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ANNEX I

to the Commission Implementing Decision on the multiannual action plan in favour of Bolivia for 2022 and 2023 to be financed from the general budget of the Union

Action Document for “Climate change adaptation through watershed, forest and disaster risk management and governance”

MULTIANNUAL PLAN

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

<p>1. Title CRIS/OPSYS business reference Basic Act</p>	<p>Climate change adaptation through watershed, forest and disaster risk management and governance OPSYS number: ACT-60734 and ACT-61396 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)</p>
<p>2. Team Europe Initiative</p>	<p>Yes: Bolivia “Green and Resilient Development” Regional “Amazon Basin”</p>
<p>3. Zone benefiting from the action</p>	<p>The action shall be carried out in Bolivia</p>
<p>4. Programming document</p>	<p>Bolivia Multiannual Indicative Programme 2021-2027</p>
<p>5. Link with relevant MIP(s) objectives / expected results</p>	<p>Bolivia MIP Priority Area 1 “Environment, Climate Change and Inclusive Economic Development” SO 1.1 “Support conservation, restoration, governance and sustainable management and use of natural resources, biodiversity and ecosystems, including forests” SO 1.2 “Strengthen disaster risk prevention and management at national and sub-national level” Expected results: ER 1.1.1: Improved protection, restoration, sustainable management and governance of vulnerable ecosystems and key biodiversity areas, including forests ER 1.1.2: Improved Comprehensive Water Resource management ER 1.2.1: Substantially increase the availability of and access to multi-hazard early warning systems and disaster risk information and assessments by 2030</p>

	<p>ER 1.2.2: Improve education, raise awareness and increase civil society and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> <p>Bolivia MIP Priority Area 2 “Good Governance and Human Rights”</p> <p>SO 2.1: Strengthen the Rule of Law and Democracy in Bolivia</p> <p>SO 2.2: Uphold Human Rights and promote peace dialogue in line with the Human Rights and Democracy Country Strategy and the Bolivian Human Rights framework and ratified human rights international standards.</p> <p>Expected results:</p> <p>ER 2.2.1. Strengthened national Human Rights system and institutions and effective implementation of ratified international human rights conventions</p> <p>ER 2.2.3. Reinforced indigenous peoples’ rights and fight against gender-based violence policies in line with the Bolivian public policy and regulations and the EU Gender Action Plan –GAPIII</p>
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	<p>410 - General Environment Protection</p> <p>430 - Other Multisector</p>
7. Sustainable Development Goals (SDGs)	<p>Main SDG: 15 (life on land)</p> <p>Other significant SDGs:</p> <p>SDG 1 No poverty</p> <p>SDG 2 Zero hunger</p> <p>SDG 5 Gender equality</p> <p>SDG 6 Clean water and sanitation</p> <p>SDG 13 Climate action</p> <p>SDG 11 Resilience and sustainability</p> <p>SDG 16 Peace, justice, and strong institutions</p>
8 a) DAC code(s)	<p>41010 - Environmental policy and administrative management – 40%</p> <p>41030 - Bio-diversity – 20%</p> <p>43060 - Disaster Risk Reduction – 10%</p> <p>14040 - River basins’ development – 30%</p>
8 b) Main Delivery Channel	<p>Recipient Government – 12000</p> <p>Third Country Government (Delegated co-operation) – 13000</p> <p>Other non-financial corporations - 61009</p>

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Combat desertification @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	digital connectivity	YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	/
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @ (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION

12. Amounts concerned	<p>Budget line(s) (article, item): BGUE-B2023-14.020140</p> <p>Total estimated cost: EUR 49,400,000</p> <p>Total amount of EU budget contribution EUR 41,000,000 of which:</p> <p>EUR 26,000,000 for budget support,</p> <p>EUR 5,000,000 for complementary support and</p> <p>EUR 10,000,000 for a complementary programme.</p> <p>This action is co-financed in joint co-financing by:</p> <p>- Swedish International Development Agency for an amount of aprox. SEK 90 M (EUR 8.4 M approx.)</p> <p>For the “Green and Resilient Development” TEI, main contributors, besides the EU, are:</p> <ul style="list-style-type: none"> - France, Agence Française de Développement? (AFD) (loans) – Euros 626 M - Germany (The Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ, Kreditanstalt für Wiederaufbau - KfW): Euros 516 M - Spain, Agencia Española de Cooperación Internacional para el Desarrollo (AECID) grants and loans): Euros 67 M - European Investment Bank (loan): Euros 37 M - Sweden (grants only): Euros 32 M - Italy (loans): Euros 28 M - Netherlands (grants): Euros 7 M - Switzerland (grants): Euros 7 M <p>(Amounts are indicative for the period 2021-27)</p> <p>Please provide similar indications for the other TEI.</p>
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MANAGEMENT AND IMPLEMENTATION

13. Type of financing ¹	<p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Procurement <p>Indirect management with the Swedish International Development Agency.</p>
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1.2 Summary of the Action

Bolivia is home to very significant biodiversity and primary forests, but unsustainable development practices, coupled with climate change, have been eroding them. While Bolivia is the 10th most vulnerable country worldwide to climate change according to the 2021 Global Climate Risk Index (GermanWatch), national response capacities are insufficient. The environmental performance index places Bolivia at 88th out of 180 countries, well below the regional average in environmental health.

In this context, the Action aims to contribute to environmental protection, climate change adaptation and mitigation, and sustainable economic development in Bolivia (overall objective). This will be achieved through three specific objectives:

1. Improved and inclusive conservation, restoration and sustainable management and use of forests and biodiversity, within and outside protected areas – including prevention of forest fires and implementation of climate adaptation and mitigation efforts;
2. Improved integrated water resources management and resilience to water-related natural disasters as a climate change adaptation measure;
3. Strengthened environmental governance, access to justice, and rights protection for men and women, and indigenous peoples, according to their differentiated needs and roles.

The mentioned objectives will be achieved through a mix of implementation modalities and implementing partners. On one hand, the Action includes a prolongation of the ongoing Sector Reform Performance Contract (SPRC, ending in 2022) in support of the national policies on River Basins and Forest and Ecosystems Management and its related technical assistance. Encouraging renewed support to national policies and institutions is based not only on the good results in previous years (over 90% of the budget support targets were achieved), but also on the proven capacity of the EUD to influence sector policy development while maintaining a crucial dialogue around some of the main EU interests (climate change, deforestation, forest fires, forest degradation in the Amazon, upholding of indigenous rights). Besides partnerships with national authorities, the Action will also give continuity to relevant work (previously funded through ENV and EIDHR budget lines) with civil society organizations (CSOs) through indirect management with a pillar-assessed entity. Activities under this component will cover community-based forestry; inclusive and participatory biodiversity conservation and sustainable management; fight against forest fires; environmental rights with a focus on indigenous people.

The Action will mainly contribute to the MIP 2021-27 – Priority Area 1 “Environment protection, climate change and inclusive economic development”, and also to Priority Area 2 “Governance and Human Rights”. It will also contribute to the Joint European Strategy 2022-25 – Strategic Objective 1 “To impulse green and sustainable development to live well in harmony with Mother Earth”, the Team Europe Initiative “Green and Resilient Development”, the Human Rights and Democracy Country Strategy for Bolivia 2021-2024 and the implementation of the Bolivia Roadmap for Engagement of Civil Society at national level. At regional level, it foresees important synergies with regional initiatives and priorities such as the Amazon Basin TEI (including actions on deforestation monitoring, forest fires combat, indigenous peoples’ governance and rights), Euroclima+, AL Invest Verde, and the environmental LAC Forum. At European level, the action will contribute to the Commission’s priorities of the European Green Deal and Promoting our European Way of Life, EU commitment to targeting at least 35% of its external assistance to climate change, the Global Gateway’s climate investment priority, the Gender Action Plan III, and the European Consensus for Development. In addition, the action will also contribute to an increased awareness and participation of Bolivian research and innovation circles in the Horizon Europe research and Innovation programmes. Moreover, building on previous and existing EU and MS activities, it will place Team Europe as the reference partner for a green transition in the country. Finally, at the global level, the Action will contribute to the 2030 Agenda, particularly SDG 15 (life on land) and 13 (climate action), but also SDG 1 (no

¹ Art. 27 NDICI

poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 6 (clean water and sanitation), SDG 11 (resilience and sustainability) and SDG 16 (peace, justice, and strong institutions). It will also support the implementation of the Escazú Agreement as well as ILO 169 Convention and UNDRIP on Free Prior and Informed Consent, in line with the 2017 EU Council Conclusions on Indigenous Peoples and related Joint Staff Working Document.

2 RATIONALE

2.1 Context

General context: The Plurinational State of Bolivia is a lower-middle-income country characterized by solid inclusive growth during the last 15 years. According to the World Bank, 25% of Bolivia's GDP comes from the export of good and services, of which natural gas represents the main one (68% of export value and 7% of GDP). For its high dependency on natural gas and minerals, the Bolivian economy is highly vulnerable to international price fluctuations. As such, it could benefit from the development of other economic sectors, including the forest one. The latter used to represent a significant 3% of national GDP in 2003, but lowered to 1,6% in 2018. The country experienced a major political, institutional, and social crisis following the failed 2019 elections. After a convulsed period, the Movimiento al Socialismo (MAS) won in October 2020 national elections with an absolute majority. However, the country remains highly polarized, and the risks of conflict due to societal divides, political struggles, and unmet social demands are high. After a sharp GDP contraction in 2020, the economy recovered in 2021 thanks to high public investments, emphasizing the productive sector and imports substitution (main objectives of the Economic and Social Development Plan - PDES 2021-2025). However, it will be challenging for the government to maintain the current public spending levels to finance the mid-term development plan. In this context, international partnerships and development cooperation will be key to accompany and provide complementary funding.

