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BOLIVIA

COUNTRY STRATEGY PAPER

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SUMMARY

Bolivia has successfully embraced economic reform and adopted democratic politics. However, despite 18 years of democracy and 15 years of structural adjustment, Bolivia remains the poorest country in Latin America with income poverty and human development indicators on a par with countries of sub-Saharan Africa. Over 60% of the population live below the national poverty line and 30% live on less than 1US\$/day. Well over half of Bolivia's 8.1 million population are indigenous people a majority of whom are excluded from the benefits of economic growth. Women do not share to an equal extent with men development benefits. The management of the environment remains a major challenge for sustainable livelihoods.

EU policy towards Bolivia has two main aspects:

- The Rio Summit framework aimed at strengthening relations with Latin America, including Bolivia, covering political, economic, social and human domains;
- Support for Bolivian development and poverty reduction strategy.

The Bolivia Country Strategy Paper brings the whole range of co-operation and development activities carried out in Bolivia under a single and comprehensive framework, consistent with EU and GOB Policies. The Country Strategy Paper constitutes an assessment by the Commission of the development potential of Bolivia and of the constraints to this development, as well as the scope for general co-operation as indicated above.

The goal of the EC in Bolivia, in line with those of the Bolivian Government, is to promote economic and human well-being through a reduction in poverty, inequity and social exclusion within the general framework of the Rio Summit objectives. What the Commission wants to achieve through its strategy is to support the poverty-reduction policies of the Government aimed at target populations in retained focal areas. The three priorities of the EC in this endeavour are: improved access to services and sustainable livelihoods; economic regeneration; regional integration and cooperation.

The Memorandum of Understanding signed in October 2001 commits the EC and the Government to work on: regional physical integration; water and sanitation; alternative development; and economic cooperation. In addition the Commission will mainstream horizontal themes throughout its work and will build on existing achievements through the food security programme implemented with the Government. Support to civil society through NGO financing, both international and national, and other financing will be brought into line, when relevant, with the Government of Bolivia's overall policy.

The Government-lead coordination of development assistance towards the implementation of the PRSP remains crucial. The EU coordination will be complementary to this, with attention being given to policy issues and to promoting the key horizontal themes specified in the Development Council Conclusions. Coordination in the field should be encouraged, as appropriate.

1. EU CO-OPERATION OBJECTIVES

1.1. EU Development Policy Objectives

The European Union's policy with regard to co-operation in Latin America is based on Title XX of the Treaty establishing the European Community. Article 177 establishes that Community policy in the field of development co-operation is to encourage sustainable economic and social development in developing countries, particularly the most disadvantaged; the harmonious and progressive insertion of the developing countries into the world economy and the fight against poverty. Furthermore, the general aim of EU policy is to develop and consolidate democracy and the rule of law, as well as the respect of human rights and fundamental freedoms.

The European Union's development policy has been defined in a November 2000 Statement by the Council and the Commission, setting out the principle that cooperation is an expression of solidarity and is consequently an essential feature of the Union's international activity. The European Union's development policy is conceived in terms of sustainable, equitable and participatory human and social development. It also asserts that the promotion of human rights, democracy, the rule of law and good governance are an integral part of this policy.

Given the current panorama of poverty situations in many regions of the world, a principal aim of EU development policy is to reduce poverty with a view to its eventual eradication. In this respect, it is considered that sustained growth is a necessary, but not sufficient condition, to reduce poverty. More focused, pro-poor actions are necessary to advance in this direction. At the same time, it is recognised that the integration of the developing countries into the world economy is a precondition for their growth and sustainable economic and social development, and is therefore also a precondition for poverty eradication.

In the November 2000 Statement, the Council and the Commission explained that the EU intends to concentrate its development cooperation efforts on six areas:

- the link between trade and development;
- regional integration and cooperation;
- support for macroeconomic policies and the promotion of equitable access to social services;
- transport infrastructure;
- food security and sustainable rural development;
- institutional capacity building.

1.2. The Rio Summit and EC Regional Objectives

Relations between the European Union and Latin America are carried out using a number of political dialogue frameworks (up to ministerial level) and regional agreements. They are inscribed in the spirit of the Rio Summit of 28-29 June 1999, and the accords reached at the same, which have since been developed further in different ministerial working groups and will very likely be further strengthened at the Madrid Summit in May 2002. Enhanced and closer relations between the European Union and Latin America are a logical outcome of the importance of economic interchange between the two regions. The EU is the second most important trading partner for Latin America and it is the second largest investor in the region. The Summit was also built on the cultural affinities that exist between the two regions as a basis for closer relations.

The Rio Declaration, adhered to by all attending heads of State, underlines the common objectives agreed upon in the political, economic and human domains and outlines the general action plans to reach them, including regional co-operation. These general action plans have later been defined more specifically at Helsinki in late 1999. With the 2002 Madrid Summit in view, the Commission proposed an intensification of its action along three priority fields: the protection of human rights, the promotion of an information society and the reduction of social imbalances using an overall approach in fight against poverty¹. The central objective is 'to place human development and civil society at the heart of relations between the two regions in question'. These lines of action will be pursued through existing cooperation instruments, particularly through decentralised horizontal programs

The majority of EU co-operation funds for Latin America countries are governed by the Council Regulation (EEC) No 443/92 of 25 February 1992 on financial and technical assistance to, and economic cooperation with, the developing countries in Asia and Latin America. This Regulation explains that financial and technical assistance shall be targeted primarily on the poorest sections of the population and the poorest countries in the two regions, through the implementation of programmes and projects in whatever sectors Community aid is likely to play an important role. In particular, measures shall be implemented in areas where domestic, economic and human resources are difficult to mobilise, but which are of strategic importance either for the development of the countries concerned or for the international community as a whole.

Bolivia is also party to the Framework Agreement on Cooperation between the European Economic Community and the Cartagena Agreement and its member countries (with Colombia, Ecuador, Peru and Venezuela), signed on 23 April 1993², which aims at promoting in particular the development of cooperation relating to trade, investment, finance and technology, taking account of the Andean countries' special status as developing countries, and at promoting the intensification and consolidation of the process of integration in the Andean subregion.

2. THE POLICY AGENDA OF THE BOLIVIAN GOVERNMENT

The current Government's policy agenda was defined in the consultation between the administration and the civil society in 1997, i.e. at the beginning of the current period of Government. This consultation is known as *Diálogo Nacional I*. The policies then adopted were reasserted recently by President Quiroga, at the beginning of his twelve month administration (he replaced his predecessor, who resigned, for the remaining period of his mandate).

2.1. Policy Determinants

Actually, the country's policy agenda has been fairly consistent over the last twenty years as it is largely dictated by Bolivia's history, geography and economic and social conditions. Geographically, Bolivia is located at the centre of South America and is a natural link among the nations of the continent, particularly as it forms part of both the Amazon and the Plate river basins. At the same time, however, the topography of the western third of its territory is difficult, with two mountain ranges traversing it in a south-northwest direction.

Bolivia is endowed with rich mineral resources, large forests and extensive grazing and agricultural land. Bolivia also has the second largest reserve of natural gas in South America, after Venezuela, a commodity which most of its neighbours need to develop their industrial base and

¹ In COM/2000/670 of 31 October 2000; see also COM/95/495 of 23 October 1995 and COM/99/105 of 9 March 1999.

² O.J.E.C. L127 of 29 April 1998, pp. 10 to 25.

serve their growing urban centres. In this respect its strategic geographical position acquires an added dimension.

Most of the country's resources, however, have not been developed fully because of a low population base, originally concentrated in the western mining region of the country. Additionally, a large proportion of the population has not been integrated into society for socio-political reasons dating back to colonial times and continued for over a century after independence. In spite of movements to change this situation during the past fifty years, large segments of the country's population still lack education, access to health and basic services and do not participate in national life.

This social exclusion is a major cause of poverty in both urban and rural areas, which reduces even further the size of the country's internal markets and limits its overall development potential. Bolivia needs, therefore, to address this situation in its political, economic and social dimensions, if it intends to develop its economy and become part of the modern global world.

2.2. The Political Agenda

The principal elements of the Government's policy start with Bolivia's commitment to consolidate its democratic institutions and processes and move from a representative form of democracy to more participatory mechanisms for political expression.

The country is committed to eliminate illicit activities, originating in or passing through its territory, and the principal activity in this area is the war on drugs with a significant reduction in illegal coca plantings.

Bolivia is also committed to continued reform of the Government's administrative structure, emphasising its regulatory role, seeking to strengthen the capacity of the civil service and more direct participation by municipal administrations in government.

In the international area, Bolivia regards the recovery of direct sea access as a major objective of its foreign policy. Bolivia lost extensive sea coast territory to Chile as a result of the Pacific War in 1879. Diplomatic relations with Chile have been suspended again in 1978 but economic relations between the two countries are strong and are thought to provide a basis for better political understanding in the future.

2.3. The Economic Agenda

Bolivia considers macroeconomic stability as a fundamental condition for economic growth and social development. Since 1985 it has pursued prudent monetary policies, has administered a crawling peg regime to adjust the exchange rate periodically, and has adopted fiscal restraint as a major policy directive.

The Government is committed to improve the economic and social welfare of the country's citizens and, therefore, seeks to enhance economic activity, expanding opportunities especially for the more disadvantaged. It also seeks to provide the poor with education, health and basic services that will permit them to avail themselves of existing economic opportunities and to participate in the country's political, social and cultural life.

During the past sixteen years Bolivia has pursued policies to reform and liberalise its economic regime and has opened up to trade with relatively low and uniform tariffs and few and occasional non-tariff barriers. It has privatised its state enterprises and has reformed the banking sector. The government sponsored pension scheme was replaced by a private, individually funded, pension system.

The country sees regional integration as a necessary condition for its own development in an increasingly global world economy. It supports agreements in this direction, emphasising, however, the need to take account of existing asymmetries when incorporating individual countries into regional agreements. Bolivia is a founding member of the Andean Community of Nations (CAN, in 1969) and is an associate member, together with Chile, of the more recently established Mercosur. The CAN members have agreed in January 2002 to establish a Common External Customs Tariff by 2005 (Bolivia being allowed to maintain its lower customs duties on some products). Bolivia's trading pattern reflects this situation, since about 24% of Bolivian exports go to Andean Community partners while 40% of the country's imports come from the Mercosur. Bolivia also participates to the FTAA process and to the multilateral negotiations in the WTO framework.

2.4. The Social Agenda

Since the early nineties it has been Bolivia's policy to address aggressively social inequality situations, but with limited effect. During that decade important amounts of public investment funds were channelled to what was called "social investment". Water supply and sanitation projects were implemented, principally in the rural areas, where primary education and preventive health services were also increased and improved. In urban areas greater access to health services was made available for the elderly, women and children. However, institutional weaknesses limited achievements and, at present, income poverty and human development indicators reveal that there is still a long way to go in this respect, even to reach conditions comparable to other developing countries of the region.

Bolivia's participation in the HIPC I process took forward the poverty reduction agenda, involving some prioritisation of actions in the social sector, particularly in health, education and rural development.

In 2001, recognising the need to integrate social policies into the economic policy sphere, with particular emphasis on employment and productivity, the Government adopted a Poverty Reduction Strategy (Estrategia Boliviana de Reducción de la Pobreza, EBRP³), which translates into the country's overall development strategy for the coming fifteen years. This strategy has been developed in the context of the HIPC II foreign debt alleviation process, and envisages the use of approximately \$us 1570 million of non payable debt funds in pro-poor interventions to be executed at the municipal level over the referenced period.

The PRSP goes beyond the social agenda, but the principal lines of action to reduce income poverty and promote human development over the next fifteen years are outlined in the Strategy, as follows:

- expand opportunities for employment and income, by supporting and promoting productive capacity particularly among small, rural and urban producers;
- develop capabilities, by improving availability and the quality of primary education and preventive health services and affording access to adequate housing;
- increase the security and protection of the poor, particularly those more vulnerable, such as women, children and the elderly;
- promote social integration and participation, so as to strengthen the Decentralisation and Popular Participation processes.

Additionally, the Strategy incorporates actions to generate more equitable conditions with respect to gender and in favour of ethnic groups and indigenous peoples. It also outlines actions for the sustainable use of natural resources and the preservation of the environment.

³ Available on <http://www.ebrp.gov.bo/>

The Strategy constitutes a turning point with regard to the reduction of poverty in the country. As it is implemented, it is hoped that pro-poor actions will acquire sharper focus and will be carried out under a better defined scheme of priorities than outlined at present. Greater focus and prioritisation may become even more important as funds to implement the Strategy may not be as ample as originally predicted because of changed economic growth expectations, world-wide and in Bolivia. It will also be necessary to develop and strengthen the institutional mechanisms to carry out the Strategy.

Nevertheless, the Strategy has undeniable merits. In the first place, it has institutionalised channels of consultation with civil society (Ley del Diálogo Nacional) to define pro-poor interventions. Secondly, it seeks to have local authorities, rather than the Central Government, develop projects in the strategic areas defined. Thirdly, it allocates funds to local communities based on poverty criteria, so that poorer communities will receive proportionately more funds than their better-off neighbours.

3. ANALYSIS OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1. Political situation

Bolivia has enjoyed, for almost two decades, successive civilian, democratically elected governments. With the exception of the Siles Suazo administration, between 1982-1985, which had a populist left-of-centre tint, all other administrations have had a centre or right-of-centre political orientation. Basically two coalition groups have alternately held power. The MNR (Nationalist Revolutionary Movement) ruled between 1985-1989 and between 1993-1997, while ADN-MIR (Nationalist Democratic Action in coalition with the Movement of the Revolutionary Left) governed between 1989-1993 and now since 1997. Minor parties ally themselves temporarily with either group, principally based on expediency considerations.

In general terms Bolivia has advanced significantly, during this twenty year period, in strengthening its democratic processes and institutions. Impartial electoral boards have been appointed by Congress to oversee elections in transparent, rigging-free processes. Municipal elections are now held to elect mayors and city council members in all municipalities. Channels have been instituted for participation in certain aspects of government by representatives of civil society.

To provide a financial base for citizen participation at the local level, public funds are also now distributed to be directly administered by the municipalities. (Ley de Participación Popular). Additionally, both in 1997 and in 2000, nation-wide consultations were held with civil society on the actions that need to be carried out in the political, economic and social areas and in individual sectors. ('National Dialogue I' and 'National Dialogue II'). The results of these consultations were largely incorporated in the Government Program for 1997-2002 and in the Estrategia Boliviana de Reducción de la Pobreza adopted in 2001.

In the area of the promotion and protection of human rights, successive administrations have had laws approved in Congress protecting women's and children's rights and the institution of the Ombudsperson was established, with a good track record of interventions in the brief time of its operation. The Penal Code was reformed with an emphasis on due process and transparent prosecution.

Other judicial processes are also expected to benefit from the establishment of the Consejo de la Judicatura. This Council is the administrative arm of the Judicial System and is also charged with the induction of recognised professional jurists to preside over the courts at different levels, as well as to enforce sanctions in cases of malpractice. While this was a positive development, its

implementation in practice is encountering difficulties and strong opposition on the part of some judges and court personnel.

The Tribunal Constitucional was set up as the proper judicial instance for review of actions, public or private, including legislation that may be contrary to Bolivia's Constitution which embodies basic human and civil rights for the country's inhabitants.

For the past two years the country has been constantly convulsed by social protests from different groups, ranging from school teachers to hospital staff, campesinos, bank debtors, and retired civil servants. Demands from these and other sectors have twice this year led to road blockages and confrontation with government forces, in April and July. The Catholic Church has tried to act as an intermediary for the resolution of conflicts, including that with the opposition over the nomination of members of the electoral boards. In this respect the Church was successful in defusing many explosive situations, but it is hard to predict how long it can continue to assume this role credibly in the face of non-compliance with agreements by the parties in conflict. Government remains suspicious of many civil society organisations and this sentiment is often reciprocated. Trust needs to be built further.

Whichever coalition assumes power in August 2002 for a five year constitutional term, it will have a full agenda to carry out. The important longer term items on this agenda will be: 1) continued efforts to combat drug production and trafficking; 2) consolidation of decentralisation mechanisms, through effective strengthening of municipal administrations in various areas; 3) modernisation of the central Government's institutions and procedures, while adopting and enforcing anti-corruption measures; and 4) consolidation and strengthening of the regulatory system overseeing private activity.

3.2. Economic and social situation

3.2.1. Economic situation, structure and performance

Traditionally Bolivia's economy was based on mining, principally of tin, silver and zinc. However, in the last three decades productive activity has diversified to oil and gas production, large scale agriculture and agro-processing industries, together with some enlargement of the services sector. Also, within the past two decades the country adopted an open economy model reducing tariffs and other barriers to trade, reforming its financial sector, restructuring fiscal finances and pursuing prudent monetary and exchange policy management.

During the 1990's the country embarked on a privatisation program which is now basically completed, with no major enterprise currently under government control. In the mid-nineties the major telecommunications, energy and public transport companies were offered to potential investors. At that time, the Government sought to enlarge these enterprises by having potential buyers make investment commitments equal to the audited value of the enterprise in order to acquire 51% of their stock and obtain management rights thereof. The remaining 49% remained the property of Bolivian citizens in a fund administered by the AFPs (private pension fund administrators), to provide special pension benefits to persons aged 65 and over.

This plan has worked well in the oil and telecommunications sectors, both of which have expanded significantly in the last three years. The plan's success in developing the energy sector was milder and its effect on enlarging the transport companies was negligible, which in the latter case is hampering the country's regional integration. While it is clear that privatised companies are now run more efficiently, it is questionable whether they are more profitable, since reported annual returns have averaged around 6% of net worth to the detriment of minority Bolivian shareholders and those eligible to special pension benefits under the scheme described in the preceding paragraph.

