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EUROPEAN EXTERNAL ACTION SERVICE



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MULTIANNUAL INDICATIVE PROGRAMME (MIP) 2014-2016

BOLIVIA

MULTIANNUAL INDICATIVE PROGRAMME (MIP) FOR BOLIVIA 2014-2016

1. THE OVERALL LINES FOR THE EU RESPONSE

1.1. STRATEGIC OBJECTIVES OF THE EU'S RELATIONSHIP WITH BOLIVIA

In order to ensure consistency of EU actions, the MIP is drawn up within the broader context of EU external policies, notably the *Agenda for Change*¹ and the *EU Strategic Framework and Action Plan on Human Rights and Democracy*².

Against this background, EU strategic objectives in Bolivia cover five principal areas:

1. A politically stable Bolivia, with democratic institutions responsive and accountable to its citizens, able to enforce the rule of law, deliver social services and implement necessary reforms, is vital for the successful long-term development of the country and would serve EU interests, including the fight against drugs, regional peace and security and the safeguarding of European investments.
2. The EU should continue developing dialogue and cooperation with Bolivia in order to reduce the supply and transit of drugs. The EU also has a strong interest in encouraging Bolivian collaboration with the international community and its regional neighbours, to address the problem more effectively. Bolivia's stability is central to the security of the region as a whole.
3. The EU should encourage the development of a business environment in Bolivia that is predictable, transparent and subject to the rule of law. The EU has particular interest in supporting trade and investment in the field of energy, and in emerging sectors of the Bolivian economy.
4. The EU has an interest in promoting a constructive regional climate, conducive to greater regional security and economic integration, trade, and cross-border collaboration.
5. The EU is determined to achieve ambitious and binding international agreements on climate change and environmental protection. The EU and Bolivia share a deep concern for the impact of climate change, but have sometimes diverging views on how to approach it. The EU should work with Bolivia to develop a more results-oriented approach at the national level and a more constructive engagement with the private sector on climate change issues. In this regard, climate change adaptation measures should be appropriately taken into account in actions foreseen under the present programme.

In 2013, the EU Delegation to Bolivia, jointly with the representations of Belgium, Denmark, Germany, France, Italy, Spain, Sweden and Switzerland, adopted a European Coordinated Response (ECR), which establishes a cooperation framework for partner states willing to coordinate effectively their respective programming exercises. The ECR, which has been discussed and agreed with the Bolivian government, will guide the programming exercises of

¹ COM(2011) 637 final del 13.10.2011

² Council Conclusion on Human Rights and Democracy, 25.06.2012

participating countries and their agencies, and represents the basis for a joint development cooperation dialogue with the Bolivian government. This coordinated approach will lead to a clearer division of labour, and improved complementarity between the interventions, in respect of the international principles of Aid Effectiveness and the EU Code of Conduct.

Furthermore, the ECR also contains a commitment of all its signatories to move towards full joint programming as of 2017, aligning our respective programming cycles to the Bolivian one. A common roadmap has been prepared which envisages that a joint cooperation strategy may be adopted by the end of 2015.

1.2. CHOICE OF SECTORS

Based on Bolivia's specific conditions and needs, in accordance with the development agenda of the government, the Bolivian agenda 2025 which sets out the long term vision for Bolivian development, sectoral policies, the European Coordinated Response and the analysis of donor involvement in particular sectors, the following sectors have been selected for intervention:

1. Justice sector reform
2. Fight against illicit drugs
3. Integrated water resources management.

1. Justice sector reform

Promoting good governance is a core aim of EU development policy and is central to reducing poverty and achieving the Millennium Development Goals in Bolivia. Key to governance reform in Bolivia is the planned reform of the justice system. The EU proposes to engage politically and with cooperation instruments to support the reform process aiming to strengthen an independent justice sector and to improve the democratic process in the country. In general terms, the Constitution and subsequent legislation provide a dual-track framework for justice in Bolivia, comprising ordinary and indigenous judicial systems.

EU support to the justice system is consistent with the Human Rights Country Strategy and priorities identified by the Delegation and Member States in the context of the European Coordinated Response. Strengthening the independence of the justice sector and access to essential justice services will support the EU's work in the context of Bolivia's status as a pilot country in the *EU Agenda for Action on Democracy Support*.

EU intervention in the justice sector would focus primarily on improving access to essential justice services for the Bolivian population and, in particular, the most marginalised sectors of the population at national and regional levels.

The Bolivian Constitution aims to build a justice system in compliance with international human rights standards, paying particular attention to the protection of individual rights and focussing on previously marginalized sectors of the population, especially children and young people, families and the elderly.

It is important for Bolivia to strengthen the independence and the professionalism of the judicial system in the country and to improve the quality and the efficiency of justice services. EU support would adopt a strategic, long-term and political approach. It will anchor support in national priorities, encourage the government to initiate national reform strategies, foster

citizen and civil society engagement, and combine institutional capacity building with a focus on addressing key constraints to service delivery. A broad policy dialogue, undertaken in coordination with national stakeholders, member states and international actors, will be essential if the EU is to achieve results.

