul style="list-style-type: none"> <li>Creation of the BDP was authorized by decree in January 2007, although</li> </ul>

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
<i>Productivo</i> , BDP)	<p>NAFIBO and FONDESIF). It will be a mixed corporation with the state and the Corporación Andina de Fomento (CAF) as majority stakeholders.</p> <ul style="list-style-type: none"> <li>▪ Its mission is to refinance national productive development, with priority on microenterprise and small and medium-size businesses, especially in the rural sector.</li> </ul>	<p>financial (second tier) and non-financial (technological resources) services.</p> <ul style="list-style-type: none"> <li>▪ State as majority stakeholder.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Political will to lower active rates in the short term.</li> <li>▪ Willingness to greatly expand poor people's access to diversified financial services, fostering broader coverage with bank customer service windows throughout the country.</li> </ul>	<p>the merger of NAFIBO and FONDESIF, the two existing public development financing entities, has not been finalized.</p>
State-owned Union Bank (Banco Unión)	<ul style="list-style-type: none"> <li>▪ Extensive coverage nationwide, with intention of expanding existing network of customer service windows.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Bank in process of recovery after near failure in 2003, which led state to become a shareholder (transformation of subordinate loans), which explains certain technical and operational weaknesses and obsolescence in the design of the products and services offered.</li> </ul>	<ul style="list-style-type: none"> <li>▪ There could be a risk of decision making based on non-financial criteria because of the ownership structure of the bank, which is a first-tier government instrument for implementation of the PND.</li> </ul>	<ul style="list-style-type: none"> <li>▪ To date there is no formal information about the bank's future strategic plan, which depends on future Bolivian government decisions.</li> </ul>
Prefectures (in the nine departments of Bolivia)	<ul style="list-style-type: none"> <li>• Top prefecture authorities have been democratically elected for the first time.</li> <li>• Prefecture revenues have increased with the direct tax on hydrocarbons.</li> <li>• Departmental policies have been aligned with national policies for projects involving local governments and other geographic entities or authorities and public and private agencies, within the framework of the PND and Departmental Development Plan.</li> </ul>	<ul style="list-style-type: none"> <li>• Coordination between central government and prefectures is not optimal.</li> <li>• Representation of prefectures at department level generally weak (sub-prefectures).</li> <li>• Technical personnel usually not selected by competitive processes.</li> <li>• Competitive technical structures are not being formally established within most prefectures.</li> <li>• Most do not base their management on a sound monitoring and evaluation system.</li> <li>• Prefectures have not had a clear role in the decentralization process, creating gaps in relations with national government and municipal and local governments.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen institutional structures and presence in all provinces of departments, decentralizing certain technical and administrative levels to respond more effectively at the departmental level.</li> <li>• Strengthen coordination and efforts with mayors, in accordance with their functions.</li> <li>• Joint investment with municipalities within a comprehensive plan for departmental development.</li> <li>• There is political friction between the central government and prefectures that do not support its political position.</li> </ul>	<p>Positions that favour reducing the prefectures' autonomy and scope of action could gain strength.</p>

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
Municipal governments (327 nationwide)	<ul style="list-style-type: none"> <li>• Democratically elected</li> <li>• The Popular Participation Law reinforces municipal authority and decentralization.</li> <li>• Participatory processes in municipalities for drafting annual operating plans.</li> <li>• Municipal government is the basic unit for planning, administration and management, which is important in functions related to control and oversight of resources transferred from the national level.</li> <li>• Partnerships with other municipalities through groupings of municipalities known as <i>mancomunidades</i>.</li> </ul>	<ul style="list-style-type: none"> <li>• Politically influenced and often lacking institutional development.</li> <li>• Non-competitive hiring practices result in lack of qualified technical personnel.</li> <li>• Censure vote allows mayor to be changed every year.</li> <li>• Lack of continuity in policies and plans because political interests prevail over service to local residents.