

## REPUBLIC OF BOLIVIA

### COUNTRY PROGRAMME EVALUATION

#### AGREEMENT AT COMPLETION POINT

##### Members of the Core Learning Partnership

1. The Core Learning Partnership (CLP) included: Mr Diego Montenegro, Minister of Agriculture; Mr Gustavo Pedraza, Minister of Sustainable Development; Mr Luis Arnal, Deputy Minister of Public Investment and External Financing, Ministry of Finance; Ms Silvia Oteyza, Coordinator of the CAF-IFAD Agreement, Social Development Directorate, Office of the Vice-President for Social Development and Environment, Andean Development Corporation (CAF); and Ms Raquel Peña Montenegro, Director, Latin America and the Caribbean Division, Programme Management Department, IFAD. Mr Roberto Haudry de Soucy, IFAD Country Programme Manager for Bolivia, participated in and collaborated with all stages in the evaluation process. Paolo Silveri, Evaluation Officer, IFAD Office of Evaluation, acted as facilitator for this process, aimed to reach an Agreement at Completion Point (ACP) among CLP members.

2. Generally speaking, the CLP members acknowledge and agree with the findings of the Country Programme Evaluation (CPE). Outlined below are the strategic and thematic areas upon which the CLP members have reached agreement for future orientations and avenues of action.

##### A. Intervention Strategy Approach

3. The scale and scope of rural poverty in Bolivia is very serious, as highlighted by indicators of income and of Unmet Basic Needs (UBN). The country is currently promoting popular participation, productive dialogue and decentralization. This process is unfolding within a legal framework that lends stability to institutions and policies and assigns high priority to production and social development, as well as the implementation of a development strategy that includes the results and agreements achieved through the national dialogue to undertake an effective fight against poverty. This strategy is highly consistent with IFAD objectives for the region.

4. The National Strategy for Agricultural and Rural Development (ENDAR) calls for an expanded concept of rurality, encompassing all economic actors and activities and recognizing the importance of urban-rural social and economic linkages and interactions. To this end, it is suggested that the interventions included in the strategy link existing social and economic capital in each rural area (*territorio*) with networks in the social economy, municipalities, producers' associations, nongovernmental organizations (NGOs), enterprises, cooperation agencies, migrants' associations living outside the country, and so on. Thus, communities and organizations must be empowered to strengthen their local political and administrative participation. This strategy aims to enhance social capital of the rural area.

##### Recommendations

5. The CLP recommends that any future IFAD interventions be coordinated with other activities being carried out by the Government of Bolivia (GOB) and international cooperation agencies, within an overall rural poverty reduction programme under an area-based (*enfoque territorial*) and local approach to rural development. This approach coincides with that proposed in several IFAD documents on the region, and with the local economic development proposal included in the ENDAR, which is part of the development strategy of Bolivia. Opportunities exist for implementing this strategy under an area-based and local approach in every region of the country, following the positive experiences of IFAD projects in the Andean valleys (Chuquisaca and southern Potosí), in the eastern

settlements and in the Department of Beni. It is particularly important, however, that IFAD and the Government agree on the selection and prioritization of regions for intervention. The CLP members also recommend that thematic sector projects (e.g. camelids and PROSAT) continue to be carried out.

6. To ensure that future interventions are sustainable and effective, it is recommended that the retooling of production and commercial processes be integrated with institution-building through training and strengthening for the public and private institutions that, at the national, departmental, municipal and community levels, provide services to sectors in which IFAD is directly involved through its programme in Bolivia.

## **B. Targeting the Rural Poor**

7. IFAD was founded with an explicit mandate that has guided its interventions: to contribute to overcoming rural poverty. This entails a differentiated territorial and social focus to address poor rural regions and poor rural households with a diverse asset base in terms of natural resources, social and cultural organizations.

### **Recommendations**

8. **A differentiated inclusion and gender in development approach.** Given existing diversity, the need arises for a differentiated inclusion approach that can address the circumstances and constraints of each community, facilitating access by weaker members to project services. This means guaranteeing service in their own language and providing different support modalities with different timing for each target group. Community participation in project design, implementation, evaluation and reformulation is key to achieving this objective.

