



Events data collected September 2006 to February 2007

INSIDE THIS REPORT:

- Structural Summary 2
- Primary Drivers
 - Security and Crime 3
 - Economics 3
 - Governance 4
- Secondary Drivers
 - Human Development 4
 - Environment 5
 - Demography 5
- Canada & Bolivia 5
- 6-12 month scenarios 6
- Possible Entry points 6
- Appendices
 - Maps 7
 - Methodology 8
 - Structural Data 10
 - Stakeholders 12
 - Event graphs 13
 - Resources 15

Analyst: Kevin Wyjad

Principal Investigator: David Carment

© CIFP COPYRIGHT Assessments expressed in this report are those of CIFP, and do not represent the views of the Canadian Government.

Not to be cited, duplicated or circulated without permission of the authors and CIFP.

Feedback is welcome, and may be sent to cifp@carleton.ca

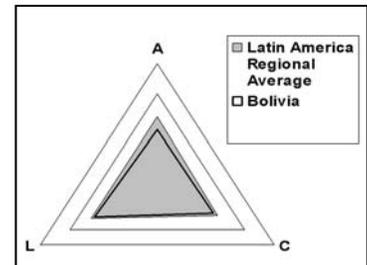
Fragile States Country Report No. 3

Bolivia

Released Oct 2007

FRAGILITY IN BRIEF Bolivia is weak and in the midst of a volatile period that could potentially leave the country considerably strengthened or badly divided, depending on the success of, and reaction to, President Morales' efforts to reform the state. The Bolivian state's weak **authority** is evident in the active autonomist-secessionist movement in the relatively wealthy eastern departments. The same cleavages that impinge upon authority also degrade state **legitimacy**, contributing to a medium-to-high overall fragility risk. President Morales represents the Amerindian population, which has traditionally had an antagonistic relationship with economic elites, one driven by the deep economic inequality in the country. **Capacity** is adversely affected by economic and infrastructural constraints on state action; the fact that many members of the Morales government came to office with little experience further limits state capacity. More positively, the government has gained experience during its first year in office, and energy firms have now adapted to energy nationalisation; that policy is bringing in new money to government. The state also exhibits comparative strength in specific areas, including a strong record of education, low rates of HIV/AIDS, and social cohesiveness resulting from religious unity. Nonetheless, economic and gender inequality, corruption, and the potential for ethnic violence continue to underline the vulnerability of state and social institutions. Bolivia ranked 115th out of 177 countries on the 2006 UNDP Human Development Index; it will be difficult for Bolivia to meet its Millennium Development Goals (MDGs) in maternal mortality and sanitation.

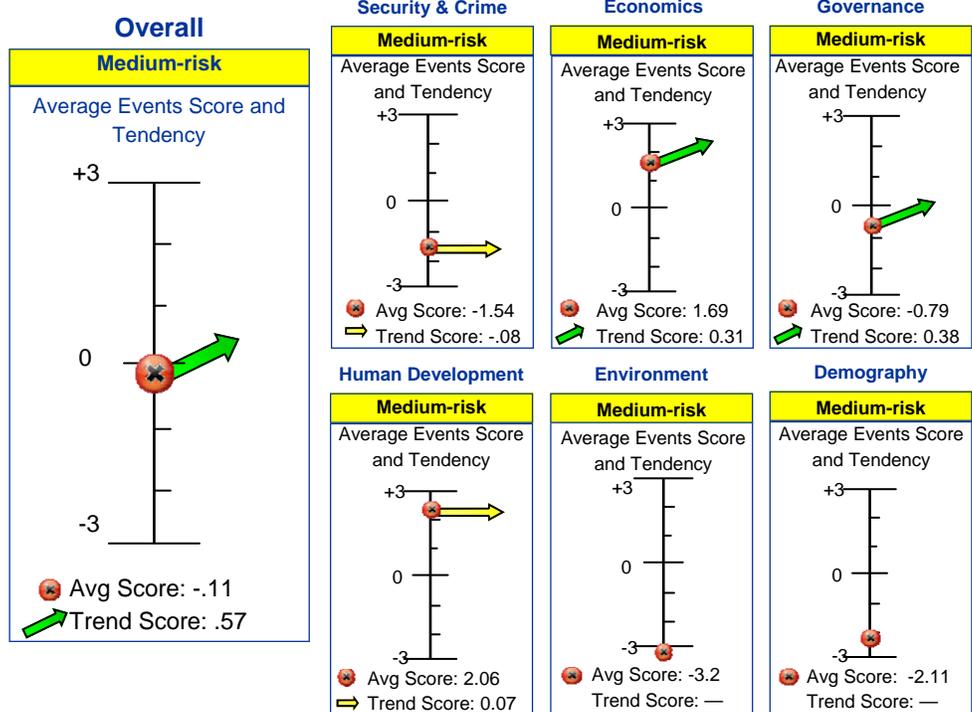
Analysis of recent events gives cause for mild optimism. Although the events were mixed, they demonstrated a generally positive trend over the period of observation. Economic growth and positive developments between Bolivia and its neighbours were indicative of this improvement; the normalization of relations with global energy firms gave further evidence of increasing political and economic stability. If such trends continue and Morales achieves some progress towards the peaceful redistribution of wealth in the country, government **authority** and **legitimacy** will likely improve. Without improvements in economic performance and political stability, it will be difficult for Bolivia to make durable gains in the area of human development.