The preparation of an integrated sector strategy, bringing together all key Bolivian actors, would contribute greatly to the success of the reform process. The proposed creation of a Justice Round Table (*Mesa de Justicia*), incorporating international donors and national stakeholders (the Supreme Court of Justice, the Agro-Environmental Court, the Magistrate's Council, the Constitutional Court and the Public Prosecutor Office) would be an important first step, not least to coordinate international community support.

The funding allocated in the national budget to the justice sector is limited. However, social and political pressure for a more effective, transparent and accessible system of justice is increasing. The government seems prepared to scale up resources to the sector in return for measurable improvements in service delivery.

Finally, supporting the justice sector would contribute to our work in other sectors of cooperation, notably the fight against illicit drugs and water management, through improved law enforcement mechanisms.

2. Fight against illicit drugs

After a decade of supporting mainly alternative development programmes in coca production areas, the EU proposes to take a further step by supporting the Bolivian government in developing a comprehensive counter-narcotics strategy, and expanding our co-operation into other areas critical in the fight against drugs. This is particularly relevant after the departure of US agencies involved in the matter in Bolivia (NAS and USAID) in 2013 which have left the EU as the only relevant actor supporting government efforts in this area.

Counter-narcotics policies in Bolivia focussed traditionally on forced eradication of coca fields and alternative development. However, production and trafficking of drugs (hydrochloride, base paste and marihuana) and related crimes (money laundering, deviation of precursors and corruption) have increased considerably and now represent a major security problem (still at a lower level than other countries in the region) and an important obstacle to successful economic development. Despite improved results of anti-narcotic operations³, the growing presence of criminal gangs, national and international, is a matter of concern.

The counter-narcotics sector in Bolivia is fragmented, with a weak legal and regulatory framework and insufficiently equipped and trained public institutions. But the government is determined to improve sector coordination and issued the national "Strategy to Fight Drugs and Reduction of Surplus Coca" in April 2012 and a corresponding Action Plan in October 2013. The National Council for the Fight against Illicit Trafficking of Drugs⁴ was reorganised by Supreme Decree 0649 in 2010, establishing a central coordination unit. The government has also significantly increased its budget for the sector over the last few years, in particular to the Special Police Force (*Fuerza Especial de Lucha contra el Narcotráfico*, FELC-N).

³ See UNODC annual reports 2011-2013

⁴ Consejo Nacional de Lucha contra el Tráfico Ilícito de Drogas, CONALTID, already being supported by the EU

In line with the Bolivian counter narcotics strategy⁵ and consistent with the European drugs policy 2013-2020, EU support will focus on three main areas:

- I. Fight against production and trafficking of drugs and law **enforcement**. Particular focus on capacity building of public entities such as the FELC-N and its various specialised units, the Directorate General for Migration (*Dirección General de Migración*), National Customs Office (*Aduana Nacional*), the Joint Military and Police Force (*Fuerza de Tarea Conjunta*, FTC), Financial Investigation Unit (*Unidad de Investigación Financiera*, UIF) and Directorate General for the Commercialisation and Industrialisation of Coca (*Dirección General de Comercialización e Industrialización de Coca*, DIGCOIN). All these entities are coordinated by the CONALTID. Support should be provided to the improvement of the legal and regulatory framework covering the fight against drugs, the mainstreaming of the sector policy among relevant public entities and the participation of civil society. Programmes will seek in particular to identify links with interventions under focal sector 1 (Justice) which aims, *inter alia*, to strengthen the judicial system to accelerate legal action against drug related crimes.
- II. **Demand reduction** programmes will include prevention of drug abuse, rehabilitation of drug addicts and reinsertion into the workforce of small scale *drug* criminals. Drug consumption is increasing in Bolivia and sector authorities recently presented a National Plan for Drug Demand Reduction as part of the overall National Plan to Fight Drugs. Under this plan, sub-national authorities (governorates and municipalities) and civil society organisations should have an important role to play. Again, improvement of the legal and regulatory framework, the incorporation of innovative concepts and nationwide capacity building should be an important part of EU support.
- III. The third pillar will consolidate **alternative development** programmes which help reduce the extent of coca cultivation by offering new economic opportunities, employment and income to coca grower families. EU support in this area will build upon the successful results of recent programmes and seek successful implementation of the "National Plan for Comprehensive Development with Coca"⁶. Under this pillar, opportunities will be sought to include food security interventions in areas of outward migration. Experience in the last ten years has shown the links between the expansion of coca in cultivation areas and food insecurity in other non-coca growing parts of the country. Indeed, the success of forced eradication, coca rationalisation and alternative development programmes is counterbalanced by an influx of new settlers farming coca. These are mainly impoverished peasant farmers from areas in the *Altiplano* prone to food insecurity, who migrate to those sub-tropical regions where coca cultivation assures a safe and easy family income. In addition, alternative development programmes over the last decade provided attractive social and economic opportunities, encouraging internal migration. Efforts to try to reduce the extension of coca in traditional coca cultivation areas are undermined if nothing is done in parallel in food security vulnerable areas to diminish migration flows. We therefore propose under this third pillar seek to identify food security interventions relevant to the fight against drugs. As climate change and extreme weather events (drought, floods) impact

⁵ Estrategia Nacional de Lucha contra el Narcotráfico y Reducción de la Hoja Excedentaria de Coca 2011-2015

⁶ Plan Nacional de Desarrollo Integral con Coca 2011-2015

heavily on agricultural production and food security, resulting in high vulnerability of the rural population, climate change adaptation as well as resilience building should be an important component in this pillar.

