

Bolivia Country Programme Document

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1. Introduction

The Danish-Bolivian Partnership Policy for 2013-18 was approved in May 2013. Continued development cooperation with Bolivia was formally approved when the Danish National Budget Bill was enacted in December 2012. Since then formulation of the Country Programme has been on going. An appraisal was undertaken in August 2013.

The overall aim of the Danish-Bolivian Partnership for 2013-18 is to contribute to economic, social and environmentally sustainable development aimed at reducing poverty and inequality in a framework of respect, protection and defence of human rights. The three thematic programmes are:

- Promotion of Inclusive and Sustainable Economic Growth
- Promotion of Exercise of Rights and Access to Justice
- Promotion of Sustainable Natural Resource Management and Addressing Climate Change

The country programme has been developed in close collaboration with the government aligning to policy objectives of Bolivia. It seeks to promote rights-based development based on principles of non-discrimination, participation, transparency and accountability.

This document sets out the overall objectives and strategies, thematic programmes, expected outcomes, management modalities as well as major risks. Chapter 2 provides an update and summary of the context and strategic justification for the thematic programmes. Chapter 3 details the proposed support for each thematic programme, whereas chapter 4 describes the overall management set-up at country programme level. Chapter 5 presents the country programme budget. The annexes include the Country Policy Paper, the Human Rights Based Approach to Planning and Gender Screening Note, the Result Framework at output level, a Risk Management Matrix, approved response by representation to summary of appraisal recommendation, and a list of supplementary material.

2. Summary of the Country-Level Context

The political framework

Bolivia is undergoing rapid change after the presidential victories of Evo Morales and the social movements in the 2005 and 2009 elections. A new constitution entered into force in early 2009, which has a strong emphasis on human rights. The constitution explicitly emphasizes the need to respect, protect and fulfil the whole array of rights, including indigenous peoples' rights as well as those of "Mother Earth". Economic, social and cultural rights have shown substantial progress, whereas civil and political rights have not. President Morales is the favourite to win the next election in 2014 enjoying broad support from the social movements of farmers, workers and parts of the indigenous people. There is continued polarization between the government and the formal private sector as well as some civil society organisations, although recently dialogue has improved.

Agriculture and productive sectors

With a GDP pr. Capita of around 2.500 USD, Bolivia continues to be the poorest country in Latin America. Close to 40 pct. of the population lives in poverty, with the highest concentration in the rural areas, where also food vulnerability is high. Due to the fact that agriculture is the main driver of deforestation, there is an urgent need for more sustainable production methods as well as more efficient management of the scarce natural resources such as water and soil. In the agricultural sec-

tor there is an explicit lack of private and, in particular, public investment to promote research and application of innovative methods and green technology, which could help ensure increased production and more value added locally. The productive sector is dominated by small and medium-sized enterprises with low capacity in the areas of business planning, investments and management. A national policy framework in favour of a good business climate does not exist and hampers both national and foreign investments, which is reflected in the fact that Bolivia ranks as low as number 155 out of 185 countries in the “Doing Business Index”. As an encouragement, the latest “Competitiveness Index” from the World Economic Forum witnessed a six places increase for Bolivia to number 98 out of 148.

Exercise of rights and access to justice

The two most serious human rights challenges in Bolivia are access to justice and fighting violence against women. Despite the fact that the law provides for the independence of the judiciary sector, insufficient budgetary allocations and political influence has continued in the justice sector. The weaknesses of the justice administration are also caused by outdated technology, infrastructure, and lack of personnel. Furthermore, the new policies have led to an increase in judicial cases since 2006, overloading the system. Large groups of the population, previously marginalized from State activities (farmers, indigenous peoples and women), are today better informed about their rights. Civil suits have thus increased by 180 pct. and penal reforms have generated 130 pct. more cases for judges. As one result an estimated 80 pct. of the inmates in the prisons have not been tried before a judge. It should also be noted that 20 pct. of the population does not have access to the justice system at all, since they do not possess an ID card. Until 1995 it was legal for a man to beat his wife or children in the home. Since then the legal rights of women have been secured, but recent studies by the UN system show that more than half of Bolivian women still are subject to domestic or sexual violence.

Natural resources and climate change

The Climate Change is very visible in Bolivia where glaciers providing potable water for La Paz are melting. Especially in the Andes highlands the climate change is felt by farmers through less and more erratic rain. The rate of deforestation in Bolivia is one of the highest per capita in the world. According to the World Resource Institute, in 2005 Bolivia’s CO₂ emissions were 20 tons per capita per year, which is well above the European average and mainly caused by deforestation. It is considered that the largest share of deforestation is due to the expansion of mechanised large-scale agriculture followed by cattle ranching and small-scale farming. Deforestation and forest degradation threatens eco systems and the services they provide like bio-diversity, regulation of water resources and carbon storage and emissions. More pressure on resources is also expected from increased exploitation of energy sources, e.g. oil and gas. Only half of the rural population has access to public electricity compared to 90% in urban areas (2010). The goal of the Government is to provide access to electricity to all citizens by 2025 and to prioritize development of alternative energy and energy efficiency measures.

Since President Morales took office in 2006, Bolivia has effectively changed its economic model from a predominantly free-market one to a mixed model in which state management of the basic sectors of the economy predominates. **The economy** has since been solid with growth rates of 4-6 per cent, inflation dropping to 5-7 pct., a fiscal surplus and vast foreign reserves. The annual budget in 2012 was USD 25 billion. Hereof external development assistance only contributed around 3 pct. High prices of gas and minerals (zinc, silver, tin, copper, and gold) together with steep increases in taxes on gas production have been important factors in this achievement paving the way for public investments in economic and social infrastructure and increases in social transfers. According to

latest World Bank estimates, extreme poverty has halved in less than 10 years and is now around 20 per cent. However, the positive developments in the hydrocarbons sector have given rise to the likelihood of “Dutch disease” where an increase in exploitation of natural resources crowds out the manufacturing and agriculture sectors. While Bolivia’s economy has already seen many benefits from its higher gas exports, a continued rise in resource extraction could eventually limit the development of other economic sectors.

The National Development Plan is currently under review. The plan is expected to continue to pursue present priorities, which are:

1. Industrialisation of natural resources
2. Diversification of the economy with emphasis on small-scale farmers and enterprises
3. Protection of the environment, sustainable forest management (SFM)
4. Promotion of social rights and access to justice.

It has been a challenge to develop underlying sector strategies for how to implement the plan and to improve the relatively weak overall monitoring framework and public sector capacity. Recently, the government has launched a participatory consultative process to define the 2025 Agenda, which has included a high-level national meeting about access to justice. The 2025 Agenda is expected to prioritize human rights for all, promotion of small-scale agriculture and food security, promotion of small-scale enterprises, industrialization of natural resources, and protection of the rights of Mother Earth, as well as institutional development and fight against corruption.

Cooperation and other policy instruments

The country programme document will be the basis for the main part of the foreign policy activities of Denmark in Bolivia. Focus will be on promoting Human Rights, raising the issue of violence against women in policy dialogue and in the media, the independence of the justice sector, promoting green growth and Danish solutions to combating Climate Change. The country programme will also seek to promote synergies with the Danida Business instruments. This will be done by prioritizing the same thematic areas for the Business instruments as in the development programme, i.e. natural resource management, renewable energy, agriculture and production. Focus will be on transfer of green and innovative technology as well as promotion of commercial relations between Denmark and Bolivia. The latest annual figures reveal that Danish export to Bolivia is close to USD 15 million annually. Danish businesses have also shown interest in developing long-term partnerships in Bolivia. More than half of the Danida Business Partnership projects have resulted in joint ventures or other forms of continued commercial relations in areas such as cocoa beans, coffee, quinoa production, alpaca wool and similar. Linkages with Danish research institutions in areas such as sustainable agriculture and renewable energy will be promoted. In addition, possibilities for cooperation with institutions and instruments such as GoGlobal Project Development, Danish Export Council and IFU will be intensified in order to prepare Bolivia for a situation with less development cooperation, which will eventually come about. During the programme’s 5-year phase, a discussion of a Bolivian-led strategy for phasing out of development cooperation will be initiated. The three principles applied will be a) strategic emphasis on capacity building of partner institutions b) increase of government funding of activities, and c) division of labour with other development partners.

Country level results framework

The overall objective of the country programme is to contribute to economic, social and environmentally sustainable development aimed at reducing poverty and inequality in a framework of respect, protection and defence of human rights. The underlying thematic objectives are:

1. Promotion of Inclusive and Sustainable Economic Growth

Objective: *Contribute to sustainable and inclusive economic growth within the agricultural and productive sectors, reducing poverty and inequality in Bolivia based on the policies and strategic framework of the Government of Bolivia.*

Impact indicator: 13 pct. increase in the Gross Domestic Product for agriculture and industry (extractive industries not included). 9 points decrease in the index for income distribution (Gini coefficient – 2012 = 60).