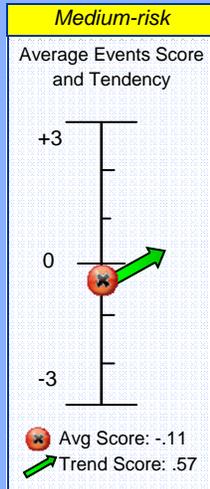
Bolivia Authority (A), Legitimacy (L), and Capacity (C) Triangle

MILLENNIUM DEVELOPMENT GOALS (MDGs): LIKELIHOOD OF ATTAINMENT (UNICEF, 2007)						
Extreme Poverty and Hunger	Education	Gender Equality	Child Mortality	Maternal Mortality	HIV/AIDS & Malaria	Environmental Sustainability
High	High	High	High	Medium	—	Medium

STRUCTURAL BASELINE & EVENTS SUMMARY



SUMMARY



STRUCTURAL ANALYSIS Bolivia's overall baseline performance is balanced at the medium-risk range for all aspects of state fragility. The weak economic situation presents the largest set of problems. Bolivia's economic weakness is driven by inequality and this underlying feature is now coming to the fore, finding expression both in President Evo Morales' left-leaning, pro-Amerindian policies, and the reactions they have provoked in the wealthier regions of the country. The current environment is turbulent with unrest stemming from Morales' attempts to radically restructure Bolivian society through nationalisation and redistribution. In this context, Bolivia's relatively stable security environment is a positive factor, but closer examination reveals weaknesses in political stability and the risk of ethnic rebellion – Bolivia's historic stress areas. A youth bulge – 35% of Bolivians are younger than 15, and the population is growing 2% per year (UNDP, 2006) – could further strain the Bolivian state's ability to meet the demands of all sectors of society. Almost all Bolivians are Catholic, and this may provide some degree of social cohesion, but economic concerns are of more immediate concern to most of the population.

Morales, the self-described candidate of 'the most disdained and discriminated against' party, was elected on 18 December 2005 with 53.7% of the popular vote. His closest rival in a field of eight received 28.6%, with an 85% voter turnout. In the 2005 Parliamentary elections Morales' *Movimiento al Socialismo* party elected 72/130 deputies and 12/27 senators, while the rightist PODEMOS party took 43/130 and 13/27 seats respectively. (IFES, 2006)

EVENTS On the whole, events over the past six months in Bolivia have been negative, but with a definite trend toward improvement in the latter portion of the monitoring period. The economy benefited from orderly progress in Morales' nationalisation policies, but the security situation was marred by left-right political unrest, which frequently turned violent. Further, there were signs of a breakdown in communication and cooperation between Bolivia's federal and state governments. Thus far, serious ruptures have been contained, but stress fractures are severe and lie just beneath the surface. However, if the positive economic trend continues in the coming months, it could be a sign of returning stability; this would reduce Bolivia's overall fragility. Indeed, by March 2007, events were much more positive, particularly due to compromises by Morales on constitutional reform.

KEY ISSUES AND FACTS

Overall:

- Capacity is weak but improving
- Internal stability is Bolivia's most immediate concern; addressing inequality will be key to long-term success
- Government lacks full territorial authority
- Inequality and opposing interests sap legitimacy

Security and Crime:

- Internal instability related to inequality and ethnic cleavages
- Departmental demands for autonomy are a potential flashpoint
- Domestic disturbances are rooted in long-standing social patterns

Economics:

- Energy firms are adapting to Morales' nationalisation policies
- Economic growth (3% in 2006) is moderate
- a Gini score of .60 reveals high levels of inequality (UNDP, 2006)

Governance:

- Morales' radical reforms in resource control, distribution of state benefits, constitutional structure, and access to land are divisive
- State-departmental relations are fragile
- Morales is more moderate than some observers previously feared

Human Development:

- Amerindian population has long been marginalised
- MDG success depends on political stability
- Youth literacy is over 97% (UNDP, 2006)

Environment:

- Deforestation has accelerated during the past decade
- Floods disrupt economic progress

Demography:

- Population growth is 2% per year
- Over one third of the country is under 15 (UNDP, 2006)

PRIMARY DRIVERS

SECURITY & CRIME

STRUCTURAL ANALYSIS There is high potential for violence arising out of tensions between the Amerindian ethnic majority and the economically dominant population of European descent. Political stability is low, driven by polarisation based on economic positions. Sources of stability do exist in Bolivia's relatively low military spending (2% of GDP, UNDP 2006) and the official human rights regime, although rights on paper have not always translated into protection on the ground. Bolivia's greatest current security challenge comes from the possibility of relatively loosely organised mob violence becoming more structured. Separatist or autonomist sentiment in the wealthy lowlands combined with inequality provides a secondary fault-line.

EVENTS The security situation was destabilising overall, and it showed signs of deterioration in the latter portion of the monitoring period. Clashes between Morales' supporters and opponents were frequent and violent. Morales' degree of control over his power base is uncertain; activists wish to push their agenda with Morales in office. Nationalisation is a hot-button issue for both sides, with livelihoods, wealth, and position at risk. The possibility that rightist groups are forming paramilitary groups is disturbing, but thus far rumours lack positive confirmation. The Bolivian military's support of the central government, displayed in the defence of federal buildings against separatist mobs, is a positive sign. Continued or even escalated disturbances in the coming months could have serious consequences

KEY EVENTS	
<ul style="list-style-type: none">• Minister accuses Prefect of building militia 22 September 2006, <i>La Prensa</i> Tensions in Bolivia's political debates rise; paramilitaries could push violence up	<ul style="list-style-type: none">• 16 die as state-employed miners and independents clash 7 October 2006, <i>Toronto Star</i> Marginalised Bolivians are aggressive since Morales took power• Troops defend federal offices from separatists 8 December 2006, <i>Washington Times</i> Politically driven mob violence accelerates

ECONOMICS

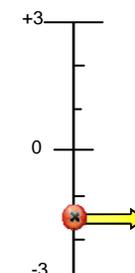
STRUCTURAL ANALYSIS Bolivia's 3% GDP growth is not high when compared to other countries in the region, and weaknesses include inequality, with a .60 Gini score (UNDP, 2006), dependence on foreign aid, and an inability on the part of the government to generate tax revenue. Strengths include low inflation at roughly 3%, low unemployment (considering the overall economic situation), and a reasonable gender balance in the workforce. Morales has a radically different economic vision from his predecessors, and much of his support derives from popular dissatisfaction with the privatisation and market restructuring programs of the past decade. Bolivia's economic system is in a state of upheaval, and future development depends on whether his redistribution efforts results in increased opportunity or capital flight and collapse.