All of these developments have allowed the country to attain growth rates averaging 4% per annum during the past decade, while maintaining fiscal and monetary stability. Yet, as of the end of 1999, Bolivia's economy remained one of the smallest in the Continent as revealed in comparative data with other countries. (Annex 2) Recent developments also point to the fragility of advances made in previous years.

In the past three years, growth stagnated and then declined, with expectations for 2001 of less than 1% growth, principally because of adverse climatic conditions initially, lower international prices for the country's export products and adverse economic developments in the region more recently. To these factors, were added the following internal developments: coca eradication efforts and the reform of the Customs Authority, which reduced the flow of illegal profits into the economy. The recent impact of these factors on the country's growth show the degree of dependence of Bolivia's economic performance on forces beyond normal economic management.

In fact, one problem that is certain to remain on the country's economic agenda is the tight fiscal situation, which is currently aggravated by the drop in national income. However, the basic cause of fiscal deficits in excess of 4% of GDP is the reform of the pension system, whereby the Government has assumed pension benefit payments to beneficiaries of the previous collective scheme which was practically bankrupt. These payments will account for close to 4% of GDP for many years to come.

Other structural problems affecting growth are in the external trade sector, the financial system and private industry. Exports have not increased in value for any significant amount in 20 years, although they have diversified away from minerals to gas, agricultural products and some manufactured items. Competitiveness at the company level, lack of leadership at the sectoral level and lack of transport infrastructure and promotion mechanisms are the principal causes for this situation. There is an absence of clear sectoral policies to promote private activity, except in the oil and gas sector, where the government seeks to attract foreign investment to develop exports to Brazil and other countries (see the figures on FDI in annex 4).

Due to the expansion of soya production and exports during the 1990s, Bolivia is no longer a net importer of agricultural/food products. Domestic production provides about 90% of national food supply, 7% derives from commercial imports and 3% from food aid. Import dependency rates are high only for wheat and wheat flour. While peasant agriculture continues to play an important role in the supply of main food items for consumption in rural households, commercial agriculture has increased its importance in the supply of produce to processors and final consumers. The quality of fresh produce available in regional and local markets is generally low. Expansion of domestic food production is constrained by low competitiveness in an increasingly liberalised, regional market; high transaction costs in most produce/food chains; and few investments in the processing industry.

The financial system is weakly capitalised, incurs high operational costs and measures risks in terms of physical guarantees. During the past twenty years there have been at least two occasions of systemic risk when the Government had to intervene to strengthen the system. Currently, a third such situation is emerging.

The financial institutions are just a reflection of the general characteristics of private industry as a whole. The country's private sector is weakly capitalised, is risk-averse and accustomed to patronage by the State in the form of large purchases by its institutions. The private sector is highly sensitive to cyclical variations as demonstrated by the drop in private domestic investment in 1999 and since then.

The frail economic panorama was allowed to deteriorate in 2000, as the Government delayed acknowledging the seriousness of a contractive situation and made timid attempts to address the

depressed state of the economy. The actions that have been taken so far, are limited to proposals for refinancing corporate debt and poorly funded emergency public expenditure programs, and are not having any significant impact in spurring growth. Additionally, internationally, Bolivia will soon begin to feel the effects of the crises in neighbouring Argentina and Brazil.

At present Bolivia's immediate economic future lies in the development of the oil and gas industry. Proven gas reserves have quadrupled in less than two years to make the country the second largest holder of gas reserves in South America, after Venezuela. Gas exports under contract to Brazil are expected to reach a value equivalent to \$us 600 million by 2005, and the principal buyer, Brazil, is in need of even greater volumes of strategically available Bolivian gas to reduce its energy deficit. Prospects of gas exports to Perú, Mexico and the West Coast of the United States are also reported. Additionally, gas production is expected to receive a boost from the expansion of thermoelectric energy generation and the development of petrochemical industries.

3.2.2. *Social developments*

Bolivia is the poorest country in Latin America (see Annex 2 for comparative social indicators). A majority of the population continue to be excluded from the benefits of economic growth. Social exclusion has two major dimensions in Bolivia, ethnicity and gender. Of Bolivia's 8.1 million people well over 50% are of indigenous origin. This exclusion creates and reinforces poverty. The Government recognises that social integration will come about only by enhancing the capacity of the excluded to realise their social, economic and cultural rights as 'citizens'. This requires the state to reverse its centralising tendency.

There is a high correlation between level of poverty and **ethnic** origin. In 1999, 58% of the urban population that spoke a native language lived below the poverty line with 30% living below the extreme poverty line. For those speaking Spanish the figures were 46% and 18% respectively. Per capita household income for *Quechua* speaking households was 13% lower than the average and for *Aymara* speaking households 32% lower. This pattern in relation to access to income is repeated in terms of educational and other opportunities including labour market access and rights over land. Poverty levels are most acute among those indigenous households and communities with little or no Spanish. As Spanish speaking is more prevalent among men than women there is a gender dimension to this form of exclusion.

Poverty, mainly considered as lack of purchasing power and/or low production levels, is the prime cause of **food insecurity**. In many rural areas, food consumption is constrained by low output levels of peasant/indigenous households, which traditionally depend on own production for food supplies. Post-harvest losses further reduce their access to food. On the other hand, their dependence on the purchase of food has increased in relative terms, facilitated by the pursuit of alternative, and poorly paid, employment outside of the local economy. In urban areas, where poverty is becoming widespread, access to food is directly related to income levels, which are particularly low in the rapidly expanding peri-urban areas. The recent economic slow-down has had an immediate effect on employment opportunities, resulting in a reduced purchasing power of many urban consumers.

Resistance to ethnic exclusion usually takes the form of road blocks and disruption of commerce and communications. Opposition to **gender exclusion** is less easily expressed. While there is an active feminist movement it is largely urban based and middle class and grass roots women's organisations tend to have different priorities with a particular focus on livelihood issues.

Women earn two-thirds the salary of men of the same educational standard. Only 79% of adult women are literate compared to 91% of adult men. While a woman's life expectancy in Bolivia is greater than that of a man's, women continue to be particularly vulnerable at certain periods of the

life cycle, particularly in relation to child birth. Female-headed households are more often existing below the poverty line than those headed by men and these are increasing due to out-migration of men from rural areas and the migration of young women to urban areas. The most vulnerable groups of women are peasant women, mostly from indigenous cultures, women in urban sectors and especially women headed households (up to 25% of all households).

Over the past decade there have been some advances in terms of **education and health** services. Primary school enrolment rates have risen and gender disparities in enrolment have fallen. The drop-out rate, however, has remained constant. There has been a higher allocation of public resources to education in tandem with an education reform process. Concerns remain regarding the quality of primary education as only two-thirds of those enrolled complete the sixth grade. Teaching is an unpopular profession and poorly equipped part-time teachers run schools, especially in remoter rural areas.

The health status of the population contributes to its poverty but is also a key factor in overcoming it. Bolivia has high mortality and morbidity indices. The maternal mortality rate is the highest in Latin America. In terms of reproductive health, while the number of children per mother has declined over the last decade only 48% of women use contraception. Bolivia has the lowest rate of people living with HIV/AIDS in Latin America. Public spending on health remains low and has shown a decreasing trend in real terms over the past decade. A reform process is underway designed to reduce maternal and child mortality rates and the control of major transmissible diseases. Structural, political and administrative changes are envisaged.

About 26% of children under three years have delayed growth (stunting) with 9.5% showing signs of general malnutrition. In the poorest households the rate for delayed growth reaches 40%, compared with about 6% for the wealthiest. Generally, rural communities in the highlands show high malnutrition figures due to low incomes, limited food supply, lack of pre-natal care, (diarrhoeal) disease, poor housing conditions, and lack of access to basic sanitation. This poor quality of housing and the low level of access to drinkable water and basic sanitation has contributed to the poor health status of the population. A new national Housing Policy was introduced in 1998 to improve housing, particularly for lower income households. These households have twice the average infant mortality rate with low vaccination coverage adding to the other problems.

The Government's approach to social protection is based on the welfare state model. Bolivia has institutions designed for protecting vulnerable sections of the population in the form of prevention programmes in the health sector, old-age insurance, regulations against domestic violence, health insurance schemes through pension funds. However the extent to which these forms of protection are available to the poor is very limited. For example only 20% of old people have access to a state pension.

The government has responded in an *ad hoc* manner to the regular shocks, natural and economic, that affect the country, the most recent response being an emergency employment plan to create 70,000 jobs (30% for women) in urban and rural areas for the poorer section of society in the wake of the economic reverses facing the country. There is a need to institutionalise a system of social protection to mitigate the adverse effects of economic and other shocks upon the most vulnerable sections of the population.

Government attention is on formal employment. In the year 2000 there were 180,000 people in rural and urban areas recorded as unemployed and over 470,000 people working less than 20 hours per week. Unemployment in the formal sector is still rising with the decline in the labour intensive mining sector and the Emergency Employment Plan is an attempt to off-set the social and political consequences of this temporary economic decline. The increase in open

unemployment in the formal sector has been accompanied by a rise in informal sector activity. Government estimates that 69% of all occupations are undertaken outside the formal economy.

3.2.3. Assessment of the reform process

The Bolivian Government's own assessment of the process of reform in the Preface to the Bolivian Poverty Reduction Strategy is eloquent:

“Eighteen years of democracy and fifteen years of structural adjustment have laid a foundation for economic stability, but they have not paved the way for the elimination of social exclusion, nor has satisfactory progress been made in the fight against poverty. Consequently, although the (Poverty Reduction) Strategy is being implemented in a context of a market economy, and the need to maintain stability in regard to macroeconomic variables is recognised, it also states that the issues of concern to the people must be dealt with simultaneously – namely, the problems of social exclusion, inequity and poverty”

The Government recognises that economic growth is a necessary but not sufficient condition for overcoming poverty and reversing inequity and that specific incisive and deliberate actions, which in the past have not been taken, need now to be taken to tackle poverty and social exclusion. This will notably require an improvement of governance and accountability at all levels.

The structure of public sector finances confirms this situation. On the income side, internal tax and custom duty collections represent 41% of total income, while 39% represent royalties and other income from mineral and oil and gas production, with the remaining 20% being other income. On the expenditure side, current expenditures represent 69% of the total while 19% correspond to public investment and 12% to pension benefit payments. The resulting deficit is financed externally (56%) and internally (44%). The need to balance the public sector finances prevents the Government from doing more investments that would be needed from a social (e.g. water & sanitation) or economic and regional viewpoint (transport infrastructure).

3.3. Sustainability of current policies

Macro-economic growth over the last decade has not led to substantial poverty reduction. The *Gini* index⁴ (46.2 in 1990 to 58.9 in 1997) suggests that inequality has grown. Bolivia is one of the most economically unequal societies in the world. Progress has been made with regard to other dimensions of poverty. Over the decade, life expectancy rose from 58 to 62 years, infant mortality fell from 75 to 67 per thousand live births and the proportion of the adult population completing primary school rose from 38% to 51%. The Human Development Index (HDI)⁵ has steadily improved during the decade. However progress has not been even throughout the country. Poverty is deepest among the 40% rural dwellers with over 80% of them falling below the national poverty line.

Bolivia's progress against the International Development Targets is mixed. In 1999 just under 30% of people were living on less than US\$1/day, the net primary school enrolment rate was 97.4%, the ratio of girls to boys in primary school 95% and in secondary school 86%. The mortality rate for children under 5 years was down to 83 per 1000 live births, 59% of births were attended by skilled health personnel, and the contraceptive prevalence rate is low at 48%.

⁴ The **Gini** index measures the extent to which the distribution of income (or consumption) among individuals or households within a country deviates from a perfectly equal distribution. A value of 0 represents perfect equality, a value of 100 total inequality.

⁵ The **Human Development Index (HDI)** is a composite index measuring average achievement in three basic dimensions of human development – a long and healthy life, knowledge and a decent standard of living.

Government is also committed to a process of decentralisation to promote social, economic and political integration. The 1994 Law of Popular Participation created new local government structures at municipal level, transferred 20% of central government tax revenues to them, gave powers to raise local taxes and established committees to hold elected officials and government officers accountable. However, with these changes, levels of municipal indebtedness have increased and systems of accountability have not operated as intended. The PRSP proposes new measures such as poverty based allocation of resources to municipalities and a strengthened process of “social control” to ensure accountability. Civil society will be particularly important in ensuring genuine participation at municipality and community level.

However, civil society in Bolivia is complex and its organisations are not well integrated into the national political process. Unions have been the form of civil society organisation with most voice nationally but they have declined in terms of power during the last 15 years. In urban areas neighbourhood committees have become important at the local level. In rural areas traditional forms of social organisation are being weakened by processes of out migration and urbanisation. Traditional forms of civil society organisation can come into conflict with the newly created forms of local government.

From the economic viewpoint, in spite of the small size of its economy and relative minor weight in continental affairs, Bolivia can be considered a key participant in the regional integration process. The country participates in the two regional accords, as a full founding member in the Andean Community, and as an associate member in Mercosur. The country’s geographical position as a crossroads for the North-South and East-West articulation of the South American continent is undoubtedly an asset. Bolivia has large energy resources that should permit the development of its own industry, but also those of neighbouring countries, Brazil being a prime customer for the country’s gas reserves. The EC pursuit of its objectives in the framework of the Rio Summit with respect to Bolivia must take account of these opportunities for the country’s effective participation and contribution to the process of regional integration, notably through the upgrading of its physical infrastructure networks.

Migration on a permanent, semi-permanent or seasonal basis is a feature of the survival strategies of many poor households. The last decade has seen rapid urban growth but many urban households retain strong links with the rural areas. Many rural households increasingly depend on remittances from relatives in urban areas. Seasonal migration between different agro-ecological zones is not new. The poor of the *alti-plano* have for generations moved to the commercial farms of Santa Cruz and northern Argentina in the search for income.

The decline in the mining sector saw the migration of families from mining areas into the drug producing areas of the Chapare with a subsequent increase in illicit coca production. The Government’s subsequent response, and apparent success, in reducing illicit coca production has had a negative impact on the livelihoods of these “immigrants” which has led to a second wave of migration from the Chapare district to other districts, most notably the city of Cochabamba.

Bolivia is a globally important country with regard to the environment, particularly in terms of its tropical forests⁶. The country has a strategy for bio-diversity and it is a pilot country for donor support to the development and implementation of National Sustainable Development Strategies. Environmental concerns in Bolivia need to be addressed through a sustainable livelihoods approach as there are very strong links between environmental degradation and poverty. Populations with the highest levels of poverty live in the mountainous rural areas with

⁶ For more data on environment in Bolivia, the following websites can be consulted:

- UNEP, <http://www.unep.net/profile/index.cfm?countrycode=BO>;
- UN Agenda 21, <http://www.un.org/esa/agenda21/natinfo/countr/bolivia/index.htm>.

unpredictable rainfall and high rates of desertification. Major environmental concerns include soil erosion, extensive grazing with lack of pasture management, agricultural activity in unsuitable areas, inadequate water management, pollution of water bodies and rivers due to mining activities and inappropriate exploitation of the natural environment in alluvial forests. The incorporation of disaster management into local planning and policies was especially dynamic in Bolivia where new laws made it mandatory. The Popular Participation Law gave municipalities 20% of the State budget to be spent on development, including disaster prevention works. The law was promulgated as part of the government's decentralisation policy, and was subject to community scrutiny of fund utilisation.

Women bear the major load of the burden of poverty in the country. There have been some beneficial developments in relation to gender in addition to the progress made with regard to gender inequality in school enrolment. A Vice Ministry of Gender has been established by the Government. Its Beijing Plus 5 Report points to advances with regard to gender equity in both health and education and to the redefinition of violence against women as a public policy issue. Legislative progress has been made with regard to labour reform which potentially can impact upon women's employment rights. However, the Vice Ministry of Gender does not act strategically and the Catholic Church remains very influential and has a constraining effect on women's capacity to realise their reproductive rights.

3.4. Medium-term challenges

From the economic viewpoint, the existence of large gas reserves in its territory and large demand for the same poses a policy dilemma for the country. If the gas resources should undoubtedly help in improving the external position of the country, there is the risk, however, that Bolivia may embark on a single product development strategy, which would limit the country's growth in the long term. However, gas - and telecommunications - alone will not develop the Bolivian economy. They can contribute to overall growth, but are not labour intensive, nor do they have significant internal multiplier effects.

Rather, Bolivia will have to pursue policies to bridge the gap between its potential in large strategic industries and the reality of its poor populations, small internal market and undeveloped industry. Bolivia needs to build a more balanced economy to attain sustained growth and address social imbalances. The country's internal markets need also to be strengthened, both from the demand and the supply sides. In this effort it will be necessary to bring into the market large segments of population now below the poverty line. Private savings and investment need to be promoted and special actions taken to increase exports, particularly of processed products. The overall environment for foreign investment will have to be developed and sectoral incentives offered where necessary. The EC can help Bolivia in addressing these social and economic challenges. The need for alternative development in the coca-producing or emigration areas illustrates in an acute way how these different elements need to be combined.

Addressing immediate concerns will be no less important and results thereof may determine the effectiveness of the incoming administration for the rest of its term. In the economic area it will have to deal with the economic slow down, giving clear signals of its determination and capacity to re-start the economy and consolidate a growth pattern for the future. At the same time it will have to implement the Poverty Reduction Strategy in as focused and prioritised a manner as available resources will permit, so that concrete results can be produced in specific areas. In the social area, it will have to develop closer ties to legitimate social demands and act early to begin to respond to them before they escalate into unacceptable petitions and confrontation. In the political arena, it will have to continue to maintain an open dialogue with political forces, including civil society organisations, particularly with a view to greater citizen participation in government and reform of political structures. In short, the new administration will have to seek a

renewal of trust by the people in the government's capacity to deal effectively with issues in all three areas.