2. Promotion of Exercise of Rights and Access to Justice

Objective: *Contribute to strengthen Executive and Judicial institutions focused on enforcing, protecting, defending and promoting human rights in the Plurinational State of Bolivia”.*

Impact indicator: Degree of citizens’ satisfaction with judicial system and access to key public services (measured through a survey).

3. Promotion of Sustainable Natural Resource Management & Climate Change

Objective: *Support the implementation of sustainable forest management, energy efficiency, and alternative energy policies for maintaining eco-system functions, improve livelihood diversification and contribute to climate change mitigation and adaptation.*

Impact indicator: To stabilise the index of conservation of eco-system functions and to reduce illegal deforestation with 30 pct. in the prioritised territories.

The three thematic programmes are seen as mutually supportive. An example is that the Natural Resource Programme has avoidance of deforestation as its primary aim, while the growth programme supports efforts to increase agricultural productivity without aggravating deforestation. To actively promote synergies between those two sectors further, a joint Innovation Fund to promote sustainable forest management, energy, agriculture, and production will be developed using the unallocated funds. The thematic programme of rights and access to justice has the objective to enhance the “rule of law”, thereby contributing to a better investment climate for growth and to better protect natural resources.

Rights based approach

The country programme is rights-based. The three thematic objectives are interlinked and will directly strengthen the economic, civil and political as well as environmental rights in relation to natural resources (the rights of Mother Earth), and indirectly social and cultural rights, in particular for vulnerable groups, as explained below.

The programme focuses on promoting respect, protection and fulfilment of human rights in general, on supporting people living in poverty, such as farmers in rural areas and forest lands, small business owners in fast-growing urban areas, women and indigenous peoples, and on promoting participatory processes as well as accountable and transparent service delivery.

The largest part of the support is provided to duty bearers. Nevertheless, specific support is also provided to rights holders, including those organised in civil society organisations. Bolivian civil society is diverse. While some social movements may be highly adept at voicing their demands, other groups of people and civil society organisations (including marginalised groups) find it harder to articulate their needs and demands. Therefore, the programme seeks to promote social dialogue and ensure participation of civil society organisations and citizens, particularly of the most vulnerable people through their organisations, in policy making, planning and implementation of development

activities. Below is an explanation of how the programme seeks to work concretely through the principles of the Danida Human Rights Based Approach:

Non-discrimination and attention to vulnerable groups

The major geographical areas of support are those parts of Bolivia where the rate of poverty is highest: the rural areas of Beni, Pando, Chuquisaca, Oruro, La Paz and Potosi. The vast majority living in these areas are indigenous peoples. This is also the case of owners of and workers in micro, small and medium-sized enterprises in urban areas. The promotion of access to justice and the provision of public services include activities to expand the presence of state services in the national territory, providing greater access to justice for people living in poverty and vulnerability, especially indigenous peoples and women in rural areas and peripheral urban areas. Support for natural resource management is likewise focused on areas inhabited by a majority of indigenous peoples, with high levels of poverty, providing services to them as well as access to (cleaner) energy. Special attention will be paid to promote gender equality and access to the benefits in all three thematic programmes.

Participation

Participation is seen as an end in itself and as a means of rights holders to demand effective compliance with the responsibilities of duty bearers, thus also promoting accountability. There is emphasis on participation of rights holders in the provision of services. Examples of this include the participation of indigenous farmers and small-scale enterprises in defining the supported activities; increased participation of indigenous peoples in decision making concerning forest related activities. Civil society support is given specific priority, particularly in the area of women's rights and the sustainable natural management programme, where earmarked support is provided to strengthen civil society's role.

Accountability

By law all public entities must present technical and financial information to the general public once a year, in terms of activities carried out, results achieved and expenses incurred. The programme will use these transparent systems. Furthermore, institutional weaknesses of public organisations are at the centre of many of the proposed activities in order to bring about respect for and defence of human rights. In agriculture the mechanisms of implementing the activities have incorporated public accountability through publicised budget and spending. Support will also be given to selected parts of civil society. The focus will be on results and monitoring systems to improve accountability.

Transparency

The programme supports transparency, especially in relation to promotion of political and civil rights, through modernization processes to reduce the room for discretion by public servants. Transparency will also be promoted across other strategic areas through improvements of, and increased access to, data on public planning, execution and monitoring, enabling the public to hold the Government accountable for its political priorities and public spending. The Embassy also intends to publish results from the programmes in Bolivia in the local media for example progress in fighting violence against women, deforestation, contributions to climate change mitigation and adaptation, and results obtained within supported value chains.

Gender equality

Since the December 2009 national elections, women now hold 30 pct. of seats in Bolivia's bicameral Parliament, including nearly half of the seats, including the president's seat, in the upper house, the Senate. Half of Morales' current ministers are women. Gender equality has been incorpo-

rated into the new constitution. The legislative and normative framework is advanced with regard to women's rights and promotion of equality between men and women. Fulfilment of the fundamental rights of women – and other vulnerable groups – has however been hampered due to cultural barriers, traditions in rural areas or simply because many women do not have an ID card. Furthermore, gender does not receive sufficient attention in sector ministries' strategies and monitoring systems.

Women work more in the informal market at lower salaries than men. Men engage more in high-value economic activities. However, there are signs of a positive trend, where women are attaining greater access to and control of resources under certain circumstances. This is the case of the agriculture programme where 26 pct. of the current productive projects supported are led by women with an increasing trend. Results from the environmental programme include strengthening of women's participation in mining policies, increased income generation, and improved environment and working conditions for women. Regarding land titling, legislation now guarantees the right of women to be sole title holder or to hold land titles together with a spouse.

As already mentioned, a key challenge in Bolivia is a high rate of violence against women. A recent "comprehensive law to ensure women a life free of violence" was approved, introducing important changes in the legal framework. The law promotes several institutional changes to develop capacity to eradicate violence against women, including prevention, prosecution and sentencing. The country programme includes support for these institutional changes. Trafficking in persons, especially girls, is another increasing concern. Improved border control, ID cards, and passport management, together with an improved judiciary, are important measures to combat trafficking effectively.

Gender-disaggregated information is not always available. The developing and strengthening of monitoring and information systems is included in the programme, including gender-disaggregated information and monitoring where possible. The Danish support will, to the extent possible, promote gender mainstreaming and keep gender equality as a priority policy dialogue theme. Likewise, all three programmes will include different targets for women's participation.

Adherence to aid effectiveness agenda and donor coordination

Donors in Bolivia are only contributing around 3 pct. of the total national budget. More than half of a total ODA inflow of 750 mio. USD in 2011 was allocated to the social sectors. According to the 2011 statistics Denmark was the 9th largest donor to Bolivia at that time, but with the exit of USAID, Holland and recently Sweden, Denmark is expected to be the 5th or 6th largest donor to Bolivia in the future. Furthermore, the exit will result in an even lower importance of external development assistance to Bolivia. As part of formulating the country programme, the Embassy has developed a "donor mapping". Harmonization and coordination will be carried out with other development donors, both through overall coordination through the forum for Heads of Development Agencies, in discussions with EU on joint programming and through direct co-financing with donors in each thematic programme. Furthermore, EU is initiating a high level political dialogue in 2013 with the government. Co-financing agreements have been elaborated where possible in order to limit administrative costs for the partners and the embassy.

For the Rights Programme, Denmark and Sweden have been the main donors to the justice sector. After Sweden's decision to phase out of Bolivia, the future main donors will be the Swiss Cooperation, Germany and especially the EU delegation, which is planning a major support to the judiciary as a new area expected to start in 2015. With regards to violence against women a strategic collaboration will be sought with all active partners, especially UN Women. In the Natural Resource Programme, the government has decided that the Programme Coordination Committee for the forest

cluster should include all relevant donors in the sector (mainly Germany and UNDP) to ensure co-ordination, division of labour and synergy.

A recent analysis of the five budget support principles concludes that the conditions for budget support are not fulfilled in Bolivia. The main challenges are lack of overall sector strategies and medium term expenditure frameworks especially in the natural resource and governance sectors. No other donor provides budget support to in Bolivia. Therefore, the budget support instrument will not be used in the Bolivian country programme. However, alignment will be pursued and funding to public institutions will be provided using national systems at sector or sub-sector level. All programme activities and budgets are therefore, to the extent possible, based on the national partners' existing or proposed plans and budgets.

To increase effectiveness and ensure lean management of the country portfolio, the number of partners in the country programme has been limited. In 2015, when most of the on-going programmes close, the total number of active partners is expected to be below 30 compared to more than 50 currently.

Significant Risks

A Risk Matrix has been prepared at both country and thematic programme level (Annex C).