Environmental context: Bolivia is among the world's most biodiverse countries, covering multiple ecological strata. Above 3000 meters are the Andean mountains and Altiplano, covering about 30 per cent of the country. The remaining part comprises the Lowlands and Yungas, including the Bolivian parts of the Amazon basin, Chiquitania and Chaco, with extensive tropical forests (more than 50 million of hectares) and wetlands (14.8 million of hectares), both providing important environmental services and being home to biodiversity. However, in recent decades unsustainable development practices, coupled with climate change, have been eroding this important biodiversity capital, original ecosystems and forests. While Bolivia is the 10th most vulnerable country worldwide to climate change according to the 2021 Global Climate Risk Index (GermanWatch), national response capacities are limited². The environmental performance index places Bolivia at 88th out of 180 countries, well below the regional average in environmental health. Bolivia has ratified the Escazu' agreement, the first Regional Agreement on Access to Information, Public Participation and Access to Justice on Environmental Issues in Latin America and the Caribbean, which has a legally binding character.

The PDES 2021-2025 acknowledges increasing pressure on the environment, with deteriorating ecosystems, and the need for mitigating human activities that cause negative environmental impacts, with special attention to forest conservation and water resource management. The PDES also highlights the link between conservation interests and climate change, both for mitigation and adaptation. However, there is a considerable tension between the PDES' stipulations on the environment (e.g. "sustainable and balanced environment in harmony with Mother Earth") and the plan's promotion of an extractive-based economic development model (e.g. "growth and development that is based on the use of natural resources for the benefit of Bolivian women and men").

Hence addressing environmental concerns and fostering resilience in Bolivia implies tackling poverty, discrimination and inequality within the rural-urban, gender and ethnic gaps, promoting a more inclusive and sustainable development for present and future generations, and unleashing investment potential.

Human rights, governance and gender contexts: Bolivia suffers from fragile institutionalality (deficit and high turnover in human resources negatively affect the delivery of public services), and the subordination of different state bodies (including the judiciary) to the executive power, limiting the effective exercise of human rights,

² Following the ND-Gain index on climate change adaptation, Bolivia rank as the 135th most vulnerable country, with agriculture and water as the most vulnerable sectors and social readiness (social inequality, access to innovation) as the areas where further support will increase resilience.

especially for the groups living in most vulnerable situations. The country ranks 121st out of 128 countries in the World Justice Project 2020 Rule of Law index, the second lowest score in the region. Indigenous peoples continue to be harassed and attacked for defending their territory and the environment. Impunity for human rights violations is widespread. However, Bolivia is one of the most advanced countries in the recognition of indigenous autonomy and the implementation of FPIC protocols, as shown by the adoption in August 22 by the Plurinational Legislative Assembly of new measures to legalise indigenous peoples' FPIC protocols.

At the same time, Bolivia is a very participatory society in which a variety of fora and actors coexist at the national and subnational levels. In general, these fora allow for an ample participation of civil society organizations. However, in recent years different CSOs (including environmental ones) have faced political and administrative challenges, as well as accusations from governmental authorities for their actions in defence of the environment. Some mass media suffer a similar situation, leading to an element of self-censorship and limited access to official publicity to keep their legal authorization.

In recent decades, Bolivia has shown clear signs of political will to reduce gender gaps and openly recognize the specific limitations imposed on Bolivian women, in all of their diversity. However, important legislative advances have not yet translated into a significant improvement in conditions. Violence against women and girls is very common and Bolivia continues to be the first country in South America in terms of the rate of femicides/population. Specifically, and despite their central role in conserving the Amazon biome, rural and indigenous women are often marginalized from decision-making processes and are at risk of threats and violence, as environmental defenders. This deepens inequalities in policies and capacity development initiatives, diminishes the success of climate, conservation and restoration efforts, and exacerbates existing gender and ethnic disparities.

2.2 Problem Analysis

Short problem analysis:

Bolivia is among the ten countries most affected by the negative effects of **climate change**, according to the Global Climate Risk Index 2021. The number and intensity of extreme climate events (e.g. droughts, wildfires, floods and hails) have increased during the last decades with severe negative impacts on water availability, infrastructure, and crop production. Annual rainfall has declined since the 1980s. At the same time, increasing temperatures are driving the melting of glaciers, negatively affecting water availability for both humans and ecosystems in the highlands of the country. Projected changes in climatic conditions will particularly affect poor rural and indigenous populations.

In the last three years, **deforestation** in the Bolivian part of the Amazon has increased to reach alarming levels: the country is listed as the third one in loss of primary forests among tropical countries (WRI 2022). Forest fires affected 1/3 of the forest loss cover, while large scale farms extended in secondary forests. According to the 2021 EU-Bolivia Joint Forest Sector Review, strengthening the forest sector entails establishing an enabling environment and creating alliances between all actors involved in it, including private sector.

The increasing number and intensity of **wildfires** is a particular threat to forests and biodiversity. In 2019 and 2020, Bolivia faced huge wildfires and droughts mainly in the lowlands. During 2019, fires affected 5.3 million ha, most of them within the Chiquitanía-Chaco-Pantanal landscape. Of the total burned area, 2 million ha was forest of which 1.4 million ha corresponded to the endemic Chiquitano forest. Over 1.5 million ha belonged to protected areas, and over 1.9 million ha to RAMSAR sites of global importance for the conservation of migratory, seasonal birds.

These figures add to previous forest cover loss: from 1975 to 2019, Bolivian forest cover shrank by more than 8 million ha, representing about 15% of its total forest area (larger than the Benelux-region). 75% of the deforestation has occurred in the department of Santa Cruz. The Amazon rainforest is critical for stabilizing the global climate, stocking around 73 billion tonnes of carbon. Deforestation in 2019 contributed to the release of almost 78 million tonnes of carbon dioxide (WRI/Climate Watch Data 2022), corresponding to 56% of total national greenhouse gas emissions.

In addition to deforestation in the lowlands, deforestation in the upper watersheds increases vulnerability to water-related natural disasters (droughts and floods), in areas already facing considerable challenges. Competition for scarce **water resources** is increasing due to population growth. Given the still weak water governance in most basins, social conflicts are on the rise. Scarcity and localised conflicts over natural resources and land, often cause heavier repercussions on the most disadvantaged population categories, including people living in poverty, ethnic

minorities and women. More water and sewage connections in the urban and peri-urban areas (without appropriate disposal and reuse), but also inappropriate water use in industrial and mining activities, result in high levels of pollution.

Another source of conflict and contamination is represented by **mining** activities, which have caused significant environmental damage to the land and natural resources of the poor communities located in mining areas.

The expansion of the agricultural frontier, perpetrated by the agribusiness actors, new settlements, and illegal land acquisition, including of indigenous lands, generates a heavy pressure on land use change, mainly in key ecosystems in the south-eastern part of the country (Chiquitania, Chaco and Pantanal). In turn, this has negative consequences on the **livelihoods of populations in situations characterised by vulnerabilities, poverty, rural and nature-dependancy**, especially small-holder farmers and indigenous communities. The latter are already victims of an unequal land distribution, whereby in the east of the country 60–70% of cultivable land is held by a few thousand large landowners, and only 5–10% of the agricultural land is held by hundreds of thousands of indigenous smallholders. In spite of the fact that Bolivia has the opportunity to promote economically viable low-emissions land use models, such as agroforestry, silvopastoral systems and non-timber forest products (e.g. wild cacao, brazil nuts), the country is constrained by lack of technical expertise, informality and weak organizational capacity of producer groups, as well as difficulties in accessing higher-value markets.

The above problems are compounded by **state weaknesses** in protecting the country's natural resources. State authorities charged with the protection of the environment and nature, lack capacity, financial support, equipment and trained staff, while environmental and climatic considerations are often overlooked by other state entities. In general, there is a low level of coordination to tackle climate impacts, between national and local governments, and between civil society and the government. Furthermore, there is an incoherence between the Government's declared climate policy and its action. The lack of available data, studies and general information, does not facilitate awareness-raising and climate actions. The political willingness to make use of the produced evidence and monitoring data is insufficient and translation of them into public policies is also low. The current extractive-based governmental policies further increase the threat of land use change.

The issue of **environmental and territorial rights** presents another set of problems. The Bolivian constitution contains important principles on environmental rights, but these are not fully enforced and, in some cases, lower-level norms damage such rights. The Universal Periodic Review of Human Rights (UPR) recommended Bolivia to “advance in the commitment to incorporate national human rights law, with special attention to labor rights, indigenous people's rights and environmental rights”, and to “ensure that legislation on consultation with indigenous groups is well formed, consider indigenous people's concerns and is effectively enforced”. There is increased recognition that indigenous territories can act as an important shield against deforestation, and that their inhabitants can effectively act as guardians of the rainforest, a role in which women are particularly crucial. However, human rights violations and socio-environmental conflicts around the environment, affect predominantly indigenous communities and women, not least in relation land governance and management. The insufficiency of reliable institutional justice channels increases defenselessness and accentuate conflicts. Also, women's work and contributions are made invisible and devalued, and consequently women are more active in environmental rights defenders' groups.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Main **institutional actors** (duty-bearers having the obligation to respect, protect and realise human rights, in particular those related to climate change/environment/biodiversity/water) include national authorities, sub-national authorities (Regional and Municipal Governments, Indigenous Autonomies), as well as the agro-environmental Court. Within the Ministry of Environment and Water (MEW), the Vice Ministry of Water Resources and Irrigation (VRHR, Spanish acronym) is the leading actor in the watershed management sector, setting policy, implementation strategies and guidelines for interventions, while coordinating with the National Meteorology and Hydrology Service for the functioning of an early warning system in flood-prone areas. The Vice Ministry of Environment, Biodiversity, Climate Change and Forest Management and Development (VMA, Spanish acronym) is in charge of all environmental regulations and licensing processes, biodiversity strategies and programmes, biotechnology and biosecurity, wildlife trafficking issues. The National Service of Protected Areas (SERNAP, Spanish acronym) oversees the management of the 22 national-level protected areas, the Forest and

Land Authority (ABT, Spanish acronym) is responsible for licensing and monitoring of forest uses, and the Plurinational Authority for Mother Earth coordinates climate change policy.