For a landlocked country like Bolivia, an additional critical issue is regional integration. This integration can be pursued through the deepening of the CAN process and through the associate membership status of Bolivia to Mercosur, but also through investments in the regional infrastructure (notably transport infrastructure) networks.

4. OVERVIEW OF PAST AND ONGOING EC CO-OPERATION, BRIEF OVERVIEW OF BOLIVIA/REST OF THE WORLD CO-OPERATION

4.1. Past and ongoing EC co-operation: results analysis, lessons and experience

Development Co-operation is a fundamental aspect in the relations between the European Union and Latin America. The involvement of EC Co-operation in Bolivia can be summarised into three phases: Past, Present and Future. The Future is described in sections 5 and 6.

4.1.1. Past EC cooperation (before 1998)

EU Co-operation has been active in Bolivia since the mid '70s. From its initial support to NGO Projects, the Co-operation then moved during the '80s to Food Aid and Technical and Financial Cooperation, aiming at poverty reduction. The main programmes were in integrated rural development, mainly in the Altiplano with the "Programas de Autodesarrollo Campesino (PACs)" and "Programas de micro-proyectos rurales (PMPR)", and in flood protection. In this sector, the Commission supported the preparation of the Master-Plans for the Pirai River Valley and for the Lake Titicaca Basin (of regional interest to both Bolivia and Peru), then co-financed civil engineering works for protection against floods, thus preventing major disasters.

In 1994 the European Commission and the Bolivian Government signed a first Memorandum of Understanding and agreed to concentrate EU aid on four areas: fight against poverty, modernisation of the State, private sector development and regional integration.

During this period, the EU evolved progressively from providing direct food aid to food security programmes. Until 1993 Bolivia received modest quantities of food aid. From 1995 the EU has only financed food security operations on a cash basis.

4.1.2. Ongoing EC cooperation (1998-2001)

In the last years, there have been interventions in the Water & Sanitation, Education and Health sectors. The EU also started to support the Alternative Development Strategy of the Bolivian Government, both in the coca growing region of the Chapare and in the work-force expulsion zones of the Altiplano and High Valleys of Cochabamba.

As far as the Food Security operations are concerned, these have benefited, in general terms, the target population living in conditions of "food insecurity" either through projects implemented at the Municipal level, in the spirit of the Popular Participation and Administrative Decentralisation Laws, or through sectoral programmes managed by the Ministry of Agriculture. The Programa de Apoyo a la Seguridad Alimentaria (PASA) constitutes the main food security operation. PASA is managed by the Government and consists of three components: Institutional Support, Investments and Microfinance. A smaller operation is financed directly through NGOs.

The main financial **instruments** of EC Cooperation with the Government of Bolivia are:

- the ALA (Asia - Latin America) budget articles of the General Budget of the European Community that finance Technical and Financial (B7-310) as well as Economic Cooperation

(B7-311), both at the national and at the regional level, the latter aimed at providing regional integration; in addition, support for the Rio Summit priorities in Latin America, including Bolivia, is provided through a number of horizontal programmes covering key fields (ALFA, URB-AL, ALURE, AL-INVEST, @LIS);

- the Food Security Budget Line (B7-6200).

As far as cooperation with civil society (NGOs) is concerned, other budget lines finance development activities in Bolivia: NGO Co-financing, Environment, Tropical Forests, Human Rights and Democracy, Humanitarian Aid, Disaster Preparedness programme (DIPECHO).

In 2000, the Commission signed an agreement with the IBRD by which the Community will give US\$ 14 million to the HIPC Trust Fund in favour of Bolivia. US\$ 10 million have been disbursed in 2001.

Grant financing averages 40-50 M€/year, mostly committed under Technical and Financial Cooperation and Food Security.

The following table summarises the EC interventions according to the Instruments used per Policy Area:

Instruments	Main Policy Areas		
	Rio Summit		Development / PRSP
	EU-Latin America Cooperation	Regional Integration	
Technical and Financial Cooperation /MoU	-	X	X
Econ. Coop./MoU	X	-	X
Regional Coop./ Technical and Financial Cooperation	-	X	-
Horizontal:			
ALFA	X	-	-
URB-AL	X	-	-
ALURE	X	-	-
AL-Invest	X	-	-
@LIS	X	-	-
Food Security	-	-	X
NGOs co-financing	-	-	X
Environ./Trop. Forests	-	-	X
Human Rights	X	-	-
Science & Technology	X	-	-
Humanitarian Aid	X	-	X
Disaster Preparedness	X	-	X

4.1.3. Lessons learnt

In 1995 there was a Country Evaluation of twenty years of cooperation between the European Commission and Bolivia. There is also a mid-term Evaluation in all EC main Programmes (Technical and Financial Cooperation, Food Security) and in some cases there is an ex-post evaluation, always carried out by external consultants.

According to these, EC aid made a useful contribution and normally **fulfilled the objectives** of the Financing Agreements. However the project/programmes-based approach, with limited provisions for sector conditionality raised in some cases the issue of long-term sustainability. Given that Bolivia now has an approved development and poverty reduction strategy (the above-mentioned EBRP) and has established a system of international donor co-ordination, a move towards a sector programme approach (or ‘sector wide approach’) could be envisaged.

A characteristic of past programmes, given their structure, has been the relative **complexity** of the implementation procedures, and the time needed for the programme to become fully operational. In the context of a more forward sector programme approach, more flexible and speedy procedures will need to be looked at, while at the same time ensuring proper financial and technical control.

Absorption of the EC assistance is good. Payments over the last four years show a noteworthy evenness:

Year	1998	1999	2000	2001
Payments (€)	26 326 250,55	28 128 339,20	29 509 042,40	29 364 577,48

This stability reflects the 25 years of experience of the EC cooperation in Bolivia, that maintains disbursements at a steady level. Deconcentration of the implementation of the Community programmes to the EC Delegation in La Paz should further improve the disbursement rate and allow higher levels of commitments.

4.2. Information on cooperation programmes of EU Member States and other donors

Bolivia receives development aid both from bilateral and multilateral Donors.

Some EU Member States have important bilateral aid programmes that are summarised in Annex 5. Almost all sectors are covered by EU aid. The main sectors of cooperation for the Member states active in Bolivia are:

- Germany: Administrative and judicial reform, civil society, drinkable water and sanitation, sustainable agricultural development, protected areas management, financial system development, renewable energies.
- Belgium: institution building; environment; gender, public health and scientific activities related to tropical diseases; integrated rural development; urban development; debt reduction.
- Denmark: institutional reform; popular participation, decentralisation and support to indigenous people; agriculture and rural development; environment and natural resources management.
- Spain: poverty reduction; gender equality; sustainable environment, microfinance, education, health, support to universities, justice, national culture – notably through FAD credits (Development Aid Fund).
- France: education, health, drinkable water, institutional reform.
- Italy: health and child care (food security); natural resources, river basin management, alternative development.
- The Netherlands: institutional reform (incl. fight against corruption, ombudsperson), civil society, decentralisation; education; rural productive development.
- The United Kingdom: through the lens of social inclusion and human rights, DFID will work to achieve two key outcomes which are related to the implementation of Bolivia's poverty reduction strategy: pro-poor growth and pro-poor governance.
- Sweden: water and sanitation, education reform, public administration reform, decentralisation, private sector development, R&D, gender, human rights & democracy.

The European Investment Bank does not operate in Bolivia because it is a HIPC country (Highly Indebted Poor Country). Therefore, any new financing would have to be highly concessional. Since financing under the EIB's ALA facility is not highly concessional, the Bank is unable to extend financing to Bolivia, as agreed with the Bolivian authorities and other financial institutions

in La Paz (IBRD, IADB and IMF). In principle, however, the EIB could extend financing to support eligible investment projects implemented by the private sector.

Multilateral and other donors active in Bolivia are as follows (see Annex 6):

- World Bank: public sector management, education, health, economic policy, Environment, energy, transport, mining, private sector development.
- FAO: food security, sustainable management of natural resources.
- UNICEF: social policies, health nutrition, basic sanitation, Education, development of municipal capacities, environment.
- BID: economic growth and opportunity creation, human capital development and access to basic services, governance and consolidation of state reform.
- OEA: Bi-national commission Rio Bermejo and Rio Grande Tarija Water basin management, governance, Education.

Bolivia participates to the World Bank's *Comprehensive Development Framework* exercise. Its CDF Matrix is accessible through the Bank's CDF website⁷, even though the Matrix (dated 2/12/1999) is not up-to-date nor accurate as far as the EC assistance is concerned.

For an analysis of the complementarity between the EC and other donors, see 5.2 below.

5. THE EC RESPONSE STRATEGY

5.1. Principles and objectives for co-operation

The country strategy for Bolivia, in keeping with the Commission's objective of developing a wide range of relationships with the Latin American countries, has two basic converging directions: a regional dimension (Latin American and Rio Summit) and a national dimension.

The **first strategic direction** seeks to reach the common objectives defined, together with the partner countries, in the Rio Summit process, aimed at consolidating and strengthening relations between the European Union and the Latin American region in a variety of fields, such as: political, economic, cultural, educational, scientific and other. In this context EC relations with Bolivia should involve all the elements of the dialogue that is carried out with the region as a whole. A number of these elements can be developed via general cooperation programmes for the region while some will be the subject of bilateral programmes specific for Bolivia.

The development of enhanced reciprocal trade and investment relations between the EU and Latin America will continue to be supported through regional programs such as AL-INVEST and @LIS that **strengthen regional networks**. Bolivia participates in these programmes and will continue to do so. To further the effectiveness of these programmes, the Commission will continue to work closely with the local AL-INVEST operator, the Eurocentro established at the Santa Cruz Chamber of Commerce.

As part of the regional theme, participation in horizontal programmes in the educational, social and scientific areas will continue and the political dialogue on democratic institutions and processes and on human rights will be reinforced in bilateral exchanges at regional meetings and visits by EC officials and country dignitaries.

⁷ <http://www.worldbank.org/cdf/>

As far as **trade and development** is concerned, the overall objective of the Community's assistance is to support Bolivia in its efforts to enhance its trade and investment environment, with a view to effectively participating in the multilateral trading system and the global economy, and maximise the benefits for Bolivia. Therefore, as part of the effort to integrate developing countries to the world economy, defined in the EU's development policy as a basis for economic and social development, the continuation of the participation of Bolivia to the "drugs" GSP scheme is an important element. The Economic Cooperation programme will include trade-related technical assistance and capacity building measures towards the implementation of existing WTO commitments, in key areas agreed in the Doha Development Agenda, and also elements supporting a better use of the EC trade preferences granted to Bolivian exports.

The **second strategic direction** relates to Bolivia's condition as one of the poorer nations in the Continent and the need to support its poverty reduction strategy and overall development efforts. The Commission intends to use technical and financial cooperation instruments, food security programmes and NGO projects to channel assistance to this end.

Consequently, the principal focus of the country specific theme will be to support the country's PRSP. This will involve programs that will benefit both the rural areas as well as peri-urban areas where poverty pockets abound. It will also involve working closely with municipalities, which will increasingly become responsible for project preparation, execution and maintenance. It will also revolve around developing economic potential and forestalling adverse social developments such as work force expulsion because of adverse economic developments (mineral prices) or government positive action (coca eradication).

As far as **implementation methods** are concerned, and for the programmes specific to Bolivia, the final objective is to move towards a 'sector-wide' approach. However, the conditions for a complete sectoral approach for all sectors of EC intervention are not in place. To ensure proper surveillance and financial and technical control on management, the programme may initially be designed with programme-specific implementation structures. But the design will include the possibility of a partial or total move to a sector programme approach, that is channelling the funds on a flexible basis through the appropriate national structures, based on the existence of sound policy framework, effective institutions, monitoring and evaluation systems with indicators. The move will only be considered when these conditions exist. One of the tasks of programme will be to help, in coordination, with other donors involved in the sector, to establish these conditions.

The EC food security programme is already implemented largely through the Government structures (Ministry of Agriculture, Prefectures) and municipalities. It will have to focus on strengthening the capacity of the Government to impulse and manage its food security policy and the institutional capacity of the participating municipalities.

As far as the financial, technical and economic cooperation is concerned, the move towards a sectoral approach will be envisaged first for the water and sanitation sector, and then for the alternative development sector. For the objective of regional integration through infrastructures, a major capital project is envisaged, but attention will be given to its sectoral framework. The feasibility of moving towards a sector-wide approach for the implementation of the economic cooperation programme will be assessed during the phase of identification of the envisaged actions.

The headquarters will continue to do the programming and the follow-up of the implementation of the EC 'horizontal programmes' covering Latin America.

5.2. Priorities and specific objectives for co-operation

The goal of EC Cooperation with Bolivia is to promote economic and human well-being through the reduction of poverty, inequity and social exclusion. The Country Strategy purpose is to

support the policies of the Bolivian Government aiming at assisting the target populations in the retained priority areas.

In line with the analysis detailed in the previous sections, **the priorities of the European Commission in its relations with Bolivia are:**

- Improved Access to Services and Sustainable Livelihoods (including the promotion of equitable access to social services, food security and sustainable rural development);
- Economic Growth (including economic cooperation and the link between trade and development);
- Regional Integration and Cooperation (including transport infrastructure and the strengthening of regional networks).

The choice of sectors of concentration for future EC assistance is based on the prioritisation of the Bolivian Government in the light of the *Estrategia Boliviana de Reduccion de la Pobreza*, which defines the approach to poverty reduction, and the *Nuevo Marco de Relacionamiento*, which defines a new role for international development cooperation. Taking into account poverty reducing potential and complementarity with other donor support, the Commission will pursue the following **specific objectives for cooperation:**

- **Promotion of equitable access to social services.** The Bolivian Government regards health, education and water and sanitation as three of the key areas for making a direct impact upon poverty. The health and education sectors are already heavily over-subscribed with donors. In health the World Bank, IDB, the US, the UK, the Swiss, the Spanish and the Dutch are all heavily involved. In education the picture is similar with the World Bank, IDB, the Japanese, the Swedes, the Spanish and the Dutch presently the major donors. There is no need, nor room, for EC involvement in these sectors for the foreseeable future. However in water and sanitation only the Germans and the IDB are currently involved in a major way. The Bolivian Government views EC support as crucial to the achievement of objectives in this sector.
- **Food security and sustainable rural development,** particularly in coca producing areas, is another key component of the Government's strategy for poverty reduction. The Government regards EC support to alternative development alongside that of USAID and UNDP as essential to the achievement of sustainable livelihoods for the people of these regions. Whereas alternative development projects are implemented through the EC financial and technical cooperation, other rural development projects and programmes are carried out through the other EC cooperation instruments, notably its food security programme.
- **Transport infrastructure.** Bolivia has an international highway connection with Chile and Peru, and their Pacific Ocean ports, that runs through Bolivia's main cities: La Paz, Cochabamba and Santa Cruz. This international highway requires the completion of the Santa Cruz-Puerto Suarez section to complete a continental link, inasmuch as Puerto Suarez is on the Brazilian border, where there exist road connections to Sao Paulo, other Brazilian cities and ports on the Atlantic Ocean. Additionally, Puerto Suarez, and its neighbouring river ports Puerto Aguirre and Puerto Busch, will also afford ocean to ocean connections via the Paraguay and Paraná rivers to Argentine sea ports on the Atlantic. EC joint financing, with the Inter-American Development Bank, other donors and possibly private contractors, of the Santa Cruz-Puerto Suarez highway will not only benefit the agricultural activity in the eastern region of Bolivia and increase internal trade, but will permit easier and less costly intercontinental transport flows. The Bolivian Government views improvements in the road network as key to sustained macro-economic growth which, in concert with its pro-poor re-distributive policies for public expenditure, can accelerate the process of poverty reduction in the country. Only the

EC along with IDB remain in the roads sector, the World Bank having ceased support in this sector in the country (having reduced the number of sectors of concentration of its assistance). EC funds are therefore crucial to improved road communications in the country. Investment in this area also helps the EC achieve its Latin American regional objective of improved regional integration.

- Finally **economic cooperation**, in the mutual interest of both parties, corresponds to the EU commitments to Latin America made at the first Rio Summit and the commitments made at Doha.

The **Logical Framework** (annex 7) shows how these priorities and specific objectives relates to the Bolivian Poverty Reduction Strategy – thus demonstrating the ownership by Bolivia of the EC policy options –, to the EU Development Policy (as detailed in the Development Council conclusions of November 2000), and to the Rio Summit Conclusions. This matrix also presents a summary of how the whole range of EC instruments are and will be used to pursue these priorities and specific objectives.

5.3. Coherence

In addition to its Development policy, the EU policies relevant to Bolivia are those concerning environment, trade, drugs, and conflict prevention. The Commission designs its programmes jointly with the Bolivian Counterparts within the guidelines and orientations of these policies.

As far as environment is concerned, the EC activities in Bolivia have to be in keeping with the 6th Community Environment Action Programme (6EAP, 2002-2011), which identifies a number of priorities for action: climate change, the depletion of natural resources, and the loss of biodiversity are among the biggest threats to sustainable development and require global action to solve them. In particular, the Commission promotes the conservation and sustainable management of forests in the Andean region⁸. As explained above (5.2.2) the EC uses specific budgetary instruments to support its environmental objectives but this dimension is obviously taken into account in other programmes (notably for infrastructure projects). The EC also encourages the Andean countries to implement their international commitments under the different multilateral environmental agreements⁹. Linked to environment, the Commission will continue to pay attention to disaster preparedness issues and will incite Bolivia Government to pursue on this way.

Another theme that deserves particular attention is the link between trade and development, a priority of the EU Development Policy. At this stage, the EC trade policy towards Bolivia (and the other Andean and Central-American countries), through the General System of Preferences scheme (GSP) is primarily focused on development. The challenge for the EC trade-related technical assistance is to enable Bolivian Economic agents to reach out towards EC markets and take fully advantage of the competitive margin granted by the GSP trade preferences. Beyond trade-related technical assistance and capacity-building measures, the trade dimension has to be incorporated in the design of the rural development and food security programmes.