Risks which are assessed to impact significantly and adversely across all areas of implementation and results include:

- The elections in 2014 may result in delays in reforms and implementation of activities. The annual budget for 2014 has been reduced as a consequence.
- Delay in start-up phase due to administrative complexity, red tape and limited funding from the Government, especially, but not only, in relation to the judiciary and public reforms and the new Authority and Fund for Mother Earth. As above the annual budget for 2014 has been reduced.
- Unfavourable macroeconomic conditions could reduce the sectors' financial budget and institutional change. Only limited possibility for mitigation through policy dialogue.
- Corruption and increasing drug-trafficking related crime could hamper the implementation of the programme in certain areas. A clear description of Danida anti-corruption clauses will be part of all Development Engagements. In the justice sector a specific policy dialogue will be conducted in this area. Furthermore, anti-corruption could be an area for unallocated funds.
- Government policies with emphasis on the extraction of national resources and expansion of the agricultural frontier may suppress the sustainable development vision expressed in the law of "Mother Earth". Mitigation is policy dialogue and inter-sector collaboration and providing alternative solutions to expansion of the agricultural frontier.
- Institutional instability of partner institution (change of ministers or key staff) has been frequent, and could increase in connection with the 2014 election. In the semi-autonomous agencies this has been mitigated by special rules for recruitment and secured budgets. With newly appointed and elected authorities in the judiciary, less staff turnover can be expected in this sector.

3. Thematic Programmes

3.1. Promotion of Inclusive and Sustainable Economic Growth

– DKK 250 million

3.1.1. Strategic considerations and justification

Two distinct areas, namely the agricultural sector and the productive sector, will be supported. The support for agriculture is based on previous interventions, which have shown positive results, whereas production is a relatively new area for Denmark. Agriculture in Bolivia accounts for 15 pct. of the Gross Domestic Product, but the sector employs 42 pct. of the active population. There are two different agricultural groups in Bolivia – large scale farming (mainly soya) in the lowlands and small scale farming in the highlands, where crops such as quinoa and potatoes are produced. The highest level of poverty is concentrated within the rural population in the highlands, where most thematic activities are concentrated. In the **agricultural sector** Bolivia needs more sustainable production methods and more efficient management of scarce natural resources, such as water and arable land. Furthermore, the sector suffers from low investments, lack of research and application of green technologies.

The productive sector is constrained by the lack of clear national policies aimed at creating a favourable business climate. Starting up or registering an already existing business continues to be a costly and time-consuming process, and the vast insufficiencies with regard to the settlement of legal disputes provide little security for national and international investments. An important reason for the lack of improvement in the business climate has been the lack of advocacy and dialogue between the private and the public sector. Another challenge in particular, is ensuring occupational health and safety for the thousands of workers employed within the productive sector. A challenge which is increasingly relevant due to the large migration from rural to urban areas, where especially young people seek alternative income opportunities within the productive sector. This also transfers poverty challenges from rural to urban areas. The majority of Bolivia's approximately 650,000 small enterprises are located in urban and semi-urban areas, generating about 90 pct. of employment within the productive sector. The programme will target small and medium-sized enterprises within the urban and semi-urban productive sector. The strategic considerations of the programme include:

Human Rights Based Approach (HRBA): The Growth Programme targets increased transparency within the public institutions through support to e.g. elaboration of annual work plans, long term strategies, and well-defined development indicators and improved monitoring systems. Besides, support to put Corporate Social Responsibility on the national political agenda coincides well with the HRBA of Danida promoting e.g. worker's rights, decent working conditions and sustainable and efficient use of natural resources. The concrete activities of funding to farmers or urban production will be based on needs defined by the farmers and producers themselves, thereby ensuring participation. Furthermore, support for the private sector is aiming at a more participatory dialogue of the economic growth agenda providing space and voice to both the public and private, formal and informal sectors.

Facilitating public-private dialogue and partnerships: The thematic programme is based on a window of opportunity as the Government has shown increasing interest in establishing public-private partnerships, which has been a major challenge earlier. In an attempt to ensure national production and food security, progress has been made in the creation of public-private partnerships between ministries and private companies in the dairy-, the sugar-, and the vegetable oil industries. Moreover, in the agricultural sector productive investment, research and extension schemes are gradually being built based on alliances between public institutions and private enterprises.

The five quality criteria

The **relevance** of the thematic programme is justified partly by its targeting of some of the key problems identified in the context above, partly by the chosen areas of support being in full alignment with the priorities of both the Bolivian Government and Danish development assistance.

By addressing some of the major obstacles to inclusive and sustainable economic growth, in combination with strategic efforts towards coordination and cooperation with relevant actors inside and outside the country programme, the thematic programme is expected to prove itself **effective** in reaching the outputs defined and thereby contribute positively to the fulfilment of the thematic objective and the desired long-term **impact**. The focus on very specific targets is also expected to stimulate the effectiveness of activities.

The **efficiency** and solidity of the programme will be favoured by striving for donor harmonisation, co-funding and delegated cooperation agreements where possible, drawing on previous programme experience, experience from other Danida instruments and engagements globally, as well as by sourcing from experiences of international and local counterparts. Likewise, the **sustainability** of the programme will be fostered by placing the programme in the hands of relevant actors within the public sector, the private sector, and civil society, and by setting minimum or gradually increasing levels of self-financing as a prerequisite for support. Moreover, the programme, together with other donors, will explicitly promote the allocation of resources to key staff in the ministries, who can ensure continuity of activities supported.

Integration of experience and results from previous cooperation

Four years of experiences from the national agricultural development programme (EMPODERAR-DETI) have shown that capacity building and facilitation of joint investment projects between the public and private sector can eliminate bottlenecks within the agricultural value chains. As a result, support for value chains (production/processing/marketing) has contributed to increasing incomes and improved living conditions of more than 15,000 small-scale farmers in the highland regions. This work will therefore be expanded within the future programme. Another sign of the success of the programme is that the local Government of Potosi has decided to invest USD 2, 5 million in the local EMPODERAR-DETI. The National Development Programme for small and medium sized enterprises (JIWASA) will to a large extent build on the lessons learned from the DETI programme, applying the same methods of participation and collaboration between public and private sector. Though public-private dialogue at national level is still a major challenge, positive advances in dialogue at local and departmental levels are showing. Support for a continued emphasis on increased public-private dialogue at local, departmental and national level will therefore be maintained. There will be focus on strengthening the private sector to be an active co-player in promoting inclusive and sustainable economic growth for all sectors – public as well as private.

Support to the urban areas and the expansion of the DETI model to the Amazon region will be new areas of intervention with only limited experiences. However, two on-going pilot projects implemented by the Ministry of Production and the Bolivian NGO “Fundacion Amigos de la Naturaleza (FAN)” are providing lessons learned for these activities, e.g. environmental screening and mitigation methods for the Amazon region.

3.1.2. Thematic Programme summary

The objective of the thematic programme is: *Contribute to sustainable and inclusive economic growth within the agricultural and productive sectors, reducing poverty and inequality in Bolivia based on the policies and strategic framework of the Government of Bolivia.*

The programme supports five public or semi-autonomous institutions and programmes. Furthermore, one private sector organisation engagement and an Innovation Fund are being developed from the unallocated funds. As such, the programme comprises a total of seven Development Engagements, of which the first three presented below form part of the support for the agricultural sector, while the next two relate to the productive sector.

The choice of Development Engagements is based on positive experience from working with partners within the agricultural sector. For the productive sector the choice of the Ministry of Production is due to its given mandate, and the JIWASA will build on EU experiences with the organisation Pro-Bolivia.

Summary of Development Engagements

(1.) Ministry of Agriculture: The Ministry of Agriculture is a long standing partner for Denmark resulting in the development of a five-year strategic plan, various underlying sector policies, M&E systems and an increase in budget execution. Future support is expected to be carried out based on a delegated cooperation agreement with Switzerland. Primary activities supported will be: support to short-term and long-term strategic planning; elaboration and integration of indicators on gender/environment/climate change/indigenous peoples into the legal and service framework of the Ministry; establishment of an electronic database on strategic studies and investment proposals. In order to ensure institutional strengthening, inter-institutional coordination and synergies with other efforts supported within the agricultural sector, Danida will finance an international advisor, which will also cover the DETI programme and INIAF.

The outcome is to strengthen the institutional management and capacity of the Ministry. The outcome indicator is to increase the budget implementation by the Ministry of Agriculture from 67 pct. to 85 pct. by 2018. Total cost: 13 million DKK. Danish contribution is 11 million DKK.

(2.) National Institute of Research and Innovation for Agriculture and Forestry (INIAF): Danida has supported INIAF for five years. Main results have been the creation of a well-functioning seed certification system and development of a new agricultural innovations system including research and TA components. The Danish support will be provided within a co-financing arrangement with the World Bank, Switzerland and Italy. Concrete activities will be: Technical assistance and seed certification, procurement of office equipment and lab facilities, creation of public and private research alliances, strengthening of the institutional functions on research, short-term and long-term strategic planning and elaboration and implementation of an M&E system.

The outcome is that the agricultural and forestry sectors have access to innovations, which enables increases in productivity and ensures sustainability of production systems. The outcome indicator is that by 2018, 9 new strategic national research programmes (quinoa, vegetables, maize, wheat, potato, livestock, rice, forestry, sugar cane) are implemented in partnership with public, private and/or civil society. Total Cost: 303 million DKK. Danish contribution: 16 million DKK.