</li> <li>• The way districts are defined results in a popular participation process that is complicated by conflicts over boundaries and jurisdictions, overlapping or ambiguous borders, lack of geographic continuity, and sections of provinces or cantons that exist only on paper.</li> <li>• Political-administrative unit with sparse population and an enormous number of sections of provinces, many with small, scattered populations.</li> <li>• Groupings of municipalities (<i>mancomunidades</i>) are contractual entities for dealing with specific projects and certain regional matters, and for fostering technical and institutional support networks, but have not attained the necessary degree of specialization.</li> <li>• In general, municipal governments have prioritized spending on health and education infrastructure, neglecting production.</li> <li>• In general, little emphasis on or support for productive projects.</li> </ul>	<ul style="list-style-type: none"> <li>• 85% of resources are to be dedicated to the implementation of plans and projects.</li> <li>• Equitable distribution and better administration of public resources.</li> <li>• Complementary revenue from direct hydrocarbon tax, approximately US\$202 million per year nationally.</li> <li>• Opportunity to carry out true local development.</li> <li>• Groupings of municipalities to make greater progress.</li> <li>• Technical assistance initiatives from international cooperation agencies.</li> <li>• The process of decentralization, expanding the role of municipal governments and forming clusters of municipalities (<i>mancomunidades</i>) attracted the attention of various cooperation agencies, and significant cooperation programmes and projects were designed.</li> <li>• The country's geographic conditions, due to which municipalities are scattered and distant from one another and from urban centers.</li> <li>• The inaccessibility of many municipalities, not only because of their remoteness, but also, and mainly, because of the lack of roads and other means of communication.</li> <li>• Legal recognition of the groupings of municipalities is still weak, as is the establishment of their organic structure and overall functioning.</li> <li>• Create opportunities at the departmental level to identify</li> </ul>	<ul style="list-style-type: none"> <li>• The existing legal framework, based on decentralization and an expansion of the role of municipal governments, motivated local stakeholders to think in terms of local development. The formation of groupings of municipalities is mainly based on special legislation for their formation and operation. These laws stemmed from the need to respond to problems arising from implementation of the Popular Participation Law and the expansion of the role of local governments.</li> <li>• Groupings of municipalities (<i>mancomunidades</i>) were created to fill the planning space between the local and departmental levels, to stimulate concurrent investment with departmental prefectures.</li> <li>• The PND lists 148 priority municipalities, which would also be targeted by COSOP project activities.</li> <li>• Of a total of 327 existing municipalities, 285 (87.16 percent) belong to 76 departmental groupings of municipalities (<i>mancomunidades</i>).</li> </ul>

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
Private generalist banks	<ul style="list-style-type: none"> <li>▪ Generally efficient in their traditional market niches.</li> <li>▪ Financial criteria for decision making.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Urban bias; tend to exclude the poor.</li> </ul>	<p>opportunities for technical and financial support.</p> <ul style="list-style-type: none"> <li>• Sharing of experiences and lessons learned among the groupings of municipalities.</li> <li>• Political influence in the various municipal groupings' processes for achieving objectives.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Some banks could be exceptions to overall trends.</li> </ul>
Microfinance banks (BancoSol and Los Andes-PROCREDIT) and private financial funds	<ul style="list-style-type: none"> <li>▪ Considered very efficient, with a few exceptions.</li> <li>▪ Target low-income clientele with specifically designed products.</li> <li>▪ Able to capture customers' savings.</li> <li>▪ Low portfolio-in-arrears rate.</li> <li>▪ Very agile in responding to consumers.</li> </ul>	<ul style="list-style-type: none"> <li>▪ When they first appeared, they had a largely urban bias.</li> <li>▪ Nationwide coverage still limited.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Slow, gradual development of client portfolios beginning in smaller cities and rural areas.</li> <li>▪ Strong competition between national IFIs is both an opportunity (fosters innovation and decreases active rates) and a threat, as the 1999 crisis showed.</li> </ul>	<ul style="list-style-type: none"> <li>▪ PRODEM FFP is an exception to the urban bias, as it has development strategies for both the medium urban and rural sectors (with 75 agencies and service points nationwide).</li> <li>▪ IFIs are particularly relevant for the purposes of an IFAD intervention (oriented toward the poor; passive products).</li> </ul>