Non-state actors include directly affected groups (rights-holders) and their representatives (e.g. rural and indigenous communities, farmers, and irrigation cooperatives), activist and lobbying groups (e.g. environmental civil society organizations), private companies (e.g. hydropower companies, food and other industries that need water for their production processes, irrigated farms, wood processing industries, tourism-dependent hotels, restaurants and guides). In addition, relevant stakeholders include knowledge generators (e.g. universities and research institutes), communicators (media) and public opinion (mostly urban population).

The programme will also engage with other **development actors** (donors and IFIs, with special attention to other participants in the Team Europe Initiatives), since multiple financing strategies are considered critical to upscale the efforts.. As this action prioritises disaster risk reduction activities, climate change resilient production models and natural resource conflict prevention, strong complementarity will be sought with ECHO's actions.

2.3 Additional Areas of Assessment

2.3.1 Pre-condition on Fundamental Values [For a Sustainable Development Goals Contract only]

2.3.2 Public Policy

The 2009 Constitution and the *Ley de la Madre Tierra* (Law of Mother Earth) of 2012 set out Bolivia's endorsement of the human right to water and sanitation and its vision about natural resource management. In these documents, the Government states as its main objective the promotion of integrated development to guarantee the well-being of the population while protecting the regenerative and adaptive capacity of the environment. This vision is translated into pillars 1 and 8 of the PDES 2021-2025: "Reconstructing the economy, re-establishing macroeconomic and social stability" and "Sustainable environment in harmony with Mother Earth".

Significant alignment can be found between the PDES and Bolivia's Nationally Determined Contribution (NDC, as updated in April 2022) on climate change, especially in the sectors of water and forestry, although the former has a more pragmatic approach and includes more output-oriented targets. Since 2016, PDES goals are operationalized through the formulation of territorial and sectoral plans, represented by the Sector Plan for Integrated Development (PSDI, Spanish acronym) for the MEW. The MEW PSDI for 2021-25 is currently under final approval by the Ministry of Development Planning.

In the water sub-sector, the VRHR continues to pursue its successful strategy of fostering integrated watershed management while working on governance and capacity building with a variety of stakeholders (communities, productive sector, universities, municipalities and regional governments). The National Watershed Plan (PNC, Spanish acronym) which the EU supported over the last 12 years is currently being adjusted into a broader Plurinational Water Resources Plan, to reflect the ambitious targets defined in the PDES. An element of novelty is represented by the inclusion of the irrigation sub-sector within the plan, fostering the wider use of the watershed approach in infrastructure and economic investments.

In the environment sub-sector, both the PDES and NDC include for the first time goals related to reduction of forest fires, wetland conservation and species protection, while they also broaden attention to protected areas' governance, activity control and financial sustainability.

The implementation of the previous MEW PSDI (2016-2020) suffered from significant challenges linked to the political and social instability related to 2019 and 2020 elections, as well as the covid pandemic. Despite this context, in the water sub-sector the Vice Ministry of Water Resources and Irrigation managed to reach all established PDES and PSDI targets. This included the development of nine new Basin Master Plans, the creation of 10 inter-institutional platforms for decision-making and plans implementation, water quality monitoring in 37 water bodies, and field-level investments in 196 small basins (up to 100 km²) and 32.738 km² in order to improve the environmental, economic and social conditions of rural communities through the sustainable management of water resources. Policy implementation by the environment sub-sector institutions remained significantly dependent on support from international cooperation, both from a financial and technical point of view. While important progress was made in terms of adoption of normative and tools for forest and biodiversity management, their application level remained limited. Integrated forest management and afforestation/ reforestation targets were met at as low as 7%, illegal deforestation continued to represent a high share (59%) of total deforestation in the 2016-20 period, and forest fires increased considerably. These moderate result show the

importance of increasing investments in the environmental areas but also the need to combine support to national institutions with work at local and community level for policy implementation.

In terms of policy costing and financing, an analysis of PSDI cost estimation and actual budget implementation gives important insights into the persisting needs of the sector. For the period 2016-2020, while investments estimations totalled USD 4.8 billion, the MEW implemented a budget of approximately USD 660 million, representing only 14% of the initial estimations. For the PSDI 2021-2025 initial cost estimations amount to USD 8.5 billion. According to the plan, the largest share of investments would be absorbed by the water resources and irrigation sector (60%), followed by drinking water and sanitation infrastructure (38%) and a minor 2% allocated to environmental management. Considering more specifically the sub-sectors and national programmes to be supported by the proposed EU Action, the estimated budget for 2021-2025 is USD 506 M for integrated water resources management, USD 52 M for forest management and USD 40 M for biodiversity and protected areas management.

Institutional capacities at the central MEW level have decreased with the staff changes following October 2020 elections. Numerous people with significant experience, especially in the field of water resource management, were replaced by technicians with a stronger affiliation to the national party but sometimes with insufficient experience in public administration. However, the presence of international cooperation actors and technical assistance programmes has allowed to retain knowledge of previous experiences and promote continuity and improvements of national policies. Following staff changes also within regional and municipal governments, the international community supported a number of trainings and technical assistance activities for adequate policy implementation at local level.

Progress of policy implementation at national level is monitored through the planning and information systems - SP and INFOSPIE respectively- of the Ministry of Development Planning, while expenditure data is available online to the general public through the Public Management System (SIGEP for its Spanish acronym). These systems allow for the systematization, analysis and evaluation of objectives, results, actions and expenditure foreseen in the different ministries' sector policies. At the MEW level, the Environment and Water Resources Information System (SIARH, Spanish acronym) compiles a huge variety of data and is strategically placed directly under the Minister with a specialised unit. Data comes from different sources that feed the SIARH, but mostly from sector implementing agencies and sub-national governments, while data verification is done by the MEW. The 2019 mid-term evaluation of the latest EU Sector Reform Performance Contract indicated that, while a large amount of information is produced at sub-national level and not yet integrated in the system, data quality is good and data sources are credible.

Following a Team Europe support for the capacity building of MEW selected personnel on mainstreaming gender in public policy and financing in 2021, the new MEW PSDI is expected to include a target on gender mainstreaming. This will allow both planning and reporting of gender-specific and gender-sensitive actions within MEW programmes and investments, making the first steps towards gender-sensitive budgeting.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore, the policy can be supported by the Commission with the proposed budget support contract.

2.3.3 Macroeconomic Policy

Despite the political, economic and sanitary crisis that have affected the country since 2019, the 2021 results demonstrated an important economic recovery. However, the pandemic is not yet over and neither have political and social tensions ceased. Furthermore, 2022 is posing an important challenge to consolidate economic growth without endangering all the social gains of the last two decades. The government is committed to maintain an expansionary fiscal policy in 2022, to promote public investment and encourage domestic demand. Higher energy prices stemming from Russia's war of aggression against Ukraine increased revenue from hydrocarbon sales but fuel and diesel subsidies could offset these profits. Public debt has become a concern; February's global bond issuance fell short of government expectations, as investor appetite for Bolivian debt was insufficient in light of the risks that comes with it. Only USD850 million out of USD 2 billion were placed at a higher coupon rate (@7.5%). Local currency is still overvalued but the peg is unlikely to be adjusted in the short term. The IMF consider that fiscal and currency adjustments could be necessary to prevent a balance-of-payments crisis, a debt crisis or both. On the other hand, the government is rather confident that in 2022, the reinsertion of the Economic,

Social and Productive model and the import substitution approach determined by the recently approved National Development Plan will promote robust economic growth with social justice initiatives and poverty alleviation.

The **fiscal position** deteriorated to a historic -12.7% of GDP in 2020. The deficit was affected by several cash transfers authorised by the interim administration to support the population during the pandemic. In 2021, the deficit continued high (9.7%) due to an expansionary fiscal policy to promote public investment in the strategic and productive sectors, to strengthen the industrialization process based on import substitution approved in the recent Economic and Social Development Plan 2021-2025.

Inflation reached 0.90% in 2021, the lowest rate in the region and explained by a weak final consumption demand due to the impact of global economic slowdown, currency depreciations in trading partners (Brazil, Argentina, Chile and Peru), a reduction in local non-food products and services and the decrease in formal employment caused by the pandemic. Additionally, smuggling from neighbor countries generated an anti-inflationary effect.

The **exchange regimen** is a crawling peg that works as a “de facto” fixed regimen (no exchange rate variations since 2011). According to the IMF (2021), the Real Effective Exchange Rate (REER) is still overvalued in the range of 10 to 15%, thus reducing competitiveness and indirectly favoring smuggling of tradable goods. Despite international recommendations, a depreciation of the national currency in 2022 seems unlikely. However, the increase in international prices of commodities (i.e. cereals, hydrocarbons) will exert pressure to the exchange rate.

After six years of continuous deficits, in 2021, the **current account** reached a 2% surplus, explained mainly by the increase in exports and remittances. The balance in services remains negative (-3.9% of the GDP) while the balance in goods registered a positive outcome of 5.5% of the GDP. Balance of trade experienced a recovery of 5.5% of the GDP. Nonetheless, Net International Reserves (NIR), continue its declining path from 50% of GDP in 2014, to 13.4% of the GDP in 2020 and to 11.7% of the GDP or 5 months of imports at the end of 2021.