EVENTS Economic events during the monitoring period were stabilizing on balance, and showed strong improvement as time progressed. Morales moved forward with nationalisation of the energy sector, arranging compensation for affected corporations in nearly all cases. Most companies have signed new contracts that suggest they can still conduct business in the country. Tension between Morales' leftist vision and commercial interests persist; the resignation of Public Works Minister Salvador Ric, who felt his views were ignored in cabinet, was a setback, as Ric provided a bridge between government and business. The government's difficulties with promoting mining nationalisation are indicative of the financial realities that constrain Morales' ability to make the kind of changes that he wants and that his base demands.

KEY EVENTS	
<ul style="list-style-type: none">• Petroleo Brasileiro to receive no compensation for nationalisation 15 September 2006, <i>Globe & Mail</i> Uncompensated nationalisations could have serious effects on investor confidence• Public Works Minister Salvador Ric resigns 19 January 2007, <i>Latinnews Daily</i> Ric built needed bridges between Morales and the business community	<ul style="list-style-type: none">• Bolivia lacks funds to nationalise mines 2 November 2006, <i>The Financial Times</i> Morales' base demands action that the government can't afford

Medium-risk

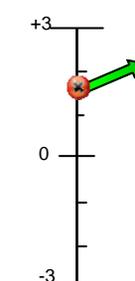
Average Events Score and Tendency



• Avg Score: -1.54
➡ Trend Score: -.08

Medium-risk

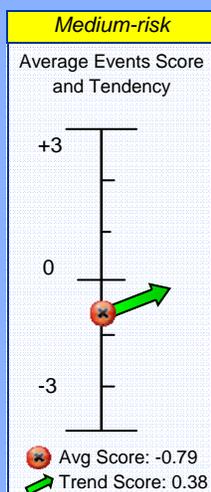
Average Events Score and Tendency



• Avg Score: 1.69
➡ Trend Score: 0.31

PRIMARY DRIVERS

GOVERNANCE

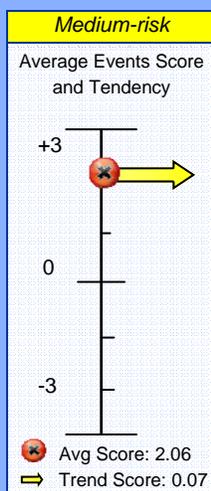


STRUCTURAL ANALYSIS Bolivia's governance strengths are found in acceptable levels of press freedom, democracy, and political liberties. Weaknesses lie in high levels of corruption, low levels of government effectiveness that highlight capacity impediments, and softness in the rule of law. As in other areas, Bolivian governance is in a state of flux because of the radical changes Morales is attempting to implement. There is an enormous gap between the demands and interests of the rich and the poor in Bolivia, and Morales is decidedly on the side of the poor. His task is to implement reforms without antagonising his opponents to the point of outright rebellion, a situation uncomfortably close to happening. On the other hand, popular faith in democratic processes may depend on the poor receiving some gains from the system. If Morales is completely stymied, non-democratic forms of protest may start. Bolivia's socio-political system, long based on class separation, is being tested in its ability to successfully balance two groups with divergent visions of the country.

EVENTS The monitoring period was active in the area of governance, and included significant domestic and international events. On average, events were destabilising, but there was a noticeable improvement in the latter portion of the monitoring period. Instability in the fall was associated with uncertainty about how Bolivia's energy nationalisation would play out. In November 2006, Bolivia and Chile held talks aimed at securing Bolivian access to the Pacific. Such talks are hopeful signs of improvement in a historically antagonistic relationship. Further positive events were associated with Morales' success in signing new contracts with energy companies following the nationalisation of the hydrocarbon sector. These contracts demonstrate that Morales is committed to maintaining economic stability even as he overhauls the system and that foreign investors think that the business climate remains amenable to profits. In January, Morales made compromises to facilitate agreement over the process, if not the content, of constitutional reform. In the current environment, compromise is welcome for its tension-reducing properties.

KEY EVENTS

- **Bolivia, Chile discuss Pacific access**
25 November 2006, *La Prensa*
First talks in 21 years over land lost in 1879-84 War of the Pacific signals new relationship
- **Bolivia, 44 energy producers sign nationalisation contracts**
4 December 2006, *Associated Press*
Bolivia to see US\$1.3bn a year starting in 2007; investment 2007-10 to be US\$3.51bn
- **Four provinces call for autonomy**
10 December 2006, *Palabra*
Wealthier regions of Bolivia rebel against Morales; rhetoric could lead to action
- **Morales Yields to Opposition in Constitution Fight**
10 January 2007, *Dow Jones*
Compromise may break 5 month deadlock over rewriting Bolivia's constitution
- **Morales Promises Referendum on Tough Constitution Issues**
25 January 2007, *Dow Jones*
Morales counts on public support to push his platform in face of conservative resistance



SECONDARY DRIVERS

HUMAN DEVELOPMENT

SUMMARY In Bolivia, education is a particularly strong point, as 97% of youths under 15 are literate (and nearly 85% of adults), and primary school enrolment rates of 95% suggest that the present situation will persist going forward. HIV is uncommon in Bolivia; only 0.1% of the population believed to be infected. Although this bodes well for meeting one MDG goal, infant mortality remains high despite being only a third of what it was in 1970. Gender equality is low, but there are improvements here as well: female literacy rates are now 98% (UNDP, 2006). Still, the UNDP's gender equality index rates gender inequality as a high risk factor. On 4 January 2007, Bolivia's cabinet drafted a universal health care bill. Such measures have been brought forward before, but this time Morales' control of the legislature and funds made available by nationalisations mean that it could become reality. Passing a health care bill could improve outcomes for the poor and bolster Morales' credibility with his base.