3. Integrated water resource management

Bolivia has included water as a fundamental human right in its Constitution. The Bolivian vision of natural resources management is set out in the *Ley de la Madre Tierra* (Law of Mother Earth), promulgated in October 2012. Its objective is to promote the integrated development and sustainable use of natural resources to guarantee the well-being of the population. According to this Law, the Government will promote a "balanced pattern of production and consumption, in order to satisfy the need of Bolivian people for '*el Vivir Bien*', (living well), protecting at the same time the regenerative and adaptive capacities of the environment in all its component parts – forests, water, soil, etc.". Through its programme the EU will ensure the interrelationship between water management and the human right to clean water as a right to life, health and livelihood.

In the water sector, the Bolivian vision is translated into efforts by the government to establish an integrated water resources management policy where emphasis is put on the links between water resources exploitation, conservation and water basin protection with areas such as reforestation and protection of biodiversity to mitigate the effects of climate change. The EU, jointly with other donors such as Belgium, Denmark, Germany, Spain and Sweden, is currently supporting the Ministry of Environment and Water (MEW) in the design of an integrated water resources management plan. In this context, it is also worth noting that Water will be an eligible sector for operations of the European Investment Bank (EIB) which could in the future support the Bolivian government especially with infrastructure projects.

The EU is currently playing a leading role in supporting the sector with the implementation of three Sectoral Budget Support (SBS) programmes supporting a) improved access to water and sanitation services, mostly in poor rural and suburban areas, b) guaranteeing the availability of safe water sources at a national level taking into account climate change, deforestation and soil erosion, and c) the management of natural protected areas in Bolivia. Building upon the good results achieved under CSP 2007-2013, the EU will support the future implementation of the Bolivian government's integrated water resource management policy, which aims for 100% water and sanitation coverage by 2025.

It is vital that future EU interventions are aligned with the national approach, taking into consideration the close link between environment preservation and the availability of safe water resources. This is in line with EU cooperation policy in the water sector (*Promoting an integrated water resources management in developing countries – EU Water Initiative*). During the MIP I period (2014-2016) adjustments to current programmes will be made to ensure that by the end of the current generation of programmes we can move to wider and more comprehensive support for Government interventions in Water, Sanitation and Environment for the period 2017-2020. It is envisaged that a future programme will also introduce environmental indicators reinforcing the government's integrated approach to water resources management.

Implementation modalities remain to be determined but could include, among others, direct management through project approach and/or budget support, if conditions allow; indirect management with Member States agencies, International Organisations or Latin American

countries. The EU response may also be complemented by operations financed by the European Investment Bank.

2. FINANCIAL OVERVIEW (INDICATIVE AMOUNTS)

The indicative allocation for the period 2014-2016 is EUR 164 million.

Sector	Indicative amount (EUR million)	%
Justice sector reform	15	9 %
Fight against illicit drugs	86	52 %
Integrated water resource management	60	37 %
Support measures	3	2 %
TOTAL	164	100 %

3. EU SUPPORT PER SECTOR

3.1 JUSTICE SECTOR REFORM (INDICATIVE AMOUNT – EUR 15 MILLION)

3.1.1. The following overall and specific **objectives** will be pursued:

This new area of EU intervention will improve access to essential justice services for the Bolivian population (in particular rural and indigenous communities) at a national and local level. Specific objectives will focus on strengthening the independence and professionalism of the judiciary and improving the quality of and access to justice services, with particular emphasis on the poor and vulnerable.

3.1.2. For each of the specific objectives the main expected **results** are:

ER 1: More citizens are able to access justice services, particularly women and in rural communities

ER 2: Fewer citizens are in prison without trial or a sentence

ER 3: The backlog of pending cases is reduced

ER 4: Increased popular trust in justice (independence, lack of corruption).

3.1.3. For each result, the main **indicators** are:

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3.

Precise baseline data, targets and corresponding indicators will be established for all EU interventions during the formulation process for the future financing agreements.

3.1.4. **Donor coordination and policy dialogue** are:

This support should be set in the context of the EU Agenda for Action on Democracy Support, where Bolivia is one of nine pilot countries. The Delegation has prepared, together with Member States, an in-depth analysis of the challenges faced by Bolivia in the current democratic transition and a mapping of international cooperation, which will serve as a basis for the dialogue with the authorities.

Within the Human Rights group, the EU has created a Justice group where all Member States active in the justice sector are present, with the aim of better coordinating our actions and programmes. In the framework of the *Grupo de Socios para el Desarrollo* (GRUS, the main donor coordination forum in Bolivia), a justice sub-group is proposed that would include all donors in the sector (mainly UN agencies and EU donors).

3.1.5. The Government's financial and policy commitments are:

The Ministry of Justice's share of the overall national budget for the period 2010-2013 is about EUR 7.6 million (0.01 %), most of it (85% in 2013) for salaries, well below international levels. There is almost no provision for investment. For the same period, the share of the Judiciary (comprising the Court system) and the Public Prosecutor is roughly EUR 308.6 million (0.5 %).