Many of the thematic priorities outlined in the conclusions of the Tampere and Feira EU Councils apply to Bolivia, but the most important external dimension of the EU's justice and home affairs policies is that of the EU drugs policy. Bolivia already participates at both ministerial and technical level to the EU-Andean countries 'specialised drugs dialogue' initiated in 1995, which

⁸ In line with the Commission's Communication on "Forests and Development: the EC approach" (COM1999(554)).

⁹ Notably the Biodiversity Convention, the Cartagena Protocol on Biosafety, the Climate Change Convention, the Kyoto Protocol, the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on the Prior Informed Consent Procedure for certain hazardous chemicals and pesticides in international trade.

led to the signature in December 1995 of an Agreement on Precursors with the EC, that entered into force in 1997. It will be important, where possible, to fine-tune the Alternative Development cooperation programmes with the relevant drug-related policies (drugs, organised crime, money laundering, etc). In the case of crop substitution, the export potential of the chosen agricultural products will have to be carefully assessed (be it at a regional or international scale – see the previous paragraph).

Conflict prevention is one of the indirect objectives of the poverty-reduction focus of the EC policy towards Bolivia. That being said, a more specific attention to the conflict-prevention dimension (notably to social conflicts) should be paid in the framework of the cooperation of the EC with the civil society. For instance, a support to NGOs promoting the respect of the rights of the indigenous communities can be helpful in defusing tensions that may exist along ethnic lines. In its *Communication on conflict prevention* (April 2001), the Commission has announced its intention to focus more clearly its co-operation programmes on addressing root causes of conflict in an integrated way. In this context, the Commission will seek to incorporate specific conflict prevention (or resolution) measures also into its various sectoral programmes.

5.4. Complementarity within EU and with other donors

The Commission and Member States Co-operation, as well those of other Bilateral and Multilateral Donors, fit within the Co-operation Matrix of the Bolivian Government (Annex 5). The latter has the leading role in ensuring that proper Donor Co-ordination takes place. ‘Consultative Groups’ meetings, held in principle in Bolivia on an annual basis, allow the Government and donors to follow-up the implementation of the Bolivian Poverty Reduction Strategy. Between each Consultative Group meeting, the follow-up of the main sectors is done at working level.

The Commission, both at the level of Headquarters and in Bolivia will continue to promote intra-EU co-ordination in line with article 180 of the Treaty establishing the European Community, with the conclusions of the General Affairs Council of January 2001, and with the guidelines agreed upon by the EU Member States and the EC Delegation in La Paz in March 2001 (Annex 8). The Delegation and the EU Member States Embassies in Bolivia have established an inter-EU co-ordination system and are advancing towards closer links along the whole of the programme or project cycle, sharing information on the identification and implementation of their respective Programmes.

The objective of these co-ordination mechanisms is to achieve sectoral complementarity. The division of tasks between the donors present in Bolivia (see above 4.2 and 5.2) led the Commission to select its sectoral priorities:

- in the social sectors, the Commission will not start any new health or education projects, because these sectors are already well covered by other donors, and in particular by the Member States; on the contrary; the water and sanitation sector has been chosen as a sector for concentration because it is not well covered by other donors;
- as far as regional integration and infrastructure are concerned, the EC is among the few important donors with such a specific focus, which explains the importance of these themes in the indicative multi-annual programming;
- regarding alternative development, the EC is also among the few donors (with the UN and the US), to develop programmes in this field, that requires a complex multi-sectorial approach and large investments. Spain is also active in this sector (working on the production and commercialisation of palm hearts and pepper).

- for mainstreaming issues, the EU representations in La Paz have agreed in March 2001 to appoint ‘lead donors’ for each one, that will advise on policy as well as on how to include these aspects in the sector programmes. At this stage the UK has accepted to lead on gender issues. Lead donors will be appointed for human rights and the environment.

6. WORK PROGRAMME

6.1. Financial instruments

Different budget lines could be used to finance the implementation of the EC-Bolivia Strategy:

- **Financial, technical and economic co-operation.** This indicative envelope covers long-term operations within the country strategy. An indicative envelope is provided by the Memorandum of Understanding 2000-2006 with a total amount of € 126 million.
- **Food security.** In addition to the implementation of its financial, technical and economic cooperation programmes, the Commission plans to fund a second phase of its *Food Security Support Programme* (PASA) from 2003 onwards. Its formulation will take into consideration the Poverty Reduction Strategy, the experience of the food security operations from 1996 to 2002 and the need to enhance the focus on the actual target group. The Commission will discuss with the Government of Bolivia further assistance in support of this objective during 2002-2003, along the PRSP guidelines and the orientations set out in this Paper (see above).
- **Other instruments** could be used to finance specific operations, in particular for Human rights and democratisation and environmental and natural resources conservation. Most of the other EC instruments (budget lines) function on a demand-driven and bottom-up basis, through calls for proposals – or on a needs assessment basis in the case of humanitarian assistance. As such, therefore, these instruments cannot be subject to programming. However, the above-mentioned priorities and specific objectives will be taken into account in the selection of the projects submitted in the framework of calls for proposals. This is particularly relevant in the case of the mainstreaming issues. Finance from these instruments, however, will depend on availability of funds.

6.2. Sectors of co-operation through the financial, technical and economic co-operation

The strategic response outlined above in section 5 will be implemented in the context of the agreements between the Bolivian Government and the European Commission. The two parties have defined the main elements of their Co-operation for the period ending in 2006 and formalised their agreement by signing two basic documents:

- The Framework Agreement that sets the mutually recognised standard procedures (Contracts, Tenders, Technical and Financial Cooperation Programmes).
- The *Memorandum of Understanding* (see annex 9) summarises the joint orientations of EC Co-operation with Bolivia relative to Technical and Financial Co-operation¹⁰, and Economic Cooperation¹¹. The Commission and the Bolivian Government signed the *Memorandum of Understanding* on 26 October 2001 that sets 4 areas of concentration for € 126 million of EC aid to Bolivia for the 2001-2006 period. In order to implement the above-mentioned specific objectives, the two parties agreed on the programmes spelled out below:

¹⁰ Budget article B7-310.

¹¹ Budget article B7-311.

6.2.1. *Priority: Improved access to services and sustainable livelihoods*

6.2.1.1. Specific objective: promotion of equitable access to social services.

Programme/project: a single, sectoral programme in Water and Sanitation

Objectives of the programme: provide access to drinkable water and to sanitation systems for disadvantaged and poor communities, with a view to the sustainability of the investments.

Indicative amount: 35% or € 40-45 million.

Indicators as per paragraph 497 (and frame 7.7) of the Bolivian PRSP (p. 101): % of households with access to running water; % of households with access to basic sanitation services.

DAC sector Code: 140 (water supply & sanitation).

6.2.1.2. Specific objective: food security and sustainable rural development.

Programme/project: Alternative Development.

Objectives of the programme: Support sustainable, long-term economic development of areas both of illicit coca cultivation and of labour-force expulsion. There will be a strong emphasis on non-agricultural productive activities. The main Programme (€12 million, 6 years) will be identified for the Yungas illicit coca production zone, whereas there could be second phases for two ongoing (at the end of 2001 – early 2002) Programmes: PRAEDAC, in the Chapare Region, and APEMIN, in the labour expulsion zone of the depressed mining industry of Western Bolivia.

Indicative amount: 15% or € 18-20 million.

Indicators as per paragraphs 491-492, 500 (and frames 7.3, 7.8) of the Bolivian PRSP (p. 99, 102): growth rate of the volume index of non-industrial agricultural products; hectares of agricultural land cultivated with irrigation; % of the credits granted to rural development compared to the total credits (rural and urban); % cover of rural electrification; legalised hectares.

DAC Sector Code: 430 (other multisector – covers urban and rural development projects and other multisector activities).

6.2.2. *Priority: Economic Growth*

Specific objective: economic cooperation.

Programme/project: a part of the financing will go to the Bolivian component of the 'horizontal' economic cooperation programmes, and the other part will go to a Bolivia country-specific programme.

Programme objectives: it will aim at developing the country's competitiveness as well as strengthening bilateral trade and investment relations between the European Union and Bolivia in the mutual interest of the two parties. It is recognised that business encounters sponsored under regional programmes tend to attract businessmen more interested in the larger economies of the region, bypassing potential opportunities in the smaller countries. An Economic Cooperation Program would contribute to identify these

opportunities more specifically and prepare entrepreneurs to present them to potential partners or investors. In relation to the WTO framework, the EC could also support Bolivia in its efforts to build up its regulatory, legislative, and institutional capacities to implement and apply its existing WTO commitments in fields such as TBT/SPS, Trade Related Intellectual Property Rights (TRIPS), and Customs Valuation. With regard to the Doha Development Agenda the EC may provide support to Bolivia for capacity-building measures in key areas agreed at Doha, notably in areas such as trade facilitation, trade and competition, trade and investment, trade and the environment and services. The EC could also support Bolivia in its efforts to increase its capacity to participate in the Doha Development Agenda negotiations.

Indicative amount: 5% or € 6 million.

Indicators: in addition to the evolution of trade and investment between Bolivia and the EU, the Impact and Result indicators of the Bolivian PRSP will be taken into account (as per paragraphs 478-486, and frame 7.1 and 7.2 of the PRSP, pp. 96-98), e.g. GDP growth; income per capita.

DAC Sector Code: 330 (trade and tourism; *nota bene*: part of the actions could be under 250: business and other services).

6.2.3. *Priority: Regional integration and cooperation*

Specific objective: transport infrastructure.

Programme/project: Establish a trans-oceanic corridor, in principle the one linking Brazil, through Bolivia, to Chile (and vice-versa).

Programme objective: the construction of the Santa Cruz – Puerto Suarez all-weather road. This is the missing link of the Atlantic to Pacific corridor, allowing the year-round east-west connection.

Indicative amount: 45% or € 50-55 million. The relative importance given to this sector in the work programme has to be weighed against its more limited importance in the overall EC cooperation. The reason is that financial and technical cooperation (budget article B7-310) is the only instrument available for this sector. On the other hand, the EC financial instruments not programmed by the work programme (food security, NGO co-financing, etc.) represent more than half of the EC assistance to Bolivia and are essentially poverty-focused.

Indicators as per paragraph 493 (and frame 7.4) of the Bolivian PRSP (pp. 99-100): % of kilometres of the ‘Fundamental Network’ under concession; number of weight controls; % of the ‘Fundamental Network’ paved; budgetary execution rate of the National Roads Service (Servicio Nacional de Caminos, SNC); budgetary resources devoted to road construction, maintenance and repair.

DAC Sector Code: 210 (transport & storage).

6.2.4. *‘Horizontal’ programmes and regional projects*

Horizontal programmes and regional projects are also financed through the financial, technical and economic co-operation. Experience has shown, however, that Bolivia benefits less from the horizontal programmes (@LIS, ALFA, URB-AL, AL-Invest, etc.), given its level of development. A special effort might be needed to improve Bolivia's access to these programmes. As is the case at present, Bolivia will participate to regional projects (targeted on the CAN member countries),

or to projects involving several Latin American countries (cross-border projects such as the Pilcomayo river basin project).

6.3. Cross-cutting issues

The cross-cutting themes spelled out in the EU Development Policy are duly taken into account in the implementation of the Bolivia Country Strategy as well as in the design and implementation of the programmes that will translate the Strategy into concrete action. These are: the promotion of human rights (supported mainly through NGOs under the European Initiative for Democracy and Human Rights, i.e. budget chapter B7-70); equality between men and women; children's rights; the environmental dimension (the last three through the NGO Cofinancing instrument mentioned in above, in addition to their integration to the programmes implemented in partnership with the Government). Particular attention will also be paid to conflict prevention in areas of implementation of Alternative Development Programmes.

The Bolivian Poverty Reduction Strategy includes provisions on gender, environment (incl. disaster preparedness), reduction of the inequalities between ethnic groups, and civil society participation. The corresponding indicators are detailed in paragraphs 501-506 (and frames 7.9 and 7.10) of the Bolivian PRSP (pp. 102-104).

ANNEX 1

Bolivia at a glance/Data Profile

THE WORLD BANK GROUP			
Bolivia Data Profile			
Click on the indicator to view a definition	1995	1998	1999
People			
Population, total	7.4 million	8.0 million	8.1 million
Population density (people per sq km)	6.8	7.3	7.5
Population growth (annual %)	2.4	2.3	2.3
Life expectancy at birth, total (years)	60.6	..	62.1
Fertility rate, total (births per woman)	4.4	..	4.0
Mortality rate, infant (per 1,000 live births)	67.0	..	58.8
Mortality rate, under-5 (per 1,000 live births)	92.0	..	83.0
Malnutrition prevalence (% of children under 5)	..	7.6	..
Urban population (% of total)	59.5	61.3	61.9
Population density, rural (people per sq km)	187.7	155.9	..
Illiteracy rate, adult male (% of males 15+)	10.1	8.7	8.3
Illiteracy rate, adult female (% of females 15+)	24.9	22.2	21.4
School enrollment, primary (% net)	..	..	..
School enrollment, secondary (% net)	..	..	..
School enrollment, primary, female (% net)	..	..	..
School enrollment, secondary, female (% net)	..	..	..
Environment			
Surface area (sq km)	1.1 million	1.1 million	1.1 million
Forest area (sq. km)	..	..	..
Annual deforestation (% of change)	..	..	..
Freshwater resources per capita (cubic meters)	..	..	..
CO2 emissions, industrial (metric tons per capita)	1.4	..	..
Improved water source, urban (% of urban population with access)	..	..	..
Improved sanitation facilities, urban (% of urban population with access)	77.0	..	..
Commercial energy use (kg of oil equivalent per capita)	484.0	581.3	..
Electric power consumption per capita (kwh)	356.6	408.9	..
Economy			
GDP at market prices (current US\$)	6.7 billion	8.5 billion	8.3 billion
GDP growth (annual %)	4.7	5.5	0.6
GNI, Atlas method (current US\$)	6.5 billion	8.0 billion	8.1 billion
GNI per capita, Atlas method (current US\$)	870.0	1,010.0	990.0
Inflation, GDP deflator (annual %)	..	..	..
Agriculture, value added (% of GDP)	20.9	18.9	18.4
Industry, value added (% of GDP)	19.7	18.7	18.1
Services, etc., value added (% of GDP)	59.4	62.4	63.5
Exports of goods and services (% of GDP)	22.6	20.0	15.7

Imports of goods and services (% of GDP)	27.2	32.4	23.9
Gross capital formation (% of GDP)	15.2	23.1	18.9
Current revenue, excluding grants (% of GDP)	16.2	17.5	16.5
Overall budget deficit, including grants (% of GDP)	-2.3	-2.3	-2.3
Money and quasi money growth (annual %)	7.7	12.9	5.7
Technology and infrastructure			
Telephone mainlines (per 1,000 people)	33.3	56.8	61.7
Telephone average cost of local call (US\$ per three minutes)	..	0.1	0.1
Personal computers (per 1,000 people)	3.4	7.5	12.3
Internet hosts (per 10,000 people)	0.1	0.6	0.5
Roads, paved (%)	5.5	..	..
Aircraft departures	..	..	..
Trade and finance			
Trade in goods (% of PPP GDP)	15.5	16.6	14.6
Trade in goods as a share of goods GDP (%)	..	..	..
High-technology exports (% of manufactured exports)	..	..	..
Net barter terms of trade (1995=100)	100.0	109.9	..
Foreign direct investment, net inflows in reporting country (WDI, current US\$)	392.7 million	957.0 million	1.0 billion
Present value of debt (current US\$)	0.0	4.9 billion	3.0 billion
Total debt service (TDS, current US\$)	371.9 million	467.4 million	493.6 million
Short-term debt outstanding (DOD, current US\$)	306.7 million	1.3 billion	1.4 billion
Aid per capita (current US\$)	96.9	79.0	69.9
Source: World Development Indicators database, July 2000			

ANNEX 2.

