

Strategy

Bolivia

January 1 2003 – December 31 2007



REGERINGSKANSLIET

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SUMMARY

Bolivia is the poorest country in South America by all measures, as well as being one of the countries in Latin America – and thus in the world – with the most unequal distribution of income, resources and power. The indigenous peoples who make up the majority of Bolivia's population suffer more from the unequal distribution of resources than whites and mestizos. There is also great inequality in the relations between women and men and between children and adults. 15 years of economic and institutional reforms and almost two decades of democratic government have helped to stabilize the economy and improve the social indicators, but they have not helped to appreciably reduce income poverty or inequality. One of the basic problems is that the country has not achieved the necessary level of growth. Bolivia is in great need of a growth rate that generates more jobs, but also of a policy that makes a noticeable impact on resource distribution.

In 2001 the Bolivian government adopted a Bolivian Poverty Reduction Strategy (BPRS), which is intended as a platform for the next 15 years' development policy and development cooperation. The strategy was prepared on the basis of consultations between the government and civil society within the framework of the national dialogue and is considered a living document, which is to be improved and updated continuously following intensified popular consultations. The aim of the donor community has been to adjust their cooperation programmes so that they are as consistent with the priorities set out in the strategy as possible. A newly elected government took up office in Bolivia in August 2002. It has declared its intention to make certain amendments to the poverty strategy in order to strengthen activities that help to create more jobs and increase economic growth.

An essential condition for significant poverty reduction, and for continued large-scale Swedish development cooperation with Bolivia, is explicit Bolivian ownership of efforts to fight poverty and reduce gaps. The close coordination of development assistance between the Bolivian government and international donors, and the international poverty strategy, are essential conditions for Sweden's development cooperation. However, in many cases Bolivia does not have comprehensive sectoral policies with clearly defined priorities between activities in the various sectors. If these policies were better developed, this would pave the way for Sweden to expand its sectoral programmes.

The overall objective of development cooperation in South America is to raise the living standards of the poor, which will only be possible if there is economic growth, greater social equity and peaceful coexistence. Economic and social equity and democratic development are considered especially relevant associated objectives.

The following objective is proposed for Sweden's development cooperation with Bolivia during the period from January 1 2003 to December 31 2007: *Bolivia should successfully implement an independent poverty reduction policy in the country.* The formulation of this objective is based on a multidimensional view of poverty.¹

¹The multidimensional concept of poverty is defined in the OECD/DAC Guidelines on Poverty Reduction of 2001. "Poverty is multidimensional. Poverty denotes people's exclusion from socially adequate living standards and it encompasses a range of deprivations. The dimensions of poverty cover distinct aspects of human capabilities: economic (income, livelihoods, decent work), human (health, education), political (empowerment,

Sweden's development cooperation has, as is shown by the evaluation of results, been considered to be consistent with Bolivia's priorities and is therefore expected to continue to have the same thematic focus during the coming strategy period, when allowances are made for the need for concentration. The thematic priorities of Sweden's development cooperation are outlined under the operational areas below.

- 1) Democratic governance and human rights
 - Measures/programmes that help to create open and accessible democratic institutions and processes
 - Measures/programmes that promote broader popular participation and greater political influence for excluded groups, i.e. indigenous peoples, women etc.
 - Measures/programmes that help to increase respect for human rights
- 2) Social sectors
 - Measures/programmes that help to create opportunities for skills and capacity building for the poor
- 3) Infrastructure, business and urban development
 - Measures/programmes that help to support pro-poor growth
 - Measures/programmes that help to improve basic water and sanitation security for the poor
- 4) Research cooperation
 - Measures/programmes that help to strengthen research capacity in Bolivia in areas that are relevant to the country's development
- 5) Economic reforms/General support for implementation of the poverty strategy
 - cover all the other operational areas and priorities.

These priorities mean that much of Sweden's development cooperation will concentrate on Bolivia's government reform programmes. Appropriate channels for the various cooperation programmes will be identified during the period, but by and large they should consist of Bolivian authorities, business organizations and universities, the UN system, the World Bank and Swedish NGOs and enterprises.

Horizontal issues such as gender equality, inclusion of indigenous peoples and sustainable use of natural resources and the environment are to be mainstreamed into Sweden's development cooperation. Gender equality issues and inclusion of indigenous peoples will be given special priority in the policy dialogue with Bolivia. Other issues that will be prioritized in this dialogue, which constitutes an integral part of Sweden's development cooperation with Bolivia, are the need for *pro-poor growth*, systems for greater domestic resource mobilization and an economic policy designed to achieve more equal income distribution.

1. INTRODUCTION

The proposed country strategy for Bolivia for the period from January 1 2003 to December 31 2007 is based on a country analysis and a results analysis. The

rights, voice), socio-cultural (status, dignity) and protective (insecurity, risk, vulnerability). Mainstreaming gender is essential for reducing poverty in all its dimensions. And sustaining the natural resource base is essential for poverty reduction to endure.”

process of drafting this document was guided by the principle of Bolivian ownership. To a certain extent, the country analysis was based on Bolivia's own analysis in its poverty strategy (BPRS). The results analysis was carried out by Bolivian consultants on the basis of terms of reference formulated jointly by Bolivia's Ministry of Finance and the Swedish International Development Cooperation Agency (Sida). Several consultation meetings on the draft country and result analyses were held in La Paz with representatives of Bolivia's public administration, Bolivian organizations and Swedish development cooperation stakeholders. The first draft strategy was reviewed in consultations with the Bolivian Ministry of Finance and Swedish representatives in Bolivia. Subsequently, Swedish stakeholders were given the opportunity to comment on later drafts of the strategy documents during a two-month consultation period.

There must be a certain amount of flexibility in order to make it possible to adjust the focus of development cooperation with Bolivia in response to external developments. To take one example, the Government Bill on Sweden's future global development policy, which will be presented in the spring of 2003, and the subsequent parliamentary resolution, may have an effect on future development cooperation with Bolivia.

