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## *Acronyms*<sup>1</sup>

ACT	Amazonian Cooperation Treaty
AIS	Andean Integration System (comprises all the Andean regional institutions)
ALADI	Latin American Integration Association (comprising the member states of Mercosur, the Andean Community, and Mexico, Chile and Cuba)
ALA	Council Regulation (EEC) No 443/92 of 25 February 1992 on technical and financial and economic cooperation with the countries of Asia and Latin America
Regulation	
ALFA	Latin American Academic Training Programme
ALINVEST	Latin American investment programme for the promotion of relations between SMEs
@LIS	Latin American Information Society Programme
APIR	Project for the acceleration of the regional integration process
ATPDEA	U.S. Andean Trade Preference Act
CAF	Andean Development Corporation
CALIDAD	Andean regional project on quality standards
CAN	Andean Community of Nations: Bolivia, Colombia, Ecuador, Peru + AIS
DAC	Development Assistance Committee of the OECD
DG	Directorate-General
DG ECHO	European Commission Directorate-General for Humanitarian Aid
DIPECHO	ECHO Disaster Preparedness Programme
EC	European Community
ECLA	Economic Commission for Latin America
EIB	European Investment Bank
€x m	x million euros
EU	European Union
FDI	Foreign Direct Investment
GoB	Government of Bolivia
GRANADUA	Andean Regional Customs Cooperation Project
GSP	Generalised system of tariff preferences
Ha	Hectares
HDI	UNDP's annual Human Development Index
HIPC	WB debt relief initiative for Heavily Indebted Poor Countries
IDB	Inter-American Development Bank
ILO	International Labour Organization
IMF	International Monetary Fund
LAC	Latin America and the Caribbean
Mercosur	Southern Cone Common Market: Argentina, Brazil, Paraguay, Uruguay and Venezuela
NAFTA	North American Free Trade Agreement: Canada, Mexico and the United States
NGO	Non-governmental organisation
OAS	Organization of American States
OECD	Organisation for Economic Cooperation and Development
OLADE	Latin American Energy Organization
OPEC	Organization of the Petroleum Exporting Countries
S&T	Science and technology
SPS	Sanitary and phytosanitary
TBT	Technical barriers to trade
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
URBAL	Latin American Urban Programme (promoting thematic networks among local authorities)
WB	World Bank
WFP	World Food Programme
WTO	World Trade Organization

<sup>1</sup> These are the most commonly used acronyms; they are not necessarily based on English names.

## EXECUTIVE SUMMARY

After a period of serious political and governance crisis, the clear electoral victory of Evo Morales in December 2005 led to a completely new political situation. The new Government has to address high expectations regarding deep structural social and economic change, institutional reform and inclusion of the mostly rural and indigenous poor. At the beginning of its term, it tackled some key issues such as the nationalisation of the hydrocarbons sector as well as the organisation of the election of a Constituent Assembly and a referendum on regional autonomy. These steps were concluded in a peaceful context, yet deep social and regional divisions remain and are likely to give rise to further conflict in the future. The 2006-2010 National Development Plan is focused on reducing poverty and creating a more inclusive society.

Bolivia suffers from high levels of poverty and social exclusion, which affect the majority indigenous population, women and children particularly badly. After years of weak economic growth, the Bolivian economy has been showing signs of recovery since 2003. However, national poverty reduction policies need to be strengthened and implemented effectively in order to achieve a fairer distribution of the benefits of growth for the most vulnerable sections of the population.

Although previous national development strategies have led to some improvement in social development indicators, they have not had a significant impact in terms of reducing poverty, especially in rural areas with a primarily indigenous population. There is a broad consensus at national level that achieving poverty reduction and meeting the Millennium Development Goals in Bolivia will require an increase in per capita income by means of employment generation.

In terms of its environmental heritage, Bolivia has a rich biodiversity that is still fairly well conserved; and it has an adequate regulatory framework. There are, however, serious threats to the environment, which means that every operation must include a component to promote the sustainable management of natural resources, while particular attention will have to be paid to the integration of risk management within interventions in disaster-prone areas.

The future EC cooperation strategy with Bolivia seeks to support efforts to reduce poverty and attain the Millennium Development Goals. Operations will be directed at promoting social cohesion (hence reducing poverty, inequality and social exclusion) and regional integration. Priority has been given to the following intervention areas:

- Generating sustainable economic opportunities for decent work in micro-enterprises and small- and medium-sized enterprises (SMEs).
- Supporting Bolivia's fight against illicit drug production and trafficking by means of comprehensive development<sup>2</sup> and the rationalisation of coca production through social control mechanisms.
- Sustainable management of natural resources, in particular through support for the integrated management of international river basins.

In prioritising these strategic sectors, account has been taken of a range of factors, including: Bolivia's requirements; the need to ensure that interventions are coordinated with and also complement those of other donors; the comparative advantages that the EC has acquired through its previous and current activities in Bolivia; and the need to ensure that any interventions are well suited to EC procedures.

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<sup>2</sup> In line with the current Government's terminology, the term "comprehensive development" is used instead of the earlier term "alternative development". Comprehensive development refers to actions undertaken in both coca cultivation areas and labour out-migration zones, with the specific objective of preventing excess coca production.

Under the Development Cooperation Instrument (DCI), an indicative allocation of €234 million has been earmarked for Bolivia for the period 2007-13. These resources may be supplemented by projects and programmes financed under the regional programmes for the Andean Community and for Latin America and under various thematic programmes.

## **1. EU/EC COOPERATION OBJECTIVES**

### **1.1 The EU Treaty Objectives for External Cooperation**

In accordance with Article 177 of the Treaty Establishing the European Community, the Community's development cooperation policy is intended to foster the sustainable economic and social development of the developing countries, to promote the smooth and gradual integration of these countries into the global economy and to strengthen the fight against poverty. The Community's policy in this area shall contribute to the general objective of developing and consolidating democracy and the rule of law, and to that of respecting human rights and fundamental freedoms.

On the basis of Article 179 of the same Treaty, a new Development Cooperation Instrument (DCI) was adopted in December 2006. Bolivia is eligible to participate in cooperation programmes financed under the DCI [Regulation (EC) No. 1905/2006 of the European Parliament and Council of 18 December 2006 establishing a financial instrument for development cooperation].

### **1.2. The Joint Statement on EU Development Policy “The European Consensus” (2005)**

The context for the new strategy for the period 2007–2013 is provided by the EU Development Policy Statement “The European Consensus on Development” adopted by the European Parliament, the Council of Ministers, the Member States and the European Commission in December 2005. This Statement makes it clear that the primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including the pursuit of the Millennium Development Goals (MDGs). It also highlights the importance of partnership with the developing countries as well as the promotion of good governance, human rights and democracy, in order to achieve fair and equitable globalisation. The Statement sets out a differentiated approach, according to the relevant context and needs, and proposes a common thematic framework which includes social cohesion and employment, as well as trade and regional integration, among the priorities for Community cooperation.

The Development Policy Statement also contains a specific chapter on mainstreaming cross-cutting issues. Special reference is made to the promotion of human rights, gender equality, democracy, good governance, children's rights and the rights of indigenous peoples, conflict prevention, environmental sustainability and combating HIV/AIDS. These cross-cutting issues are both objectives in themselves and vital factors in strengthening the impact and sustainability of cooperation in general.

### **1.3. Commission Communication on “A Stronger Partnership between the European Union and Latin America” (2005) and Declaration of Vienna (2006)**

In December 2005, the European Commission adopted a Communication on a renewed strategy designed to strengthen the EU-Latin America strategic partnership. With a view to the 4<sup>th</sup> EU-Latin America/Caribbean Summit which was held in Vienna in May 2006, the Communication analysed the current challenges and made practical recommendations for revitalising the partnership. Its proposals included stepping up political dialogue between the two regions, stimulating economic and commercial exchanges, encouraging regional integration, tackling inequality and tailoring its development and aid policy more closely to actual conditions in Latin America. The Declaration of Vienna, issued by the Heads of State and Government of the European Union and of Latin America and the Caribbean on 12 May 2006, reiterates the

commitment to expand and deepen EU-LAC cooperation in all areas in a spirit of mutual respect, equality and solidarity.

## 2. BOLIVIA'S POLICY AGENDA

Following a period of serious political and governance crisis since 2003, general elections were held at the end of 2005 in a context of extreme political polarisation and deeply divided political and social forces. The clear victory of Evo Morales led to a new political situation, with potential for increased social stability. However, the new Government has to address high expectations regarding deep structural social and economic change, institutional reform and inclusion of the mostly rural and indigenous poor. During its first months in office the Government tackled some key issues such as the nationalisation of the hydrocarbons sector as well as the organisation of the election of a Constituent Assembly and a referendum on regional autonomy. These steps were concluded in a peaceful context, yet deep social and regional divides remain.

The depth of the political and social transformation proposed by the Morales administration should not be underestimated. Through the Constituent Assembly, a "refounded" Bolivia is to be established on the basis of a fundamental shift of power to the indigenous majority. Reversing the trend of the last decade, a leading role is foreseen for the State through the central Government, casting doubt on the decentralisation process and proposals for departmental autonomy. These issues were expected to be at the centre of the debates within the Constituent Assembly, which began meeting in August 2006.

Notwithstanding the adoption of a Poverty Reduction Strategy in 2001, Bolivia's record in implementing effective measures to reduce poverty sustainably has been disappointing. In June 2006, the Government presented its 2006-2010 National Development Plan (NDP), which aims to reduce poverty and create a more inclusive society through the elimination of its "colonial and neo-liberal" features. Poverty is seen as the result of the centuries-old exclusion and marginalisation of Bolivia's indigenous and rural populations. Key to the NDP's implementation will be the transfer of surpluses, notably from the energy sector, to stimulate job-creating productive activities. National control over natural resources, with the industrialisation of these resources adding greater value and replacing the traditional export of unprocessed raw materials, will underpin the NDP. The Plan is divided into four main components: "*Bolivia Digna*" deals with social issues, "*Bolivia Democrática*" calls for empowerment of the traditional indigenous organisations, and "*Bolivia Productiva*" proposes a new productive model based on state intervention and direction and an expanded domestic market. Finally, "*Bolivia Soberana*" outlines the Government's vision of international relations. While strong on ideological content, the document remains short on clear statements of operational mechanisms, institutional framework, performance indicators or medium-term budgets.

The NDP calls for increased levels of both public and private investment. While the former will be helped by the increased revenues expected from the nationalisation of the hydrocarbons sector (as well as by expectations of continued high levels of official development assistance), a return to the high levels of private investment achieved in the 1990s as a result of the privatisation programme will depend on investors receiving adequate assurances regarding legal certainty for their investments. The prospect of this condition being met remains uncertain, although the conclusion of re-negotiated energy contracts with foreign investors in October 2006 was a positive development.

Bolivia's foreign policy will continue to be dominated by its demand, addressed to Chile, for sovereign access to the Pacific Ocean. At the same time, Bolivia's gas reserves and status as a key supplier to Brazil and Argentina (and possibly to Chile if progress can be achieved on the



maritime issue) give it significant regional influence. The Morales administration has also clearly signalled its intention to broaden its international relations, lessening dependence on the USA, deepening contacts with Cuba and Venezuela, while also strengthening relations with South Africa, India and China. The EU is seen as a strategic ally, with the negotiation of an EU-CAN Association Agreement perceived by Bolivia as a model for the kind of relations to be developed with industrialised countries.

The Government of Bolivia is committed to strengthening the Andean Community, within the longer-term perspective of moving towards the consolidation of South America as a single bloc. The Government is also committed to cooperating in the international fight against illicit drugs, while also being determined to protect and rationalise the traditional cultivation of coca, including its industrialisation for licit purposes.

### **3. ASSESSMENT OF THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION**

#### **3.1 Political situation**

The difficult political situation in Bolivia stems from a wide range of structurally complex causes, such as deep-rooted poverty, inequality and social exclusion, as well as a crisis in the institutions of the State and also of society.

The last few years in Bolivia have seen the emergence of deep divisions in the traditional political system and a high level of social conflict, further intensified following the events of October 2003 which led to the resignation of President Sánchez de Lozada, his replacement by Vice-President Carlos Mesa, and then the transitional presidency of Eduardo Rodríguez. These successive governments were unable to meet the demands of a range of popular movements, especially those led by the indigenous population. This resulted in a radicalisation of positions and made it impossible to reach lasting agreements, particularly on issues affecting Bolivia's immediate future such as the Constituent Assembly, the decentralisation process and the fair distribution of the wealth derived from the country's natural resources, especially hydrocarbons.

Evo Morales' victory in December 2005 changed profoundly the Bolivian political context. The election result expressed the desire of the majority of the population for extensive change and, at the same time, for an end to political instability. However, the implementation of the Government's agenda has accentuated tensions particularly with regard to the the issues of regional autonomy and land reform, in turn reflecting an electorate which is increasingly polarised between the eastern and western sides of the country.

The election of the Constituent Assembly and the Referendum on regional autonomy on 2 July 2006 ushered in a new phase in the Bolivian democratic process. Key issues due to be addressed by the Constituent Assembly from August 2006 onwards included the establishment of a new and more equitable economic model; the social, political and economic inclusion of the indigenous population (including a possible return to traditional forms of community justice and political organisation); land reform; distribution of energy and mining royalties and taxes; and regional decentralisation.

Bolivia's **legal system** is independent of the other powers of the State. Although its effectiveness has been hampered by corruption and a lack of resources, the current Government has underlined its commitment to tackling these problems. A serious problem of lack of equal opportunities in access to and treatment by the legal system persists, above all for the poorest citizens. **Elections** are held regularly and in accordance with international standards. In addition

to political parties, the right of citizens' groups and indigenous peoples' associations to take part in elections is recognised.

The challenges that Bolivia will face as of 2007 include approving a new Constitution, implementing an ambitious reform agenda, and managing the decentralisation issue, while maintaining social and political stability.

### 3.2 Economic situation

Even though Bolivia has an extensive territory and abundant natural resources, it has one of the smallest economies in Latin America, with a GDP of USD 9.3 billion and a population of 9.2 million people in 2005. It is the poorest country in South America, with an annual **per capita income** of only USD 1,010 in 2005. Bolivia remains highly dependent on the **exploitation of natural resources** - agriculture, mining and hydrocarbons account for more than 40% of economic activity and almost 80% of exports. In spite of a series of reforms in the 1990s, the markets for internal consumption, labour and capital resources are still generally small, compartmentalised and ineffective in developing other activities on a sustained basis. This situation is partially attributable to a relatively small and dispersed population, low income levels, low human development indices, lack of infrastructure and not very efficient institutions. In addition, since the end of the 1990s, Bolivia has been affected negatively by economic imbalances at world and regional level resulting in almost five years of internal recession.

Since 2003, the economy has shown some **signs of recovery**. Economic growth reached 3.6% in 2004 and 4% in 2005, both figures deemed sufficient to keep pace with the rates of population growth and produce modest increases in per capita income. Exports increased by more than 30% in 2004, 25% in 2005 and a further 42% in 2006, helped by favourable external conditions. However, this increase in exports has not led to any significant generation of employment. The fiscal deficit fell from 8.1% of GDP in 2003 to 1.6% in 2005; in 2006 a surplus of around 5% of GDP was recorded. This was achieved by means of an "austerity plan" that entailed a significant reduction in central Government expenditure, without seriously compromising the most sensitive political sectors such as health, education and pensions; increases in tax receipts, particularly from the new tax on hydrocarbons output; and special support in 2004 by the international community for the national budget (see Annex 4). Modifications to the tax regime applicable to the hydrocarbons sector have been implemented despite the objections of private investors who have warned of the chilling effect this will have on future investments.

Despite these improvements, **the fiscal situation** needs to be watched closely because of various factors affecting it, including: 1) the payment of pensions following the reform of the pay-as-you-go scheme; 2) the need to provide adequately for the running of the State with an enhanced role in the national economy; 3) public investment demands; 4) the financing of social protection programmes; 5) the distribution of resources to regional governments and municipalities at the expense of central government coffers; and 6) the high levels of internal debt. Although relief has come in the form of debt forgiveness, there may be some uncertainty over the level of income which will be yielded by hydrocarbons taxation in future years if investment in the sector is not resumed.

There are greater difficulties at the **microeconomic level**. The main export activities (in value terms) do not generate a significant amount of employment, although small-scale mining may in the future help to create a certain number of unskilled jobs. Furthermore, in the medium term, the principal markets - the Andean Community and Mercosur - may shrink because of the erosion of preferences as a result of bilateral trade agreements concluded by partner countries. Most sectors have still not recovered from the drop in internal demand and they are not in a position to improve their competitiveness so that they can gain access to increasingly tight external markets. In recent years there has been an increase in job-intensive manufacturing

exports, particularly to the US; these would, however, be jeopardised if the preferential trade arrangements under the ATPDEA are not renewed after June 2007.

**Unemployment and under-employment** have increased continuously over the last five years, encouraging internal and external migration. Unemployment currently affects 11% of the labour force and the informal sector accounts for more than 65% of economic activity, providing sources of marginal employment and under-employment to a large percentage of adults of working age and even to school-age children. With a few exceptions, the main features of this informal sector which includes small-scale agricultural activity are low productivity and poor quality products which limit the scope for growth. On the other hand, the marked ability of the informal sector to adapt to changing economic circumstances has traditionally ensured the survival of a large number of families at times of crisis.

General business activity is recovering very slowly, a situation which is reflected in the still fragile situation of the **banking sector**. Although credit arrears have decreased in recent years, and the banking sector has shown resilience, overall political and economic conditions have generated an unwillingness on the part of banks to assume greater risks and a reduction in banking intermediation services. Other financial intermediaries, such as cooperatives and micro-finance institutions, have expanded; however, in the future they may be affected by the proposed national development bank and the offer of subsidised credit.

In the light of the above, together with the cautious handling of the fiscal issue, the **greatest challenges** for Bolivia in the economic field are creating jobs, promoting economic opportunities and generating income, as well as integrating the informal sectors into the formal economic circuit and increasing productivity and competitiveness at all levels. At the same time, there needs to be a fairer distribution of the benefits of growth to the most vulnerable population groups by promoting and strengthening national poverty reduction policies.

### 3.3 Social situation

Bolivia suffers from serious problems of poverty and social exclusion that particularly affect the indigenous majority of the population. Bolivia has an extensive and **complex social, ethnic and cultural background**. The ethnic group and place of origin of a person, family or social group have a strong influence on the potential for social mobility and on available opportunities. Furthermore, models based on Western society are not necessarily shared by sectors that identify with the values and behaviour of the Andean cultures.

The deep **socioeconomic inequalities** that have marked the history of Bolivia, and the consequent exclusion of the poor indigenous and mixed race (*mestizo*) population from the benefits of development, have led to a situation of chronic poverty. Bolivia, with a low human development index (0.687), ranked 115 out of 177 countries in the world in 2005.<sup>3</sup> An estimated 64% of the population was affected by poverty in 2004.<sup>4</sup> According to the World Bank, the Gini index is estimated to have increased from 52 to 62<sup>5</sup> between 1985 and 2003. Although traditionally poverty is mainly concentrated in rural areas, this phenomenon is increasingly extending to urban areas because of internal migration. For most poor people in Bolivia, the toing and froing between living in rural areas and the search for paid employment in the towns contributes to maintaining the traditional Andean networks of reciprocity. As for migration

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<sup>3</sup> Human Development Report 2006, UNDP.

<sup>4</sup> According to data from the Economic and Social Report published by UDAPE and the Economic Development Ministry in 2005.

<sup>5</sup> A value of 0 represents perfect equality, and a value of 100 perfect inequality.

outside Bolivia, this has been on the increase for several years, with up to 2.3 million Bolivians living abroad.

Acknowledging this situation, in the latter half of the 1990s Bolivia gave priority to **programmes to resolve the social situation**. Efforts were made to achieve a better level of coverage in education, health and basic sanitation services, with positive but still insufficient results. As regards health, in 2001 the maternal mortality rate in Bolivia was 420 per 100,000 live births, the highest rate in Latin America. The infant mortality rate fell from 89 per 1,000 live births in 1990 to 54 per 1,000 live births in 2004. Between 1994 and 2003, the proportion of births attended by skilled health staff increased from 47% to 67%. In the education sector, primary school enrolment has remained constant at 95%, with no increase since 1998. The adult literacy rate in Bolivia is the lowest in the region, at 87% of the population aged 15 or over in 2004; the rate had increased from 78% in 1990.<sup>6</sup> Emergency employment plans and food security programmes have also been implemented but these again have proved inadequate. Several initiatives in the social housing sector have been delayed. National strategies have also been drawn up with the aim of reducing poverty and extending job opportunities and economic integration for the poorest people, above all in rural areas. Many of these initiatives have not been implemented or have achieved disappointing results.

While coverage has improved in the provision of education, health and sanitation services, concerns remain with regard to quality and sustainability as well as equitable access, both geographically and socially. Under the NDP, the Government proposes to increase the involvement of local community organisations to ensure that, through “social control”, social services are more accountable to end-users. In addition, the Government plans a critical review of existing reform processes in the social sectors.

The wide disparities between regions and between urban and rural areas mean that rural areas have the least access to all these services, suffer the most precarious conditions and have the least infrastructure and human resources dealing with these sectors. This has led to major internal and external **migratory flows**, including to coca production areas. Social networks and traditionally established organisations are being undermined because of migration, leading to increased urban crime. Internal migrants are particularly vulnerable to social exclusion, especially in the employment field.

Consequently, **reducing extreme and marginal poverty** will remain a Government priority. Without neglecting basic needs, special attention must be given to generating jobs and income. The greatest social challenge facing Bolivia is to construct a more inclusive social model that responds to the needs of the majority indigenous population, guaranteeing its representation and participation and promoting respect for its specific ethnic characteristics.

### **3.4 Environmental situation**

Bolivia enjoys great natural wealth with a high biological diversity, plentiful water and mineral resources and major energy potential, gas being one of the most abundant resources. The National System of Protected Areas (SNAP), developed in the last decade, identifies 21 protected areas that include around 15% of the national territory. Bolivia has the world’s largest forest reserves certified for sustainable exploitation. The natural heritage is still satisfactorily conserved and the country has an appropriate regulatory framework and civil society bodies that are alert to environmental problems (for more information, see Environment Profile in Annex 6); however, public sector institutional capacities remain weak. As regards the international scene in environment and sustainable development, Bolivia has ratified the main Conventions (Biodiversity, Desertification, Climate Change) and, in particular, the Kyoto

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<sup>6</sup> World Development Indicators database, September 2006

Protocol in 1999. Important steps have been taken including the adoption of the Environment Law, with a clear focus on sustainable development.

As a country which contains significant concentrations of population in fragile mountain ecosystems, expanding arid zones, various regions which are subject to periodic flooding, increasing deforestation and environmental degradation and high levels of poverty, Bolivia is particularly vulnerable to climate change. Its damaging impact can be seen in a range of phenomena such as increasingly severe and frequent flooding and landslides and the accelerated melting of tropical glaciers. Climate change scenarios predict impacts in Bolivia that include longer dry seasons and more frequent storms, as well as the exposure of vulnerable populations to new or intensified health threats, particularly from infectious diseases. Dengue fever and malaria are likely to spread as mosquitoes and other vectors move into areas that were previously too cold or dry. Populations will be particularly affected when extreme weather events damage health and sanitary infrastructure.

Given that the adverse affects of climate change on agriculture are expected to burden poor countries disproportionately, and their rural poor in particular, Bolivia is especially vulnerable as it is the poorest country in South America with at least 70% of the rural population living in poverty and more than a third of rural Bolivians living in extreme poverty. Those citizens who have been displaced by natural disasters in rural areas often remain at risk in urban areas as shantytowns and slums are frequently situated on land prone to flooding or landslide. The increased intensity and frequency of extreme weather events which is expected to accompany global warming will place these precarious settlements and their marginalised populations in repeated danger. Bolivia requires support for its efforts to adapt to and mitigate the impact of climate change.

### 3.5 Land

The unequal distribution of land in Bolivia is one of the issues that historically has created the most conflict and controversy and it is something that continues to have a decisive effect on the country's stability. The concept of land as such does not exist for the *indigenas* who instead conceive of a given area as a territory with which the inhabitant establishes a relationship of reciprocal ownership: the inhabitant belongs to the territory and the territory to the inhabitant. The *pueblos originarios* from the highlands see the land ("*Pachamama*") as a womb, not only productive but also as a being that has an emotional relationship with the person who inhabits it. Both visions reject, in principle, an approach exclusively based on productive use; land is a refuge, a place of cultural belonging, as well as being an area of productive use.