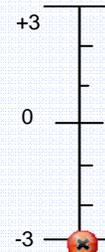
SECONDARY DRIVERS

ENVIRONMENT

SUMMARY Bolivia's environmental situation is a medium fragility risk. Indicators for commercial energy consumption and energy used per dollar of GDP are weak and suggest efficiency shortcomings, though such indicators are relatively common among energy producing nations. Bolivia currently loses an average of 0.5% of its forest cover every year to the demands of logging, agriculture, and extractive industries. This rate has risen in recent years; over 270 000 hectares are lost annually, and since 1990, Bolivia's forest cover has declined by 6.5%. Roughly the size of Ontario, Bolivia is the 12th most bio-diverse country on earth and boasts some 2200 animal and 17 000 plant species. Forest fires and floods provide environmental challenges, and although 11% of Bolivia is officially protected, capacity shortcomings limit enforcement measures. (Data from Mongabay, 2006)

Medium-risk

Average Events Score and Tendency



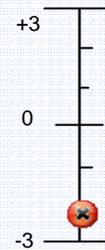
Avg Score: -3.2
Trend Score: —

DEMOGRAPHY

SUMMARY Demography is a medium baseline risk, but some indicators in this category are particularly problematic. Ethnic tensions are high, and the Amerindian population is highly differentiated from wealthy elites, both economically and socially. Morales' appearance at a 6 October 2006 rally demanding justice for 500 years of European oppression highlighted his ties with the indigenous community. The population is growing 2% per year, and 35% of Bolivians are under 15. More positively, the growth rate is expected to slow in coming years, as is urbanisation, which will reduce some strain on state capacity. Urbanisation is currently a high 2.7% per year, and the percentage of city-dwellers has risen by 50% since 1970. Population density is low but much of Bolivia is not arable. (Data from UNDP, 2006)

Medium-risk

Average Events Score and Tendency



Avg Score: -2.11
Trend Score: —

CANADA AND BOLIVIA

CANADIAN CONTRIBUTIONS

- **Short-term support for vaccines and syringes**
CIDA Contribution: \$3,020,000
Project duration: 2006 – 2007
- **Reduce child and maternal mortality with vaccines and syringes.**
Gender Equality Basket Fund
CIDA Contribution: \$1,100,000
Project duration: 2004 – 2008
- **Common fund with other donors to reduce gender inequality**
Hydrocarbon Regulation
CIDA Contribution: \$8,250,000
Project duration: 2002 – 2007
- **Improve Bolivian hydrocarbon sector governance to ensure sustainable resource development while maximizing benefits to Bolivia**
2004–2005 Canadian assistance to Bolivia
\$21.88 million
- **Past CIDA projects have:**
 - Promoted fair and free elections
 - Improved access to health care, vaccinations, and clean water to lower infant mortality
 - Provided technical assistance in the natural gas sector
 - Defended human rights

(Data from CIDA, 2007)

LINKS

- **Canadian exports to Bolivia:**
\$26,081,510, with mechanical products and agriculture leading
- **Canadian imports from Bolivia:**
\$49,046,533, based heavily on mineral products and agriculture to a lesser degree
- **Bilateral trade as a percentage of total Canadian trade:**
0.01% in 2006
- **Bolivian diaspora in Canada:**
1,795, or 0.006% of Canadian population, 0.02% of Bolivian population

- **2004–2005 Canadian assistance to Bolivia:**
\$21.88 million

(Data from CIDA, 2007, and DFAIT, 2006)

6—12 MONTH SCENARIOS

BASELINE LIKELY CASE

BASED ON BEST ASSUMPTIONS FOR EACH CLUSTER

Bolivia and foreign extractive firms continue to find ways to work together. Bolivia gains increased revenue from its nationalisation programs and Morales uses this to prop up his base of support. Tensions within the government combined with its limited capacity impede Morales' programs from having their maximum effect, and he is forced to slow the pace of reform. Constitutional discussions continue to move forward slowly, but, more importantly, peacefully. The referendum planned for August 2007 gives greater clarity to the constitutional reform debate. Civil disturbances persist but organised violence does not escalate because both sides are willing to negotiate to maintain stability. The departments pushing for autonomy or secession continue to talk rather than act. The debate over reform settles into a pattern after the initial upheaval, and economic growth again becomes a priority.

ALTERNATIVE LIKELY CASE

BASED ON VARIATION IN WEAKEST ASSUMPTION

Perhaps the least certain element in Bolivia's immediate future is the relationship between President Morales and the autonomist-secessionist lowland departments. In an alternate likely case tension between the central government and the departments escalates. Heightened tensions are accompanied by an increase in violence which becomes increasingly organised and goal-directed. Morales is forced to devote more attention to dealing with a rising national crisis, which adversely affects his pursuit of the reforms and redistribution that his base demands. The Amerindian population in turn begins to disengage from democratic methods of change, adopting alternate measures. Outright civil war does not occur, but Bolivia suffers the same paralysis that drove Morales' predecessor from power. The Bolivian state proves unable to successfully mediate the competing demands of stakeholders.