Savings and Credit Cooperatives	<ul style="list-style-type: none"> <li>▪ Financial entities generally well inserted into social fabric.</li> <li>▪ Often closed entities that serve members based on socio-professional characteristics.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Microfinance technologies generally insufficient.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Only open cooperatives are supervised by the SBEF; closed cooperatives have a delegated supervision system.</li> <li>▪ Greater proximity to low-income clientele.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The cooperative sector varies, including both strong, well-structured entities and others with weak governance and financial performance.</li> <li>▪ Open cooperatives are relevant for the project's purposes.</li> </ul>
Financial NGOs	<ul style="list-style-type: none"> <li>▪ Some are considered efficient (e.g., FADES, CRECER, PROMUJER, ANED)</li> <li>▪ Strong presence in remote rural areas.</li> <li>▪ Support for management of financial resources.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Technology sometimes inappropriate.</li> <li>▪ Reduced volume of operations.</li> <li>▪ Unable to capture customers' savings.</li> <li>▪ Dependence on external resources.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Because they are NGOs, they have trouble connecting with private capital (including the market for capturing savings).</li> </ul>	<ul style="list-style-type: none"> <li>▪ They would not be relevant to the project if they are unable to capture savings.</li> </ul>

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
NGOs, non-profit corporations and development foundations	<ul style="list-style-type: none"> <li>▪ Accumulated experience in managing external financing and implementation of projects in rural areas.</li> <li>▪ Occasionally present in remote rural areas.</li> <li>▪ Experience in supporting camelid sector, especially areas related to primary production.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Approaches based on handouts and supply.</li> <li>▪ Resource intermediation, raising costs of services and weakening poor people's sense of ownership.</li> <li>▪ Insufficient updating of development approaches and mechanisms.</li> <li>▪ Dependence on external resources.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Availability of public and international cooperation resources, creating financial dependence.</li> <li>▪ Reduction of government services has stimulated the growth of private organizations.</li> <li>▪ Independence from state control and lack of connection with public policies.</li> <li>▪ Possibility of creating partnerships for assistance in primary production.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Could be service providers if grassroots organizations decide to contract them and pay for their services.</li> <li>▪ Could present proposals in innovation contests and compete with other public and private institutions for some funds, for which accountability would be public and transparent.</li> </ul>
Non-governmental organizations (NGOs)	<ul style="list-style-type: none"> <li>• NGOs have nationwide presence.</li> <li>• Many have various years of experience in the country.</li> <li>• With some exceptions, NGO management has historically been based more on technical than political criteria.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of continuity in financing.</li> <li>• Short time frames.</li> <li>• Not easy to obtain financing for long-term projects and programmes.</li> <li>• Programmes and projects not always in line with national strategies, leading to lack of appropriate coordination.</li> <li>• Influence of funders (regional political management).</li> </ul>	<ul style="list-style-type: none"> <li>• International bodies' initiatives and offers of financing are an opportunity that could lead to poverty reduction.</li> <li>• The process of decentralization, expansion of the role of municipalities and formation of groupings of municipalities (<i>mancomunidades</i>) attracted the attention of various cooperation agencies, and significant cooperation programmes and projects were designed.</li> </ul>	<ul style="list-style-type: none"> <li>• There are an excessive number of NGOs in Bolivia</li> </ul>
