



Canadian International  
Development Agency

Agence canadienne de  
développement international

## **BOLIVIA**

### **COUNTRY STRATEGY**

**(Effective as of 2009)**

CIDA reviews all country strategies periodically and may revise them to reflect changing priorities or circumstances in countries.

Canadian International Development Agency  
200 Promenade du Portage  
Gatineau, Quebec  
K1A 0G4  
Tel: (819) 997-5006  
Toll free: 1-800-230-6349  
Fax: (819) 953-6088  
(For the hearing and speech impaired only (TDD/TTY): (819) 953-5023  
Toll free for the hearing and speech impaired only: 1-800-331-5018)  
E-mail: [info@acdi-cida.gc.ca](mailto:info@acdi-cida.gc.ca)

**Canada** 

### 1. Country Development Context

#### Current context

- **An important impetus for the Government of Canada in its engagement in the Americas** is to strengthen democracy and stability in the region. The Canadian model of constitutional government and open markets combined with mechanisms for sharing wealth and promoting social inclusion provides a powerful alternative.
- President Morales has embarked on an ambitious political, economic and social program, which seeks to construct a new, equitable, more just and economically vigorous society.
- Canada, by providing viable alternatives, is demonstrating that **'democracies can deliver'**.
- **A lower middle-income country** (US\$1260 GNI per capita - World Bank) Bolivia is endowed with the second largest reserves of natural gas in South America, vital to the economies of neighbouring powerhouses, Argentina, Brazil and Chile.
- **Bolivia is South America's poorest and most unequal country.** World Bank statistics show that the richest 5<sup>th</sup> of Bolivia's population controls 65 per cent of total income, while the poorest 5<sup>th</sup> receives just 1.5 per cent, contributing to persistent poverty, with 1.9 million people (19.6 per cent of the population) live on less than \$1.25/day, largely in rural areas.
- Inequality and poverty have undermined social cohesion, created physical insecurity, constrained economic growth and threaten democracy. Women and children, and the Indigenous (65 per cent of Bolivia's population), living in rural areas, are the most vulnerable.
- Presidential elections in December 2009 will be a test of this 'projet de société' and the Bolivian government attempt to construct a new, equitable, more just and economically vigorous society.
- **It has a relatively well performing economy** due to strong oil, natural gas and mineral prices. The IMF forecasts Bolivia's GDP growth to decline from 5.4 per cent in 2008 to 4 per cent in 2009. Nevertheless, it is relatively well equipped to handle the global economic crisis over 2009 due to the stability of its financial sector, significant foreign reserves and fiscal surplus. As well, government social safety programs have cushioned the impact for the poor. A continued economic slowdown would significantly downgrade its fiscal position.
- **Although Bolivia has maintained a fairly peaceful democracy since 1982**, its democratic processes and institutions are still nascent. Bolivia's new Constitution, democratically adopted in January 2009, now requires implementation. Bolivia's political landscape remains uncertain and this will likely continue during the Constitutional implementation phase over the next year.
- **Its health indicators are among the worst in the Americas** with one child out of 16 dying before the age of five and 1 woman out of 89 dying during pregnancy or childbirth (UNDP). More than 25 per cent of Bolivians do not have access to clean drinking water and 44 per cent do not have access to sanitation services. Bolivia is prone to severe outbreaks of transmittable diseases such as Chagas disease and Dengue fever. Bolivia's Ministry of Health is demonstrating leadership in addressing these challenges but lacks the technical capacity.

#### Aid-effectiveness context

- Bolivia is a signatory to the Paris Declaration on Aid Effectiveness. The donors' Coordination Group has designed a joint framework to gradually implement Paris / Accra recommendations involving high-level representatives from the Ministry of Planning.
- The top three donors (2007) in Bolivia were the United States (Democratic Governance, Economic Growth, Health), Spain, and the Netherlands, active mainly in Economic Production, Health and Population, and Education. Overall Canada ranked 8<sup>th</sup> amongst all bilateral donors in 2007. However, Canada leads in the hydrocarbons and public health sectors.
- Bolivia actively leads the planning process for development cooperation aligning donors through its *National Development Plan*. Donors have aligned with the Plan and have focused their program on fewer sectors.
- Donor harmonization continues to improve. Joint Assistance Strategy agreements exist in health and governance. Regular meetings between the Minister for Planning and in-country representatives have strengthened coordination.