External debt reached 31% of GDP in Q2 2021 (21.2% in 2016), with the main creditors being the CAF, the IADB and the WB. The IMF Public Debt Sustainability Analysis assessed public debt as sustainable, but with high risks. Debt/GDP ratio is rising and its future path will depend on mid-term fiscal planning. Internal debt also increased 3.5 times from 2017 to 2021.

The **unemployment** rate for 2020 reached 8.4%, reducing to 5.2% in 2021, thus indicating a significant recovery. Nevertheless, most of the new jobs are low quality, non-permanent and without social benefits. More than 80% of the work force is in the informal sector, the highest percentage in the region. Bolivia is considered a medium-low income country; MEFP figures show a yearly income per capita of 3,331 dollars (1,010 dollars in 2005).

Regarding **economic growth**, the events of political and social instability and the negative effects of the pandemic lead to an economic crisis, with an 8.8% decrease in GDP during 2020. The new economic authorities reinstated its well-known model where the main drivers are public investment and internal demand, aided by public transfers and subsidies. Moreover, recent figures show an important economic recovery with a 6.11% growth for 2021 fostered by mining (37.7%), transport (21.8%), construction (17.9%), utilities (7.8%), and commerce (7%), among others. The government expectations for 2022 are a GDP growth of 5.1%, while the WB’s forecasts only 3.9%, ECLAC 3.2% and, recently, the IMF reduced its prediction from 4% to 3.8%.

Efforts to strengthen **DRM** show an important recovery in 2021 after a significant decline due to the pandemic. Tax collection increased from a -20.3% in 2020 to 18.9%. Likewise, trade-related tax collection grew from -31.6% to a 28.2%. Increase in imports and improvements in tax collection systems and post COVID economic recovery, explained this significant change. The outlook is positive.

The main challenge for the current administration is to manage the COVID-19 crisis without endangering the sustainability of its economy and preserving social gains, in a context of increasing debt, fiscal deficit, reduction of NIR and inflationary pressures due to the Ukraine invasion.

Relation with the IMF

There has not been a signed programme with the IMF since March 31, 2006. It was substituted by a local programme of the Ministry of Economy and Public Finances and the Central Bank, where objectives and goals regarding fiscal, monetary and exchange rate policies are identified. The so-called “*Ejecución del Programa Fiscal-Financiero 2022*” was signed on March 29, 2022. Nevertheless, regular Article IV consultations have been taking place on an annual basis (with exception of 2019 and 2020, due to pre-electoral, electoral and COVID-related issues). The last one was published in August 2021 (Country report N° 21/180).

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.4 Public Financial Management

The Bolivian PFM reform programme relies on the Action Plan to Improve Public Finance Management (PAMGFP), elaborated by the Ministry of Economy and Public Finance (MEFP) with EU technical assistance. The Action Plan identifies its priorities based on the government's strategic approach. It includes actions, indicators and results to be achieved during the period 2019 to 2020 expanded to 2021. The overall cumulative progress of the action plan reached 89%. During 2022, remaining activities will be concluded or disregarded, while a new reform plan is expected to be drafted.

Summary Appraisal PFM Progress and Reforms

Bolivia has made important progress in the management of public finances. Budget reliability improved, budgetary information use international standards, on-line systems for SOEs treasury registries and for public investment information are in place, financial assets are adequately monitored and a statistical bulletin on debt is published periodically. Furthermore, macro and fiscal forecasts, risk assessments, monetary scenarios and multiannual estimates are being used in the budgeting process.

Predictability was improved by the use of on-line systems, arrears in the payment of expenses was reduced, a treasury liquidity management model was developed and digital signature was implemented, thus increasing control. The local accounting system is now compatible with the International Public Sector Accounting Standards (IPSAS). Additionally, the National Tax Service implemented a tax on large fortunes and the National Customs implemented a simplified customs system for international trade transactions.

The MEFP assessed the public procurement system using the MAPS tool with IADB technical assistance, optimized the disbursement process using electronic payments, implemented the digital signature on financial statements, produced statistics complying with international standards using the IMF guidelines, reinforced its analysis and forecast capabilities related to the Medium-Term Fiscal Framework with IMF technical assistance, among others.

Regarding the Action Plan to Improve Public Finance Management (PAMGFP), the Delegation considers it highly relevant since it represents the continuity of an effort that started in 2009 and demonstrated the willingness of the government to improve PFM.

The EU Delegation commend the efforts of MEFP on improving the overall PFM process, but also recognizes the need of a continuity to preserve the gains obtained. In opinion of the Delegation, this continuity requires the elaboration of at least one of these: a new PEFA assessment, an action plan to improve PFM or an in-house PFM improvement strategy drafted by the MEFP.

In conclusion, taking into account that a new PFM plan is expected to be drafted, the EU Delegation in Bolivia considers that progress by the authorities in the management of public finance systems is satisfactory, including domestic revenue mobilisation. Therefore the eligibility criterion is met.

2.3.5 Transparency and Oversight of the Budget

In terms of transparency and oversight of the budget, the government of Bolivia complies with the basic requirement concerning the entry point, since the 2021 and 2022 budgets were approved by all the required actors, enacted by the executive branch in due time and published on the web page of the MEFP for free access by the general public.

According to the latest Open Budget Survey (2021), Bolivia's budget process ranks, in terms of transparency, among the weakest in the region with a score of 20/100 in 2020. However, a moderate improvement compared to 2019 was verified where the score was 12/100. The global average score is 45. Bolivia's ranking is 102 out of 120 countries. Bolivia has increased the availability of budget information by Publishing the Executive's Budget Proposal online but decreased the availability of budget information by reducing the information provided in the Year-End Report. Further progress is expected during 2022, through the EU funded project Strengthening Public Financial Management Through Open Budgets and Civic Participation implemented by the IBP and the local think-tank Fundación Jubileo.

In terms of oversight, the local SAI could be benefited by the Global SAI Accountability Initiative (GSAI), co-founded by the EU, especially since there are ongoing and forecasted sector budget support operations in the country.

According to the IMF, Bolivia has advanced significantly in fiscal transparency following the adoption of the new Political Constitution. Various measures were introduced to make fiscal information more transparent, allowing for the availability of ample information on macro-fiscal indicators, budgetary execution and the financial statements of all public sector entities.

Although the EU Delegation recognizes that further improvements are needed, it also recognizes the efforts of the Bolivian government on improving the transparency and the oversight of the budget.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (Impact) is to contribute to environmental protection, climate change adaptation and mitigation and sustainable economic development in Bolivia.

The **Specific Objectives** (Outcomes) of this action are to:

1. Improved and inclusive conservation, restoration and sustainable management and use of forests and biodiversity, within and outside protected areas – including prevention of forest fires and implementation of climate adaptation and mitigation efforts;
2. Improved integrated water resources management and resilience to water-related natural disasters as a climate change adaptation measure;
3. Strengthened environmental governance, access to justice, and rights protection for men and women, and indigenous peoples, according to their differentiated needs and roles.

The **Induced Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

- 1.1 Improved state authorities' capacity for surveillance and management of forest and protected areas, conservation of biodiversity, and fire prevention
- 1.2 Increased knowledge and tools available to local communities and indigenous people for inclusive and participatory forest conservation, protection and sustainable management
- 1.3 Increased local level capacities for wildfire prevention and management
- 1.4 Enhanced public environmental awareness and opinion
- 1.5 Sustainable production models and value addition processes promoted and funded
- 1.6 Strengthened use and inclusive management of natural resources and environmental functions in rural and indigenous communities
- 2.1 Increased capacities, tools and structures for gender responsive water resources governance and planning
- 2.2 Improved water resources monitoring systems
- 2.3 Increased investments and geographical coverage of affordable, inclusive and equitable IWRM interventions
- 2.4 Increased municipal capacity to prevent, prepare for and manage natural disasters
- 3.1 Strengthened local capacities to monitor environmental issues and rights, including the implementation of international agreements ratified by the state
- 3.2 Increased transparency, improved access to environmental information and strengthened participation of indigenous and rural communities and civil society in environmental decision-making
- 3.3 Enhanced and gender responsive access to protection and justice for environmental and indigenous rights defenders

3.4 Increased participation of women in decision-making and activities linked to environment, climate change and sustainable production

3.5 Strengthened women capacities on building climate resilience and climate mitigation measures

3.6 Enhanced sector capacities to fully understand and apply gender-sensitive principles

The **Direct Outputs** to be delivered by this action contributing to the corresponding Specific Objectives are:

DO.1 Steady or increasing financial allocation to the sector

DO.2 Improved policy dialogue between the MEW and the donor community

DO.3 Improved performance assessment

DO.4 Increased capacity development Provision of technical assistance

3.2 Indicative Activities

Activities relating to Outputs 1.1- 1.4 include:

- Capacity building and equipping of institutions for surveillance of protected areas.
- Supporting financial mechanisms or models for long-term forest and biodiversity protection both on national and local level.
- Establishing inclusive and participatory conservation and restoration agreements with communities and local authorities for protection of forest and biodiversity.
- Providing technical assistance and training to communities and national and local authorities on implementation of sustainable resource management, including e.g. sustainable and certified forest management, fire management, biodiversity restoration, and climate change actions.
- Promoting tree plantations.
- Strengthening the monitoring systems for forest fires, deforestation, land-use change and impacts of climate change, including e.g. the promotion of early-warnings systems for fire management.
- Developing and communicating evidence and data on forest, biodiversity, climate and sustainable natural resource management perspectives.
- Implementing environmental awareness campaigns and environmental educational programs, that take into account linguistic diversity and literacy level.

Activities relating to Output 1.5 and 1.6 include:

- Developing and showcasing integrated and inclusive climate-resilient production models that promote sustainable natural resource use and prevents forest loss and land degradation.
- Technical assistance and capacity building to producers (e.g. indigenous and peasant communities/associations) on sustainable and climate resilient agriculture practices.
- Promoting access to financial services for farmers for adopting of new farming practices as well as for agro-forestry niche products through a comprehensive and gender inclusive value chain approach.
- Grouping of farmers into associations or extension groups, and supporting access to markets and joint marketing so as to improve price and quality.

