

Third Party Evaluation 2010  
The Ministry of Foreign Affairs of Japan

## Country Assistance Evaluation of Bolivia -Summary-

March 2011

## Preface

This report is a summary of the “Country Assistance Evaluation of Bolivia” undertaken by Mitsubishi Research Institute, Inc. requested by the International Cooperation Bureau of the Ministry of Foreign Affairs (MOFA) of Japan.

Since its commencement in 1954, Japan’s Official Development Assistance (ODA) has contributed to the development of partner countries, and finding solutions to international issues which vary with the times. Recently, there have been increased domestic and international calls for more effective and efficient implementation of ODA. MOFA has been conducting ODA evaluations mainly at the policy level with two main objectives: to support management of implementation of ODA; and to ensure its accountability. Those evaluations are conducted by third parties to enhance their transparency and objectiveness.

The purpose of this study was to conduct a review of the overall policy of the Japanese government for assistance to Bolivia, including the Country Assistance Program for Bolivia (April 2009), and to make recommendations for more efficient and effective formulation and implementation of Japan’s future development assistance policies, and to fulfill accountability for Japanese citizens by widely publicizing the results of the evaluation.

Professor Toru Yanagihara of Takushoku University, acting as chief of the study team, and Mr. Mamoru Fujita of the University of Tokyo, being an advisor for the study, made an enormous contribution to this report. Likewise, MOFA, the Japan International Cooperation Agency (JICA), and the ODA Taskforces as well as governmental organizations in Bolivia, donors and NGOs also made invaluable contributions. We would like to take this opportunity to express our sincere gratitude to all those who were involved in this study.

Finally, we wish to add that the opinions expressed in this report do not reflect the views or positions of the Government of Japan or any other institution.

March 2011

**Country Assistance Evaluation of Bolivia  
(Country Assistance Evaluation)**

<p><b>1. Country :</b> Bolivia</p>	
<p><b>2. Evaluators:</b></p> <p>(1) Chief Evaluator: Toru Yanagihara* Professor, Graduate Course, International Cooperation Department, Faculty of International Affairs, Takushoku University</p> <p>(2) Advisor: Mamoru Fujita* Teaching Assistant, Department of Latin American Studies, College of Liberal Arts, University of Tokyo and Visiting Researcher, Diplomatic Academy, Ministry of Foreign Affairs of Bolivia</p> <p>(3) Consultants : Mitsubishi Research Institute, Inc.</p> <p>* Member of field survey</p>	<p>Health Center in La Paz</p> 
<p><b>3. Period of Evaluation Survey:</b></p> <p>September 2010 - March 2011</p>	<p>Combined community solar panel installation and pump near Patacamaya</p>  <p>Irrigation canal constructed in the project</p>  <p>Local farmers say the irrigation facility has boosted agricultural productivity</p>
<p align="center"><b>Outline of Evaluation</b></p> <p>1. Evaluation Results</p> <p>(1) Relevance of policies</p> <p>The perspective of human security is the core of the two pillars of Japan's assistance for Bolivia. It is a concept that is also consistent with the concept of "Vivir Bien" (Living</p>	

Well), development objective of the National Development Plan of the Bolivian government. It could be said that with the philosophy behind the Japan's ODA policies for Bolivia is consistent with Bolivia's development plan. Moreover, in its second term, the Morales administration has been moving ahead with the formulation of development plans in each sector, and these development plans and "Japan's ODA: Rolling Plan for the Plurinational State of Bolivia" are consistent with one another.

(2) Effectiveness of results:

Among the three priority areas stated in Japan's Country Assistance Program for Bolivia, Japan provides long-term assistance in "social development" sector, including education, health care, provision of safe water etc. for poverty reduction. These assistance is widely acknowledges by Bolivian government and local media, and highly evaluated as effective tool for poverty reduction. On the other hand, there is less emphasis on "production increase" compared to the "social development" sector, and it was difficult to assess the effectiveness of results in this area. With regard to the "good governance", Japanese ODA contributes to the improvement of administrative capabilities of implementing agencies through projects implemented in grass-roots level.

(3) Appropriateness of process

The Country Assistance Program for Bolivia was formulated so as to be consistent with the development plan of the new administration. In the ODA Taskforce, there is active debate about the implementation of ODA, and regular discussions are also held with Bolivian government agencies and the Japanese Embassy in Bolivia, as well as at the implementing agencies. Representatives from the Embassy and the JICA Bolivia office attend the meetings of the "GruS"(Grupo de Socios para el Desarrollo de Bolivia / Group of Partners for the Development of Bolivia) with other donors. While Japan is recognized as the leading donor in the fields of education and health sector, there have been requests from some donors for Japan to play a more active role in sharing information.

2. Main Recommendations

**Recommendation 1: Increased emphasis on strengthening bilateral economic ties in the assistance strategy to Bolivia**

Japan should clearly state the promotion of assistance strategy which contributes to both sustainable growth of Bolivia and industrial development of Japan.

**Recommendation 2: Continuous implementation of assistance in social development sector**

Continuous implementation of assistance in social development sector through establishing program approach based on priority region, making effective use of returning trainees, reflecting good practices at the local level to national policy.

**Recommendation 3: Promote assistance for development of the mining industry**

Japan should contribute to the promotion of mining industry with its advanced technology in order to meet the demand from Bolivian government, which emphasizes development of mining industry as important policy priority.

**Recommendation 4: Strengthen information-sharing and cooperation with other donors**

The Japanese Embassy in Bolivia and the JICA office should make full use of donor meetings and the Bolivian ministry led sector meetings to promote the information sharing on Japanese ODA projects with other donors.