The Government is pushing the judiciary to increase its performance and resolve the backlog of pending cases. In parallel, new Laws and Regulations affecting the sector are being developed. The Ministry of Justice published in 2013 its "Sector Plan for Plural Justice – Building Confidence". But there is not yet a comprehensive sector policy to tackle the overall weakness and failings of the justice system. The Delegation leads, jointly with Spain's technical office for cooperation AECID, a group of donors seeking a more integrated approach by the Bolivian authorities.

3.1.6. The overall risk assessment of the sector intervention:

The justice sector has often been criticised in the media and by the Government for its cumbersome procedures, the substantial number of pending cases leading to abnormal delays and extended use of preventative detention, corruption, and the poor condition of prisons.

Insufficient allocation of Government funds seems to be a major risk associated with EU intervention, along with the weak capacity of the different public bodies concerned, notably in terms of human resources.

In any case, the EU should adopt a step-by-step approach, taking into account the present absorption capacities and the political sensitivity of the sector.

3.2 FIGHT AGAINST ILLICIT DRUGS (INDICATIVE AMOUNT – EUR 86 MILLION)

3.2.1 The following overall and specific objectives will be pursued:

Overall Objective: To support Bolivia's national "strategy to fight against the production and trafficking of drugs and the reduction of surplus cultivation of Coca 2011-2015", respecting human rights and agreeing actions by means of dialogue under the principles of sovereignty, self-determination, integrity, balanced approach, transparency and sustainability.

Specific objective 1: To increase efficiency of Bolivia's fight against drugs by mainstreaming national anti-narcotic strategy among involved public entities under the coordination of CONALTID, improving capacities of enforcement institutions and fostering dialogue with civil society organisations and international partners.

Specific objective 2: To support the implementation of the national plan for the reduction of drug consumption, based on a solid regulatory framework and with sufficient technical and financial inputs in order to carry out comprehensive programmes to prevent drug consumption.

Specific objective 3: To contribute to the "national strategy for comprehensive development with Coca" in order to generate employment and income in coca producing areas and to contribute to food security in out-migration areas, taking account of environmental sustainability and adaptation to climate change.

3.2.2. For each of the specific objectives the main expected **results** are:

ER 1: Efficiency in the fight against drugs increased

ER 2: Drug consumption reduced among Bolivian population

ER 3: Coca crop cultivated areas stabilized at 14,705 hectares (limit established following publication of the EU-funded coca studies).

3.2.3. For each result, the main **indicators** are:

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3.

Precise baseline data, targets and corresponding indicators will be established for all EU interventions during the respective formulation processes. Where relevant, specific objectives and expected results should appropriately take into account the effects of climate change and promote adaptation measures.

3.2.4. **Donor coordination and policy dialogue** are:

There are few donors active in the counter-narcotics sector in Bolivia. Several European countries supported alternative development projects in the past but channel today their contributions through the United Nations Office against Drugs and Crime (UNODC). The United States agencies (USAID, NAS, DEA) left the country in 2013 after five decades of substantial financial and technical aid. From neighbouring countries, Brazil has modest funds but plays an important regional role. Peru and Colombia are also increasingly active.

The international community, organised under the mini Dublin group, produces an annual assessment of the counter-narcotics situation in Bolivia. UNODC has established an information sharing platform which joins all international partners 2-3 times a year. On an *ad-hoc* basis, the EU meets with the US, Brazil and UNODC to analyse developments in the sector. At a regional level, the EU has established a platform with Latin American and Caribbean states (EU-LAC) to discuss drug issues. In addition, several regional EU funded projects have intensified in recent years the coordination between Latin America and Europe. The EU has progressively become over the past years the main donor in anti-drugs cooperation to Bolivia. This is due to our important interventions under previous CSP

(EUR 69 million), combined with the gradual withdrawal of US agencies. International partners, including UNODC, rely on our longstanding and constructive relationship with the government and sector institutions.

Over the past few years, coordination between central government, public entities, social sector organisations and donor community has evolved positively with regard to subsector "comprehensive development with coca" via the sector coordination group (MESDI). The coca vice ministry (VCDI) has led the dialogue with and participation of social and territorial coca grower federations on the sector policy.

Donor coordination in the law enforcement sub-sector is a greater challenge. Dialogue on sector policy development with the armed forces and intelligence services is limited, though the EU has a productive relationship with the FELC-N. The EU already supports the Coordination Unit of the national counter-narcotics council CONALTID, which coordinates all public entities in the sector and is the main interlocutor for international donors. However, it will be a long time before this unit can concert effectively all Bolivian efforts and represent national positions comprehensively to the international community.

3.2.5. The Government's financial and policy commitments are:

The government has gradually increased its financial contributions to the counter-narcotics sector, announcing for 2013 public funds of USD 36 million compared to USD 20 million in 2010. This amount is in addition to the regular public budget allocations for the police, military, migration, customs etc., but is still relatively low given the scale of the problem. After the recent withdrawal of US agencies, the President announced that the national treasury would make up the loss in financial contributions. However, the fight against drugs is expensive and Bolivia might experience financial constraints in covering future needs. In this context, and under the principle of shared responsibility for the fight against drugs, the EU should motivate international partners to support actively the Bolivian anti-drugs strategy.