Activities relating to Output 2.1 and 2.2 include:

- Conducting technical studies (including data collection and analysis) and consultations for the definition of river basins “master plans”, for managing water quality, quantity and consumption/distribution; with mainstreaming of climate and natural risks analysis
- Participatory decision-making on the implementation of the river basin Master Plan through the establishment and functioning of interinstitutional platforms with technical and social committees (with government and non-government actors)
- Monitoring of water quality in selected water bodies suffering from contamination issues, technical classification of the water quality class, and design of recovery plans
- Capacity building of political, technical and social actors responsible for implementing river basin Master Plans

Activities relating to Output 2.3 and 2.4 include:

- Implementing water source protection, water harvesting, soil conservation, natural vegetation restoration, and additional similar measures for the improvement of river basin management
- Technical assistance and capacity building to municipal staff and population for prevention, preparation and response to natural disasters, with a focus on water-related natural disasters, including early warning systems

Activities relating to Output 3.1- 3.3 include:

- Developing and strengthening platforms – including digital ones – for access and sharing of environmental information.
- Facilitating or supporting the creation of spaces and opportunities for public participation in environmental processes and free, prior and informed consent protocols for indigenous peoples.
- Providing legal advice and assistance, and supporting development of protection mechanisms for population in vulnerable conditions and environmental human rights defenders.
- Supporting the development and implementation of efficient and inclusive environmental governance models through technical assistance and promotion of interinstitutional cooperation and collaboration between government levels and CSOs.

Activities relating to Output 3.4- 3.6 include:

- Providing training for women on leadership in environmental issues.
- Promoting new masculinity approaches in indigenous and rural communities.
- Providing technical training and assistance to women on sustainable natural resource use, sustainable production, climate resilience and climate mitigation measures.
- Providing access to financial support and production training for women in indigenous and rural communities.
- Providing training to government institutions (duty bearer) on gender-sensitive programming and budgeting, including via exchanges with other countries in the region.

Specific budget support activities include:

- Transfer of up to EUR 26 M over the period 2023-2026 (3 disbursements years)
- Continued policy dialogue with the Government with a particular focus on areas reflected in the programme's objectives
- Policy dialogue with sector institutions to advance in achieving gender equality within sectoral interventions, and to follow a human rights based approach
- Regular monitoring of progress towards expected results and other budget support eligibility criteria
- Coordination with the donors in the water and environment and climate change sector, and particularly the related working group under the Team Europe Initiative and Joint European Strategy, in order to avoid duplication of activities, identify potential synergies and relieving the Government from multiple reporting duties
- Continued effort to reinforce Government's capacities in the context of complementary technical assistance programmes

The commitment of the EU's contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners' meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that key environmental and climate-related aspects need be addressed during design.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category B (not requiring an EIA, but for which environment aspects will be addressed during design). As such, each individual projects financed under TE support will be screened for potential environmental impacts.

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment). However, climate risk analysis, climate proofing and natural extreme events will be taken in consideration as part of any sector-related studies/ assessments and in the technical assistance to be provided as a complement to budget support.

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender equality and the rights and empowerment of women and girls will be mainstreamed throughout all components of the Action and a targeted output (output 3.2). A starting point is that gender equality is an objective in itself, but it is also essential for achieving the other overall objectives, such as peace, security and sustainable development. In line with GAP III, interventions will aim to improve women's access to knowledge, skills, marketing services, and environmentally-sound technologies and strengthen their roles and expertise in resource management and biodiversity conservation. Moreover, the budget support component will aim at introducing gender-sensitive budgeting within the Ministry of Environment and Water, while the technical assistance program will support the gender-related capacities of crucial ministries in the sector (Ministry of Environment and Water, and Ministry of Rural Development and Land).

Human Rights

A *human rights based approach* (HRBA) will guide the assessment, planning and monitoring of initiatives within the Action. Applying the HRBA will ensure that the interests of women, men and children living in poverty and in marginalized situations, (right-holders) are prioritised and that people of power (duty-bearers) are identified and accountability established. Vulnerabilities to the rules of law (such as the right to free and informed consultation to indigenous population) and justice are specifically targeted in the Action component with the Swedish International Development Agency.

Specific Objective 3 of the Action focuses on governance and rights.

During implementation, the action will ensure that the working principles of the HRBA are applied: applying all human rights for all, meaningful and inclusive participation and access to decision-making, non-discrimination and equality, accountability and rule of law for all, and transparency and access to information supported by disaggregated data.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that the rights of people living with disability will be addressed only when relevant in implementation of the program.

Democracy

The Action includes several interventions aimed at strengthening *conditions for democracy and the rule of law*, e.g.: i) support to the establishment of governance platforms as foreseen in the water public policy, ii) strengthen CSOs and mass media for independent monitoring of public policies implementation, iii) strengthen capacities within national and local governments, and iv) support the development of good practices in governance models and advocacy for public policies and accountability and v) transparency and better access to environmental and climate change data and information. In all cases, political pluralism and tolerance should be promoted. The strengthening and participation of civil society organisations is envisaged as a means to democracy, in line with the Bolivia Roadmap for Engagement of Civil Society 2021-24.

Conflict sensitivity, peace and resilience

Due to a risk of doing harm or of localised conflicts on natural resources and land in some areas of proposed work in the Action (especially under the component with the Swedish International Development Agency), a conflict sensitive approach will be applied to all parts and contributions of the Actions.

Disaster Risk Reduction

Natural disasters are common in Bolivia, particularly in the rural parts of the country, and increasingly aggravated by climate change. Accordingly, interventions within the Action will be designed in order to minimise exposure in this regard. The Action also includes specific capacity building activities and support to early warning systems, in order to strengthen resilience to natural disasters seeking complementarities and synergies with ECHO's actions.

Other considerations if relevant

Mainstreaming is an established strategy for the Swedish development cooperation, and under the Action component with the Swedish International Development Agency, additional mainstreaming elements will be included:

- The *Multidimensional Poverty Analysis* (MDPA) framework will be used to give particular emphasis to groups living in vulnerable situations, with different manifestations of poverty.
- An assessment of the implications of climate-induced migration.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
Planning, processes and systems / People and the organisation	Low priority and lack of political will to engage and invest in climate change actions (reducing forest loss, land and water deterioration) due to short-term perspectives	Medium	High	Policy dialogue with the Government to maintain key investments in the climate/forestry/water/biodiversity sector. Incidence on public opinion with a broad set of actions and activities (generating new evidence, communicating and creating access to data and information, showcasing rentable sustainable production alternatives, and engaging with a broad diversity of stakeholders). Search for alternative financing schemes that can complement the lack of public funds, e.g. through contacts with other donors/IFIs.
Planning, processes and systems/ People and the organisation	Limited institutional capacity within all levels of government institutions	High	High	Build capacity and provide technical assistance to government institutions as a constant component in all projects. Strengthen the capacity of civil society and communities to maintain the drive for sustainable transformation in the society.
People and the organisation	Unequal power dynamics in rights disputes and risks for conflicts and confrontation, e.g., between local stakeholders,	Medium	Medium	Apply conflict sensitivity assessments. Strengthen poor and vulnerable populations and other key actors' abilities and voice to claim human rights, e.g. by providing access to legal aid.

	indigenous peoples and extractive-based production actors			Provide technical assistance to national and local authorities and courts to implement relevant policy and regulation frameworks.
People and the organisation	Failing to address the interests and needs of groups living in the most vulnerable situations – especially from a gender and poverty perspective	Medium	Medium	Technical assistance to the beneficiary state institutions responsible for budget support implementation, on designing and implementing inclusive policies and programmes. Constant dialogue with implementing partners on how the identification and engagement of vulnerable groups can be improved, e.g. making use of Sida’s multidimensional poverty analysis (MDPA). Liaise with other organizations working on gender equality and poverty for exchanges on best practices.
External environment	Human-induced or natural disasters such as pandemics, extreme weather events, broad-based civil conflict	Medium	Medium	Incorporation of climate/ disaster risk analysis and mitigation measures in project design. Improvement of national and local capacities to detect, monitor and respond to natural disasters. Coordination with VIDECEI in case of disasters. Continuous monitoring of the impact on projects and if required adapting activities in order to minimise negative impact/delay of implementation.
External environment	Reprisals against human rights defenders and civil society organisations	Medium	High	Continuous monitoring throughout implementation. Apply conflict sensitivity assessments when required, mitigating the risk of exacerbating tensions and divisions as well as protecting the security and safety of CSOs representatives and HRDs EU political dialogue with relevant governmental actors to underline vital role of civil society and human/ indigenous rights. Capacity building of HRDs on protection measures

Lessons Learnt:

- Crucial to work in parallel at different levels (national – local – community) with the most appropriate implementing partners
- Importance of technical assistance for a satisfactory achievement of budget support’s expected results
- Increased policy dialogue effectiveness when the same is conducted together with EU Member States
- Engage local communities to ensure sustainability, e.g. indigenous communities as forest safeguardians
- Harness economic incentives to ensure financial sustainability of forest protection and conservation and sustainability of alternative production models
- Use or foster public opinion as a key instrument for leverage, since political willingness remains a key factor for upscaling
- Apply a multi-dimensional poverty assessment to create connections between “well-being, poverty reduction and gender equality” and “environment, natural resource use and biodiversity”
- Promote multi-sectoral and multi-level coordination and collaboration between state and non-state actors
- Generate evidence for advocacy on public policy and towards public opinion
- Gender budgeting initiatives (in neighbouring countries)

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

IF government authorities as well as local communities improve competence, knowledge and effectiveness (output level) AND have the willingness to effect change (assumption) -possibly induced by public opinion, THEN they will be able to act to reduce the country's carbon footprint and vulnerability to natural disasters, while protecting and conserving natural resources including water and forests (outcome level), BECAUSE in the long-term this will generate significant (economic and environmental) benefit for state and society (impact).