**Recommendation 5: Improvement of the aid process**

Japan should share information regarding examination situation of requested projects with the Bolivian government more actively.

(Note: The opinions expressed in this summary do not necessarily reflect the views and positions of the Government of Japan or any other institutions.)

## 1 Background and Purpose of Evaluation

Although the Plurinational State of Bolivia is rich in natural resources such as natural gas, minerals and rare metals, it remains to be the poorest country in South America, with 60% of its population living below the poverty line. Recently the country's macroeconomic status has been improving, primarily due to the rise of world prices for primary commodities such as hydrocarbon resources and minerals. In 2007, the GDP growth rate was 4.6% and 3.7% in 2009. Exports have also been increasing. Especially since 2002, there has been an increasing export of natural resources such as tin and silver. However, poverty remains deeply rooted in Bolivia, particularly in rural agricultural areas and in indigenous communities, and social inequality is one of the highest in Latin America.

Against these backgrounds, Japan establishes the two pillars “social development assistance for poverty reduction” and “assistance for sustainable economic growth” as basic policy of Japan’s assistance to Bolivia. It also sets three priority areas including (1) social development (education, health and medical care, water and sanitation, rural development), (2) production increase (strengthening of production and business management technologies, sustainable mining industry, economic infrastructure development) and (3) good governance.

Moreover, Japanese ODA keeps consistency with the “National Development Plan” established by the Bolivian government as well as the trends in donor coordination discussed at the meeting of the Group of Partners for the Development of Bolivia (GruS) formed in 2006, in order to cooperate in donor coordination and effective implementation of ODA.

With these backgrounds, this evaluation aims to analyze the political, economic and social situation and development policies in Bolivia, and to evaluate comprehensively Japan’s assistance policy toward Bolivia. It also aims to make recommendations for future policy making and implementation of ODA for Bolivia. The evaluation was also carried out in the hope that any lessons learned from assistance to Bolivia, including the securing of natural resources, would serve as a reference when providing assistance to similar countries.

In addition, the study aimed to fulfill accountability for Japanese citizens by publishing the results of the evaluation, and to promote the publicity of Japan’s ODA by giving feedback to Bolivian government agencies and other donors.

## 2 Target and Period of Evaluation

The evaluation was conducted for the Country Assistance Program for Bolivia established in April 2009 for Japanese aid to Bolivia. However, as little time had elapsed since the Country Assistance Program for Bolivia was established, past projects (generally within the past five years) were also considered in the evaluation when necessary.

### 3 Method of Evaluation

In the evaluation of Japan's policy for assistance to Bolivia, an overall assessment was conducted primarily for (1) relevance of the policy (2) effectiveness of the results, and (3) appropriateness of the process. The evaluation conformed to the "ODA Evaluation Guidelines, 5th Edition", and was based on the five OECD-DAC evaluation criteria.

Firstly, with regard to the "relevance of the policy", the evaluation focused primarily on the Country Assistance Program for Bolivia established in April 2009. However, as it had only been a little over a year since the Country Assistance Program was established, past policy for assistance to Bolivia prior to its establishment was also considered in the evaluation when necessary.

Secondly, with regard to the "effectiveness of the results", an evaluation was conducted to determine whether assistance has been implemented based on the priority areas determined in the 2009 Country Assistance Program for Bolivia as well as in previous policy for assistance to Bolivia.

Thirdly, with regard to the "appropriateness of the process", the evaluation was considered whether, in the process of formulating and implementing assistance policy, discussions were held and information was shared with Bolivian government, the implementing agencies, and other donors (NGOs, international organizations etc.). The evaluation also included the time taken to establish the assistance policy and the efficiency of the project formation and implementation process. With GruS promoting the sharing of information among donors the evaluation was also based on discussions at GruS.

## 4 Summary of Evaluation

### 4.1 Relevance of policies

#### 4.1.1 Relevance of Japan's Country Assistance Program for Bolivia and Bolivia's development policy

The Country Assistance Program for Bolivia lists two pillars for assistance: "social development assistance for poverty reduction" and "assistance for achieving sustainable economic growth." "Human security" is also noted as a fundamental perspective for understanding these two pillars. Three priority assistance areas for achieving these objectives are defined: social development, production increase, and good governance.

The perspective of human security, which underlies the two pillars in the Country Assistance Program for Bolivia, is a concept that is also consistent with the "Vivir Bien (living well)", development goal of the Bolivian government's National Development Plan. From this point, it could be said that Japan's Country Assistance Program for Bolivia is consistent with the principles contained in the Bolivia's National Development Plan.

Moreover, the Bolivian government's National Development Plan states four principles for achieving "Vivir Bien" and lists the objectives and priority areas for each principals.<sup>1</sup> Japan's policy is particularly consistent with "Bolivia Digna" (recovery of life with human dignity), whose objective is the poverty reduction and the social development, and "Bolivia Productiva" (production increase), which establishes the objectives of industrial development and effective utilization of natural resources.

In its second term (of five years beginning January 2010), the Morales administration is moving ahead with the establishment of development plans for individual sectors, which are meant to crystallize the national development policy launched in its first term. These development plans for individual sectors are still at the stage of formulation, but it is possible to understand them as development policies indicated by each ministries. The programs in "Japan's ODA: Rolling Plan for Bolivia" covers main social development sectors stated in the sector-specific development plans of the Bolivian government, especially in the areas of education, health care, water and sanitation, rural development, and mining.