Since 1996, the National Institute for Land Reform (INRA) has focused on land titling in Bolivia with limited success: the Law provides for land titling, establishing the land register, expropriations and land grants. By August 2006, of the 109 million hectares in Bolivia, only 9.5% had title deeds.<sup>7</sup> Of the remainder, 2.5% were not available for titles to be granted<sup>8</sup>, 37% were in the process of titling and the remaining 51% were outstanding. 76% of the financing for this process comes from international cooperation (including the EC – see Chapter 4.1 below). The different programmes have devoted 75% of their resources to land titling, 20% to the land register and 5% to expropriation, land grants and human settlements.

The Morales Government aims to achieve a profound change in the policy of land tenure and use. Legislation approved by the Bolivian Congress in November 2006 is intended to open the way to a "second land reform"<sup>9</sup> which will focus on access to land for indigenous people, not

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<sup>7</sup> Kadaster: "Problem of title deeds and land administration in Bolivia", PPT presentation June 2004.

<sup>8</sup> Bodies of water and urban areas.

<sup>9</sup> The first one being the 1952 land reform.

excluding, for the moment, expropriation and settlement programmes. This is considered one of the most conflictive aspects of the Government's policy agenda, bearing in mind the resistance to land reform of the big landowners in the eastern Departments of Bolivia.

### **3.6 Reform process**

For the last twenty years Bolivia has been applying a full package of reforms, beginning with monetary and tax measures to stabilise the economy, eliminate subsidies and reduce the distortion of domestic prices. At the same time, past governments chose to open up the economy to the outside world with the adoption of a free and flexible exchange rate and a reduction in tariffs and other trade barriers. Bolivia subsequently adopted policies to reduce and rationalise State involvement in the economy, focusing on the privatisation of state companies and the reform of Government institutions and mechanisms, including a process of administrative decentralisation. Many of these reforms are likely to be reversed by the Morales administration, in particular with regard to the role of the State, and international economic relations.

Historically, successive Bolivian governments have faced serious difficulties in implementing their reform agendas, principally owing to institutional weaknesses, administrative inefficiency and corruption. Consequently, these reforms did not produce the hoped-for sustained, strong growth.

### **3.7 Cross-cutting issues**

#### **3.7.1 Democracy and good governance**

The social and political situation in Bolivia is extremely complex and there are many potential causes of conflict whether social, economic, political, geographic, ethnic or cultural. However, practically all conflict situations in Bolivia share three common structural roots: a) an extremely fragmented and challenged civil society; b) persistent exclusion, poverty and inequality affecting a large majority of the population; and c) a deep-seated institutional weakness and consequent lack of instruments to cope with any crisis. In recent years, there has been a sharp rise in conflict levels in Bolivia, which means that it now faces numerous challenges in maintaining democracy and securing good governance. Despite the more stable political situation in the first months following the election of President Morales, developments in late 2006 and early 2007 confirmed that there is still a high potential for conflict due to unresolved social and political concerns including land reform and regional autonomy. Conflict prevention has been both a direct and an indirect objective of EC cooperation in Bolivia, but greater priority and consideration will have to be given to this in international cooperation activities, developing specific instruments that tackle the structural causes of conflict while also promoting good governance and strengthening democracy through all cooperation activities. This concern is addressed in more detail in Chapters 4 and 5 below.

#### **3.7.2 The rights of indigenous peoples**

No factor marks the pattern of Bolivia's national development and social structure more profoundly than the broad exclusion of its indigenous majority. The indigenous population of Bolivia is classified in two large groups according to where they live: those who classify themselves as *indígena* ("indigenous"), who live in the lowlands of the Amazonian region and in the eastern part of El Chaco; and the *pueblos originarios* ("native peoples"), who live in the highlands of the *Altiplano* region and in the valleys of Bolivia. This Country Strategy Paper uses the term "indigenous" to refer to both the *indígenas* and the *pueblos originarios* of Bolivia.

Nearly 62% of Bolivians identify themselves as being indigenous, the majority of them of Quechua or Aymara origin. Due to many factors that have to do with the exclusion suffered by indigenous peoples, there is a direct link between the ethnic identity of households and poverty conditions (the languages that family members know or speak are an important factor in establishing that ethnic identity). In recent years, various social movements have been spearheaded by indigenous and native peoples, seeking to consolidate a system of rights that does not undermine the stability of either rural communities or the indigenous families that live in the cities.

Following the election victory of Evo Morales, Bolivia's traditionally fragmented indigenous social movements now occupy a central position on the political stage. However, this does not guarantee that their expectations will be fully met. It will remain important for EC operations in Bolivia to pay specific attention to the indigenous dimension, taking into account its many political, social, economic and cultural nuances, and ensuring that actions to take account of and promote the rights of indigenous peoples are comprehensively incorporated at all stages of the design and implementation of EC-funded cooperation in 2007-13.

### **3.7.3 Human rights, including the rights of children and young people**

The general human rights situation in Bolivia is largely satisfactory. The country has ratified most of the international Human Rights Covenants, Conventions and Protocols. Bolivia does not have political prisoners *per se* – although concerns have been expressed about the possible political motivation behind the prosecution of persons associated with previous governments - and there are no reports of politically motivated killings or disappearances. There is no death penalty. The Constitution prohibits arbitrary arrests and detention as well as forced exile, and the Government generally observes these prohibitions.

However, there are concerns in various areas. These are mostly related to poverty, discrimination, marginalisation (including lack of identity documents), recurring social conflict, and to the divide between the majority indigenous population on the one hand and the *mestizo* and white population on the other. Further problems include pervasive domestic violence and discrimination against women and indigenous people. Child labour, brutal working conditions in the mining industry and trafficking in persons constitute problems as well. Physical and psychological abuse of children, especially in remote areas, is a serious problem. The practice of entire families being held in a condition of life servitude by local land owners is a particular problem in the south-eastern regions of Bolivia. Prospects for tackling these long-standing violations of human rights are particularly promising under the current Government. Perhaps in recognition of this, in early 2007 the OHCHR (Office of the United Nations High Commissioner for Human Rights) opened a new country office in Bolivia.

### **3.7.4 Gender equality**

Poverty in Bolivia has a strong gender dimension. Women's level of participation on the employment market is low and their access to education and health care is still very inadequate, particularly in rural areas typically populated by indigenous peoples. Bolivia has one of the highest maternal mortality rates in Latin America due on the one hand to socio-economic and cultural factors and, on the other, to the inadequacy of the health services (particularly in rural indigenous areas) as well as to the limited impact of sexual and reproductive health services. In addition, a large percentage of the female population are victims of intra-family and/or sexual violence.

In education, serious disparities persist in access to school and school attendance: with women completing an average of 2.5 years of education (the national average is 9.1 years), illiteracy rates among indigenous women in rural areas are double or sometimes triple the national

averages. Women's participation in decision-making is poor: they hold a small proportion of key posts in the public sector, for example as Members of Parliament or mayoresses. Discussion of gender equality within the context of the struggle for indigenous peoples' rights has been limited. It will be essential to incorporate at all levels and stages of the design and implementation of EC-funded cooperation in 2007-13 actions which take full account of gender differences and promote the rights of women and girls.

### **3.7.5 Environmental sustainability**

The environmental situation in Bolivia is described in Chapter 3.4 and in Annex 6. In addition to the concerns outlined there, the country faces many other serious environmental threats, including: intensive deforestation, mainly caused by encroaching agriculture, logging, exploitation of hydrocarbons and expanding coca cultivation; decreasing biodiversity; soil and water pollution due above all to mining and hydrocarbon extraction; erosion and desertification, often caused by poor agricultural practices in vulnerable areas; and institutional weakness in ensuring compliance with the legal framework and lack of local and national capacity to develop environmental management. The challenge is to tackle these problems on the basis of a land-use planning model that promotes environmental awareness and sustainable development, ensures that disaster risk reduction is incorporated into all activities, secures the rational use of natural resources and protects the rights of indigenous peoples living in the affected areas. As well as including the sustainable management of river basins as one of the three priority sectors for EC cooperation in 2007-13, it is envisaged that very careful attention will be paid to environmental sustainability in the design and implementation of all EC-funded cooperation activities in 2007-13.

### **3.7.6 HIV and AIDS**

In accordance with the DCI Regulations, and the European Parliament's resolution on AIDS<sup>10</sup> which calls on the EC to consider prioritising HIV/AIDS and sexual and reproductive health in its Country Strategy Papers, the Government's policy agenda on these matters has been analysed as has the relative significance of these issues in Bolivia. Less than 5,000 Bolivians out of a population of 9.2 million are estimated by UNAIDS to be living with HIV/AIDS. By the end of 2006, funding of more than USD 15.7 million had been made available to Bolivia by the Global Fund to Fight AIDS, TB and Malaria for the battle against AIDS, of which less than a third had been disbursed. In these circumstances and following consultation with the Bolivian Government, the EC does not propose to prioritise HIV/AIDS in its programme of cooperation with Bolivia. Where relevant, however, appropriate attention will be paid to combating HIV and AIDS in the design and implementation of EC-funded cooperation programmes during the period.

## **4. REVIEW OF COMMUNITY COOPERATION PAST AND PRESENT: COORDINATION AND CONSISTENCY**

### **4.1 Community cooperation past and present**

Bolivia is one of the EU's traditional partners in the Andean Community. Relations date back to the beginning of the dialogue with Latin America in the seventies, when Bolivia became one of the first recipients of the European Commission's cooperation under the ALA Regulation. Since 1976, the European Commission has provided assistance to virtually all of Bolivia's major political, social and economic processes. This contribution has principally taken the form of bilateral cooperation, financing for non-governmental organisations and, since 1998, a major

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<sup>10</sup> P6\_TA-PROV(2006)0526



food security programme. Furthermore, the European Commission has made available resources, through its Directorate-General for Humanitarian Aid (ECHO), for emergency aid as well as in the area of disaster risk reduction.<sup>11</sup> From its inception, European cooperation concentrated on the most vulnerable groups, namely the rural indigenous population, either in their places of origin, or in their migration destinations, establishing close relations with their organisations. In the case of bilateral cooperation, the direct beneficiary of all EC projects is the Government of Bolivia - Ministries, Departmental Prefectures, Municipalities or independently managed bodies.

Until the mid-1990s, the EC mainly supported integrated rural development projects in the west of the country, focusing on reducing the indigenous population's conditions of extreme poverty by building productive infrastructure and agricultural improvement and diversification programmes. Between 1996 and 2001, EC operations diversified considerably. Support was directed primarily towards drinking water and basic sanitation programmes in an attempt to improve the levels of access to basic services, and towards several alternative development projects in response to the increasing production of coca leaf and its consequences in drug production and trafficking, in the context of the EU Drug Strategy (see Chapter 4.4 for more details). A food security programme, with an average EC contribution of €10 million per annum, was also started in order to support the Government in improving the availability of, access to and use of foodstuffs, particularly in rural areas. This programme has achieved a consistently successful focus on poverty reduction. Projects in the sectors of health, education and the integrated management of river basins were also programmed. Another two new sectors were added for the period 2002-2006 - economic cooperation and road infrastructure - alongside interventions in alternative development (including land titling), food security, and water and sanitation, the latter via a sector support programme.

EC cooperation in Bolivia has obtained good results overall. In particular, interventions in the water and sanitation, alternative development and food security sectors have made it possible to overcome the inherent limitations of a project-based approach and to establish a political dialogue with the Government concerning both sector policies with their respective institutional frameworks and implementation arrangements and methods. It should be underlined that the EC intervention in alternative development, during eight years in five different projects and with a total contribution of €50 million, has had a decisive impact on the policy agenda not only within Bolivia, introducing a new methodology and intervention logic in the National Plan for Alternative Development, but also at the international level with the establishment of an Andean Committee for Alternative Development within the CAN structure which adopted a similar approach.

In 2004, the EC channelled an exceptional grant of €7.5 million to the Government of Bolivia to mitigate its then-severe fiscal crisis, thereby reducing the risk of conflict. Conflict prevention has been an explicit indirect objective of EC cooperation in Bolivia from 2003 onwards, with particular emphasis on alternative development issues and on strengthening democracy and consensus (see Chapter 4.4.7 below).

As regards activities in the Andean Community context, the European Commission funds various programmes to support greater involvement by civil society in the regional integration process and the construction of an Andean common market by improving sources of statistical information, trade-related technical assistance, harmonisation of regulations and technical standards, competition policy and customs cooperation. Other projects are designed to promote

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<sup>11</sup> Since 1999 a total of just under €7 million have been committed by DG ECHO in Bolivia, of which €3.6 million were for emergency responses and €3.4 million for activities in the field of disaster preparedness through the regional DIPECHO programme.

regional cooperation in areas such as disaster prevention and the fight against drugs by means of supporting the Andean observatory on drug consumption and the control of chemical precursors.

## **4.2 Lessons learned**

Through this broad geographical and sectoral coverage, which has considerably raised its profile in Bolivia, the EC has been able to contribute significantly to improving physical infrastructure and service delivery, based on a clear and direct understanding of realities at the field level. However, the degree of consistency and coordination among interventions was often inadequate and there was a certain lack of clarity in the approach to combating poverty and helping to achieve the Millennium Development Goals. In addition, the traditional cooperation approach, establishing autonomous project management units, showed limited long-term sustainability. Therefore, the present document proposes only three intervention components in order to secure an improved focus on both social cohesion and regional integration.

In line with the EC's global policy, interventions prepared towards the end of the 2002-2006 CSP period adopted a sector-wide approach (in Water & Sanitation, Alternative Development, and Food Security), allowing greater policy dialogue and long-term impact, thereby overcoming some of the limitations noted above. The actions proposed under the 2007-2013 CSP are intended to continue and consolidate this trend.

Bearing in mind the results of successive Results Oriented Monitoring (ROM) exercises, the identification and formulation of new interventions under the 2007-13 CSP will have to take into account the fact that the prolonged political instability since 1997 has generated a worrying weakness in the institutional and legal framework of the State, which is the counterpart of all the EC-funded bilateral cooperation programmes. Additionally, the persistent lack of counterpart funds, whether at central, regional or municipal level, has condemned EC interventions to an overly slow rate of implementation, an undesirable institutional instability and a downsizing of initially agreed objectives. In order to overcome these limitations and to promote the ownership and appropriation of the EC-funded programmes by the beneficiary, all new interventions to be identified within the present CSP will need to assess the capacity of beneficiary institutions to design a coherent policy framework.

Another important lesson from previous years is the need to achieve improvements in donor coordination and alignment. Based on the EU Development Consensus and the Paris Declaration on Harmonisation and Alignment, the EC will step up its already considerable efforts to ensure coordination with Member States and other donors to bring forward common positions to the GoB and to achieve complementarity of interventions.

## **4.3 Programmes of EU Member States and other donors**

Bolivia is a major recipient of official development assistance, from both bilateral and multilateral donors. The country receives resources amounting to almost 10% of GDP. In 2004, 58% of the State's investment budget came from international cooperation. All this aid is channelled through interventions in many sectors and geographical areas, making for a fairly disparate framework of action. Because of this situation and the Government's limited institutional capacity to harmonise, coordinate and direct that aid, obtaining reliable data is extremely difficult. Consequently, in this section and its respective Annex (see Annex 7), the data provided are the best possible estimate. Greater efforts need to be made to establish a database that can be used as a basis for an enhanced dialogue between the Government of Bolivia and the international community.

Bolivia receives international cooperation aid from: a) international financial agencies; b) the UN; c) bilateral cooperation; and d) NGOs.

- Financial agencies, which provide loans on preferential terms, are headed by the World Bank and the IDB, which allocate their funds to 12 different sectors, of which education, health, basic sanitation and transport are the most important. The CAF concentrates its actions on trade and finance, rural development and transport.
- The UN presence in Bolivia is managed by nine of its agencies, among which UNDP, UNICEF, WFP and UNODC have the largest programmes.
- Nine of the EU Member States run major bilateral cooperation programmes, traditionally headed by Germany, the Netherlands and, recently, Spain. In the case of all these Member States, the sectors that receive the most aid are governance, rural development, education, and water and sanitation. Particular attention has been paid in recent years to the promotion of improved governance and this sector remains a priority for a number of Member States. The EU, including Member States and the Commission, contributes one third of total cooperation funds and more than half of non-reimbursable funding.
- Other major bilateral donors include the USA, with a substantial programme of support for alternative development and the fight against drugs, followed by Japan, Canada and Switzerland.
- Data on the non-governmental sector are disparate. However, the sector's importance in terms of volume of funds and the relevance of its actions is widely acknowledged.

The Morales administration is committed to improving alignment and harmonisation based on the Paris Declaration. Following the presentation of the new National Development Plan, coordination groups under Government leadership have been set up, one of them co-chaired by the EC, and a road map for the process has been proposed. The EC has in addition supported this process through the organisation of training, for Government employees as well as donor agency officials, on budget support approaches to development financing.

Notwithstanding some difficulties in achieving effective EU coordination of cooperation activities in Bolivia, the EC has established acceptable levels of complementarity with some of the programmes of the Member States, particularly in the water and basic sanitation and alternative development sectors. Special mention should be given to the Multi-Donor Budgetary Support Programme (PMAP), a mechanism for coordinating budgetary support that involves various donors and in which the EC participates.

#### **4.4 Coherence with EU/EC policies**

##### ***4.4.1 General framework for political and other relations***

Political relations between the EU and Bolivia are conducted not only bilaterally but also in the framework of regional relations between the EU and the Andean Community, - *inter alia* through political dialogue, high-level dialogue on drugs and the framework cooperation agreement. For a number of years, major efforts have been deployed by the EC to support Bolivia's integration within the Andean Community. In May 2004, at the summit meeting between EU and Latin American leaders in Guadalajara, the EU and the Andean Community declared that their common strategic objective was to conclude an Association Agreement, including a Free Trade Agreement, between the two regions. Prior to the launch of such negotiations, and in order to assist the internal Andean regional economic integration process, a joint assessment exercise was undertaken during 2005. Recalling the Guadalajara commitment

but mindful of the crisis which had been caused by the departure of Venezuela from the Andean Community, at the Vienna summit in May 2006 it was agreed that the EU and the Andean Community, under the *pro tempore* Bolivian presidency, would seek to clarify and define the bases for negotiation which would allow for the full and beneficial participation of the parties. A joint report on the assessment exercise was adopted in July 2006, with negotiations between the two regions expected to be launched in 2007.

In a bilateral context, the EU deployed an Election Observation Mission (EOM) to observe the elections for the Constituent Assembly and the referendum on regional autonomy which were held in Bolivia in July 2006. The EOM's conclusion was that, notwithstanding certain shortcomings, the electoral process complied with international standards and national legislation, especially in the areas of freedom of expression and transparent election administration. The EU issued a series of Presidency declarations between 2003 and 2007, all of which to varying degrees expressed concern about protecting and strengthening democracy, democratic institutions and the rule of law, while underlining the importance of dialogue in helping to achieve sound and effective reforms as well as political and economic stability and social cohesion.

At the start of the 21<sup>st</sup> century, relations between the EU/EC and Bolivia were dominated by the development cooperation dimension, by conflict prevention and support for democratic governance, and by dialogue and cooperation in the fields of drugs and alternative development. Other policies have a somewhat lesser importance in the relationship. These policies are described in greater detail below.

#### **4.4.2 Trade policy**

The Commission is seeking to strengthen and expand trade relations on the basis of transparent and non-discriminatory multilateral rules, including customs and trade facilitation measures and the acceptance of international standards such as the World Customs Organisation's Framework of Standards to Secure and Facilitate Global Trade, as well as through the World Trade Organisation negotiations launched at Doha. Efforts are also being made to encourage Bolivia's further economic integration into the Andean Community, with the ultimate objective being the conclusion of an Association Agreement, including a Trade Agreement, between the two regions.

Between 1990 and 2005, Bolivia benefited from the EU's "Drugs" GSP (Generalised System of Preferences) régime, which permitted duty-free access to the EU for the great majority of products originating in Bolivia and other countries committed to combating the production and trafficking of illicit drugs. As of 1 July 2005, this régime was replaced by "GSP Plus" which will be available through to 2015 to countries which undertake to ratify and implement effectively a series of UN and ILO conventions on labour and human rights, environmental protection and good governance. Bolivia has complied with these requirements and therefore retains through GSP Plus the privileged market access to the EU it had under the GSP Drugs arrangement. Although these régimes allow more than 90% of Bolivia's exports to enter the EU duty-free, Bolivia has not been able to take full advantage of the market openings they provide. Indeed, it has been the least successful of the Andean countries in this respect, achieving an average annual increase of only 0.6% in the volume of goods exported to the EU. Bolivia therefore needs to take further steps in response to the challenge of diversifying its exports to and stepping up trade relations with the EU.

This challenge has been addressed in part by the EC-funded *Programa de Desarrollo del Comercio y Promoción de las Inversiones en Bolivia* (PROCOIN) as well as by several programmes being undertaken at the level of the Andean region within the framework of the EC Regional Strategy Paper for 2002-2006. The objective of PROCOIN is to improve the flows of

external trade and step up investments between Bolivian and European firms in order to consolidate sustainable methods for promoting economic development and job creation, thus contributing to poverty reduction. For the period 2007-2013 the new Regional Strategy provides for further regional interventions while, within the response strategy for Bolivia outlined below, the actions to generate sustainable economic opportunities will complement the activities undertaken at regional level by including appropriate elements with a specific focus on Bolivia's trade within the Andean region and with the EU.

#### **4.4.3 *Agriculture – the Common Agricultural Policy***

The EU's Common Agricultural Policy (CAP) does not have any major impact on Bolivia given that Bolivia does not currently export to the EU any agricultural products which are in direct competition with those produced in the EU. Nevertheless, Bolivia is a member of important country groupings within the international agricultural negotiation arena, including the Cairns Group and the G-20, and shares their demand for the elimination of agricultural subsidies and tariff- and non-tariff barriers on the part of the EU and the US. Bolivia has the potential to achieve significant levels of agricultural and agro-industrial exports, with a concomitant impact on job creation and the development of rural areas. In order to realise this potential, productivity and competitiveness and also trade and export capacities will need to be stepped up. Within the response strategy for Bolivia outlined below, the interventions to generate sustainable economic opportunities will seek to maximise the extent to which the opportunities offered by the European market can be used to generate economic development in rural and agricultural areas.

#### **4.4.4 *Sanitary and phytosanitary control and consumer protection***

Community policy in the area of sanitary and phytosanitary control and consumer protection aims to ensure that the economic and health interests of European consumers are safeguarded and that European food security and public health are protected. EU policies for these purposes are sometimes perceived by Bolivian producers and exporters as amounting to non-tariff barriers to trade which limit the access to European markets of certain exports, mainly agricultural products. Bolivia has questioned, in particular, the EU decision to reduce as of January 1999 the permissible level of aflatoxins in Brazil nuts, of which Bolivia is the largest exporter in the world and the EU the largest importer, to 4 parts per billion. Bolivia claimed that this reduction had adversely affected its Brazil nut exports and sought recognition by the EU for its certification procedures. The EC has carried out various activities in response, including a technical assistance mission which was undertaken in 2004. In addition, assistance to strengthen Bolivian institutions such as the *Servicio Nacional de Sanidad Agropecuaria e Inocuidad Alimentaria* (SENASAG) in order to improve the technical and sanitary control frameworks has been included in the PROCOIN programme currently being implemented by the EC. Further actions to improve sanitary and phytosanitary conditions and controls are likely to be included in the programmes intended to generate sustainable economic opportunities as envisaged in the response strategy for 2007-2013 outlined below, with a view to promoting agricultural development and the trade and export of agro-foodstuffs.

#### **4.4.5 *Environmental policy***

The EU's environmental policy relevant to Bolivia and its Andean neighbours focuses in particular on the Sixth Community Environment Action Programme (6<sup>th</sup> EAP, 2002-2011) and efforts to encourage Bolivia to implement its international commitments under multilateral environmental agreements. The EU has detailed policies on, and plays an important role in, critical environmental areas such as climate change, pollution, biodiversity and sustainable management of natural resources, including forests and water. Bolivia has made significant progress during the last decade in adopting and implementing the new paradigm which favours the sustainable development of natural resources and environmental protection. However, as

mentioned in Chapter 3.4 above, the country is faced with a number of serious environmental threats which require a response. These include climate change, deforestation, loss of biodiversity, contamination of soils and water, erosion and a lack of capacity at national and local level to implement effective environmental management. Bearing this in mind, the response strategy for 2007-2013 outlined below proposes not only that environmental concerns be fully integrated as a cross-cutting theme within the first two priority sectors but also that a specific action in the field of sustainable environmental management be adopted as the third priority sector for the period.