BEST CASE

BASED ON ASSUMPTION THAT POSITIVE TRENDS DOMINATE

In Bolivia's best case scenario for the coming 6-12 months, internal tensions diminish, but do not vanish. Land reform will be a crucial issue in the coming months, and Morales can prevent a crisis if he can devise a way to offer sufficient compensation for redistributed land. The constitutional referendum solidifies the relationship between the central government and the departments; regardless of outcome, both sides grudgingly accept the results, and the debate remains political rather than violent. Lower political tensions provide a better chance, but not a guarantee, for Bolivia to attain all seven MDGs. Environmental stability matches the political climate and Bolivia is not hampered by further debilitating floods. Entrenched stability will take years to attain, but peaceful resolution of the current and upcoming conflicts will provide a good foundation. If Bolivians see that their political system can in fact produce results, greater commitment to democracy will follow.

WORST CASE

BASED ON ASSUMPTION THAT NEGATIVE TRENDS DOMINATE

What distinguishes the worst case scenario from the alternate likely case is the greater degree of political fracture between the federal government and dissident departments, and the accompanying level of violence. Serious movement toward outright secession provokes political fighting far beyond the street clashes that currently occur. The development of rival paramilitaries could lead to an extreme worst case: a grinding, persistent, low-level civil war. In this environment, economic reform and development become secondary concerns at best, and marginalised members of Bolivian society, including women, girls, and the Amerindian population bear the brunt of hardship. The central government is unable to effectively govern the entire country, and departments begin to assume more responsibility, encouraging the cycle of state weakness. This outcome would render Bolivia incapable of meeting its MDG goals, and seriously threaten the long-term stability of the Bolivian state.

POSSIBLE POLICY ENTRY POINTS

Security & Crime:

- Engagement with indigenous groups and economic elites to facilitate dialogue in place of violence
- Support of NGOs that work to promote peaceful conflict resolution at the community level, including gender based approaches

Economics:

- Community-based poverty reduction in rural areas and urban slums, with attention to women and girls
- Ensuring positive local outcomes for indigenous peoples regarding reform of the hydrocarbon sector

Governance:

- Working with Bolivia's legislative branch to ensure a solid foundation for future governance, with a focus on inter-partisan cooperation
- NGO capacity building that promotes effective democratic processes, with attention to transparency and accountability
- Strengthening local level government by providing resources and training

Human Development:

- Promoting MDG success by reinforcing programs that contribute to gender equality, maternal mortality and sanitation improvements.
- Job-training to reduce unemployment in slums

Environment:

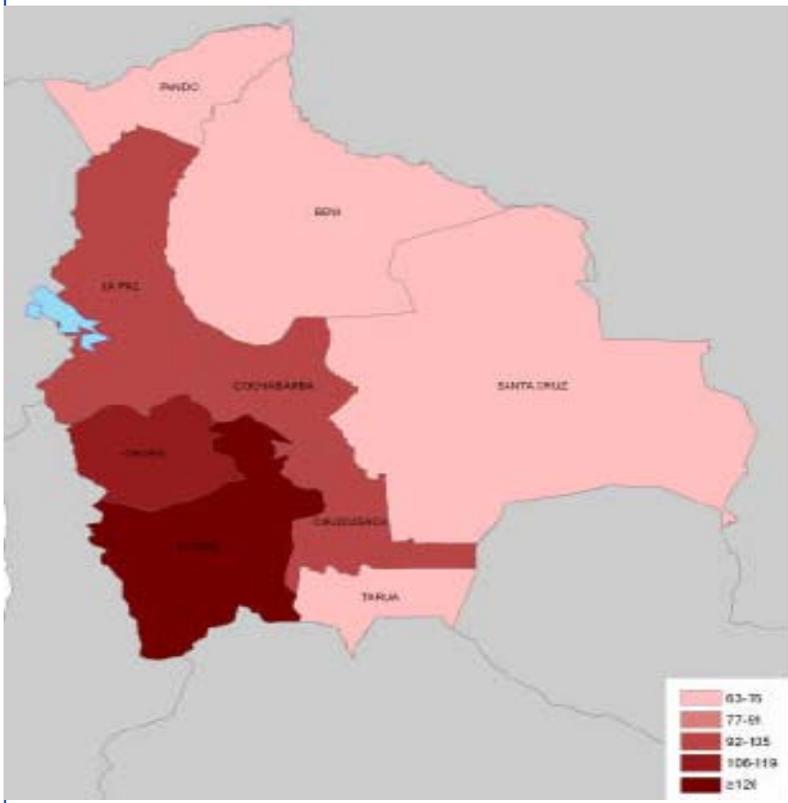
- Sustainable agriculture to preserve forest cover

Demographics:

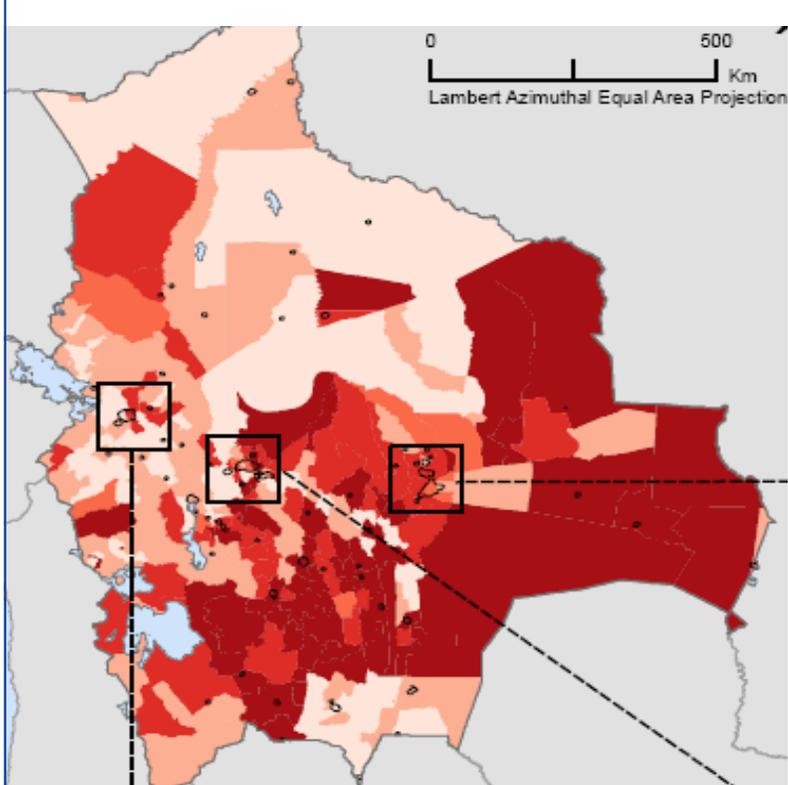
- Mainstreaming youth considerations into programming will contribute to alleviating effects of the youth bulge