Bolivian political commitment to fight drug production and trafficking is strong. Bolivia forms part of all drug relevant regional and international conventions and has signed some 70 bilateral agreements on the subject. The President's slogan "Coca yes, Cocaine no" expresses the Bolivian policy of allowing a limited amount of coca production in defined areas for legal consumption (mainly chewing) while combating the production and trafficking of cocaine and *pasta base*. In fact, the stabilization of coca production since 2010 and its net reduction to 27,200 hectares in 2011 and to 25,300 in 2012 confirms that Bolivia has applied a successful mix of measures (eradication, social control, alternative development) to control coca cultivation. On the interdiction side, the security forces achieve respectable results. However, improvement in law enforcement capacities still represents a major challenge.

3.2.6. Strategic Environmental Assessment

In 2010, the Delegation carried out a comprehensive environmental assessment and presented in 2011 a Country Environmental Profile for Bolivia, which remains valid. During formulation of new EU interventions under priority area 2, account will be taken of the impact of drug production on environmental conditions.

3.2.7. The overall risk assessment of the sector intervention:

The lack of a comprehensive legal framework for this highly complex and diverse sector is a risk. More attention should be given to assist the executive, the judiciary and the legislative powers to improve the legal framework for the fight against drugs, and support relevant public entities to apply the law. Though technical expertise and training are important tools, a strengthened political dialogue, jointly with international partners, will be essential to support the reform process. In this context, the dialogue with non-state actors will be crucial to foster the participation of civil society in the fight against drugs.

The generally weak capacity of public entities in charge of enforcement constitutes an important risk for programme implementation and financial execution. While modern equipment and technology will contribute to overcoming this situation, measures such as training and twinning opportunities are vital to successful implementation.

The fight against drug production and trafficking is global. Bolivia needs to improve its co-operation with neighbours and other international partners. The EU should maintain its regional and sub-regional counter-narcotics interventions (e.g. cocaine route programme, EU-LAC) and other bilateral anti-drugs programmes in neighbouring countries in order to contribute to dialogue and harmonization of drugs policies and improve regional and international collaboration, co-ordination and information-sharing.

3.3 INTEGRATED WATER RESOURCE MANAGEMENT (INDICATIVE AMOUNT – EUR 60 MILLION)

3.3.1 The following overall and specific **objectives** will be pursued:

Overall objective: To support the national sector policy for integrated water resource management, guaranteeing the sustainable and universal provision of water resources, ensuring quality and availability through an integrated vision which appropriately takes into account climate change as well as environmental, technical and economic issues.

Specific objective 1: To support the Bolivian strategy to provide universal and sustainable coverage of drinking water by 2025, especially in suburban and rural areas, and with particular attention to measures resulting in the efficient use of water.

Specific objective 2: Support the Bolivian strategy to provide universal and sustainable coverage of sanitation services by 2025 with special emphasis on the cost recovery of operations and maintenance activities.

Specific objective 3: Support the development of integrated water resources management by promoting the establishment of water basin management organisations with defined integrated water management plans including *inter alia* hydro-meteorological disaster prevention preparedness and response.

Specific objective 4: Support the Bolivian integral strategy linking water and protection of the environment and climate change adaptation and mitigation.

As in focal area 2, whenever relevant, specific objectives and expected results should appropriately take into account the effects of climate change and promote adaptation measures. This should be appropriately reflected in future programme's indicators.

3.3.2. For each of the specific objectives the main expected **results** are:

- ER 1: Increased coverage rate for drinking water including measures to increase the efficiency of water use
- ER 2: Increased coverage rate for sanitation services
- ER 3: Increased availability of safe water resources at national level taking expected climate change impacts into account
- ER 4: Increased land area covered by forest.

3.3.3. For each result, the main **indicators** are:

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3.

Precise baseline data, targets and corresponding indicators will be established for all EU interventions during the formulation process for future addendums or financing agreements.

3.3.4. **Donor coordination and policy dialogue** are:

Effective donor coordination and harmonisation has existed for several years in the water and sanitation subsector. The Group of Donors in the Water and Sanitation Sector (GRAS), established jointly between the Government and the donor community, holds regular sector round-tables. Besides the EU, the most significant donors are Germany, Spain and multilateral institutions such as the World Bank (WB), Inter-American Development Bank (IDB) and Corporación Andina de Fomento (CAF). The Government takes the leadership of this group, driving the policy dialogue with donors.

The Water Resources Management subsector also has a donor coordination mechanism – the “Basin Group”. It works under the leadership of the Vice Ministry of Irrigation and Water Resources, with the participation of all technical assistance donors and providers. The group has developed a Performance Assessment Framework (PAF) which has served as a tool to review progress in subsector policy. Current donors include the EU, Belgium, Germany, Japan, Sweden, Switzerland, the IDB and WB.

3.3.5. **The Government's financial and policy commitments are:**

According to data from the Ministry for Development Planning, annual investment in the water and sanitation sector since 2010 has averaged EUR100-110 million annually. This sum includes donor funds. Given that Bolivia's Patriotic Agenda 2025 makes water and sanitation one of the Government's main priorities, the risk of a drop in funding is low.