Association of Ecological Producers' Organizations of Bolivia ( <i>Asociación de Organizaciones de Productoras Ecológicas de Bolivia, AOPEB</i> )	<ul style="list-style-type: none"> <li>• Began working with six affiliated organizations; now has 56 involving 30,000 producers nationwide.</li> <li>• 7,000 producers with ecological certification, exporting about 10,000 tons valued at US\$20 million.</li> <li>• Has national structure.</li> <li>• Has institutional strengthening plan for its members.</li> <li>• Its actions and interventions are designed to provide assistance and enhancement at all levels of the market chain.</li> </ul>	<ul style="list-style-type: none"> <li>• Because of rapid growth, organization has not adapted its structure to fully respond to all members.</li> <li>• Weak communication system (internal and external).</li> <li>• Has still not attained financial self-sustainability and is dependent on external funders.</li> </ul>	<ul style="list-style-type: none"> <li>• Influencing national policy, such as the draft law for regulation and promotion of agricultural production and ecological non-timber products, benefiting its affiliates and others.</li> <li>• There is strong demand from its affiliates and from producers for medium- and long-term training for their children.</li> <li>• It has strengthened commercialization with the "Superecologito" chain of stores for sale and distribution in La Paz, Cochabamba, Santa</li> </ul>	<p>AOPEB has 56 affiliated organizations nationwide.</p> <p>Work with media to promote ecological products and raise consumer awareness, so as to better position the AOPEB.</p>

ORGANIZATION	STRENGTHS	WEAKNESSES	OPPORTUNITIES/THREATS	OBSERVATIONS
<p>Coordinating Committee for Integration of Peasant Economic Organizations of Bolivia (<i>Coordinadora de Integración de Organizaciones Económicas Campesinas de Bolivia</i>, CIOEC-Bolivia)</p>	<ul style="list-style-type: none"> <li>• Legally established representative organization for integration and coordination of a diversity of peasant economic organizations at the national and departmental levels, with identity linked to indigenous/original peoples and peasant farmers.</li> <li>• Has national structure with broad social base.</li> <li>• Peasant economic organizations have positioned themselves on national economic-production scene.</li> <li>• Multidisciplinary team identified with peasant economic organizations.</li> </ul>	<ul style="list-style-type: none"> <li>• Excessive dependence on external funding, which reflects weak internal capacity to capture resources for financing itself.</li> <li>• Lack of system for monitoring and evaluation of members' production plans.</li> <li>• Inadequate communication system (internal and external).</li> </ul>	<p>Cruz and Sucre.</p> <ul style="list-style-type: none"> <li>• Political interference by forces seeking control, which could undermine its mission.</li> </ul> <ul style="list-style-type: none"> <li>• With the political and social events of recent years, the peasant economic organizations have emerged as important players in the country's productive and economic development.</li> <li>• They are aligned with the PND concept of food sovereignty, which is also a basic principle of peasant economic organizations.</li> <li>• Small producers play the leading role in the new economic model.</li> <li>• Political interference by forces seeking control, which could undermine its mission.</li> <li>• Lack of food security and food sovereignty in the country (Customs-SENASAG: transgenic seed, unfair competition from contraband).</li> </ul>	<p>CIOEC-Bolivia plays a role in integrating peasant economic organizations and provides services to help strengthen them socially and economically.</p> <p>There are more than 700 peasant economic organizations, involving more than 115,000 peasant families in 180 municipalities nationwide.</p>

### Key file 3: Complementary donor initiative/partnership potential

DONOR/AGENCY	PROGRAMMES AND PROJECTS	SITUATION	POTENTIAL FOR COMPLEMENTARITY/SYNERGY
United Nations Development Programme (UNDP)	<ul style="list-style-type: none"> <li>Rural development is priority, as are issues related to hunger and inequality.</li> <li>Small investments programme with GEF</li> <li>Priority areas: children, literacy, health, identity. Also issues of environment and sustainability.</li> <li>Manages various joint funds, especially in areas of governance and political dialogue.</li> </ul>	<ul style="list-style-type: none"> <li>Prepare programme document.</li> </ul>	<ul style="list-style-type: none"> <li>Has leading role; alignment and harmonizing.</li> <li>Has participated in basket funding.</li> <li>Promotes dialogue initiatives to harmonize cooperation with government. Meetings to exchange ideas and experiences.</li> </ul>