Forests and water (focus of the outcome level) are important natural resources that determine Bolivia's capacity to adapt to and mitigate climate change (impact level). Forests are important carbon sink but also regulate climate and preserve water. On the other, water (management and regulation) is the main factor determining the resilience of both rural and urban populations to increasingly variable weather conditions, impacting both life and livelihoods. The action hence seeks to strengthen both forest and water management and protection. Additionally, a governance component aims at making the environmental and economic benefits of natural resources equitably accessible to the different groups of the population, regardless of ethnic or gender.

The Action will enhance capacity and awareness about sustainable resource use and participatory forest and biodiversity conservation among authorities, CSOs, and local communities, as well as these organizations' ability to coordinate, implement and monitor environmental performance. Local groups will be strengthened to make their voices heard and have their rights respected. Alternative sustainable models for economic development will be showcased in the Amazon and other areas of high ecosystemic value (e.g. Chiquitania-Chaco-Pantanal). Women, especially representing rural and indigenous communities, will be crucial for an equitable and sustainable transition. This will lead to increased forest areas under conservation, more effective protection and sustainable management of natural resources, and decreased deforestation rate – contributing to climate change mitigation. Continued support to the national water policy will focus on water resources planning for different uses, as well as improvements in water quality and water-related natural disasters resilience – leading to climate change adaptation.

Policy dialogue will be at the core of the budget support component, but it will also be carried out through joint actions/ demarches with EU Member States in a Team Europe approach. It will focus on the implementation of sector plans and programmes, implementation of international agreements (for example the Paris and Escazú agreements, ILO 169 Convention), increased transparency in decision-making (including better data and monitoring), increased contribution to gender equality within sector programme implementation, and adequate visibility of EU support. The identification of specific priorities and topics for policy dialogue will come from both internal EU/ Team Europe analysis and inputs from civil society organisations in the framework of consultations under the Roadmap for Engagement with CSO and shadow reports.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (Ⓔ): Main expected results (maximum 10)	Indicators (Ⓔ): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact (=impact of the overall Action)	To contribute to environmental protection, climate change adaptation and mitigation and sustainable economic development in Bolivia	<ol style="list-style-type: none"> 1. Number of climate change and/or disaster risk reduction strategies at national, regional or local level: (a) developed, (b) under implementation with TE support (% of those which are gender sensitive) 2. Greenhouse gas (GHG) emissions avoided (tonnes CO₂eq) with TE support 3. Level of implementation of commitments under Escazu Agreement with TE support 	<ol style="list-style-type: none"> 1. 0 (2022) 2. 0 (2022) 3. 0 (2022) 	<ol style="list-style-type: none"> 1. 2 departmental CC strategies developed/ 10 local risk reduction strategies developed (2027) 2. 5M tons CO₂ /year 3. 3 actions for the implementation of Escazú Agreement implemented (2027) 	Documents (Strategies) elaborated Semi-annual monitoring reports. Technical evaluations. Baseline, mid-term, and final reviews Qualitative studies	<i>Not applicable</i>
Outcome 1 (=outcome 1 of the overall Action)	1 Improved and inclusive conservation, restoration and sustainable management and use of forests and biodiversity, within and outside protected areas –	1.1 Areas of terrestrial and freshwater ecosystems under a) protection, (b) sustainable management with TE support (km ²), disaggregated by protected areas and other effective area-based conservation measures	<ol style="list-style-type: none"> 1.1 a) 0 (2022) 1.1 b) 0 (2022) 1.2 0 (2022) 1.3 0 (2022) 	<ol style="list-style-type: none"> 1.1 a) 20,000 km² under protection (2027) 1.1 b) 10,000 km² under sustainable management (2027) 1.2 300.000 ha (2027) 	TEI annual implementation reports/ EU-SW contribution	Absence of large-scale natural disasters affecting EU investments

	including prevention of forest fires and implementation of climate adaptation and mitigation efforts	1.2 Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with TE support (ha) 1.3 Hectares of wildfire-affected forest that are under biodiversity restoration process with TE-support		1.3 1 M ha (2027)		
Outcome 3	3 Strengthened environmental governance, access to justice, and rights protection for men and women, and indigenous peoples, according to their differentiated needs and roles	3.1 Number of laws and policies developed or reviewed with civil society organisation participation or as a consequence of CSO/UN advocacy through TE support, disaggregated by a) municipal/ national policies b) indigenous peasant organizations statutes for the comprehensive management of their territory 3.2 Number of women and girl leaders on environmental/climate in their communities/ productive association/ municipalities	3.1 a) 0 (2022) b) 0 (2022) 3.2 0 (2022)	3.1 a) 5 (2027) b) 5 (2027) 3.2 2,000 (2027)	Public policy document approved by the National or Municipal Governments. Organic statutes approved by the authorities of the indigenous/ peasant organizations Baseline, mid-term, and final reviews	Willingness for a more participatory governance from both political and social perspectives
Output 1.2	1.2 Increased knowledge and tools available to local communities and indigenous people for inclusive and participatory forest conservation, protection and sustainable management	Number of local conservation agreement with indigenous and local communities and municipalities Number of people in rural and indigenous communities trained on sustainable forest management and climate resilience (disaggregated by sex, age and disability)	0 (2022) 0 (2022)	4 (2027) 21,000 (2027)	Signed Agreements Participant lists from workshop/training events	Individual, community and municipal willingness to implement new knowledge and agreements
Output 1.3	1.3 Increased local level capacities for wildfire prevention and management	Number of people in rural and indigenous communities trained on wildfire prevention and management, of which number of voluntary firemen (disaggregated by sex, age and disability)	0 (2022) 1.6 million hectares/ year (average for 2017-2021)	8,000, of which 1,000 voluntary firemen (2027) TBD prior to starting the programme	Participant lists from workshop/training events Technical evaluations.	Availability of financial means to implement acquired knowledge

		Burnt forest areas (as result of wildfires), compared to previous years				
Output 1.4	1.4 Enhanced public environmental awareness and opinion	<p>Number of environmental/CC studies/research developed and published with TE support</p> <p>Number of people reached through information, education and communication</p> <p>Portion of national survey respondents expressing support for environmental positions (disaggregated by sex and age)</p>	<p>0 (2022)</p> <p>0 (2022)</p> <p>73.4% (2019)</p>	<p>8 (2027)</p> <p>1,000,000 (2027)</p> <p>80% (2027)</p>	<p>Published studies</p> <p>Semi-annual monitoring reports.</p> <p>Technical evaluations.</p> <p>UNIR – national survey on values</p>	No deterioration of freedom of expression to disseminate information and study results
Output 1.5	1.5 Sustainable production models and value addition processes promoted and funded	<p>Number of green (deforestation-free) value chains developed/ reinforced with TE support</p> <p>Number of improved agricultural and livestock production models (eg. efficient land-use systems) with TE support</p>	<p>0 (2022)</p> <p>0 (2022)</p>	<p>8 (2027)</p> <p>4 (2027)</p>	<p>Semi-annual monitoring reports.</p> <p>Technical evaluations.</p> <p>Baseline, mid-term, and final reviews</p>	
Output 1.6	1.6 Strengthened use and inclusive management of natural resources and environmental functions in rural and indigenous communities	<p>Number of smallholders/small scale producers from rural and indigenous communities who have received technical assistance in resilient agriculture practices (including adaptation and mitigation actions to climate change and preservation of ecosystems and biodiversity) with TE support, disaggregated by sex, age and indigenous status</p> <p>Number of smallholders with access to markets and/or security of land, and/or financial services disaggregated by sex, age and indigenous status</p> <p>Number of jobs supported/sustained by the TE, disaggregated for green jobs, sex and age</p> <p>% increase in family incomes from family agriculture, timber and non-</p>	<p>0 (2022)</p> <p>0 (2022)</p> <p>0 (2022)</p> <p>0% (2022)</p>	<p>35,000 (2027)</p> <p>15,000 (2027)</p> <p>2,000 (2027)</p> <p>20% (2027)</p>	<p>Semi-annual monitoring reports.</p> <p>Technical evaluations projections.</p> <p>Baseline, mid-term, and final reviews</p> <p>Participant lists from workshop/training events</p>	Continued or improved conditions for financial and market access for rural populations

		timber forest production, supported by TE				
Output 3.1	3.1 Strengthened local capacities to monitor environmental issues and rights, including the implementation of international agreements ratified by the State	<p>Number of CSO contributing to the elaboration of the shadow report on environmental issues and rights supported by the TE (including number of CSOs which are representing women's rights/voices)</p> <p>Number of CSO trained to monitor environmental rights and justice</p>	<p>0 (2022)</p> <p>0 (2022)</p>	<p>10 (2027)</p> <p>10 (2027)</p>	<p>Semi-annual monitoring reports.</p> <p>Technical evaluations projections.</p> <p>Baseline, mid-term, and final reviews</p> <p>Participant lists from workshop/training events</p>	Maintained space for CSO work and advocacy
Output 3.2	3.2 Increased transparency, improved access to environmental information and strengthened participation of indigenous and rural communities and civil society in environmental decision-making	<p>Number of journalists and media staff trained on environmental issues and environmental policy and legal framework, disaggregated by sex, age and disability</p> <p>Number of strengthened/ developed institutionalised spaces of dialogue between State and civil society supported by the TE</p> <p>Number of FPIC (free prior and informed consent) initiatives and processes supported by the EU</p> <p>Number of people trained on climate action and environmental justice, disaggregated by sex, age and disability</p> <p>Number of environmental decision-making processes with participation of indigenous and local communities/ associations with TE-support</p>	<p>0 (2022)</p> <p>0 (2022)</p> <p>0 (2022)</p> <p>0 (2022)</p> <p>0 (2022)</p>	<p>100 (2027)</p> <p>3 (2027)</p> <p>2 (2027)</p> <p>5000 (2027)</p> <p>10 (2027)</p>	<p>Semi-annual monitoring reports.</p> <p>Baseline, mid-term, and final reviews</p> <p>Participant lists from workshop/training events</p>	<p>Political willingness to take into account the results of participation and follow-up on court cases</p> <p>Beneficiary individuals and communities' willingness to engage in sensitive dialogue process with state institutions</p>