9. The CLP also recommends that advances achieved by the projects be carried further in order to move toward a “gender and generation” approach that promotes shared responsibility by men and women for tasks and in leadership positions in community organizations, including young people and seniors. The population segment of older women and men is of vital importance to societies with traditional authorities.

## **C. Strategies to Raise Incomes**

10. In view of the structural limitations imposed by the rural environment on resolving the problems of poverty, successive IFAD projects gradually built in income opportunities relating not only to primary production but also to processing, including rural-urban microenterprises engaged in processing and marketing stages, and calling for a production chain or value-added approach. Support was also provided for developing other campesino and indigenous skills, such as crafts – directed mainly towards women – to supplement family incomes and make better use of available human resources and market demand relevant to the strategies of the poor.

11. The technical assistance services provided by projects have improved significantly, evolving from a supply-side approach to the current situation, in which beneficiaries define demand, are in charge of management and have taken on payment of an increasing proportion of costs. PROSAT is an example of an innovative project that focuses on providing technical assistance services from this perspective. It has contributed to greater protagonism on the part of beneficiaries and improvements in service quality. The CPE has noted the existence of certain factors that could be revised in future to improve their replicability and sustainability (see paragraph 17).

12. Closer links between campesino production and markets have been promoted over the past decade. The CPE observed that recent projects have contributed to promoting demand for some campesino products, with a positive impact on value added to production chains, but have not incorporated components designed specifically to improve the structure and workings of markets.

These present problems with transparency and performance of essential functions under a comprehensive view of the agro-food chain within which they operate.

13. The CPE observed that environmental issues were not included systematically or with the requisite priority in formulating, monitoring and evaluating projects. Not until 2003 was a project initiated on conservation and better use of natural resources.

14. One critical factor for rural development is the lack of access by the rural poor to rural financial services. Only a negligible contribution was made in this regard by recent IFAD operations in the country (see paragraph 20).

## **Recommendations**

15. **Considering alternatives and existing processes to raise the incomes of campesinos and indigenous people is the most important element in the strategy to reduce rural poverty.** This includes an expanded concept of employment opportunities and rural and non-rural income. Foremost among strategic components are financial and non-financial services and access to various markets for goods and services.

16. **An expanded approach to improving employment and incomes.** This involves considering existing opportunities in agro-industrial chains; in other activities that generate rural employment and income, such as crafts, food preparation and lodging services; as well as in off-farm activities. In the latter connection, it is recommended that the new strategy provide for the identification of employment and income opportunities in other economic sectors so that training and support alternatives for off-farm activities can be designed, in order to support migrants from rural areas to improve their employment and income opportunities by promoting economic links to their communities of origin. Among other factors, it is suggested that consideration be given to existing opportunities to leverage remittances from migrants living in the country and abroad.

17. **Technical assistance.** To ensure the sustainability of the current approach and prospects for its scaling-up, the CLP recommends that the GOB, possibly with IFAD's support, designs a strategy with a long-term vision for development of supply and demand for technology, to bring systematic increases in productivity and competitiveness for the rural poor. This will entail revising some aspects of the current strategy, such as: (i) the need to supplement it with financing components; (ii) backing it up with medium- and long-term market studies and information systems for products included in subprojects; and (iii) limiting cost increases for poor campesinos.

18. **Markets.** Developing rural markets for technical assistance services requires determined support for service providers to give them access to new knowledge, particularly through apprenticeships and field visits to improve their technical, managerial and market knowledge. With support from IFAD, local institutions such as municipalities will need to make business facilitation investments to bring direct improvements in markets for goods and services (fairs, abattoirs, health services, Internet access, etc.).

19. **Environmental issues.** In addition to experience acquired in implementing the Management of Natural Resources in the Chaco and High Valley Regions Project (PROMARENA), the CLP recommends that all future interventions take environmental issues into account in defining baselines, in monitoring and evaluation, and in safeguarding against adverse impact and related mitigation measures, within the framework of Bolivia's current environmental legislation.