#### **4.4.6 Research and Development Policy and Knowledge Society**

The EU's policies in the areas of research and development, education and culture and information society represent an important component of the EC's cooperation with Bolivia. Bolivia has participated in successive EU research Framework Programmes (FPs), above all in the International Cooperation (INCO) programme geared to generating context-specific knowledge-intensive solutions in partner countries. Given the limited size of the country's national research system, Bolivian teams have been active mainly in food security and water and other environmental issues of national and regional importance. Bolivian teams participated in seven research collaborations in FP6 alone (2002-2006). Bolivia will have the opportunity to benefit from participation in FP7 (2007-2013), through involvement in FP7's Specific Programme *Cooperation*, either in the generic international opening or in Specific International Cooperation Actions (SICA, replacing INCO, now mainstreamed into all research themes); in the Specific Programme *People*, through Marie Curie researcher mobility; and in the Specific Programme *Capacities* promoting bi-regional research policy dialogue. Specific support measures and networking among national contact points in Europe and Latin America within the EU Research Framework Programme aim at improving the general context for research and development.

Cultural and educational programmes include student scholarships and the establishment of networks between academic institutions. In the field of higher education, Bolivia has been eligible for the EC's Erasmus Mundus programme since its inception in 2004, thus providing support for the participation of Bolivian graduate students in European masters' courses.

In the area of information and communication technologies, the major objectives for cooperation with Latin American countries include the promotion of an information society aimed at fostering regional integration, as well as digital inclusion and social cohesion, and the integration of the countries of Latin America into the global information society; the promotion of the interests of European companies and players in Latin America; and the reinforcement of technological cooperation in the information society field, notably through the EU's research and technological development programmes and also through regional cooperation programmes such as @lis (*Red Clara*).

#### **4.4.7 Conflict prevention**

The EU has a range of instruments available for the prevention of conflict, including: development cooperation; trade, social and environmental policies; diplomatic instruments and political dialogue; and specialised tools such as the EC's Stability Instrument. The Commission's 2001 Communication on Conflict Prevention and the European Security Strategy adopted by the European Council in 2003 underline the importance of taking an integrated approach to conflict prevention and crisis management. As stated in the European Consensus on Development adopted in 2005, the EC seeks to develop comprehensive plans for countries where there is a significant danger of conflict, aiming to support conflict prevention and resolution by addressing the root causes of conflict, including poverty, degradation, exploitation and unequal

distribution and access to land and natural resources, weak governance, human rights abuses and gender inequality.

As noted in Chapter 3.6.1 above, the levels and intensity of conflict have been exceptionally acute in recent years in Bolivia. In response to this situation, the EU has made use of various instruments, notably the Rapid Reaction Mechanism (RRM) – the financial instrument which preceded and was replaced by the Stability Instrument – in order to address the root causes of political instability in the country. In 2003 a conflict assessment mission was mounted through the RRM, concluding that conflict prevention measures were urgently needed in Bolivia. In 2004, EC funding was provided to the Organisation of American States to improve the conflict prevention and management capacities of the Ministry of Labour, trade unions and employers' organisations. Further RRM funding was used by the EC to support the Club of Madrid, which undertook a series of high-level advice and mediation missions to support the strengthening of political leadership, consensus-building and constitutional development during 2005. In 2005-2006, a € 1 million programme of actions to help to support the process of political and constitutional transition was financed through the RRM. Since 2005 the EC and the EU Member States have stepped up efforts to work in a coherent and structured way to help achieve greater political and social stability and strengthen democracy in Bolivia.

The EC interventions in the field of alternative development have, moreover, played an important role in conflict prevention and mitigation in Bolivia. Emphasis has been placed on conflict prevention in every strand of the PRAEDAC programme in the Chapare region, the PRODEVAT programme and the two successive APEMIN programmes in the mining and inter-Andean valley regions from which labour has migrated to the coca-producing areas. Within PRAEDAC a study dealing specifically with conflict prevention and resolution was carried out. The FONADAL programme was approved in 2004 on the basis of a broader concept of alternative development in which conflict prevention was incorporated with even more specificity.

As mentioned above, although the election of Evo Morales marked a dramatic shift in Bolivia, the country remains prone to conflict and there are key areas such as regional autonomy and land reform which may yet lead to renewed conflict at various levels. The establishment of institutional mechanisms with which conflict can be managed locally, regionally and nationally, within a context of decentralised government and with the participation of civil society, is a necessary precondition for achieving social cohesion and improved levels of human development in Bolivia. All of the interventions envisaged in the present strategy will have to be designed with this in mind, seeking wherever possible to contribute to and develop such mechanisms at all levels.

#### ***4.4.8 Policy on fighting illicit drugs***

The EU's policy on fighting illicit drugs is reflected in, and inspired by, five principles of international drug policy adopted at the UN General Assembly Special Session on Drugs of June 1998. These principles are: shared responsibility; emphasis on multilateralism; balanced approach; development mainstreaming; and respect for human rights. EU efforts to combat the consumption, production and trafficking of illicit drugs are pursued within the framework of the EU Drugs Strategy (2005-2012) and the EU Drugs Action Plan (2005-2008), which provide for a balanced, integrated approach to the problem of illicit drugs. The Strategy focuses on actions to reduce demand and supply, but also covers international cooperation in the form of enhanced EU action to promote a balanced approach to the drugs problem in international organisations and to provide assistance to third countries to curb demand for and supply of illicit drugs through development cooperation, including through coordinated action against drug trafficking. The section of the 2005-2008 Drugs Action Plan which addresses international cooperation

states that particular attention should be paid to cooperation with the countries of Latin America and the Caribbean.

At the Andean level, the EU's shared responsibility in the fight against illicit drugs has been and will remain reflected in the cooperation activities detailed in the EC Regional Strategy Paper (RSP). Regional cooperation has, to date, tackled drug precursors and synthetic drugs, and the RSP for 2007-2013 identifies action to support the fight against illicit drugs as one of the main focal areas for cooperation. These cooperation activities complement other instruments such as participation in multilateral discussions within the UN Commission on Narcotic Drugs, the EU-LAC Coordination and Cooperation Mechanism on Drugs and regular EU-CAN High Level Specialised Dialogues on Drugs, as well as agreements and meetings on chemical precursors between the EC and the four countries of the Andean Community.

Cultivation of the coca leaf in Bolivia is spread throughout the central and northern Andean Ridge. It is used as a stimulant to cope with problems such as altitude, hunger and cold, and as a remedy for a range of medical complaints. Bolivia is the world's third largest producer of coca leaf. The extent of Bolivian cultivation increased for five years to 2004, but then fell by 8% to an estimated 25,400 ha in 2005. Bolivian coca cultivation accounted for 16% of global cultivation in 2005, well below the levels estimated in the early- to mid- nineties when Bolivia accounted for about a quarter of the global total. Bolivia has ratified the three main UN Conventions governing international drug control, but has reserved itself the right to allow limited coca cultivation for "traditional use". Bolivian law (*Ley 1008*) currently provides that up to 12,000 hectares may be cultivated legally for traditional purposes. The Morales Government seeks to legalise coca cultivation and its processing for licit uses such as medicines and foodstuffs, while at the same time combating illicit drug production and trafficking.

Illicit coca production is the result of extreme poverty in the regions from which labour migrates to coca-producing areas, of moderate poverty in the coca-growing areas, and of the insecurity and lack of alternative employment prospects outside the traditional agricultural sector, especially in the coca-growing areas. As mentioned in Chapter 4.1 above, the EC has been supporting interventions in the field of alternative development since 1998 and has become a leading donor in this area together with the US. This leadership is based on the successful implementation methodology which has been developed, the high degree of trust established with the beneficiaries and their leaders, and the nature of the geographical and thematic coverage achieved in the programmes undertaken to date. It is proposed to build on the positive perception by the Bolivian authorities of EC interventions in this sector by prioritising as one of the three focal sectors from 2007 onwards the provision of support for Bolivia's fight against illicit drug production and trafficking through comprehensive development and rationalisation of coca production with social control mechanisms.<sup>12</sup>

#### **4.4.9 Migration**

According to the EC's 2002 Communication on "Integrating Migration Issues into the EU's External Relations," cooperation with third countries in the area of migration entails addressing the root causes of migratory movements, establishing partnerships based on common interests with the countries concerned, and taking specific initiatives to help third countries to increase

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<sup>12</sup> The concrete social control mechanisms to be implemented in order to supervise and control coca cultivation and reduction have not yet been defined by the new GoB. Nevertheless, it is envisaged that social organisations (peasant federations, unions of colonisers, producer associations) would be tasked with measuring the coca plots of their members within the corresponding territorial area and enforcing these limits.



their capacity in the area of migration management. The 2005 Communication “Migration and Development: Some Concrete Orientations” identifies ways in which the EU can contribute to achieving effective progress on issues related to the migration-development nexus in partnership with developing countries which are the countries of origin of migrants to the EU. Although Latin America is not a specific priority region within EU policy on migration and asylum, migration has become a major political, economic and social issue for many countries in Latin America. The EU-CAN Political Dialogue and Cooperation Agreement signed in December 2003 contains a clause providing for cooperation in the area of migration.

Bolivia is increasingly affected by the phenomenon, with possibly as many as 2.3 million citizens out of less than 10 million in total living and working abroad (see Annex 11 for further details). Initially based primarily in Argentina, migrant Bolivians have more recently been heading for Europe, in particular Spain, Italy and France. The EU decided in 2006 that, as of April 2007, Bolivia should be brought in line with the other countries of the Andean Community whose citizens are generally required to obtain a visa before travelling to Europe.

Within the framework of its AENEAS programme, which provides financial and technical assistance to third countries in the field of migration and asylum, the EC is considering possible assistance to facilitate the transfer of migrant remittances from the EU to Latin America and the Caribbean, an endeavour which would be of direct interest to Bolivia. Within the programmes to generate sustainable economic opportunities envisaged in the response strategy for 2007-2013 outlined below, the successful generation and promotion of manufacturing activities would not only reduce under-employment and unemployment and increase family incomes, but could also help to stem the flow of migrants and even encourage those currently living abroad to return to Bolivia. There would also be scope for exploring innovative methods of channelling migrant remittances into financing and credit mechanisms to promote economic opportunities and sustainable livelihoods.

## **5. EC RESPONSE STRATEGY**

### **5.1 General objectives and principles for cooperation**

Taking full account of the NDP and, following a process of consultation and dialogue with the Government, international cooperation actors and civil society, the EC has drawn up the following response strategy for cooperation with Bolivia during 2007-2013. The design of the strategy is consistent with the key objectives of the EU-Latin America relationship as defined at the 2004 Guadalajara Summit and subsequently ratified at the 2006 Vienna Summit, namely social cohesion and regional integration. Social cohesion involves the promotion of political and social inclusion, the availability of decent work opportunities and reducing the marginalisation of specific social and economic groups.<sup>13</sup> Within the response strategy for Bolivia outlined below, the first two of the three priority interventions will include promotion of social cohesion among their main objectives while the third sector will do so indirectly.

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<sup>13</sup> At the level of Latin America as a whole, EC funding is being used to help finance the EUROsociAL programme, which will seek to raise awareness at the political level of the importance of social cohesion and to improve the capacities of public authorities to formulate and apply policies which are effective in promoting social inclusion and cohesion. At the level of the Andean region, EC support has been provided for the implementation of the Andean Community’s *Plan Integrado de Desarrollo Social* (PIDS) and this is likely to continue within the framework of the Regional Strategy Paper for 2007-2013.

The Bolivian Government's approach to poverty reduction, as set out in the National Development Plan, entails a focus on stimulating the small and micro-business sector and generating opportunities for decent work. This marks a shift compared with previous Bolivian development plans which prioritised social investment. The EC response detailed below takes account of and responds to this paradigm shift. Bolivia's domestic stability and international relations are dependent in part on the effective management of the challenges posed by coca cultivation. The proposal that the EC should continue and step up its successful support to the Bolivian authorities in this sector is fully consistent with the priority given to this objective by the Government of Bolivia.

In this context, the EC has prioritised the following strategic areas of intervention:

1. Generating sustainable economic opportunities for decent work in micro-enterprises and small and medium-sized enterprises (SMEs).
2. Supporting Bolivia's fight against illicit drug production and trafficking by means of comprehensive development<sup>14</sup> and the rationalisation of coca production through social control mechanisms.
3. Sustainable management of natural resources, in particular through support for the integrated management of international river basins.

The aim of the EC's interventions in Bolivia, which are detailed below, is to reduce poverty and help the country to attain the Millennium Development Goals, with special emphasis on the first objective (to eradicate poverty and hunger), which is where the least headway has been made to date (see Annex 12).<sup>15</sup> Activities will be directed at promoting social cohesion (hence reducing poverty, inequality and social exclusion) and regional integration. In view of the weakness of national institutions, particularly in terms of formulating and implementing consistent sectoral policies, special attention will be given to institutional capacity-building measures and the promotion of good governance in all instances. Non-state actors will be included in the design of the programmes in each of the focal sectors, where relevant and possible, as well as in the implementation and monitoring phases. Bearing in mind Bolivia's vulnerability to natural disasters, particular attention will have to be paid to the integration of risk management within interventions in disaster-prone areas.

The strategic intervention areas have been prioritised on the basis of the above and following analysis of the support provided by other donors and/or financial backers in Bolivia, to ensure that the EC strategy can respond appropriately to future needs that are not covered by others. Operations will be coordinated and harmonised with the donor community and with the Government, especially during the operational identification and formulation phases, with special emphasis on seeking complementarity with EU Member States. Close coordination (via the PMAP or other similar mechanisms) will continue for any budgetary support interventions; this will include the definition of conditionalities and performance indicators based on international best practices.

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<sup>14</sup> Consistent with the Government's terminology, the term "comprehensive development" is used instead of the earlier term "alternative development". Comprehensive development refers to actions undertaken in both coca cultivation areas and labour out-migration zones, with the specific objective of preventing excess coca production.

<sup>15</sup> According to the "Second Report on the Millennium Development Goals, Bolivia 2002" (INE, UN and UDAPE) and the information provided by the "Third Report: Progress of the Millennium Development Goals" (UDAPE, CIDM, WB and PROCOSI), of the eight Millennium Development Goals, those relating to poverty reduction and environmental sustainability have made the least headway in Bolivia.

In prioritising these strategic sectors, account has also been taken of the experience and comparative advantages that the EC has acquired in its relations with Bolivia, and of the specificities of EC procedures and the EC's Financial Regulation. Maximum internal coherence between the different EC programmes will also be sought.

Conflict prevention is a major concern in Bolivia which requires special emphasis. Possibly the most important of the many sources of conflict in Bolivia is inequitable access to, and lack of, economic opportunities. The generation of enhanced economic opportunities, proposed below as the major priority sector for intervention, will thus have a direct and indirect impact on conflict. In addition, it is envisaged that actions to prevent and manage conflict will be mainstreamed within all EC interventions and that, where relevant, conflict prevention will be specified as a direct or indirect objective. Finally, given the volatile and often unpredictable nature of conflict in Bolivia, there will be a continuing need for the EC to address this concern through other financing instruments such as the Stability Instrument and thematic budget lines dedicated to funding the promotion of human rights, actions by non-state actors and others.

It is an undisputed fact that after several years of intensive support for strategic sectors such as water/sanitation, alternative development and food security, the EC has secured a lead position that has enabled it to establish a direct and positive relationship with the Government on policy definition and intervention fields. This position will be used to ensure the continuity and further evolution of these programmes, in particular the alternative development approach in out-migration zones. The water and sanitation sector will receive considerable support until 2009 based on the Country Strategy Paper for 2002-2006. Once it has been possible to analyse the sector's performance during this period, and taking into account the EU Water Initiative, additional financial support could be considered for the second National Indicative Programme period (NIP II – see Chapter 6.4).

The proposed intervention areas identified in this strategy are fully consistent with the Commission's strategies at a regional level, particularly as regards the emphasis on social cohesion through improved access to sustainable economic opportunities and support for Bolivia's fight against illicit drug production and trafficking, and on regional integration through sustainable management of watersheds that Bolivia shares with its neighbours in the region.

## **5.2 Focal sectors and specific objectives for cooperation**

### **5.2.1 Generating economic opportunities for decent work in micro-enterprises and small- and medium-sized enterprises (SMEs)**

#### **5.2.1.1 *Grounds for intervention***

Reducing poverty and achieving the Millennium Development Goals in Bolivia will not happen without an increase in per capita income via employment generation. The country has a precarious labour structure, with high levels of unemployment and widespread under-employment. Under-employment stems largely from the wide disparities between production and service sectors, the specific location of activities (in rural or urban areas), their legal nature (formal and informal), the level of training of the working population and, finally, aspects related to gender and ethnic origin (see Annex 8, INE data).

In Bolivia, most poor people's income (monetary or non-monetary) and employment are generated on the basis of the family economic unit. In both rural and urban areas, employment within the family economic unit is based on a work distribution strategy which is differentiated according to gender and age and entails diversification of productive and economic activities, designed to limit risk as much as possible and to maximise available labour. This strategy also includes a high degree of spatial mobility on the part of family members, particularly men aged

between 15 and 45 years and women without dependents. This entails undertaking short to long-term temporary migration depending on employment prospects outside the area of usual residence. The upshot is highly unstable jobs, poor pay and hence insufficient generation of income. Generally speaking, poor people in Bolivia work on the basis of survival strategies or simple economic reproduction.

This situation is also related to a local context with a highly restricted domestic market (small population in a large country, low labour absorption capacity on the part of companies), and to Bolivia's poor performance on the international market (because of low productivity and competitiveness). The economic growth seen in the last few years has not had the hoped-for impact on the creation of job opportunities and poverty reduction. There is also little capacity for specialisation and business management of manufacturing and economic activities.

Employment generation ultimately depends on business activity. Yet the environment in Bolivia is not particularly conducive to productive development and employment generation. Establishing and getting firms up and running is expensive and time-consuming and involves difficulties in access to financing and credit. The high level of informality in the sector is the result of a complex regulatory and tax situation that entails high costs and difficult barriers, which have a negative impact on business sustainability and survival. Finally, despite the numerous attempts and proposals to tackle this, policy guidelines and long-term strategic planning by the State, which could foster productivity and competitiveness, are lacking. Economic growth that offers greater economic opportunities requires a sound institutional framework and a strategy that supports and promotes real sustainable business development.

#### **5.2.1.2      *Formulating programmes in the sector***

In Bolivia, the implementation of a development strategy for the economic structure is a way to improve social cohesion through the generation of employment, benefiting the majority of the population by means of economic growth. Promoting worthwhile decent work, with acceptable income and appropriate social protection, can contribute to overcoming poverty in a sustainable way and to enhancing social inclusion.

By taking a dual approach, on the one hand sectoral (through the network formed by micro-enterprises and SMEs in strategic sectors) and on the other hand territorial (in urban and peri-urban areas with strong growth potential, with a special emphasis on intermediate cities), and taking into account the current labour market structure, the aim is to have a positive impact on aspects related to the improvement of the productive and institutional environment as elements that generate decent and sustainable employment opportunities. Interventions will focus on linking productivity growth and an increase in the competitiveness of the productive sector with the necessary role that active policies have to play in order to improve the sector conditions and activate the labour market.

Regarding the *productive aspect*, interventions will strengthen Bolivia's capacity to support the private sector through the delivery of financial and non-financial services to companies, with the aim of boosting the productive sector through access to sources of financing, technological innovation, market intelligence and information, and enhancing those sectors and geographical areas capable of generating economic growth and quality employment.

Another important aspect is *training and professional orientation*. The aim is to support the consolidation of an integrated training and labour orientation system (closely coordinated with the ongoing reform of the education sector) that can respond adequately to the current and potential future demand for labour, and which is linked with both the productive sector and technological innovation institutions. In addition, and to facilitate employment policies, it will be

necessary to ensure that appropriate and updated sources of information about labour statistics are made available, by means of employment observatories and employment agencies.

Finally, the *institutional aspect* plays a fundamental role in an economic growth and competitiveness strategy that includes the generation of decent employment as an explicit aim. In order to improve social cohesion, the challenge is to put into practice public policies that link macroeconomic issues (exchange- and interest-rate policies) with those aimed at improving the business environment (financial and non-financial services, administrative simplification, legal and fiscal aspects) and with active policies towards the labour market, with the objective of supporting greater levels of employment and economic activity in the formal sector. Strengthening of the capacities of municipal and regional institutions constitutes a key element in this approach.

A crucial element of any intervention will be to take into account, and respond appropriately to, the existence of a wide informal economic sector and the possibilities for its insertion in the formal economy. It is equally important to stimulate the development of the private sector in areas of greater added value, not only in economic terms but also in terms of stability, social security and safety at work, in order to contribute to the conformation of both equal and competitive structures. A very important aspect is the relationship with markets through increasing commercial integration at both regional and international level, but without neglecting the importance of developing the internal market. Increased competitiveness should allow for a greater export capacity while also improving the competitiveness of national production in relation to imports because of the increasing comparative advantages.

As regards active policies in the national context, it will be necessary to consider the dynamic locally-based economies, identifying developing territorial clusters, innovative regions or intermediate cities as suitable areas for the design of policies and institutional actions. Linking micro-enterprises and SMEs within productive territorially-based networks is a strategic priority, because they play a fundamental role in bringing about employment stability, local economic development and territorial integration. Likewise, efforts related to productive transformation and market insertion must take into account the rural sector, stimulating productivity and encouraging the development of economic clusters contributing to decentralisation.

The programmes will address cross-cutting concerns such as land tenure and use, and will include actions to tackle gender and ethnic inequalities. Full account must be taken of the fact that many of Bolivia's poor rely for their livelihood on the exploitation of natural resources, and that the sustainable reduction of poverty is closely linked to natural resources management policy. Special attention will be given to international trade agreements signed by Bolivia, to ensure that the actions proposed contribute to increasing Bolivia's inclusion and competitiveness within and beyond the Andean Region. EC support may include further assistance to strengthen Bolivia's integration in the Andean region as well as in the global economy. In this context, particular consideration will be given to the relevance of conducting a Trade Needs Assessment in order to ensure that all relevant trade-related needs are taken into account and reflected in the detailed plan of activities to be undertaken. The definition of any activities to be undertaken will also take full account of the results achieved through the EC-supported PROCOIN programme, under implementation from 2004 to 2008, whose objective is to promote Bolivia's international economic insertion particularly with regard to relations with the EU.

### 5.2.1.3 *Risks*

In order to achieve the desired impact, the environment needs to be conducive to investment and business consolidation, regardless of scale. State institutions and private operators need to demonstrate their willingness to implement the measures required to achieve this, and the broad political objectives of the NDP must be complemented by concrete action plans.

The success of the programmes to be supported by the EC will therefore depend on the following factors: maintaining a sound institutional and regulatory environment; increasing legal certainty; and achieving a significant reduction of social and political conflict in Bolivia. Success will also depend on the Bolivian State managing to gain a sustainable footing in the international arena by signing agreements with countries or groups of countries from the region, the continent and the rest of the world. Although the degree to which EC actions can help to mitigate these risks is limited, it is worth underlining the fact that EC and EU discussions with the Bolivian authorities in the political dialogue context focus significantly on the importance for Bolivia of strengthening legal certainty, preventing and reducing conflict, and securing international agreements which include trade provisions, notably an EU-CAN Association Agreement in respect of which negotiations may commence in 2007. Finally, natural disasters can affect all of this, especially in certain areas of the Bolivian *Altiplano*, thus jeopardising farming production capacity which remains the cornerstone of the Bolivian economy. This factor is beyond the control of the Bolivian State.

## **5.2.2 Supporting Bolivia's fight against illicit drug production and trafficking - comprehensive development and rationalisation of coca production through social control mechanisms.**

### **5.2.2.1 Grounds for intervention**

Over the past decades, Bolivian society has suffered from the devastating influence of illicit drug production and trafficking in all its dimensions: internal migratory flows contributing to social instability and conflicts; drug money having a negative impact on sustainable economic development; the presence of organised crime leading to increased corruption; and political parties, the judiciary, the armed forces and police being undermined by drug dealers. Although some progress has been made in tackling this scourge, much remains to be done.