MAPS

MAP 1: BOLIVIA: CHILD MORTALITY RATES (PER 100 000)
SANTA CRUZ DEPARTAMENT LEADS THE AUTONOMY-SECESSION MOVEMENT



MAP 2: INCOME INEQUALITY (DARKER IS HIGHER) SOUTH -EASTERN BOLIVIA ENJOYS HIGHER LEVELS OF OVERALL WEALTH THAN THE REST OF THE COUNTRY (COLUMBIA UNIVERSITY, 2007)



STRUCTURAL DATA (SOURCE AND SCALE OF RAW DATA IN PARENTHESES)	Cluster avg.	Fragility index score	Fragility index rank	Raw Data -- Five year avg	Last Year of Data	Trend Score
1. Governance	4.78					
Freedom of the Press (FH, index, 0-100)		3.9	119	32.0	2006	neg
Gov't Effectiveness (WB Governance Matters, index, Deviation from mean)		6.0	73	-0.5	2005	*
Level of Corruption (TI, index, 0-10)		7.5	39	2.4	2006	s.q.
Level of Democracy (Polity IV, index, (-10 - 10))		3.7	110	8.6	2004	neg
Level of participation in international political organizations (CIFP)		7.0	40	8.0	2005	*
Percentage of Female Parliamentarians, index, (WB WDI)		3.8	127	16.2	2005	pos
Permanence of Regime Type (Polity IV, years since regime change)		3.8	104	20.0	2004	s.q.
Refugees hosted (UNHCR, total)		2.8	118	456.6	2005	s.q.
Restrictions on Civil Liberties (FH, index, 1-7)		4.1	95	3.0	2005	s.q.
Restrictions on Political Rights (FH, index, 1-7)		3.6	115	2.4	2005	neg
Rule of Law (WB GM, Deviation from mean)		6.1	74	-0.6	2005	*
Voice and Accountability in Decision-making (WB GM, Dev. from mean)		5.0	97	0.0	2005	*
2. Economics	5.76					
Economic growth — Percentage of GDP (WB WDI)		6.0	58	3.0	2005	s.q.
Economic Size — Relative (WB WDI, GDP per capita, constant 2000)		6.0	67	1027.3	2005	s.q.
Economic Size — Total (WB WD, GDP, constant 2000 US\$)		5.2	87	9.08E+09	2005	s.q.
External Debt — percentage of GNI (WB WDI)		3.9	84	37.8	2004	*
FDI — percentage of GDP (WB WDI)		6.6	42	6.0	2004	pos
Foreign Aid — percent of Central Government Expenditures (WB WDI)		7.6	14	34.3	2004	*
Foreign Aid — Total per capita (WB WDI)		7.3	28	82.5	2004	neg
Inequality — GINI Coefficient (WB WDI)		8.9	3	60.1	2003	*
Inflation (WB WDI)		4.4	91	3.1	2005	neg
Informal Economy — Black Market (Heritage Fund, Index, 1-5)		5.9	38	4.2	2006	pos
Informal Economy — Ratio of PPP to GDP (WB WDI)		4.4	93	2.4	2005	neg
Infrastructure — Reliability of Electricity Supply (WB, % output lost)		4.8	68	12.3	2003	neg
Infrastructure — Telephone mainlines per 1000 inhabitants (WB)		5.9	75	66.0	2004	s.q.
Infrastructure — Internet Usage per 1000 inhabitants (WB)		5.6	78	28.1	2004	s.q.
Investment Climate — Contract Regulation (Heritage Foundation, Index, 1-5)		4.9	20	4.0	2006	s.q.
Level of participation in international economic organizations (CIFP)		7.0	49	3.0	2005	*
Paying Taxes (WB Doing Business, global rank)		8.6	10	166.0	2006	*
Regulatory Quality (WB GM, deviation from mean)		5.1	98	-0.2	2005	*
Remittances Received — percentage of GDP (WB)		5.3	70	0.0	2004	s.q.
Reserve Holdings — Total (WB)		5.4	82	1.24E+09	2005	s.q.
Trade Balance — percentage of GDP (WB)		4.9	80	-1.8	2004	pos
Trade Openness — percentage of GDP (WB)		7.4	30	50.1	2004	s.q.
Unemployment — Total (WB)		3.2	71	5.1	2002	*
Percentage of Women in the Labour Force (WB)		4.1	110	43.8	2005	s.q.
3. Security & Crime	4.47					
Conflict intensity (Uppasala PRIO, number of conflict-related deaths)		1.0	35	0.0	2005	*
Dependence on External Military Support (FFP, Index, 1-10)		4.6	65	6.0	2006	*
Human Rights — Empowerment (CIRI, Index, 0-10)		4.8	102	7.6	2004	s.q.
Human Rights — Physical Integrity (CIRI, Index, 0-8)		5.3	100	5.6	2004	s.q.
Military Expenditure — percentage of GDP (WDI)		4.4	55	2.0	2005	s.q.
Political Stability (WB GM, deviation from mean)		6.4	58	-0.6	2005	*
Refugees Produced (WB, total)		4.1	109	198.0	2003	s.q.
Risk of ethnic Rebellion (CIFP, based on MaR dataset)		6.5	36	5.0	2005	*
Terrorism -- Number of fatalities (US NCTC, number of fatalities)		1.0	77	0.0	2005	*
Terrorism -- Number of Incidents (US NCTC, number of incidents)		6.4	56	3.0	2005	*