Output 3.3	3.3 Enhanced and gender-responsive access to protection and justice for environmental and indigenous rights defenders	Number of Environmental Human Rights Defenders (HRDs), professional, non-professional and citizen journalists receiving protection and/or assistance from the Action, disaggregated by sex, age and disability Number of cases treated in environmental courts with TE support	0 (2022) 0 (2022)	TBD prior to contract signature (2027) TBD prior to contract signature (2027)	Semi-annual monitoring reports. Baseline, mid-term, and final reviews	Approval of the Agro-Environmental procedural code Lack of corruption in justice institutions
Output 3.4	Increase participation of women in decision-making and activities linked to environment, climate change and sustainable production	Number of women trained on leadership in environmental and climate change issues with TE support, disaggregated by age Number of men trained on new masculinities with TE support, disaggregated by age	0 (2022) 0 (2022)	10,000 (2027) 5,000 (2027)	Semi-annual monitoring reports. Participant lists from workshop/training events	Willingness of trained individuals to apply new knowledge in a sometimes challenging social context
Output 3.5	Strengthened women capacities on building climate resilience and climate mitigation measures	Number of women trained on climate resilience strategies, disaggregated by age Number of women trained on sustainable production and market development approach, disaggregated by age Number of women that have improved their livelihoods with sustainable production, with TE support, disaggregated by age Number of women with access to resources that contribute to empowerment and inclusion (technology, financial services, markets, inputs, building and/or strengthening of capacities, prevention of and attention to violence, care economy among others) with TE support, disaggregated by age	0 (2022) 0 (2022) 0 (2022) 0 (2022)	8,000 (2027) 10,000 (2027) 6,000 (2027) 8,000 (2027)	Semi-annual monitoring reports. Participant lists from workshop/training events Baseline, mid-term, and final reviews	Continued or improved conditions for financial and market access for rural women

BUDGET SUPPORT MODALITY as reflected by the national/sector public policy supported (4 levels of results / indicators / Baselines / Targets / Source of Data - no activities)

Caveat: the indicators used in the LFM refer to the budget support intervention logic. They help monitoring the implementation of the programme in view of its objectives and later evaluate its contribution to country policy's achievements. The list of indicators below should not be understood as the list of indicators informing the disbursement of variable tranches and spelled out in the relevant part of the financing agreement signed with the partner country, although some indicators may be used for both purposes and will be marked accordingly.

Results	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data (1 per indicator)
Indicative Impact (=impact of the overall Action)	To contribute to environmental protection, climate change adaptation and mitigation and sustainable economic development in Bolivia	<ol style="list-style-type: none"> 1. Sustainable Forest Life Index 2. Integrated and Sustainable Water Management Cycle 	<ol style="list-style-type: none"> 1. 43.7 (2020) 2. 67.9 (2020) 	<ol style="list-style-type: none"> 1. 70.8 (2030) 2. 77.1 (2030) 	Bolivia NDC reports
Expected Outcomes (=outcomes of the overall Action)	<ol style="list-style-type: none"> 1 Improved and inclusive conservation, restoration and sustainable management and use of forests and biodiversity, within and outside protected areas – including prevention of forest fires and implementation of climate adaptation and mitigation efforts 2. Improved integrated water resources management and resilience to water-related natural disasters as a climate change adaptation measure 3. Strengthened environmental governance, access to justice and rights protection for men 	<p>*1.1 Areas of terrestrial and freshwater ecosystems under a) protection, (b) sustainable management with TE support (km²), disaggregated by protected areas and other effective area-based conservation measures (GERF 2.9)</p> <p>2.1 Degree of integrated water resources management (SDG 6.5.1)</p> <p>3.1 Number of sectoral policies, action plans and annual budgets that take into account gender equality aspects</p>	<p>1.1a) 170.048 km² (national protected areas)</p> <p>b) 10.8 M ha (forest), 32.542 km² (IWRM)</p> <p>(2020)</p> <p>2.1 56 (2020)</p> <p>3.1 0 (2022)</p>	<p>1.1 a) 170.048 km²³</p> <p>1.1 b) 15,2 M ha (forest), 88.000 km² (IWRM)</p> <p>(2025)</p> <p>2.1 National target for SDG N/A</p> <p>3.1 3 (2025)</p>	<p>1.1 PDES and PSDI implementation reports</p> <p>2.1 SDG reports</p> <p>3.1 Ministry of Environment and Water's documents and annual budget</p>

³ although an increase in PA surface is not foreseen, the EU will support effective and sustainable management of the 22 national protected areas.

	and women, and indigenous people, according to their differentiated needs and roles				
Induced Outputs	1.1 Improved state authorities' capacities for surveillance and management of forest and protected areas, conservation of biodiversity, and fire prevention	<p>1.1.1 Status of the national Forest Information and Monitoring System (SIMB)</p> <p>1.1.2 Status of the Bolivian Forest Certification and Incentive System (SBCBI)</p> <p>1.1.3 Status of conservation of national protected areas' core areas, and areas of limited and restricted use</p> <p>1.1.4 Financial gap for national protected areas</p> <p>1.1.5 Number of national protected areas nominated for and certified within IUCN Green List</p> <p>1.1.6 Number of new forest management normative tools approved and implemented</p> <p>1.1.7 Number of wetland management plans</p>	<p>1.1.1 Forest cover and deforestation data up to 2018</p> <p>1.1.2 With weaknesses and not internationally recognised (2022)</p> <p>1.1.3 N/A</p> <p>1.1.4 N/A (2022)</p> <p>1.1.5 0 (2022)</p> <p>1.1.6 0 (2022)</p> <p>1.1.7 0 (2022)</p>	<p>1.1.1 Updated (2025) data on forest cover, deforestation, integrated forest management, forestation, reforestation and forest degradation</p> <p>1.1.2 Presented for endorsement to an international forest certification entity (2025)</p> <p>1.1.3 No "zonification" changes (geographic area modifications) in new protected areas management plans (2025)</p> <p>1.1.4 Reduction of 20% (2025)</p> <p>1.1.5 10 and 4 (2025)</p> <p>1.1.6 5 (2025)</p> <p>1.1.7 5 (2025)</p>	<p>Technical assistance bi-annual reports (for indicators 2.4.2 and 3.6.2)</p> <p>Ministry of Environment and Water's annual indicators completion reports (for all other indicators)</p>
	2.1 Increased capacities, tools and structures for gender		2.1.1 18 (2021)		

	<p>responsive water resources governance and planning</p> <p>2.2 Improved water resources monitoring systems</p> <p>2.3 Increased investments and geographical coverage of affordable, inclusive and equitable IWRM interventions</p> <p>2.4 Increased municipal capacities to prevent, prepare for and manage natural disasters</p> <p>3.6 Enhanced sector capacities to fully understand and apply gender-sensitive principles</p>	<p>*2.1.1 Number of prioritised river basins with planning tools elaborated and implemented</p> <p>2.2.1 Number of river basins monitored for water quality</p> <p>2.3.1 Surface under IWRM interventions (km2)</p> <p>2.4.1 Number of vulnerable municipalities with adequate capacity in disaster risk reduction</p> <p>2.4.2 Number of municipalities trained on disaster risk prevention and management with EU TA</p> <p>3.6.1 Number of gender-sensitive actions implemented by the MEW</p> <p>3.6.2 Number of Ministry staff trained on gender-sensitive programming</p>	<p>2.2.1 37 (2022)</p> <p>2.3.1 37.000 km2 (2020)</p> <p>2.4.1 20 (2020)</p> <p>2.4.2 N/A</p> <p>3.6.1 N/A – impossible to measure</p> <p>3.6.2 10 (2021)</p>	<p>2.1.1 51 (2025)</p> <p>2.2.1 49 (2025)</p> <p>2.3.1 88.800 km2 (2025)</p> <p>2.4.1 81 (2025)</p> <p>2.4.2 5/year</p> <p>3.6.1 Additional 10 (2025)</p> <p>3.6.2 50 (2027)</p>	
Direct Outputs	<p>1 Steady or increasing financial allocation to the sector</p> <p>2 Improved policy dialogue between the MEW and the donor community</p> <p>3 Improved Performance assessment</p>	<p>1. Disbursement level of the budget support</p> <p>2. Number of meeting/ year between the MEW and donor community for both water and environment sector</p> <p>3. Status of Performance Assessment Framework and yearly progress reports on the PAF produced</p>	<p>1 93% (2022)</p> <p>2. 1- 2/year/ sector</p> <p>3. N/A</p>	<p>1. At least 90 %</p> <p>at least 1/ year/ sector</p> <p>PAF approved and at 1 progress report/year</p>	<p>1. EUD disbursement note</p> <p>2. EUD disbursement note</p> <p>3. Ministry of Environment and Water's annual</p>

	4 Increased capacity development	4. Number of products produced by the technical assistance endorsed by the Government, of which number related to gender and human rights	4. N/A	4. At least 10/year	sector policy progress report 4. technical assistance bi-annual reports
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action – budget support and technical assistance components -, it is envisaged to conclude a financing agreement with the Plurinational State of Bolivia.