Due to the extreme conditions of poverty in the high valleys of the *Altiplano*, the decline of the national mining industry and a lack of employment opportunities, tens of thousands of mainly poor and indigenous peasants migrated to the tropical lowlands from the early 1980s onwards, attracted by the easy cultivation of coca. As a result, the main production areas, Chapare and Yungas in the Departments of Cochabamba and La Paz respectively, saw an increase in coca production, historically covering around 5,000 hectares but which reached 50,000 hectares in the mid-1990s, of which an estimated 80% was used to produce cocaine. Bolivia's international relations are marked by its commitment to the fight against drug production and trafficking. Under the principle of shared responsibility and taking into account the EU Drug Action Plan 2005–2008, national efforts should be supported in order to help Bolivia to comply with its international obligations.

Successive Bolivian governments since 1988 have made efforts to control coca cultivation and fight drug production and trafficking by applying a wide range of instruments such as financial compensation for coca reduction, militarised eradication campaigns and alternative development. Although the area under cultivation declined to some 25,400 ha in 2005, this still goes far beyond the legally established 12,000 ha for internal traditional consumption of coca. On the other hand, despite an estimated USD 700 million having been spent on alternative development over the last 15 years, the lack of adequate economic opportunities and

infrastructure still makes coca cultivation attractive and keeps coca growers socially marginalised. It is therefore necessary to support the efforts of the Bolivian government to consolidate and build on the progress made so far.

The EC has intervened in alternative development since 1998. The intervention areas are both production and out-migration areas and also so-called risk zones, represented by national parks which surround the production areas and where coca production is increasing. The intervention logic rests on two main components. On the one hand, promoting citizenship and social inclusion by providing access to basic services, land titling and identity cards, environmental mitigation, and institutional strengthening in order to consolidate the effective presence of State institutions. On the other, promoting economic opportunities in farming and in other sectors, focusing on small-scale enterprises with high employment generation potential and on local and national markets. An integrated and participatory approach has been used and, most importantly and in line with the policy of the Bolivian authorities, activities have not been made conditional on the eradication of coca. In recognition of the success of the alternative development programmes undertaken in the framework of the 2002-2006 CSP, the EC has been requested by the Bolivian Government not only to maintain but to increase considerably its support for such interventions during the period 2007-13. As previously mentioned, these will now be referred to as “comprehensive” rather than “alternative” development programmes.

The Government, having regard to the traditional place of coca cultivation and consumption in Bolivia, proposes two main components in its fight against illicit drug production and trafficking, within the framework of its *Estrategia de Lucha contra el Narcotráfico y Revalorización de la Hoja de Coca 2007-2010*. Firstly, the reduction of coca cultivation to one *cato* (1,600 m<sup>2</sup>) per family registered as members of, and controlled by, peasant organisations. Secondly, the control and seizure of chemical precursors which can be used for cocaine production. The reduction and rationalisation of coca cultivation will be carried out through social control mechanisms. It is planned to continue the land titling process in coca production areas in order to register all coca growers and their respective plots. Bearing in mind the limited success of all previous eradication measures, and taking into account the proven ability of the coca growers’ organisations to exercise control over their members, this new approach is worthy of support. The importance of controlling chemical precursors is already recognised by the EC, which has financed the *Proyecto Regional para el control de los productos precursores en los países andinos* (PRECAN) at the regional level. Reinforcing this initiative at the national level will have a positive impact in the fight against illicit production of coca and cocaine.

#### **5.2.2.2 *Formulating programmes in the sector***

In the field of comprehensive development, it is proposed to adopt a sector-wide approach based on the existing institutional framework and on the National Plan for Comprehensive Development (PNDC), recently presented by the Bolivian Government. With respect to the former, the EC is already supporting financially and technically the National Alternative Development Fund, FONADAL. With respect to the programmatic basis for a sectoral approach, the principal concepts of previous alternative development plans, developed jointly with the EC, are maintained. However, in this regard, any Government plans for the industrialisation of coca leaf would have to be carefully reviewed in terms of their compatibility with existing international drug control agreements, as well as the stimulus they may provide to increased coca cultivation. Special emphasis will be placed on generating economic opportunities in coca production areas and incorporating food security modalities, particularly in out-migration zones. The previously successful implementation methodology - involving elements such as non-conditionality, participation and comprehensive development - will be further developed.

With respect to the campaign to “rationalise” coca cultivation (i.e. to adjust production to legal demand) using social control mechanisms and the control of precursors, a traditional project approach is proposed since projects will be agreed with different institutional counterparts. Land titling will be at the centre of the EC support, including the generation of satellite-based geographical information systems, and the equipment, training and operation of growers’ organisations. Special attention will be given to the prevention and mitigation of conflict. The control of precursors will include equipment, training and operation of corresponding national institutions.

### **5.2.2.3        *Risks***

It will be important that Bolivia sticks firmly to its commitment to fighting drug production and trafficking and respects the respective international agreements. The Morales Government is seeking support for an international campaign to legalise the use of coca leaves by demonstrating that they have beneficial properties for human health in order to achieve the elimination of the coca leaf from Schedule I of the UN Convention on Drugs of 1961. On the other hand, Bolivia is trying to consolidate the export of coca leaves to Argentina and other countries, which is not permitted under this UN Convention. These activities have not been met with any support from the international community. Even though, for the time being, it seems likely that Bolivia will continue to comply with its international commitments, it will be important to monitor developments which could affect the rationale for the EC’s support to programmes as described above.

With regard to implementation, it should be borne in mind that the intervention has been explicitly requested by the Morales Government which has strong support from coca growers’ organisations, particularly in the Chapare region. Therefore, there is a low probability of major risks during the implementation. On the other hand, risk assessment and mitigation measures have been developed during the long experience of the EC in alternative development in Bolivia and will continue to be relevant in future programmes.

## **5.2.3    Sustainable management of natural resources, in particular through support for the integrated management of international river basins**

### **5.2.3.1.        *Grounds for intervention***

Bolivia’s abundant natural heritage and its acknowledged biodiversity are threatened mainly by rapid deforestation, water pollution and an alarming deterioration in soil quality, all of which affect the welfare of the poorest populations. The encroachment of agriculture, migratory flows, drug trafficking and the exploitation of hydrocarbons impinge on the outer limits of the country’s national parks, protected areas and forest reserves. This situation has fuelled regional and sectoral conflicts, and causes uncontrolled migratory movements.

Bolivia has created a modern framework of environmental regulations. However, because of serious institutional weaknesses, it is not being applied. Achieving Objective 7 of the Millennium Development Goals - ensuring environmental sustainability - remains a major challenge for Bolivia (see Annex 12). The sustainable management of natural resources based on a model of land-use planning that promotes local economic and productive development would contribute directly to poverty reduction.

In this context, the integrated management of river basins is a particularly important challenge. Bolivia has three principal river basins or macro basins: the Amazon basin (which covers 724,000 km<sup>2</sup>), the Paraguay-Paraná basin (229,500 km<sup>2</sup>) and the Altiplano basin (145,081 km<sup>2</sup>). All these basins are shared with several neighbouring countries. There are major problems in managing these resources, which have a serious impact on poverty eradication and



environmental conservation. On the one hand, several severe natural disasters have occurred in Bolivia during past years, such as the flooding of huge populated areas, destruction of road infrastructure and loss of export commodities (mainly soya) and subsistence crops, due to the elimination of the forest cover on the river banks and excessive urbanisation and peasant activities in sensitive parts of the catchment areas. On the other hand, several rivers in Bolivia are heavily contaminated, especially in mining areas such as Potosí, affecting the health of the population since people as well as animals use water directly from the rivers without any treatment. Furthermore, the overuse of geological water resources, particularly in the southern Chaco region, has become a bi-national concern as the Bolivian part of the Pilcomayo river basin fuels this subterranean water reserve which is used as an important fresh water resource in the northern part of Paraguay.

Protecting the environment is one of the EU's main specific policies. Of particular relevance are the EC's integrated approaches to managing basins in order to reconcile the demands of human development with the renewal capacity of natural resources. The international nature of Bolivia's main basins means that such measures will contribute to the process of its regional integration with the other neighbouring countries. Hence, an intervention in this sector will dovetail with and complement the cooperation concerns covered by the Andean Community and the EC under the new regional programming. It will also give continuity to similar interventions that the EC has carried out in the past (with the Tri-National Commission of the Pilcomayo Basin, the Bi-National Commission of Lake Titicaca and in the Piraí River Basin), through which valuable experience has been acquired.

In line with the integrated approach to the management of water resources, and in order to allow the EC's ongoing water and sanitation sector support programme to be brought to a successful conclusion, a final allocation of funds to that programme will be made within this focal sector.

As regards the policy framework, in March 2005 the State presented a draft National Water Basin Programme. Several EU Member States (Netherlands, Sweden, Germany), along with Switzerland, the United States and the European Commission, jointly signed a Memorandum of Understanding with the Government to support this initiative, which represents an important opportunity to achieve complementarity and coherence among the donor community.

One of the first measures implemented by the Morales Government was the creation of a new Ministry of Water, which includes a Vice-Ministry for water basins. The above-mentioned National Water Basin Programme will be further developed towards a national policy on water basins, focusing on the decentralised and participatory management of environmental issues and prioritising the social dimension of basin development plans.

### **5.2.3.2 *Formulating programmes in the sector***

The programmes will be in line with and support the National Basin Programme (PNC) of the Water Ministry, representing the direct beneficiary. In the context of the possible stepping-up of decentralisation at departmental level through the adoption of a new Constitution, programmes could be agreed with these entities since environment problems are generally better managed at local level, applying the subsidiarity principal. The final beneficiaries of the programmes will be the inhabitants of the river basins (which include urban and rural areas), paying particular attention to the rights of the indigenous and native peoples who inhabit and exploit, in considerable numbers, the lower Bolivian basins.

Special emphasis will be placed on Bolivia's international river basins, trying to pass on to the respective international authorities the EC's previous specific experience. Interventions will focus on selecting the institutional model for the respective regulatory organisations for each river basin, drafting integrated management "master" plans that incorporate the specific

conditions of each basin, and establishing networks of institutions involved in their management. The programmes will be developed in accordance with the Integrated Management of Water Resources framework, with special emphasis on the problem of mining pollution particularly in the upper catchment areas. Furthermore, in line with proposals from the Bolivian Government, the integration of economic development issues into the technical concept will be assured. Lessons learned from relevant EC-funded projects in South America and elsewhere will be taken into account in the formulation of future programmes in Bolivia.

The different activities will ensure complementarity with the cooperation programmes of the EU Member States and other donors, and will seek to harmonise procedures with those of Bolivia. Efforts will also be made to ensure consistency with other EC interventions elsewhere in this CSP, particularly with the economic opportunity generation sector. The programmes developed will incorporate cross-cutting issues such as land tenure and use, reducing gender and ethnic inequalities, and promoting environmental sustainability.

As indicated in Chapter 5.2.3.1, a final allocation to the water and sanitation sector programme will also be made, in accordance with the modalities established in the existing Financing Agreement.

#### **5.2.3.3 Risks**

The integrated management of river basins naturally implies different types of technical and socio-economic risk that must be prevented and reduced by means of an appropriate national regulatory framework. Consequently, the final formulation, acceptance and subsequent consolidation of the PNC in Bolivia, in political, institutional and financial terms, could constitute a risk, since the PNC is still at a relatively early stage of development. In view of this, it will be vitally important to have a clear definition of the responsibilities and tasks that the central Government and the Departmental authorities will assume in managing the basins. Natural disasters could, moreover, have an adverse impact on the activities undertaken in this sector. This is a factor which is beyond the control of the Bolivian authorities, although it is clear that the incorporation of adequate risk assessment and mitigation measures can help to minimise the potential impact here.

However, the biggest risk to managing international basins in Bolivia is the possible absence of political commitment at regional level by the neighbouring countries concerned, in respect of ensuring a suitable institutional framework for preparing, financing and implementing master plans for integrated basin management. This factor is beyond the control of the Bolivian State.

## **6. NATIONAL INDICATIVE PROGRAMME**

The preparation of the present Country Strategy Paper has taken full account of the National Development Plan as well as the support being provided to Bolivia by other bilateral and multilateral sources. Careful consideration has been given to the possibility of supporting the implementation of the National Development Plan through some form of general budget support. However, at the time of drafting this Country Strategy Paper, it is felt that all necessary conditions are not yet met for this type of support to be provided. In particular, further work will be required on the part of the Government of Bolivia to define a medium-term budgetary framework as well as a system of indicators and provision for monitoring and evaluation. A further requirement before general budget support could be provided by the EC is the availability of clear information regarding the implementation mechanisms proposed by the Government in order to achieve the objectives set out in the National Development Plan, as well as clear descriptions of how these will impact on poverty reduction and social cohesion, which could be used as performance indicators.

The EC remains committed in principle to channelling its assistance through budget support mechanisms wherever possible, and will monitor closely all relevant developments in Bolivia in order to determine whether conditions exist for this kind of assistance. In this regard, the EC, while willing to play a leadership role in the provision of budget assistance, will require a critical mass of other donors in order to provide assistance under this modality. The provision of budget support will not necessarily be exclusively linked to the Government's requirements for financing the budget deficit, but would be provided in a manner consistent with the EC's commitments under the Paris Declaration on Harmonisation and Alignment to reduce transaction costs and increase the efficiency and speed of aid delivery.

In the meantime, EC assistance will wherever possible be provided in the form of sector or programme support based on defined national sector policies. This will be the modality of choice in respect of the first National Indicative Programme (NIP) covering the period 2007-2010. Thereafter, in the 2011-2013 NIP, it is intended that assistance be channelled through a general budget support approach. However, in the event that conditions during the first NIP period are conducive to earlier use of the general budget support instrument, aid delivery could be re-oriented accordingly in discussion with the national authorities. The EC assistance provided in the framework of this CSP will entail the prior establishment of performance indicators and, in accordance with Article 33 of the Regulation establishing a financing instrument for development cooperation, the Commission will monitor and review the programmes and evaluate their effectiveness, where appropriate by means of independent external evaluations.

## **6.1 Generating economic opportunities for decent work in micro-enterprises and small- and medium-sized enterprises (SMEs) (DAC Code 32130)**

### ***General objective***

To reduce the social divide by generating and consolidating sustainable economic opportunities for poor people, including decent work.

Impact indicators: rise in per capita income and productivity / remuneration between 2007 and 2010. Reduction of the Gini coefficient between 2007 and 2010.

### ***Specific objective:***

Strengthening the productive sector comprising micro-enterprises and SMEs, and improving the institutional framework in order to increase their productivity and competitiveness, which will lead to better market access and integration with the purpose of creating decent and sustainable work.

Type of indicators: progress towards macro-economic policy for growth, employment and improvement of productivity / remuneration; increase in the supply of and demand for work and rise in both economic and social benefits of the target population; increased access to decent employment and sustainable income through enhanced entrepreneurship; increased employability through improved knowledge and skills.

Type of indicators: implementation of public policies and strategies and adoption of rules, regulations and laws to improve the functioning of labour markets and promote entrepreneurship in sectors conducive to growth; increase in the creation and formalisation of companies and technological innovation initiatives and improvement of human resources capacity; increase in proportion of employees and small entrepreneurs who receive training and other forms of skills development; increase in availability and quality of financing mechanisms for the small- and micro-business sector.

Type of indicators: aggregated and disaggregated labour force participation rate (by social, economic and geographical category); indigenous, female and youth participation in wage labour and other income-generating activities; proportion of economically active population contributing to pension schemes.

### ***Expected results***

For the target groups: economic activities will be consolidated and made sustainable as a result of employment generation and improvement in the target groups' income. The formalised micro-enterprises and SMEs will contribute significantly to consolidating the economic and social fabric of the areas and fields concerned. Finally, it is hoped that the policies and strategies implemented by the Government will foster an environment conducive to generating economic opportunities.

Interventions may be targetted geographically on the basis of poverty and other relevant indicators and/or aimed at specific groups of beneficiaries e.g. on the basis of gender, ethnic origin or other criteria such as age (permitting a focus on e.g. young people or elderly citizens). The type of economic activity which may be generated will depend, in part, on the target beneficiaries as well as on geographical, economic and other factors which will have to be analysed during the process of identification and formulation of the intervention(s).

### ***Implementation methods and cross-cutting issues***

To achieve the proposed aims and maintain coherence with probable moves towards greater administrative and political decentralisation in Bolivia, the EC will give preference to programmes that have a regional component, with municipal action units. In accordance with general EC cooperation policy, interventions will adopt a sectoral approach whenever possible. In this way, interventions will be in keeping with the support strategy for the most appropriate national sectoral policies, as will be defined in due course. The programmes will incorporate cross-cutting issues such as land tenure and use, gender and ethnic inequalities, respect for the rights of indigenous peoples and environmental sustainability.

### ***Complementarity with other financing instruments***

As regards cooperation with civil society (NGOs and others), the Commission will encourage ways of taking account of the different opinions on the aims and programmes resulting from the CSP. With a view to contributing to regional integration, the Commission will seek ongoing coordination with programmes under the Regional Strategy. The Food Security Programme (which is scheduled to finish in 2010) will continue to focus on the most vulnerable population in the rural areas of La Paz, Cochabamba, Chuquisaca, Oruro and Potosí, but will seek to ensure complementarity with any future programmes. One of the main results of this programme, in the most vulnerable areas, is to increase the daily income for the target population. Through the intended shift from informal to formal economic activity, conditions of child labour should be improved, in line with the approach followed in the past through the EIDHR and other thematic budget lines. In Bolivia, the AL-Invest programme will contribute to consolidating activities under specific objectives 2 and 3. Finally, given Bolivia's acute vulnerability to natural disasters (droughts, frosts and floods) the link with the ECHO and DIPECHO programmes will be very important, especially in programmes based on farming production. Where relevant, Environmental Impact Assessments (EIAs) will be undertaken at project or programme level, while environmental indicators will be used and disaster risk reduction incorporated in programme design and evaluation.

## **6.2 Supporting Bolivia's fight against illicit drug production and trafficking by means of comprehensive development and the rationalisation of coca production through social control mechanisms (DAC Code 31165)**

### ***General objective***

To support the Bolivian Government in its fight against illicit drug production and trafficking in order to prevent and mitigate conflict, facilitate social cohesion and comply with national and international laws.

### ***Specific objective***

To support the implementation of a wide-ranging national sector policy on comprehensive development through innovative approaches to the reduction of illicit coca production involving social control mechanisms and the control of chemical precursors.

Type of indicators (general): Gradual reduction of the overall area under coca cultivation in Bolivia down to the legally permitted total area, measured in hectares and by yield.

Type of indicators: Consolidation of a legal, institutional and financial framework for the implementation of a comprehensive development policy measured by the existence of a sector-wide approach and the efficiency and sustainability of implementing institutions.

Type of indicators: Growing citizenship among final beneficiaries in specified areas measured by access to basic services, legal security, institutional strengthening, participation and recognition and mitigation of environmental impacts.

Type of indicators: Alternative economic opportunities generating sustainable income for final beneficiaries measured by new and/or consolidated productive chains and clusters, access to new markets at local and national level, number of employment opportunities and small-scale enterprises and generation of off-farm income.

Type of indicators: Food security measures to reduce vulnerability of out-migration zones' inhabitants are implemented under the concept of availability and proper use of food and income-generation to improve their overall nutrition situation.

Type of indicators: Social control mechanisms and supporting instruments designed appropriately; implementation characterised by low conflict level during rationalisation / reduction campaigns and existence of a reliable database on coca production maintained by social organisations.

Type of indicators: Corresponding government entities possess equipment and a database for implementing mechanisms to control the importation, distribution and legal use of chemical precursors for cocaine production which operate efficiently within regional networks, as indicated by efficient use of nation-wide control systems and seizure of illegal precursors.

### ***Expected results***

Under the principle of shared responsibility, the design and implementation of a comprehensive sector policy would permit Bolivia to fulfil its international obligations related to the fight against production and trafficking of illicit drugs. At the same time, comprehensive development under the twin-track approach would prevent and mitigate conflicts in coca production, out-migration and risk zones due to the reduction of poverty conditions and the elimination of coca fields through social control mechanisms. In addition, social cohesion in Bolivian society would be strengthened by diminishing migratory flows and improving social well-being, particularly in

out-migration zones, since interventions will include food security measures. Finally, the rationalisation campaign to reduce overall coca production in Bolivia, controlled and supervised by social organisations, would be carried out without violent conflicts between public forces and coca growers.

### ***Implementation methods and cross-cutting issues***

In order to support comprehensive development, a sectoral approach will be adopted using the existing political, legal, financial and institutional framework of FONADAL (*Fondo Nacional de Desarrollo Alternativo*), which already receives EC funds under the 2002-2006 CSP. In the case of the rationalisation campaign via social control mechanisms, a combination of implementation modalities is envisaged. In both cases, technical assistance will be necessary in areas where technical and institutional weaknesses identified in the sector need to be tackled, in a spirit of transfer of expertise.

Owing to the sensitivity of coca production and related themes such as migration and conflict in Bolivia, consideration of cross-cutting issues and transversal topics must and will play a key role. In general terms, the final beneficiaries are indigenous, poor peasants suffering historically from social exclusion and low human development indicators. The existence of organised crime obliges the Government to implement drug enforcement measures, carried out by military and police forces, which can jeopardise respect for human rights. Finally, the extension of coca production causes considerable environmental damage (deforestation), while cocaine production is damaging not only in human terms (addiction, criminality, etc.) but also environmentally as the large quantities of chemical precursors used in manufacture go on to pollute soils and rivers in rural areas. At the same time, there is a risk that new agricultural or other economic activities could also have a negative impact on the environment due to e.g. the expansion of cultivable land causing deforestation and erosion, increased use of pesticides and so on. Where relevant, therefore, Environmental Impact Assessments (EIAs) will be undertaken at project or programme level, while environmental indicators will be used and disaster risk reduction incorporated in programme design and evaluation.

## **6.3 Sustainable management of natural resources, in particular through support for the integrated management of international river basins (DAC Code 14040)**

### ***General objective***

To enhance regional integration by increasing Bolivia's integration with neighbouring countries by means of dialogue and joint actions on the integrated management of shared river basins in the context of the integrated management of water resources.

### ***Specific objective***

To increase government capacity for the integrated management of water resources, with a particular emphasis on the National River Basin Plan (PNC), to promote the establishment of international river basin organisations that design and implement master plans to improve the living conditions of local inhabitants, and to strengthen dialogue and cooperation with neighbouring countries. (The final allocation of €5.4 million in 2007 to the EC's ongoing water and sanitation sector support programme is in line with the above integrated approach.)

Type of indicators (general): the specific indicators of the aims and results will be decided during the identification and formulation phases of the respective Financing Agreements. Initially the indicators will measure the efficiency and effectiveness of the institutional framework of the PNC, the significance of the institutional resolutions produced by the bilateral mechanisms set up, the improvement in public health and the reduction in the environmental

impact as well as the increase in technical know-how for drawing up master plans as a result of studies and feedback from evaluating pilot schemes. With regard to the the completion of the water and sanitation sector programme (see Chapter 5.2.3.1), the principal indicators will refer to coverage and quality of services.

### ***Expected results***

The PNC, dependent on the Ministry for Water, will have increased institutional capacity to carry out the mandate given to it by the corresponding legislation. The appropriate institutional mechanisms will be established among the neighbouring countries to discuss, agree and implement master plans for the integrated management of the basins they share. Measures to reduce the impact of mining pollution on the river Pilcomayo, and to mitigate and reverse deforestation and other environmental damage will be applied. Under the leadership of the PNC, the corresponding bodies will conduct studies and implement pilot projects in the international basins that Bolivia shares. The decentralised levels of the State as well as communities that inhabit the basins will play an important role in the integrated management of the basins.

As regards the programmes' target groups, special attention will be given to obtaining results among women and indigenous peoples. Interventions will focus on investments designed and prioritised by local communities and regional entities in line with the PNC which views watersheds in a holistic manner as a "space for life". Considering that much of Bolivia's poverty is situated in rural areas and affects indigenous populations in particular, the sustainable and integrated management of water resources plays a key role in contributing to income generation and overcoming marginalisation and exclusion. Combining the conservation and sustainable use of natural resources with social and economic development of the poor is explicitly recognised in the PNC as one of the major challenges to be addressed.

### ***Implementation methods and cross-cutting issues***

As in the other priority sectors, the most suitable methods will be adopted, taking a sectoral approach wherever possible. Nevertheless, implementation modalities must take into account the ongoing discussion on Departmental autonomies, as the final legal obligations and attributions in the management of natural resources remain to be determined by the Constituent Assembly and subsequent referendum.

