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REPUBLIC OF BOLIVIA
COUNTRY PROGRAMME EVALUATION
EXECUTIVE SUMMARY

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ABBREVIATIONS AND ACRONYMS

ABB	Agricultural Bank of Bolivia
CAF	Corporación Andina de Fomento
COSOP	Country Strategic Opportunities Paper
CPE	Country Programme Evaluation
GDP	Gross domestic product
GIM	General Identification Mission
IFAD	International Fund for Agricultural Development
NGOs	Nongovernmental organizations
OE	Office of Evaluation
PCSJO	Cotagaita-San Juan del Oro Agricultural Development Project
PL	Latin America and the Caribbean Division
PRODESIB	Sustainable Development Project for Beni Indigenous Peoples
PROMARENA	Management of Natural Resources in El Chaco and High Valleys
PRODEPA	Development and Consolidation of Small Farming Settlements in the Department of Santa Cruz
PROSAT	Small-scale Producers Technical Assistance Project
PRSP	Poverty Reduction Strategy Paper
SPM	Special Programming Mission
UBNs	Unmet Basic Needs
UNEPCA	Development Project for Camelid Producers in the Bolivian Highlands

REPUBLIC OF BOLIVIA
COUNTRY PROGRAMME EVALUATION

EXECUTIVE SUMMARY¹

I. INTRODUCTION

1. In 2003, the International Fund for Agricultural Development (IFAD) decided to undertake an evaluation of its programme in Bolivia, in consideration of the scale of its operations in that country. During the period 1979-2003, the Fund approved nine projects for Bolivia totaling USD 81.3 million. According to the new guidelines established by the Fund's Office of Evaluation (OE), a Country Programme Evaluation (CPE) is an extremely important instrument for all stakeholders, since the lessons learnt from an analysis of the performance and impact of IFAD-supported activities have much to contribute to the policy dialogue on rural poverty reduction, as well as to defining new directions for future country operations.

2. The CPE was conducted in the first half of 2004 and applied the methodological framework defined by the Office of Evaluation (OE) in January 2004. The evaluation mission visited the field from 15 March to 17 April 2004. During this period, meetings were held in La Paz, while visits and surveys took place in the project areas. Once the fieldwork was completed, the evaluation mission presented its preliminary findings to the Government of Bolivia. Subsequently, in May 2004, those findings were presented to the OE and to the Latin America and the Caribbean Division (PL) in Rome. The mission also prepared an issues paper examining four key programme issues. These, along with the conclusions and recommendations contained in a full evaluation report, were reviewed at a meeting between the Government and officers from OE and PL in La Paz in July 2004.

II. COUNTRY CONTEXT

3. Bolivia is the poorest country in South America, with gross domestic product (GDP) per capita of USD 910 in 2002, compared to an average of USD 3 280 for Latin America and the Caribbean as a whole. Although GDP per capita grew during the 1990s, it was insufficient to reduce poverty, inequality and social exclusion, particularly in the rural sector. Between 1997 and 2002, the rural poverty indicator (by income bracket) rose from 78.0% to 83.4% and indigence from 59.0% to 66.8%. Indigence in rural areas is almost triple the rate in capital cities, and poverty almost double.

4. The scale of rural poverty in Bolivia is very serious, as shown by the country's indicators of income and of Unmet Basic Needs (UBNs). The rural population faces a number of structural problems: unemployment, a high dependence on non-farming income sources (48%), food insecurity, deficient infrastructure and rural services, poorly performing markets for inputs, goods and services, insufficient technology appropriate to the needs of small farmers, little access to credit, and economic and social exclusion. In 2001, the UBN index in the rural sector was 90.9%.