As approved with exception N. 2022/000-727, the component of the Contribution Agreement will be left out of the Financing Agreement.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

For the component of the Contribution Agreement, for which no financing agreement is expected to be concluded, the indicative operational implementation period is 60 months from the adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 26 M, and for complementary support is EUR 5 M. This amount is based on the support offered by the EU to Bolivia between 2010 and 2022 in the field of river basin and environment management, an assessment of the absorption capacity of the different beneficiary institutions within the sector, as well as the respective responsibilities under the ambitious 2021-2025 national development plan. The amount allocated for complementary support is similarly based on past experience of technical assistance to the Ministry of Environment and Water, and the importance of accompanying national entities for the implementation of the sector reform performance contract.

This will be complemented by a joint programme through a Contribution Agreement with the Swedish International Development Agency which, despite not being contractually linked to the budget support, will contribute to the same shared objectives through complementary actions, and strengthen the monitoring of the budget support with solid knowledge of the realities "on the ground".

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

The proposed disbursement calendar includes a fixed tranche (to be disbursed in 2023 after signature of the Financing Agreement) and two variable tranches (referring to 2024 and 2025 results, and to be disbursed in 2025 and 2026 respectively).

4.3.2 Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Ministry of Environment and Water's Integral Development Sector Plan 2021-2025 and continued credibility and relevance thereof or of the subsequent policy.

- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The specific conditions as well as the tranches to which they apply are as follows:

In addition to the general conditions, specific conditions apply for the disbursement of the fixed tranche in year 1 (2023). They relate to the approval of strategies to be supported by the programme, and to conditions to start measuring indicators. The specific conditions are detailed in Appendix for Budget Support – Disbursement Arrangements, Conditions and Performance Indicators. The related tranche release request must be supported by all appropriate information and documents on the specific conditions.

b) The performance indicators for disbursement to be used for variable tranches are extracted from or aligned to the Ministry of Environment and Water’s Integral Development Sector Plan and may focus on the following policy priorities:

- for IWRM: planning and governance instruments, increased field-level investments, enhanced water quality, and water-related disaster risk reduction;
- for forest management: normative development, improved data availability, facilitation of market access for timber forest products;
- for protected areas and biodiversity management: strict conservation of national protected areas, increased financial sustainability, governance and monitoring of national protected areas, conservation and management of wetland (with special attention to RAMSAR sites);
- gender mainstreaming in the Ministry of Environment and Water’s planning and budgeting exercises.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3 Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into *bolivianos* will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴.

4.4.1 Direct Management (Procurement)

Procurement will be used for technical assistance support to both the Ministry of Environment and Water and the Ministry of Rural Development and Land, according to a synergetic approach between the sectors foreseen in the MIP – priority area 1.

The proposed contract expected to contribute to the three specific objectives of the Action.

4.4.2 Indirect Management with a pillar assessed entity

A part of this action may be implemented in indirect management with the Swedish International Development Agency.

The implementation entails the work at community and local level through civil society organisations. This will allow the EU to support and exchange with a significant number of CSOs without multiplying its administrative, contractual obligations, while making the EU and its Member States the main donor for environmental NGOs in the country. The component to be implemented in indirect management contributes to outcomes 1 (environmental protection and management) and 3 (environmental governance, justice and rights) of the Action, and in particular outputs 1.2, 1.3, 1.4, 1.5, 1.6, 3.1, 3.2, 3.3, 3.4 and 3.5.

The envisaged entity has been selected using the following criteria: interest and track record in supporting environmental NGOs, potential impact on the ground in function of its geographic area of activities, availability of own resources to complement the action under a Team Europe initiative, flexibility in the modalities for channelling resources to CSOs, and time-related commitment/ estimated presence in Bolivia.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in indirect management with an alternative entity using the same selection criteria. Another possibility can also be envisaged (as option B) with the German cooperation (GIZ) with whom we already have co-financed interventions. If the first two options fail, we can take over the management of the funds under direct management and launch a call for proposals.

4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Budget support* - cf. section 4.3	26,000,000	N.A.
Implementation modalities – cf. section 4.4		

⁴ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

Indirect management with the Swedish International Development Agency - cf. section 4.4.2	10,000,000	90,000,000 SEK approx
Procurement (direct management)* – total envelope under section 4.4.1	5,000,000	N.A.
Evaluation – cf. section 5.4 Audit – cf. section 5.5	N.A., will be covered by another Decision	N.A.
Contingencies	N.A.	N.A.
Totals	41,000,000	90,000,000 SEK

Note: the distribution by objective/output has been eliminated in the table above, as a same implementation modality contributes to different objectives/ outputs in a complementary manner.

* To be covered by a Financing Agreement as explained in section 4.1

4.7 Organisational Set-up and Responsibilities

For the budget support component, the implementing partner will be the Government of Bolivia, and specifically the MEW, with VRHR, VMA and SERNAP. The MEW may sign inter-governmental agreements with departments, municipalities and specialised entities for delegating implementation responsibilities. Overall action coordination, monitoring and reporting duties will lay with the Planning Department of MEW. Policy dialogue will be carried out both bilaterally and through multilateral fora including the river basin donor group and the GRUS environment sub-group.

For the technical assistance programme, a steering committee will be established, composed by the Delegation's head of cooperation and programme managers, and the Planning Department of MEW. The committee will approve annual plans and their execution.

For the purpose of guiding and monitoring the component with the Swedish International Development Agency (SIDA), a joint EU-SIDA steering committee will be set up. This committee will meet every six months to review implementation as well as the programme relevance and effectiveness. At these meetings, SIDA will give a presentation of programme implementation (including financial progress) to be combined with the reports from the proposed monitoring group (see below). In addition, and upon proposal by either the EU or Sweden, stakeholders and/or counterparts may be invited to the steering committee meetings to give their view. Apart from this, SIDA will invite EU representatives to take part in any field visit undertaken to the contributions of the programme, the cost of which will be sustained by the respective party. In addition to the steering committee, a technical committee, composed of programme officers from Sweden and the EU, will meet every three months to review implementation and address specific questions relevant to the programme. The choice of counterparts and related activities, presented by Sweden, will be subject to the approval of this committee. It is foreseen that additional staff resources (programme officer and programme administrator) will be added to the existing SIDA structure to deal with the additional workload, something that will be possible thanks to the seven per cent surcharge.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

4.8 Pre-conditions

SIDA's co-financing to the programme is subject to the approval of the relevant Swedish parliamentary appropriation, on a yearly basis.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and mostly part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Monitoring and reporting will take into account the disaggregated data (sex, age and disability where possible). All monitoring and reporting shall assess how the action is taking into account the human rights based approach and gender equality.

Roles and responsibilities for data collection, analysis and monitoring:

For budget support, the statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed through a budget budget support evaluation. This assessment has fed into the design of the action as follows:

- The monitoring of the implementation of the budget support component will be responsibility of the Ministry of Environment and Water (MEW).
- Indicators baselines and results will be defined and reported by the MEW with information available from national statistics as well as the Ministry's own information management system.
- The national policy's Performance Assessment Framework will enable the strategic monitoring of sector policy in conjunction with the government of Bolivia and donors, and for the overall sector policy (not only variable tranche indicators). Performance assessment exercises are expected to take place yearly with a review of results achieved in Y-1.
- Institutional and capacity assessments will be part of the Delegation's policy progress reports, and policy dialogue issues will be reported as part of budget support disbursement dossiers.

For the joint EU-SIDA component, four different mechanisms are envisaged for monitoring and reporting:

- In the first place, data on key aspects such as forest coverage and biodiversity will be continuously and systematically collected by the implementing partners. Among the sources of data in this regard are established Swedish counterparts in Bolivia such as FAN, Nativa, WWF, CEDLA, Fundación Tierra and SEI. As information production and dissemination is a key aspect in the programme, it can be expected that programme-funded studies will generate additional useful data.
- In addition, SIDA proposes to engage an independent monitoring team composed of consultants for the duration of the programme. Ideally, such a team should be composed of two or three independent consultants (a mix of Bolivians and internationals) with expertise both in environmental and social matters. Their main task would be to generate and assess data at the levels of activities, outputs and – when possible and relevant – outcomes, through visits to intervention sites. Procurement of the consultants could take place either through an open tender or by using SIDA's (independent) help-desk for environmental issues, and the costs would be covered within the seven per cent surcharge.
- Finally, the joint programme will be subject to SIDA's regular monitoring, including a stringent assessment of possible new partners, close follow-up of substantial and financial aspects of the interventions, and frequent visits and dialogues with the partners. Moreover, throughout the programme, the embassy will be able to draw on support systems centrally at SIDA (e.g. environmental and evaluation experts).
- Besides the annual written reports, there will be oral presentations to the steering committee meetings.

5.2 Evaluation

Having regard to the nature of the action (mix of different implementation modalities contributing to the same objectives), a mid-term and a final evaluations may be carried out for this action or its components via independent consultants contracted by the Commission. The evaluations shall assess to what extent the action is considering the human rights based approach as well as how it contributes to gender equality and women's empowerment.

The mid-term evaluation is envisaged for problem solving and learning purposes, in particular with respect to the complementarities between the different Action components.

The final evaluation is envisaged for accountability and learning purposes at various levels (including for policy revision), and for the possibility to fund a second phase under 2025-27 MIP financial allocations.

For the budget support, a specific evaluation may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least one month in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention⁵ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: ‘a given contract can only contribute to one primary intervention and not more than one’. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a ‘support entities’. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present Action identifies as

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action

Please note that two ACT are encoded in OPSYS for this Action: ACT-60734 and ACT-61396. They both correspond to primary interventions.

⁵ [Ares\(2021\)4450449](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including ‘action’ and ‘Intervention’ where an ‘action’ is the content (or part of the content) of a Commission Financing Decision and ‘Intervention’ is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).