(3.) EMPODERAR-DETI: EMPODERAR is an autonomous unit under the Ministry of Agriculture responsible for executing the national agricultural development programme DETI. DETI provides TA to small-scale farmers and facilitates public-private investment projects based on inclusive decision-making models at local level. Concrete activities supported are: Co-financing of investment plans of small farmer organisations in the departments of Chuquisaca, Potosi, Oruro and La Paz; co-financing of investment plans of local governments in the departments of Chuquisaca, Potosi, Oruro and La Paz and TA for regional consultations. Recipients of investment funds have to con-

tribute themselves with an average of 30 pct. Besides, in alignment with government priorities, Danida will support the introduction of the DETI-model in the Amazon region complementing efforts within the Natural Resource Programme. This includes support to the finalisation and evaluation of the on-going the DETI-pilot executed in Beni and Pando in close cooperation with the Bolivian NGO Fundación Amigos de la Naturaleza. The programme is co-financed by the local government of Potosi.

The outcome is to contribute towards increasing the gross agricultural income of small-scale farmers in rural areas. The outcome indicator is that 20,000 small-scale farmers, of whom 36% are women, manage to raise their gross agricultural income by at least 10% as a result of the support. Total costs: 142 million DKK. Danish contribution: 120 million DKK.

(4.) Ministry of Production: The Ministry of Production is a fairly new Danida-partner. Support has been provided the past year through funding of a pilot project with the main objectives of strengthening short term and long term strategic planning, elaboration of alternative credit schemes for SMEs, and establishment of national occupational standards. Main results obtained have been the elaboration of a five-year strategic plan, three new SME-credit schemes and five new national occupational standards. Future support is expected to be carried out based on a delegated cooperation agreement with Switzerland. Primary activities supported will be: capacity building to short-term and long-term strategic planning; elaboration of indicators on gender/environment/climate change/indigenous people to be integrated into the legal framework of the Ministry; elaboration of internal and external M&E systems; elaboration of a national law on Corporate Social Responsibility and improvements within the National Industrial Environmental Register. Lessons learned on CSR in Bolivia from the Danida Business Partnerships will serve as basis for the capacity building within the ministry. In order to ensure institutional strengthening and synergies within the productive sector, an international advisor will be provided to assist the Ministry of Production and ProBolivia-JIWASA.

The outcome is to strengthen the institutional management and capacity of the Ministry. The outcome indicator is that by 2018 the percentage of financial implementation by the Ministry of Production has maintained its level of 90%. Total costs: 14 million DKK. Danish contribution is 12 million DKK.

(5.) ProBolivia-JIWASA: ProBolivia is an autonomous unit under the Ministry of Production not previously supported by Danida, but established through EU support. ProBolivia will be responsible for the execution of the programme “JIWASA” targeting income generation within small and medium sized enterprises in urban areas. The programme builds upon the lessons-learned from the DETI programme, applying the same methods. The programme will be a strategic continuation of the support provided to ProBolivia by the EU (ending early 2014). Co-financing for the pilot implementation is expected from Switzerland. Primary activities supported will be: TA for capacity building within financial management, commercialisation and resource management; regional consultations; specialised credit schemes; co-financing of investment plans and productive equipment; procurement of office equipment and transportation. Geographical focus is the urban municipalities of El Alto, Potosi and Cochabamba. The support is a pilot to be reviewed in connection with the Mid-Term review of the Country programme.

The outcome will be raising the gross income of small and medium-sized businesses. The outcome indicator will be: 1,200 small and medium-sized businesses whose income has risen by 10 pct. Cost: DKK 25 million.

Modalities

Direct funding to the strategic plans of EMPODERAR-DETI, ProBolivia-JIWASA and INIAF will be applied through co-financing agreements. Support to the two ministries will be earmarked funding through national systems. The partners in each Development Engagement will be fully responsible for the implementation of activities agreed upon in the Development Engagement Documents. The support will be based on institutional strategic plans for the two ministries, negotiated annual work plans and annual budgets. Funds for the partners will be transferred to a specific programme account and can only be spent on the actions agreed upon in the Development Engagement Documents and in the negotiated annual work plans.

Monitoring framework

In relation to the partners from the public sector, all the indicators and results will be part of their future plans and thus included in their own reporting. The private sector partners will prepare a monitoring framework guided by the results framework as stipulated in the annex. Annual targets have been prepared for all output indicators, which will be monitored regularly.

Summary of risk management

In the risk management matrix for growth, a number of risks are presented. The lack of political will to dialogue between the private and public sector is considered as one of the main risks, which can hamper programme implementation. However, recent developments indicate a more enabling environment for dialogue. The Embassy will carry out policy dialogue with the relevant ministries to promote public-private links. Since the ministry of Production and ProBolivia-JIWASA are relatively new partners to Denmark, there is a risk in start-up of the activities. The mitigation will be to draw on experiences from the agricultural activities, where the modalities are similar.

3.2. Promotion of Exercise of Rights and Access to Justice – DKK 125 million.

Objective: *“Contribute to strengthening Executive and Judicial institutions focused on enforcing, protecting, defending and promoting human rights in the Plurinational State of Bolivia”.*

Impact indicator: By 2018, at least 35 percent (disaggregated by sex) of citizens have some or a lot of trust in the judicial system and the police, compared to 22 and 24 per cent in 2010, respectively.

3.2.1. Strategic considerations and justification. The Programme responds to three key challenges, identified clearly by UNHCHR, which are currently an obstacle for the citizens of Bolivia to enjoy their human rights.

Firstly, *the right to an identity*, which enables citizens to exercise other human rights recognized by the Constitution. Groups, previously marginalized from State activities (farmers, indigenous peoples and women) are now better informed about their rights, but need to be registered (ID cards, birth certificates, etc.) to exercise these rights.

Secondly, *access to justice* is often delayed or absent. Currently, four out of five prisoners have not been tried or sentenced, violating their rights to due process. Justice administration has many deficiencies: outdated technology, deficient infrastructure, insufficient financial and personnel resources and corruption. In addition, recent inclusion policies enacted have contributed to overload

the judicial system. To meet this growing demand, the judicial institutions need technological upgrading, renovation of existing equipment and access to expertise and training.

Thirdly, *the rights of women*. More than half the women in Bolivia have been victims of domestic or other forms of violence. Furthermore, trafficking of women and girls has also been growing. Support is needed to operationalise a newly established special police force for violence against women and to enable the civil society to fulfil their role as watchdog of women's rights.

It should be noted that compared to many other Danida programme countries, Bolivia has more mature institutions. Strategically, the programme will focus on modernization and improving relevant national institutions, including ensuring a broader outreach in the larger territory of Bolivia, thereby improving the state's capacity to perform its functions as the "duty bearer". To the extent possible the Danish support will therefore work directly with the institutions that are enshrined by the constitution with the aim to ensure better functioning and sustainability of efforts. Civil society will be supported to enhance their role as a watchdog for citizen's rights, with special focus on the rights of women.

Human Rights Based Approach, alignment and political feasibility:

The Programme has been designed with the partner institutions in order to enhance political ownership and align it to partners' objectives. It is also aligned to the new Constitution of Bolivia (2009) and international treaties and laws related to human rights, without distinction of nationality, gender, ethnic origin, religion or language. There are human rights challenges in Bolivia, but the Government has shown political will to reform public institutions and to guarantee human rights, including with regards to violence against women.

Division of labour with other donors: Denmark is a significant donor to the justice sector, followed by Germany, Switzerland and Spain. The EU is planning a larger intervention from 2015. Collaboration between donors and especially with the European Union is coordinated through the informal EU justice group. Denmark will help to shape the formulation of the expected EU programme. Switzerland will co-finance support to the Public Defender. Concerning violence against women, collaboration will be sought with all partners, especially UN Women.

Relationship between state and civil society: The Programme includes support for civil society, especially in relation to combating violence against women and facilitating the relationship between public sector institutions and civil society organisations. In Bolivia, a larger part of the civil society is integrated into social movements, which are closely tied to the ruling party (MAS). This part of civil society is considered as relatively strong and influential. Therefore, the Danish support to civil society will be relatively modest and mainly directed to more independent NGO's.

The five quality criteria. Relevance: The activities seek to facilitate the human rights of: an identity, access to justice and a life without violence against women. The support is directed to the institutions that are responsible for guaranteeing these rights. **Impact:** The aim is to catalyse changes through very concrete and direct activities. Furthermore, institutional coordination and reform is hoped to deliver more efficient services with a direct impact on the exercise of civil and political rights. **Sustainability:** The focus on national institutions and alignment will enhance sustainability. The national partners will guarantee sustainability in terms of budgets for maintenance and operations, while the interventions to a larger extent will entail investments. **Effectiveness:** Closer donor coordination, especially within the EU on the justice sector, will be promoted in order to increase effectiveness. **Efficiency:** When formulating annual budgets and work plans, efficiency of activities

will be a key principle. Investments (equipment, IT) will be pre-assessed by partners in terms of costs and sustainability.