Social Indicators

Indicator	1995	1996	1997	1998	1999	2000
Population						
Total population (millions of inhabitants)	7.4	7.6	7.8	7.9	8.1	8.3
Overall fertility rate (no. of children per mother)	4.6	4.5	4.4	4.3	4.2	4.1
Life expectancy at birth (no. of years)	60.4	60.8	61.2	61.7	62.1	62.5
Children under 1 year (thousands)	242.6	244.4	246.1	247.9	249.6	251.3
Children under 5 years (thousands)	1,141.1	1,154.8	1,168.6	1,182.5	1,196.5	1,210.6
Poverty						
National (% of total population)	..	..	63.2	..	62.6	61.2
<i>Urban area</i>	..	..	..	..	51.5	49.5
<i>Rural area</i>	..	..	77.3	..	81.6	81.8
National - major cities (% total population)	..	..	..	..	59.1	57.6
HDI	0.6	..	0.7	0.6	..	..
HDI ranking	116.0	..	112.0	114.0	..	..
Employment						
Gross labor force participation (%)	40.9	42.2	40.6	..	44.4	..
Overall labor force participation rate (%)	55.1	56.6	52.5	..	56.7	55.9
Open unemployment rate (%)	3.6	4.2	4.4	5.0	8.0	7.6
Separation rate	2.6	3.3	3.2	..	5.2	5.7
Public expenditure						
Social Expenditure (% of total public expenditure)	36.3	42.9	50.4	49.5	53.1	53.4
Social Expenditure (% of GDP)	12.3	13.7	15.3	15.7	16.6	17.2
Health (% of GDP)	3.1	3.3	3.4	3.4	3.4	3.6
Health (% of total public expenditure)	9.2	10.2	11.1	10.6	10.9	11.2
Education (% of GDP)	5.2	5.6	6.0	5.7	6.2	6.3
Education (% of total public expenditure)	15.5	17.6	19.9	17.9	19.9	19.6
Basic Sanitation (% of GDP)	0.7	1.1	1.0	1.0	1.2	1.1
Urbanization (% of GDP)	1.1	0.8	0.7	0.7	0.6	0.6
Rural development (% of GDP)	0.7	0.7	0.8	1.2	1.2	1.3
Pensions (% of GDP)	1.3	2.1	3.2	3.6	3.7	4.1
AFP's and FONVIS contributions (% of GDP)	0.1	0.1	0.1	0.2	0.3	0.3

COMPARISON BETWEEN BOLIVIA AND OTHER COUNTRIES

(data from "human development report 2001" for year 1999 unless otherwise stated)

	Bolivia	Peru	Ecuador	Columbia	Bangladesh	Vietnam	Tanzania
GNP/cap. Rank (World Bank 2001)	132	95	124	99	167	167	190
HDI Rank	104	73	84	62	132	101	140
GDI Rank	94	73	79	56	121	89	124
INCOME POVERTY DATA							
% pop below US\$1/day	11.3	15.5	20.2	11	29	N/a	19.9
% pop below national poverty line	63*	49	35	17.7	35.6	51	51
ECONOMIC DATA							
GDP/capita (PPA in US\$)	2355	4622	2994	5749	1483	1860	501
Annual Rate of Growth (% GDP/capita) 1990-99	1.8	3.2	N/a	1.4	3.1	6.2	-0.1
Debt Servicing (% GDP)	5.9	5.7	8.7	7.6	1.7	4.9	2.2
EDUCATION DATA							
Public Investment in primary education (% GNP) 1995-97	4.9	3	3.5	4.1	2.2	3	N/A
% adult pop (15+) literate	85	89.6	91	91.5	41	93	74.7
% male literate	91.7	94.4	92.8	91.5	51.7	95.4	84
% female literate	78.6	84.9	89.1	91.5	29.3	91	65.7
HEALTH DATA							
Public Investment in Health (% GDP) 1998	4.1	2.4	1.7	5.2	1.7	0.8	1.3
Public Investment in Health (US\$/capita)	150	278	115	553	51	81	15
MMR/100,000 live births (1980-99)	390	270	160	80	440	160	530
IMR (- 1 year)/ 1000 live births	64	42	27	26	58	31	90
Under 5 mortality rate/1000 live births	83	52	35	31	89	40	141
POLITICAL DATA							
Public investment in military (% GDP)	1.8	N/A	N/A	2.5	1.6	N/A	1.3

* Estimate reported in GoB (2001) *Poverty Reduction Strategy Paper* based on World Bank Bolivia Poverty Diagnostic.

Sources:

Government of Bolivia	2001	<i>Poverty Reduction Strategy Paper</i>
UNDP	2001	<i>Human Development Report</i>
World Bank	2001	<i>World Development Report: Attacking Poverty</i>
World Bank	2000	<i>Bolivia Poverty Diagnostic</i>

ANNEX 3

Trade Statistics

BOLIVIA TRADE WITH THE WORLD (Mio ecu/euro)									
	1980	1990	2000		1980	1990	2000		
Imports	584	550	1.943	Exports	744	725	1.391		
world* share	<i>0,1</i>	<i>0,03</i>	<i>0,03</i>	world* share	<i>0,1</i>	<i>0,04</i>	<i>0,03</i>		
Trade balance	160	175	-552						
EU TRADE WITH BOLIVIA (Mio ecu/euro)									
Rank	IMPORTS	1980	1990	2000	Rank	EXPORTS	1980	1990	2000
121		170	258	207	131		110	145	188
Share of EU Total		0,06	0,06	0,02	Share of EU Total		0,1	0,04	0,02
Trade balance		-60	-113	-19					
MAIN PRODUCTS IN 2000 (Mio euro and %)									
EU Imports		BOLIVIAshare		EU Exports		BOLIVIAshare		Balance	
Products	Value	by products		Products	Value	by products			
Agricultural products	35	<i>0,0</i>		Agricultural products	12	<i>0,0</i>			-24
Energy	na	<i>na</i>		Energy	1	<i>0,0</i>			na
Machinery	1	<i>0,0</i>		Machinery	100	<i>0,0</i>			100
Transport. Material	1	<i>0,0</i>		Transport. Material	6	<i>0,0</i>			4
Chemical products	0	<i>0,0</i>		Chemical products	25	<i>0,0</i>			24
Textiles and clothings	4	<i>0,0</i>		Textiles and clothings	3	<i>0,0</i>			-1

EU TRADE WITH THE WORLD AND BOLIVIA (Mio ecu/euro)

WORLD*						BOLIVIA					
YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE	YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE
1998	710.538	5,6	733.428	1,7	22.890	1998	294	25,8	266	24,1	-28
1999	779.825	9,8	760.186	3,6	-19.639	1999	253	-14,1	179	-33,0	-74
2000	1.032.996	32,5	938.344	23,4	-94.652	2000	207	-18,1	188	5,0	-19
J-Jun 00	492.394		441.227		-51.167	J-Jun 00	105		98		-7
J-Jun 01	529.374	7,5	485.522	10,0	-43.852	J-Jun 01	88	-16,2	73	-25,6	-15

BOLIVIA TRADE WITH THE WORLD AND EU (Mio ecu/euro)

WORLD						EU					
YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE	YEAR	IMPORTS	YEARLY % CHANGE	EXPORTS	YEARLY % CHANGE	BALANCE
1996	1.288	16,3	958	10,0	-330	1996	194	-8,4	214	-8,5	20
1997	1.684	30,8	1.122	17,1	-562	1997	248	28,2	276	29,0	27
1998	2.202	30,8	1.182	5,4	-1.020	1998	294	18,5	278	0,7	-17
1999	1.740	-21,0	1.315	11,3	-425	1999	216	-26,8	271	-2,6	55
2000	1.943	11,7	1.391	5,7	-552	2000	259	20,2	251	-7,1	-8

EU IMPORTS BY PRODUCT GROUPINGS (Mio ecu/euro)

EU IMPORTS BY PRODUCT GROUPINGS (Mio ecu/euro)														
WORLD*							BOLIVIA							
	1998	%	1999	%	2000	%		1998	%	1999	%	2000	%	Share of the World *
Total	710.538	100,0	779.825	100,0	1.032.996	100,0	Total	294	100,0	253	100,0	207	100,0	0,02
Primary Prod.	171.804	24,2	185.850	23,8	277.548	26,9	Primary Prod.	124	42,3	100	39,6	107	51,7	0,04
of which:							of which:							
Agr. prod.	72.460	10,2	71.359	9,2	78.865	7,6	Agr. prod.	32	10,8	33	12,9	35	17,1	0,04
Energy	61.690	8,7	78.275	10,0	147.718	14,3	Energy	na	na	na	na	na	na	na
Manuf. products	516.308	72,7	571.815	73,3	712.888	69,0	Manuf. products	19	6,4	20	7,8	22	10,7	0,003
of which:							of which:							
Machinery	190.561	26,8	215.557	27,6	294.361	28,5	Machinery	4	1,5	1	0,4	1	0,3	0,000
Transp. mater.	76.609	10,8	90.399	11,6	94.706	9,2	Transp. mater.	0	0,1	1	0,5	1	0,6	0,001
of which:							of which:							
cars	35.528	5,0	42.131	5,4	46.901	4,5	cars	0,04	0,01	na	na	0,1	0,1	0,000
Chemical prod.	55.570	7,8	58.913	7,6	70.697	6,8	Chemical prod.	0,5	0,2	1	0,5	0	0,2	0,000
Text and cloth.	57.383	8,1	59.788	7,7	69.783	6,8	Text and cloth.	3	0,9	4	1,4	4	2,0	0,01

EU EXPORTS BY PRODUCT GROUPINGS (Mio ecu/euro)

EU EXPORTS BY PRODUCT GROUPINGS (Mio ecu/euro)														
WORLD*							BOLIVIA							
	1998	%	1999	%	2000	%		1998	%	1999	%	2000	%	Share of the World *
Total	733.428	100,0	760.186	100,0	938.344	100,0	Total	266	100,0	179	100,0	188	100,0	0,0
Primary Prod.	80.707	11,0	83.820	11,0	110.030	11,7	Primary Prod.	14	5,3	13	7,1	13	6,9	0,0
of which:							of which:							
Agr. prod.	52.938	7,2	52.857	7,0	60.429	6,4	Agr. prod.	13	4,7	12	6,5	12	6,2	0,0
Energy	14.014	1,9	16.592	2,2	29.816	3,2	Energy	0	0,1	0	0,2	1	0,4	0,0
Manuf. products	635.925	86,7	656.373	86,3	798.296	85,1	Manuf. products	227	85,4	158	88,4	168	89,5	0,0
of which:							of which:							
Machinery	223.417	30,5	228.460	30,1	285.458	30,4	Machinery	112	42,0	85	47,5	100	53,5	0,0
Transp. mater.	118.778	16,2	120.979	15,9	143.519	15,3	Transp. mater.	30	11,1	13	7,2	6	3,1	0,0
<i>of which:</i>							<i>of which:</i>							
<i>cars</i>	69.638	9,5	70.761	9,3	89.293	9,5	<i>cars</i>	25	9,3	8	4,6	4	2,4	0,0
Chemical prod.	95.949	13,1	106.651	14,0	128.433	13,7	Chemical prod.	31	11,5	21	11,9	25	13,3	0,0
Text and cloth.	34.439	4,7	33.842	4,5	39.217	4,2	Text and cloth.	4	1,5	4	2,5	3	1,6	0,0

<u>EU TRADE WITH THE WORLD*</u> <u>SITC SECTIONS BY ORDER OF IMPORTANCE 2000 (Mio euro)</u>			<u>EU TRADE WITH BOLIVIA</u> <u>SITC SECTIONS BY ORDER OF IMPORTANCE 2000 (Mio euro)</u>			
<u>IMPORTS</u>			<u>IMPORTS</u>			
Products	Value	% total	Products	Value	% total	Share of the World*
TOTAL	1.032.996	100,0	TOTAL	207	100,0	0,02
Machinery and transport equipment	389.067	37,7	Mineral fuels, lubricants and rel. materials	na	na	na
Miscell. manif. articles.	153.644	14,9	Animal and vegetable oils, fats and waxes	na	na	na
Mineral fuels, lubricants and rel. materials	147.718	14,3	Commodit. and transactions n.e.c.	77	37,4	0,1
Manuf. goods classif. Chiefly by material	124.794	12,1	Crude materials, inedible, except fuels	56	27,2	0,05
Chemicals and related prod., n.e.s.	70.697	6,8	Manuf. goods classif. Chiefly by material	31	15,0	0,04
Food and live animals	48.965	4,7	Food and live animals	31	14,8	0,1
Crude materials, inedible, except fuels	47.371	4,6	Miscell. manif. articles.	9	4,2	0,02
Commodit. and transactions n.e.c.	33.008	3,2	Machinery and transport equipment	2	0,9	0,01
Beverages and tobacco	5.598	0,5	Chemicals and related prod., n.e.s.	0	0,2	0,01
Animal and vegetable oils, fats and waxes	2.580	0,2	Beverages and tobacco	0	0,0	0,00
<u>EU TRADE WITH THE WORLD*</u> <u>SITC SECTIONS BY ORDER OF IMPORTANCE 2000 (Mio euro)</u>			<u>EU TRADE WITH BOLIVIA</u> <u>SITC SECTIONS BY ORDER OF IMPORTANCE 2000 (Mio euro)</u>			
<u>EXPORTS</u>			<u>EXPORTS</u>			
Products	Value	% total	Products	Value	% total	Share of the World*
TOTAL	938.344	100,0	TOTAL	188	100,0	0,02
Machinery and transport equipment	430.577	45,9	Machinery and transport equipment	106	56,6	0,02
Manuf. goods classif. Chiefly by material	139.179	14,8	Chemicals and related prod., n.e.s.	25	13,3	0,02
Chemicals and related prod., n.e.s.	128.433	13,7	Miscell. manif. articles.	20	10,6	0,02
Miscell. manif. articles.	111.948	11,9	Manuf. goods classif. Chiefly by material	17	9,2	0,02
Food and live animals	35.401	3,8	Food and live animals	7	3,9	0,02

Mineral fuels, lubricants and rel. materials	29.816	3,2	Beverages and tobacco	4	1,9	0,01
Commodit. and transactions n.e.c.	21.355	2,3	Commodit. and transactions n.e.c.	2	1,1	0,01
Crude materials, inedible, except fuels	16.073	1,7	Mineral fuels, lubricants and rel. materials	1	0,4	0,005
Beverages and tobacco	14.338	1,5	Crude materials, inedible, except fuels	1	0,3	0,004
Animal and vegetable oils, fats and waxes	2.562	0,3	Animal and vegetable oils, fats and waxes	0	0,2	0,02

EU TRADE WITH MAIN PARTNERS 2000 (Mio euro)											
IMPORTS				EXPORTS				IMPORTS+EXPORTS			
Rank.	Partners	Mio euro	% World*	Rank.	Partners	Mio euro	% World*	Rank.	Partners	Mio euro	% World*
	World*	1.032.996	100,0		World*	938.344	100,0		World*	1.971.340	100,0
1	USA	203.037	19,7	1	USA	231.860	24,7	1	USA	434.897	22,1
2	Japan	85.851	8,3	2	Switzerland	70.402	7,5	2	Japan	130.682	6,6
3	China	70.086	6,8	3	Japan	44.830	4,8	3	Switzerland	130.324	6,6
4	Switzerland	59.923	5,8	4	Poland	33.771	3,6	4	China	95.502	4,8
5	Norway	45.537	4,4	5	Turkey	29.806	3,2	5	Norway	71.094	3,6
6	Russia	45.415	4,4	6	Norway	25.557	2,7	6	Russia	65.266	3,3
7	Taiwan	26.651	2,6	7	China	25.416	2,7	7	Poland	57.017	2,9
8	South Korea	24.302	2,4	8	Czech Rep.	23.917	2,5	8	Turkey	47.322	2,4
9	Poland	23.246	2,3	9	Hungary	23.064	2,5	9	Czech Rep.	45.473	2,3
10	Hungary	21.880	2,1	10	Canada	20.614	2,2	10	Hungary	44.944	2,3
11	Czech Rep.	21.556	2,1	11	Hong Kong	20.401	2,2	11	Taiwan	41.501	2,1
12	Canada	18.381	1,8	12	Russia	19.851	2,1	12	South Korea	40.686	2,1
13	Brazil	17.528	1,7	13	Brazil	16.552	1,8	13	Canada	38.995	2,0
14	Turkey	17.516	1,7	14	South Korea	16.383	1,7	14	Brazil	34.080	1,7
15	Malaysia	17.315	1,7	15	Israel	15.727	1,7	15	Hong Kong	32.045	1,6
16	Algeria	16.422	1,6	16	Australia	15.690	1,7	16	Singapore	30.699	1,6
17	Singapore	15.964	1,5	17	Taiwan	14.849	1,6	17	Saudi Arabia	27.779	1,4
18	Saudi Arabia	15.858	1,5	18	Singapore	14.735	1,6	18	South Africa	26.125	1,3
19	South Africa	14.440	1,4	19	Mexico	13.991	1,5	19	Malaysia	25.706	1,3
20	Libya	13.031	1,3	20	India	13.309	1,4	20	India	25.662	1,3
121	Bolivia	207	0,02	131	Bolivia	188	0,02	130	Bolivia	394	0,02
IMPORTS				EXPORTS				IMPORTS+EXPORTS			
	Partners	Mio euro	% World*		Partners	Mio euro	% World*		Partners	Mio euro	% World*
	World*	1.032.996	100,0		World*	938.344	100,0		World*	1.971.340	100,0
(a)	NAFTA	228.440	22,1	(a)	NAFTA	266.465	28,4	(a)	NAFTA	494.905	25,1
(b)	AMLAT	41.744	4,0	(b)	AMLAT	40.538	4,3	(b)	AMLAT	82.282	4,2
(c)	Candidats	117.330	11,4	(c)	Candidats	150.912	16,1	(c)	Candidats	268.242	13,6
(d)	CIS	54.722	5,3	(d)	CIS	27.723	3,0	(d)	CIS	82.445	4,2
(e)	MED	64.549	6,2	(e)	MED	86.652	9,2	(e)	MED	151.201	7,7
(f)	ASEAN	70.844	6,9	(f)	ASEAN	40.222	4,3	(f)	ASEAN	111.066	5,6
(a)	USA, Canada, Mexico.										
(b)	20 latin American, Countries.										
(c)	Poland, Hungary, Romania, Bulgaria, Slovenia, Estonia, Lithuania, Latvia, Czech Rep., Slovakia, Cyprus, Malta, Turkey.										
(d)	Moldova, Belarus, Ukraine, Russia, Georgia, Armenia, Azerbaidjan, Kazakhstan, Turkmenistan, Ouzbekistan, Tadjikistan.										
(e)	Malta, Jordan, Turkey, Morocco, Algeria, Tunisia, Egypt, Cyprus, Lebanon, Syria, Israel, Gaza and Jericho.										
(f)	Thailand, Indonesia, Malaysia, Brunei, Singapore, Philippines, Vietnam, Cambodia, Laos, Myanmar.										