2. CONCLUSIONS OF THE COUNTRY ANALYSIS

2.1 Democratic development

Democracy was restored in Bolivia in 1983, following a long period of political turmoil and repeated military coups. Significant democratic progress has been made since then, in particular as regards decentralization and local democracy, but the traditional political parties, which mainly represent – and are represented by – male whites and mestizos has continued to dominate the highest positions of power. There is a strong interest organization movement at the local level in Bolivia whose influence is seldom reflected at the national level. The legitimacy of politicians and the citizens' confidence in democratic institutions has declined in recent years. The majority of Bolivia's inhabitants, i.e. indigenous peoples, are still disadvantaged in terms of the distribution of power, resources (including natural resources), income and respect for human rights. Nevertheless, Bolivia has done more with respect to legislation on the rights of indigenous peoples than other countries in the region. Women and children are two other large groups who have less opportunity to play a part in the development of the country, due to the extremely unequal distribution of income and resources. Civil society has not yet succeeded in challenging the prevailing structures or offering any political alternatives: many people feel excluded from politics and organizations.

The rule of law is weak on account of widespread corruption and a defective judicial system. A significant landmark in the last few years is the establishment of an Ombudsman's Office, which has managed to achieve great respect for its independence and investigatory work. Respect for human rights is limited, but generally speaking the situation is not worse than in other Andean countries. There are no signs of deliberate, systematic abuses. The violations that occur are often a result of the ineffectiveness and weakness of the institutions whose task is to enforce the rule of law, rather than of deliberate abuses, although there are exceptions.

Social conflicts are common in Bolivia; social and political dissatisfaction is generally expressed in demonstrations, marches and road blockades, and sometimes by full-scale confrontations between the government and various interest groups. More broad-based political processes with broader popular participation are necessary in order to achieve better economic and social development.

2.2 Poverty

The economic reforms and structural adjustment that were launched in the mid-1980s succeeded in stabilizing the Bolivian economy but were less successful in reducing income poverty. Bolivia is still the poorest country in South America and one of the most unequal in the whole of Latin America. Estimates of the national poverty line indicate a decrease from 85 per cent in 1976 and 70 per cent in 1992 to 63 per cent of the population in 1999.² There are still great differences between urban and rural areas, and as many as 85 per cent of the rural population, most of whom consist of indigenous peoples, are poor. This sector of the population depends largely on natural resources for its livelihood and suffers disproportionately from environmental problems and natural hazards such as drought and floods. Significant progress has been made in social development in recent years, but Bolivia still lags far behind other countries in South America in terms of access to health care, education and water and sanitation facilities. Bolivia has the lowest GDP per capita, the lowest life expectancy, the highest maternal and infant mortality and, alongside Brazil, the highest proportion of illiterate people in South America. Bolivia is also at the bottom of the list of South American countries in the Human Development Index. It has a long way to go as regards equality between the sexes, and women's income is far lower than men's.

2.3 Growth and trade

Bolivia is a large-landlocked country with a small national market. It is in great need of more jobs for the large proportion of the population that is unemployed, underemployed or employed in the informal sector. Its exports could well become an engine of economic development. Its main export goods are minerals, agricultural products and, in recent years, oil and gas. Large new gas deposits will be exploited in the coming years and are expected to account for the greater part of export revenue in the future. However, this production is not expected to make much impact on employment.

Bolivia trades mostly with its neighbours, the EU and the USA. It has liberalized its foreign trade, but trade liberalization and membership of the regional trade blocs, the Andean Community and Mercosur, have borne little fruit so far. Bolivia's trade opportunities are affected by the industrialized countries' duties and trade barriers. Its prospects have also deteriorated as a result of the recession and massive

² Bolivia's poverty strategy and ECLAC have estimated Bolivia's national poverty line as follows. A calculation was made of the costs of a basic food basket and other necessary expenses measured at current price levels in the region. In rural areas the cost of the basket was USD 23 per person per month, and the cost in urban areas, although it varied, was USD 29 per person per month. The measure of poverty used for urban areas was household income, while in rural areas household expenditure per person was measured. This national poverty line may be compared with the international poverty line used in the World Development Report 2000/2001, which applied to population groups with an income of less than USD 2 per day. The incomes of 38.6 per cent of the population of Bolivia were below this level according to an estimate made in 1990.

devaluations in its neighbours Argentina and Brazil. The full impact of the Argentinian crisis on Bolivia cannot yet be foreseen. The preferential trade regime launched by the USA under the Andean Trade Preference Act (ATPA) may offer new export opportunities, in particular for the textile industry. The USA exerts a major economic and political influence over the region.

A period with 4-5% economic growth during the period 1985-1998 was followed by economic stagnation in 1999-2002 as a result of both external and internal shocks.

One great challenge for Bolivia is to succeed in exploiting the potential for growth that exists in the forest and tourist sectors. However, it is crucial that growth in these sectors, as in the energy sector, is consistent with ecological sustainability. In view of the unequal distribution of income and resources in Bolivia, growth is regarded as a necessary, but not sufficient, condition for effective poverty reduction. It is extremely important for Bolivia to achieve broad growth that helps to reduce inequality in the country – *pro-poor growth*. The increased participation of women in the formal market offers important future potential for Bolivia's industry and growth. Future governments will have to create incentives for increased production and employment for a larger part of the population. In addition, increased investment in the road network and telecommunications infrastructure is needed to improve communications and thus strengthen the productive base. Improved and simplified rules are needed to stimulate the development of industry and business. Closer cooperation between public institutions and business organizations is crucial in this context.

2.4 Drugs

Under the last government Bolivia was relatively successful in combating illegal coca plantations. However, this policy encountered serious resistance from the coca growers under their leader Evo Morales, who is now also the main leader of the opposition in the Bolivian parliament and leader of MAS³. Full-scale confrontations have taken place from time to time between the army and the coca growers, and on several occasions human rights organizations have accused the military of human rights abuses in connection with these confrontations. The Banzer and Quiroga governments never achieved their zero vision for illegal coca cultivation, although they did succeed in achieving a substantial reduction of the area under coca during their terms. The new government has promised to continue the fight against coca. Morales, who strengthened his position in the 2002 elections, will probably resist these efforts. There is no prospect of a solution to this problem. Apart from the national perspective, there is also concern that drug-related conflicts in Colombia will spread to Bolivia. Coca production appears to have increased in Colombia as coca plantations have been eradicated in Bolivia.

2.5 Bolivia's reform policies

In the 1990s Bolivia launched a large-scale reform of public institutions. This reform effort is characterized by strong Bolivian ownership, although it is largely financed by development assistance funds. Other significant reforms that are already under way include reform of the education system and reforms aimed at decentralizing decision-

³ MAS, el Movimiento Al Socialismo

making and budgetary responsibility to the local level. The education system has tended to perpetuate social inequalities. The reform of primary education aims to improve the quality of teaching and school buildings and to improve conditions for the most disadvantaged groups, i.e. poor children, particularly girls, in rural areas whose native language is not Spanish, so that they can complete their schooling. The bilingualism programmes that were introduced in areas where the native language of a large proportion of the population is not Spanish is regarded as an important step towards making it possible for them to finish school and towards increasing the influence and participation of excluded groups.