#### 4.1.2 Relevance with the assistance plans of other donors

Bolivia's major donors provide assistance primarily in the areas of education, health care, water and sanitation, rural development, and governance. These match the priority areas for Japanese ODA. One difference between Japan and other donors is that Japan has decided to provide assistance for the mining industry as part of its priority areas. Most

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<sup>1</sup> The Bolivian government lists four main principles — "Bolivia Digna" (recovery of life with human dignity), "Bolivia Democrática" (democracy), "Bolivia Productiva" (production increase), and "Bolivia Soberana" (restoration of sovereignty) — and endeavors through their achievement to provide all Bolivian citizens with the ability to "Vivir Bien" (living well).

Western donors and international organizations generally provide assistance for improving agricultural productivity in the field of production increase. In contrast, Japan considers "sustainable mining industry" to be a priority area and is providing environmentally conscious technical assistance to Bolivia.

#### 4.1.3 Consistency with Japan's ODA and diplomatic policy

##### (1) Consistency with the ODA Charter and Midterm Policy

Providing assistance for mitigating poverty and correcting income inequality in Bolivia — the poorest country in South America (with a per capita GNI of USD 1,651)<sup>2</sup> — is highly significant, particularly from the standpoint of "ensuring fairness," one of the five basic policies listed in Japan's Official Development Assistance Charter. Further, the perspective of "human security" in the Country Assistance Program for Bolivia is considered as a fundamental perspective underlies the two pillars of assistance, "social development assistance for poverty reduction" and "assistance for achieving sustainable economic growth" and is in accordance with the "human security" as noted in the ODA Charter. With regard to assistance for achieving sustainable economic growth, providing assistance to the Bolivian government's needs for industrialization of natural resources, is consistent with Japanese policy from the standpoint of strengthening bilateral economic relations aiming the stable supply of rare resources.

##### (2) Consistency with Japan's diplomatic policy

The Priority Policy issues for international cooperation of FY 2010, released in May 2010, list nine areas as priorities for international assistance to Latin American countries. Among them, "assistance for reducing poverty and correcting income inequality" and "assistance for social development in order to reduce poverty" are particularly consistent with the basic policy and direction stated in the Country Assistance Program for Bolivia.

#### 4.2 Effectiveness of results

##### 4.2.1 Achievements of Japanese assistance to Bolivia

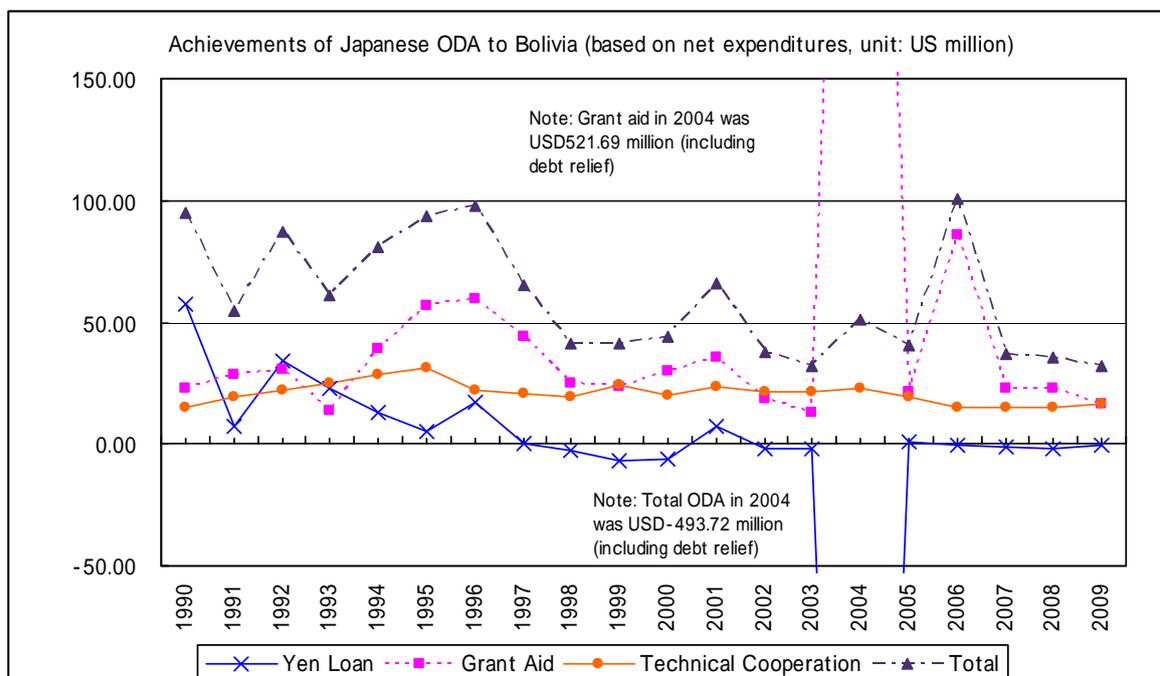
Japan's policy for assistance to Bolivia is spelled out in the Country Assistance Program for Bolivia published in April 2009. This program was formulated taking into account Japan's more than 40 years of experience in assistance to Bolivia, as well as the National Development Plan established by the Morales administration inaugurated in 2006.

In the past more than 40 years, Japan has provided in aid to Bolivia, mainly in the form of grant aid and technical cooperation. The cumulative total in grant aid provided to Bolivia between 1990 and 2009 comes to approximately USD 1,263 million, while the cumulative total in technical cooperation comes to approximately USD 515 million.

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<sup>2</sup> According to figures for 2009 from the National Statistics Bureau.

With regard to loan assistance, in 2003 Bolivia's debts were canceled through the agreement of major creditor countries, and no new loan assistance projects have been implemented since then. In 2010, however, a review of yen loan needs was conducted and a new yen loan program is expected to begin in 2011.