STRUCTURAL DATA (CONT'D)

4. Human Development	4.97					
Access to Improved Water (WB, percent of the population)	5.6	75	85.0	2004	*	
Access to Sanitation (WB, percent of the population)	6.7	49	46.0	2004	*	
Education — Primary Completion — female (WB, percent)	3.7	97	97.6	2004	s.q.	
Education — Primary Completion — total (WB, percent)	2.6	121	100.4	2004	s.q.	
Education — Primary Enrolment — total (WB, percent)	2.6	121	100.4	2004	s.q.	
Education — Primary Enrolment — Ratio Female to Male (WB)	3.8	112	99.0	2004	s.q.	
Food Security — Aid as percentage of total consumption (FAO STAT)	7.2	30	3.8	2001	*	
Gender Empowerment Measure (UNDP, index, 0-1)	7.0	20	0.5	2004	*	
Gender-related Development Index (UNDP, index, 0-1)	6.1	57	0.7	2004	pos	
Health Infrastructure — Expenditures as a percentage of GDP (WB)	4.2	112	6.4	2003	s.q.	
HIV/AIDS — New AIDS Cases Reported (UN, total)	4.7	53	41.6	2001	*	
HIV/AIDS — Percent of Adult Females Infected (WB)	3.6	75	27.5	2005	*	
HIV/AIDS — Percent of Adult population infected (WB)	3.2	102	0.1	2005	*	
Human Development Index (UNDP, index 0-1)	6.2	65	0.7	2004	s.q.	
Infant Mortality (WB, per 1000 live births)	6.5	59	58.5	2004	*	
Literacy (WB, percent of population age 15 and above)	5.3	54	86.7	2004	*	
Literacy — female (WB, percent of female population age 15 and above)	5.6	48	80.7	2004	*	
5. Demography	5.87					
Life Expectancy — Female (WB)	6.4	62	66.1	2004	*	
Life Expectancy — Total (WB)	6.3	65	63.9	2004	*	
Migration — Estimated Net Rate (UN)	7.3	40	-2.3	2005	*	
Population Density (WB, population per square km)	1.6	172	8.1	2005	s.q.	
Population Diversity — Ethnic (CIFP)	8.2	16	0.7	2005	*	
Population Diversity — Religious (CIFP)	1.9	136	0.1	2005	*	
Population Growth (WB, annual percent)	6.6	56	2.0	2005	s.q.	
Slum Population — proportion of population (WDI, UN)	8.1	12	0.4	2001	*	
Urban Growth Rate — Annual percent (WB)	6.1	73	2.7	2005	s.q.	
Youth Bulge — Percent aged 0-14 of total population (WB)	6.3	62	38.8	2005	s.q.	
6. Environment	4.25					
Arable/fertile land availability (WB, hectares per person)	2.5	157	0.4	2002	neg	
Consumption — Commercial energy consumption per capita (UN, kg of oil equivalent)	4.0	113	423.7	2003	pos	
Consumption — Use of solid fuels (UN, percent of population using)	4.9	90	25.0	2003	*	
Disaster Risk Index, (UNDP, average number of deaths per million)	6.7	51	3.1	2001	*	
Ecological Footprint — Global hectares per capita (WWF, Global Footprint Network)	5.0	75	1.7	2003	*	
Water — Annual withdrawal (FAO STAT, percent of total renewable)	1.4	148	0.2	2002	*	
Water — Available renewable per capita (FAO STAT, m ³ /inhabitants/year)	1.5	163	70068.0	2006	*	
Forest — Annual percent change in area (FAO)	6.3	50	-0.5	2005	*	
Pollution — CO ₂ emissions per capita (WB, metric tons per capita)	4.0	113	1.1	2002	s.q.	
Pollution — CO ₂ emissions per dollar PPP (WB, kg per 2000 US\$ PPP)	6.1	59	0.4	2002	s.q.	
TOTAL	5.13					

For trend scores, (s.q.) indicates continuation of status quo, (pos) indicates a positive trend toward stability, and (neg) indicates a negative trend toward fragility. (*) indicates insufficient data for calculation of trend and volatility scores.

STAKEHOLDER ANALYSIS

BOLIVIAN CENTRAL GOVERNMENT

- President Evo Morales is Bolivia's first indigenous leader, elected with 54% of the vote in December 2005 (IFES, 2006)
- Party: Movement Toward Socialism – MAS

Interests

- Morales seeks to radically reform Bolivian society, with a bias in favour of the traditionally marginalised indigenous population
- Nationalisation of key industries, including water, mining, and hydrocarbons
- Land reform and redistribution
- Maintaining integrity of Bolivia in face of opposition from the east of the country

Recent Actions and Attitude

- Morales and the MAS are solidly leftist, but have shown an interest in cooperating with industry in the nationalisation process
- Earlier close ties with Venezuela and Cuba are giving way to more moderate positioning
- Morales has not backed away from fights with those who oppose his reforms

EPISCOPALIAN CONFERENCE (ROMAN CATHOLIC CHURCH)

- Nearly all Bolivians are members of the Catholic Church
- Led by Cardinal Julio Terrazas

Interests

- Maintaining connections to the Bolivian population in face of gains by evangelicals
- Ensuring its place as the dominant religion in Bolivian society
- The Church's power has declined, but it remains a strong moral force
- Working for social improvements