5. Bolivia finds itself at a complex political and economic juncture. In late 2003 the new administration revised its development policy under a broad-based wealth generation approach. The

¹ The Country Programme Evaluation mission was carried out by the consulting firm, PROMESUR S.C. The PROMESUR team was composed of Marcelo Regúnaga, Agronomist and Mission Leader; Carlos Garramón, Agrarian Economist and Project Director; Mercedes Caracciolo, Sociologist; Manuel Gonzalo Chávez, expert in Public Policies, and Alfredo Picerno, expert in Agriculture Markets. Paolo Silveri, Evaluation Officer of IFAD's Office of Evaluation led the Country Programme Evaluation. Roberto Haudry de Soucy, IFAD Operations Manager for Bolivia, participated in and collaborated with all stages in the evaluation process.

country currently shows signs of commencing a complex process of rapprochement between the Government and civil society (policy dialogue) and decentralization, with an appropriate legal framework in which poverty reduction is given a high priority. This opens up opportunities of interest for IFAD in contributing to reducing rural poverty.

III. STRATEGIC APPROACH

6. IFAD has a sizeable portfolio of projects as a result of the successive strategies set in programming and identification missions in 1975, 1985 and 1989, and in the Country Strategic Opportunities Paper (COSOP) of 1998. Given resource limitations for achieving national coverage, projects were implemented in various regions and serve as elements for designing a comprehensive strategy, first in the highlands and valleys, and then in the humid tropical area.

7. The strategies of the 1980s highlighted the need for a comprehensive approach to address all facets of rural underdevelopment. To this end, rural development projects were designed with a large number of components: support for campesino organizations, training, support for marketing, technical assistance, credit, physical infrastructure and irrigation, as well as others aimed at improving the quality of life for rural populations (housing, health and education). These area-based strategies (*enfoque territorial*) focused on strengthening community organizations, since an important cause of poverty is low social participation. They targeted poor and very poor campesinos and gave high priority to investments in physical and social infrastructure. They were characterized by a top-down design, in which local food availability played a central role and income improvements were based solely on agricultural production. The large number of components implied a complex design with the ensuing coordination problems. Another weakness of this type of projects is that they failed to include activities relating to off-farm income opportunities for the rural poor.

8. The General Identification Mission (GIM) of 1989 proposed a programme covering all three zones but entailing different types of intervention (i.e., area-based and sectoral projects) and different productive activities, based on the characteristics of each. The mission recommended including natural resource conservation, giving a role to nongovernmental organizations (NGOs) engaged in rural development, and achieving a better understanding of social and productive dynamics in the project areas to avoid the difficulties encountered with the top-down approach. Nevertheless, no rural development projects were approved during the 1990s. With the exception of the Sustainable Development Project for Beni Indigenous Peoples (PRODESIB, 1994), the new projects, i.e. the Development Project for Camelid Producers in the Bolivian Highlands (UNEPCA, 1994) and the Small-scale Producers Technical Assistance Project (PROSAT, 1997), did not provide for an area-based element. Their design was simpler and more vertical (or sectoral), eliminating productive and social infrastructure components; they included both agricultural activities and the related processing and marketing activities; they gave priority to participation by beneficiaries in designing and managing technical assistance; and they began to include a gender perspective. The overall approach for rural poverty alleviation with active participation by public institutions was replaced by actions to improve the incomes of small farmers dispersed in remote areas, without the support of public institutions or decentralized implementation through municipal bodies.

9. Based on the new public policy framework of the 1990s, the 1998 COSOP recommended a participatory approach with decentralized implementation. This entailed strengthening policy dialogue and partnerships with international cooperation agencies and various NGOs. The COSOP noted opportunities for intervention in all regions of the country: through rural development projects in the valleys and the settlements of the east; and under a sector approach in the highlands. However, even those projects that were assigned priority in the COSOP reflected exclusively a sectoral approach and support for development of indigenous peoples. Since the paper came out in 1998, only one new project for natural resource conservation has been approved.

10. **Relevance of objectives.** The strategies of the first stage (1979-1989) put forward relevant objectives to combat all aspects of rural poverty (UBNs, raising incomes and empowering community-based organizations), with operations located in critical areas of the country's three regions and focused on groups of poor and very poor small farmers. They were consistent with the needs of the poor rural population groups in the most critical conditions. The same can be said of PRODESIB (1994).