The main cross-cutting issues to which the EC gives priority apply in the field of river basins. By definition, environmental protection is the priority policy and in particular this intervention will form part of and contribute to the EU Water Initiative launched at the World Summit for Sustainable Development in 2002. It will also make a contribution to the application of the Hyogo Framework for Action (HFA) 2005-2015 which seeks to "[Build] the resilience of nations and communities to disasters."<sup>16</sup> In view of the specific characteristics of Bolivia and its population, actions to take account of and promote the rights of indigenous peoples will be incorporated at all stages of the design and implementation of interventions in this sector. Equally, emphasis will be placed on capacity-building, education and awareness-raising.

### ***Complementarity with other financing instruments***

Operations involving the integrated management of river basins will be coordinated with and will complement other EC interventions in Bolivia, especially those implemented in the context of co-financing of civil society organisations under the past thematic line of Environment and Forests and the new thematic strategy for Environment and Sustainable Management of Natural

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<sup>16</sup> For further information, see International Strategy for Disaster Reduction in the Americas at <http://www.eird.org/index-eng.htm>

Resources including Energy (ENRTP); those carried out at Andean region level under the future Regional Strategy; those implemented in the area of emergency aid and disaster risk reduction by the European Commission’s Directorate-General for Humanitarian Aid (DG ECHO); and programmes coordinated by its Directorate-General for Research (DG RTD). In the context of developing and implementing the Latin America component of the EU Water Initiative, with a particular focus on integrated management of water resources, teams from Bolivia and other neighbouring countries have been involved in several directly relevant collaborative research programmes under the auspices of DG RTD, including a new regional one on mining waste water. In formulating and implementing the programmes to be undertaken in this sector, it will be important to draw on the results of recent and on-going research programmes<sup>17</sup>. The interventions will also seek where relevant to achieve synergies with mechanisms already in place for sharing experiences across borders such as the meetings of Ibero-American Water Resources Directors-General.

#### 6.4 Indicative time table for implementation

Under the Development Cooperation Instrument (DCI), an indicative allocation of €234 million has been earmarked for Bolivia for the period 2007-13.

NIP I : 55% of the total envelope for Bolivia (approximately €134 million)

NIP II : 45% of the total envelope for Bolivia (approximately €100 million)

#### Indicative allocation in € millions

	NIP I					NIP II
	2007	2008	2009	2010	Total	2011-2013
Sector 1	10	25	-	20	55	
Sector 2	20	10	15	-	45	
Sector 3	5	14	15	-	34	

<sup>17</sup> A particularly useful source of information here is the independent review undertaken for DG RTD of the lessons to be learnt from ten years of international science and technology cooperation on projects addressing integrated water resources management – see <http://ec.europa.eu/research/water-initiative>.



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# Annex 1 Map of Bolivia



Map No. 3975 Rev. 3 UNITED NATIONS  
August 2004

Department of Peacekeeping Operations  
Cartographic Section

**Annex 2**  
**Bolivia at a glance**

**Flag:**



<b>Country profile:</b>	Republic of Bolivia    National name: República de Bolivia
<b>Area:</b>	1,098,580 sq km
<b>Population:</b>	9,427,000 (growth rate: 1.9%); birth rate: 23.8/1000; infant mortality rate: 54/1000; life expectancy: 64.5; density per sq km: 8.6
<b>Languages:</b>	Spanish (official), Quechua (official), Aymara (official)
<b>Administrative Capital:</b>	La Paz, 830,500; Historic and judicial capital: Sucre, 204,200;
<b>Ethnicity/race:</b>	Aymaras 25%, Quechuas 31%, caucasians 38 % other 6%
<b>Religion:</b>	Roman Catholic 95%, Protestant (Evangelical Methodist) 5%
<b>Head of state:</b>	President: Juan Evo MORALES Ayma (since 22 January 2006); note - the president is both chief of state and head of government
<b>Legislative branch:</b>	Bicameral National Congress or Congreso Nacional consists of Chamber of Senators or Camara de Senadores (27 seats; members are elected by proportional representation from party lists to serve five-year terms) and Chamber of Deputies or Camara de Diputados (130 seats; 68 are directly elected from their districts and 62 are elected by proportional representation from party lists to serve five-year terms)
<b>Literacy rate:</b>	86.7%
<b>Natural resources:</b>	tin, natural gas, petroleum, zinc, tungsten, antimony, silver, iron, lead, gold, timber, hydropower.
<b>Unemployment:</b>	11%
<b>Major trading partners:</b>	Brazil, U.S., EU, Argentina, Colombia, Venezuela, Peru, Chile

Sources: Development Indicators Database (April 2006), Andean Community web site.

**Annex 3**  
**Bolivia Data Profile**

**1. Selected social indicators**

*1.1 Indicators related to the Millennium Development Goals*

	1990	1995	1998	2001	2004
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Income share held by lowest 20%	..	..	..	<i>1</i>	..
Malnutrition prevalence, weight for age (% of child under 5)	11	8	8	..	8
Poverty gap at \$ 1 a day (PPP) (%)	<i>1</i>	..	<i>5</i>	<i>14</i>	..
Poverty headcount ratio at \$ 1 a day (PPP) (% of population)	6	..	<i>14</i>	<i>23.</i>	..
Poverty headcount ratio at national poverty line (% of population)	..	..	<i>63</i>	..	..
Prevalence of under nourishment (% of population)	..	..	<i>24</i>	..	23
<b>Goal 2: Achieve universal primary education</b>					
Literacy rate, youth total (% of people ages 15 - 24)	93	..	..	..	97
Persistence to grade 5 - total (% of cohort)	..	..	79	84	86
Primary completion rate - total (% net)	..	..	85.9	99.1	100.2
School enrolment	..	..	95	94	95
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliament (%)	9	..	7	12	19
Ratio of girls to boys in primary and secondary education (%)	..	..	96	97.8	98.4
Ratio of young literate females to males (% ages 15 – 24)	92.5	..	..	..	97.5
Share of women employed in the non-agric. sector (% of total non-agric. employ.)	36	36	36	37	37
<b>Goal 4: Reduce child mortality</b>					
Immunization, measles (5 of children ages 12 – 23 months)	53	58	50	69	64
Mortality rate, infant (per 1.000 live births)	89	76	..	<i>63</i>	54
Mortality rate, under -5 (per 1.000)	125	105	..	<i>84</i>	69
<b>Goal 5: Improve maternal health</b>					
Births attended by skilled health staff (% of total)	<i>43.2</i>	<i>47.1</i>	<i>59.3</i>	<i>65</i>	<i>67</i>
Maternal mortality ratio (modelled estimate, per 100.000 live births)	..	..	..	<i>420</i>	..
<b>Goal 6: Combat HIV/AIDS, malaria and other diseases</b>					
Children orphaned by HIV/AIDS	..	..	..	..	..
Contraceptive prevalence (% of women ages 15 – 49)	30	47	49	..	58
Incidence of tuberculosis (per 100.000 people)	295	..	..	..	217.2
Prevalence of HIV, female (% ages 15 – 24 )	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15 – 49)	..	..	..	..	0
Tuberculosis cases detected under DOTS (%)	..	39.4	76	75.4	70.6
<b>Goal 7: Ensure environmental sustainability</b>					
CO2 emissions (metric tons per capita)	0.8	1.1	1.2	1.0	..
Forest area (% land area)	58	..	..	<i>55</i>	<i>54</i>
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	5	4	4	5	5
Improved sanitation facilities (% of population with access)	33	..	..	..	46
Improved water source (% of population with access)	72	..	..	..	85
Nationally protected areas (5 of total land area)	..	..	..	..	13.4
<b>Goal 8: Develop a global partnership for development</b>					
Aid per capita (current US\$)	82.1	96.1	78.8	86.6	85.1
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	34	25	29	17	13
Fixed line and mobile phone subscribers (per 1.000 people)	27.4	34	86.7	153.7	269.3
Internet users (per 1.000 people)	0.0	0.7	6.3	21.2	38.8
Personal computers (per 1.000 people)	2.2	3.3	7.5	20	35.5
Total debt service (% of exports of goods, services and income)	39	29	28	31	19
Unemployment, youth female (% of female labour force ages 15 – 24)	..	7	3.9	<i>10.4</i>	..
Unemployment, youth male (% of male labour force ages 15 – 24)	..	5.2	3.2	7	..
Unemployment, youth total (% of total labour force ages 15 – 24)	..	6.1	3.5	8.5	..

Source: World Development Indicators database, September 2006 (figures in italics refer to years other than those indicated)

## 1.2 Other indicators

	1985	1990	1995	2000	2004
<b>Human Development Index *</b>	0.580	0.604	0.636	0.672	0.692 Bolivia ranked <b>115</b> out of 177 countries included in the HDR
<b>Gender-related Development Index **</b>	-	-	-	-	0.687 Bolivia ranked <b>86</b> out of 177 countries included in the HDR

Source: UN Human Development Report 2006

\* The HDI – human development index – is a summary composite index that measures a country's average achievements in three basic aspects of human development: longevity, knowledge, and a decent standard of living. Longevity is measured by life expectancy at birth; knowledge is measured by a combination of the adult literacy rate and the combined primary, secondary, and tertiary gross enrolment ratio; and standard of living by GDP per capita (PPP US\$).

\*\* The GDI – gender-related development index – is a composite indicator that measures the average achievement of a population in the same dimensions as the HDI while adjusting for gender inequalities in the level of achievement in the three basic aspects of human development. It uses the same variables as the HDI, disaggregated by gender.

## 2. Selected economic, finance and trade indicators

### 2.1 Economic and finance indicators

	2000	2004	2005
GNI, Atlas method (current US\$)	8.3 billion	8.6 billion	9.3 billion
GNI per capita, Atlas method (current US\$)	1,000	960	1,010
GDP (current \$)	8.4 billion	8.7 billion	9.3 billion
GDP growth (annual %)	2.5	3.9	4.1
Inflation, GDP deflator (annual % growth)	5.2	7.4	4.6
Value added in agriculture (% of GDP)	15.0	15.7	..
Value added in industry (% of GDP)	29.8	30.9	..
Value added in services (% of GDP)	55.2	53.4	..
Foreign direct investment, net inflows (BoP, current US\$)	736.0 million	116.5 million	..
Present value of debt (% of GNI)	..	37.8	..
Total debt service (% of exports of goods, services and income)	37.1	18.6	..
Official development assistance & official aid (current US\$)	474.6 million	766.6 million	

Source: World Bank: World Development Indicators database, April 2006

## 2.2 Trade indicators

	2000	2003	2004
Exports of goods and services (% of GDP)	18.3	25.5	30.9
Total exports (US\$ millions)		1,573	1,824
Zinc		123	.....
Silver		75	.....
Manufactures		278	.....
Imports of goods and services (% of GDP)	27.3	26.3	27.2
Total imports (US\$ millions)		1,609	1,692
Food		69	.....
Fuel and energy		115	....
Capital goods		451	....
Trade in goods as a share of GDP (%)	36.5	40.5	..
High-technology exports (% of manufactured exports)	40.0	7.9	9.2
Rank of Bolivia as an EU's trade partner*			
Total			139
Imports from Bolivia			130
Exports to Bolivia			134

Source: World Bank: World Development Indicators database, April 2006

\* Source: EUROSTAT 2005

## 2.3 European Union trade with Bolivia (Million Euro)

Year	Imports	% Share of total EU-imports	Exports	% Share of total EU - exports	Balance	Imports + Exports
2000	208.7	0.02	189.4	0.02	-19.3	398.1
2001	181.3	0.02	168.4	0.02	-12.8	349.7
2002	106.2	0.01	154.4	0.02	48.2	260.6
2003	109.6	0.01	116.3	0.01	6.6	225.9
2004	116.9	0.01	136.0	0.01	19.1	252.9
2005	139.4	0.01	171.4	0.02	31.9	310.8

Source: COMEXT (EUROSTAT)

## 2.4 Bolivia, trade with European Union (Million Euro)

Year	Imports	%Share of total Bolivia's imports	Exports	% Share of total Bolivia's exports	Balance	Imports + Exports
2000	235.2	11.8	273.2	17.3	37.9	508.4
2001	181.6	9.5	156.9	10.4	-24.7	338.5
2002	158.8	8.5	103.0	7.1	-55.8	261.9
2003	128.6	8.6	98.8	6.8	-29.7	227.4
2004	130.3	8.6	131.1	7.2	786	261.5

Source: COMTRADE (UN)

## 2.5 Bolivia's Trade Balance with Main Partners (2005)

Major import partners (Million Euro)			Major export partners (Million Euro)			Major trade partners (Million Euro)		
1	Brazil	412.9	1	Brazil	795.6	1	Brazil	1,208.5
2	Argentina	314.4	2	USA	224.8	2	USA	485.2
3	USA	260.4	3	Colombia	140.1	3	Argentina	435.2
4	Chile	130.5	4	Argentina	120.8	4	Peru	209.6
5	Peru	122.4	5	Peru	87.2	5	Colombia	186.1
6	Japan	114.8	6	Japan	58.9	6	Japan	173.8
7	China	109.3	7	Chile	27.7	7	Chile	158.2
8	Colombia	46.0	8	South Korea	25.0	8	China	132.2
9	Mexico	40.9	9	Mexico	24.1	9	Mexico	65.0
10	Germany	36.0	10	China	22.9	10	Germany	55.8
11	Venezuela	31.3	11	Germany	19.9	11	Spain	44.9
12	Sweden	30.5	12	Utd. Kingdom	19.1	12	Venezuela	41.5
13	Spain	28.9	13	Netherlands	18.2	13	South Korea	39.5
14	France	25.0	14	Belgium	17.0	14	Utd. Kingdom	35.2
15	Italy	18.5	15	Italy	16.5	15	Italy	35.0
16	Paraguay	18.3	16	Canada	16.4	16	France	32.9
17	Utd. Kingdom	16.2	17	Spain	16.0	17	Sweden	31.1
18	South Korea	14.5	18	Paraguay	10.2	18	Canada	30.1
19	Canada	13.7	19	Venezuela	10.2	19	Paraguay	28.5
20	Ecuador	9.8	20	France	7.8	20	Belgium	24.6

Source: IMF

## Annex 4

### Las finanzas públicas en Bolivia

La economía boliviana se ha caracterizado en la gestión 2006 por un notable desempeño reflejado en un excepcional comportamiento de sus principales variables macro económicas y financieras.

Entre los principales resultados se pueden mencionar: el superávit fiscal para fines de la gestión 2006, de 5,1% del producto que constituye una cifra record en Bolivia en los últimos 30 años. Este resultado se ha conseguido debido principalmente a: i) Incremento de los precios internacionales de los hidrocarburos y minerales, ii) Incremento en las recaudaciones de aduanas e impuestos nacionales, iii) Mayores precios del gas pactados con la Argentina, iv) Baja ejecución (relativa) de la inversión pública, v) Acumulación de recursos por aprox. USD500 millones por la baja capacidad de gasto de las entidades subnacionales (Prefecturas y Municipios) y vi) la política salarial de austeridad impuesta por el Gobierno que redujo el gasto público y que contribuyó al superavit.

Especial mención debe recibir el impacto de la reducción de la deuda externa por el FMI y el BM a través del Multilateral Debt Relief Initiative (MDRI) por un monto aproximado de USD1.800 millones, pasando el BID a ser el mayor acreedor del país quien oficializaría en el corto plazo una condonación de USD1.044 millones, a contabilizarse en el 2007.

Asimismo, se debe destacar una inflación controlada, un tipo de cambio estable, términos de intercambio favorables, superávit en la Balanza Comercial, incremento inédito en las reservas internacionales del BCB, la reducción en el grado de dolarización de la economía, el mantenimiento y tendencia al alza en los depósitos del sistema financiero, ente otros. Si bien, gran parte de los logros económicos se deben a una coyuntura externa favorable, corresponde mencionar que el manejo macroeconómico ha sido adecuado.

Es de resaltar la evolución creciente del PIB per capita que se asocia a una variación positiva e incremental del producto que a su vez es explicada, al menos en parte, por una inversión pública sostenida en el tiempo y con fuerte tendencia al alza.

**Cuadro 1.**

	2001	2002	2003	2004	2005	2006 p	2007 e
PIB (Millones de USD corrientes)	8.125	7.894	8.081	8.698	9.306	10.453	11.462
PIB per Capita (USD)	950,3	911,4	923,1	969,2	987,1	1.085,8	1.166,3
Variación real del PIB	1,7	2,5	2,9	3,9	4,1	4,5	4,8
Inflación (%) anual a doce meses	0,93	2,46	3,94	4,62	4,91	4,95	5,00
Tipo de Cambio Nominal promedio Bs/USD	6,60	7,16	7,65	7,93	8,05	7,96	7,99
Deficit Fiscal (como % del PIB)	-6,8	-8,8	-7,9	-5,6	-2,3	5,1	-2,6
Recaudación Hidrocarburos (como % del PIB)	3,21	2,90	2,91	3,27	7,60	9,55	14,0
Cuenta Corriente de la BP (como % del PIB)	-3,4	-4,4	1,0	3,9	6,6	12,7	6,9
Deuda Pública Total (como % del PIB)	72,7	74,3	85,3	81,2	76,1	57,8	
Deuda Pública Externa (Millones de USD)	4.496,8	4.399,6	5.142,1	5.045,2	4.941,6	3.239,7	
Deuda Interna (como % del PIB)	17,4	18,5	21,6	23,2	23,0	23,5	
Reservas Internacionales Netas (Millones de USD)	1.076	854	976	1.123	1.714	3.179	
Incidencia de Pobreza (en %)	64,3	64,6	63,1	63,2	63,0		

Fuentes: INE, BCB, UPF, VIPFE, SBEF y MH.



Las proyecciones gubernamentales para la gestión 2007: 4,8% de crecimiento del producto con 5% de inflación, 5% de incremento de recaudación de aduanas e impuestos internos, Tipo de Cambio Nominal (TCN) estable y una vigorosa inversión pública, son elementos importantes para alcanzar el crecimiento previsto. El nuevo precio del gas negociado con el Brasil será importante para los ingresos fiscales.

Se espera que la creciente recaudación y distribución de los recursos provenientes de hidrocarburos tenga un adecuado seguimiento y control y esté destinado a la lucha contra la pobreza y al cumplimiento de las Metas del Milenio (MDG).

La tendencia en los últimos años ha sido una lenta pero constante reducción del índice de pobreza y un incremento sostenido en el crecimiento del ingreso per cápita. Existe una natural correlación directa y negativa que se espera se acentúe en el corto plazo con la implementación del Plan Nacional de Desarrollo (PND).

Cuadro 2. (En miles de millones de Bs corrientes)						
	2001	2002	2003	2004	2005	2006
Ingresos	16,4	15,7	17,9	19,1	24,4	34,2
Egresos	20,0	20,7	23,7	23,9	25,9	28,5
Deficit/superavit	-3,6	-5,0	-5,8	-4,8	-1,5	5,7
Salarios	5,1	5,5	6,0	6,4	7,1	7,6
Bienes y Servicios	4,50	3,60	4,40	1,90	2,20	3,30
Intereses Deuda Externa	0,60	0,60	0,70	0,80	0,90	0,90
Amortizaciones Deuda Externa	0,8	1,4	2,5	2,3	2,1	1,7
Intereses Deuda Interna	0,50	0,60	0,80	1,10	1,10	0,70
Transferencias a universidades	0,9	1,1	1,1	1,3	1,4	1,6
Pagos por Pensiones	2,5	2,8	2,9	3,2	3,1	3,3
Inversión Pública y otro gasto de capital	4,5	4,8	5,0	6,3	7,7	9,1
Otros	0,6	0,3	0,4	0,5	0,3	0,3

Fuente: UPF-MH

El cuadro N°2 refleja el cambio en la estructura de las finanzas públicas, los ingresos se han incrementado en un 40,2%, respecto a la gestión 2005, sin embargo los egresos han crecido solo en 10% lo que le ha generado al GoB un superávit de casi 6 mil millones de bolivianos, revirtiendo los constantes déficits de los años anteriores.

Analizando la estructura de gastos del Estado, el 68% del gasto es básicamente inflexible a la baja, pudiendo ajustarse únicamente el gasto de capital e inversión pública. Salarios y bienes y servicios son los conceptos con mayor peso relativo en el gasto público con una tendencia claramente creciente. Este aspecto es relevante pues responde a la capacidad o no del Estado de enfrentar sus obligaciones futuras, en especial tomando en cuenta que el gasto corriente es financiado casi completamente con recursos internos. En este marco, corresponde tomar las previsiones necesarias para que la deuda interna sea incrementada de manera sostenible, bajo un manejo prudente de la política fiscal.

Es necesario resaltar que en el 2006, las amortizaciones por deuda externa se han reducido en 19% respecto a la gestión 2005 y que se espera sean aún menores debido a la vigencia del MDRI. El alivio de la deuda por parte de los principales acreedores de Bolivia ha dejado al país dentro de parámetros adecuados de sostenibilidad.

Los gastos corrientes, que incluyen salarios y adquisición de bienes y servicios para el funcionamiento de la administración pública corresponden al mayor componente del total del

gasto. Los sectores con mayor participación en el gasto son: maestros, personal de salud y miembros de la policía y fuerzas armadas.

La reforma del antiguo sistema de pensiones para empleados públicos y privados genera una obligación al Gobierno por el pago de pensiones jubilatorias a unas 300.000 personas, la misma que en 2006 representó un monto de aproximadamente USD 413 millones o 3,9% del PIB. Las proyecciones sobre este pasivo revelan que solamente a partir del año 2025 los egresos por este concepto se reducirían a 1,5% del PIB para desaparecer gradualmente hasta el año 2040. Entretanto ésta continuará siendo una pesada carga para el Estado.

Bolivia mantuvo un acuerdo Stand-By con el Fondo Monetario Internacional por un monto total de SDR 128 millones (aproximadamente USD 193 millones), con vigencia hasta fines de abril de 2006. Las revisiones periódicas realizadas durante el año 2005 sobre el cumplimiento de metas macroeconómicas y otras condiciones estipuladas para este acuerdo han dado resultados satisfactorios, razón por la cual el Gobierno de Bolivia determinó no firmar un nuevo acuerdo con el Fondo. Sin embargo, en junio de 2006 se realizó una revisión bajo el Artículo IV de los Estatutos de la institución con resultados, en general, satisfactorios compartidos con la comunidad donante.

## Annex 5 La Estructura Comercial de Bolivia

En el ámbito comercial, desde mediados de la década de los 80, luego de la primera generación de reformas económicas, Bolivia abrió agresivamente su economía al comercio exterior, alcanzando uno de los niveles de protección más bajos de la región con una tarifa arancelaria uniforme del 10%. Por otro lado, Bolivia no tiene regímenes de excepción, subsidios o subvenciones y no usa prácticas para-arancelarias en sus relaciones comerciales.

Los siguientes Cuadros muestran la estructura de las exportaciones por mercado de destino y rubro principal de producto.

**Cuadro Resumen Exportaciones Bolivianas Periodo 2001-2006 (en Millones de USD)**  
(proporcionalidad)

Exportaciones a:	2001		2002		2003		2004		2005 (p)		2006 (p)	
Comunidad Andina	260	19%	209	15%	252	15%	270	12%	308	11%	397	9%
MERCOSUR	425	31%	536	39%	707	42%	1.091	48%	1.567	54%	2.158	51%
Estados Unidos, Canadá y México	174	13%	194	14%	235	14%	363	16%	424	14%	424	10%
Unión Europea	137	10%	96	7%	111	7%	161	7%	163	6%	243	6%
Otros	357	26%	341	25%	371	22%	381	17%	465	16%	989	23%
<b>Total</b>	<b>1.353</b>	<b>100%</b>	<b>1.375</b>	<b>100%</b>	<b>1.677</b>	<b>100%</b>	<b>2.265</b>	<b>100%</b>	<b>2.927</b>	<b>100%</b>	<b>4.211</b>	<b>100%</b>

Exportaciones de:	2001		2002		2003		2004		2005 (p)		2006 (p)	
Productos agrícolas y forestales	54	4%	61	4%	94	6%	132	6%	172	6%	159	4%
Petróleo y gas	287	21%	332	24%	485	29%	815	36%	1.401	48%	2.011	48%
Minerales	189	14%	200	15%	229	14%	298	13%	351	12%	792	19%
Productos manufacturados	697	51%	727	53%	781	47%	950	42%	945	32%	1.108	26%
Varios	127	9%	55	4%	87	5%	71	3%	58	2%	142	3%
<b>Total</b>	<b>1.353</b>	<b>100%</b>	<b>1.375</b>	<b>100%</b>	<b>1.677</b>	<b>100%</b>	<b>2.265</b>	<b>100%</b>	<b>2.927</b>	<b>100%</b>	<b>4.211</b>	<b>100%</b>

Fuente: Instituto Nacional de Estadística (INE)

En cuanto al destino de las exportaciones, en términos relativos, el principal mercado para productos bolivianos son los países del Mercado Común del SUR (MERCOSUR), principalmente gracias a hidrocarburos, que en el 2006, representan más de la mitad del total exportado. El segundo mercado en importancia ha sido históricamente la Comunidad Andina de Naciones (CAN) que a pesar de haber pasado a un tercer lugar en importancia desde el 2004, sigue siendo el destino “natural” de las exportaciones bolivianas, en especial para los productos agrícolas. Finalmente, se debe mencionar que el actual Gobierno ha firmado en la gestión 2006, el Tratado Comercial de los Pueblos (TCP) con Venezuela y Cuba, cuyos beneficios aún no han sido adecuadamente registrados.