Integration of experiences. Denmark has worked in the governance sector for more than 12 years. Selected results are greater biometric control in the justice system and thereby reduced opportunities for corruption, 80 pct. of the population has now ID cards, infrastructure as well as the equipment of judicial services has been upgraded, including the seven new integrated legal service centres currently being finalised. Previous Danish assistance has been delivered through two separate programmes – Public Reforms and Access to Justice. The lesson learned from this structure has been that closer coordination and interaction of the different activities were needed. Therefore, this programme has integrated the two areas of intervention into one thematic programme. Another lesson learned is that when political backing is present and leadership from partner institutions is assumed, results can be achieved with relatively limited funds. Danish funding has thus often served to catalyse a change process. This has been the case even in the absence of an overall strategic sector plan. It is important to highlight that a significant level of trust and understanding exists between the institutions involved and the Embassy, thus facilitating the coordination, collaboration and work between the institutions of the programme and the implementation of specific reforms planned.

3.2.2. Thematic Programme summary

The Programme supports seven different partners. It is based on their institutional plans. All interventions focus on the human rights of the citizen's, with special focus on vulnerable groups (including rural, poor, indigenous peoples and women). The support to the partners addresses the three key strategic issues: i) *The right to identity for all and public sector reform*; ii) *access to justice*; iii) *combating violence against women*.

(1) **Ministry of Government.** (Partner since 2007; contributes to the right to an identity and to combating violence against women). The support comprises three interventions:

a) Support for personal identification services. There has been huge advances in this area, but an estimated 2 million Bolivians still do not possess an ID card. The objective is to expand coverage of identification services to the vulnerable segments of the population in remote areas. The ID card is the basis for access to key national services and rights, such as access to the justice sector. Activities will include outfitting of mobile units to cover remote areas and thereby increase the number of citizens with an ID card, provision of data to relevant public or private institutions that deliver services, capacity building, installation of equipment and other measures to strengthen inter-connectivity.

b) Support to the new Special Force against Violence (FELCV) of the National Police responsible for – and a key actor in – combating violence against women. Activities will include capacity building, equipment of police stations, IT systems, and technology to strengthen the procedures and operations of the force.

c) Support for improved migration control. The aim is to guarantee the human rights of Bolivian and international migrants and to combat human trafficking. Both the Ombudsman and the UN Office on Drugs and Crime have stated the need for increased control in this specific context. Activities will include the establishment of an integrated migration control system, connection with other relevant institutions, upgrading of 15 border controls with passport control systems, etc.

The first target is to increase the percentage of the population with an identity card from 80 pct. to 95 pct. in 2018. The second target is that FELCV halfway through the programme period is a consolidated institution with prioritised presence throughout Bolivia and with adequate procedures, access to modern technology and well trained human resources. By 2018 the target is that 70 pct. of

the cases presented by women are handed over to the judicial system. The third target is to improve migration control, thereby contributing to the prevention of trafficking of women and children. Total cost: DKK 39 million.

(2.) **The Supreme Electoral Tribunal.** (Partner since 2005; contributes to the right to identity). The support will develop the institutional capabilities of the National Service for Civic Registration (SERECI), including its issuance of birth-, death-, marriage-, and divorce certificates, as well as its certification of acknowledgement of children. The support will enable SERECI to expand its coverage, especially in rural areas through mobile units (co-financing of means of transport and staff), through registration campaigns, “cleansing” of existing electoral data as well as securing the database against hostile intrusion. Support will benefit vulnerable segments of society who, following positive policies for inclusion, have increased demand for these services.

The outcome is provision of a transparent, efficient and secure service by the Civic Register. The target for the outcome is that, by 2018, the percentage of the population with birth certificate has increased from 90% to 98%. Cost: DKK 6 million. Currently UNICEF contributes with approximately 140.000 dollars

(3.) **The Public Defence.** (Partner since 2009; contributes to access to justice). It is an autonomous entity under the Ministry of Justice. The activities seek to extend the coverage and quality of the public defence. Concrete activities will include increasing the number of public defenders, equipment, systems to secure an increased presence of the public defence functions in remote areas, where prisons are often overcrowded.

The outcome is increased confidence in the services of the Public Defence and in the exercise of the right to legal defence. The target is that, by 2018, the annual number of people defended has increased by 18 pct. compared to in 2012 Cost: DKK 5 million. Switzerland: 8,6 million DKK.

(4.) **The office of the Attorney General.** (Partner since 2005; contributes to access to justice and to combating violence against women). Activities in this area will focus on the modernization of processes and procedures of criminal proceedings, which will strengthen the investigation, criminal prosecution and accusation by the Attorney Office. This will allow citizens to have timely access to the status of their cases. The aim is to reduce the delay in legal processes and strengthening the fight against corruption. Furthermore, in order to provide legal, accurate and timely evidence, particularly in cases of rape and violence against women, support will be given to the Forensic Research Institute. Concrete activities include technological modernization and inter-connectivity of judicial cases between the Prosecutor's office, the national police and the judiciary organ, capacity building of staff and equipment. In addition, the activities include forensic equipment, capacity building of the staff in order to increase the technical capacity of the Forensic Research Institute.

The outcome is that the Attorney General, including the Forensic institute, has increased the effectiveness of public trials and forensic investigations, with expanded coverage. The target of the outcome indicator is a reduction in average duration of flagrant criminal action processes, from the beginning of the investigation up to the accusation stage (from 24 months in 2012 to 7 months in 2018). The total cost is DKK 25 million.

(5.) **The Judiciary Council.** (Partner since 2008; contributes to access to justice). The aim is to improve the performance of the judges and the coordination of cases with prosecutors. This should lead to a reduction of pending cases, judicial delays and the consequent violation of the citizens'

rights. The concrete activities include equipment, technological modernization to facilitate interconnection of systems, monitoring of the performance of judges and prosecutors, and training in cooperation within the judiciary, the public prosecutor's Office, the national police, migration and other entities.

The outcome indicator is that by 2018, the number of cases settled is greater than the number of cases admitted every year. This means that the Judiciary Council will be capable to handle the number of cases that it receives. The cost is DKK 17 million.

(6.) **Ministry of the Presidency.** (Partner since 2005; contributes to public sector reform). The support is provided to the Public Administration and Governance Unit. This Unit will support the development of tools to ensure coordination of public sector reforms. It will create a forum with other governmental institutions to share information on and attention to the reform agenda. The analyses will include assessments of public service performance, further reform needs and quality assurance of reform activities. Examples of possible areas are: public satisfaction with and trust in the delivery of public services, handling of complaints of corruption, length of legal procedures and discrimination, etc. The support will include capacity building (training, consultancies, and equipment) and the contracting of external think tanks to assist in developing analytical tools for the Unit's work.

The outcome is that the Ministry of the Presidency will have improved its capacity to: a) coordinate the public sector reforms, b) carry out analyses of strategic political issues and c) assess the effect of high-priority public policies. The target of the indicator is to produce 2 to 5 annual analyses of public policies to be published on the Ministry's website. Cost: DKK 6 million.

(7.) **Assistance to civil society** (new partner; contribute to combating violence against women). This engagement promotes citizens' participation (through 'social control' as outlined in national legislation). The aim is to monitor the quality of services provided by the national authorities in relation to violence against women and to educate and create awareness about the rights of women according to the new law. Danish support will be channelled through an existing fund, CFE, which promotes women's rights. The Fund is managed jointly by HIVOS and Oxfam Bolivia and has worked since 2009.

The aim is that the civil society contributes to the quality assurance and assessment of the work and efforts of the national institutions with a view to reducing violence against women. Furthermore this activity should secure a well prepared awareness campaign focusing on prioritised groups of women in order to give them a solid overview of their rights and how to get access to justice. The target is that an annual report is produced regarding the quality and effectiveness of the public institutions in the area of violence against women. Cost: DKK 10 million.

Modalities: For the six public entities, funds will be transferred directly to their individual accounts in the National Treasury under the Programme title. This will be based on each partner's annual activity plan and budget approved by the embassy. As regards the support for civil society organisations, funds will be transferred to CFE's account.

Monitoring framework: All indicators in the results framework at outcome level and most of the output indicators come from already established institutional monitoring systems. For the civil society support, separate monitoring is carried out, based on the results framework agreed with the CFE.

Summary of risk management. Reforms in the justice sector have historically been difficult to implement in Bolivia, and this is a risk to the programme. However, there is growing public pressure for an improvement of the judicial sector and to reduce violence against women. Furthermore, the government now openly admits that the judicial sector needs reforms. There is thus an increased political focus on the sector, which could increase the chances for progress. A risk linked hereto is the historical underfunding of the sector. There is a risk that this will continue, but the involvement of more donors and the increased political attention on the sector will alleviate this risk. Furthermore, the issue will be part of the political dialogue.