BOLIVIA TRADE WITH MAIN PARTNERS 2000 (Mio euro)

BOLIVIA TRADE WITH MAIN PARTNERS 2000 (Mio euro)											
IMPORTS				EXPORTS				IMPORTS+EXPORTS			
Rank.	Partners	Mio euro	% World	Rank.	Partners	Mio euro	% World	Rank.	Partners	Mio euro	% World
	World	1.943	100,0		World	1.391	100,0		World	3.334	100,0
1	BRAZIL	435	22,4	1	EU	251	18,1	1	BRAZIL	587	17,6
2	USA	305	15,7	2	COLOMBIA	202	14,5	2	EU	511	15,3
3	ARGENTINA	304	15,6	3	USA	186	13,4	3	USA	491	14,7
4	EU	259	13,3	4	BRAZIL	152	10,9	4	ARGENTINA	400	12,0
5	CHILE	197	10,1	5	URUGUAY	97	7,0	5	COLOMBIA	248	7,4
6	PERU	109	5,6	6	ECUADOR	97	7,0	6	CHILE	226	6,8
7	MEXICO	58	3,0	7	ARGENTINA	96	6,9	7	PERU	203	6,1
8	COLOMBIA	46	2,4	8	PERU	94	6,8	8	URUGUAY	107	3,2
9	SOUTH KOREA	42	2,2	9	SWITZERLAND	79	5,7	9	ECUADOR	106	3,2
10	JAPAN	36	1,9	10	JAPAN	32	2,3	10	SWITZERLAND	89	2,7
11	BOSNIA-HERZEGOVINA	17	0,9	11	CHILE	30	2,1	11	MEXICO	68	2,1
12	CANADA	13	0,7	12	MEXICO	10	0,7	12	JAPAN	68	2,0
13	SWITZERLAND	10	0,5	13	CANADA	9	0,6	13	SOUTH KOREA	42	1,3
14	URUGUAY	9	0,5	14	MALAYSIA	4	0,3	14	CANADA	22	0,7
15	ECUADOR	9	0,5	15	NORTH KOREA	3	0,2	15	BOSNIA-HERZEGOVINA	17	0,5
16	ISRAEL	4	0,2	16	PARAGUAY	3	0,2	16	PARAGUAY	6	0,2
17	PARAGUAY	4	0,2	17	AUSTRALIA	1	0,1	17	MALAYSIA	5	0,1
18	VENEZUELA	4	0,2	18	CZECH REPUBLIK	1	0,1	18	NORTH KOREA	5	0,1
19	THAILAND	2	0,1	19	NL ANTILLES	1	0,1	19	ISRAEL	5	0,1
20	INDIA	2	0,1	20	EGYPT	1	0,0	20	VENEZUELA	4	0,1

IMPORTS				EXPORTS			IMPORTS+EXPORTS				
	Partners	Mio euro	% World		Partners	Mio euro	% World		Partners	Mio euro	% World
	World	1.943	100,0		World	1.391	100,0		World	3.334	100,0
(a)	NAFTA	376	19,3	(a)	NAFTA	206	14,8	(a)	NAFTA	582	17,4
(b)	AMLAT	1.178	60,6	(b)	AMLAT	781	56,1	(b)	AMLAT	1.959	58,7
(c)	Candidats	3	0,2	(c)	Candidats	1	0,1	(c)	Candidats	5	0,1
(d)	CIS	1	0,1	(d)	CIS	1	0,0	(d)	CIS	2	0,1
(e)	MED	5	0,3	(e)	MED	1	0,1	(e)	MED	6	0,2
(f)	ASEAN	5	0,3	(f)	ASEAN	4	0,3	(f)	ASEAN	9	0,3
(a)	USA, Canada, Mexico.										
(b)	20 latin American, Countries.										
(c)	Poland, Hungary, Romania, Bulgaria, Slovenia, Estonia, Lithuania, Latvia, Czech Rep., Slovakia, Cyprus, Malta, Turkey.										
(d)	Moldova, Belarus, Ukraine, Russia, Georgia, Armenia, Azerbaidjan, Kazakhstan, Ouzbekistan, Tadjikistan.										
(e)	Malta, Jordan, Turkey, Morocco, Algeria, Tunisia, Egypt, Cyprus, Lebanon, Syria, Israel, Gaza and Jericho.										
(f)	Thailand, Indonesia, Malaysia, Brunei, Singapore, Philippines, Laos, Cambodia, Myanmar, Vietnam.										

PLACE OF BOLIVIA IN EU TRADE (2000)

EU IMPORTS					EU EXPORTS				
Rank	Products	Mio euro	Share by products	Share of Total	Rank	Products	Mio euro	Share by products	Share of Total
121	Total	207	0,02	100,0	131	Total	188	0,02	100,0
123	Agricultural products	35	0,04	17,1	151	Agricultural products	12	0,02	6,2
188	Energy	0	0	0,0	144	Energy	0,7	0,002	0,4
125	Non agricul.raw material	0,0004	0,000	0,0	139	Non agricul.raw material	0,2	0,005	0,1
142	Office machi. And telec.equipment	0,3	0,0002	0,1	91	Office machi. And telec.equipment	37	0,04	20,0
154	Power generating machinery	0,2	0,0003	0,1	100	Power generating machinery	52	0,04	27,5
110	Transport Material	1	0,001	0,6	164	Transport Material	6	0,00	3,1
131	Chemical product	0	0,000	0,2	117	Chemical product	25	0,02	13,2
94	Textiles and Clothing	4	0,01	2,0	129	Textiles and Clothing	3	0,01	1,6
92	Iron and steel	0,1	0,0004	0,0	134	Iron and steel	2	0,01	1,0

ANDEAN GROUP TRADE WITH MAIN PARTNERS 2000 (Mio euro)

IMPORTS												EXPORTS				IMPORTS+EXPORTS			
Ran k.	Partners	Mio euro	% World	Rank.	Partners	Mio euro	% World	Rank.	Partners	Mio euro	% World								
	World	44.509	100,0		World	65.850	100,0		World	110.359	100,0								
1	USA	14.032	31,5	1	USA	30.643	46,5	1	USA	44.675	40,5								
2	EU	7.359	16,5	2	EU	6.174	9,4	2	EU	13.532	12,3								
3	BRAZIL	2.351	5,3	3	NL ANTILLES	4.674	7,1	3	NL ANTILLES	5.022	4,6								
4	COLOMBIA	2.220	5,0	4	BRAZIL	2.044	3,1	4	BRAZIL	4.395	4,0								
5	VENEZUELA	1.969	4,4	5	VENEZUELA	1.645	2,5	5	COLOMBIA	3.818	3,5								
6	JAPAN	1.757	3,9	6	COLOMBIA	1.597	2,4	6	VENEZUELA	3.615	3,3								
7	MEXICO	1.674	3,8	7	PERU	1.217	1,8	7	JAPAN	2.897	2,6								
8	CHILE	1.440	3,2	8	JAPAN	1.140	1,7	8	MEXICO	2.614	2,4								
9	ARGENTINA	1.079	2,4	9	MEXICO	940	1,4	9	CHILE	2.376	2,2								
10	CANADA	911	2,0	10	CHILE	936	1,4	10	CANADA	1.739	1,6								
11	SOUTH KOREA	816	1,8	11	ECUADOR	922	1,4	11	PERU	1.701	1,5								
12	ECUADOR	604	1,4	12	CANADA	828	1,3	12	ECUADOR	1.527	1,4								
13	PERU	484	1,1	13	SWITZERLAND	784	1,2	13	ARGENTINA	1.432	1,3								
14	SWITZERLAND	464	1,0	14	COSTA RICA	492	0,7	14	SOUTH KOREA	1.264	1,1								
15	BOLIVIA	420	0,9	15	SOUTH KOREA	448	0,7	15	SWITZERLAND	1.249	1,1								
16	NL ANTILLES	349	0,8	16	PANAMA	441	0,7	16	BOLIVIA	599	0,5								
17	URUGUAY	214	0,5	17	GUATEMALA	378	0,6	17	COSTA RICA	556	0,5								
18	RUSSIA	125	0,3	18	ARGENTINA	353	0,5	18	PANAMA	501	0,5								

19	INDIA	121	0,3	19	TRINIDAD,TOB	224	0,3	19	GUATEMALA	424	0,4
20	INDONESIA	117	0,3	20	RUSSIA	220	0,3	20	RUSSIA	345	0,3
IMPORTS				EXPORTS				IMPORTS+EXPORTS			
	Partners	Mio euro	% World		Partners	Mio euro	% World		Partners	Mio euro	% World
	World	44.509	100,0		World	65.850	100,0		World	110.359	100,0
(a)	NAFTA	16.616	37,3	(a)	NAFTA	32.411	49,2	(a)	NAFTA	49.027	44,4
(b)	AMLAT	12.696	28,5	(b)	AMLAT	11.929	18,1	(b)	AMLAT	24.625	22,3
(c)	Candidats	108	0,2	(c)	Candidats	342	0,5	(c)	Candidats	450	0,4
(d)	CIS	177	0,4	(d)	CIS	257	0,4	(d)	CIS	434	0,4
(e)	MED	142	0,3	(e)	MED	149	0,2	(e)	MED	291	0,3
(f)	ASEAN	320	0,7	(f)	ASEAN	230	0,3	(f)	ASEAN	549	0,5
(a)	USA, Canada, Mexico.										
(b)	20 latin American, Countries.										
(c)	Poland, Hungary, Romania, Bulgaria, Slovenia, Estonia, Lithuania, Latvia, Czech Rep., Slovakia, Cyprus, Malta, Turkey.										
(d)	Moldova, Belarus, Ukraine, Russia, Georgia, Armenia, Azerbaidjan, Kazakhstan, Turkmenistan, Ouzbekistan, Tadjikistan.										
(e)	Malta, Jordan, Turkey, Morocco, Algeria, Tunisia, Egypt, Cyprus, Lebanon, Syria, Israel, Gaza and Jericho.										
(f)	Thailand, Indonesia, Malaysia, Brunei, Singapore, Philippines, Laos, Cambodia, Myanmar, Vietnam.										

EU TRADE WITH MAIN PARTNERS 2000 (Mio euro)

EU TRADE WITH MAIN PARTNERS 2000 (Mio euro)											
IMPORTS				EXPORTS				IMPORTS+EXPORTS			
Ran k.	Partners	Mio euro	% World*	Rank.	Partners	Mio euro	% World*	Rank.	Partners	Mio euro	% World*
	World*	1.032.996	##		World*	938.344	100,0		World*	1.971.340	100,0
1	USA	203.037	19,7	1	USA	231.860	24,7	1	USA	434.897	22,1
2	Japan	85.851	8,3	2	Switzerland	70.402	7,5	2	Japan	130.682	6,6
3	China	70.086	6,8	3	Japan	44.830	4,8	3	Switzerland	130.324	6,6
4	Switzerland	59.923	5,8	4	Poland	33.771	3,6	4	China	95.502	4,8
5	Norway	45.537	4,4	5	Turkey	29.806	3,2	5	Norway	71.094	3,6
6	Russia	45.415	4,4	6	Norway	25.557	2,7	6	Russia	65.266	3,3
7	Taiwan	26.651	2,6	7	China	25.416	2,7	7	Poland	57.017	2,9
8	South Korea	24.302	2,4	8	Czech Rep.	23.917	2,5	8	Turkey	47.322	2,4
9	Poland	23.246	2,3	9	Hungary	23.064	2,5	9	Czech Rep.	45.473	2,3
10	Hungary	21.880	2,1	10	Canada	20.614	2,2	10	Hungary	44.944	2,3
11	Czech Rep.	21.556	2,1	11	Hong Kong	20.401	2,2	11	Taiwan	41.501	2,1
12	Canada	18.381	1,8	12	Russia	19.851	2,1	12	South Korea	40.686	2,1
13	Brazil	17.528	1,7	13	Brazil	16.552	1,8	13	Canada	38.995	2,0
14	Turkey	17.516	1,7	14	South Korea	16.383	1,7	14	Brazil	34.080	1,7
15	Malaysia	17.315	1,7	15	Israel	15.727	1,7	15	Hong Kong	32.045	1,6
16	Algeria	16.422	1,6	16	Australia	15.690	1,7	16	Singapore	30.699	1,6
17	Singapore	15.964	1,5	17	Taiwan	14.849	1,6	17	Saudi Arabia	27.779	1,4
18	Saudi Arabia	15.858	1,5	18	Singapore	14.735	1,6	18	South Africa	26.125	1,3
19	South Africa	14.440	1,4	19	Mexico	13.991	1,5	19	Malaysia	25.706	1,3
20	Libya	13.031	1,3	20	India	13.309	1,4	20	India	25.662	1,3
			0,8				0,7				0,7

48	Venezuela	2.735	0,3	42	Venezuela	3.219	0,3	45	Venezuela	5.954	0,3
53	Colombia	2.324	0,2	54	Colombia	1.907	0,2	53	Colombia	4.231	0,2
60	Peru	1.698	0,2	78	Peru	1.012	0,1	63	Peru	2.710	0,1
72	Ecuador	858	0,1	98	Ecuador	525	0,1	86	Ecuador	1.383	0,1
121	Bolivia	207	0,0	131	Bolivia	188	0,0	130	Bolivia	394	0,0
IMPORTS				EXPORTS				IMPORTS+EXPORTS			
	Partners	Mio euro	% World*		Partners	Mio euro	% World*		Partners	Mio euro	% World*
	World*	1.032.996	##		World*	938.344	100,0		World*	1.971.340	100,0
(a)	NAFTA	228.440	22,1	(a)	NAFTA	266.465	28,4	(a)	NAFTA	494.905	25,1
(b)	AMLAT	41.744	4,0	(b)	AMLAT	40.538	4,3	(b)	AMLAT	82.282	4,2
(c)	Candidats	117.330	11,4	(c)	Candidats	150.912	16,1	(c)	Candidats	268.242	13,6
(d)	CIS	54.722	5,3	(d)	CIS	27.723	3,0	(d)	CIS	82.445	4,2
(e)	MED	64.549	6,2	(e)	MED	86.652	9,2	(e)	MED	151.201	7,7
(f)	ASEAN	70.844	6,9	(f)	ASEAN	40.222	4,3	(f)	ASEAN	111.066	5,6
(a)	USA, Canada, Mexico.										
(b)	20 latin American, Countries.										
(c)	Poland, Hungary, Romania, Bulgaria, Slovenia, Estonia, Lithuania, Latvia, Czech Rep., Slovakia, Cyprus, Malta, Turkey.										
(d)	Moldova, Belarus, Ukraine, Russia, Georgia, Armenia, Azerbaidjan, Kazakhstan, Turkmenistan, Ouzbekistan, Tadjikistan.										
(e)	Malta, Jordan, Turkey, Morocco, Algeria, Tunisia, Egypt, Cyprus, Lebanon, Syria, Israel, Gaza and Jericho.										
(f)	Thailand, Indonesia, Malaysia, Brunei, Singapore, Philippines, Vietnam, Cambodia, Laos, Myanmar.										

ANNEX 4 –

FDIs

FLUJO BRUTO DE LA INVERSION EXTRANJERA DIRECTA EN BOLIVIA,
POR SECTOR ECONOMICO Y POR PAIS DE ORIGEN, 1990 – 2000 (Millones de Dólares)

SECTOR Y PAIS	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1990	1995
												-	-
												1994	2000
												a/	a/
SECTOR	66,9	94,7	122,1	123,6	130,2	374,3	426,4	878,5	957,4	1.016,4	768,9	107,5	737,0
Hidrocarburos	51,3	75,1	83,7	66,2	63,1	125,0	53,4	326,9	411,6	444,0	411,1	67,9	295,3
Minero	5,4	5,8	8,5	40,7	28,6	47,7	19,7	29,9	38,2	23,1	80,2	17,8	39,8
Industrial	0,4	1,5	1,6	14,2	18,4	53,2	32,7	24,7	15,8	158,6	17,7	7,2	50,5
Servicios	9,7	12,3	28,4	2,5	20,2	148,5	320,6	496,9	491,8	390,7	260,0	14,6	351,4
PAIS DE ORIGEN	66,9	94,7	122,1	123,6	130,2	374,3	426,7	878,5	957,4	1.016,4	768,9	107,5	737,0
NAFTA	42,0	70,3	108,1	71,3	77,7	134,6	139,5	260,8	318,6	303,2	307,5	73,9	244,0
Canada	0,0	0,0	0,0	0,0	0,0	0,0	9,4	7,7	4,3	1,3	0,9	0,0	3,9
Estados Unidos	42,0	70,3	108,1	71,3	77,7	134,6	130,1	253,1	314,2	301,9	306,5	73,9	240,1
México	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,1	0,0	0,0	0,0	0,0
COMUNIDAD ANDINA	1,6	-0,1	1,0	18,3	18,0	1,0	13,7	23,0	21,2	14,3	8,1	7,8	13,6
Colombia	0,0	0,0	0,0	14,1	11,0	0,7	1,8	15,9	0,3	2,4	0,0	5,0	3,5
Ecuador	-	-	-	-	-	-	-	-	-	-	-	-	-
Perú	1,6	-0,1	0,0	2,2	2,0	0,3	11,9	7,2	20,9	11,9	8,1	1,1	10,0
Venezuela	0,0	0,0	1,0	2,0	5,0	0,0	0,0	0,0	0,0	0,0	0,0	1,6	0,0
MERCOSUR	16,0	12,1	6,1	16,9	12,7	43,1	45,3	192,2	255,1	302,0	157,2	12,8	165,8
Argentina	14,3	11,8	4,5	9,6	6,7	10,4	7,2	126,3	207,4	157,9	112,5	9,4	103,6
Brasil	1,7	0,2	1,6	7,3	6,0	32,8	38,1	65,9	47,8	144,1	44,7	3,4	62,2
Chile	0,0	0,0	0,0	0,1	2,0	174,2	27,1	22,9	23,1	16,0	5,7	0,4	44,8
Panamá	0,0	0,0	0,0	0,0	0,0	0,0	1,3	2,1	13,3	7,1	1,5	0,0	4,2
UNION EUROPEA	5,9	10,0	5,1	13,0	15,0	18,4	170,7	352,5	282,4	259,9	171,3	9,8	209,2
Alemania	5,9	10,0	5,1	13,0	15,0	4,7	0,0	0,0	0,0	0,0	4,1	9,8	1,5
Austria	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,5	0,3	0,0	0,0	0,1
Bélgica-Luxemburgo	0,0	0,0	0,0	0,0	0,0	0,0	8,9	5,1	8,0	0,0	19,1	0,0	6,9
España	0,0	0,0	0,0	0,0	0,0	9,9	10,8	80,8	43,1	19,0	37,7	0,0	33,6
Francia	0,0	0,0	0,0	0,0	0,0	0,0	3,6	8,8	11,8	43,8	39,8	0,0	18,0
Italia	0,0	0,0	0,0	0,0	0,0	0,0	137,8	148,8	109,7	64,5	44,2	0,0	84,1
Holanda	0,0	0,0	0,0	0,0	0,0	1,1	1,0	97,1	89,1	100,0	19,3	0,0	51,3
Inglaterra	0,0	0,0	0,0	0,0	0,0	2,7	0,3	11,4	10,6	22,0	2,2	0,0	8,2
Suecia	0,0	0,0	0,0	0,0	0,0	0,0	8,3	0,5	9,7	10,3	4,8	0,0	5,6
Suiza	0,0	0,0	0,0	0,0	0,0	1,0	0,4	0,3	0,5	4,8	0,4	0,0	1,2
ASIA	0,3	0,4	0,4	2,0	2,6	0,1	0,0	2,5	7,6	15,4	9,1	1,1	5,8
Japón	0,3	0,4	0,4	2,0	2,6	0,1	0,0	0,3	0,6	1,1	0,7	1,1	0,5
Corea del Sur	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,2	7,0	14,3	8,5	0,0	5,3
OTROS PAISES	1,0	2,0	1,4	2,0	2,2	2,0	28,6	22,2	35,5	93,8	108,3	1,7	48,4
Australia	0,0	0,0	0,0	0,0	0,0	0,0	0,0	10,8	10,7	9,2	2,4	0,0	5,5
Islas Caimán	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,6	20,7	81,3	98,6	0,0	33,7
Otros	1,0	2,0	1,4	2,0	2,2	2,0	28,6	9,7	4,1	3,3	7,2	1,7	9,1

a/ Promedio anual

FUENTE: Banco Central de Bolivia, ELABORACION: Comunidad Andina - Secretaría General.