El mercado de los países del norte de América ha crecido en más del doble en los últimos seis años, influido principalmente por el ATPDEA<sup>18</sup>, iniciativa unilateral de los Estados Unidos con los países andinos que se encuentra en proceso de negociación para una eventual ampliación. En lo referido a las exportaciones a la Unión Europea, éstas han tenido un crecimiento sostenido en el último sexenio y representan el 6% del total. El Gobierno de Bolivia, como miembro de la CAN, se encuentra estudiando la posibilidad de un acuerdo comercial con la Unión Europea dentro del marco de un Acuerdo de Asociación, pues además lo considera más favorable que un Tratado de Libre Comercio (TLC) con Estados Unidos.

En relación a los rubros de exportación, los productos manufacturados representaban el 51% de las exportaciones totales en el 2001, cuando el petróleo y el gas constituían únicamente el 21% del

<sup>18</sup> Andean Trade Partnership and Drug Eradication Agreement - ATPDEA

total, invirtiéndose la figura en el 2006 donde los hidrocarburos han incrementado no solo su participación hasta un 48% sino su valor en 7 veces (de USD 287 millones el 2001 a 2,011 millones el 2006). Asimismo, los productos forestales mantienen su proporción sobre el total a pesar de haber crecido en valor absoluto tres veces. Los minerales han mantenido una tendencia creciente a tasas incrementales llegando a un máximo de USD 792 millones (19%) en el 2006.

**Cuadro Resumen Exportaciones Bolivianas Periodo 2001-2006 (en Millones de USD)**  
(variación respecto al año anterior)

Exportaciones a:	2001	2002	2003	2004	2005 (p)	2006 (p)					
Comunidad Andina	260	209	-19%	252	21%	270	7%	308	14%	397	29%
MERCOSUR	425	536	26%	707	32%	1.091	54%	1.567	44%	2.158	38%
Estados Unidos, Canadá y México	174	194	11%	235	21%	363	54%	424	17%	424	0%
Unión Europea	137	96	-30%	111	17%	161	44%	163	1%	243	49%
Otros	357	341	-5%	371	9%	381	3%	465	22%	989	113%
<b>Total</b>	<b>1.353</b>	<b>1.375</b>	<b>2%</b>	<b>1.677</b>	<b>22%</b>	<b>2.265</b>	<b>35%</b>	<b>2.927</b>	<b>29%</b>	<b>4.211</b>	<b>44%</b>

Exportaciones de:	2001	2002	2003	2004	2005 (p)	2006 (p)					
Productos agrícolas y forestales	54	61	14%	94	54%	132	40%	172	30%	159	-8%
Petróleo y gas	287	332	16%	485	46%	815	68%	1.401	72%	2.011	43%
Minerales	189	200	6%	229	15%	298	30%	351	18%	792	126%
Productos manufacturados	697	727	4%	781	7%	950	22%	945	-1%	1.108	17%
Varios	127	55	-57%	87	58%	71	-19%	58	-17%	142	143%
<b>Total</b>	<b>1.353</b>	<b>1.375</b>	<b>2%</b>	<b>1.677</b>	<b>22%</b>	<b>2.265</b>	<b>35%</b>	<b>2.927</b>	<b>29%</b>	<b>4.211</b>	<b>44%</b>

Fuente: Instituto Nacional de Estadística (INE)

En relación a las variaciones respecto a gestiones anteriores, se debe destacar un mayor crecimiento de las exportaciones al MERCOSUR que a la CAN en los últimos seis años, un estancamiento de las exportaciones a los Estados Unidos, Canadá y México y una tendencia sostenida y creciente de las exportaciones a la Unión Europea.

Como es de esperar, el rubro de mayor crecimiento en el periodo ha sido el de petróleo y gas; sin embargo, la mejora en los precios de los minerales ha incidido positivamente y se refleja en una variación del 126% respecto a la gestión 2005. Los productos agrícolas y forestales han experimentado variaciones positivas, salvo el 2006, probablemente influidas por la caída de los precios de la soya y sus derivados, así como los rebotes de la fiebre aftosa. Los productos manufacturados mantienen una tendencia al crecimiento y dada su importancia relativa, merecen especial atención.

Históricamente, Bolivia ha demostrado tener una vocación integracionista, está comprometida en varios procesos de integración regional en su entorno andino, suramericano y latinoamericano: Bolivia ha sido un socio de la CAN desde sus inicios, es miembro asociado del MERCOSUR y forma parte del Grupo de Río, de ALADI, participa en la iniciativa para la creación de una Unión Sudamericana de Naciones y tiene suscritos acuerdos comerciales bilaterales con Chile y México.

Bolivia se beneficia además de diversos sistemas de preferencias, en particular del Acuerdo de Preferencias Arancelarias Andinas otorgadas por los Estados Unidos (ATPDEA) y accede al mercado de la Unión Europea a través del Sistema de Preferencias Generalizadas, SPG Plus, que le otorga libre acceso para más del 90% de sus productos. No obstante, el aprovechamiento de estos beneficios hasta ahora ha sido muy escaso, atribuible en parte a falta de iniciativas privadas como a la ausencia de políticas públicas consistentes y sistemáticas en materia de comercio exterior. Las preferencias bajo el ATPDEA dejarán de tener vigencia en el 2007, por lo que Bolivia se encuentra en arduas negociaciones para lograr su ampliación cuya principal e inmediata consecuencia, en caso de no aceptarse, sería la pérdida de alrededor de 80 mil empleos principalmente en la ciudad del Alto.

Por su situación geográfica y posición estratégica, puede afirmarse que el futuro de Bolivia está vinculado con la integración regional. La coyuntura externa favorable no solo expresada en términos de intercambio favorables, mejores volúmenes y precios de su oferta exportable, hacen pensar que es indispensable aprovechar el ciclo propicio para sostener y afianzar la balanza comercial con miras a un mediano y largo plazo. En este contexto, la seguridad jurídica para las inversiones locales e internacionales juega un papel clave en el futuro del sector. Por otro lado, se debe tomar en cuenta los altos costos de transacción que existen en Bolivia, a la hora de establecer formalmente una empresa, aspecto que genera un incentivo perverso (*moral hazard*) “promocionando” la informalidad.

## Annex 6 Perfil Ambiental - Bolivia<sup>19</sup>

### 1. Análisis resumen

Los elevados y alarmantes índices de erosión y degradación de suelos y de sus recursos naturales renovables están incubando una peligrosa e impredecible crisis ambiental en Bolivia. Pese a los avances en la legislación jurídica, el medio ambiente es una asignatura pendiente en el país y hay graves indicadores sobre la contaminación de los suelos y el agua, y en menor proporción en el aire.

En Bolivia, uno de los mayores problemas ambientales es la degradación de la tierra, que es creciente y amenazadora, y se expresa fundamentalmente en un agudo proceso de erosión que trae consigo la pérdida de la capacidad del suelo agrícola y forestal, la destrucción de la base productiva del país y el agravamiento de la pobreza.

La contaminación del agua también es significativa y altamente preocupante, especialmente en el occidente del país, donde se asientan las actividades mineras. Se estima que entre el 30% al 50% de las aguas residuales de la actividad minera son descargadas sin tratamiento de ninguna especie. En el oriente, la contaminación hídrica es generada fundamentalmente por las descargas de agrotóxicos y el uso de pesticidas en la producción agropecuaria. En el Altiplano en la zona cercana al lago Titicaca y de otros cuerpos de agua como ríos y lagunas en donde se cuenta con población se produce un mayor índice de contaminación deteriorando las condiciones del agua. En las áreas sin presión antrópica que generalmente son desérticas se tienen problemas de erosión por causas pluviales o eólicos debido principalmente a la falta de cubierta vegetal y a la fragilidad de los suelos.

Otro problema incluso de mayor gravedad es la contaminación producida por la actividad minera que al dejar sedimentos de metales pesados, contamina incluso permanentemente los cuerpos de agua con el consecuente perjuicio a la salud humana y propicia la desaparición de especies de flora y fauna.

En el área urbana, el inadecuado uso de los desechos humanos e industriales ocasiona la contaminación de ríos. En el desarrollo de sus actividades, las ramas industriales provocan severos daños al medioambiente y contaminación hídrica, de suelos y atmosférica, afectando la seguridad y salud de los trabajadores y de la población en general.

La contaminación del aire en las ciudades bolivianas es relativamente baja, si se la compara con la existente en otras ciudades del continente, sin embargo no deja de aumentar constantemente. Se genera fundamentalmente por la actividad industrial, el transporte, la actividad en los hogares, la quema de pastizales y chaqueos. Las prácticas de quema o chaqueo generan deterioro de los suelos así como la pérdida de semillas y otros ecosistemas propios de dichas áreas además producen problemas ambientales de contaminación de la atmósfera afectando principalmente los centros poblados.

En el país en general las malas prácticas agrícolas vienen deteriorando y agotando los pocos suelos aptos para esta actividad. En los valles las adjudicaciones de grandes áreas de tierras a un solo propietario han generado la subutilización de los suelos propiciando que bajo la consideración de

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<sup>19</sup> This Profile is an edited version of the Annex on Bolivia included in "Regional Environmental Profile - Andean Countries" (February 2005). The Regional Environmental Profile was financed by the European Commission and presented by ORGUT Consulting AB for the European Commission. It does not necessarily reflect the opinion of the European Commission.

que explota solo una pequeña parte de su terreno no efectúa un manejo agrícola apropiado ni tiene mayor cuidado de preservar el suelo, el que cuando se agota simplemente es abandonado y procede a trabajar en un nuevo terreno, para lo que la práctica más común es quemar el bosque para habilitar nuevas tierras de cultivo.

La Ley del Medio Ambiente (1992), la Ley Forestal (1996) y la Ley INRA (1996), con sus respectivos reglamentos, son tres instrumentos muy avanzados para proteger el medio ambiente y velar por un uso eficiente y correcto de los recursos naturales renovables. Sin embargo, las enormes falencias y debilidades administrativas del aparato estatal, las limitaciones de recursos humanos, técnicos y financieros en las reparticiones oficiales encargadas del control y supervisión ambiental y las restricciones que imponen las normas a las actividades económicas son, entre otros, factores fundamentales que impiden que la legislación se aplique con todo su rigor y en todo su alcance.

Bolivia tiene muchas ventajas por su capacidad de poder reconvertir hacia modos de producción limpias, y en especial la producción de alimentos de calidad, por la ausencia de insumos artificiales, que tiene un “valor agregado ambiental”, lo que otorga enormes ventajas competitivas. Eso se debe a que los consumidores, intensamente en el norte y cada vez más en las grandes ciudades del sur, quieren alimentos naturales y justamente es lo que se puede ofrecer considerando que el ambiente no es un obstáculo para el desarrollo económico, sino una ventaja.

Bolivia enfrenta problemas ambientales tanto en el medio rural como en el urbano. La idea de que es un país con enormes y extensas áreas naturales, muchas de ellas vírgenes, y casi sin contaminación, no es del todo cierta. Se puede observar los impactos ambientales en los rincones más apartados, como la tala de árboles, la caza furtiva, la captura y tráfico ilegal de fauna y flora, y finalmente la desaparición de áreas silvestres sea por el avance de la frontera agropecuaria o por grandes obras de infraestructura. En el medio urbano ha tenido lugar un fuerte deterioro en casi todas las ciudades, en especial por la proliferación de residuos sólidos y los malos sistemas de manejo de basuras, junto a las crecientes dificultades para manejar los efluentes.

Por otra parte Bolivia posee una enorme riqueza ambiental, y además es muy diversificada, desde paisajes montañosos hasta la selva tropical. Esa gran riqueza ecológica está asociada a una riqueza productiva, tal como gas y minerales que redoblan la necesidad de un manejo responsable. Pero además Bolivia innovó a nivel mundial con nuevas instituciones para el manejo ambiental. Fue el caso del Ministerio de Desarrollo Sostenible intentando articular la política económica con la ambiental, o el caso de contralorías y superintendencias para recursos naturales. El país posee la base de normas e instituciones. Los problemas actuales parecerían estar en la aplicación. Esas medidas se deben aplicar en forma efectiva, los casos de incumplimiento deben ser detectados y penalizados y se debe evitar la corrupción.

Generalmente las limitaciones económicas y de capacidades humanas no permiten enfrentar adecuadamente los problemas ambientales. La priorización del Estado para el gasto ambiental está muy lejos de las necesidades, así como la fragilidad en la permanencia de cargos públicos, no permite la consistencia del capital humano ni la especialización que se requiere para tratar, proponer y manejar los problemas ambientales.

## **2. Bases y estado del ambiente**

### **Geografía y clima**

Bolivia ocupa la parte central de América del Sur, encontrándose entre los paralelos 9°30' y 23°00' de latitud sur, abarcando más de 13 grados geográficos y los meridianos 57°30' y 69°40' de longitud oeste. Esta posición geográfica determina que el país esté incluido en la zona tropical, por encontrarse al norte del trópico de capricornio, sin embargo la influencia del relieve, que

corresponde a la cordillera de los Andes, ejercita un factor preponderante en la variación climática del país. Esta cadena montañosa a su vez al no facilitar el paso de las nubes provenientes de la cuenca amazónica determina en gran medida el régimen de lluvias en el altiplano boliviano.

La superficie total de Bolivia es de 1.098.581 km<sup>2</sup>. Fisiográficamente se suele dividir el país en dos grandes regiones, que corresponden a las tierras altas en la cordillera de los Andes con una superficie de 414.574 km<sup>2</sup> y las tierras bajas del oriente con 684.007 km<sup>2</sup>. El clima en Bolivia es muy variado. Es uno de los pocos países donde se encuentran todos los climas de la zona intropical, desde el tropical en lo llanos hasta el polar en las alturas, las temperaturas y precipitaciones aumentan gradualmente de oeste a este de acuerdo con el cambio en la topografía. El gradiente de humedad creciente es de sur a norte tanto en el altiplano como en la llanura chaco-beniano. Igualmente existe una gran variación regional en la duración de la época de lluvias, desde 11 meses o más en el Chapare y ceja de montaña en los Yungas hasta menos de un mes en Uyuni.

## **Manejo de los Recursos Naturales**

### ***Bosques***

El área cubierta por bosques tropicales en Bolivia representa el 10% de los existentes en Sudamérica, pero la misma está disminuyendo rápidamente en la última década, debido principalmente a la ampliación de la frontera agrícola, la conversión de tierras en áreas de pastoreo, la explotación forestal desordenada y los incendios forestales por las quemas para habilitar tierras y pasturas, sin medidas de precaución, siendo el factor más incidente cuando se talan grandes extensiones con maquinaria pesada, donde los bosques ya no se recuperan. Actualmente de acuerdo al Mapa de Cobertura y Uso Actual de la Tierra, la superficie boscosa es de 60.087.000 ha. que resulta el 54.7% de la superficie total del país, distribuidos principalmente en la Amazonía (41.5%), en la Chiquitanía (14%), en el Chaco (18.8%), en los Yungas (12.9%), en la región perichaqueña (5.2%) y en los valles intermontanos (7.5%). Según el Ministerio de Desarrollo Sostenible los bosques en las tierras bajas conforman el 36% de la superficie del país y el 12% en las tierras altas; de acuerdo a la Superintendencia Agraria se cuentan con 430.900 ha. de plantaciones forestales extensivas.

El estudio Tasa de Deforestación realizado por BOLFOR (2003) indica que el área desforestada del país entre 1993 y 2000 ha sido de 1.892.332 has. lo que significa una tasa de deforestación anual de 270.000 has. y un aumento de la superficie desmontada del 89%. Los bosques que más se han reducido son los de las regiones chiquitana y chaqueña componiendo el 73% de los tipos de bosques que se han perdido. Indudablemente los incendios forestales son un factor que incide en la deforestación, es así que en 1999 producto de la sequía, los fuegos alcanzaron a casi 13.000.000 has. y causaron cuantiosas pérdidas de árboles maderables y de infraestructura.

En febrero del 2001 se promulgó el D.S. 26075 que establece como Tierras de Producción Forestal Permanente una superficie de 42.000.000 has. Las especies con mayores volúmenes de extracción son la mara, el ochoo, tajibo, roble, sujo, yesquero blanco, cedro, soto mapajo, bobosi, almendrillo, verdolago, curupau Según el “Análisis de Bolivia sobre Bosques y Biodiversidad” preparado para USAI/Bolivia (2002), los actuales sistemas de manejo no están asegurando la regeneración de los árboles cortados ni manteniendo la calidad del bosque. Por otra parte la tala clandestina e ilegal incrementa los procesos de deforestación que se vienen produciendo en Bolivia.

### ***Biodiversidad***

Debido a su diversidad de pisos altitudinales, regiones ecológicas, climas y microclimas, variedad de suelos y su ubicación en el centro de Sudamérica, Bolivia es uno de los países más ricos en especies del planeta, siendo uno de los quince países de megadiversidad biológica (Cumbre de



Johannesburgo). La región de los Yungas es la de mayor biodiversidad, sobre todo en lo referente a la flora. En cuanto a la fauna silvestre la mayor biodiversidad, principalmente en mamíferos, se encuentra en los bosques amazónicos, en la región del pantanal, las sabanas benianas y el gran chaco. El documento “Estrategia Nacional de Biodiversidad de Bolivia” (ENCB) establece 4 biomas, 14 ecoregiones y 199 ecosistemas.

En cuanto a la flora existente, se estima la existencia de un total de 20.000 especies. La Lista Roja de la UICN (2002) señala 70 especies de plantas amenazadas en Bolivia. En lo referente a la fauna se tienen inventariados 2.730 especies. Se calcula que falta por descubrir del 10 al 15% de especies de animales vertebrados. Los grupos que presentan mayor número son los roedores (154 especies), los murciélagos (113 especies), marsupiales (34 especies) y los primates. Entre las especies endémicas se encuentran 2 de primates, 14 de roedores, 16 de aves. Bolivia se encuentra entre los ocho países que tienen más diversidad de aves y entre los cuatro con mayor riqueza de mariposas en el mundo.

Entre las causas que ponen en riesgo la flora y fauna están: la pérdida de hábitat, la ampliación de la frontera agrícola, la explotación forestal, la caza comercial y deportiva, el comercio ilegal de especies, la pesca con dinamita, la apertura de caminos, las actividades mineras, petroleras y la colonización. En Bolivia existen más de 40 áreas protegidas legalmente creadas pero sin gestión. El Sistema Nacional de Áreas Protegidas (SNAP) está constituido por 20 áreas importantes por su representatividad biogeográfica y ecológica, éstas ocupan más de 176.000 km<sup>2</sup>, que corresponden a un 16% de la superficie territorial del país. De éstas se encuentran en funcionamiento un total de 17. La mayor parte de áreas protegidas se encuentran habitadas por comunidades indígenas y campesinas, haciendo una población mayor a los 70.000 habitantes.

### **Agua**

De acuerdo al Informe Mundial sobre el Agua elaborado por la UNESCO (2003), Bolivia ocupa el puesto 16 entre 180 países, en cuanto a abundancia de recursos hídricos. Sin embargo ocupa el puesto 67 entre 122 países en cuanto a calidad de sus aguas. La población urbana en general no goza de agua potable de buena calidad y la rural en su mayoría bebe agua insegura. Según la FAO la precipitación promedio es de 1258,86 km<sup>3</sup>/año, mientras que el total de agua renovable interna es de 303,53 km<sup>3</sup>/año, las aguas subterráneas producidas internamente son de 130,00 km<sup>3</sup>/año y las aguas superficiales producidas internamente alcanzan 277,41 km<sup>3</sup>/año. Las tres cuencas hidrográficas principales son la del Amazonas que cubre 724.000 km<sup>2</sup>, la del Paraguay–Paraná con 229.500 km<sup>2</sup> y la cuenca del altiplano con 145.081 km<sup>2</sup>.

La contaminación de las aguas es un problema ambiental significativo porque afecta la salud pública y la calidad de vida de los pobladores. En Bolivia gran parte de los ríos y lagos así como las aguas subterráneas cercanas a las ciudades principales y las minas se encuentran contaminadas, siendo uno de los casos más conocidos el de los ríos Rivera y Tarapaya, afluentes del río Pilcomayo y el lago Poopó. Los niveles de contaminación producidos por las descargas directas de aguas residuales de la red de alcantarillado, especialmente de las industrias, son altos en todas las ciudades bolivianas. Una de las mayores causas de contaminación del agua es la minería. Entre los contaminantes que produce se encuentran los ácidos, bases, iones metálicos y no metálicos. Entre los metales pesados más peligrosos están el cobre, cinc, cadmio, cromo, plomo, arsénico y mercurio.

### **Suelos**

En Bolivia los suelos tanto de tierras altas como bajas son de consistencia frágil, fácilmente erosionables y de poca profundidad. Estas condiciones hacen que solo el 2.6% del territorio sea apto para la agricultura intensiva: Los mejores suelos se encuentran en los valles interandinos de Cochabamba, Chuquisaca, Potosí y Tarija, los mismos que debido al mal uso están en un continuo proceso de erosión. La FAO calculó que entre 1954 y 1996 la superficie erosionada de suelos se ha

incrementado en 86%. Otras causas de pérdida de suelos son el avance de la urbanización particularmente en Cochabamba; así como la contaminación de los ríos con aguas residuales mineras como el caso de los valles de la cuenca del Pilcomayo y sus afluentes. Los problemas de salinización y alcalinización de los suelos son muy extendidas sobre todo en las zonas áridas del país. De acuerdo al Mapa de Cobertura y Uso Actual de la Tierra de la Superintendencia Agraria (2001) la superficie total cultivada alcanza a los 3.700.653 has. que corresponde al 3.37% del total de territorio boliviano. El Uso Actual de la Tierra según el Ministerio de Agricultura está distribuido como sigue:

<b>Categoría</b>	<b>Superficie en has.</b>	<b>%</b>
Tierras cultivadas	3.350.911	3,00
Pastizales	33.830.700	31,00
Bosques	53.444.182	49,00
Otros usos	19.232.307	17,00
<b>Total</b>	<b>109.858.100</b>	<b>100</b>

La gran inequidad existente con respecto a la tenencia de la tierra ocasiona que este aspecto se constituye en uno de los mayores problemas en el país, que además de generar conflictos sociales, está llevando a la degradación de la tierra. En las zonas altas donde prevalece el minifundio, la tierra se sigue dividiendo dando como resultado el llamado “surcofundio” situación que obliga a los campesinos a sobreutilizar los suelos y la vegetación. Mientras tanto en las zonas bajas donde prevalece el latifundio, se producen relaciones de explotación y opresión, de los terratenientes, que incluso controlan el ejercicio de los derechos políticos de los indígenas y campesinos. Como resultado de la Reforma Agraria entre 1953 y 1993 se distribuyó más de 44 millones de has. a 652.626 beneficiarios. En las tierras bajas, hasta 1993 fueron distribuidos 26 millones de has. de las cuales 22,8 millones (87%) fueron dadas a 78.000 propietarios medianos y grandes y solo 3,3 millones (13%) fueron adjudicados a 76.000 pequeños productores.