The issue of corruption within the sector is a risk. However, several of the activities aim to improve transparency and thereby reduce the opportunity for corruption. On the other hand, the culture within the sector will properly only change gradually, and will to some extent be outside the control of this programme.

A programmatic risk is continued slow juridical procedures by lawyers and disputants, which can affect the achievement of the targets laid out in the programme. Sometimes deliberate delays are used to protect a client. This risk will be mitigated by facilitation of dialogue between the Judiciary Council and Public Prosecutors, but is in reality very difficult to control. An institutional risk is to what extent the involved institutions are willing to collaborate. The mitigation of this risk is to establish working groups for technical coordination among the representatives of the Office of the Attorney General, Judiciary Council and other entities when needed.

3.3. Promotion of Sustainable Natural Resource Management and Climate Change - DKK 236 million

3.3.1. Strategic considerations and justification

The programme will support two intervention areas, forestry and energy. **Forests** cover over half of Bolivia's vast territory of close to 1,1 million km² and are home to more than 30 indigenous groups. Products from the forest are important sources of income, food supply, raw materials and tools, and the forests provide important environmental services. New areas have been converted into arable land, mainly in the tropical lowlands including the Amazon region. Accordingly, deforestation rates have increased the past decades to a level of close to 3.000 km²/year. Deforestation in Bolivia is therefore now one of the highest per capita in the world. This leads in turn to a per capita CO₂ emission of 20 tons, which is well above the European average mainly due to deforestation. (World Resource Institute, 2005). The Bolivian government has acknowledged the necessity to reduce deforestation but has internationally criticized and rejected the implementation of REDD+ market-based schemes. Instead Bolivia has established a "Plurinational Authority for Mother Earth" and a more operational "Joint Mechanism for Mitigation and Adaptation for Integrated and Sustainable Forest Management and Mother Earth" (henceforth the "Joint Mechanism"). Regarding **energy**, only half of the rural population has access to public electricity, compared to 90% in urban areas (2010). At the same time alternative energy represents only 1.3% of the overall energy supply in Bolivia. In order to meet these challenges the Bolivian Government's goal is to provide access to electricity to all citizens in 2025 and to prioritize the development of alternative energy. On basis of these demands the strategic considerations of the Programme include:

Sustainable Forest management: Supporting the Plurinational Authority and the Joint Mechanism provides an opportunity to promote sustainable forest management (SFM) with multiple bene-

fits in terms of biodiversity conservation, regulation of water resources, reduction in carbon emission, and reducing the vulnerability of the people who depend on the forest.

Access, efficiency and alternative energy: Supporting the energy sector will be a catalyst for (i) improving access to electricity in rural areas; (ii) the incorporation of alternative energy in Bolivia's energy matrix, (iii) rethinking fossil fuel subsidies, (iv) more efficient production, and (v) technological development.

Alignment and harmonization: All programme activities are to the extent possible aligned to the national partners' plans and procedures and harmonized with other donors. For example, Danish and EU support to a Sector-wide Strategic Plan will provide the basis for further alignment, harmonisation possible future budget support not only from Denmark, but also from other donors.

Green growth and civil rights: The programme links to other strategic areas of the Danish Development Strategy and the Bolivian Country Programme. The Programme contributes to "green growth" and "human rights" by promoting a sustainable and more efficient use of fundamental resources on which growth is based (land, water, forests and energy) while supporting vulnerable population groups' (particularly the poor, women and indigenous groups) access to these resources.

State and Civil Society links: In order to strengthen state and civil society links, support in the forest sector will facilitate the setting-up of regional platforms, to articulate national, departmental and municipal governments with civil society, private sector and local populations. These platforms, with the support of civil society will be opportunities to reach the poor and vulnerable men and women in order to raise their inclusion and their participation in decision-making as well as in follow-up on commitments and accountability. In addition, this support will enhance respect for the collective rights of indigenous peoples' on issues affecting their livelihoods.

Technology transfer and business opportunities: Joint venture between a Danish research institution and a local institution, access, if applicable, to Danish financial mechanisms (Danida Business Finance, IFU) and public-private synergies have been planned in order to promote transfer and technological development as well as commercial opportunities with Denmark in the field of environment, climate and energy.

The programme is based on Bolivian and Danish policies and strategies including (i) the new Bolivian Constitution (Art. 378, 385 to 392); (ii) the Framework Law of Mother Earth and Integral Development for Well Being; (iii) the Programme for Electricity for Life with Dignity, (iv) the Danish Strategic Framework for Natural Resources, Energy and Climate Change (NEK) and (v) the Danida Strategy "The Right to a Better Life". All address the need for integrated and sustainable use, access and management of natural resources and energy, benefiting the most vulnerable population groups.

The support to the forest sector will be channelled through the Ministry of Environment and Water to the four most important public institutions involved in forest management and climate change: a) the newly created Plurinational Authority of Mother Earth (and the Joint Mechanism), b) the Vice-ministry for Environment, c) the National Park Service (SERNAP) and d) the Authority for Forest and Lands (ABT). The forest component also involves support to civil society organisations (CSOs), which will go through an external fund manager. Support to the energy sector includes two national partners; the Vice-Ministry of Electricity and Alternative Energies (VMEEA) and the National Electricity Enterprise (ENDE), as well as one private partner; the Centre for Sustainable Technology Promotion (CPTS)

The five quality criteria

The interventions have the potential to **impact** the lives of the poorest population groups and to improve forest management in the Amazon area. As to the **relevance** of the Programme, the key problems identified in the context and the chosen areas of intervention are fully in line with the priorities of the Government of Bolivia. The results will be measured through key indicators, which will enable documentation of the **effectiveness** of fulfilling the Programme objective and of the **efficiency** in the spending of resources towards this end. Finally, to ensure the Programme's **sustainability**, an exit strategy has been drawn up. Both the forest and the energy engagements are viewed as initial investments, which will lead to additional national and international investments. In the case of civil society the experiences and instruments developed through the administration of the Fund will be transferred to the Plurinational Authority.

Integration of experience and results from previous cooperation

The current program builds on the last 20 years of Danish support and lessons learned on environmental management (protected areas, biodiversity, cleaner technology, support to civil society and climate change) as well as the support to indigenous peoples rights (land titling and indigenous territorial management). As such, the Program will consolidate the results obtained particularly in relation to the legalization and governance of 135 indigenous territories (120.000 km²) and 22 protected areas (174.000 km²), principally those areas with forest. This programme is a continuation of the previous support to indigenous territorial management and protected areas management, since it supports the sustainable use of natural resources in these territories. With respect to energy, Denmark has supported promotion of cleaner production technologies and implementation of energy efficiency measures for six years, and more recently contributed to the formulation of the national alternative energy plan in Bolivia.

Through the implementation of the previous Programme it has become evident that to achieve broad based sustainable impact all relevant authorities and stakeholders need to work together through an integrated and coordinated effort. Despite being implemented within the Ministry of Environment and Water, the program therefore seeks to go beyond the one partner approach in order to achieve integrated and sustainable forest management and work with all relevant public, private and civil society institutions in the prioritised areas. The Programme will work towards this end via regional platforms, but also through an improved coordination between the Environmental and Productive Programmes at the Embassy. Particularly in order to develop alternatives to reduce the expansion of the agricultural frontier and thus deforestation and degradation.

Another lesson learned is that, despite the fact that projects and programmes do produce results, a more territorial approach is needed for forests, protected areas, and indigenous territories' management. E.g. in relation to the creation of altitudinal and latitudinal corridors for climate change adaptation for wildlife and wild crops' relatives, cultural corridors for indigenous people, identification of critical areas for water regulation, soil erosion etc. Therefore the proposed support targets wider defined territories. A challenge is that these in some cases expand outside the Bolivian frontiers.

Energy is a new area of support. However through the previous support to the Centre for Promotion of Sustainable Technologies (CPTS) the lesson-learned is that it is important to link research and policy making in order to achieve energy efficiency and implement more sustainable energy technologies. Moreover, it is the intention of the Programme to develop lessons learned on energy efficiency, and generation and improved access to alternative energy in the Pando department, so that they can be used in other regions of the country when the programme is being rolled out nationwide.

3.3.2. Thematic Programme summary

The development objective of the Programme is to *“Support the implementation of the sustainable forest management, energy efficiency and alternative energy policies for maintaining ecosystem functions, improving livelihoods diversification and contributing to climate change mitigation and adaptation”*. Development impact will be measured as the conservation of ecosystem functions including the regulation of the water resources, biodiversity and biomass, as well as CO² reduction (through an index of ecosystem functions). The Programme consists of five development engagements divided into two clusters; "forest" and "energy", supporting a total of eight institutions.

Summary of development engagements (“forest”): The forest cluster of engagements aims to support the implementation of the sustainable forest management policy for maintaining ecosystem functions, livelihood diversification and climate change adaptation and mitigation. The cluster consists of two development engagements (1) the Ministry of Environment and Water and (2) Support to Civil Society Organisations. The programme will work in four regions in the northern part of the country (Amazon and Chiquitania) selected according to existing forest cover and biodiversity as well as rates of and possibilities to reduce deforestation in the short to medium term.