Corruption is a major obstacle to development both in public institutions and in business. The administrative reform, whose purpose is to establish a more professional, open and less politicized government administration, also includes anti-corruption measures. Significant successes in recent years include the reform of the customs service, which has developed from one of the most corrupt public institutions to a professional, transparent organization whose officials are appointed on merit. A great deal remains to be done, however, when it comes to changing attitudes in the central government sector, the business sector and the general public with a view to overcoming the problem of corruption. The new government under Gonzalo Sanchez de Lozada has made the fight against corruption one of its profile issues, in particular by the appointment of the respected journalist Carlos Meza as Vice-President and putting him in charge of the fight against corruption. One of the great challenges facing the new government is to address corruption in the judicial system. Bolivia has come a long way in its decentralization efforts. However, strengthening capacity and local participation in local government remains a major challenge. The existing mechanisms for participation and transparency are still weak and insufficiently adapted to traditional Bolivian organization patterns.

2.6 Bolivia's poverty strategy

The Bolivian Poverty Reduction Strategy (BPRS) was adopted in June 2001 as a framework for Bolivia's poverty reduction policy in the next 15 years. The strategy has been approved by Parliament, which has passed relevant legislation. Broad consultations between the government and civil society will be held every three years with a view to reviewing and improving the strategy and deepening the continuing participation process. The aim is to link all development cooperation to the BPRS. The main development effort must be made by Bolivian institutions and the Bolivian people. But since Bolivia is a poor and highly indebted country, there continues to be a great need for international cooperation. Bolivia is a pilot country within the framework of the World Bank's model for donor decentralization and local ownership, the Comprehensive Development Framework (CDF), and aid coordination is well-developed on the basis of strong national ownership.

2.7 The development aid environment

Bolivia is dependent on aid: aid flows account for about 7.5% of total GDP.⁴ A large number of multilateral and bilateral donors deliver extensive cooperation programmes in the country. Resource transfers from bilateral donors total about USD

⁴ World Bank, World Development Report 2000/2001.

400 million per year, of which the USA accounts for 25%. The World Bank and the Inter-American Development Bank (IDB) annually disburse about USD 75 million and USD 100 million, respectively, in the form of credits. The European Commission's annual disbursements to Bolivia total about € 50 million. Sweden's contribution accounts for a very small percentage of overall development assistance to Bolivia, and this makes it all the more important to cooperate with other donors in order to influence the implementation of the programmes that receive assistance.

3. CONCLUSIONS OF THE RESULTS ANALYSIS

Sweden's development cooperation programme in Bolivia was based on a country strategy for 1997-2001 and a strategy for cooperation with South America during the period 1998-2002. The strategy period for Bolivia was extended at the end of 2002. The strategy envisaged disbursements of about SEK 650 million during the period, but in fact more than SEK 740 million was disbursed. Disbursement of a further SEK 150 million is planned for 2002.

3.1 Sweden's cooperation with Bolivia 1997-2002 (MSEK)

	1997	1998	1999	2000	2001	2002 (plan)
Human rights/Democracy	10	7	15	25	45	49
Social sectors	70	22	49	50	67	49
Private sector dev.	19	26	21	16	6	22
Natural resources	-	-	11	5	2	2
Research	1	1	-	9	15	17
Support for balance of payments	40	35	-	50	60	(35)**
Swedish NGOs	8	8	8	11	10	12
Miscellaneous	4	4	6	6	1	1
Total	152	103	110	172	206	152 (187)

** At present, budgetary support to Bolivia for 2002 seems likely to be withheld since the IMF reform programme PRGF is 'off-track'.

3.2 Comprehensive evaluation of results

At the end of 2001 a comprehensive evaluation of Sweden's development cooperation during the period 1997-2001 was carried out by Bolivian consultants. The terms of reference were formulated jointly by the department for external financing at the Bolivian finance ministry (VIPFE) and Sida. The VIPFE and Sida presented a report on the evaluation. Its main conclusions were as follows.

- Sweden's development cooperation was well adapted to Bolivia's current priorities, was relevant to the country's needs and played an important part in supporting necessary reform processes in public administration, including the strengthening of social institutions.

- The new coordination model⁵ introduced by the Bolivian government improved cooperation between the donors.
- A long-term development policy, with both horizontal and sectoral components, is an essential condition for sustainable poverty reduction. The poverty reduction strategy (BPRS) is a step in the right direction. At the sectoral level there is still a great need of more clearly defined policies and priorities between activities. The latter are crucial to future sectoral support.
- The hierarchy of objectives for Sweden's development cooperation with Bolivia was vague.
- It is important to ensure that development cooperation benefits the local level, but also to respect the resource transfer mechanisms established by Bolivia.
 - A large part of Sweden's development cooperation is not included in Bolivia's planning and budgetary systems despite the fact that this information is provided. All development assistance should be included in these systems' documentation.
 - Together with other donors, Sweden played an important part in promoting the necessary process of reform of public institutions.
 - Sweden's development cooperation with Bolivia is not notably fragmented, but would benefit by further concentration.
 - The merits of multilateral organizations (the UN system and the multilateral development banks) as channels for Sweden's development cooperation with Bolivia should be assessed on a case-by-case basis. An essential condition for channelling Sweden's assistance through these organizations is that the relevant line ministries and/or local authorities approve the programmes.
 - Budgetary support, for example support related to implementation of the poverty strategy, may be a feasible form of support, but it should be assessed together with other forms of support. Sweden should therefore be more flexible when it comes to choosing between different forms of support.

3.3 Conclusions of other evaluations

- An evaluation of implementation of the Comprehensive Development Framework in the pilot country Bolivia presented conclusions that in some respects were similar to those of the evaluation mentioned above. Other conclusions and recommendations that are relevant to Sweden as one of the donors in Bolivia: there is a risk of donor congestion in connection with popular issues; many donors think too much in terms of sectors; donors are urged to continue to delegate decision-making to the field and to adapt themselves to Bolivia's development programmes.
- An evaluation of Sweden's support for gender equality efforts in Bolivia noted that, together with the Netherlands, Sweden played an important part in promoting gender equality in its policy dialogue with Bolivia and by means of appropriately targeted financial support for Bolivia's efforts in this field. However, Sweden was not as successful as the Netherlands when it came to gender mainstreaming in its cooperation programme.