Source: Prepared based on ODA website, Ministry of Foreign Affairs (as of March 2011) (<http://www3.mofa.go.jp/mofaj/gaiko/oda/search.php>)

Fig. 1 Achievements of Japanese ODA to Bolivia

#### 4.2.2 Effectiveness in each priority area for assistance

For this study, the effectiveness of Japanese assistance to Bolivia was evaluated primarily from the perspective of the three priority assistance areas: social development, production increase and good governance.

##### (1) Social development

Japan provides long-term social development assistance to Bolivia to reduce poverty from the perspective of "human security" through education, health care, provision of safe water, and so on. The cumulative total of grant aid and technical cooperation provided to Bolivia comes to approximately JPY151.02 billion.<sup>3</sup> In the field survey conducted for this evaluation, it was confirmed that Japanese assistance is widely acknowledged as important by Bolivian government representatives, the media, and so on, and that it is highly regarded as having helped to reduce poverty. Japanese ODA, especially technical cooperation projects, is highly regarded for being assistance that is rooted in the local community and for being less politically charged.

<sup>3</sup> ODA Country Databook, Ministry of Foreign Affairs (2010)

## 1) Education

One of the achievements of Japanese ODA in the area of education is the construction of schools, vocational training schools and dormitories etc. through Grant Assistance for Grassroots Human Security Projects (GGP). In the five years between 2005 and 2009, Japan implemented a total of 106 GGP projects in the educational field, constituting the overwhelming majority of projects compared to any other sector. Most of these were for the construction of school classrooms at the primary school level. In addition, technical schools and vocational training schools were also constructed, as well as the provision of dormitories, teaching aids and so on. It is difficult to assess the quantitative effect of this assistance on increasing the overall number of schools in Bolivia due to the lack of information (data for FY 2007 and subsequent years have not yet been disclosed). However, the assistance is thought to have helped to resolve the classroom shortage, particularly in rural farming areas, and to have improved access to primary schools. In the educational sector, other donors have taken a sector-wide approach, and the mainstream approach has been to provide financial assistance by means of a basket fund<sup>4</sup>. As a result, some Bolivian government officials and donors expressed the opinion that this type of comparatively small-scale financial assistance which directly provided to the local level able to respond to the precise needs of local governments and NGOs and has an enormous impact despite its scale.<sup>5</sup>

## 2) Health and medical care

In the area of health and medical care, Japan provides assistance mainly for maternal and child health and assistance for people with disabilities. Indicators in maternal and child health are improving overall, but it is difficult to determine quantitatively the degree to which Japanese ODA has contributed to improvements in the indicators. However, the number of childbirths at two health care centers to which assistance has been provided in the form of JICA technical cooperation accounts for approximately 20% of all births at health care centers in the whole of La Paz. The "mother's classes" held for expecting mothers at these health care centers are thought to have contributed to some extent to the increase in the level of prenatal care in the city of La Paz. Moreover, in interviews, it was said that expecting mothers traveled there from El Alto and other areas outside the jurisdiction of the health care district in order to receive these services. Within La Paz, El Alto has a particularly large indigenous population. In this region, due to the ethnic and cultural background of the people, there remains a strong tendency to avoid giving birth at hospitals or health care centers. Thus this trend for expecting mothers from El Alto to seek out the services is an indication that the assistance is helping to improve the reproductive health of indigenous women. In addition, beginning in December 2007, efforts have been made to improve the maternal and child medical care organization in Punata Province and Arani Province in Cochabamba. This project is currently pursuing the establishment of individual hands-on training models matching trainees' abilities and

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<sup>4</sup> Also known as common funds or common pools, these are shared accounts into which each aid donor country and organization contributes a portion of its development assistance funds for a specific sector. These accounts are managed by the government of the beneficiary country, reducing the paperwork burden, etc. of the beneficiary country.

<sup>5</sup> Interview conducted in Bolivia

work demands, as well as the provision of services to pregnant women with consideration for their ethnicity. Improvements have been seen in the number of outpatients, medical examinations, childbirths and so on.

Furthermore, Japan is also providing assistance to persons with disabilities based on the perspective of human security. In the "National United Registration of Person with Disabilities Program (Programa del Registro Único Nacional de Personas con Discapacidad (PRUNPCD)" , implemented as a follow-up to the "Project for Implementation of the Unified Registration of the Handicapped Person in La Paz" that ran from August 2006 to October 2007 with the purpose of establishing a diagnosis and registration system for persons with disabilities, 82,087 persons nationwide with physical or mental disabilities were registered. In the field survey, it was confirmed that Bolivian government representatives and the WHO as well as other donors conducting activities in the health sector had high recognition for Japan's assistance for persons with disabilities. Registration of persons with disabilities was an area in which neither the Bolivian government nor other donors had yet provided assistance. The registrations collected as a result of Japanese assistance are expected to be used as base data for the formulation of Bolivian government's policy to support persons with disabilities.

### 3) Water and sanitation

The achievements of Japanese ODA in the area of water and sanitation include improvement in the availability ratio of safe water. It was achieved by implementing related projects continuously through the use of various schemes.

Projects to supply safe drinking water began with a development study in 1995. Subsequently, beginning in 1997, grant aid was provided three times for the purpose of providing well-digging equipment.<sup>6</sup> Moreover, the "Water is Health and Life" (Agua es Salud y Vida / ASVI) project was planned and then implemented as a technical cooperation project to promote the construction of groundwater resources and water supply facilities, as well as to implement village development activities that increase the ratio of safe water supplied and ensure sustainable drinking water use. As a result of continuous assistance over a period of approximately 15 years, 1,082 wells have been dug, benefiting 821,000 people. In this way, Japanese assistance has made a major contribution to ensuring a supply of safe drinking water in Bolivia.