11. The projects of the 1990s achieved several of their objectives: (i) raising the incomes of beneficiary groups; (ii) achieving better participation by producer groups in the design and implementation of technical assistance subprojects; and (iii) better positioning campesinos in markets for inputs and goods. They did not, however, give priority to other relevant aspects of rural poverty reduction in the country: strengthening community-based organizations and developing social infrastructure. Moreover, the objectives of the new strategies were very ambitious considering the realities faced by the poorest campesinos in attempting to position themselves competitively in the market economy, given market imperfections and institutional weaknesses prevailing in Bolivia.

12. **Consultative processes.** The strategies for Bolivia were designed by IFAD teams based on studies of rural poverty and the sector policy context, in consultation with the government and with other institutions, organizations and key respondents. The process of consulting campesino and economic organizations in communities is still limited.

13. **Adjustments to strategies.** The programme's strategies for intervention were adjusted in the light of lessons learned during project implementation, the opinions of beneficiaries and other qualified respondents, and changes in the public policy and institutional context. These changes, together with the excessive lag between project design and implementation, and problems encountered in the course of some projects, gave rise to further adjustments and revisions. Such adjustments had to do with approaches as well as priorities assigned to the various project components; several changes were made to organizational arrangements for implementation and other aspects of project management as well.

14. **Policy dialogue. Influence on policy.** Overcoming rural poverty means more than carrying out rural development projects and programmes. Linkages between public policies, institutions and rural development programmes are also critical factors. Accordingly, policy dialogue is a strategic component, as underscored by the Special Programming Mission (SPM) of 1985 and highlighted by the COSOP of 1998. Over 24 years, IFAD has developed working relationships with various agencies and institutions of federal, departmental and local governments in Bolivia. Despite those relationships, and the fact that it is a multilateral financial institution entirely focused on small farmers and rural poverty reduction, in recent years the Fund has not had an active presence in policy dialogue, and its influence on the design of public policy has been limited to one-off aspects. In this sense, representatives of the Government and of donors suggested that IFAD should take a more active part in policy dialogue in the future.

IV. EVALUATION OF PROGRESS

15. During the period 1979-2003, nine projects were approved for total contributions of USD 81.3 million by IFAD and USD 39.5 million in government counterpart funding and contributions from other cofinanciers and donors. This means that for every dollar contributed by the Fund, 48 cents were leveraged from other financing sources. From a geographical perspective, projects completed or under way covered all the regions in the country. One project was national in scope (PROSAT), two were designed for the highlands (Omasuyos-Los Andes Rural Development and UNEPCA), three for inter-Andean valleys (Cotagaita-San Juan del Oro Agricultural Development Project (PCSJO), Chuquisaca Norte Agricultural Development Project and Chuquisaca Sur Rural Development Project); two for the humid tropics (Development and Consolidation of Small Farming Settlements in the Department of

Santa Cruz (PRODEPA) and PRODESIB). A project approved in 2000, Management of Natural Resources in El Chaco and High Valleys (PROMARENA), began field operations in 2004.

16. **Achievement of objectives.** The diversity of strategic approach, institutional changes and political interference had repercussions on project performance, so that achievements varied even during implementation. The CPE found that accomplishments generally ranged from moderate to very good, according to the aspect selected to measure impact in each type of project. For instance, the achievements related to UBNs, such as human and physical assets, were good and very good in rural development projects and moderate in vertical (or sectoral) projects. On the other hand, recent projects were more effective in improving incomes, since they better addressed demand for -and management of- technical assistance by beneficiary groups. Moreover, they included income alternatives by adding value to various agroindustrial chains, using the skills and available resources of campesinos and indigenous groups.

17. **Impact.** The rural development projects had good and very good impact on physical assets and natural resources. The emphasis placed by such projects and by PRODESIB in training and strengthening preexisting campesino and indigenous community organizations helped to empower those organizations for action at a local level, achieving good and very good impact on these aspects of social capital. These projects had less of an impact on food security. On the other hand, the projects designed in the 1990s had greater impact on food security and gender-related aspects of social capital, empowerment of economic/productive groups and their market position, but had only moderate impact on strengthening the capacity for action of campesino organizations. A table synthesizing such impacts is presented in Annex 1.