There is a strong political drive to ensure that the ambitious objectives of the Patriotic Agenda are met (water and sanitation for all Bolivians by 2015). However, some bottlenecks in the current policy need to be addressed if the Government is to deliver on this challenging objective. These include the sustainability of investments (recurrent costs need to be covered by tariffs, not by subsidies), adaptation to climate change, which needs to be better mainstreamed, and information systems which need to be radically improved so that public policy can respond quickly to a constantly changing environment.

3.3.6. **Strategic Environmental Assessment**

In 2010, the Delegation carried out a comprehensive environmental assessment and presented in 2011 a Country Environmental Profile for Bolivia which is still valid. However, due to the expected effects of climate change, an Environmental Screening Procedure should be used to determine the need for a specific Sector Environmental Assessment (SEA). Particular attention should be paid to issues such as water pollution (e.g. industry, mining, drugs production), other environmental liabilities (mostly from mining and hydrocarbons) and the efficiency of water use.

3.3.7. The overall **risk assessment** of the sector intervention:

The design and approval of Integrated Sector Planning is key for the preparation of the 2017-2020 future intervention of the EU in the sector. Institutional stability is very important in order to have continuity and consistency in the implementation of the integrated approach. Given generally weak capacity at central Government level but especially at sub-national levels, low budget execution rates are common and present another significant risk. This can be the case for sanitation investments in rural areas, especially if programme implementation follows a top-bottom approach. Programme and project decentralisation should be more effective. Awareness campaigns at local level on the use of adapted sanitation technology and involving local small-scale enterprises should be promoted.

Water related disasters are frequent in the country (floods, droughts, landslides, etc.). Particular attention should be made to include prevention, preparedness and response plans to such events. In this regard, resilience building should be an overarching goal of the EU support in this area, in accordance with the Communication "The EU approach to resilience: learning from Food Security crises"⁷.

Finally, costs of operation and maintenance are currently not covered, especially for waste and water treatment plants. Cost recovery schemes for sanitation network and treatment plants should be prepared, under the close scrutiny of service users, before investments are made.

4. SUPPORT MEASURES (INDICATIVE AMOUNT EUR 3 MILLION)

The main aim of such measures is capacity building and providing technical assistance in a more efficient and structured manner. These resources are envisaged to support communication and visibility activities to raise awareness of EU aid. They can also be directed to thematic studies and impact assessments of projects, support to formulation of public policies and policy dialogue, and short-term technical assistance, as well as to support aid efficiency initiatives such as donor coordination and division of labour.

⁷ Communication from the Commission to the European Parliament and the Council COM(2012) 586 final.

Attachments

1. Bolivia at a glance
2. Donor matrix showing indicative allocations per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds

Attachment 1: Bolivia at a glance

Population:	10 million (2012 census)
Pop. growth rate:	1.71 %
Urban population:	67 %
Total area:	1,098,580 km ²

Human Development Indicators (2011 or latest available)

HDI Value ¹	Life expectancy at birth (years)	Under-five mortality rate (per 1000) ²	Adult literacy rate (% ≥15 yrs)	Expenditure on Health (GDP ratio) (%)
Peru (0.74)	Ecuador (75.8)	Peru (19)	Bolivia (94.4)	Bolivia (3.0)
Ecuador (0.72)	Peru (74.2)	Colombia (19)	Colombia (93.4)	Colombia (3.0)
Colombia (0.72)	Colombia (73.9)	Ecuador (20)	Ecuador (91.9)	Ecuador (3.0)
Bolivia (0.67)	Bolivia (66.9)	Bolivia (54)	Peru (89.6)	Peru (2.7)

Income distribution (Gini) ²	Pop. below poverty line (%) ³	GII Value ⁴	Human Rights Situation	Corruption ⁵
Bolivia (47) 2008	Ecuador (4.6)	Peru (0.38)	Good formal basis for the exercise of human rights. BOL has ratified most international treaties. Women, indigenous peoples and justice are main concerns.	Ecuador (32)
Ecuador (49.3) 2010	Peru (4.9)	Ecuador (0.44)		Bolivia (34)
Colombia (55.9) 2010	Colombia (8.2)	Colombia (0.46)		Colombia (36)
Peru (48.1) 2010	Bolivia (15.6)	Bolivia (0.47)		Peru (38)

¹ HDI: Human Development Index – comparative measure of life expectancy, literacy, education, and standard of living

² Gini index: measure of inequality – a value closer to 0 indicates higher equality

³ USD 1.25 / day at PPP

⁴ GII: Gender Inequality Index –inequality between women and men in: reproductive health, empowerment and the labour market; value closer to 0 indicates higher equality

⁵ CPI: perceived corruption among public officials and politicians – ranges from 0 (no corruption) to 100 (highly corrupt) – Transparency International, 2012

Economic Indicators (2012)