### ***Minería y Petróleo***

La minería en Bolivia tuvo un gran auge en décadas pasadas pero ha venido decreciendo y los ingresos actuales bordean solo el 6.17% del PIB (ENCB 2001). Los únicos minerales que han presentado crecimiento son el oro, cuya producción se ha duplicado, y la plata que ha aumentado en un 40%. La actividad minera se constituye en una de las más contaminantes, por lo que las zonas mineras han sufrido una significativa degradación ambiental sobre todo por la contaminación de sus aguas, los pasivos ambientales (colas y desmontes) y el uso de la leña, los que tienen severos impactos en la salud humana, por cuanto los metales disueltos son altamente tóxicos. Estos aspectos son más agudos en la explotación de la pequeña minería, las cooperativas y la minería artesanal, que explotan los minerales en condiciones sumamente precarias, con tecnologías rudimentarias y muy contaminantes. Las actividades mineras también destruyen la cobertura vegetal, causan erosión, sedimentación y contaminación de suelos agropecuarios con metales pesados.

Uno de los ejemplos más notorios es la contaminación del río Pilcomayo. Los daños producidos a los agricultores, ganaderos y pescadores se estiman en 62,4 millones de dólares al año (MDSF 2000). Según MEDMIN, ONG dedicada a apoyar el control ambiental en la minería, de evitarse la contaminación en la cuenca del Pilcomayo la producción agrícola podría aumentar en 3,7 millones de dólares y la producción ganadera en 1,8 millones de dólares.

En cuanto a los hidrocarburos, las reservas de gas natural comprobadas en Bolivia en el 2003 se estiman en 54,9 TCFs y las de petróleo en 956,9 MMBbL. Pero igualmente la prospección, producción y el transporte de hidrocarburos son actividades de gran impacto ambiental. Los derrames de petróleo producidos como los de Oruro, Cochabamba y Santa Cruz han ocasionado algunos de los peores desastres ambientales registrados en Bolivia. Pese al hecho que las normas ambientales son poco exigentes aún así no se cumplen, siendo los más afectados los campesinos

del lugar que han visto afectados sus aguas, suelos y fauna y que no han sido compensados por los daños.

### **Ambiente Urbano e Industrial**

La cobertura de agua potable y de alcantarillado en Bolivia no satisface a niveles apropiados de población es así que de acuerdo al censo del 2001 el agua potable en las viviendas conectadas a red de cañería, solo alcanza el 62% de la población total, correspondiendo el 82% a la población urbana y el 30% a la rural. A esta deficiencia se debe añadir el problema de contaminación de las aguas en que se sirven las poblaciones. En cuanto al saneamiento básico, la población solo está cubierta con sistemas de alcantarillado en un 62%, correspondiendo el 83% al área urbana y el 30% a la rural, pero se debe añadir que las aguas servidas en su generalidad - con excepción de la ciudad de Sucre - no son tratadas en su deposición final.

En general en las principales ciudades de Bolivia los niveles de contaminación del aire son todavía bajos comparados con otras ciudades del continente. Con respecto a la deposición de la basura y su tratamiento, Bolivia no escapa en este aspecto a la generalidad de los países de América Latina, en donde prácticamente es nulo el tratamiento de las basuras en la mayoría de las ciudades y no existe en el medio rural.

### **Cambio Climático**

La densidad poblacional en ecosistemas frágiles de montaña, la expansión de las zonas áridas, la existencia de zonas sujetas a inundaciones periódicas, el aumento de la deforestación y degradación ambiental, los altos índices de pobreza y la mínima capacidad estatal instalada para casos de desastres naturales, hacen que Bolivia sea un país especialmente vulnerable al cambio climático. Aunque existe el Programa Nacional de Cambios Climáticos (PNCC) como organismo encargado de analizar y plantear alternativas y respuestas a dichos cambios, la capacidad y posibilidades del mismo son muy reducidas. El cambio climático y calentamiento global son especialmente factores de incidencia en la salud humana en Bolivia con la ampliación de los hábitat de especies patógenas, su desplazamiento hacia centros poblados y la migración hacia zonas donde las enfermedades tropicales son endémicas.

### **Economía y Ambiente**

A pesar de ser un país relativamente con poca población comparada con su gran extensión, la presión antrópica sobre los recursos naturales en Bolivia es grande, debido a que la actividad económica es mayoritariamente primaria. Por otra parte las inversiones que destina el Estado a acciones de protección del medio ambiente son mínimas y en muchos casos inexistentes, por la realidad económica del país. Los pocos fondos que se destinan a este aspecto provienen principalmente del apoyo internacional o de las acciones de instituciones como las ONGs que gestionan financiamiento y actúan en temas ambientales pero en forma limitada y en áreas determinadas. Uno de los logros más importantes del Fondo Nacional para el Medio ambiente (FONAMA) es el haber logrado el canje de deuda externa por naturaleza, en este sentido se logró la reducción de 372 millones de deuda con Estados Unidos a cambio del compromiso del Gobierno de Bolivia de contribuir aproximadamente con 22 millones de dólares en los próximos 10 años para el apoyo en programas ambientales.

### **3. Política Ambiental, Legislación y Marco Institucional**

La Ley 1333 del Medio Ambiente, de orden público, interés social económico y cultural, "tiene por objeto la protección y conservación del medio ambiente y los recursos naturales regulando las acciones del hombre con relación a la naturaleza y promoviendo el desarrollo sostenible con la finalidad de mejorar la calidad de vida de la población." Esta Ley fue reglamentada mediante

Decreto Supremo N° 2406 de 8 de diciembre de 1995 a través de los Reglamentos: General de Gestión Ambiental, Prevención y Control Ambiental, Sustancias Peligrosas, Residuos Sólidos, Contaminación Atmosférica, Contaminación Hídrica. La creación del Ministerio de Desarrollo Sostenible y Planificación, hoy Ministerio de Desarrollo Sostenible (MDS), fue un paso positivo, constituyéndose en el primer ministerio de este tipo en el mundo.

Otra legislación vinculada al medio ambiente incluye lo siguiente:

- Ley Forestal, vigente a partir del 12 de julio de 1996, está destinada a normar la utilización sostenible y la protección de los bosques y tierras forestales en beneficio de las generaciones actuales y futuras, armonizando el interés social, económico y ecológico del país.
- Reglamento a la Ley Forestal aprobado por Decreto Supremo N° 24453 de 21 de diciembre de 1996, establece las regulaciones complementarias que se requieran para el cabal cumplimiento de la Ley.
- Reglamento Ambiental para el Sector de Hidrocarburos aprobado por D.S No 24335 de 19 de Julio de 1996, regula y establece los límites y procedimientos para las actividades del sector en todo el territorio nacional relativas a exploración, explotación, refinación e industrialización, transporte, comercialización, mercadeo y distribución de petróleo crudo y gas natural, que produzcan impactos ambientales y/o sociales en el medio ambiente.
- Código de Minería, promulgado en marzo de 1997, con un capítulo específico del medio ambiente que determina que las actividades mineras deben realizarse conforme al principio de desarrollo sostenible, en sujeción a la Ley del Medio Ambiente y sus Reglamentos.
- Decreto Supremo N° 24782 de 31 de julio de 1997, aprueba el Reglamento Ambiental para Actividades Mineras de aplicación preferente para todas las actividades de prospección y exploración, explotación, concentración, fundición y refinación regulando la gestión ambiental minera desde el inicio hasta la conclusión de la actividad.
- Reglamento General de Áreas Protegidas, aprobado por Decreto Supremo N° 24781 de 31 de julio de 1997, regula la gestión de las áreas protegidas, establece su marco institucional en función a la Ley de Medio Ambiente y el Convenio sobre la Diversidad Biológica.

El MDS cuenta con el Servicio Nacional de Áreas Protegidas (SERNAP) bajo su tutela como un instrumento práctico y eficiente de proteger dichas áreas. Pero como el financiamiento a través del Estado en forma directa se hace muy difícil, la sociedad civil con el apoyo de la cooperación internacional ha creado la Fundación para el Desarrollo Nacional de Áreas Protegidas (FUNDESNAP), instrumento que tiene como objetivo principal financiar la aplicación de operaciones de protección de la biodiversidad sobre la base de las políticas y prioridades que defina el país a través de SERNAP, por lo cual en la realidad existe una política clara y con grandes posibilidades de éxito en esta responsabilidad del Estado. En 1992, se creó el Fondo Nacional para el medio Ambiente (FONAMA) como organismo encargado de proveer los recursos necesarios para el cumplimiento de la Ley de medio Ambiente y tuvo una acción importante al principio, logrando aportes de la Cooperación internacional. Pero posteriormente su paulatina politización y la pérdida de sus mejores recursos humanos lo fueron convirtiendo en un organismo inoperante. El FONABOSQUE, que cuenta con importantes recursos, es un instrumento valioso para financiar proyectos relacionados con las actividades forestales.

Finalmente cabe indicar que dentro del proceso de descentralización las Prefecturas que tienen un ámbito departamental cuentan con la Dirección de Recursos Naturales y Medio Ambiente y se constituyen en los elementos que de acuerdo a las normas existentes deben velar y cautelar el medio ambiente en su jurisdicción. Igualmente pero de acuerdo a sus capacidades tanto humanas

como logísticas, les corresponden tareas ambientales a los Municipios.

### **Convenciones Internacionales**

Con respecto a la biodiversidad, Bolivia es signataria de diversos acuerdos internacionales tales como el Convenio de Diversidad Biológica (1992), la Convención de Washington sobre el Comercio de Especies Amenazadas de Fauna y Flora Silvestre, la Convención sobre los Humedales de importancia mundial, especialmente como Habitat para la Aves migratorias (RAMSAR); la Convención sobre el Patrimonio Natural y Cultural de Importancia Mundial de la UNESCO; el Convenio para la Conservación y Manejo de la Vicuña, el Protocolo de Cartagena sobre Seguridad de la Biotecnología; y el Convenio para la elaboración de la norma regional de armonización para la protección de conocimientos, innovaciones y prácticas tradicionales de las comunidades indígenas afroamericanas y locales en países andinos. Otros documentos reafirmados son el protocolo de Kyoto, la Convención Marco de las Naciones Unidas sobre el Cambio Climático, la Convención de las Naciones Unidas de lucha contra la desertificación, el Convenio de Estocolmo sobre Contaminantes Orgánicos Persistentes, la Convención de Viena sobre la capa de Ozono.

Un convenio que tiene especial relevancia por sus características, por su alcance y la forma como se viene implementando es el referido al tratamiento de la cuenca endorreica del lago Titicaca, suscrito entre Bolivia y el Perú, que ha permitido establecer el lago Titicaca como “Condominio Indivisible de los dos países”, calificación única a nivel mundial para un cuerpo de agua y que incluso a permitido institucionalizar la Autoridad Binacional del Lago Titicaca (ALT) como órgano ejecutor de los dos países para el manejo hidrológico e hidrobiológico de la cuenca y que ha sido considerado en uno de los ejemplos a nivel mundial a tomar en cuenta.

La última gran reunión sobre temas de medio ambiente desarrollada es “La Cumbre Mundial de Desarrollo Sostenible” efectuada en Johannesburgo, en donde entre otros aspectos, se ratificaron los tratados sobre Bioseguridad, el Tratado Internacional sobre Recursos Genéticos de Plantas para la Alimentación y la Agricultura, el Convenio de Rotterdam sobre exportación de químicos peligrosos y plaguicidas, el acuerdo de la ONU sobre recursos pesqueros, el Convenio de Basilea sobre el transporte de residuos tóxicos y el Convenio europeo de Aarhus sobre el acceso a la información.

## **4. La Integración concerniente al medio ambiente de sectores principales**

### **Sectores de agricultura, pesca y forestación**

El sector mayormente involucrado en los aspectos de desertificación y la propuesta de desarrollo sostenible, indudablemente es agricultura. Al respecto en Bolivia en base a la ley INRA, se priorizan las actividades agropecuarias que estén ligadas transversalmente a la protección del medio ambiente y el uso de recursos de una forma sostenible. Dentro de la estructura organizacional del sector agrícola boliviano se encuentra la actividad pesquera que en cuanto línea de acción está todavía muy limitada y falta desarrollarla, tanto en sus aspectos de investigación, tecnología y propuesta de manejo y desarrollo de la misma. Es muy poco el trabajo que se realiza en el sector pesquero en los ríos y en lo relativo al caso del lago Titicaca, donde muchas acciones provienen de un acompañamiento a iniciativas del sector peruano. En cuanto a la forestación, son escasos los trabajos consistentes. Como resultado, las tres actividades pese a estar estructurales y administrativamente en el mismo sector, se desarrollan muy individualmente y con poca coordinación.

### **Sectores de minería y petróleo**

Si bien en la ley de medio ambiente estas dos actividades están inmersas en el mismo capítulo, su

tratamiento, manejo y efectos son completamente diferentes por sus características particulares. En este sentido la minería tiene mayor desarrollo y presencia en las zonas altas de Bolivia y sus efectos en el medio ambiente mayormente son los producidos por la contaminación del agua. En el caso del petróleo esta actividad se desarrolla principalmente en los valles afectando a los ecosistemas de bosques elevando sus riesgos cuando se producen derrames de petróleo.

### **Sectores de energía y agua**

En Bolivia la mayor parte de la energía eléctrica es producida por las centrales hidro-eléctricas existentes en el país principalmente en la zona de los valles o en las cañadas interandinas. Si bien el agua utilizada en el proceso hidroeléctrico revierte al sistema sin mayor gasto, se produce contaminación por los aceites y lubricantes de los generadores. Por otra parte, al generarse las obras de embalse y lagos artificiales de depósito y regulación se producen modificaciones al entorno afectando los ecosistemas del área.

### **Sector industrial**

Es uno de los sectores más contaminantes tanto por los residuos de su actividad que en su gran mayoría contienen componentes químicos contaminantes, como por la contaminación atmosférica generada por los humos y que afecta a los centros poblados cercanos. Si bien en Bolivia la industria todavía es incipiente, la poca que existe por sus niveles tecnológicos es altamente contaminante, siendo la normatividad y la estructura institucional muy débiles para enfrentar con eficiencia este problema.

### **Transporte**

En Bolivia como en el resto del mundo en la última década ha habido un considerable incremento del transporte, es así que en el año 2002 el transporte público contaba con 106.346 movibilidades y los automóviles particulares eran de 337.293 y el transporte oficial de 5.517 vehículos. Así mismo se debe notar que en el caso del transporte público las unidades están generalmente en mal estado por lo que son más contaminantes, en su gran parte utilizan diesel y carecen de filtros, lo que afecta la calidad del aire. Igualmente las nuevas unidades que llegan a Bolivia carecen de filtros, aspecto que es exigido en otros países.

## **5. Recomendaciones**

Bolivia deberá fortalecer su gestión ambiental, en donde debe participar activamente la sociedad civil, el Parlamento, el Poder Judicial, los gobiernos locales, constituyéndose el Estado en propiciador de esta participación. Se deben generar mecanismos de monitoreo constante de las variables y parámetros ambientales y definir normas específicas de acuerdo a cada problema y lugar. La planificación del desarrollo y el uso de los recursos naturales deberán tener un enfoque ecosistémico, de forma de considerar en forma integral los diversos componentes que afectan e intervienen en el medio ambiente.

Debería de propiciar la priorización del tratamiento de aguas servidas en los municipios, generando mecanismos de sanción en caso de no implementarlos, y reestudiar la afectación de tierras en el valle retomando las concesiones bajo estudios reales de explotación sostenida y en tamaños apropiados a dichas actividades. Será importante generar sobre todo en el sector ambiental la carrera pública de forma que se garantice la permanencia de los niveles técnicos, exentos de coyunturas políticas, y propiciar la toma de conciencia a todo nivel de la problemática ambiental y el compromiso de todos en preservarla, introduciendo temas ambientales en las currículas escolares y generando a nivel de la actividad pública y privada charlas y talleres al

respecto. El Ministerio de Desarrollo Sostenible deberá organizar un área de difusión y capacitación permanente para ello.

Se deben establecer mecanismos organizacionales de prevención de conflictos sobre recursos naturales, de forma que se pueda planificar y dar soluciones con anticipación bajo el principio de resolverlos por la vía de negociación y en forma pacífica. Se debe propiciar y plantear mecanismos de ingreso permanente para el medio ambiente, aplicando un porcentaje a los impuestos que se apliquen a las actividades de explotación de los recursos naturales, y generar un documento tipo Plan Maestro Ambiental que defina la política y visualice el estado del Medio Ambiente en el corto, mediano y largo plazo. Considerando el gran potencial de Bolivia, será importante introducir la variable de ecoturismo en las actividades medio ambientales incluso como un mecanismo de generación de fondos para ellas y promover un mayor aprovechamiento de las Universidades del país como entes permanentes de estudio e investigación sobre la problemática ambiental y medidas de solución. Se debe aprovechar la tecnología adecuada actual como son la información satelital y los Sistemas de Información Geográfica a efectos de los programas de monitoreo y seguimiento del comportamiento ambiental de los diferentes ecosistemas en Bolivia.

Se debe considerar cada vez con mayor amplitud que los problemas ambientales son de carácter regional e incluso continental y mundial, por lo que las propuesta ya no solo se deben circunscribir al ámbito territorial de un país sino se debe generar mecanismos de comunicación y coordinación para actuar en ese espectro. Se debería aprovechar las experiencias existentes implementadas al respecto como es el caso del establecimiento de la Autoridad Binacional de Lago Titicaca efectuado entre Bolivia y el Perú y analizar sus posibilidades de réplica en el área amazónica entre Perú, Bolivia y Brasil o el de la cuenca del río Pilcomayo.

Se debe conceptuar que el manejo de los recursos en Bolivia parte por el de solucionar la pobreza y en ese sentido se debe intensificar el principio del manejo sostenible de los mismos, propiciando métodos apropiados y no descuidando el seguimiento a dichas actividades. El acceso a los recursos naturales deberá ser equitativo propiciando el reducir las brechas de pobreza existente, en este sentido el Estado deberá asumir un papel preponderante a fin de propiciar la participación activa de los extractos de mayor pobreza e el manejo sostenible de los recursos naturales.

Se debe organizar adecuadamente y mantener los bancos de germoplasma y genéticos que permitan preservar las especies de flora y fauna el país. El Estado debe reordenar la legislación sobre contaminación minera y generar los mecanismos que permitan realmente el cumplimiento de los preceptos de protección del medio ambiente, derivando la responsabilidad de seguimiento y autoridad competente para hacerlas cumplir en los organismos descentralizados en el país. Se debe estudiar y emitir de una vez leyes vitales para el medio ambiente como la Ley de Aguas, la Ley de Areas Protegidas, la Ley de Biodiversidad, la Ley de Ordenamiento Territorial.

## Annex 7

**Matriz de donantes**(reconstrucción “indicativa” sobre la base de diferentes fuentes – *updated May 2007*)

Agencia	Tipo de Financiación Cartera vigente 2006				Sector de Intervención													
	reembolsable	donación	Monto total	Saldo por desembolsar (M\$)	Descentralización	Justicia y policía	Gobernabilidad	Comercio y finanzas	Educación y cultura	Desarrollo rural, agric. y tierra	Desarrollo alternativo y droga	Energía, minería, hidrocarburos	Medio Ambiente	Saneamiento Básico	Salud y seguridad social	Transporte	Urbanismo y vivienda	Otros pobreza
CE		100%	365	137				24	6	62.4	46.8		27.12	94.4	36	68.4		
Alemania	25.00%	75.00%	285	80	20	3	15	9		80		8	15	110				25
Bélgica		100%	60.2	22		0.5	2.8		1.8	19.6			7.8		18.4			9.3
Dinamarca		100%	126	85	15	6	16		23	25			23					18
España		100%	72.15	0	1.25	0.6	3.74	12.75	14.76	3.95	0.55		1.87	0.86	17.5		7.7	6.62
Francia		100%	5.5	2											5.5			
Italia	60.00%	40.00%	71	55										25	5.7	18.2		22.1
Países Bajos		100%	215	107	13	1	15		85	35		3	47	7				9
Reino Unido		100%	3.75	1.36			1.87	0.94		0.94								
Suecia		100%	24	13.25	1	8	4	2	5					4				
			<b>1227.6</b>	<b>502.61</b>	<b>50.25</b>	<b>19.1</b>	<b>58.41</b>	<b>48.69</b>	<b>135.56</b>	<b>226.89</b>	<b>47.35</b>	<b>11</b>	<b>121.79</b>	<b>241.26</b>	<b>83.1</b>	<b>86.6</b>	<b>7.7</b>	<b>90.02</b>



**Annex 8**  
**Datos<sup>20</sup> del Instituto Nacional de Estadística (INE) relacionados con el tema del empleo en Bolivia**

- El 40% de la Población Económicamente Activa (PEA) tiene **su ocupación principal** en el sector agropecuario, éste genera apenas 15% del Producto Interno Bruto (PIB). El Sector Industrial y manufacturero con una PEA de 17% genera 30% del PIB y los servicios con una PEA de 43%, generan el 55% del PIB.
- En el área rural, el 79% de la PEA ejerce como actividad principal la agrícola y pecuaria. Detrás de esta aparente evidencia, cabe resalta que esta tasa es la más alta del continente, lo que indica un poco diversificación de las actividades económicas en el ámbito rural, a diferencia del ámbito urbano.
- Si bien no existe información directa sobre la informalidad en Bolivia, el 41% de la PEA Boliviana son “trabajadores por cuenta propia”, 16% de la PEA total y 43% de la PEA agrícola se considera como trabajadores temporales. Ambos son indicadores de la precariedad de la distribución del empleo y por tanto del carácter informal de una proporción importante de los empleos en Bolivia.
- Solamente el 2% de la población escolar matriculada está siguiendo una formación técnica media o superior; como referencia, el 9% está cursando estudios universitarios o de post grado.
- Las brechas entre mujeres y hombres (nivel 100) son evidentes en aspectos de ingreso (-26%, todas actividades confundidas), siendo mucho mayor en el sector rural (-71%) y agrícola (-76%). En general, las mujeres estudian casi 2 años menos que los hombres (6,65 contra 8,20 años) y solo el 0,5% cursan formaciones técnicas.
- En 2001, 64% de la población de Bolivia (5,3 millones de personas) tienen ingresos por debajo de la línea de pobreza. 81% de la población rural está por debajo de esta línea, 80% de la población que habla un idioma nativo está por debajo de esta línea, de los cuales 60% está por debajo de la línea de extrema pobreza.

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<sup>20</sup> Cuando la fecha no se especifica, los datos se refieren al año 2003 - Fuente: Instituto Nacional de Estadística - Anuario Estadístico 2005 (publicado en 2006).

**Annex 9**  
**Overview of current EC cooperation with Bolivia**

<b>Pays</b>	<i>BOLIVIE</i>							
<b>Délégation</b>	<i>BOLIVIE</i>							
<b>(M€) (1)</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006 (2)</b>	<b>Total</b>
<b>Engagements</b>	31	8,7	20	56,7	58,5	21,725		196,625
<b>Paiements</b>	27,5	29,1	23,2	64,6	29	26,309	11,234	210,943

<b>Portfolio des projets en exécution et/ou démarrage (3): 30/06/2006</b>			
<b>Lignes budgétaires</b>	<b>Titre ligne</b>	<b>Nombre projets</b>	<b>(M€)</b>
<b>Géographiques</b>			
19,0901	<i>Coopération Fin. Et Technique</i>	8	175,325
19,0902	<i>Coopération Economique</i>	1	6,3
19,0205	<i>Rapid Reaction Mechanism (5)</i>	5	0,863
			<b>182.488</b>
<b>Non Géographiques</b>		<b>Nombre contrats</b>	
21.0201/21.0202	<i>Sécurité Alimentaire</i>	9	18,66
21,0203	<i>ONG</i>	20	16,39
21,0205	<i>ENV. Forêts Tropicales</i>	2	3,99
21,0213	<i>Coop. Décentralisée</i>	1	0,69
			<b>39,73</b>
<b>TOTAL</b>			<b>222.218</b>

- (1) Toutes lignes budgétaires gérées par AIDCO  
(2) Projets engagés sur la programmation 2006  
(3) Projets en cours ou démarrage, à l'exclusion des projets clôturés  
(4) Ce montant représente la somme des montants engagés.  
(5) Ligne budgétaire gérée par RELEX

<b>Programmation indicative 2002-2006 (M€)</b>							
<b>Secteur</b>	<b>CSP</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>total</b>
<i>Développement rural</i>	13,00		7,00				7,00
<i>Economie</i>	6,30		6,30				6,30
<i>Appui Institutionnel (1)</i>	51,50			22,50	10,73	12,90	46,13
<i>Infrastructure</i>	58,20		39,40	18,80			58,20
<i>Développement social</i>	7,00		7,00				7,00
<i>divers</i>							0,00
<b>Total</b>	<b>136,00</b>	<b>0,00</b>	<b>59,70</b>	<b>41,30</b>	<b>10,73</b>	<b>12,90</b>	<b>124,63</b>

- (1) Split commitments for SWAP that go beyond Y2006

## Annex 10

# Bolivia's participation in Latin American region EC cooperation programmes

### **ALBan - European Union Programme of High level Scholarships for Latin America**

The **ALBan** programme aims at furthering co-operation in the field of Higher Education between the EU and Latin America. The programme promotes increased mobility of Latin Americans into the European area of Higher Education. Such individuals may benefit from the excellence of such institutions, thus enhance their employability and so have better employment prospects once they return to their own countries. The ALBan programme covers the period 2002-2010 and is now in its second phase: 2006-2010. The total cost of the ALBan programme is **€113.5 m**, with a European Community contribution of **€88.5m**, out of which €75m will be devoted to scholarships. This represents an average of 3,900 scholarships, of 12 months each and €1,500 per month each. (First phase: €37.5m for scholarships).