ANNEX 5

CO-OPERATION MATRIX FOR EU MEMBER STATES

(En Millones de Euros)

PAIS	SECTORES	LOCALIZACION	COMPROMISO	PERIODO	COMENTARIOS
ALEMANIA	Modernización del Estado: apoyo a la descentralización, planificación y capacitación, administración pública, participación de la sociedad civil, reforma procesal penal, defensoría del pueblo	Nacional	30.4 MEURO	1988-2005	Incluye Coop. Técnica + Coop. Financiera + DED
	Educación y educación cívica política	Nacional y regional	7.5 MEURO	1996-2004	Incluye Coop. Técnica + Coop. Financiera + DED
	Promoción de la mujer en la sociedad y la política	Nacional	3.6 MEURO	1992-2002	Incluye Coop. Técnica + Coop. Financiera + DED
	Uso sostenible y protección de los recursos naturales, incluyendo desarrollo rural, seguridad alimentaria	Cochabamba, Norte Potosí, Chaco y Nacional	102 MEURO	1990-2004	Incluye Coop. Técnica + Coop. Financiera + DED
	Saneamiento básico en ciudades intermedias	Nacional y regional (Chaco, Bustillos, Oruro, Potosí)	116 MEURO	1997-2013	Incluye Coop. Técnica + Coop. Financiera
	Desarrollo del sistema financiero	Nacional	12 MEURO	1997-2006	Incluye Coop. Técnica + Coop. Financiera + DED
	Salud	Nacional	4 MEURO	1997-2003	Incluye Coop. Técnica + Coop. Financiera + DED
Monto comprometido para 2000 : 60 MEURO					
Monto comprometido para 2001: 60 MEURO					

BELGICA	Salud pública y actividades científicas en enfermedades tropicales	Santa Cruz, Cochabamba, El Alto	16.01 MEURO	1996-2004	Coop. Bilateral directa + Coop. Técnica
	Desarrollo rural integral	Sta. Cruz, Cochabamba, Chuquisaca, Potosí	18.24 MEURO	1998-2005	Coop. Bilateral directa + Coop. Técnica
	Desarrollo Alternativo	Cochabamba	3.72 MEURO	2002-2004	Coop. Bilateral directa

	Medio ambiente y manejo recursos naturales	El Alto	3.72 MEURO	2002-2004	Coop. Bilateral directa
	Modernización del Estado	Nacional	1.34 MEURO	1996-2002	Coop. Bilateral directa
	Fortalecimiento derechos humanos y Defensoría del Pueblo	Nacional	1.12 MEURO	2001-2003	Coop. Bilateral directa
	Agua Potable y saneamiento básico	Santa Cruz	0.87 MEURO	2001-2002	Coop. Bilateral directa
	Servicios financieros - microcréditos	Nacional	14.19 MEURO	1992-2001	Coop. Financiera
	III Ayuda a la Balanza de Pagos	Nacional	2.97 MEURO	2001	Coop. Financiera
	VIII Alivio a la deuda externa	Nacional	45.61 MEURO (FCV: 4.06)	2000-2003	Cooperación financiera
Monto comprometido para 2000 : 3.38 MEURO					
Monto comprometido para 2001: 9.19 MEURO					

DINAMARCA	Reforma institucional	Nacional	10 MEURO	1993-2003	Apoyo macroecon.+ Ref.institucion. + Prog.Sectoriales
	Participación Popular + descentralización + Apoyo a pueblos indígenas	Potosí, Chuquisaca	35 MEURO	1998-2002	Apoyo macroecon.+ Ref.institucion. + Prog.Sectoriales
	Apoyo al Defensor del pueblo	Nacional	0.5 MEURO	1999-2001	Apoyo macroecon.+ Ref.institucion. + Prog.Sectoriales
	Agricultura y desarrollo rural	Potosí, Chuquisaca, Oruro, La Paz	27 MEURO	1999-2004	Apoyo macroecon.+ Ref.institucion. + Prog.Sectoriales
	Medio ambiente y manejo de recursos naturales	Nacional	22.5 MEURO	1999-2004	Apoyo macroecon.+ Ref.institucion. + Prog.Sectoriales
	Alivio a la deuda externa	Nacional	7.5 MEURO	1999-2002	
Monto comprometido para 2000 : 17 MEURO					
Monto comprometido para 2001: 17 MEURO					

FRANCIA	<u>Cooperación técnica:</u> Salud, educación, agua potable, apoyo a reformas institucionales	La Paz, Cochabamba, El Alto	0.0198 MEURO	2001	
	<u>Cooperación Cultural:</u> Apoyo a la reforma de la educación, Promoción del francés, intercambios artísticos, promoción patrimonio cultural boliviano	La Paz, Santa Cruz (Chiquitania), Cochabamba, Sucre, Nacional	0.53 MEURO	2001	
	Cooperación científica: Donación al IBBA e intercambio de investigadores	Nacional y regional	0.115 MEURO	2001	
Monto comprometido para 2000 : 0.5 MEURO					
Monto comprometido para 2001: 0.5 MEURO					

ESPAÑA	<u>Cooperación Técnica:</u> lucha contra la pobreza, promoción igualdad entre mujeres y hombres, Sostenibilidad mediambiental, Salud pública, Apoyo a reforma educativa, cooperación universitaria, capacitación judicial, restauración patrimonio cultural boliviano y desarrollo sostenible	Norte de La Paz, Chiquitania, Sucre, Potosí, Chapare y Santa Cruz	2.13 MEURO	2000	
	<u>Cooperación mediante ONG's:</u> Desarrollo rural, educación, salud, desarrollo sostenible	La Paz, Potosí, Tarija, Santa Cruz, Cochabamba y Chuquisaca	5.2 MEURO	2000	
	Ayuda Alimentaria	Nacional	0.8 MEURO	2000	Monetización – Fondo de Contravalor
	Créditos FAD (Fondo de ayuda al Desarrollo)	Nacional	28.2 MEURO	2000	
	Cooperación Universitaria	Nacional	0.46 MEURO	2000	
	Asistencias técnicas	Nacional	0.054 MEURO	2000	
	Gastos Generales OTC	Nacional	0.28 MEURO	2000	
	Cooperación Oficial Descentralizada	Nacional	5.7 MEURO	2000	
	Centro Iberoamericano de Formación	Nacional/regional	1.12 MEURO	2000	
	Microcrédito	Nacional	1.85 MEURO	2000	A través del FONDESIF
	Alivio a la deuda externa	Nacional	8 MEURO	2000	
Monto comprometido para 2000 : 46 MEURO					
Monto comprometido para 2001: 42 MEURO					

ITALIA	<u>Cooperación Bilateral Indirecta : ONG's :</u> Desarrollo Rural, agricultura, capacitación, infraestructura, salud, Saneamiento básico	Tarija, Potosí (Llallagua), La Paz (y Los Yungas), Cochabamba, Santa Cruz, Beni, Chaco	3.5 MEURO	Por año	Mediante desembolsos plurianuales
	<u>Cooperación Bilateral Directa:</u> Salud, ayuda Alimentaria, infraestructura	Nacional	1.5 MEURO	Por año	
	<u>Cooperación multilateral:</u> Recursos naturales, manejo de cuencas, desarrollo alternativo, fortalecimiento, formación	Santa Cruz, Cochabamba (Chapare)	11.3 MEURO	Por año	Canalizados mediante la FAO y el UNDCP
Monto comprometido para 2000 : 22 MEURO					
Monto comprometido para 2001: 22 MEURO					

PAISES BAJOS	<u>Apoyo Programático:</u>				
	<ul style="list-style-type: none"> • Suprasectorial: Reforma Institucional, Sociedad Civil, lucha contra la corrupción, Defensoría del Pueblo • Sectoral: Descentralización, Educación y Desarrollo productivo rural 	Nacional	4.8 MEURO 18.9 MEURO	Por año	
	<u>Apoyo a proyectos:</u> Medio ambiente, energía, desarrollo urbano, salud, género, PME	Nacional	10.3 MEURO	Por año	
Monto comprometido para 2000 : 34 MEURO					
Monto comprometido para 2001: 34 MEURO					

REINO UNIDO	Desarrollo rural	Nacional	15.6 MEURO	1996-2004	Programas y proyectos vigentes
	Salud y educación sexual	Nacional	15.4 MEURO	1998-2003	Programas y proyectos vigentes
	Crecimiento pro-pobres (Agropecuaria, microempresas, protección social, Derechos humanos, pueblos indígenas, Defensoría del Pueblo)	Nacional	19.7 MEURO	2001-2006	En programación
	Buen gobierno en beneficio de los pobres (apoyo a la descentralización, acceso y reforma institucional en salud)	Nacional	23.7 MEURO	2001-2006	En programación
	Apoyo estratégico a la reducción de la pobreza (iniciativas de impacto estratégico en políticas de desarrollo)	Nacional	1.3 MEURO	Por definir	En programación
Monto comprometido para 2000 : 10 MEURO					
Monto comprometido para 2001: 10 MEURO					

SUECIA	Educación: reforma educativa	Nacional	10.5 MEURO	2000-2003	En curso
	Desarrollo Social	Cochabamba, Potosí	5.25 MEURO	1998-2001	En curso
	Género	Nacional	3 MEURO	1999-2001	En curso
	Agua y saneamiento básico	El Alto	2.2 MEURO	2001-2002	En curso
	Reforma institucional	Nacional	6.8 MEURO	2000-2002	En curso
	Defensor del pueblo	Nacional	2.49 MEURO	2000-2005	En curso
	Derechos humanos	Nacional	0.8 MEURO	2000-2004	En curso
	Sector Privado	La Paz, Santa cruz	5.2 MEURO	1997-2001	En curso
	Investigación	La Paz, Cochabamba	4.1 MEURO	2000-2003	En curso
	Crédito / energía	Tupiza , Villazón	2 MEURO	2001-2002	En preparación
	Descentralización	Nacional	6 MEURO	2001-2004	En preparación
	Alivio de la deuda	Nacional	12 MEURO	2000-2002	En curso – Alivio deuda al BID

Monto comprometido para 2000 : 19 MEURO

Monto comprometido para 2001: 22 MEURO

COMISION EUROPEA	SECTORES	LOCALIZACION	COMPROMISO	PERIODO
Programas en ejecución	Agua y Saneamiento Básico	Beni, Pando, Santa Cruz	44 MEURO	1998-2006
	Educación (Apoyo a la Reforma Educativa)	El Alto	9 MEURO	2001-2005
	Salud	Potosí y Tarija	13 MEURO	2001-2006
	Desarrollo Alternativo y Zonas expulsoras	Cochabamba (Arque Tapacará y Chapare) y Occidente Minero (Oruro, Potosí)	30 MEURO	1998-2003
	Programa de apoyo a la Seguridad Alimentaria	Nacional (80 municipios priorizados)	80 MEURO	1996-2002
Programación futura de acuerdo al MoU	Transporte / Integración física regional	Santa Cruz – Puerto Suárez	56.7 MEURO	A definir
	Agua y saneamiento básico	Uno o dos departamentos (a definir durante la identificación)	44 MEURO	A definir
	Desarrollo alternativo	Chapare – Yungas – Occidente Minero	18.9 MEURO	A definir
	Cooperación económica	Nacional	6.3 MEURO	A definir

ANNEX 6

CO-OPERATION MATRIX FOR MULTILATERAL ORGANISATIONS

(En Millones de Euros)

Organismo	SECTORES	LOCALIZACION	COMPROMISO	PERIODO
UNICEF	Políticas Sociales: Niñez, mujeres y pueblos indígenas y movilización social	Nacional	6.68 MEURO	1998-2000
	Salud, nutrición, saneamiento básico	Nacional	6.9 MEURO	1998-2000
	Educación	Santa Cruz, Tarija, Beni, Cochabamba, santa Cruz	7.1 MEURO	1998-2000
	Desarrollo capacidades municipales	Nacional	1.32 MEURO	1998-2000
	Medio Ambiente	Pando y Beni	0.58 MEURO	1998-2000

OEA	Cultura	Nacional	0.049 MEURO	1999-2000
	Educación	Nacional	0.7 MEURO	1999-2000
	Prevención drogas	Nacional	0.03 MEURO	2000
	Lucha contra la corrupción	Nacional	0.018 MEURO	2000
	Salud	Nacional	0.007 MEURO	2000
	Comisión binacional Cuenca Río Bermejo y Río Grande Tarija	Tarija	11 MEURO	2000
	Gobernabilidad	Nacional	0.11 MEURO	2000

FAO	Seguridad Alimentaria	Cochabamba, Tarija, Santa Cruz, Regional	4.3 MEURO	1997-2001
	Manejo sostenible recursos naturales	Potosí, Cochabamba (Chapare), Santa Cruz, La Paz (Yungas)	23.7 MEURO	1997-2004

BANCO MUNDIAL	Educación	Nacional	165 MEURO	1994-2003
	Salud	La Paz, El Alto, Santa Cruz, Cochabamba	45 MEURO	90-2002
	Manejo Sector Público	Nacional	172 MEURO	1987-2005
	Agua y Saneamiento Básico	La Paz, Santa Cruz, Cochabamba	55 MEURO	1991-2001
	Política Económica	Nacional	20 MEURO	1999-2003
	Multisectorial	Nacional	181 MEURO	1986-1995
	Financiero	Nacional	114 MEURO	1988-1998
	Desarrollo Urbano	Nacional	57 MEURO	1988-1999
	Agricultura y desarrollo rural	Nacional	58.5 MEURO	1992-1999
	Medio Ambiente	Santa Cruz	75.2 MEURO	1991-2006
	Petróleo y gas	Santa Cruz y nacional	25.6 MEURO	1986-1998
	Energía	Nacional	16.7 MEURO	1988-2003
	Transportes	Nacional	230 MEURO	1990-2004

	Minería	Nacional	46 MEURO	1990-2003
	Desarrollo Sector Privado	Nacional	104.58 MEURO	1998-2004

BID	PROGRAMA OPERATIVO 2001-2003	Nacional	205 MEURO 234 MEURO 35 MEURO	2001-2003		
	<ul style="list-style-type: none"> • <u>Crecimiento económico y creación de oportunidades</u> (Crédito, transportes, turismo, desarrollo rural (FDC), crédito multisectorial) • <u>Desarrollo capital humano y acceso a servicios básicos</u> (desarrollo local/urbano, educación, seguridad social, prevención de desastres, salud, EBRP) • <u>Gobernabilidad y consolidación de la Reforma del Estado</u> (Administración municipal, justicia) 					
	COOPERACION TECNICA NO REMBOLSABLE				4.8 MEURO	2001-2003
	PROYECTOS FOMIN				8.85 MEURO	2001-2003
	PROGRAMA EMPRESARIADO SOCIAL				1.35 MEURO	2001-2003

ANNEX 7
LOGICAL FRAMEWORK

<i>GOAL</i>	<i>To promote economic and human well-being through the reduction of poverty, inequity and social exclusion.</i>
<i>STRATEGY PURPOSE</i>	<i>To support the policies of the Bolivian Government aiming at assisting the target population in the retained focal areas.</i>

PRIORITIES		Improved access to services and sustainable livelihoods		Economic regeneration		Regional integration and cooperation	
SPECIFIC OBJECTIVES		Promotion of equitable access to social services	Food security and sustainable rural development	Link between trade and development	Economic cooperation	Transport infrastructure	Strengthening regional networks
OWNERSHIP		Building the Productive Capabilities of the Poor	Building the Productive Capabilities of the Poor	Enhanced Employment and Income Opportunities	Enhanced Employment and Income Opportunities	Enhanced Employment and Income Opportunities	Enhanced Employment and Income Opportunities
(PRSP compatibility)								Enhanced Security and Protection
EU Policy Base	Rio follow-up	-	5	7	5,6,7	-	8,9,10,11
	Development Policy Nov 00	III	V	I	I	I, II, IV	II
EC Instruments:		TFC, FS	TFC, FS	GSP, ECOP	ECOP	TFC	ECOP horizontal prog.
I) Ongoing Programmes		HIPC Trust Fund (14 M \$) Health Tar. Potosí (25 M €) PRAS Beni (6 M €) PRAS Santa Cruz (25 M €) PRAS Pando (6 M €)	PASA I (80 M €) PRODEVAT (6 M €) APEMIN I (5 M €) PRAEDAC I (19 M €)	Components of TFC Programmes	Eurocentro ALINVEST		Pilcomayo river basin master plan (12 M €)
II) Planned Programmes		Water and Sanitation (30-40 M €)	PASA II (50-100 M €) Yungas I (12 M €) APEMIN II (3-4 M €) PRAEDAC II (4-5 M €)	Ad hoc Bolivia Programme (4-6 M €)		Santa Cruz – Puerto Suárez Road (40-50 M €)	@LIS
Budget line, if relevant		B 7-310	B 7-620, B 7-310	B 7-311	B 7-311	B 7-310	B 7-310, B 7-311

HORIZONTAL ASPECTS	Promotion of human rights
	Equality between men and women
	Children's rights
	Environmental dimension
	Spreading information and communication technology in LDC

TFC: Technical and Financial Cooperation FS: Food Security ECOP: Economic Cooperation GSP: General System of Preferences

FOCAL AREAS OF THE EU DEVELOPMENT POLICY (as per the EU Development Council conclusions of November 2000):

- I) Link between trade and development II) Regional integration and cooperation III) Support for macro-economic policies and promotion of equitable access to social services IV) Transport V) Food security and sustainable rural development VI) Institutional capacity building

ANNEX 8

Proposal for EU aid coordination in Bolivia

The Development Council of November 2000 agreed new orientations for EC aid, with a focus on poverty and sustainable economic and social development. The Council put particular emphasis on coordination of all EU programmes, Commission managed as well as bilateral aid of the Member States. Cooperation with international organisations was also encouraged – particularly with the Bretton Woods institutions in the context of CDF initiatives.