Furthermore, empowerment of organization at the provincial and village level and sharing of knowledge and data are essential to the supply of safe water. Achievements of Japanese ODA in this area include organization of water committees at provincial and village level, as well as the provision of training for provincial workers and engineers, the provision of water supply equipment and improvements of financial and technical aspects of the maintenance.

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<sup>6</sup> There have been two grant aid projects for water supply and sewer system construction.

#### 4) Rural development

With the aim of reducing the poverty of small farmers, Japan has implemented projects aimed at stabilizing and improving crop productivity and increasing the income of farming households. These include construction of irrigation facilities and dissemination of farming techniques, preserving soil and water resources, improving social infrastructure, and training people to teach farming methods. These projects have targeted regions with particularly conspicuous poverty rates and those with harsh topographical and meteorological conditions.

Providing assistance in such regions is difficult. However, to take one example, in a project to set up an organization for implementing comprehensive rural development, mini-projects were conducted to improve the productivity of farming households. These have achieved progress little by little. Farming households that have received assistance for dairy husbandry have seen their farm incomes rise, while farmland improvement and consolidation efforts have prevented soil runoff. Some interviewees felt that this type of comprehensive rural development approach is unique to Japan, which is being conducted in a sustainable way.

#### (2) Production increase

Japan has placed priority on assistance in the social sector for reducing poverty, with comparatively less emphasis on the area of increasing productivity. At the time of the field survey, the JICA projects underway in the agricultural sector were all at the start-up stage, so their specific outputs had not yet been manifested<sup>7</sup>. Accordingly, it is difficult to evaluate the effectiveness of these projects in this study.

For this reason, the field survey team visited the Pedro Domingo Murillo vocational training school, which Japan provided assistance for this project from 1986 through 1996. Although this project was implemented some years prior to the target period of the evaluation, the effectiveness of the contribution made by Japan's assistance for industrial worker training was evaluated.

From 1986 through 1996, Japan dispatched Japan Overseas Cooperation Volunteers, total approximately 20 members in the fields of automotive engineering, chemistry, electricity, and electronics to the Pedro Domingo Murillo vocational training school. Japan also dispatched specialists, provided equipment, and accepted trainees in Japan.

At this vocational training school, the equipment provided by Japan from 1980s through the early 1990s is still operational and used in engineer training. Moreover, almost all of the teaching staff who participated in the training in Japan are working as instructors at the school. These staff members provide instruction in not only the technologies learned from Japan but in Japanese values and the Japanese approach to manufacturing. Some of the staff members who participated in training in Japan said that they were unable to practice certain technologies such as in the area of robotics and laser cutting, as the machines themselves are not present in Bolivia. However, they said that they not only teach these technologies in the school but also hold seminars outside the school for interested

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<sup>7</sup> As of December 2010; from interviews at the JICA Bolivia office.

members of the public. In this way, they are working to share information and disseminate the technologies that they learned from Japan.

Bolivia has a great need of training for industrial workers to achieve the advancement of industry, and providing assistance to vocational training schools such as Pedro Domingo Murillo will contribute to the economic development of the country. Implementing projects in cooperation with engineers and instructors who have participated in training in Japan is thought to be an effective means of creating a ripple effect for Japanese assistance.

### (3) Good governance

Japan's assistance in the area of governance is characterized by an emphasis on improving administrative capabilities. Some other donors are providing assistance for democratization, administrative reform, judicial reform as governance assistance. Japan provides governance assistance in the form of "improving the capabilities of personnel at public institutions," "improving organizational skills," and "improving governance in regional administrations to achieve decentralization of power from central to local governments."

Japan has traditionally provided assistance at the grassroots level within the local community, contributing through each project to improve administrative capabilities in the counterpart agencies. In the field survey, it was confirmed that the achievements of this type of effort are particularly apparent in technical cooperation projects. For example, the "Water is Health and Life (ASVI)" project was implemented in close cooperation with employees of the city of La Paz (the project counterpart) and JICA. As a result project, even after conclusion of the project, these La Paz municipal employees continue to work and expand the project even to communities that were not the originally included in the project.

Moreover, in the FORSA (Strengthening of Healthcare Network) project in the health sector, it was confirmed that, even following conclusion of the project, the doctors and nurses at the health care centers who received technical assistance and equipment provision have continued to conduct their own activities to improve maternal and child health. Although these projects were not specifically aimed to improve governance, they have helped to improve governance (administrative capabilities) within related institutions in Bolivia from the standpoint of improving counterpart capacity.

In the current Country Assistance Program for Bolivia, governance is one of the priority areas for assistance, along with social development and production increase. When the next country assistance policy for Bolivia is formulated, governance should be considered as a development issue that cuts across all areas and therefore is relevant to both social development and production increase, rather than positioned as a pillar on the same level as social development and production increase. This positioning would more accurately reflect the present situation in Bolivia.

### 4.3 Appropriateness of process

#### 4.3.1 Process of formulating Japan's Country Assistance Program for Bolivia

Around 2006, a study to formulate Japan's policy for country assistance for Bolivia was initiated. Following discussions with the ODA taskforce, relevant agencies in Japan, and the Bolivian government, Japan's Country Assistance Program for Bolivia was established in April 2009. With regard to the formulation of the Country Assistance Program, relevant parties at MOFA expressed the opinion that a comparatively long time was needed for discussions with the local ODA taskforce, relevant agencies in Japan, and the Bolivian government. The inclusion of an item regarding the resumption of yen loans in the Country Assistance Program in particular made it necessary to devote time to discussions among relevant agencies, as it would involve resuming yen loans immediately after debt relief had been provided. Moreover, as there was a change of government in Bolivia in 2006, the study was coordinated with the timing of the establishment of a development plan by the new administration; ultimately the Country Assistance Program for Bolivia was formulated so as to be consistent with the development plan of the new administration.

