

Lights and shadows of the Cooperation between Belgium and Bolivia 1992 - 2004

Lessons for the future

Evaluation No. 1/2005

Synthesis

Objective and background

This evaluation intends to draw lessons from 12 years of development cooperation between Belgium and Bolivia. It looks at the relevance, coherence, effectiveness and sustainability of the interventions carried out in Bolivia from 1992 till 2004. This "pilote" evaluation is conceived as a case study of Belgian cooperation with a partner country and includes both governmental and non governmental cooperation (NGOs, APEFE, VLIR, CIUF, ITG).

The evaluation has been carried out by a consortium under the direction of South Research, Belgium, along with the *Centro de Estudios y Proyectos (CEP)* and Strategy Advisors for Government Reform (SAXgr), both established in Bolivia. Fourteen experts, of whom six Bolivians, took part in the evaluation. The results derive from a joint analysis carried out by a multicultural team that was given the opportunity to compare different views.

The evaluation process has been followed up by a steering group in Brussels and by a local guidance committee, both made up of representatives of the most important organisations involved.

The Bolivian context

The period looked at (1992-2004) begins just before the launching of the ambitious "second generation reform programme" of the Bolivian government: educational reform, popular participation, decentralisation, privatisation, reform of pension system, administrative reform and so on. These reforms were warmly welcomed by the international community and in early 1998, Bolivia was one of the first countries of the world eligible for a debt relief under the HIPC initiative. Since 1998, the country has been affected by a major social, political and financial crisis that is not under control yet. This negative evolution is due to four factors:

- (i) The structural reforms of the last ten years failed to address a number of fundamental problems inherent to public governance, such as favouritism, corruption and the poor quality of public services;
- (ii) An increase in public expenditure and a deterioration of the national income;

(iii) Fundamental financial and tax reforms not being correctly implemented, which has led to an enhanced vulnerability to external crises, respectively in 1999 (Brasil, Russia) and in 2001 (Argentina);

(iv) The excessive “dollarisation” of the economy, which is a lasting source of financial weakness.

During the period examined, the real increase in the gross domestic product (GDP) per capita was very low (about 2% during the period 91-98, a figure that has even dropped since then). On a longer term basis, the GDP has hardly risen, notwithstanding the clear progress shown by social indicators.

Another evolution is the fact that the Indian population who represents 60 % of the total population, for the first time became a significant political factor at the 2002 elections, bringing about an important and presumably irreversible change in the country and illustrating the loss of power and legitimacy of the traditional *upper class*. Today, the country is deeply divided on questions such as regional autonomy, the exploitation of energy resources and the role of foreign companies in the Bolivian economy.

Belgian cooperation with Bolivia

During the aforementioned period, the Belgian governmental cooperation with Bolivia has undergone a series of fundamental changes, that were not directly related to the developments in the country. The three joint committees in respectively 1992, 1995 and 2000 introduced the following changes to cooperation strategies:

1. Enhanced focus on rural development and on the fight against poverty;
2. (Temporary?) giving up of the La Paz-Cochabamba-Santa Cruz axis as a concentration area for development programmes;
3. A programmatic, and later on, multisectoral approach;
4. A variety of development tools (study fund, countervalue fund, balance of payment support, basket funding, various types of projects and programmes in very different sectors).

During the period 1992-2004, the total budget of the official development aid granted by Belgium to Bolivia amounted to an average of 18.4 million € per annum, 57% of which was to be charged to the debt relief programmes. From 1987 to 2003, the annual disbursements of the Belgian official development aid –financial cooperation not included- has risen from 2.6 million € to 12.3 million € (in constant terms), that is a five-fold increase.

Bolivia has always been one of the ten major beneficiaries of Belgian development aid. From the Bolivian point of view, Belgian aid (apart from debt relief) amounts though to less than 2% of the total foreign bilateral aid in the period 1992-2003.

As a result of both the numerous actors involved – especially in direct bilateral cooperation - and the unclear division of competences, Belgian development cooperation has a complex structure. As for the VIPFE (previously SIPFE), the major Bolivian partner as regards

cooperation, it has played its steering role more or less actively, depending on the periods and the governments in office.

Relations between Belgian and Bolivian actors are delimited at the occasion of periodical official Joint Committees. With a view to carrying out and monitoring the development interventions, specific institutions have been created within the framework of joint management, such as the Partner Committee, at national level, and management committees and implementation units at decentralised level.

Analysis of the direct bilateral cooperation

During the period examined, nine interventions were carried out under direct cooperation. There were also other types of cooperation through study funds, countervalue funds and balance of payment support as well as through debt relief mechanisms, such as state-to-state loans and the Belgian contribution to the construction of the Karachipampa foundry, early in the 80s.

The relevance of the direct cooperation is generally speaking satisfactory, while acknowledging that Belgium has somehow neglected Bolivian priorities and taking into account the lack of predictability of the Belgian interventions. This is mainly due both to the time-consuming preparation phase of the projects and to the centralised character of the cooperation organisation, which sometimes results in local processes being stopped by Brussels.

Coherence with other interventions either in the same region or in the same sector, differs from project to project. It rather depends on the persons who carry out the programmes than on specific policies.

Concerning the development cooperation processes and procedures, the evaluators conclude that the time needed for the preparation of projects has substantially increased since 1992, which is a serious matter of concern. The preparation of interventions always gives rise to lots of questions and conflicts of competences. A "hands on" project model is usually used, whereby the main responsibility for the project cycle rests with the donor.