### 2. Priority Needs and Canada's Value-Added

- Bolivia's *National Development Plan* addresses the social, democratic and economic dimensions of development, focused on Bolivia's persistent poverty and inequality. Following its assessment of Bolivia's priority needs, CIDA is responding to the following development objectives:
  - **Human Development:** Low health indicators, diseases and a weak public health system are hampering Bolivia's human capital development. Water and sanitation facilities indicators are the lowest in South America. The Government is committed to tackling these issues, but lacks necessary technical capacity.
  - **Economic Growth and Sustainability:** While Bolivia's vulnerability to the economic crisis is low relative to other countries; the economic downturn has nevertheless affected employment and income generating activities for marginalized communities and young people, especially in the poorest rural areas, reducing people's capacity to cover basic expenses, particularly food. Support is required to help mitigate its impact, especially on children.
  - **Democracy:** Key democratic and oversight institutions are designed to hold the government accountable and ensure that societal demands are channelled through credible democratic processes. Strengthening the public sector's ability to deliver essential services will demonstrate that "democracy delivers", essential for political and social stability.
- **Canada's value-added:** Canada provides Bolivia with a credible alternative model of development – one that combines economic growth with social safety nets – while respecting democratic processes, the rule of law, and respect for human rights. Canadian technical expertise is recognized and sought after in health (improved nutrition, water and sanitation facilities, endemic diseases); democratic governance (technical expertise/models for oversight and democratic institutions); economic growth (technical training; corporate social responsibility, including environmental stewardship); and gender equality.
- **Canadian Foreign Policy:** Canada's cooperation program in Bolivia contributes to the Americas Strategy objectives of Democratic Governance (Accountable Public Institutions, Freedom and Democracy and Human Rights); Prosperity (Enabling Environment, Entrepreneurship, and Connecting to Markets), and Security (Economic Growth, Governance and Health), contributing to greater acceptance of democracy as a form of governance that delivers benefits for the poor.
- **Whole-of-Government Approach:** CIDA created, and chairs, the Inter-departmental Working Group on Bolivia to coordinate Canadian government policy positions and initiatives in Bolivia.
- **Equality between women and men:** Women constitute 51 per cent of Bolivia's population and are disproportionately affected by poverty. This has been exacerbated by the economic and food security crises. Earned incomes of women represent only 57 per cent of men's income, and only 12 per cent of women own land titles.
- **Environment:** Key Bolivian environmental challenges include water pollution, land degradation and the impacts of climate change (flooding and mud slides).

### 3. Strategic Direction

- The Bolivia program general objective is to support a more equitable Bolivian society in which poverty is reduced and the quality of life of vulnerable and marginalized populations is improved. The Bolivia Country Strategy 2009 will retain its focus on Children and Youth, and Economic Growth, with targeted initiatives to support democratic and oversight institutions.
- The Program's strategic approach focuses on highly visible actions that demonstrate that democracies deliver by having an immediate and concrete impact on people's lives (e.g. generating economic opportunities for young rural families and more equitable distribution of revenues; strengthening democratic institutions; as well as supporting citizen engagement in the democratic process).
- **Children and Youth:** Improve maternal health, reduce child mortality and increase access in a self-sustainable way to potable water and sanitation.
- **Economic Growth:** Increase participation of vulnerable populations in economic development, through market-driven Skills for Employment, effective CSR, and increase access to markets, property, credit and technology.
- **Other** (around 15 per cent of available resources): The program will maintain support for key democratic and oversight institutions - e.g. National Electoral Court, Auditor General – to strengthen democratic processes, accountability and transparency.