18. **Innovation and replicability.** The rural development projects implemented in the valleys and settlements of the east were relevant and did target the rural poor, hence they could serve as a basis for new interventions. PRODESIB has addressed key components of rural development: regularization and titling of indigenous territories, and initiatives to improve incomes and living conditions for poor and very poor communities. Although some adjustments are in order, and similar to those needed for rural development projects, the CPE views this type of intervention as relevant and replicable for other indigenous populations. Vertical projects such as UNEPCA are innovative, having successfully developed an economic sector that barely existed before the project; in this specific case, UNEPCA has enabled beneficiaries to raise their incomes and developed a demand for camelid products. However, they would be difficult to replicate on a larger scale, given their lack of area-based and local institutional integration, as well as the lack of an overall approach to competitiveness in the chain. These aspects would have to be addressed in future interventions. PROSAT is an innovative project with positive features, such as the importance it assigns to technical assistance to improve campesino incomes and competitiveness, participation by beneficiary groups in the design and administration of technical assistance subprojects and consideration of the alternatives open to campesinos to improve their incomes. However, it presents various weaknesses that would need to be addressed were it to be replicated.

19. **Sustainability.** Several of the comments made above lead to the conclusion that overall sustainability for project-initiated activities is likely to be limited. However, some components did show sustainable effects: (i) in area-based projects, investments and diversification of production brought a lasting improvement in incomes; (ii) community-based organizations were strengthened through rural development projects; (iii) organization and training were provided for economic/productive groups under recent projects; (iv) incomes increased for the camelid chain under UNEPCA through development of demand for products and byproducts; (v) value was added to campesino production through the production of food, fabrics, typical products, crafts, etc. under sector projects (PROSAT and UNEPCA); (vi) land titling and organizational strengthening were provided for Beni indigenous communities.

V. SPECIFIC PROGRAMME ISSUES

20. **Participation by beneficiaries.** Various forms of participation by beneficiaries were contemplated in project design. Rural development projects included strengthening of preexisting campesino communities so that they could have an influence on future project planning and on public policy in general. In vertical or sectoral projects, beneficiary groups and associations of an economic nature were strengthened and thereby empowered.

21. The strategy for participation by indigenous communities in the humid tropics takes a comprehensive approach to reduce the major problems affecting them, and goes beyond technical/productive and commercial problems. This has led to meeting the demands for training by indigenous communities, whose representatives currently carry out managerial functions for their respective groups. PRODESIB was designed to strengthen their organizations and contemplated participation by indigenous groups in project preparation, management, implementation and supervision. This is the project where participation is provided for in the most comprehensive way in Bolivia.

22. **Women's participation and gender focus.** The programme has achieved gradual progress on equitable participation by women. Women were not explicitly considered in the initial design of the first projects. However, upon their completion, progress in redressing gender balance was made by redirecting part of the technical assistance and training. In the early 1990s, projects included specific components addressing women, setting up exclusive women's groups with social and productive aims (the "women in development" approach). Recent projects include a gender focus in productive components; targets set for women's participation have been met. This has meant progress has been achieved in an area that is not easy to address in some communities. However, a comprehensive approach involving shared responsibility with men in all tasks has yet to be achieved. Women have not yet attained leadership positions in mixed organizations in line with the aims of a "gender in development" strategy.

23. **Conservation of natural resources and the environment.** In general and specifically in Bolivia, IFAD has assigned less importance to this area than to other cross-cutting issues. The CPE observed that the environmental dimension had not been prioritized or included systematically in project formulation, monitoring or evaluation, in particular with respect to measuring the environmental impact of actions carried out. This does not mean that environmental issues have not been addressed. Rural development projects included these issues from an "agronomic/productivist" perspective rather than an environmental perspective per se, but nevertheless had a positive impact on the environment. The vertical and sectoral projects did not include environmental components. Not until 2004 did a project arise with a specific orientation toward conservation and better natural resource use. The inclusion of this project, PROMARENA, implies that this area is now being given higher priority.