#### 4.3.2 Negotiation and coordination among relevant agencies in implementing assistance

##### (1) Local ODA taskforce

The local ODA taskforce in Bolivia meets about once every two months, and representatives from the Japanese Embassy in Bolivia and the local JICA office participate in these meetings. The Embassy and JICA office also hold frequent consultations outside of meetings and there is lively debate regarding ODA implementation. An enlarged ODA taskforce also meets, with private sector participating in these meetings.

##### (2) Cooperation with local government agencies

Each fiscal year, a policy dialogue is held between the Japanese Embassy in Bolivia and Bolivian government agencies. Regular discussions regarding individual projects are also held among the officers in charge of those projects. In the course of the field survey, however, it was noted that more frequent communication was needed after an application had been made for one project. In other words, the Bolivian side felt that it did not have adequate information regarding progress at the review stage, and requested more frequent communication with the Japanese side in order to resolve lack of information. It was also pointed out that it takes a great deal of time for project formation in Japanese ODA. According to the Bolivian government, it normally takes one to two years for a Japanese project to progress from application to finalization. It was pointed out that the needs of the community that requires assistance may change during this time, and not being able to reflect them in a timely manner. However, it should be taken into consideration that the time required for project formation also depends on Bolivian side as well, such as delays in receiving a response from the Bolivian government with regard to content-related inquiries from Japanese side.

### (3) Cooperation with other donors

The meeting of major donors in Bolivia known as the GruS consists of general meetings and individual sector meetings. Representatives from the Japanese Embassy and the local JICA office attend GruS meetings. In addition to the GruS, there are also other donor meetings formulated in each sector, which the Bolivian government takes the leads. Japan attends donor meetings in the areas of education, health care, water and sanitation, the environment, agriculture and production.

In the areas of education and health care, in which the ministries and agencies in charge exhibit comparatively strong leadership, Japan is regarded as a leading donor by Bolivian government representatives and other donors and receive high evaluation for actively strives to share information with others. However, in the areas of water and sanitation and agriculture, there was a request from other donors for more active sharing of information regarding the projects implemented by Japan.

## 5 Main Recommendations

Based on the overall evaluation discussed above, this report makes the following recommendations.

*Recommendation 1: Increased emphasis on strengthening bilateral economic ties in the assistance strategy to Bolivia*

The present Country Assistance Program for Bolivia proposes two pillars for Japanese assistance to Bolivia: "social development assistance for poverty reduction" and "assistance for achieving sustainable economic growth." An important perspective for understanding these two pillars is "human security." The ODA Review Final Report issued in June 2010 specifies "implementation of strategic and effective assistance." Regarding the specific content of assistance, it notes the importance of "clarification of the approach to assistance" for each target country. Comparing these two points, the two pillars noted above can be interpreted as indicating the strategic direction of Japan's current assistance to Bolivia.

These two pillars will continue to be appropriate and effective as the approach to providing Japanese aid to Bolivia, and "human security" will also continue as an important perspective for interpreting them. In order to further clarify this approach based on a consideration of the significance of bilateral relations between Japan and Bolivia, this study proposes the additional perspective of "improving bilateral economic relations" as a basis for the consideration of "assistance for achieving sustainable economic growth" in particular.

For many years, Japan has provided assistance to social sector in Bolivia, such as education, health care, provision of safe water, and so on, with the aim of reducing poverty. In this process, from the standpoint of "human security," Japan has emphasized protection

of the livelihood of the people in Bolivia while strengthening and improving their capacity to be self-supporting. Japan has emphasized the same perspective in providing aid for industry towards achieving sustainable economic growth, and has considered its main objective to be raising the overall socioeconomic level. This strategic approach of Japanese assistance is appropriate from the standpoint of the development needs of Bolivia and the resolution of internationally recognized development issues. It is expected to remain appropriate in the future as well.

However, one perspective that has been lacking in Japan's approach to assistance to Bolivia up to now is that of the bilateral relations between the two countries, especially in the economic area. Japan has the potential to use the outstanding industrial development technologies cultivated in the past to provide assistance that matches the economic development and industrial development needs of Bolivia. Accordingly, in its assistance strategy, Japan should more clearly position the promotion of types of assistance that contribute both to sustainable growth of Bolivia and Japan's industrial development.

For example, Bolivia regards industrialization of mineral resources (which include lithium and other rare minerals) as important policy issues and implements actively such policies in action in recent years. If resource development involves only extraction and sale, however, the ripple effect on the economy will be limited. Pursuing industrial development based on mined resources, on the other hand, will also help to reduce poverty in the form of job creation and so on. From this perspective, using Japanese technologies to promote industrial development relating to Bolivia's mineral resources by means of public-private cooperation will help Bolivia achieve sustainable economic growth, and will also help to reduce poverty in the country. In addition, if such efforts enable Japan to ensure a stable supply of Bolivian rare metals, this will also help the Japanese economy while supporting the priority policy areas of Bolivia at the same time. This can also be expected to help strengthen bilateral ties between Japan and Bolivia.<sup>8</sup>

*Recommendation 2: Continuous implementation of assistance in social development sector*

Poverty remains in Bolivia, particularly in rural agricultural areas. The census in 2001 found that 58.5% of the total population lives below the poverty line. Poverty is particularly apparent in Potosi and Beni, with 79.7% and 76.0% of the population living below the poverty line (2001). Thus Bolivia still needs assistance in the area of social development, so Japan should continue to provide assistance in this sector, including education, health care, water and sanitation and rural development.

