



Extract from the report to the
Public Accounts Committee on
Denmark's development cooperation
with Bolivia

June
2012

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I. Introduction and conclusion

1. This report is about Denmark's development cooperation with Bolivia and forms part of the preparations for the Danish Public Accounts Committee's visit to Bolivia in August 2012. The study was launched in August 2011 on the basis of a decision to phase out aid to Bolivia.

2. In March 2010, the then Danish Minister of Development decided that Denmark should phase out aid provided to Latin America, including Bolivia, and instead focus on poorer African countries. According to the plan, phasing out should be completed in mid-2013. The phase-out decision has pervaded the development cooperation with Bolivia for the last couple of years because focus has been on concluding the long-standing cooperation.

In March 2012, the present Danish Minister of Development visited Bolivia to look into the possibilities of continuing the development cooperation with Bolivia. The Minister has in the media indicated that Denmark intends to continue the development cooperation with Bolivia with focus on human rights in sectors that are already receiving aid from Denmark. The Danish government will decide on the nature of the future cooperation with Bolivia when the appropriation bill for the fiscal year 2013 is prepared.

3. The objective of the study is to examine how the Danish Ministry of Foreign Affairs has administered the cooperation with Bolivia taking into consideration the principles governing the cooperation with partner countries and the sustainability of aid.

The first section of the study addresses the principles governing the Ministry of Foreign Affairs' cooperation with partner countries, and whether these principles have been adhered to in the communication with Bolivia concerning phasing out and continuation, respectively, of the Danish aid to the country. That partnerships are long term and donors and partner countries are held mutually accountable for the outcome of the development work, are the most significant principles of aid cooperation. Mutual accountability means that both donors and partner countries must promote accountability and transparency in the development aid, and the donors are required to ensure the predictability of aid and thus enable the donor recipients to effectively plan the development programmes. Rigsrevisionen has also examined the general principles according to which the ministry selects and opts out partner countries.

The ministry's aim is to ensure that the Danish aid is sustainable, i.e. the benefits generated in a development project will continue also when the Danish aid is stopped, and the outcomes and activities related to the project will not end in failure when aid is no longer provided.

In the second section of the study, Rigsrevisionen has therefore assessed whether the Ministry of Foreign Affairs has focused on ensuring the sustainability of the aid provided to Bolivia in the period from March 2010, when the decision to phase out the aid was taken, to May 2012. Rigsrevisionen has in that connection reviewed the analyses of sustainability carried out by the ministry when the most recent development programmes were planned.

The Ministry of Foreign Affairs use the term **phase-out** to describe the period during which a donor phases out its development aid to a partner country. Aid to a sector programme and a country as a whole may be phased out.

Priority countries are the countries where Denmark is present with a long term engagement and with political and financial weight. The point of departure for Denmark's engagement in the majority of partner countries is a development cooperation with the government of the country.

MAIN CONCLUSION

As a result of changing priorities in Danish development policy, the Ministry of Foreign Affairs has not persistently adhered to significant international principles of long-term partnerships, mutual accountability and predictability of aid in its communication and cooperation with Bolivia. Bolivia was, for instance, not in all cases involved in the decisions on the future cooperation with Denmark, and the ministry failed to prepare Bolivia for the political decision made in 2010 to phase out the development aid. Also when the priorities of development policy are changing, the ministry should endeavour to comply with the principles governing long-term partnerships and mutual accountability.

The announcement that Denmark considers continuing the development aid to Bolivia creates uncertainty about the future cooperation, as the government has not made any official decision in this respect at this point. A decision will not be made before the appropriation bill for the fiscal year 2013 is prepared.

The development cooperation between Denmark and Bolivia has in the last couple of years been focused on ensuring lasting outcomes of the aid, as the Ministry of Foreign Affairs has been phasing out development aid to Bolivia since 2010. The programme evaluations performed by the ministry generally demonstrate good opportunities to achieve sustainability. Several sector programmes are, however, facing challenges in relation to achieving sustainability. Rigsrevisionen finds that the ministry should devote special attention to the difficulties of ensuring sustainability when the ministry is planning to phase out aid over a short period of years, as was the case in Bolivia. The ministry has stated that its deliberations to continue providing development aid to Bolivia include considerations to provide support to the parts of the programmes that are having difficulties achieving sustainability.