⁵ Nuevo Marco de Relacionamento Gobierno – Cooperacion Internacional, *lanserad 1999*

- A study of Sweden's support for private sector development welcomed the focus on local initiatives and emphasized that projects should be selected on the basis of their relevance to poverty reduction. Sweden was urged to continue its support to the forest sector and to aim for closer donor coordination in this sector.

4. BOLIVIA'S DEVELOPMENT POLICIES

Bolivia's development programme is set out in the BPRS, which was approved in June 2001. The strategy was elaborated by the Bolivian government following broad-based consultations with civil society at the local, regional and central levels. On the basis of the agreements reached as a result of these consultations, priorities have been set for Bolivia's poverty reduction policy. The Bolivian consultation process may be called a success when compared with that in other PRS countries. However, criticism has been voiced by representatives of civil society as regards the organization of the process. The serious social unrest that broke out only a few months after the strategy was adopted also indicates that some civil society organizations did not consider themselves represented in the national dialogue.

The poverty strategy was one of the fundamental conditions for debt cancellation for Bolivia under HIPC-2 and is intended to constitute a solid platform for all efforts to combat poverty and all development cooperation with the country during the next 15 years. The strategy is considered a living document, which is to be improved and updated continuously following intensified popular consultations. A law has been passed laying down that such consultations are to take place in the form of a National Dialogue every three years.

Donors are expected to accept the priorities set in the strategy. This means that development cooperation is being increasingly geared to the fight against poverty. Donors have welcomed the strategy and several of them are reorganizing in order to adapt to Bolivia's priorities. Work is in progress on the development of result indicators to measure the progress of the strategy in consultation between the Bolivian government, civil society and the donor community. A social control mechanism, i.e. evaluation of the strategy by civil society, has been set up.

The four overall objectives that Bolivia intends to achieve by 2015 with the help of the strategy are:

- to reduce poverty by at least 22 percentage points (from 63% to 41% of the population)
- to reduce extreme poverty from the present 37% to 17%
- to increase life expectancy from 62 to 69
- to increase the proportion of the population that has completed at least eight years of primary education from 51% to 67%

The strategy targets the following main priority areas for measures towards achieving the objectives:

- 1) Increased employment and income opportunities
- 2) Capacity building

- 3) Increased safety and protection for the poor
- 4) Promotion of social integration and participation

and the following horizontal areas:

- i) Equal opportunities for indigenous peoples and other ethnic groups
- ii) Equality between women and men
- iii) Sustainable use of natural resources

There are also specific sections on the linkages to institutional reforms and the macroeconomy.

Among the weaknesses of the present strategy are the fact that it is based on unrealistic growth forecasts, lacks alternative scenarios and does not set priorities between the various activities and measures. The implementation mechanisms for the strategy are still partly undefined. Only a year after the strategy was drafted, the unfavourable global and regional economic trend reduced the chances of achieving the rapid growth assumed to be necessary in order to maintain a sustainable debt situation and reduce poverty. Nor is it clear how it will be possible to evaluate implementation of the strategy at various levels of society. One risk that was emphasized before the elections in June 2002 was that the new government might not attach the same importance to the strategy as the previous one. Bolivia's new government has declared that it will maintain its commitment to implementation of the poverty strategy, but it has also declared that it will make some adjustments in order to increase the emphasis on measures to increase growth. It remains to be seen what this declaration will mean in practice once the strategy is adjusted and implemented.

The main areas of Sweden's development cooperation with Bolivia as they relate to the BPRS are outlined below.

<u>Main BPRS areas</u>	<u>Cooperation areas to date</u>
0. General support	Budgetary support, support for monitoring and evaluation
1. Employment/incomes	Private sector development
2. Capacity-building	Education reform Water and sanitation Research
3. Safety and protection	Humanitarian disaster aid
4. Integration/popular participation	Democracy/Human rights/Gender equality Decentralization programme/NGOs
5. Horizontal areas	Gender equality
6. Institutional reforms	Reform of public institutions Decentralization programme

5. GENERAL CONSIDERATIONS

5.1 Coherence with other policy areas

Despite large volumes, the potential impact of development cooperation on economic development in a country like Bolivia is limited. For example, other countries' trade policy is often considered more crucial to growth and economic development in developing countries than overall resource transfers in the form of development assistance. It is therefore important for Sweden to pursue a more coherent development policy in several policy areas in order to make sure that measures in one policy area do not conflict with measures in another. It is especially important in Sweden's relations with Bolivia to focus attention on policy areas such as trade and drug control so as to ensure that the poverty reduction policy remains consistent.

5.2 Inequality

Owing to the unequal distribution of income and resources the poor in Bolivia have received a disproportionately small share of the growth of the last few decades. Another effect of the skewed income distribution is that higher economic growth is necessary to achieve substantial poverty reduction. This means that Sweden's support for growth-oriented measures should be directed more explicitly at poverty reduction. The social exclusion from which many Bolivians suffer today is an important dimension of inequality in the country; some groups, in particular indigenous peoples, women and children, have less influence and opportunities for participating in societal development than others. Strong political will and long-term commitment to a more equitable income distribution policy, forcefully pursued, will be required of Bolivia's rulers in order to change the pattern of inequality and poverty. Although the BPRS has created a better platform for such efforts and ongoing institutional reforms, great efforts will be needed to change economic and social patterns in the country. Sweden should follow up the income distribution aspects in various cooperation programmes and emphasize them in its dialogues. The impact of the poverty reduction policy, and of the various cooperation programmes supported by Sweden within this framework, on the distribution of resources and power should be analysed on a continuous basis.

5.3 Ownership and process approach

Sweden's development cooperation can obviously not reduce poverty in Bolivia on its own. It is therefore extremely important to identify processes that are positive and catalytic and can be supported with external funds, in which Sweden can play a role as a dialogue partner in collaboration with other donors. The government's reform process so far offers examples of such positive processes in cases where implementation is based on visible ownership and active participation by the modern forces in public administration in response to pressure from civil society.

It is important to bear in mind that forceful government measures are not necessarily proof of broad national ownership. Involvement of the population as a whole is one of the most important conditions, and challenges, if the country's poverty and reform policies are to be successful. Bolivian ownership is important at all levels of development cooperation and in connection with support for reform processes, private sector development and civil society.