The Council also agreed that Strategy Papers would be produced for each country, which would provide a good basis for promoting complementarity. The paper for Bolivia is scheduled for the early 2002. In the meantime the recent Memorandum of Understanding and of course the Poverty Reduction Strategy provides a basis in this respect.

Recently the Council agreed specific guidelines for EU Coordination (copy in annex).

Based on these guidelines, the following suggestions are made for strengthening operational coordination in Bolivia.

1. Role of the Partner Country in coordination and relation to the Bretton Woods Institutions (paragraphs 2.1 and 2.2 of Guidelines)

The Government has already established a comprehensive coordination system covering all donors in the context of the CDF and PRSP. There is also good coordination among the bilateral donors. Our Member States are playing an active role in both.

EU coordination in Bolivia should avoid duplicating the above. Rather the focus should be on supporting strengthening the process. Specifically Heads of Cooperation should:

- Identify policy areas where there is a common EU view, and ensure these are taken account by authorities in the formulation and implementation of their development strategy and the PRSP. This would be particularly interesting in cases where there is a divergence of view between the Bretton Woods bodies and EU positions.
- Apply this more specifically to sectors for which the EU, (EC and/or Member States) has significant programmes.

2. Coordination at the different levels of the cooperation cycle (paragraph 2.3 of Guidelines)

Volume of assistance and programming

As indicated in the guidelines, Heads of Cooperation should establish the overall volume of EU assistance by sector, identifying sectoral priorities and current and planned activities. The

objectives should be to enhance complementarity and avoid duplication, and to identify a common approach when possible for key policy and implementation issues.

Concerning **programming**, experience has shown that it is only possible to influence the content of the projects if working level discussions are held well before the programming on annual consultation exercise. Since most countries have an annual cycle, Heads of Cooperation should hold a specific meeting in the third quarter of each year to exchange information and identify possibilities for cooperation, for the future including sectoral priorities.

Cross-sector themes

The Council identified three key cross-cutting themes that should be incorporated in all EU (EC and MS) aid activities: human rights/democracy, gender, environment. Two other issues relevant to Bolivia are: the rights of indigenous peoples and corruption.

In practice project managers of programmes in other sectors are not always aware of these issues or indeed how to include them in the design and implementation.

For this reason it is suggested that one Member State could act as lead donor for each of the above themes. Its responsibility would be to provide advice to the MS both on policy as well as on how to include these aspects in their sector programmes. (This support could also be offered to other donors if they are interested).

Project level coordination during implementation

Operational coordination in the field can only be done by project managers.

Heads of Cooperation could identify broad areas where cooperation in the field would be useful. Following this the respective project managers should be informed, and perhaps asked to put forward specific proposals. Our own regular monitoring should include checking on progress in this respect also.

Joint actions

The Heads of Cooperation should also explore the possibility of undertaking joint operations as provided for in the Guidelines, although this will require advance preparation.

Follow-up

If the above general approach for EU coordination can be agreed by the Heads of Mission, it is proposed that Heads of Cooperation take up the issue with a view to proposing an appropriate mechanism on the basis of the Council guidelines.

Annex: Council Guidelines on EU aid coordination

EC Delegation, La Paz – March 2001

ANNEX 9

MEMORANDUM OF UNDERSTANDING

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE EUROPEAN COMMUNITY

AND

THE REPUBLIC OF BOLIVIA

**RELATING TO THE MULTI-ANNUAL GUIDELINES FOR THE
IMPLEMENTATION OF COMMUNITY CO-OPERATION**

Memorandum of understanding
between the European Community and the Republic of Bolivia
relating to the multi-annual guidelines
for the implementation of Community Co-operation

1 General Framework

The European Community, henceforth referred to as "the Community", represented by the Commission of the European Communities, henceforth referred to as "the Commission", represented by.....,

on the one hand, and

the Government of the Republic of Bolivia, henceforth referred to as "Bolivia", represented by the..... Ministry, in the person of.....,

on the other hand,

collectively referred to as "the parties",

Considering that the Co-operation Framework Agreement between the Community and the Cartagena Agreement and its member countries, signed in Copenhagen on 23 April 1993, foresees, in order to contribute to the realisation of their objectives, the implementation of financial and technical aid and economic co-operation for Bolivia,

Considering that the Regulation (EC) n ° 443/92 of the Council of the European Communities dated 25 February 1992, establishes the principles that must be applied for the implementation of financial and technical aid and economic co-operation in the developing countries of Latin America,

Bearing in mind that Article 9 of the same Regulation recommends the establishment, provided that it is possible, of an indicative multi-annual programming for each country,

Considering that the Framework Agreement relating to the implementation of financial and technical aid and economic co-operation, signed in La Paz on the 25 February 1999, establishes the methods of management of the programmes and/or projects financed by the Community for Bolivia,

have agreed the following :

2 Objective and context

The objective of this memorandum is to define the multi-annual guidelines for the EC's financial, technical and economic co-operation programme with Bolivia for the period 2000-2006.

Other actions, financed by the European Community and not considered in this memorandum, could be developed in parallel. They may be of a national nature (food security programme - that includes rural development projects-; projects implemented by European NGOs with Community financing; emergency aid through ECHO etc.), decentralised (as for example the ALPHA, URB-AL, and AL-INVEST programmes), or regional (actions for Bolivia and one or several other countries of the region).

However, the Support Programme for Food Security and the projects co-financed with the NGOs contribute in a separate and additional way to the fight against poverty.

The areas of intervention for Community co-operation have been selected considering the priorities defined by the EC in the document entitled "Multi-annual Guidelines for Bolivia - Brussels 1998", and in the framework of the programme of the Government of Bolivia (Action Plan, 1997), of the Bolivian Poverty Reduction Strategy (EBRP) and of the Regulation (EC) n ° 443/92 of the Council of the European Communities.

3 Basic principles

In order to increase the effectiveness of Community co-operation, this will concentrate on as reduced a number of areas of intervention as possible. These areas have been selected on the basis of the experiences of the Commission in the framework of co-operation with the country and rely on suitable sectoral policies, approved by the national authorities, with the poverty reduction strategy of the Government, with the "New framework for relations between government and international co-operation towards the 21st century", as well as effective administrative structures of implementation and control. Similarly, suitable financial resources will have to be foreseen, concerning the public budgets in Bolivia, to guarantee the financing of the national contribution that is foreseen for each of the co-operation actions stipulated and for the recurrent expenditure relating to the actions financed with Community resources.

The required management, follow-up and control systems will be foreseen to ensure the correct use of the funds and the follow-up of the results of the actions. In particular, work methodologies will take into account the problems related to environmentally sustainable development, gender, and the indigenous populations. Similarly, the methodologies will integrate, in a suitable manner, the role of the local authorities. The preparation and implementation of the co-operation actions will be carried out with the full participation of the target groups of the final beneficiaries.

The Government of Bolivia makes the commitment to put into operation an efficient co-ordination mechanism between the programmes to be financed, with different public interventions in the sector or in favour of the target groups, and the donors present in the different thematic and geographic areas.

In this context, the general long-term objective of advancing towards a sectoral support for programmes, when conditions permit, should be considered.

In this area special importance will be given to co-ordinating the definition, preparation and implementation of the programmes to be financed with the Member States of the European Union. In order to ensure effective co-ordination from the beginning, the content of this Memorandum has been elaborated in consultation with the representatives of the Member States of the European Union present in Bolivia.

4 Sectors of co-operation

In accordance with the Commission's "Multi-annual Guidelines for Bolivia", with the Government of Bolivia's priorities and with the above-mentioned principles, the contracting Parties agree to develop co-operation in the following areas in particular.

4.1. Supply of drinking water and access to the basic sanitation systems.

In the general context of the fight against poverty and social inequalities, Community aid will concentrate on the improvement of access to drinking water and basic sanitation and hygiene systems for the most deprived within the society. In this matter, significant disparities with respect to access to these services continue to exist between urban and rural areas, however the fundamental inequalities are found between the different social levels, be they urban or rural. The goal of Community aid is to correct these imbalances as far as possible, giving particular importance to the quality of drinking water and guaranteeing the continuity of supply. Community co-operation will concentrate on a limited number of interventions, in order to reach a minimum critical mass, for greater effect and impact.

The location of these actions will be determined in agreement with Bolivian authorities and will take into account, in particular, a series of factors such as:

- The objective needs (to what degree needs are currently met, level of incomes of the groups concerned).
- The existence of the conditions required to guarantee the durability of each co-operation action concerning the covering of recurrent expenditure, the maintenance capacity, the possibility of establishing effective network management systems.
- The final cost price per user that will have to stay within regulations jointly fixed between the Republic of Bolivia and the Commission.
- Interventions by other, national or foreign, providers of funds, with which the necessary complementarity will have to be established.

- The results of possible preparatory studies and/or sectoral or regional development studies that establish a hierarchy between the needs, the cost prices and the existence of work-management mechanisms.

The Community contribution, as a complement to the Bolivian public contributions and/or contributions from the beneficiaries, will be able to take the form of co-participation, for example as part of the expenditure for the infrastructure, training for the personnel and the establishment of administrative mechanisms of maintenance.

On the basis of these principles, as well as interventions already programmed for Bolivia and/or other participants, and with the support of the technical expert missions, a list of the potential EC intervention areas will be established, within which definitive interventions will be precisely defined at a later date along with the specific methods and the costs of realisation.

Amount of the Community contribution: the parties plan an amount of **35%** for the period 2000-2006 for the sector "Supply of drinking water and access to the basic sanitation systems".

4.2. Support for regional physical integration

In accordance with the priorities established by the Bolivian Government within the framework of the "Master Plan for transport" and taking into account the importance given to regional integration and the physical infrastructure connections in the conclusions of the First Summit of Heads of State of the European Union, of the Countries of Latin America and the Caribbean that took place in Rio De Janeiro in June 1999, the resources of the EC will be assigned to strengthening the essential road axes to bring an end to the isolation of Bolivia (particularly trans-oceanic corridors).

The Community contribution could assume both aspects relating to the infrastructures (preliminary studies, implementation and control of the works) and those relating to the maintenance and the strengthening of the legal and institutional framework relating to the development of land transport. These two aspects may, in due course, have more extensive geographic scope than that relating to the financed infrastructure projects.

In selecting the initiatives to be financed by the Community contribution, particular importance will be given to the following aspects:

- Correspondence with the sectoral priorities established by the Government.
- Co-financing with other fund providers.
- Guarantee that the recurring maintenance costs of the financed projects be covered.
- Economic impact, profitability and feasibility of the investment and possibilities of positive repercussions for private investment.
- Consideration of the impact on the environment and possible limiting measures.
- Generation of employment and other induced effects (social and economic).

Following a series of discussions between the parties, it was established that the axis road Santa Cruz - Puerto Suárez met the criteria mentioned previously. The parties are also to examine, as a priority, in what way Community financing might be concentrated to benefit this axis road. Should more in-depth preliminary studies highlight serious difficulties, other actions or alternative initiatives within the framework of what is established in the document and in accordance with the aforementioned criteria might be sought.

Amount of the Community contribution: the parties plan an amount of **45%** for the period 2000-2006 for the "Support for regional physical integration" sector.

4.3. Alternative development

Within the framework of an initial far-reaching initiative, financed in 1996, the Community began to help Bolivia face both the problem of alternative development in the region of Chapare and that of the stabilisation of population in the areas that export manpower used in coca-growing regions. To date the results registered with respect to the reduction in the growing of the coca in Bolivia are positive. The parties agree to collaborate in order to guarantee the irreversible nature of the newly established methods of economic development. This development model will contribute significantly to the reduction of poverty in the affected areas.

Insofar as the tendency towards the elimination of the illegal crops of coca continues, the parties have agreed to carry out, in due course, a sound analysis of the results registered by the programme financed since 1996, before it ends. On this basis, they will identify an additional action intended to strengthen their sustainability.

Without anticipating the results of this study, support should be considered for the general and sustainable development of regions that produce coca and export manpower and for the training of the populations that live there so that they can take advantage of opportunities in the region and other regions.

One could promote, for example, industrial and artistic development, trade and investments, the development of human resources, institutional strengthening, the handling of the natural resources within the framework of a regional development strategy.

The possibility of carrying out alternative development programmes is also considered in other regions of Bolivia linked to the coca problem, as for example the Yungas of La Paz and the Alto Beni, and in areas that export human resources.

Amount of the Community contribution: the parties plan an amount of **15%** for period 2000-2006 for the "alternative development" sector.

4.4. Economic co-operation - Development of investments and trade

The initiatives that will depend on this aspect will have to comply with the principle of reciprocal benefit between the EU and Bolivia. The parties are also to give priority to the initiatives intended to improve, in a broad sense, the "business environment" in order to increase the trade flow and the investment between the two regions. This will contribute to economic growth and sustainable development. In this respect, it will be essential to proceed to a joint analysis of the principal obstacles encountered on both

sides and to establish, thanks to Community support, a series of actions intended to eliminate them as well as a programme that meets the specific requirements and the conditions that are found in Bolivia in terms of its relations with the European Union in the areas of trade and investments.

The parties agree on the need to pay attention to the strengthening of the legal framework with respect to foreign investments, non-tariff barriers, regulations and standards. The parties are also to place particular importance on the questions relating to the transfer of technology and vocational training in pioneer sectors. The parties are to proceed to a close association with the private sector both in the identification of priorities and the establishment and financing of the activities that are to be retained. Consideration will also be given to the definition of the initiatives to be financed, to avoid any duplication of efforts with the activities already established within the framework of the horizontal economic co-operation programmes between the EC and Latin America (Al-Invest, Alure...), as well as those of Member States of the Community or other donors.

Amount of the Community contribution : the parties plan an amount of **5%** for the period 2000-2006 for the " economic co-operation: development of the investments and trade " sector.

5 Indicative budget

The indicative amount foreseen to cover the budgetary commitments necessary to develop the actions stipulated by this Memorandum is 126 million Euro by the Community (budgetary article "financial and technical co-operation with the developing countries of Latin America": 119.7 million Euro; budgetary article "economic co-operation with the developing countries of Latin America": 6.3 million Euro).

This amount is purely indicative and might be subject to adjustments according to the effective budgetary resources of the Community. The allocation will also depend on the effectiveness of the implementation of the current projects, demonstrated by the beneficiary of the co-operation.

6 Mid-term review

Within the framework of the dialogue stipulated in chapter 7, this Memorandum will be jointly reviewed half way through the period of implementation, in order to determine the measures and possible revisions necessary to ensure its correct implementation.

7 Final measures (evolutionary clause)

It is agreed that at the request of one of the parties, that it will be possible, by mutual agreement, to amend, modify or complete the agreed measures including the percentage distribution of the resources for areas included in this Memorandum, in particular to allow the finalisation by the Government of the Poverty Reduction Strategy Paper

(PRSP) and progress in the implementation of the New framework for relations between government and international co-operation towards the 21st century".

The Parties declare that the programmes and/or projects in the areas of concentration mentioned will be conceived in agreement with the beneficiary bodies, the National Co-ordinator and the services of the Commission, based on the proposals that the Bolivian institutions and organisations will present officially through the National Co-ordinator for the purposes of this Memorandum of Understanding.

In the faith of which, the signatories below sign this Memorandum.

Done at.....,on the.....

Done at....., on the.....

On behalf of the European Community

On behalf of the Government of the Republic
of Bolivia

ANNEX 10
MAP OF THE COUNTRY¹²

<http://www.un.org/Depts/Cartographic/map/profile/bolivia.pdf>

¹² United Nations, Cartographic Section, N° 3875, January 1995