20. **Financial services.** Although Bolivia has one of the most developed microfinance systems in Latin America, access to rural financial services by poor campesinos is still limited in terms of coverage and content. Strengthening is needed for savings services, opening and providing access to service points in isolated rural locations, and new products such as micro-insurance, remittances, trust funds, certificates and financial leasing.

## **D. Decentralization and Participation by Beneficiaries**

21. The current legal and political context provides an appropriate framework for implementing a rural poverty reduction strategy under an approach that is highly consistent with the strategic objectives assigned priority by IFAD and the area-based development approach proposed by the CPE. These include popular participation, promoting national dialogue and modernizing production, decentralization to municipalities and groups of municipalities, social development, intercultural dialogue, gender equity and environmental sustainability. Additionally, the process of decentralization in Bolivia will be further strengthened by a Constituent Assembly, to convene in 2005.

22. Depending on the type of target group, different modalities and levels are provided for in the participation strategy, as a way toward empowerment and full citizenship for the rural poor as active subjects of their own development. A first level of beneficiary participation takes place within the project. At a broader level, the need arises to strengthen participation through the organizational capacity of campesinos and indigenous people, to enable them to take advantage of opportunities within their communities and establish linkages with third parties that will enable them to negotiate more effectively on issues that affect their well-being.

### **Recommendations**

23. **Decentralization.** The IFAD programme should provide determined support for decentralization, locating resource allocation mechanisms and project technicians in the same territory where they can offer effective proximity to the population and local institutions and at the same time be subject to social control. Funding provided by IFAD should complement initiatives by local democratic organizations at the level of communities, traditional organizations and municipalities.

24. **Participation.** Components to train and strengthen campesino organizations to act in public spheres beyond the projects possess high strategic value for reducing poverty in countries like Bolivia, where these organizations are a valuable asset following decades of consolidation and development. To overcome the vicious circle of poverty, it is not enough to contribute to raising incomes and improving market linkages. Also, and fundamentally, pre-existing rural campesino organizations must be empowered to increase their capacity to influence the design and implementation of public policy. The CLP therefore recommends the adoption of processes that contemplate beneficiary participation within projects, but also strengthening of social capital to promote participation at higher levels.

## **E. Programme and Project Management**

25. The IFAD country programme in Bolivia has been subject to changes in public policies and institutions that have in turn brought changes in implementing structures. High turnover within the institutions responsible for implementation have had an adverse impact on project achievements, as have some changes in the technical teams associated with political influence. Independent implementing units were created to avoid such distortions. This strategy reduced the risk of political interference in the selection of technicians, use of resources and continuity of interventions, improving specific project results; but it also inhibited consistency and synergies between projects and public policies and other poverty reduction initiatives.

26. The CPE observed weaknesses in monitoring and evaluation and the systematic reorientation (dynamic cycle) of projects. This is attributable to several factors: the low relative importance given to such matters, interruptions in continuity caused by turnover, small size of implementing units and resulting delays in processing information, lack of training by those responsible for monitoring and evaluation, and a tendency to value control over actions and budget execution rather than results and impact. This is a major weakness in the case of Bolivia, given the frequent changes in context and excessive time elapsed between project identification and implementation, with negative repercussions on programme achievements.

## **Recommendations**

27. **Institutional coordination.** One important aspect of any future strategy is to achieve adequate coordination of interventions at the national, regional and local levels. The main challenge is to come up with conditionality and instruments to ensure that project resources are used in strict compliance with the terms of loan agreements, while at the same time meshing with the relevant public institutions and policies. A periodic evaluation and supervision mechanism is a prerequisite in this respect.

28. **Institution-building.** Considering the serious drawbacks in public and private institutional structures, the programme should include institution-building components for the areas concerned in future interventions.

29. **The project cycle.** The CLP recommends seeking a better balance between resources used in project identification and design, and those allocated for managing the project cycle during implementation. The project cycle should contemplate a dynamic approach to monitoring and evaluation so that the original design may be adjusted to reflect new understandings deriving from changes in economic, social and political realities in the target areas.