5.4 Bolivia's poverty strategy

The BPRS, which was adopted by Bolivia in June 2001, appears to be a step in the right direction in the sense that it represents an integrated approach to, and stronger ownership of, poverty reduction on Bolivia's part. Sweden should seek to support the partner country's efforts to implement a comprehensive poverty reduction strategy. It will be important to set priorities and operationalize the strategy at the sectoral and regional levels. If the actions of the new government or future governments indicate a notably weaker commitment to implementation of an effective poverty strategy, Sweden may have to reconsider the focus and extent of its development cooperation in the country.

5.5 Donor coordination and sectoral concentration

In spite of misgivings about donor congestion and despite its limited volume, Sweden's development aid is considered to play an important role in Bolivia. Sweden has a good reputation as a donor thanks to its active participation in donor coordination. Sweden has also been one of the few donors to pursue certain issues, such as gender equality, and therefore one of the most important. In other areas, such as the Ombudsman's Office and the forestry sector, Sweden has obvious comparative advantages due to its experience in these areas.

Bolivia has a very well-developed system of donor coordination, in which Sweden participates. The country is also a pioneer within the CDF framework. Coordination arrangements have been clearly defined at the central level by the Ministry of Finance, and there is strong ownership in many sectors, although there are notable exceptions. Sweden's development cooperation is expected to make the greatest impact if it is coordinated with the Bolivian authorities and other donors and if it is concentrated on a small number of sectors. The possibility of 'basket funding' or sectoral programme support should always be examined. Together with other donors, Sweden will seek to increase the possibility of closer coordination and uniform rules applicable to donors with respect to procurement, financial control, evaluations and audits.

5.6 Development cooperation that benefits the poor

Aid funds can be channelled in different ways in order to reach the poor. Hitherto, most of Sweden's resources have been spent at the national level, for example on support for national reform programmes or budgetary support, and then channelled to the local level within the framework of these programmes. It is important to ensure that a large share of these resources benefit citizens at the local level. Bolivia now has a system for transferring government budget resources under which poor local authorities receive a higher proportion of resources than rich ones. The effects of this funding system should be kept under review, and the appropriateness of channelling resources directly via this mechanism should be considered. Sida itself should review its mechanisms for reaching out to the poorest sectors of the population with a view to even more active participation in the aid-funded sectoral programmes.

5.7 Horizontal issues

Human rights (including the rights of indigenous peoples and children), gender equality and sustainable development are horizontal issues, and the aim is to mainstream them into Sweden's development cooperation. The human rights laid down in the relevant conventions constitute a common foundation of values and a formulation of the development objectives in Bolivia, alongside the operationalized objectives of the poverty strategy.

Sweden will, within the framework of the development programme, take these horizontal issues into account in various ways, especially gender equality and the inclusion of indigenous peoples. The objective is to include gender equality issues consistently in most programmes and make a better analysis of the target groups.

5.8 Risk analysis

As mentioned above, the success of Sweden's development cooperation with Bolivia depends on strong Bolivian ownership of development policy and political will to implement poverty reduction on Bolivia's part. A potential risk in Bolivia is that future governments will not assume responsibility for the country's poverty reduction strategy or that the reform process will slow down in an area that Sweden regards as vital. If there was a serious weakening of the will to reform, Sweden would have to be prepared to reconsider the extent and focus of its development cooperation. One alternative, given such a scenario, would be to redirect some of Sweden's assistance to forces in civil society, the universities and the business community that act as pressure groups in areas that are defined as important in the present strategy.

Another risk that must be mentioned is the possibility of escalation of the social conflicts, which might entail various consequences for Bolivia's prospects of implementing a consistent development policy. Sweden should, together with other donors, continuously seek to analyse the underlying causes of social conflicts and identify linkages and possible implications for development cooperation. Sweden should, within the framework of its support for the fight against poverty, support the prevention of escalating social conflicts.

6. DEVELOPMENT COOPERATION OBJECTIVES 2003-2007

The overall objective of development cooperation in South America is to raise the living standards of the poor, which will only be possible if there is economic growth, greater social equity and peaceful coexistence. Among the associated objectives, those relating to greater economic and social equity and to democratic development are considered especially relevant.

The objective of Sweden's development cooperation with Bolivia is that *Bolivia should successfully implement an independent poverty reduction policy in the country.*

This policy objective is based on an understanding of the multidimensional nature of poverty.⁶ Sweden should be able to help Bolivia achieve this objective by means of financial and technical cooperation, in which policy dialogue is an integral part.

⁶ See footnote 1 for the OECD/DAC definition.

7. COOPERATION AREAS

7.1 Operational areas during the strategy period

Sweden's development cooperation with Bolivia is based on the principle that there must be a strong link between all cooperation programmes and the fight against poverty. A natural consequence of this is to give strong support to implementation of the BPRS. Wherever possible, development cooperation in various areas will be linked to the present poverty strategy and future versions of it. The objective should be for all the institutions and organizations which Sweden supports to be committed to improving the conditions of the poor.

The objectives, with examples of thematic areas that Sweden should support within the framework of this strategy, are summarized under the various operational areas below.⁷ These proposals are based on the conclusions of the country and results analyses and on the priorities set out in Bolivia's poverty strategy. The general considerations presented in chapter 5 are another essential component. Sweden has been involved in cooperation with Bolivia for many years and many cooperation agreements are in force. Bolivia has asked Sweden to maintain the basic profile of cooperation, and therefore no great changes are expected in the choice of cooperation areas. Considering the need for concentration, it is not likely that cooperation will be extended to cover new areas as long as the present areas of remain relevant. But it may be necessary to reduce the number of sectors involved and broaden support for other sectors in the cooperation programme. This must be done in close consultation with the Bolivian stakeholders and other donors.

1) Democratic governance and human rights

Objective: Open and accessible democratic institutions and processes as a result of measures/programmes designed to:

- Establish more transparent control and planning and more merit-based appointments in public institutions
- Address widespread corruption in the public and private sectors
- Strengthen institutional, implementation and administrative capacity in local authorities
- Establish a transparent and credible election process
- Strengthen local and central capacity for monitoring the implementation capacity of democratic institutions.