European Commission (EC)	<ul style="list-style-type: none"> <li>Supports various programmes with Bolivian government, including land titling and food security assistance programme. Also supports programmes in education, health and integrated watershed management.</li> <li>The EC has contributed to improvement of physical infrastructure and provision of basic services.</li> </ul>	<ul style="list-style-type: none"> <li>First two phases of food security programme have concluded. Third phase under consideration. Disbursements have been handled well; municipal participation has been key, but is highly susceptible to outside interference.</li> <li>Initiating a new cooperation programme with three work areas: (1) Economic opportunities to be implemented with funders (includes budget assistance for sectors); (2) Budget assistance for alternative development; and (3) international watershed management. The first area offers greater impact on rural poverty reduction programmes, and includes: (i) financial services; (ii) non-financial services; (iii) demand-driven occupational training; and (iv) institutional models for fostering economic opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>The EC will step up coordination efforts with member states and other donors to present a common front to the Bolivian government and ensure the complementarity of actions.</li> <li>Suggests joint missions for identification to achieve a critical mass of donors and reach agreements.</li> <li>The food security programme finances the poorest municipalities, based on demand and the presentation of project proposals. The municipalities make a financial contribution. The food security programme could work with BANDEPRO to finance beneficiaries. Works with the VALE Project, which IFAD supports.</li> <li>The affinity of many programmes with those supported by IFAD offers many opportunities for association.</li> </ul>
World Bank (IBRD)	<ul style="list-style-type: none"> <li>The bank currently concentrates on three programmes, two of which would have an impact on rural development: (a) the decentralized infrastructure for rural transformation programme (rural electrification), which ends in December 2007, and (b) the Rural Alliances project, aimed at commercialization of agricultural products (producer-purchaser relationship), which runs through September 2011.</li> </ul>	<p>The new strategy in rural areas gives priority to:</p> <ul style="list-style-type: none"> <li>Rural community development, within the government's Communities in Action programme. Will provide support for irrigation, roads and production; will include business plans and supervision. Has carried out two identification missions.</li> </ul>	<ul style="list-style-type: none"> <li>There are possibilities for complementarity to be exported in activities such as: community tourism, environmental health, rural alliances, electrification, etc.</li> <li>The rural community development programme would offer the greatest prospects for collaboration agreements.</li> </ul>

DONOR/AGENCY	PROGRAMMES AND PROJECTS	SITUATION	POTENTIAL FOR COMPLEMENTARITY/SYNERGY
		<ul style="list-style-type: none"> <li>• A programme of land for agricultural development (land bank), probably to be eliminated.</li> <li>• Economic and local development in the Lake Titicaca area.</li> <li>• Support for community tourism and environmental health.</li> <li>• Rural alliances.</li> </ul>	
Inter-American Development Bank (IDB)	<ul style="list-style-type: none"> <li>• Has strongly supported SIBTA and SENASAB policies, planned through July 2007.</li> <li>• Has participated in donor basket with Sweden, Holland, Germany and Belgium.</li> <li>• Highways and the environment are Bolivian government priorities with regard to the IDB.</li> <li>• The issue of risks is relevant. Impact is greater in rural sector. Several studies have been done.</li> </ul>	<ul style="list-style-type: none"> <li>• A new programme could be prepared with INIA, but there is still no request, not even for design (there is an offer from DANIDA).</li> <li>• Possibility of a commercial bank escrow fund to address agricultural food emergencies, still undefined by Bolivian government.</li> <li>• One project for marginal rural areas: public risk management.</li> </ul>	<ul style="list-style-type: none"> <li>• Current prospects are mainly in the area of emergencies and risk management. It is important to explore possibilities for participation in SINAFID, and specifically in BANDEPRO, supporting rural financial and non-financial services.</li> </ul>
Corporación Andina de Fomento (CAF)	<ul style="list-style-type: none"> <li>• Because of the conditions of the loans, CAF-financed programmes and projects are mainly aimed at major infrastructure works, especially transportation, as well as finance and commerce sectors. Nevertheless, CAF has been an IFAD cofinancer in Bolivia at various times.</li> <li>• CAF has been associated with financial institutions in Bolivia.</li> </ul>	<ul style="list-style-type: none"> <li>• CAF works with IFAD as cooperation agency, assuming responsibilities in management of IFAD loans, as well as oversight of their use.</li> <li>• CAF has expressed interest in continued collaboration with IFAD.</li> </ul>	<ul style="list-style-type: none"> <li>• CAF has reiterated its willingness to cofinance IFAD loans. Greater participation in a "mix" with donations from another source could be explored.</li> <li>• CAF's participation in BANDEPRO to support the rural financial services programme would be relevant.</li> </ul>