24. **Technical assistance services.** Technical assistance took on a growing importance in project design and in the resources available to support it. In rural development projects, this was just one component among many other development tools. In recent projects, technical assistance has had a strategic role in raising incomes, which has shown promising results. The currently prevailing approach builds beneficiary participation into the definition of demand for technical assistance and/or training, and in its subsequent management. This has improved the quality of service and changed the beneficiary-technician relations in favour of beneficiaries. Nevertheless, the CPE observed that there were several critical elements involved in applying this demand-driven approach across the board, such as the following: (i) limitations on the amount of information available to beneficiary groups on medium- and long-term market prospects for products included in subprojects; (ii) lack of provision for strengthening the system for generating technology (for agricultural extension), which in Bolivia presents serious constraints with respect to campesino issues; (iii) limitations on prospects for

medium-term success of interventions based almost exclusively on technical assistance (the positive results that may in some cases be obtained in the early stages are not capable of generating a sustainable process of technological change over time); (iv) increasingly, the need to pay for these services limits access by the poorest and less educated campesinos: arrangements requiring the rural poor to pay up to 60% of the cost of technical assistance within short periods of two or three years, as in the case of PROSAT, are considered unsustainable and inequitable.

25. **Linkages with markets and the business plan approach.** Over the past decade, projects have promoted closer links between campesino production and markets, in order to improve incomes. The business plan approach is gradually being included in the design (by groups) of subprojects for technical assistance. Positive results have been observed in the camelid chain, consisting of increases in both the value of products and financial support to improve marketing on the part of producers' organizations. Still, since campesino markets continue to operate less than optimally, most of the benefits of developing demand for camelid products have gone to links higher up in the supply chain. In many of the PROSAT subprojects also, solid increases in incomes were achieved at the early stages, but in order to sustain them we must keep in mind that they were developed with a limited amount of information as to the overall characteristics and long-term prospects of markets for selected products.

26. **Access to rural financial services.** During the initial stages, the Fund approved projects that included the supply of directed public credit for agricultural production. Some of them encountered problems at the implementation stage, which were due to constraints in the design of their technical and financial components. Following closure of the Agricultural Bank of Bolivia (ABB), projects included credit components operated by private institutions and financing primary production, processing and marketing. These yielded positive results by improving the market weight of producer associations. Today, PROSAT does not have credit components; the supply of financial services is limited to those needed to open and administer accounts to pay for technical assistance. One positive aspect as the programme has evolved is the elimination of the concept of projects centred around the credit component.

VI. THE ROLE OF IFAD'S PARTNERS

27. **The Government and public organizations.** The macroeconomic, institutional and rural development policy context that prevailed during the 1990s had a significant impact on project performance. The public policy reforms did not enable campesinos to be more competitive in the face of a fiercely competitive, subsidized global market. On the other hand, political interference in the form of changes in technical teams and diversion of funds for purposes not contemplated in projects also affected performance. To avoid such distortions, in recent projects IFAD has opted for independent project implementing units with limited exposure to national and local institutions. Although this has reduced interference, it conspires against sustainability and minimizes synergies among projects. The institutionalization of projects is a key issue that warrants special attention by IFAD and the Government of Bolivia.

28. **NGOs and community organizations.** Beginning in the 1990s, partnerships were forged with various NGOs and other institutions to implement some project components, with mixed results. The CPE observed some experiences of interest in the area of technical assistance and training, but limited leverage of additional resources. Experiences with private financial institutions have not shown sustainable results. Support has also been provided to NGOs and producer organizations, which is considered positive since they are strategic interlocutors in empowering campesinos.

29. **The cooperating institution.** The Andean Development Corporation (Corporación Andina de Fomento - CAF) has acted as the cooperating institution for virtually all IFAD projects in Bolivia. CAF has modified its approach to participation as the programme has evolved. At the outset, it cofinanced projects and provided a team to perform technical and administrative monitoring and evaluation. The team made a useful contribution but showed weaknesses in terms of consistency,

effective technical control, synthesis and sequencing of monitoring reports. Then CAF eliminated the team and continued to participate as cofinancier, but limited its role to administrative monitoring and control of projects, as well as making arrangements with the Government in support of their operations. The lack of technical monitoring and evaluation that coincided with the reduction of technical teams in project implementing units seen in recent years because of budget constraints, and the lack of a frequent presence in the country, are weaknesses that IFAD will need to address.