## Bolivia Country Strategy 2009

- The Program will address women's inequality through all of its initiatives, supporting: women's revenue and maternal health.
- Key Bolivian environmental challenges, water pollution and land degradation will be addressed through initiatives to design and implement clean water policies, strategies and technologies; equitably rationalize water use; and sustainably develop the oil and gas sector.

### 4. CIDA's Programming Plan

- **Policy Dialogue:** Aid is the main instrument by which Canada engages and builds relations with the Government of Bolivia. As Bolivia tackles the challenges of social equity, Indigenous inclusion and the management of a resource-based economy, CIDA will continue to share Canada's own experiences in democracy and the importance of effective, politically-independent public institutions. This policy dialogue is coupled with CIDA's contributions to key oversight institutions. CIDA will combine sharing Canadian CSR models and regulatory frameworks in the extractive industry with dialogue on Canadian models of equalization payments between regions, while highlighting the need for clear, predictable conditions for foreign investors to ensure longer term, sustainable economic development. Bolivia faces many of the challenges that Canada has successfully dealt with: divisions between the 'have' and 'have not' regions, Indigenous issues, sustainable exploitation of natural resources and managing the growth of a resource-based economy, giving credibility to Canada's policy dialogue with Bolivia.
- The Bolivia bilateral program will scale up annual budget; focus on children and youth and economic growth; diversify partnerships to include regional and local levels of the Bolivian government; continue integration of gender equality and environmental sustainability across all programming, to support and enhance the achievement of results in sectors of focus.
- **Inter American Program:** Programming at the bilateral level will be reinforced through the support provided to hemispheric institutions to increase their own capacity and that of public institutions at the country level (electoral and democratic processes, human rights, health, public accountability). The opportunities and benefits of increased trade and investment through Canada's trade agreements will be maximized through the provision of trade-related technical assistance (market access, CSR practices, production standards and regulatory frameworks).
- **Canadian Partnership Branch (CPB):** Bolivia ranked 1<sup>st</sup> out of 33 countries in the Americas in which CPB was active in 2008-09. CPB's programming in Bolivia is generally aligned with CIDA's bilateral program. In 2008-09, CPB delivered \$8.4M (preliminary estimate) in programming in Bolivia, targeting principally governance (30 per cent), private sector development (28 per cent), health (16 per cent) and education (12 per cent). 30 Canadian NGOs and 3 Canadian universities (Québec, Calgary and British Columbia) are active in Bolivia.
- **Multilateral and Global Programs Branch (MGPB):** In 2007-08, CIDA contributed \$1.85 million to Bolivia through core funding of multilateral and global institutions and \$850,000 for life-saving humanitarian aid in response to intense and continuous rains. This funding complements CIDA's bilateral programming in Bolivia, for example:
  - UNICEF, the Inter-American Development Bank, and the Global Fund to Fight AIDS, Tuberculosis, and Malaria (GFATM) all have wide interventions in the health sector, complementing and supplementing CIDA's own interventions;
  - The UNDP is involved in support of the reinforcement of democracy and the electoral process in Bolivia, and is key for CIDA in this area.
- **Aid Effectiveness:** Canada will continue to actively coordinate with other donors to better harmonize approaches in Bolivia - thus contributing to the attainment of MDG 8 - and to lead the hydrocarbon and public health donor groups. Opportunities exist to use delegated cooperation in the economic growth sector and untied aid in the health sector. Local initiatives could be encouraged as well by supporting Bolivian organizations' activities in the economic growth sector. All CIDA initiatives in Bolivia will be implemented in line with the Government of Bolivia's National Development Plan.
- **Programming Modalities:** Seek new PBA opportunities for long-term initiatives, particularly for children and youth / health. Fewer and larger projects in a balanced portfolio; grants to multilateral institutions and responsive programming with funds leveraged through Canadian civil society and institutions.
- Ongoing consultations with Bolivian authorities, civil society and private sector in the development of specific initiatives.

## Bolivia Country Strategy 2009

- Increase synergy between sectors and partnerships; and coherence with Multilateral and Global Programs and Canadian Partnership Branches.
- Progress to full decentralization by 2012/13 to 'hub-and-spoke' model for South America, for strengthened program delivery, effective use of resources and accountability for results.