## **F. Programme Sustainability**

30. Sustainability is determined not only by comparing the economic costs and benefits of activities, but also by measuring systematic support provided by institutions and entities providing services at the national, regional and local levels. The CPE observed that projects' design did not include an analysis of sustainability at three levels: (i) microeconomic; (ii) regional or intermediate; and (iii) overall or macroeconomic. Moreover, a review of project identification and design documentation reveals that insufficient consideration was given to exit strategies.

31. Various circumstances – including changes in public policy, weaknesses in public institutions at all three levels, poorly performing financial markets and markets for campesino products, and the constraints on technical assistance noted – lead one to infer that overall project sustainability is low. Only a few components had a sustainable impact.

## **Recommendations**

32. In view of the foregoing, the design of new interventions calls for a comprehensive assessment of the sustainability of financial support that projects entail at all three levels: microeconomic, local-regional, overall-macroeconomic.

33. If the dynamics of a pre-existing organization unravel as a result of a project achieving its objectives in the short term, there is a risk of limiting sustainability. A rapid return to the baseline situation is likely to occur once external financial support is discontinued. The CLP therefore recommends that the future strategy consider strengthening the beneficiaries' social and economic organizations to help them adapt to the new context and, fundamentally, linking them to the various markets and national policy priorities.

## **G. Dialogue and Strategic Partnerships with Other Institutions**

34. Public policies play a very important part in overcoming rural poverty, as well as in the success of IFAD-supported projects. The CPE observed that the macroeconomic, institutional and rural development policy context that prevailed during the 1990s had a significant impact on project performance, although it was insufficient to reduce rural poverty. While the investments in social infrastructure made during the past decade had a positive impact on reducing UBN indicators in urban areas, the same does not hold for the rural poor.

35. It has to be considered that the many projects and programmes now providing support to campesinos and indigenous peoples in Bolivia are fragmented and disperse, which limits their effectiveness.

36. IFAD has acquired interesting experiences in rural development in every region of the country. In spite of this, and although it is the financial institution most focused on campesinos and rural poverty reduction, both the Fund's influence on public policy design and the amount of its investments have been very limited. Significantly, interest has been expressed by the GOB and some donors in having IFAD take a more active role in the existing co-ordination mechanism between the Government and the donors' community on issues related to national dialogue, productivity, competitiveness and harmonization.

### **Recommendations**

37. **Dialogue.** The CLP recommends that the new IFAD strategy be linked to an overall rural poverty reduction programme. To this end, it is suggested that IFAD contribute to the dialogue between the Government and the civil society. In this context, the question then arises regarding which would be the more convenient mechanisms, institutions and modalities that should shape IFAD's support in the National Dialogue process. The CLP understands that this is a crucial issue that calls for deep meditation oriented to define a concrete plan of action.

38. **Strategic partnerships.** Opportunities exist to enhance IFAD's actions together with those of international cooperation agencies and other institutions committed to reducing rural poverty. The CLP recommends that, in the future, partnerships with other specialized agencies and institutions be developed under a more proactive strategy, both for area-based operations and centrally in La Paz. The considerations mentioned in connection with dialogue above apply here as well.

Read and approved in Rome, 3 December 2004.

**Institution/Organization**

**Representative/Signature**

Ministry of Agriculture,  
Republic of Bolivia

---

Víctor Gabriel Barrios  
Deputy Minister of Agriculture and Irrigation

Ministry of Finance,  
Republic of Bolivia

Víctor Hugo Bacarreza  
Director General of External Financing  
Viceministry of Public Investment and External  
Financing

Andean Development Corporation

Silvia Oteyza  
Coordinator of the CAF-IFAD Agreement  
Social Development Directorate  
Office of the Vice-President for Social Development  
and Environment

International Fund for Agricultural  
Development

Raquel Peña Montenegro  
Director  
Latin America and the Caribbean Division  
Programme Management Department