30. **International cooperation agencies.** Virtually all IFAD projects received partial cofinancing from other regional and multilateral institutions, but this funding was not significant compared to the contributions by the Fund and the total amount of loans and grants by those agencies to Bolivia. IFAD has no substantive partnerships with bilateral cooperation agencies, despite the magnitude and shared objectives of some of their programmes in Bolivia.

31. Bolivia receives substantial amounts of money in the form of loans and grants from various sources. International loans and grants have enabled public investment and certain levels of economic growth to be maintained, without however achieving satisfactory results in the social sphere. The existence of many projects and programmes in support of campesinos and indigenous communities in Bolivia calls for greater coordination. The challenge is to achieve better linkages in order to align the portfolio with the revised Poverty Reduction Strategy Paper (PRSP) for the period 2004-2007 and to consolidate the existing projects.

VII. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

32. Rural poverty in Bolivia is a very serious problem in terms of magnitude and scope, as shown by the country's indicators of both income and UBNs. The country finds itself at a complex political, economic and social juncture that underscores the need to step up efforts to put in place a comprehensive rural poverty reduction programme. This important objective has been given high priority in the Bolivian PRSP for the period 2004-2007.

33. The current political and legal context provides an appropriate framework for implementing a rural poverty reduction strategy under a range of approaches in line with IFAD priority strategic objectives. These are popular participation, productive dialogue and modernization of production, decentralization to municipalities and groups of municipalities, social development, ethnic and gender equity, and environmental sustainability.

34. In nearly 24 years of operations in Bolivia, IFAD has carried out a significant portfolio of projects with strategic objectives of relevance to rural poverty reduction. Through these projects, IFAD has accumulated valuable experience in various regions of the country and in various activities. The lessons learned are a very important asset to contribute to the design of a comprehensive rural poverty reduction strategy in the framework of dialogue and the PRSP.

35. The level of achievement of objectives varied during different project stages. Over the past decade, frequent changes in the political and institutional context have had a significant impact on results. Despite this, impact achieved was rated as good in terms of increasing the incomes of beneficiary groups, under an expanded view of rurality; within such view, support was provided for on-farm production, as well as for product processing, marketing and alternative productive uses for human resources within the family unit. However, the structural constraints on reducing poverty in Bolivia's rural environment, especially in the highlands and Andean valleys, have given rise to traumatic migratory processes and a search for off-farm alternatives. At present, close to half the income of poor rural families comes from non-agricultural sources. Until now, these kinds of labour and income opportunities have not been contemplated in projects.

36. Although the Government of Bolivia began a process of decentralization and local participation in the mid-1990s, results have been very limited. The same is true of IFAD's projects in the last 10 years, which have not been institutionalized at the municipal level or included components to strengthen human resources. The current process of "productive dialogue" promoted by the Government among local and regional bodies to build a "productive Bolivia" through "productive municipalities" provides an enabling environment for implementing a planning process under a territorial approach to rural development.

37. The Fund's projects have shown incremental progress in participation by economic groups of beneficiaries in several areas, such as designing and managing technical assistance and/or managing financial resources. This has led to improvements in the quality of services and in self esteem and empowerment of the groups concerned. On the other hand, insufficient importance has been given by vertical (sectoral) and horizontal projects in recent years to strengthening social capital by training community organizations. Training could increase their ability to influence the design and implementation of public policy.

38. The new approach to technical assistance whereby beneficiary groups take an active role in decisions relating to outsourcing services, has substantially improved its quality and sparked the development of a market for such services, which is considered promising. However, some of the characteristics of PROSAT place constraints on its replicability and sustainability.

39. The programme has changed significantly in its strategies for financing production and marketing. Upon closure of BAB, the development of a market for financial services was promoted, with projects being carried out with contributions from private entities. Campesinos do not have access to institutional financing except through special programmes such as the Fund's. This acts as a constraint on arriving at a sustainable strategy for rural poverty reduction.

40. Over the past decade, closer links between campesino production and markets have been promoted within the framework of a market economy. However, problems with the structure and performance of markets for campesino products constitute serious constraints. Recent IFAD projects have called for the development of markets for goods and services, but have not included components to improve their less than optimal workings.