Objective: Broader popular participation and greater political influence for excluded groups as a result of measures/programmes designed to:

- Improve opportunities for excluded groups (e.g. indigenous peoples, women) to participate in the democratic process by improving access to elections and opportunities for political leadership
- Support the efforts of public institutions towards mainstreaming a gender perspective and promote the interests and representation of indigenous peoples

⁷Presenting development cooperation by operational areas facilitates subsequent economic and statistical analysis.

- Develop the capacity to analyse and follow up how government policy affects various groups.

Objective: *Increased respect for human rights as a result of measures/programmes designed to:*

- Promote poor people's knowledge of and demands regarding human rights
- Support the capacity of public institutions for guaranteeing compliance with human rights obligations
- Support public and independent institutions that monitor compliance with human rights obligations
- Make it possible for indigenous peoples, women and children to exercise their rights.

Examples of cooperation programmes

Sweden's support will be directed at the general reform of public administration, i.e. the *Institutional Reform Project (PRI)*, the purpose of which is to improve the efficiency, speed and transparency of public institutions in order to increase the country's ability to implement its economic and social development programmes and thus combat poverty. The reform will gradually cover all government ministries and public authorities. The fight against corruption is a vital component of this support.

Measures to improve the local authorities' capacity and stabilize their finances are undertaken mainly within the framework of the government *decentralization programme*, whose aims are the same at the local level as those of the PRI at the central level. Consideration is being given to the possibility of complementing the support given to this general reform during the statutory period with support that focuses more directly on public participation. Some sectoral grants also include support for this purpose at the local and national levels.

Longer-term assistance for *improvement of the election system* may also be considered. The purpose of this is to pave the way for a democratic system in which popular participation is encouraged and is a feature of the election process and political institutions.

The *Bolivian Ombudsman's Office* and *Swedish NGOs* are expected to be the main channels for Swedish support for efforts to monitor compliance with human rights obligations in Bolivia.

Sweden will continue to build on its long experience of support for the promotion of gender equality in Bolivia. Strategic support may be given mainly for *implementation of government gender equality policy*, and to Swedish NGOs as strategic catalysts in civil society. Bolivian ownership of implementation of the gender equality programme should be emphasized. In support of Bolivia's own mainstreaming efforts, Sweden will seek to mainstream gender equality into its cooperation programme as a whole. Naturally, these efforts will build on the national Bolivian gender equality policy in the various sectors.

2) Social sectors

***Objective:** Opportunities are created for skills and capacity building for the poor as a result of measures/programmes designed to:*

- Enable more poor children to complete primary and secondary school education
- Enable children to practise and develop their bilingualism.

Examples of cooperation programmes

The education sector will remain one of the most important and largest Swedish cooperation areas. Continued support for the education reform, the purpose of which is to improve the quality of primary and secondary schooling and to increase the number of pupils who finish school, should be part of a broader sectoral approach to education. Any support given for adult education and other literacy programmes, bilingualism and higher education should be integrated more closely into the support for the education reform.

3) Infrastructure, business and urban development

***Objective:** Pro-poor growth as a result of measures/programmes designed to:*

- Create more jobs, in particular as a consequence of growth in labour-intensive sectors
- Strengthen the institutional framework for private sector development, both as regards business organizations and the government market regulation authorities
- Support initiatives aimed at promoting increased growth in disadvantaged regions
- Create the conditions for a broader tax base
- Promote cooperation between business organizations and the state sector in order to improve the potential of the productive sector

Examples of cooperation programmes

The purpose of the assistance given to private sector development so far has been to increase production and growth, to increase employment and indirectly to reduce poverty. Considered will be given during the strategy period to the possibility of including institutions and associations representing small businesses and the informal sector in private sector development cooperation programmes, which up to now have been aimed mainly at large and medium-sized enterprises. A continuous dialogue should be conducted with our cooperation partners on ways and means of creating pro-poor growth.

Cooperation will focus mainly on two main areas: 1) the institutional framework for creating a better business climate for local and foreign investors and better prospects for increased efficiency and value added and 2) the possibility of increased support to the forest industry, focusing particularly on the poverty aspects in this sector.

The Chamber of Industry, Trade and Services in Santa Cruz (CAINSCO), the National Chamber of Industry (CMI) in La Paz and central supervisory authorities are the channels through which some of this support is delivered. Other channels and implementers may be considered. The possibility of closer coordination of these programmes with other donors will be considered, as will the possibility of concentrating private sector development cooperation.

The purpose of continued support in the *water and sanitation sector* will be to increase access to water and improved sanitation for the poor. This should be regarded as one of the most important areas of social service and urban and rural development, but also as a step towards improving health. Support may be given both for improving basic services in this area and for strengthening the sectoral institutions.

4) Research cooperation

Objective: To help to strengthen research capacity in Bolivia in areas that are relevant to the country's development as a result of measures/programmes designed to:

- Support multidisciplinary research programmes at the state universities.

Examples of cooperation programmes

The purpose of research cooperation is to enhance Bolivia's research capacity, which is considered crucial to the country's long-term development. Continued support will be given during the strategy period to the programme to create sustainable postgraduate studies in social science, science and engineering research at the two largest state universities in La Paz and Cochabamba. It is planned to add health research to this programme during the period. Within the framework of research cooperation Sweden should help to promote a dialogue in the university system on the need for reform of the country's universities. Better coordination should be aimed for between research support and support for the education reform.

5) Economic reforms/General support for implementation of the poverty strategy

Bolivia's poverty strategy is a comprehensive document covering all operational areas. Most of Sweden's development assistance should therefore be regarded as support for implementation of this strategy. Apart from sector-specific support, it may be appropriate to provide general assistance for Bolivia's implementation of the strategy. This could, for example, be delivered in the form of budgetary support. Budgetary support has up to now been financed out of the Economic reform appropriation, which is the subject of a separate government decision. Greater flexibility in the decision-making procedure for budgetary support should be aimed for in cooperation with Bolivia in order to adapt it to meet Bolivia's needs and ability to absorb such funds. Sida therefore proposes that it be authorized to complement budgetary support with funds from the Latin America appropriation, provided that the government decides to allocate funds for budgetary support within the framework of the Economic Reform Appropriation. During the preparation process and before a decision is taken on supplementary budgetary support, Sida will inform the MFA and the Ministry of Finance and obtain their approval.