DONOR/AGENCY	PROGRAMMES AND PROJECTS	SITUATION	POTENTIAL FOR COMPLEMENTARITY/SYNERGY
German Cooperation (GTZ)	<ul style="list-style-type: none"> <li>• Modernization of the state (support for young people and their organizations in participatory processes in their communities).</li> <li>• Sustainable Agricultural Development Programme (<i>Programa de Desarrollo Agropecuario Sostenible</i>, PROAGRO). Sustainable agriculture, irrigation, resource conservation (risk management, national irrigation programme, development of microfinance systems, national watershed management programme, etc.).</li> <li>• Supplying drinking water and disposing of solid waste in small and medium-size communities (PROPAC).</li> <li>• Bilingual education projects.</li> </ul>	<ul style="list-style-type: none"> <li>• New coordinator to take over in March 2007</li> <li>• In principle, PROAGRO ended in December 2006. Its areas of action were northern Potosí and the Bolivian Chaco.</li> </ul>	<p>Interest by both parties in closer IFAD-GTZ cooperation, with the possibility of an agreement for supervision of the use of IFAD loans. Cooperation emphasis has been on irrigation and watershed protection (identification, final design, construction of works and assistance for use, including financing), combining donations with loans. The KFW agency participates in studies, design and construction, GTZ is responsible for aspects related to strengthening institutions. The Bolivian government proposes expanding national irrigation coverage. This requires a significant effort in non-financial services to support underutilized irrigation systems, with the possibility of coordinating with IFAD-supported programmes.</p>
Belgian Technical Cooperation (BTC)	<ul style="list-style-type: none"> <li>• Sustainable market chains in Oropeza (department of Chuquisaca).</li> <li>• Sustainable agricultural development (Chayanta province, department of Potosí).</li> <li>• Scholarships and internships (agriculture and food security, environment, etc.).</li> <li>• Integral rural development programme in watersheds in the Tunari mountain range.</li> <li>• Integral rural development programme in Ichilo-Sara, department of Santa Cruz. Includes loan fund.</li> <li>• Integral, sustainable use of forestry resources in the tropical region Cochabamba (five municipalities).</li> <li>• Support for fund for development of indigenous peoples of Latin America and the Caribbean.</li> <li>• Health in El Alto (2006-2011)</li> <li>• Micro interventions. Annual nationwide programme.</li> </ul>	<ul style="list-style-type: none"> <li>• Final design completed. Planned time frame: 2006-2011.</li> <li>• Began in 2006. Planned time frame: five years.</li> <li>• Implemented annually. Little used.</li> <li>• Under way until 2008</li> <li>• Ended in 2006. The prefecture is working on a proposal for continuity. Agreement for management of Loan Fund will be expanded.</li> <li>• 2006-2009.</li> <li>• 7 projects concluded in 2006.</li> <li>• Under way.</li> <li>• Prospects for growth. Has benefited more than 50,000 families.</li> </ul>	<ul style="list-style-type: none"> <li>• Agency funded by the Belgian government, which operates as an autonomous entity. Transfers resources to NGOs. Serves poor areas, including those characterized by low potential and conflict.</li> <li>• Cooperation currently emphasizes health and rural development with agricultural market chains. Another area of increasing importance is governance.</li> <li>• Harmonization is important, but they believe there has been little progress on the part of either donors or recipients.</li> <li>• IFAD programmes/projects could find various areas for cooperation, exchanges and synergy, both with agricultural and rural development programmes and with the scholarship programme and micro interventions, which are aimed at the rural population.</li> <li>• In February, a Mixed Commission is planned for new definition of strategies in the country.</li> </ul>
Danish Cooperation (DANIDA) (principally with the private sector)	<ul style="list-style-type: none"> <li>• Shares programmes with other donors (e.g., seeds with EU and COSUDE)</li> <li>• Assistance to Vice Ministry of Rural Development to improve its systems and accountability.</li> <li>• For some time, has cooperated with lowland</li> </ul>	<ul style="list-style-type: none"> <li>• Has cut back on activities in the country and is reviewing its priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• There is interest in exploring possibilities for association with IFAD. One particular area of interest could be lowland indigenous peoples.</li> </ul>

DONOR/AGENCY	PROGRAMMES AND PROJECTS	SITUATION	POTENTIAL FOR COMPLEMENTARITY/SYNERGY
	indigenous peoples. Collaborates with government land titling and territory consolidation programmes.		