### Recommended bilateral aid budget:

- 2009-10: \$16 M
- 2010-11: \$17 M
- 2011-12: \$18 M

## 5. Results and Risk Identification

### Results:

The Bolivia Program ultimate outcome is a more equitable Bolivian society in which poverty is reduced and the quality of life of vulnerable and marginalized populations is improved.

#### Children and Youth: Maternal and Infant/Child Mortality and Health; Access to Water and Sanitation

##### EXPECTED Intermediate Outcomes:

- Improved health of Bolivians, demonstrating that democracies do deliver

##### EXPECTED Immediate Outcomes and Outputs:

- Improved capacity of the Government to deliver primary health care to vulnerable populations, especially women and children
- Increased percentage of assisted deliveries in health centres (+2.5 percentage points in the department of Oruro, +4.5 percentage points in the department of Beni, and + 1.5 percentage points in the department of Pando), leading to a reduced neonatal, child, and maternal mortality
- Reduced vulnerability to malnutrition through a reduced prevalence of anaemia from 51 per cent to 25 per cent, and improved vitamin A coverage from 33 per cent to 80 per cent, amongst children 6 to 59 months
- Reduced prevalence by 50 per cent of water-borne diseases (from 40 per cent to 20 per cent) and improved sanitation coverage by 10 per cent (from 90 per cent to 99 per cent for water and from 28 per cent to 31 per cent for sanitation) in targeted areas
- Increased rational water use and preservation by 500,000 schoolchildren and 15,000 teachers

#### Economic Growth: Skills for Employment; Corporate Social Responsibility; Access to Market, Property, Credit and Technology

##### EXPECTED Intermediate Outcomes:

- Increased participation of the most vulnerable groups to sustainable and equitable social and economic development of their communities

##### EXPECTED Immediate Outcomes and Outputs:

- Strengthened understanding and constructive implementation of the extractive industry's CSR obligations by local / regional governments and their populations
- Community-level sustainable social and economic development projects implemented through partnerships with extractive firms, local / regional governments and NGOs.
- Increased capacity of local / regional governments to plan and manage sustainable development projects and to execute their responsibilities to provide for the betterment of their citizens
- Improved collaboration and dialogue among extractive sector stakeholders.
- Increased access to markets, property, credit and technology for up to 35,000 women

## Bolivia Country Strategy 2009

- Improved women's role in decision-making positions in public, private and civil society sector organizations, reaching 20,000 women
- Skills training programs better meet the needs of industry and use competency-based approach
- Improved access to training for technical and vocational skills for marginalized and young persons
- Improved access to jobs in local markets for marginalized and young persons

### Oversight Institutions

#### **EXPECTED Intermediate Outcomes:**

- Improved effectiveness and credibility of key government institutions

#### **EXPECTED Immediate Outcomes and Outputs:**

- Increased capacity of key oversight institutions, such as the Auditor General and the Ombudsman's Office, to implement up to 90 per cent of their annual operational plans
- Improved capacity of the National Electoral Court to conduct free and fair elections

#### **Risks:**

"The Risk Assessment Profile will be finalized in 2009/2010. Among key risks:

#### ***Socio-political, stability/security, economic, conflict and governance:***

- There is a risk that unresolved regional-central government conflicts due to Constitutional reforms may lead to further tensions. Mitigation: CIDA will provide targeted technical assistance and financial support to the National Electoral Court, and the National Ombudsman, as well as multilateral support for international observation missions (mainly OAS).
- There is a risk that a decrease in state revenues, heavily dependent on oil and gas exports, may reduce the government's budget for social programs. Mitigation: CIDA will increase support for social safety net programs, such as in nutrition, and water and sanitation. It will also seek funding for productive programs that will target peasants, women and young adults. The Hydrocarbon Regulatory Technical Assistance Project is supporting improved State tax and royalty collection.

#### ***Institutional capacity:***

- There is a risk that structurally weak public administration capacity may affect program planning and execution. Mitigation: CIDA, along with other donor agencies, will strengthen labour stability/retention.