This study confirmed that Japanese aid is widely acknowledged as important by Bolivian government representatives, the media, NGOs, and that it is highly regarded as having helped to reduce poverty. Japanese ODA, particularly technical cooperation projects, is highly recognized as assistance that is rooted in the local community and is less politically charged.

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<sup>8</sup> When President Morales visited Japan in December 2010, the leaders of the two countries agreed on the strengthening of economic ties through cooperation in the resource field.

Japan should continue to provide assistance for social development based on the relationship of trust that has been established with Bolivian counterparts. This study proposes the following changes in order to further promote effectiveness of future assistance in the social development sector.

- Establish program approach based on priority region  
Aid resources should be concentrated in area with high poverty rate such as Potosi, in which the effect will be most visible. In addition to priority assistance areas, program approach based on priority region should be established to concentrate assistance on poor regions.<sup>9</sup>
- Make effective use of returning trainees  
There are many people in Bolivia who have participated in counterpart training in Japan and third countries training program in the past. These former trainees should be employed actively as assets by Japan to train the next generation of personnel.<sup>10</sup> Linking assistance with the beneficiaries of Japanese ODA will help to disseminate the effects of assistance.
- Reflect good practice at the local level to national policy  
The Japanese Embassy and JICA office should establish a channel for the exchange of information with Bolivian government representatives, in order to reflect good practices and expertise gained from the projects implemented in local level to policy in national level. Currently the Bolivian government is in the process of formulating development plans for individual sectors (Plan Sectorial de Desarrollo) based on the National Development Plan. Japan should urge the Bolivian government to reflect the know-hows gained by Japanese ODA to its individual sector development plans.

*Recommendation 3: Promote assistance for development of the mining industry*

One of the priority areas in Japan's Country Assistance Program for Bolivia is "production increase." The plan ranks "sustainable mining industry" as a priority area for assistance. However, the projects that Japan has implemented in the mining sector up to now have entailed only limited assistance such as the dispatch of individual specialists in the area of preventing mine pollution.

Mining industry is one of Bolivia's main industries and development of the mining industry will have a major impact on economic growth and foreign currency acquisition by Bolivia. Such development will need to be environmentally conscious manner. Electrical power supplies, means of transport, personnel training will also be essential.

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<sup>9</sup> Promotion of comprehensive development in Potosi and other parts of the Andes region in order to achieve "Vivir Bien" (Live Well), the objective of the Bolivian National Development Plan, is also confirmed in the Japan – Bolivia joint declaration issued during the visit of President Morales to Japan in December 2010.

<sup>10</sup> For example, at the Pedro Domingo Murillo vocational training school, trainees who had participated in training in Japan and third countries gave technical instruction, providing guidance not only in leading-edge technologies but in Japanese values and approach to work as well.

Moreover, industries such as refining and metal processing that are based on and represent an extension of the mining industry should also be fostered. The Bolivia government considers the industrialization of mineral resources to be important for economic growth, and providing assistance for the mining and industry sectors is consistent with the priority development issues of the Bolivian government.<sup>11</sup>

In order to respond to these needs, Japan should further promote its assistance for sustainable development of the mining industry. Japan can utilize its environmental and metal processing technologies to help develop the mining industry in Bolivia. Moreover, to ensure that mining development is done in a sustainable manner, it is important to improve the research and development system in Bolivia, which Japan is expected to provide assistance.

In order to promote assistance for development of the mining industry, Japan must identify the needs that exist in the mining industry and kinds of contributions that Japan can make. Moreover, it will be essential for Japan to improve its "All-Japan" framework in which MOFA operates in cooperation with the Ministry of Economy, Trade and Industry, Japan Bank for International Cooperation (JBIC), Nippon Export and Investment Insurance (NEXI), and Japan Oil, Gas and Metals Corporation (JOGMEC) as well as private sector, promoting projects based on public-private cooperation. In order to determine the role quickly and accurately that Japanese ODA can play, efforts by the Japanese Embassy to gather and analyze information should be strengthened, and a system for rapid decision-making should be established. One idea would be to conduct project formation of yen loan projects for infrastructure development which aims at production increase.

*Recommendation 4: Strengthen information-sharing and cooperation with other donors*

In addition to the GruS, donor meetings led by the ministries are set up in Bolivia. At these meetings, information regarding projects is shared among donors on a regular basis, and Japan also participates as a member.

In the field survey, some donors requested that Japan should share information more actively at donor meetings.

In the education and health sector, in which the Bolivian ministries exercise strong leadership as compared to other sectors, there has been progress in donor coordination. As Japan has implemented projects in these areas for many years, Japan is regarded as a leading donor and by Bolivian government and other donors, and considered as the one that strives to share information actively.

On the other hand, in the water and sanitation sector as well as rural development sector, it was pointed out by other donors that they do not have adequate information on the projects that Japan is implementing, and as a result, there is a possibility that duplication of projects may occur. In the sectors such as water and agriculture, some feel that the Bolivian ministry's leadership is not as strong as in the education and health sector, and that there is a need for donors to take the lead in more active information sharing.

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<sup>11</sup> The sector development plan of the Bolivian Ministry of Mining and Metallurgy calls for "creation of industries for the development of mineral resources."

Based on these comments, the Japanese Embassy and the JICA office should make full use of donor meetings and the Bolivian ministry led sector meetings to promote the information sharing on Japanese ODA projects.