(1.) Support to the Ministry of Environment and Water aims to establish the necessary institutional framework to ensure sustainable forestry management. The focus will be on maintaining ecosystem functions, diversify livelihood opportunities and contribute to climate change mitigation and adaptation. The main activities include the development of the new Plurinational Authority of Mother Earth (10 mio. DKK), income generating timber and non-timber projects in prioritised territories (21 mio. DKK), regulatory framework, plans and criteria for sustainable forest management (12 mio. DKK), protection and management of National Parks (30 million DKK), forest control including monitoring and prevention of deforestation and illegal logging and forest fires (30 mio. DKK). The activities will be co-financed by the Government, EU and Switzerland. The support aims to protect 300.000 km² of mostly Amazonian rainforest and improve the management of some of the most bio-diverse national parks in the world.

The outcome indicator of this intervention is the reduction of illegal deforestation and degradation in intervention areas. The estimated target for deforestation is a reduction of 30 pct. compared to a business as usual scenario. Total costs: 236 mio. DKK. Danish contribution: 103 million DKK.

(2.) The support to civil society organisations aims to strengthen local organisations’ capacity for implementing integrated and sustainable forest management, i.e. ensuring citizens’ participation in the above mentioned activities implemented by the Ministry of Environment and Water. Specifically, local organisations’ capacity will be strengthened to be certified in forest management thereby being eligible for receiving funds from the government. Additionally, the development engagement will support the implementation of concrete forest management plans and projects and strengthen local actor's capacity for local control and monitoring of the forest. EU has shown interest in joining this activity, thereby expanding the geographical scope.

The outcome indicator measures the number and importance of monetary and non-monetary income sources (a so called index of livelihood diversification) for the participants in the forest management projects. The target is to increase livelihood diversification by one third. Cost: DKK 31 million.

Summary of development engagements (“energy”): The energy cluster of engagements will support the implementation of Bolivia’s policies on alternative energy and energy efficiency to substitute subsidized diesel, contribute to achieving universal access to electricity and mitigation of cli-

mate change. The cluster consists of three development engagements selected according to the principle of access, efficiency and use of alternative energy; (1) the Vice-ministry of Electricity and Alternative Energy; (2) Centre for the Promotion of Sustainable Technologies; and (3) The National Electricity Company. The programme will work simultaneously at policy level and through the implementation of concrete alternative energy projects primarily in the department of Pando, and to some extent in Riberalta and Cochabamba.

(1.) The support to the Vice-ministry of Electricity and Alternative Energy will contribute to improving quality of life for, particularly female lead, households through the promotion of access and use of modern technology and sources of energy. Activities include the distribution of solar powered lighting, efficient cook stoves to poor and isolated households, design and implementation of hybrid energy systems for remote areas without access to the grid, and the development of regulations promoting the generation of energy from renewable sources. The first two activities promote equal access to services and opportunities, and particularly the first is expected to improve the health and lessen the work burden of women who are traditionally in charge of cooking and collection of fuel wood.

The target for the outcome indicator is that by 2018, more than 5,500 isolated rural households in the Amazon have gained access to alternative energy technology and sources of lighting in their homes. Cost: DKK 7 million.

(2.) The Centre for the Promotion of Sustainable Technologies will receive support to implement energy efficiency measures. To reach the expected result, a diagnosis of energy efficiency, guidelines, strategies and other instruments to promote energy efficiency will be elaborated. Moreover, the development engagement will promote access to credit for new energy efficient technologies, as well as the implementation of energy efficiency measures by municipalities, public and private companies.

The outcome indicator measures the reduction in diesel subsidies with a target of DKK 12.000.000 by 2018. Cost: DKK 7 million.

(3.) The National Electricity Company will be supported to increase the generation of energy from alternative energy sources. The concrete activities that will be supported are the installation of a solar energy plant in the town of Cobija (in Pando, Amazonas), which will be 50 pct. co-financed by the Government. Furthermore, the activities will include a feasibility study and design of a wind energy plant in Qollpana (Cochabamba) with possible future funding from Danida Business Finance.

The outcome indicator is the relative importance of alternative energy sources in the national power system as a result of the programme support. The target is to double the importance of alternative energy in the national energy system from the present level of 1.3%. Total costs: 69 million DKK. Danish contribution: 37 million DKK.

Modalities

For the Ministry of Environment and Water, funds will be transferred to the new Plurinational Authority of Mother Earth, the Vice-ministry for Environment, SERNAP and ABT. All of these have their own result frameworks, as presented in the annexes.

In the case of civil society, CSOs are expected to be comparatively more efficient in assuring participatory planning processes as well as implementing concrete productive projects for sustainable management of forests, while strengthening the capacities and livelihood of local rights-holders such as indigenous peoples. The Embassy will select a fund manager through tendering. The manager's responsibility will be to oversee donations to civil society organisations in the four regions, as well as a CSO that can support the formulation, integration and articulation of the government's policies. Donor coordination will principally take place with EU, Japan, UNDP, Switzerland, Italy and others.

Concerning energy the Programme will support universal access to modern energy services, focused on the poorer region in the north of Bolivia, Pando, improve energy efficiency and promote a larger share of renewable energy in Bolivia's energy system. This approach is consistent with the objectives of the Bolivian government and with the UN initiative known as "Sustainable Energy for All" (SE4ALL) as well as with the goal of equal access to services, of the human rights-based approach. All the support will be closely coordinated with other donors, such as the IDB, UNDP and Germany.

To ensure efficient implementation, the Programme will include two Danida advisors. The first will be situated in the Plurinational Authority for Mother Earth. The second will be based in Forest and Land Authority for three years. Moreover, the Vice ministry of Energy and ENDE will receive technical assistance on renewable energy development from a private consultancy company to be tendered. Finally, technology transfer is expected through commercial relations with Danish enterprises.

Monitoring framework

In relation to the partners from the public sector, all the indicators and results will be part of their future plans and thus included in their own reporting. The fund manager for the civil society will prepare a monitoring framework guided by the results framework in the annex.

Summary of risk management

Programmatic risks: A national development policy based on short-term extractive production dominates the development agenda in contradiction with a more long-term and integrated vision as expressed in the Framework Law of Mother Earth. This could lead to an accelerated deforestation process and an increase in land conflicts with the risk of violating the rights of indigenous peoples, e.g. through the colonization of indigenous territories or national parks. To mitigate this risk the Embassy and the Ministry of Environment and Water will promote a dialogue with other sector authorities (e.g. agriculture) through the regional platforms and coordination committees to establish a coherent national policy for the regions with important forest resources. Moreover, Danish support to Agriculture and Production will be focused on increasing agriculture productivity and sustainable livestock management, which may limit the advance of the agricultural frontier. In that sense it is important to mention that the government's long-term goal is to harmonize the agricultural and environmental agendas (Agenda Patriótica, 2013).

Institutional risks: Lack of sufficient commitment to consolidate the Plurinational Authority and institutional framework. This institutional framework is important for the success of the Bolivian government's policy for integrated and sustainable forest management. In case the Plurinational Authority is not in place by 30 June 2014, the Programme strategy and budget will be redefined continuing the support to the other public and private partners already defined.

3.4 Education – Exit commitment. DKK 21 million.

With the one-year extension, Denmark will finalise the support to Bolivia's efforts to ensure the right to education. This will be done through the on-going basket fund arrangement with Netherlands, Sweden, Spain and UNFPA. The extension enables Danida and the Ministry to complete a five-year Institutional Strategic Plan as intended. The objective of the extended support is to increase access to education, completion rates, the quality of education, as well as to strengthen the institutional capacity of the Ministry of Education. There is focus on sustainability, due to the fact that all major donors except Spain will phase out this year. Priority will be given to developing the future five-year plan, strengthening the institutional capacity and analysing alternative funding sources. To this end, Bolivia has - with Danish support – taken the first steps towards signing up to the Global Partnership for Education (GPE). However, Bolivia is in principle only eligible for GPE capacity building, institutional strengthening initiatives and similar activities.

The right to education in Bolivia is emphasized in the Constitution. Improving the education system is therefore considered a key strategic area for the government. In the Education Act from 2010 there is a clear focus on the vulnerable part of the population, including indigenous people and children with special educational needs. Targets within the five-year Plan related to access, completion, quality, equality, formation of teachers, curriculum reform and improvement of pre-school, inclusive and technical education are on track and expected to be reached by the end of 2014. Concrete activities include: a) Construction of 628 schools in remote areas to be finalised, b) 250.000 attend post literacy programme, c) Teachers' guidelines for attending children with special education needs, d) The seven individual "regional curriculums" implemented, e) Equipment of approximately 50 technical schools and Technical Institutes, f) elaboration of a new five year plan as well as an analysis of alternative funding.