Apart from direct support for the strategy, support may also be given for budget planning and control in order to strengthen the poverty focus in various policy areas. Sweden will give active support for such measures together with central government authorities, other institutions and other donors. A special support area is monitoring and evaluation of the BPRS, both at the national and local levels. Broad participation

by the poor, who are the main target group in connection with the planning, implementation and follow up of the strategy, is crucial to the credibility and feasibility of the poverty strategy. This will take place through the established forums and channels. In exceptional cases, Sweden may give direct support to civil society organizations to enable them to play their role in the process if the government-supported channels appear to be very weak. Sweden should be prepared to give support to the system for the monitoring of the poverty reduction policy by central government and civil society, including support for improved statistics.

A tentative distribution of resources among operational areas is proposed below. This is based on the size of the country allocation in 2002-2003; the amounts may actually be higher when the resources available in the budget envelopes increase during the strategy period.

Operational areas:	Approximate annual amount
• Democratic governance and human rights	MSEK 45-55
• Social sectors	MSEK 30-40
• Private sector development	MSEK 25-30
• Research	MSEK 20-30
• General support for BPRS	MSEK 60-70

7.2 Limits to the application of the strategy

The resources provided under some of the support arrangements used in Sweden’s development cooperation are not allocated by country, but in the last analysis they do benefit the efforts being made in individual countries. Analyses of problems and needs are made at the global or thematic level, and the choice of country or region is made in accordance with special decision-making procedures. This applies, for example, to Sida’s from budget envelopes for NGOs and international training programmes, non-dedicated funding of the UN system, including for drug control via the UNODCCP (United Nations Office for Drug Control and Crime Prevention), Sweden’s contribution to the European Commission’s development cooperation, general grants through other multilateral organizations (e.g. the development banks) and debt relief via the HIPC (both in the form of general grants and the debt relief related to previous credits that is offered by the Paris Club). It must be emphasized that these cooperation arrangements represent an important component of Sweden’s overall development cooperation in a country such as Bolivia, even though they cannot be fully controlled by a country strategy for the reasons given above. In addition, humanitarian assistance may also be given, and since this is a reactive instrument and humanitarian disasters cannot always be foreseen, such assistance cannot be controlled by the country strategy either. Attempts should be made to improve the arrangements for coordination between these different types of support and the development cooperation strategy for Bolivia in the interests of the consistency of Sweden’s development cooperation.

8. DIALOGUE ISSUES

As mentioned above, the areas on which Sweden’s development cooperation focuses also represent a convenient context for policy dialogue between Sweden and

Bolivia. Policy dialogue between Sweden and Bolivia is regarded as an integral part of development cooperation and is conducted in various forms: within the framework of regular evaluation of cooperation programmes, in connection with annual talks on development cooperation at the highest level, in connection with coordination between EU Member States or together with other donors and at coordination meetings within the framework of 'the Bolivian cooperation model'. The issues to which Sweden gives special priority in its dialogue with Bolivia – and in the various cooperation programmes – are as follows:

- An economic policy that pays more attention to income distribution effects
- A broadened and deepened democratic culture and popular participation in decision-making
- Equality between women and men, protection of indigenous peoples' rights and better opportunities for social and economic development for this group
- Measures designed to promote higher domestic resources mobilization, for example a more effective and equitable tax system
- More effective anti-corruption measures
- Better defined sectoral policies in various areas
- The importance of increased employment and pro-poor growth in the fight against poverty.

All these issues should be included in the dialogue in the context of development cooperation between Sweden and Bolivia. The proposed reinforcement of the embassy section in La Paz (see 11 Administrative resources) is expected, among other things, to strengthen Sweden's capacity as a dialogue partner.

9. COOPERATION ARRANGEMENTS AND PLAYERS

9.1 Cooperation arrangements

Sectoral support and project support

The aim should be to continue the shift from supporting projects to supporting sectoral programmes. There are good prospects for supporting sectoral programmes in the future when national policies have been elaborated in the various sectors. Opportunities exist, in particular, in the education sector and the water and sanitation sector. In other areas Sweden will coordinate its assistance with other donors by joint financing, for example 'basket-funding' arrangements.

Furthermore, the feasibility of 'silent partnerships' as a cooperation arrangement will be investigated. The object is to support a sector with a small input. If another donor takes more follow-up responsibility in a sector in which Sweden keeps a low profile, Sweden could in return assume greater responsibility for preparation and follow-up in another sector. Such arrangements have not yet been planned in Bolivia.

Budgetary support

Sweden intends to increase its proportion of budgetary support to Bolivia, given certain conditions. These are:

- that there are indications of political will and progress in implementation of BPRS;
- that allocations of public budgetary resources focus on BPRS;
- that vigorous efforts are made by the government to reduce corruption in the country.

The possibility of linking the conditions for Swedish budgetary support more closely to implementation of the BPRS is being further investigated.

Within the framework of future budgetary support a dialogue will be conducted with Bolivia on both microeconomic policy and the results achieved in reducing poverty, and an analysis will be made of the government budget. Important concerns in this connection are the budgetary process and the financial control system, budget priorities and budget outcomes in relation to allocations.

Technical cooperation and other consultant input

In all the action areas set out in the strategy it may be necessary to finance the involvement of consultants in preparation and follow-up. In some priority areas where the Swedish resource base has comparative advantages, Swedish experts may be engaged, both as consultants in connection with planning and follow-up, and in some cases as implementation consultants. In most cases, however, local or regional consultants will be engaged, sometimes as members of a team together with Swedes.

Contract-financed technical assistance will not be provided in Bolivia during the strategy period.

International training programmes

Bolivians will still be offered the opportunity to take part in Sida-funded international training programmes held in Sweden, normally with English as the working language. Funding may also be supplied, within the framework of the regional strategy for South America, for training programmes for Latin American participants; they will be held in Spanish and cover the strategy's priority areas.

9.2 Financing arrangements

Bolivia has been granted debt relief under HIPC-2. However, economic growth in recent years has been lower than the rate that is needed to guarantee a sustainable debt situation. Development cooperation should therefore mainly consist of grants. In practice, however, most of the assistance provided by multilateral bodies and some bilateral donors consists of credits. Therefore, Sweden's assistance should be given in the form of grants, at least during the first part of the strategy period. Grant funds can either be channelled directly to the implementer on the Bolivian side or via a multilateral or Swedish NGO. If the economic situation improves towards the end of the strategy period, development assistance credits may be considered in connection with investments as a complement to Sweden's grant aid.

Sida's new instrument for independent guarantees will make it possible to promote private investments in the infrastructure in Bolivia.