Furthermore, Japan should study the possibility of participating in basket funds in the future. At present, Japan is not participating in basket funds and implements projects independently. However, the Bolivian government welcomes Japan's participation in basket funds from the standpoint of more expeditious use of international cooperation funds and reducing the paperwork involved in project procedure. At the time of the field survey, interviewees at various ministries and agencies expressed the hope that Japan would participate in basket funds.

Basket funds has advantages such as strengthening bargaining power to the Bolivia government, promoting cooperation with other donors, and leading to an increased sense of ownership by the Bolivian government.

However, in order for basket funds to function properly, the Bolivian government must have sufficient management capabilities, and ensure its transparency. At present, the low execution rate<sup>12</sup> of projects using basket funds is an issue, and whether the Bolivian government can appropriately implement projects using such funds needs to be ascertained. Moreover, it should also be confirmed that the objective of basket funds is in line with Japan's assistance policy.<sup>13</sup>

Based on these factors, participation in basket funds should be studied, taking into consideration both their advantages and disadvantages.

#### *Recommendation 5: Improvement of the aid process*

The Bolivian government pointed out that, as Japanese assistance requires a period of one to two years between making of request and provision of assistance, it is difficult to respond to the needs of Bolivia in a timely manner. Moreover, it was also pointed out that, after needs assessment is initiated, less information is provided regarding the progress of the review process, resulting in time passes with no feedback. There were concerns that this may affect the validity of the study results adversely and cause the target community to lose confidence in the ODA process. In order to respond to these concerns, it is suggested that the Japanese Embassy and the JICA office should share information more actively regarding the status of requested project, to implementing agencies, Viceministerio de Inversión Pública y Financiamiento Externo (Vice Ministry of Public Investment and External Financing or VIPFE), as well as with the line ministry that acts as the counterpart. This type of information-sharing will be even more essential considering the resumption of yen loans.

It is possible that, during project formation, time will also be required for confirmation by the Bolivian government and the cooperation of the Bolivian government will be necessary to reduce the amount of time between needs assessment and project implementation. In addition, the Japanese side (MOFA, the JICA head office, the Japanese Embassy in

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<sup>12</sup> For example, it was pointed out (in interviews conducted during the field survey) that the execution rate of basket funds in the field of education is low.

<sup>13</sup> At present, basket funds have been established in the areas of education, health care, water and sanitation, agriculture and livestock-raising and production, and governance.

Bolivia, the JICA Bolivia office etc.) should also work to reduce the amount of time needed for review. In this way, Japan and Bolivia must work together to create a mechanism that allows projects to be implemented as rapidly as possible.

The following table shows the five recommendations stated above.<sup>14</sup> Table 1 categorizes each recommendation as either 1) a recommendation on the level of approach to policy or strategy or 2) a recommendation on the level of aid method or procedure, as well as indicating which organization should play a leading role in the study of each recommendation. Recommendations 1 through 3 deal primarily with the policy approach to Japanese aid to Bolivia, so they are primarily recommendations for MOFA and the JICA head office. Recommendations 4 and 5 deal with the sharing of information with donors and government agencies of Bolivia, so they are recommendations primarily for the Japanese Embassy in Bolivia and the JICA Bolivia office, which are the implementing organizations at the country level.

Table 1 Recommendation Categories

	Japan Headquarters Level (for MOFA and the JICA head office)	Local Country Level (for the Japanese Embassy and the JICA Bolivia office)
Policy and strategy approach level	<ul style="list-style-type: none"> <li>• Recommendation 1: Increased emphasis on strengthening bilateral economic ties in the assistance strategy to Bolivia</li> <li>• Recommendation 2: Continuous implementation of assistance in social development sector</li> <li>• Recommendation 3: Promote assistance for development of the mining industry</li> </ul>	-
Aid method and procedure level	(Recommendation 5: Improvement of the aid process)	<ul style="list-style-type: none"> <li>• Recommendation 4: Strengthen information-sharing and cooperation with other donors</li> <li>• Recommendation 5: Improvement of the aid process</li> </ul>

Source: Prepared by evaluation team

Moreover, with regard to the time frame for study and implementation of each recommendation, Recommendations 2, 4, and 5 should be implemented immediately. Recommendations 1 and 3 should be implemented in the medium term.

For Recommendation 2, "Continuous implementation of assistance in social development sector," it would be best if a study were conducted while implementing the social development assistance that is already underway as part of Japan's policy for assistance to Bolivia. Moreover, in connection with Recommendation 4 "Strengthen information-sharing and cooperation with other donors" and Recommendation 5

<sup>14</sup> In this table, recommendations are categorized in accordance with the recommendations made in the review of past ODA evaluation results conducted in FY 2009.

"Improvement of the aid process", information-sharing with other donors and the Bolivia government should be implemented immediately.

Recommendations 1 and 3 are primarily matters that should be studied when formulating the next country assistance policy. Accordingly, the study should be timed to coincide with the revision of the country assistance policy.

Table 2 Timing of Study and Implementation of Recommendations

Time Frame	Recommendation
Implemented immediately	<ul style="list-style-type: none"> <li>• Recommendation 2: Continuous implementation of assistance in social development sector</li> <li>• Recommendation 4: Strengthen information-sharing and cooperation with other donors</li> <li>• Recommendation 5: Improvement of the aid process</li> </ul>
Implemented in the medium term	<ul style="list-style-type: none"> <li>• Recommendation 1: Increased emphasis on strengthening bilateral economic ties in the strategy for assistance to Bolivia</li> <li>• Recommendation 3: Promote assistance for development of the mining industry</li> </ul>

Source: Prepared by the evaluation team