41. The programme has shown interesting results in cross-cutting areas such as ethnic and gender equity. Support has been provided for Beni indigenous communities with very relevant objectives and very good achievements in recognizing their rights and strengthening their organizations. Successive projects have gradually moved toward the gender in development approach, although improvements are still needed in some areas if a comprehensive approach is to be achieved. On the other hand, environmental issues have not been included in projects in a cross-cutting way; only recently, in 2004, was a specific project initiated in this area.

42. IFAD has had a limited role in dialogue and limited influence on public policy in Bolivia. No significant progress has been made on dialogue in recent years, despite the promising experience with rural poverty reduction issues, the country's need for a comprehensive strategy that would encompass government action with that of cooperation agencies, and the priority assigned to policy dialogue in the Fund's strategy. The projects' coordination with local, regional and national authorities is limited, and there has not been a proactive attitude toward partnerships with international cooperation agencies.

43. Over the past decade, projects have felt the effects of frequent changes in public policy and organizational arrangements, leading to institutional gaps and preventing efficient implementation. The problems of institutionalization, lack of field presence, low relative priority given to monitoring and evaluation and a less than dynamic approach to the project cycle are major weaknesses that must be resolved.

Recommendations

44. **Step up IFAD-supported actions in Bolivia and design a comprehensive rural poverty reduction programme aligned with the PRSP.** It is suggested that a new IFAD country strategy be established (COSOP), as a comprehensive programme to reduce poverty under an area-based approach (*enfoque territorial*), but on a larger scale than the current one and taking into account current scenarios². This recommendation is based on the following: (i) rural poverty in Bolivia is a very serious problem of great magnitude, both in terms of unmet basic needs and poverty lines; (ii) a favourable policy, institutional and normative framework has been put in place by the new administration; and (iii) the PRSP is highly consistent with IFAD strategies in the region.

45. **Support the process of decentralization and popular participation at the local level, under an area-based development approach.** Since the Government of Bolivia has assigned priority to these policies, it is suggested that the IFAD programme should operate under a participatory approach with decentralized implementation. The adoption of an area-based development approach (*enfoque territorial*), implemented at the level of municipalities or groups of municipalities (*mancomunidades de municipios*), aims to promote an appropriate institutional framework to favour viability and sustainability the transformation of the production structure in rural territories and reducing rural poverty in a viable and sustainable manner.

46. **Design projects with a flexible “differentiated inclusion” approach.** In order to support community members living in different economic and social situations, it is necessary to design a flexible and broadly participatory strategy with each community. This will lead to a better definition of the scope of project components in each instance, and avoid problems that are peculiar to targeting the poorest that often arise with standardized designs.

47. **Implement a programme to promote the strengthening of social capital.** The evaluation mission understands that, in keeping with IFAD’s philosophy, in order to overcome the vicious cycle of poverty sustainability, it is not enough to raise the incomes of campesinos who are best positioned in the market. Also, and fundamentally, training is needed to empower preexisting rural community organizations in order to increase their ability to influence the design and implementation of public policy.

48. **Build on progress already made, to arrive at a comprehensive “gender in development” approach.** It is recommended that the following strategic elements be taken into account at the project level: (i) appoint a gender expert; (ii) apply gender criteria in appointing staff; (iii) promote a gender awareness among project leaders and public officials involved in rural development; (iv) provide gender training for the team in the field; (v) ensure financing for gender actions; and (vi) identify and quantify by gender the population of direct project users or beneficiaries.

49. **Expand the income strategy to include opportunities already existing in rural areas and off-farm activities.** In addition to traditional components, labour and income opportunities in other economic sectors should be identified as a basis for designing training and support for participation in off-farm activities, in support of an orderly and non-traumatic process of rural-urban migration. It is also suggested that various alternatives involving international migrants be included in IFAD projects to reflect their potential as a source of funds and in developing markets for campesino and indigenous products abroad.