### **ALFA - Latin America Academic Training**

The ALFA programme began in **1994** and sought to reinforce co-operation in the field of Higher Education. The programme co-finances projects aimed at improving the capacity of individuals and institutions (universities and other relevant organisations). The first phase, ALFA I, with an EC contribution of **€ 31m**, ran until 1999 and the second phase (**2000-2005**), ALFA II, for which the EC contribution is **€52m**, has a total of 10 selection rounds distributed to the 214 approved projects (average of 72 % of the total project's costs) held by 753 distinct institutions.

### **AL-INVEST enhancing commerce between SMEs**

The AL-INVEST programme involves the promotion of international long-term co-operation between SMEs in both the EU and Latin America. It is made up of two networks of organisations called Coopecos in Europe and Eurocentros in Latin America. These networks constitute the foundation of the programme and implement its activities. The EC launched the programme in **1993** (EC contribution **€11m**) and it is now in **Phase III** for 2004-2007 (**€46m**). In addition to the traditional tool of sectorial meetings to stimulate direct contact between the SMEs, in this latest phase, new capacity and institution building activities have also been incorporated, such as the Business Development facility, LA and EU Business Weeks and so on. In total, the participants from Latin America now number **55 Eurocentros**.

### **@LIS Alliance for Information Society**

@LIS aims at reducing the digital divide between Europe and Latin America, integrating Latin America into a Global Information Society and creating long-term partnerships between the two regions. The programme was adopted by the EC on 6 December, 2001. It has a total budget of **€77.5m** of which **€63.5m (approx 82%)** is financed by the European Commission. The activities of the programme have been organised around three areas of intervention: dialogues, networks and demonstration projects. Within these 3 areas, 5 horizontal actions (in which all countries are involved and issues are addressed as a region) and 19 demonstration projects (individual participation in four areas – e-Education, e-Inclusion, e-Governance and e-Health) are being developed.

### **URB-AL - Urban Policy Coordination**

URB-AL is a decentralised co-operation programme directed at local communities of the EU and Latin America as well as other actors involved in the urban sector. It aims to disseminate and apply "Best Practices" in the area of urban policy as well as to facilitate research into

contemporary issues. The programme activities are proposed, implemented and managed by the participants themselves. URB-AL currently represents more than **800** different local authorities and 2000 cases of participation (a single local authority can take part in several of its activities). The first phase from 1995-2000 had a budget of **€14m**. URB-AL is presently in its second phase (**2001-2006**) with a budget of **€50m**.

## **EU – Latin America: New Areas of Cooperation**

### **EUROSociAL – Regional Programme for Social Cohesion**

The general objective of EUROSociAL is to increase levels of social cohesion in Latin American societies. It focuses on the policies of education, health, the administration of justice, fiscal policy and employment. To this end the programme will promote the exchange of experiences concerning these particular policies between public administrations of the EU and Latin America. The programme specifically aims to establish the conditions whereby this exchange can generate social cohesion. EUROSociAL will last for a period of **4 years (2004-2007)**. The European Commission's contribution to the programme is **€30m**.

Several activities were held in Bolivia during 2006: Identification missions on the sectors of health and education in order to define focal points and main priorities to be considered under the activities of the programme. On the other hand regarding the justice sector, a seminar on legal public service was organised in Santa Cruz de la Sierra from the 9th to the 11th of May, to exchange experiences among 21 countries from Europe and Latin America. Moreover, Bolivia had representation in 4 sectors out of 5 (health, education, justice and employment) at the EurosociAL seminar that was organised in Cartagena de Indias from the 26th to the 29th of June 2006 with all stakeholders from the programme.

### **EUROSOLAR**

The objective of EURO-SOLAR is to promote the use of renewable energy sources in the poorest countries of Latin America and improve living conditions by combating poverty, particularly that of indigenous groups. It permits those in the poorest rural areas without access to the national grid to access a source of electricity generated by sun and wind. EURO-SOLAR provides these communities with a hybrid system of photovoltaic panels and small wind panels in order to generate electricity and other applications for community use. The installation of a maximum of 600 such facilities is planned. The countries participating in the EURO-SOLAR programme are Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru. The programme was approved by the Commission in May 2006 with a total contribution of €24m and a duration of 4 years. The Financing Agreement with the beneficiary countries was signed in December 2006.

### **OBREAL - Observatory of the Relations between Europe and Latin America**

OBREAL is a programme consisting of a network of **23** universities from Latin America and Europe, led by the University of Barcelona, whose aim is to promote reflection on the relationship between the EU and Latin America. It focuses on the common challenges being faced by both regions and how these challenges can be overcome effectively. The activities of OBREAL concern bi-regional association and common interests, keeping in mind the expectations of each region. In addition OBREAL advocates the diffusion of information relating to the relationship between the EU and Latin America and the strategic vision of each region. The European Commission's contribution to the activities of OBREAL is **€1.35 m** and the programme will run for **3 years (2005-2007)**.

### **Bolivia's participation in Alβan - European Union Programme of High level Scholarships for Latin America**

In **2003-04** the first Alβan call for candidates took place, and 251 scholarships were awarded. On average, they were for a period of two years, the average EC contribution being €26,700 per scholarship, with a total EC contribution of € **6.7m**. Out of **251 selected candidates, three (1.2%) were Bolivian**. Their areas of study were Mathematics, Informatics and Engineering.

In the **second Alβan call (2004/2005)**, 779 scholarships were awarded, again for an average of two years, with an average EC contribution of €26,000 per scholarship amounting to a total of € **20.22m**. Of the **779 selected, twelve (1.5%) are Bolivian**, who study mainly Social Sciences, Mathematics and Informatics, representing a slight increase in the intake of Bolivian candidates for the scholarship programme in its second year.

In the **third Alβan call (2005-06)**, 553 scholarships were awarded, again for an average of two years, with an average EC contribution of €26,800 per scholarship, amounting to a total of € **14.86m**. Of the **553 selected, five (0.9%) are Bolivian**. In the fourth **Alβan call (2006-07)**, of the 930 scholarships awarded twelve (1.3%) were to Bolivians whose main area of study is engineering.

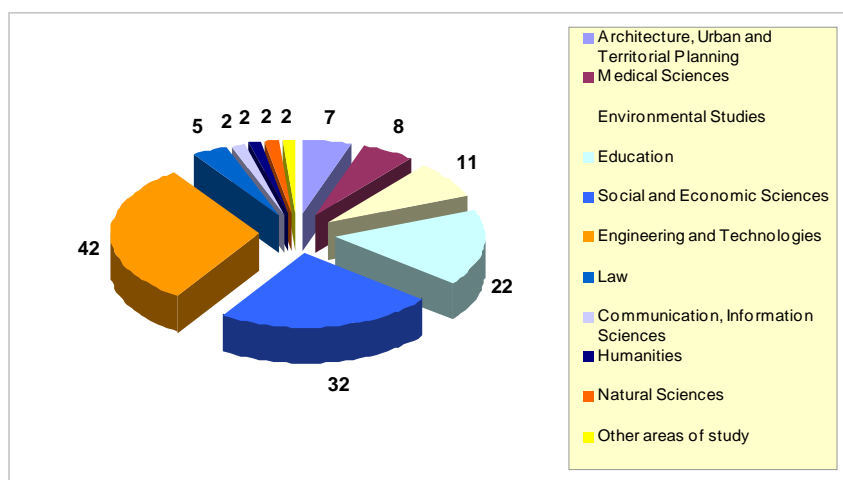
Bolivian nationals were awarded 1.3% of of the total number of scholarships awarded to all of the Latin American countries together in the four calls from 2003 to 2006. In early 2007, the applications received during the fifth call were being evaluated. Once this exercise has been completed, the best applications were to be selected and made public at Alβan website.

### **Main Alβan Events in Bolivia in 2006**

The Catholic University of La Paz, has been established by the programme, as the new focal point of coordination in Bolivia. The Director of Alβan Programme went to La Paz and Santa Cruz in September for a two days session in order to explain all candidates about objective and procedures.

### **Bolivia's participation in ALFA II - Latin America Academic Training**

**8** eligible Higher Education Institutions (HEIs) from Bolivia participate in **23** of the **208** approved projects of ALFA II in the context of the first 9 selection rounds (involvement in **over 11% of the projects**). Bolivia does not co-ordinate any of the 23 above-mentioned approved projects. The main fields of study of the **23** projects in which Bolivian HEIs are involved can be seen in the following pie-chart:



The EC financial contribution to the activities carried out by the **23** projects in which Bolivia participates is **€5.5m**, which represents on average **74.2 %** of the total cost of each project. The average EC contribution per project is approximately **€239,130**.

### **Main ALFA Events in Bolivia in 2006**

- No meetings are foreseen as of yet. Nevertheless, Bolivian partners are actively involved in other ALFA meetings which will take place in Latin America and Europe this year.

### **Bolivia's Participation in AL-INVEST - enhancing trade and investment between SMEs**

The Bolivian **Eurocentro** is CAINCO located in Santa Cruz.

Of the 250 cases where the principal operator of a project has been Latin-American, the Bolivian Eurocentro has led **5** of them (approx. **2%**). Bolivians have also collaborated in **50** of the 464 activities organised by AL-INVEST to date, involving **346 companies**, and a participation rate of approx. **11%**. The value of the contracts signed between European and Bolivian enterprises amounts to **€10,255,000** and covers a wide range of sectors from minerals and precious stones to furniture and wood products as well as leather products and the production of nuts.

### **Main AL-INVEST Events in Bolivia in 2006**

The Delegation continued the follow-up of the Santa Cruz Eurocentro, and participated in the Business cooperation event "Maderas Tropicales" in the framework of the Expoforest exhibition. A new Eurocentro was designated by the Consortium in the Chamber of Commerce of Cochabamba. Contacts have been established in order to coordinate activities.

### **Bolivia's Participation in @LIS - Alliance for Information Society**

#### Horizontal Actions:

Like all of the Latin American countries, Bolivia has one partner in the Network of Researchers (ALICE), which is **Red Boliviana de Comunicación de Datos** and one in the Network of Regulators called SITTEL (Superintendencia de Telecomunicaciones).

### Demonstration Projects:

Bolivia is active in two of the four sectors of demonstration projects. There are currently Bolivian partners participating in the implementation of **2 of 19 demonstration projects** - one project in each of the areas of e-Health and e-Inclusion. Altogether, **3 Bolivian partners** are active in the projects, with two Bolivian partners in the Health for All project. In total 107 Latin American partners participate in @lis demonstration projects, so approx. **3% of the members are from Bolivia.**

The 2 @LIS demonstration projects currently on-going in **Bolivia and their members** are:

PROJECT SECTOR	DEMONSTRATION PROJECT NAME	NAME OF BOLIVIAN MEMBER
e-Education and Cultural Diversity	-----	<i>NO BOLIVIAN PARTICIPATION</i>
e-Governance	-----	<i>NO BOLIVIAN PARTICIPATION</i>
e-Health	Health for All	Univ. Autónoma "Tomas Frias"
		Municipio de Potosí - Hospital Daniel Bracamonte
e-Inclusion	ADITAL	Municipio de Sucre

### **Main @LIS Events in Bolivia in 2006**

Contacts have been followed with ALIS Programme in Potosi "Health for all in Latin America". The project is expected to develop an e-learning package for the regional health sector. A meeting was organised in the Delegation between this project and representatives of the PROHISABA (project from the bilateral cooperation in the sector of health), reaching the agreement to exchange information and common monitoring of actions.

Contacts have been kept with Government representatives on ALICE component in order to promote the participation of Bolivia in this initiative.

### **Bolivia's participation in URB-AL - Urban Policy Coordination**

The URB-AL programme consists of thirteen **thematic networks** co-ordinated by a single local authority. All those local actors who wish to co-operate on a given theme participate in the corresponding network, which provides a focal point of information and a forum for discussion. Six of the thematic networks are coordinated by Latin American local authorities, **however Bolivia coordinates none of the networks.** Joint projects are then designed and implemented within the networks. To date **154 joint projects** have been selected, of which **25** have the involvement of Bolivian local authorities. **Two external members** from Bolivia are also active in Urb-Al joint projects.

Of the 268 different Latin American local authorities who are active in joint projects, **11** are from **Bolivia (4%** of the total). However, of the approved joint projects, none of them are coordinated by Bolivian partners. Two call for proposals were held during 2006.

## Annex 11 Migración

Toda vez que Bolivia cuenta con una población total relativamente pequeña, estimada en 9.4 millones de personas para el 2005, las cifras de migración correspondientes al país no son significativas en un contexto global. Sin embargo, para el país los movimientos migratorios hacia el exterior son significativos en términos del tamaño reducido de la economía y las escasas oportunidades de trabajo y bienestar que ésta ofrece a la mayor parte de la población.

Esta falta de oportunidades ha resultado en movimientos migratorios hacia países vecinos, principalmente Argentina y Brasil, que se han intensificado desde los años ochenta. Otro destino de los migrantes bolivianos han sido los Estados Unidos y más recientemente países europeos, principalmente España e Italia. La Dirección de Régimen Consular del Ministerio de Relaciones Exteriores de Bolivia estima que alrededor de 1,5 millones de ciudadanos bolivianos residen en el exterior, basando este cálculo en los registros en los consulados. Otras fuentes manejan cifras mayores. Banco Sol, una institución financiera privada, que recibe remesas de migrantes en el exterior, estima que, en el año 2005, casi el 25% de la población total residía en el exterior, o sea más de 2,3 millones de personas. Según los cálculos de esta institución, la distribución actual de esta población migrante sería principalmente la siguiente: Argentina, 1,5 millones; Estados Unidos 700.000 ; España 120.000 ; Italia 15.000.

Otro estudio, basado en entrevistas realizadas a 1.523 receptores de remesas, preparado para el Banco Interamericano de Desarrollo, sugiere una distribución algo diferente aunque no determina el número de bolivianos residentes en el extranjero. Según este estudio, el 24% de los encuestados indicaron que sus familiares residen en Estados Unidos, mientras que 23% lo hacen en Argentina y 16% en España. Los residentes bolivianos en Brasil corresponderían al 13% y 24% a otros países. La principal diferencia entre estos datos y los de Banco Sol podrían resultar del hecho que un porcentaje menor de los migrantes a la Argentina están en condiciones de realizar remesas a sus familiares que los que lo hacen a Estados Unidos o países europeos. Aunque no se cuentan con datos muy concretos, se conoce que la migración a países europeos, principalmente España, ha crecido aceleradamente en los últimos cinco años, a raíz de la paralización de la economía y la incierta situación política y social de Bolivia.

En todo caso, la migración boliviana hacia el exterior es significativa en términos de la población total del país. También es significativo el volumen y valor de las remesas que los migrantes bolivianos realizan a sus familiares, las mismas que se utilizan principalmente para cubrir gastos familiares esenciales. El Banco Interamericano de Desarrollo estimó un valor total de \$US 422 millones por concepto de estas remesas dentro un cálculo mayor para la región de más de \$US 40 mil millones. Sin embargo, el estudio para Bolivia citado anteriormente concluye que el cálculo anterior no tomó en cuenta remesas “subterráneas” por correo o por medio de familiares y amigos. Según este estudio para 2005 el valor de estas remesas a Bolivia llega a \$US 860 millones. Esta cifra corresponde a un valor promedio por transacción de \$US 165, realizada por lo menos ocho veces al año por 650.000 personas residentes en el exterior. Si se estima que, en promedio, estas personas están acompañadas en el exterior por dos familiares, se puede estimar la población residente en el exterior en casi 2 millones, una cifra intermedia entre los registros del Servicio Consular y la estimación de Banco Sol.

La migración interna es otro fenómeno significativo en Bolivia, principalmente del campo hacia las ciudades y de la región occidental, de vocación principalmente minera, hacia la frontera agrícola del oriente del país. La ciudad de El Alto, adyacente a La Paz, es el principal centro receptor de la migración de las áreas rurales del Altiplano con una tasa de crecimiento anual de



su población de 5%, según el INE, aunque entendidos en la materia indican que hay un movimiento migratorio estacional aún mayor en épocas de baja actividad agrícola en el campo. La región agrícola/ganadera de Santa Cruz tiene tasas de crecimiento anual de 4% resultante en gran parte de la migración proveniente de otras regiones del occidente, mientras que la ciudad de Santa Cruz crece al mismo ritmo que El Alto, 5% anual. Sin embargo, corresponde anotar que debido a los relativamente altos precios de los minerales, en 2004 y 2005 se ha podido observar algún movimiento de retorno de familias del oriente agrícola hacia los centros mineros, antes abandonados.

A pesar de que la migración al exterior involucra a un porcentaje significativo de sus ciudadanos y la migración interna tiene matices complejos y problemáticos, el Gobierno no tiene políticas definidas en esta materia. Fuera de la labor de protección de sus ciudadanos a través del Servicio Consular, las acciones del Gobierno en esta área se dirigen más a evitar el uso del territorio boliviano como punto de tránsito por ciudadanos de países limítrofes para migrar hacia un tercer país (por ejemplo, de Perú hacia Argentina) e inclusive de países lejanos (pakistaníes y chinos) hacia Europa y Estados Unidos. Otra área de acción del Gobierno es el control que ejercen las autoridades de migración, tanto sobre nacionales como extranjeros, en caso de sospecha de actividades ilícitas como narcotráfico y otras.

Las debilidades institucionales, incluyendo la corrupción, en las instancias gubernamentales responsables para la migración y la emisión de pasaportes y otros documentos, han contribuido a que Bolivia sea considerada como un país atractivo para el tránsito ilegal de emigrantes que buscan como destino final terceros países, especialmente teniendo en cuenta que ciudadanos bolivianos actualmente no requieren visa para ingresar en los Estados Miembros de la Unión Europea que participan en la política común sobre visados. Las autoridades bolivianas y la Organización Internacional para la Migración han buscado asistencia internacional para mejorar la seguridad de los documentos de viaje bolivianos. La sospecha de que un significativo porcentaje de viajeros a Europa que se presentan como bolivianos son de hecho ciudadanos de terceros países con documentos falsos, afecta los viajes de los genuinos bolivianos en términos del trato que reciben cuando están buscando ingresar en la Unión Europea.

Annex 12  
**Bolivia's prospects for meeting the  
 Millennium Development Goals<sup>21</sup>**

**UNDP ASSESSMENT OF THE LIKELIHOOD THAT BOLIVIA WILL MEET the  
 MILLENNIUM DEVELOPMENT GOALS**

MDG <sup>22</sup>	Extreme Poverty		Education	Gender Equality	Child Mortality	Maternal Health	HIV/AIDS	Environmental Sustainability	Global Partnerships
	Poverty	Hunger							
Bolivia									

**Key :**      **LIKELY**  
 POTENTIALLY  
 UNLIKELY

**Información<sup>23</sup> sobre el progreso de Bolivia hacia el cumplimiento de los  
 Objetivos de Desarrollo del Milenio (ODM)**

El balance de reducción de la pobreza respecto al progreso en el cumplimiento de los Objetivos del Milenio en Bolivia desde el año 2000 hasta la fecha no es significativo. Se espera alcanzar mejores resultados con la implementación del Plan Nacional de Desarrollo (PND) publicado a mediados del 2006 que establece los lineamientos en la gestión económica, social y cultural del nuevo Gobierno. Las medidas contempladas en el PND podrían lograr reducir la desigualdad de los ingresos de los hogares más vulnerables, consiguiendo así reducir la **pobreza extrema** registrada en 1990 (48,8%) a la mitad. El principal problema son las grandes desigualdades en los niveles departamentales y municipales donde la mayor concentración de municipios se encuentra en un rango de pobreza extrema que varía entre 30% y 69%. Es importante destacar, además, que en Bolivia la población indígena presenta niveles de desarrollo humano más bajos que la población no indígena y que la población indígena está por lo tanto más lejos de alcanzar dichos objetivos hasta el 2015. Por estas razones es necesario coordinar acciones efectivas con las prefecturas de departamento y los gobiernos municipales para cumplir con éxito los ODM.

En el ámbito de la **salud**, aunque los indicadores muestran un desempeño aceptable, en lo que se refiere a la disminución de la mortalidad de la niñez, la cobertura de la vacuna pentavalente se ha estancado en un 85% colocándose el riesgo de cumplimiento del ODM para el 2015 que está fijado en un 95% y los casos satisfactorios de tuberculosis tampoco llegarían a cumplirse hasta el año 2015. En cuanto a la mejora de la salud materna, la tasa de mortalidad materna (TMM) a nivel nacional era de 420 por 100.000 nacidos vivos en 2001. Según las proyecciones realizadas

<sup>21</sup> United Nations Development Programme (UNDP) 2006 – see <http://www.undp.org/rblac/mdg/>

<sup>22</sup> Country projections based on the Millennium Development Goals' Country Reports, in consultation with country teams. Reports available at <http://www.undp.org/rblac/mdg>

<sup>23</sup> El contenido de este capítulo viene del Cuarto Informe de Progreso de los Objetivos de Desarrollo del Milenio – UDAPE, diciembre de 2006.

por el Ministerio de Salud y Deportes, se espera alcanzar el compromiso al 2015 de una TMM de 104 por 100.000 nacidos vivos incrementando la cobertura de partos institucionales a un 70 % y el acceso al programa de planificación familiar.

En lo que respecta al sector de la **educación**, Bolivia ha realizado esfuerzos considerables para mejorar las tasas de cobertura y culminación de primaria enmarcado en el Programa de reforma Educativa que finalizó en mayo de 2006 así como a través de la implementación de un nuevo modelo educativo definido en el anteproyecto de la Nueva Ley de Educación que se presentó al Congreso Nacional en Julio de 2006. Sin embargo no se ha logrado todavía una educación universal. Tanto el acceso como la permanencia en la educación primaria en Bolivia se encuentran por debajo del promedio de la región<sup>24</sup>. En este sentido de cara a lograr el ODM, la nueva política educativa de Bolivia da prioridad a la mayor participación comunitaria, la reforma del currículo, modificación de la estructura de áreas y modalidades así como la reforma del nivel superior de educación.

En el ODM relativo a promover la **equidad de género**, los indicadores no muestran grandes disparidades a nivel nacional, caso contrario es a nivel municipal donde existen grandes brechas que desfavorecen a las mujeres. En lo relativo a la reducción de casos de **VIH SIDA**, malaria, chagas y otras enfermedades los indicadores los programas nacionales plantean la posibilidad de cumplir las metas del milenio.

Por otro lado en lo que se refiere a la **sostenibilidad del medio ambiente**, a pesar de los logros alcanzados en los últimos años en términos de protección forestal, la superficie boscosa se ha visto gravemente afectada debido a la expansión agrícola y ganadera que se ha realizado en zonas no aptas para dicho uso. En este sentido la deforestación anual en Bolivia se muestra en constante aumento con un promedio anual de deforestación de 300.000 hectáreas. No obstante las estrategias en curso sobre aprovechamiento sostenible de los bosques prevén lograr el ODM. Además Bolivia ha experimentado importantes avances en materia de eliminación de clorofluorocarbonos mediante las medidas de carácter normativo, regulador y fiscalizador del Programa Ozono. Respecto a la cobertura de agua potable y saneamiento la meta comprometida para el 2015 es reducir a la mitad la proporción de la población que no accede a este servicio. Teniendo en cuenta las inversiones comprometidas en este sector, el Plan Nacional de Saneamiento Básico 2006-2010 junto con la infraestructura ya construida en los años anteriores, se prevé que podrán superarse las metas planteadas para el 2015. En esta línea se estima que se logrará una cobertura de 82% en agua potable y de 65% en saneamiento.

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<sup>24</sup> “MDG: A Latin American and Caribbean Perspective” – PNUD (Informaciones correspondientes al año 2002.)