GDP (current, USD million)	GDP per capita (USD)	GDP growth (%)	GDP by sector
Colombia (369,812)	Colombia (7,752)	Peru (6.2)	Agriculture: 9.6% Mining: 7.3% Natural gas: 7.3 Manufacturing: 10.2% Commerce: 6.6% Transportation 8% Services: 51% (2012 est.)
Peru (197,110)	Peru (6,573)	Bolivia (5.2)	
Ecuador (84,532)	Ecuador (5,456)	Ecuador (5.0)	
Bolivia (26,731)	Bolivia (2,520)	Colombia (4.0)	

Inflation (CPI, %)	Unemployment (%)	External debt stock (USD billion)
Colombia (3.1)	Peru (6.3) 2009	Colombia (82.5)
Peru (3.6)	Ecuador (6.5) 2009	Peru (51.2)
Bolivia (4.5)	Bolivia (7.9) 2010	Ecuador (17.7)
Ecuador (5.1)	Colombia (11.6) 2010	Bolivia (4.1)

Foreign Direct Investment (Gross inflows 2012, USD million):

Total Inflow	EU Gross FDI inflow
1.505	762.9
Main EU investors	Sectors
Spain, France, the Netherlands and UK, 51% of all FDI in 2011	Energy, Mining, Hydrocarbon and service sectors

Sources: World Bank, CEPAL

Trade Indicators (2012)

BOLIVIA main trade partners	EU-BOL trade value in 2012
1-Brazil	Imports from EU: USD 787 m
2- US	Exports to EU: USD 655 m
3- Andean Community	Trade balance: - USD 132 m
4- EU	
Imports from EU	Exports to EU
Industrial capital goods (59%)	Minerals (62%)
Raw materials and intermediate products (26%)	Manufactured goods (20%)
Consumer goods (12%)	Agricultural products (19%)
Others (2%)	

Development Assistance

Net ODA received (2011): USD 759 million

Share of GNI: 3.2%

Per capita: USD 75.9

Number of donors: 23

Top 3 donors (2005-2010):
 1- EU
 2- Spain
 3- Netherlands

EC Bilateral Cooperation 2007-2013: EUR 241 million (CSP)

Sources: OECD, EC, GoB

Attachment 2: Donor matrix showing the indicative allocations per sector

USD MILLION ODA DISBURSEMENTS TO BOLIVIA. (OECD)								
Time Period	2004	2005	2006	2007	2008	2009	2010	2011
Australia							0.03	0.01
Austria			0.18	0.37	0.25	0.27	0.30	0.25
Belgium	17.31	10.37	10.48	14.89	17.81	24.80	23.58	24.40
Canada	6.69	8.82	8.56	14.28	13.98	24.30	19.07	27.05
Denmark	7.36	18.78	19.76	26.23	26.47	28.11	41.41	39.91
EC		39.38	52.01	43.86	43.79	77.83	64.69	52.05
Finland			0.06	0.70	0.28	1.00	1.22	1.06
France	22.72	17.48	42.03	7.27	15.84	11.69	12.46	10.40
Germany	75.50	57.78	46.07	39.79	55.13	45.67	79.29	42.30
Ireland			0.54	1.25	1.21	1.13	0.80	1.25
Italy	3.52	6.02	3.64	8.44	9.90	8.95	5.92	11.09
Japan	556.49	40.47	100.87	37.97	37.46	32.47	54.62	39.08
Korea			4.50	8.66	5.23	1.84	1.66	1.89
Luxembourg			0.97	1.08	1.10	0.96	1.19	1.24
Netherlands	48.24	46.68	34.41	48.26	41.43	45.56	47.54	53.65
Norway	3.38	3.70	3.64	5.07	6.41	6.40	5.85	5.82
Spain	54.44	51.62	49.03	66.88	96.15	98.94	147.61	53.45
Sweden	26.43	18.34	17.16	25.96	27.56	29.63	27.73	35.45
Switzerland	25.13	22.05	14.02	14.69	12.55	19.77	19.41	29.71
United Kingdom	8.3	4.8	5.5	1.64	1.05	0.54	0.08	0.14
United States⁸	137.51	139.50	192.92	122.39	123.82	101.12	86.11	59.69
IDB Sp.Fund				104.99	166.59	186.00
Nordic Dev. Fund				0.71	1.61	4.97
UN System			3.82	4.77	8.37	6.78	5.57	6.96
All Donors Total	993.02	485.79	2,408.93	512.16	578.71	717.14	872.67	742.32

⁸ The government expelled USAID from Bolivia in 2013

Attachment 3: Sector intervention framework and performance indicators

FOCAL AREA 1: JUSTICE REFORM

Expected Results	Indicators	Means of Verification	Baselines
ER 1 More citizens are able to access justice services particularly women and in rural communities	1.1 Number of cases treated yearly with particular focus on cases involving women and isolated rural communities 1.2 Additional number of <i>Casas de Justicia</i> (justice houses)	1.1 UNHCR Annual report on Bolivia 1.2 Ministry of Justice	Baseline will be included in the Action documents at the latest
ER2 : Fewer citizens are in prison without trial or a sentence	2.1 Percentage of prisoners in preventive detention	2.1. UNHCR Annual report on Bolivia	80% (2012)
ER 3: The backlog of pending cases is reduced	3.1 Number of accumulated untreated cases	3.1. UNHCR Annual report on Bolivia	Baseline will be included in the Action documents at the latest
ER 4: Increased popular trust in justice (independence, lack of corruption)	4.1 Citizen's perceptions of the judicial system measured by the % of citizens who trust they will have a fair trial	4.1.Public opinion surveys	42% of Bolivians trust they will have a fair trial (2012)