50. **Implement a comprehensive strategy with a long-term vision of developing supply and demand for technology.** Technical assistance is an essential component for increasing the incomes of

² The project portfolio, regional support programmes, and active participation in policy dialogue with the Government of Bolivia and international cooperation agencies.

the rural poor through a systematic increase in their competitiveness. To improve the current approach, it is recommended that three aspects be changed: (i) complement technical assistance with financing for investment and marketing; (ii) provide support in the form of market studies and information systems for selected products; (iii) obtain State support to generate basic innovation in strategic areas of interest to the rural poor.

51. **Include the issue of financing in project design.** A sustainable rural development strategy implies providing for financial aspects. It can be implemented with contributions from IFAD, as in the case of UNEPCA, or through linkages with other local, multilateral or bilateral sources of financing. Moreover, within the framework of its policy on rural finance, the Fund should support the development of new financial instruments that enable matching accumulated savings by institutional investors to demand by the rural poor.

52. **Improve small farmers' access to markets for inputs and products, and enhance the performance of those markets.** It is suggested that the new COSOP should contemplate the following alternatives: (i) a more in-depth analysis of agroindustrial chains of interest to campesinos, the nature of their links and their local and international positioning; (ii) include components to improve overall chain performance in productive aspects and in market operations; and (iii) provide for new mechanisms for coordination among chains to improve the performance of these imperfect markets.

53. **Provide for a comprehensive approach to programme sustainability.** The design of new interventions should provide for an exit strategy of financial support from the projects, with a comprehensive view of sustainability at three levels: microeconomic, local/regional and global/macroeconomic. The COSOP should underpin strengthening of campesino organizations in adapting to their new context and market positioning, and linkages to those national and regional institutions providing services and generating policy. It is also suggested that environmental sustainability be built into all future interventions.

54. **Institutionalize project-supported initiatives.** Key to COSOP success is to ensure the proper institutional articulation of project-supported activities at the national, regional and local levels. The main challenge in this sense lies in defining conditionality to ensure that the human and financial resources of the projects are in strict compliance with the rules of transparency and independent of any illegitimate interest, while at the same time ensuring viable linkages between them and the public policies and institutions concerned.

55. **Ensure a more dynamic and flexible approach to the project cycle.** Considering the frequent changes in context and lags between project design and implementation, it is recommended that a better balance be struck between resources allocated for identification and design and those allocated for managing the project cycle during implementation. This should make for a dynamic approach whereby any needed adjustments can be made in tune with changing economic, social and political realities.

56. **Assign high priority to IFAD participation in dialogue.** IFAD has a sound basis for participating in the process of dialogue between the Government, civil society and international cooperation agencies. Such participation should be considered a priority in the future COSOP. In this context, the Fund will need to decide on: (i) optimal mechanisms, bodies and modalities for IFAD participation in dialogue; (ii) whether a permanent field presence is needed, and the level of IFAD staff to participate, or whether another option would best achieve this end.

57. **Include a proactive strategy for partnerships with international cooperation agencies.** There are major opportunities for leveraging IFAD action to reduce rural poverty through partnerships with other cooperation agencies. The current administration has expressed much interest in consolidating the many projects and programmes in support of campesinos and indigenous

communities now under way in Bolivia. The national dialogue and the PRSP provide a framework to do so, and IFAD should be part of this initiative.

ANNEX 1

SUMMARY IMPACT INDICATORS FOR SELECTED PROJECTS

<i>Main domains of impact</i>	PCSJO	PRODESIB	UNEPCA	PROSAT
I. Physical and financial assets				
Extent of change.....	4	4	3	1
Scope: project contribution.....	4	4	4	3
II. Human assets				
Extent of change.....	3	2	1	1
Scope: project contribution.....	3	3	3	4
III. Social capital				
Extent of change.....	4	3	2	2
Scope: project contribution.....	4	3	2	3
IV. Food security				
Extent of change.....	2	1	2	2
Scope: project contribution.....	4	3	3	4
V. Environment and natural resources				
Extent of change.....	3	3	(2)	1
Scope: project contribution.....	4	4	1	2
VI. Institutions, policies and the regulatory framework				
Extent of change.....	4	2	2	2
Scope: project contribution.....	N/A	N/A	2	1

Source: CPE-generated information based on project sources and surveys conducted

Notes: 1: negligible; 2: moderate; 3: substantial; 4: high; N/A: not applicable; (): adverse impact