Dutch Cooperation	<ul style="list-style-type: none"> <li>Through businesses has supported programmes related to land ownership and cadastre.</li> <li>Has been involved in agricultural market chain activities, including wine and <i>singani</i>, quinoa, camelids, forestry products, biocommerce (lizards, natural ingredients), and exports.</li> <li>Strengthening of community businesses and linkages with commercial channels.</li> <li>Agreements with financial entities.</li> <li>Supported programmes with SIBTA</li> </ul>	<ul style="list-style-type: none"> <li>Expectations regarding creation of the National Agricultural Research Institute (<i>Instituto Nacional de Investigación Agropecuaria</i>, INIA).</li> <li>Considering three priority areas for the future: (i) new financing system; (ii) innovation fund; and (iii) biocommerce.</li> <li>Looking with interest at organic production in the Altiplano, pollenization of native fruits and development of native bees.</li> </ul>	<ul style="list-style-type: none"> <li>Its programmes in rural areas target peasant farmers who have limited opportunities.</li> <li>Interested in direct transfers to communities and groups, as long as they are very transparent.</li> </ul>
Swedish Cooperation	<p>Works in the following priority areas:</p> <ul style="list-style-type: none"> <li>Democratic governance: human rights, Constituent Assembly, Ombudsman's Office, decentralization, indigenous peoples, reform of the state. Supports various NGOs in these areas.</li> <li>Social sector (jointly with Denmark and Holland): support for education, council of indigenous peoples, reproductive health.</li> <li>Private sector: support for forestry sector (CAINCO). Micro-watershed plan. Support for informal sector.</li> <li>Natural resources. Water and sanitation in peripheral urban areas and watersheds.</li> </ul>	<ul style="list-style-type: none"> <li>Does not consider direct budget support.</li> <li>Regularly supports various studies: results analysis; analysis of poverty in Bolivia.</li> <li>For 2007, considering the following priority strategies, based on PND: i) Communities in Action; b) Land and territories (with INRA); c) Informal economy; d) Social protection networks.</li> </ul>	<ul style="list-style-type: none"> <li>Annual allocations are very significant. Spending has been low in the past year.</li> <li>Expressed interest in IFAD-supported programmes, particularly camelids.</li> <li>Areas of action have great convergence with IFAD priorities. The opportunity for agreements should be explored in depth.</li> </ul>
Swiss Cooperation (COSUDE)	<ul style="list-style-type: none"> <li>Promotion of a sustainable, equitable economy (PROMEQ): local economic promotion and business development services; innovative financial services; employment training; financing of basic infrastructure (public-private partnership); foreign trade; macro conditions.</li> <li>Governance and local democracy building (GODEL) Regional initiatives involving agriculture and the environment.</li> </ul>	<ul style="list-style-type: none"> <li>Currently preparing a new strategy for Bolivia. Believes that future programmes must be adjustable.</li> <li>Considering the possibility of providing budget support to Bolivian government for specific programmes and activities.</li> <li>Offers training and financial guidance.</li> </ul>	<ul style="list-style-type: none"> <li>Swiss Cooperation's annual contribution is significant. COSUDE maintains or supports many programmes related to rural and agricultural development, through NGOs and government agencies, at both the national and regional levels, including: APRU, ATICA, FOMEM, PROFIN, PRO-RURAL, PADER, PDCR, and various other programmes involving seed production, agricultural research, mechanization, forest conservation, integral watershed management, etc.</li> <li>Institution building is important; supports the Support for Municipal Democracy Programme (<i>Programa de Apoyo a la Democracia Municipal</i>, PADEM).</li> <li>There could be possibilities for association in programmes related to developing financial services.</li> </ul>

DONOR/AGENCY	PROGRAMMES AND PROJECTS	SITUATION	POTENTIAL FOR COMPLEMENTARITY/SYNERGY
United States (USAID)	<ul style="list-style-type: none"> <li>Assistance is mainly for alternative crop programme in subtropical valleys.</li> </ul>	<ul style="list-style-type: none"> <li>Under way.</li> </ul>	<ul style="list-style-type: none"> <li>There are currently no apparent areas of cooperation with IFAD-supported programmes.</li> </ul>
Centre for International Forestry Research (CIFOR), for forest conservation and improving living conditions of people in the tropics.	<ul style="list-style-type: none"> <li>Forest resource management and conservation; territorial management; forest settlement plans and models.</li> </ul> Programmes: <ul style="list-style-type: none"> <li>Improvement of living conditions for the rural poor and enhancement of their natural assets: development and conservation.</li> <li>Governance: decentralization of natural resources management (with municipalities), sharing of experiences, dissemination of information about priority rights.</li> <li>Environmental services.</li> </ul>	<ul style="list-style-type: none"> <li>Conflict over land occurs in lowland forest areas. Cattle ranching is encroaching on forests. Uncontrolled deforestation and poor management deteriorate natural resources, affecting residents' living conditions.</li> </ul>	<ul style="list-style-type: none"> <li>Experience of cooperation with IFAD in India.</li> <li>CAF is a member of CIFOR's board of directors.</li> <li>Headquartered in Indonesia, and most of its activities take place in that region, but has recently established a regional office in Brazil.</li> <li>Could be a source of support for IFAD programmes in lowlands.</li> </ul>