Apart from a few exceptions, sustainability is the key problem of Belgian development cooperation interventions, which is mainly due to the deficient ownership of projects by the beneficiaries.

From 1992 to 2004, projects have shown a qualitative improvement. To a certain degree, lessons have been drawn from the experience acquired. Furthermore, it must be pointed out that the BTC has introduced better management tools.

Grounds for a strategic reflection

- (i) Conception of the Belgian development cooperation. During the period 1992-2004, Belgian cooperation has taken plenty of innovative initiatives and has also introduced many changes into its strategies and tools. But, as for both timing and content, the ideas were not in line with their implementation. Bolivia therefore does not consider Belgium either as an innovative donor or as a donor that is up to

addressing contemporary needs. Operational cooperation with Bolivia definitely needs a radical facelift.

- (ii) Organisation of the Belgian cooperation. Several organisational problems are due to the multiple actors involved, the relations between the DGDC and the BTC, the centralist character of the DGDC and the Belgian joint management model. The multiplicity of actors leads to fragmentation of aid, extra costs, the loss of credibility, coherence and transparency. The way the competences are divided between the DGDC and the BTC is not clear to the partners. Local services (the office of the development cooperation attaches and of the resident representative of the BTC) are not able to fully represent their respective central authorities. As for the VIPE, it has failed to take enough responsibility for the project cycle as a whole.
- (iii) Implementation of the cooperation. The joint management system as it is being implemented in Bolivia is obsolete and it is one of the factors responsible for the local ownership deficit. Therefore, the evaluators suggest that the projects should be run on the basis of a "hands off" approach instead of a "hands on" approach.
- (iv) It is essential to preserve the institutional memory in order to continue building on previous experiences and so be able to repeat successful initiatives and avoid making the same mistakes.
- (v) New trends in the field of development cooperation and their consequences. To make the most of its comparative advantages, Belgian cooperation must focus more on sectors where it has proved successful (e.g. public health), make a better use of the lessons drawn. It must aim at lifting cooperation to the so-called *meso* level, i.e. the level between the field and the policy, where the preparation of technical decisions takes place. The new international trends in cooperation also have an impact, both on the BTC staff and on the embassy staff in La Paz. They will have to acquire more technical know how as regards the concentration sectors, on the one hand, and to prove their ability to steer alignment, harmonisation and coordination processes, on the other hand.

Belgian development cooperation through NGOs

The Belgian development aid through NGOs amounted to nearly 32 million € over the period 1992-2003. That is an average of about 2.7 million € per annum, or 26% of the Belgian official development aid (apart from loans and debt reduction). The proper NGO contributions are not included in these figures and are not known to the evaluators either. Public financing granted to NGOs has been characterised by three major periods: strong growth from 1987 to 1991; stagnation from 1992 to 1997; a downtrend since 1997.

Fourteen Belgian NGOS are currently working in Bolivia. Six of them have a permanent representative in the country. From 1998 to 2002, these NGOs financed 59 development initiatives with Belgian public co-financing. Most of these initiatives were carried out by local partners or community-based organisations. The Belgian public financing scheme for NGOs was reorganised in 1997 in order to better schedule interventions and to foster cooperation.

The reorganisation had a positive impact on the purposiveness, coherence and long-term vision. Relations with the public authorities have become more bureaucratic, though, and the NGOs are less motivated to take risks and innovate.

Belgian NGOs do all kinds of work in Bolivia, whether concerning the nature of the activities, the methods used or the results obtained. It is therefore difficult to draw general conclusions but three important reflections can be made:

- like other types of cooperation, the biggest problem affecting NGO action is its lack of sustainability.
- NGOs act in a very autonomous way. They seem to have no intention whatsoever of achieving better synergies, either with each other or with other organisations. One exception is the Platform of the Belgian actors in Bolivia (FABEB), created three years ago by the attaché in charge at the time. This Forum facilitates cooperation, both between NGOs and with the embassy, especially in series of activities relating to direct bilateral cooperation (scholarships, micro-intervention programmes, direct support to local NGOs).
- Belgian NGOs in Bolivia obviously provide an added value in financial terms, but they contribute little to the technical and methodological capacity building. NGOs, however, do play an important though difficult to quantify role with respect to solidarity, relations with other institutions, openness towards other cultures, exchanges and networking.

Belgian university cooperation

Belgian cooperation with universities in Bolivia does not represent a huge amount. The budget amounted to 10.2 million € in the period between 1992 and 2003, that is 8% of the total Belgian official aid granted to Bolivia through the DGDC. This amount was spread over the VLIR, the CIUF, the APEFE and the ITG by order of importance. Nearly all of it was allocated to the *Universidad Mayor de San Simon (UMSS)*. The VLIR started its support to the UMSS in 1997 and will end it in 2006. The CIUF began supporting the UMSS in 1998. As the methods used by the VLIR and the CIUF differ from one another, their results are not quite identical. The VLIR focusses its support especially on labs and scientific units and has developed a programme including nine projects, while the CIUF finances master's and post-graduate courses as well.

University cooperation has played and continues to play a crucial role in the education of young people in Bolivia. But similarly, sustainability in this context is limited as most programmes supported cannot continue to exist without external help. This is especially the case for master's and post-graduate courses.

However, the key problem is elsewhere: the characteristics of the UMSS (strong growth, politisation, instability, international fund management, internal promotion system, wage rates and so on) are responsible for the lack, within the university, of a significant and sustainable incentive to improve the academic quality of education and research. For that reason, the VLIR and the CIUF will find it hard to achieve their main goal, which is a lasting improvement of the quality of education and research.