Denmark has previously supported the civil society in the education sector through the Local and National Indigenous Peoples' Educational Councils (CEPOS). The objective has been to ensure indigenous peoples' education rights. During 2014, the national level of CEPOS will be financed through an extension of the 2011–2013 support (unspent funds). The focus will be confined to finalising sustainability oriented activities. The post-2014 scenario, with all major donors withdrawing, presents a **risk** to the sustainability of the sector. The last year of support aims to mitigate this risk by emphasising future planning and analysis of external and internal funding opportunities.

4. Management set-up

The programme management and administration has been designed to be as lean and effective as possible. To the extent possible, alignment to national procedures has been pursued to avoid that resources are spent on potentially overlapping parallel set-ups. All technical advisers are placed within the institution that they advise. Thematic programme steering committees are introduced to the extent possible to ensure synergy between Development Engagements and to monitor that implementation takes place as planned. Three levels of management are foreseen in the country programme:

- a. Country committee consisting of the embassy and ministry of planning.**
- b. Thematic steering committees taking overall decisions at thematic level.**

c. Technical steering committees at engagements level, building on existing management structures where possible.

a. Management at Country level

Draft terms of reference have been prepared for all levels of management indicating frequency of meetings, composition, functions and other issues as outlined in the guidelines. The Country Committee will consist of the Minister for Development Planning and the Danish Embassy represented by the ambassador. The Country Committee will receive input from all thematic programmes. For this purpose, and for internal monitoring, the Embassy will use the Programme Coordination Committee, which consists of the management and all involved programme officers. This committee holds quarterly meetings and follows up: i) progress in relation to the results framework incl. a review of output and outcome indicators, ii) relevant development in the risk management matrix and iii) implementation of budgets and annual work plans.

The embassy will produce an annual report documenting results and advances with possible input from external experts. This report will be the basis for the annual strategic dialogue with the Ministry of Foreign Affairs. The Embassy also envisages to publish an annual report of results and challenges in development (and possibly other) cooperation between Denmark and Bolivia and actively use social media and other communication to inform about activities and results.

A comprehensive mid-term review is foreseen in 2015/6 to review progress of the whole programme, analyse the needs for adjustments and evaluate the feasibility of phasing out some of the support before 2018, as well as identify needs for further analysis and studies to help define exit strategies with a longer perspective. Joint programming within the EU has in principle been agreed from January 2017, and will also be an element for the assessment.

b. Management and monitoring framework for each thematic programme

The implementation of the thematic programmes will be within the framework of the General Governmental Agreement to be signed between the Bolivia and Denmark. The Embassy will sign an overall agreement with the Ministry of Planning covering all public Development Engagements. Development engagements with the civil society or the private sector will be signed directly with the partners.

Promotion of inclusive and sustainable economic growth

The programme will be managed through a thematic programme committee constituted by the Ambassador and the two relevant sector Ministers. The programme committee approves plans and budget changes and recommend on possible strategic changes. A thematic technical committee constituted by programme officers, advisors and representatives of all partners will meet regularly to coordinate the underlying engagement annual work plans and budgets and to collect the relevant monitoring information.

Exercise of Rights and Access to Justice Programme

This programme will not have a steering committee for the whole thematic programme, since the partners are too diverse. Instead an Engagement Committee, composed of the highest authority of each of the six partners and the Ambassador of Denmark, will meet individually on a yearly basis. The Ministry of Development Planning will coordinate these meetings held to assess the achievements and performance of the Thematic Programme corresponding to each entity. Technical support will be provided to the management of this area by the Public Administration and Governance Unit from the Ministry of the Presidency.

Promotion of natural resource management and climate change

At thematic programme level, once a year, the Danish Ambassador will meet with the Minister of Environment and Water as well as the Vice-minister of Electricity and Alternative Energy to analyse results and performance indicators. Prior to the meeting the underlying steering committees will elaborate progress reports within their respective sectors. Decision-making and recommendations will be specified in the minutes of the meeting that will serve as a tool for monitoring and follow-up. The growth and environmental programmes will not only co-finance activities, but will also participate in each other's steering committee to promote synergy.

c. Management at engagement level

Within each engagement, committees will deliver the management, activity coordination and progress monitoring. In the Growth programme, administrative committees are established for all development engagements. In the Rights Programme, a technical committee for each development engagement is established and is composed of a designated representative of each partner entity and an Embassy Programme Officer. In the case of the Natural Resource Programme, two committees will be established, one for the "forest cluster" and one for energy. The Committees will monitor, coordinate and generate synergies between the participating institutions. Draft ToR for the committees, which will meet twice a year, include the following functions: i) Analyse and assess progress; (ii) Analyse and assess budget execution, (iii) Monitor compliance of audit recommendations, (iv) Analyse and approve annual work plans and budgets. Each engagement institution will elaborate semi-annual progress reports to be discussed and approved by the steering committees. The framework for planning and monitoring are the output indicators and targets as defined in the Engagement Documents.

Financial management

The principles for financial management across the thematic programmes are: i) alignment to partners' financial management systems; ii) zero tolerance for financial irregularities; iii) adherence to national procurement principles whenever possible; iv) disbursement of funds depending on adequate justification of previous funds received; v) assistance to build up financial management systems and human resource capacity; vi) financial control via internal auditor function across the country programme. The financial management set-up is further elaborated in detail in each Development Engagement Document.

The funds allocated to public institutions will be transferred to a separate account in the Treasury managed by the Bolivian Central Bank. Each CSO or private organisation will open a special bank account. The Embassy will manage the funds for international technical assistance directly. The implementing agencies will apply for funds on the basis of their liquidity needs in relation to their annual operational plans. As a point of departure, disbursements will be made when a minimum of 70 pct. of the previous payments have been spent.

Support to **public sector** entities will generally be aligned to the partners' management systems. The funds will be allocated according to the annual operational plans and budgets approved by the respective steering committees. In the case of the public institutions the national legislation will be used to guide the management of the funds. The **private institutions and civil society** organisations will use the rules as established in the Development Engagement Document.

Disbursements are foreseen twice a year. The partners are responsible for execution of the plans. However, for most partners, close dialogue during the year is envisaged in order to provide advice,

to monitor and mitigate risks. The embassy will aim at visiting the partner activities in the field at least once a year. Technical reviews will be agreed on a needs basis with the partners and other funding partners. The partners will submit progress and financial reports.

Reallocation of funds can only take place within each of the thematic programmes, where overall decisions in general will be taken by the embassy and the relevant minister or head or partner organisation; and endorsed by the Danish Foreign Ministry and the Bolivian government for major reallocations. The Embassy can reallocate 10 pct. of the annual budget within each of the thematic programmes. If higher percentages are to be reallocated, the Embassy must consult the Danish Ministry of Foreign Affairs.

Danish contributions to public sector institutions should preferably be audited by the Auditor General. In practice, audits will be carried out by external auditors (private audit companies). It is not yet possible to use the supreme national audit institution due to resource and capacity constraints. In addition, the Embassy will have the possibility to request special audits if deemed necessary.

5. Country Programme Budget

The country programme budget is presented in annex F.

Unallocated funds: The size of new engagements under unallocated fund will vary, but the aim will be to have only larger engagements of more than DKK 5 million. The unallocated funds will be used strategically to support the objective of each of the thematic programmes. In the Growth and Natural Resource Programmes unallocated funds will be used for an “Innovation Fund”. The primary objective would be to supply local demand for green, innovative solutions to challenges such as value chain bottlenecks or unsustainable management of natural resources. Secondary objective is to facilitate fast and flexible financing to scale-up consolidated and well-documented technologies. Furthermore an engagement for the private sector is being developed to support the Doing Business index in Bolivia. The underlined detailed project descriptions and ToR for public tendering of both Engagements will be defined in the coming months. Funds could also be earmarked to the continuous support for the Bolivian-Danish gastronomic movement MIGA and the associated food festival/symposium TAMBO, which has been initiated three years ago in cooperation with Ibis and the Melting Pot Foundation. In the Rights Programme, funds may be provided to the Ministry of Justice for the monitoring of Bolivia’s compliance with International Conventions related to human rights. Furthermore other strategic intervention areas could be the 2014 elections and to combat corruption. Apart from the Innovation Fund, the unallocated funds in the Natural Resources Programme will be considered to support expansion of projects through the Plurinational Fund, depending on the experiences. Furthermore, pre-feasibility studies of alternative energy projects could also be considered through the unallocated funds.

Annexes:

- a. Country policy paper
- b. Results Framework
- c. Risk Management Matrix
- d. Approved response by representation to summary of appraisal recommendations
- e. Brief description of partners
- f. Country Programme Budget
- g. Education programme description

To be available on request:

- Development engagement documentation (draft engagement documents, including English summaries and partners' programme documents for relevant programmed development engagements)
- HRBA/Gender Screening Note
- Climate Change and Green Growth Screening Note
- Assessment according to the five budget support principles (separate study)
- National partner strategies (final or draft versions)