## Key file 4: Target group identification, priority issues and potential response

TYOLOGY	DEGREE AND CAUSES OF POVERTY	MEASURES FOR ADDRESSING IT	PRIORITY NEEDS	SUPPORT FROM OTHER INITIATIVES	COSOP RESPONSES
Rural population (mainly of indigenous Quechua or Aymara origin) living in poverty in western Bolivia (Altiplano, high valleys)	<p>Moderate to extreme</p> <ul style="list-style-type: none"> <li>• High density on usable agricultural land</li> <li>• Limitations in access to irrigation and use of water</li> <li>• Lack of financial capital and difficulty in gaining access to financial services</li> <li>• Isolation because of difficult topographic conditions</li> <li>• Lack of training and little access to technology</li> <li>• Few or very few jobs available in the area</li> <li>• Little or inadequate economic organization</li> <li>• Aging of the population</li> <li>• Environmental risks</li> </ul>	<ul style="list-style-type: none"> <li>• Seasonal migration by men</li> <li>• Permanent migration of families</li> <li>• Search for new sources of income</li> <li>• Irrigation</li> <li>• Informal commercial activities</li> <li>• Closer ties to cities</li> <li>• Diversification and risk mitigation</li> </ul>	<ul style="list-style-type: none"> <li>• Training for employment and productive enterprises</li> <li>• Opportunities for new sources of employment and income</li> <li>• More technically advanced agricultural production and irrigation</li> <li>• Support for rehabilitation of land and soils</li> <li>• Strengthening economic organizations and supporting their demands</li> <li>• Options for conservation and primary processing of products</li> <li>• Assistance with commercialization</li> </ul>	<ul style="list-style-type: none"> <li>• Development of small businesses and handcrafts, adapted to local conditions</li> <li>• Support for activities related to ecotourism and cultural tourism</li> <li>• Support for access to water for irrigation and assistance with water management</li> <li>• Development of programmes for rehabilitation and management of natural resources</li> <li>• Development of mechanisms for financing and capitalization</li> <li>• Assistance programmes for migrants.</li> <li>• Equipment for basic services</li> <li>• Enhancement of productive infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Support for supply of and demand for technical assistance on the part of producers</li> <li>• Assistance with strengthening of organizations to add value to production and market products</li> <li>• Support for initiatives to obtain equipment and basic services</li> <li>• Assistance for beneficiaries' productive initiatives and enterprises.</li> <li>• Promoting and assisting with natural resources management</li> <li>• Assistance with regularization of land rights</li> <li>• Promoting and supporting mechanisms for increasing rural households' assets and access to financial resources</li> </ul>
Amazonian indigenous groups and communities, women and youth	<p>High vulnerability</p> <ul style="list-style-type: none"> <li>• Little access to health and education services</li> <li>• Lack of identity documents</li> <li>• Little knowledge of rights and how to exercise them</li> <li>• Difficulty organizing into groups.</li> <li>• Limited technology</li> <li>• Isolation and dispersion</li> </ul>	<ul style="list-style-type: none"> <li>• Gathering activities</li> <li>• Occasionally hire themselves out for labour</li> </ul>	<ul style="list-style-type: none"> <li>• Information and assistance with rights and citizenship</li> <li>• Social protection actions</li> <li>• Affirmation of communal land rights</li> <li>• Assistance to organizations</li> <li>• Technical assistance for production</li> <li>• Functional training</li> <li>• Preservation and valuing of the culture</li> </ul>	<ul style="list-style-type: none"> <li>• National and municipal social protection programmes</li> <li>• Specific programmes serving original peoples</li> <li>• Programme for regularization of land rights</li> <li>• Environmental and biodiversity management programmes</li> <li>• Prefecture programme to support indigenous peoples' development</li> </ul>	<ul style="list-style-type: none"> <li>• Support for acquiring identity papers and exercising civic rights and obligations</li> <li>• Support for social and economic organization</li> <li>• Training and productive assistance with cultural identity approach</li> <li>• Assistance with paperwork related to land rights</li> <li>• Training in and valuing of knowledge of sustainable management of biodiversity</li> <li>• Support for formal education processes</li> </ul>