FOCAL AREA 2: FIGHT AGAINST ILLICIT DRUGS

Expected Results	Indicators	Means of verification	Baselines
ER 1: Efficiency in the fight against drugs increased	<p>1.1 Quantity of seized drugs confiscated and incinerated</p> <p>1.2 Number of cocaine factories or refinement and recycling laboratories dismantled</p> <p>1.3 Quantity of solid and precursors seized</p> <p>1.4 Legal coca production areas defined and delimited (ha)</p>	<p>1.1, 1.2, and 1.3 FELC-N annual report</p> <p>1.4 UNODC Annual Monitoring Report</p>	<p>1.1 28.352 kg base (2013)</p> <p>1.2 5.252 factories 6.651 maceration pits (2013)</p> <p>1.3 964 TM solid precursors; 2.5 ML liquid precursors (2013)</p> <p>1.4 25.300 Hectares (2012)</p>
ER 2: Drug consumption reduced among Bolivian population	<p>2.1 Number of relevant studies and regular information produced by the Bolivian Drugs Observatory per year</p> <p>2.2 Percentage of the population using drugs</p> <p>2.3 Number of persons in prevention programmes</p>	<p>2.1 OBD</p> <p>2.2. Survey on Drug Use Prevalence in 10 capitals, 2007</p> <p>2.3 National Plan for the Reduction of Drugs Consumption 2013-2017</p>	<p>2.1 OBD not operating (2014)</p> <p>2.2 2.3 and 2.4: Baselines will be included in the Action documents at the latest</p>

<p>ER 3: Coca crop cultivated areas stabilised at 14.705 hectares (limit established following publication of the EU-funded coca studies)</p>	<p>3.1 Number of hectares of coca fields in the country</p> <p>3.2 Number of hectares with alternative crops in defined coca production areas</p> <p>3.3 Number of off-farm employments generated in defined coca production areas</p> <p>3.4 Number of municipalities in outward migration areas that have improved their qualification in the Food Security Vulnerability Index as measured by the VAM study</p> <p>3.5 Number of families benefitting from agricultural projects in defined areas of outward migration</p>	<p>3.1 UNODC annual coca monitoring report</p> <p>3.2 3.3 and 3.5: Censo Agropecuario</p> <p>3.4 Vulnerability Analysis and Mapping study (VAM) MDRyT</p>	<p>3.1 14.705 Has (2012)</p> <p>3.2, 3.3, 3.4, 3.5 Baselines will be included in the Action documents at the latest</p>
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FOCAL AREA 3: INTEGRATED WATER RESOURCES MANAGEMENT

Expected Results	Indicators	Means of Verification	Baselines
ER 1: Increased coverage rate for drinking water	<p>1.1 Percentage of population with direct access to safe drinking water, and improved water services</p> <p>1.2 Number of water service suppliers applying measures for the efficient use of water</p>	<p>1.1. Ministry of Environment and Water, MEW</p> <p>1.2 Census 2012, MEW information system, Water Regulator AAPS, Water and Sanitation service providers data</p>	<p>1.1 79 % (2012)</p> <p>1.2 Baseline will be included in the Action documents at the latest</p>
ER 2: Increased coverage rate for sanitation services	<p>2.1 Percentage of population with access to sanitation services</p> <p>2.2 Number of new and rehabilitated waste water treatment plants with a cost recovery scheme</p>	<p>2.1. MEW</p> <p>2.2 MEW information system, Water regulator AAPS, Water and Sanitation service providers data</p>	<p>2.1 49,8 % (2012)</p> <p>2.2 Baseline will be included in the Action documents at the latest</p>
ER 3: Increased availability of safe water resources at national level	<p>3.1 Number of water basins with integrated management plans</p> <p>3.2 Number of water basin management organisations established and operating.</p> <p>3.3 Number of water sources monitored for pollution prevention and protected</p>	<p>3.1, 3.2 and 3.3 -MEW, Vice Ministry of Water Resources and Irrigation</p> <p>-University and research institutes data</p>	<p>Baselines will be included in the Action documents at the latest</p>

ER 4: Increased number of land area covered by forest	<p>4.1 Number of water basins with forest protection or reforestation plans, with especial focus on protected natural areas</p> <p>4.2 Existence of monitoring systems and compliance with national policy and regulatory framework covering forests, land use and protected areas</p>	<p>4.1 and 4.2 -Vice Ministry of Environment, -ABT, -SERNAP</p> <p>-Mi Arbol Program database</p>	<p>Baselines will be included in the Action documents at the latest</p>
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The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

Attachment 4: Indicative Timetable for Commitment of Funds (in EUR million)

Indicative amounts	2014	2015	2016	TOTAL MIP I	BALANCE MIP II
FOCAL AREA 1:		15		15	
FOCAL AREA 2:	66	20		86	
FOCAL AREA 3:	35	5	20	60	
SUPPORT MEASURES:	3			3	
TOTAL	104	40	20	164	117