9.3 Development cooperation players

Bolivian authorities, universities, business organizations and NGOs are the main implementers of the programmes supported within the framework of Sweden's development cooperation. In some cases funds may be channelled via multilateral organizations where they are considered to have comparative advantages, for example as regards follow-up capacity, resource transfer systems and capacity for coordination with the Bolivian partner. In other cases, where Bolivian civil society is the implementer, it is often more appropriate to channel resources via Swedish NGOs. However, it is very important to emphasize that the multilateral organizations that operate in Bolivia, apart from acting as channels for Sweden's development cooperation in some cases, are generally also important cooperation partners in the donor coordination in which Sweden participates. Coordination and cooperation arrangements with other bilateral and multilateral donors should therefore be reviewed on a continuous basis.

The various players and cooperation channels that may be used alongside direct support to domestic Bolivian public institutions and business organizations are discussed below in greater detail.

Development banks

A large part of Sweden's cooperation programme in Bolivia has up to now been channelled through the World Bank. The advantages and disadvantages of this arrangement must be carefully analysed before a decision is made on financing arrangements for continuing support to the education reform, the reform of public institutions and the decentralization programme.

Co-financing will probably be arranged with the IDB during the strategy period.

The UN system

The significant role played by the UN specialized agencies as channels of Sweden's development cooperation with Bolivia will probably gradually diminish as their role changes. The change consists in a shift in the role of the UN agencies from undertaking implementation of individual projects to concentrating on their role as spokesmen for their particular sector. Swedish support will be considered only in the case of UN programmes that are approved by the line ministries concerned and/or local authorities. Sweden will continue to play an active role in submitting its views on the UN agencies' country programmes for Bolivia.

The European Commission

Co-financing with the Commission is not envisaged at present, but cannot be ruled out. Instead, cooperation among EU Member States focuses on exchanges of experience and some coordination in horizontal areas. The Commission may in future play a more prominent part in coordinating development assistance in various

areas, since its office has been reinforced during the last year and there is now increasing delegation to the field. Sweden will actively promote the Commission's participation in donor coordination and will therefore aim to ensure that Sweden's assistance complements, rather than duplicates, the assistance provided by the EU.

Sweden will continue to play an active part in following up the Commission's country strategy process and the reform of its development cooperation. The ambition is to contribute to the monitoring of the Commission's development cooperation by taking part in field visits etc.

Swedish NGOs

The assistance delivered through Swedish NGOs plays an important part in strengthening civil society organizations in Bolivia. Most of this assistance will be funded out of the Latin America appropriation and will not be covered by the present strategy. Some of the support for the NGOs' activities in Bolivia will also be funded out of the Latin America appropriation. This funding is provided within the framework of this strategy where NGOs are considered to play a very strategic role in strengthening the work of Bolivian organizations in the fields of local democracy and popular participation, human rights and gender equality. In addition, smaller amounts may be channelled directly to Bolivian NGOs. This will only be the case where support for civil society is necessary to enable implementation of some of the broad reform processes supported by Sweden, for example civil society's monitoring and evaluation of the poverty strategy or in connection with the election process.

Sida should continue to conduct a dialogue and exchange experiences with Swedish NGOs. The aim should also be to widen the network of contacts with Bolivian civil society.

9.4 Information and communication

One general problem in Bolivian society is that there is so little awareness of the reform programmes and their effects. The Bolivian authorities and organizations need to strengthen their capacity for providing information about the objectives and results of the programmes. Together with the competent authorities, organizations and other donors, Sida will devote efforts to information issues within the framework of the programmes, starting with the reform of public institutions.

Since Sida does not have the capacity to plan and supervise large-scale direct support for the local level and thus does not have the opportunity for direct contacts with the target group, it will be important to find other ways of deepening our understanding of local obstacles to development. Sida should therefore build up a resource base for consultations at the local level in various cooperation sectors with a view to better targeting the needs of the target groups. In view of the limited public involvement in the government's reform process, it will be especially important to establish such contacts when future cooperation programmes are designed.

10. FINANCIAL PLANNING AND CONTROL

10.1 Financial planning

Cooperation during the period 2001-2005 is governed by cooperation agreements that contain no financial specifications and an agreement on procedure. It is therefore proposed that the Swedish government conclude a revised cooperation agreement with Bolivia with the same period of validity as this country strategy. Bolivia should be notified of the amount of support given by Sweden on the basis of three-year allocations. The support should be governed by programme and project agreements lasting three-five years, and decisions on future activities should be subject to the same conditions. The planned annual disbursements within the various programmes should be fixed at the annual talks with representatives of the governments of Bolivia and Sweden. In addition, budgetary support could be provided out of the Economic reform appropriation following a government decision to that effect.

Provided that the poverty reduction policy continues under visible Bolivian leadership, development cooperation with Bolivia will gradually increase during the next few years. Including budgetary support, the country allocation is expected to total SEK 215-240 million during the next few years.

10.2 Monitoring and evaluation

Annual plans for evaluations, studies and reviews of development cooperation with Bolivia will be prepared during the strategy period. The embassy section for development cooperation in La Paz will be responsible for preparing biannual reports on the cooperation programme as a whole.

The cooperation arrangements in Bolivia make it necessary in many cases for monitoring and evaluation efforts to be undertaken jointly by several donors, both bilateral and multilateral. Hopefully, this will eventually lead to a division of labour between donors that will reduce duplication both for donors and cooperation organizations.

It will be important to establish routines for monitoring and evaluating the various objectives of the BPRS. One important measure to this end will be to further develop, together with the Ministry of Finance and other donors, indicators as a basis for both Bolivia's and the donors' monitoring and evaluation.

Furthermore, Sida intends to conduct a review of PRSPs in Latin America as a whole and has engaged a group of experts for this purpose. The group will examine implementation of the three Latin American HICP countries' poverty strategies during a five-year period and will focus especially on various thematic issues in a comparative perspective between the countries. The purpose of this evaluation mechanism is to improve Sida's understanding of these major processes and to improve its capacity for monitoring and evaluating the implementation of broad poverty reduction programmes.

11. ADMINISTRATIVE RESOURCES

There will be more delegation to the field of decisions on support for projects and programmes in Bolivia in 2003. The embassy section for development cooperation in La Paz will be reinforced by the addition of one member to the present seconded

staff of five and possibly one or two more local programme managers in addition to the present two. Local quality control will be strengthened in connection with increased delegation. It should be possible to implement the strategy with approximately the same personnel resources at Sida in Sweden as at present.