Recent Actions and Attitude

- The Church is unhappy about Morales' move to remove Catholicism from its place as the sole religion taught in Bolivian schools
- Tensions exist between the Church's goals and Morales' intent for major social reform

UNITED STATES OF AMERICA

- Ambassador to Bolivia: Philip S. Goldberg

Interests

- Working to slow the spread of leftist policies in Latin America
- American mining and hydrocarbon companies have interests in Bolivia and are affected by nationalisation
- Coca eradication is a priority for Washington

Recent Actions and Attitude

- The USA is frustrated with Bolivia's current tolerant attitude toward coca production, but counter-narcotic aid continues to flow
- Ties between Bolivia, Venezuela, and Cuba are an irritant to the USA, although these may not be as close as they first appear
- Relations have warmed somewhat as Morales has moderated his rhetoric, but tensions remain do to ideological and tangible differences

OPPOSITION

- PODEMOS ('we can') is right-wing, pro-business, and the main opposition to MAS
- Other minor parties

Interests

- Blocking Morales' socialist reforms, protecting business and landlord interests
- While MAS currently dominate national politics, other parties are strong regionally
- In current context, pushing for greater autonomy from the central government
- In the long term, taking control of the central government from Morales

Recent Actions and Attitude

- Opposition parties and politicians have led protests calling for eastern autonomy
- Deep ideological fissures lie between the opposition and Morales

AMERINDIAN POPULATION

- Over 50% of Bolivia's population is considered indigenous
- Indigenous population considers Morales to be 'their' leader

Interests

- Pushing Morales as far as possible in reforms
- Land reform, labour condition improvements

Recent Actions and Attitude

- Elements of the indigenous population want even more radical change than Morales may be able to deliver, with an emphasis on stronger nationalisation policies
- Mass protests have become relatively commonplace; violence occurs at times
- Indigenous population sees Morales' presidency as their opportunity to make gains

BOLIVIAN ARMED FORCES

Interests

- Maintaining institutional position within state
- Maintaining national security
- Modernising and enhancing training

Recent Actions and Attitude

- Bolivia has engaged in limited military cooperation with Venezuela
- Institutional antagonism to Chile is a minor problem
- Military appears committed to its constitutional role and willing to support Morales as the legitimate authority in Bolivia

STAKEHOLDER ANALYSIS

NEIGHBOURS AND OTHER REGIONAL COUNTRIES

- Brazil
- Peru
- Chile
- Argentina
- Venezuela
- Cuba

Interests

- Border Security
- Trade (Brazil in particular is heavily involved in Bolivia's hydrocarbon industry)
- River usages

Recent Actions and Attitude

- Relations between Bolivia and its neighbours are generally amicable, with the exception of Chile. Disputes stemming from the 1879-84 War of the Pacific persist, in particular in relation to Bolivia's resultant land-locked condition and use of the Lauca River. Recent talks may signal a change in relations under Morales.
- Recent agreements over nationalisation compensation and natural gas sales have eased tensions between Brazil and Bolivia
- Relations between Venezuela, Cuba, and Bolivia are based on ideology and pragmatism, but Morales appears more interested in a centrist foreign policy path than the other two states. Hugo Chavez has directed sizeable sums of money toward Bolivia for humanitarian and infrastructure projects

FOREIGN HYDROCARBON COMPANIES

- Petrobras (Brazil)
- Repsol YPF (Spain-Argentina)
- British Gas (UK)
- British Petroleum (UK)
- Total (France)
- Exxon Mobil Corporation (USA)

Interests

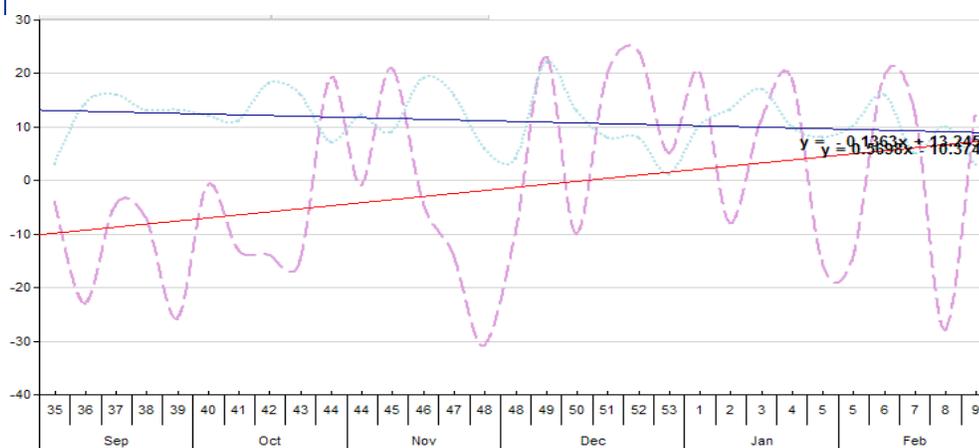
- Maintaining operations in Bolivia, given constraints of nationalisation
- Maximising profits
- Internal stability for ease of operations
- Restraining demands of mobilised labour

Recent Actions and Attitude

- After the initial shock of nationalisation, oil companies appear to have decided they can do business with Morales

EVENT GRAPHS

TABLE 1: EVENTS CHART



READING THE EVENTS CHART

- Red line (solid):** Trend line for events; downward slope left to right is negative
- Blue line (solid):** Trend line for number of events
- Purple line (dotted):** This indicates the sum total scores of events (positive or negative), as coded in the event monitoring process; the red trend line is derived from these values.
- Blue line (dotted):** The total number of events; the blue trend line is derived from these values

A more detailed description of the methodology is provided as an annex to this report

EVENT GRAPHS

TABLE 2: SECURITY & CRIME CHART

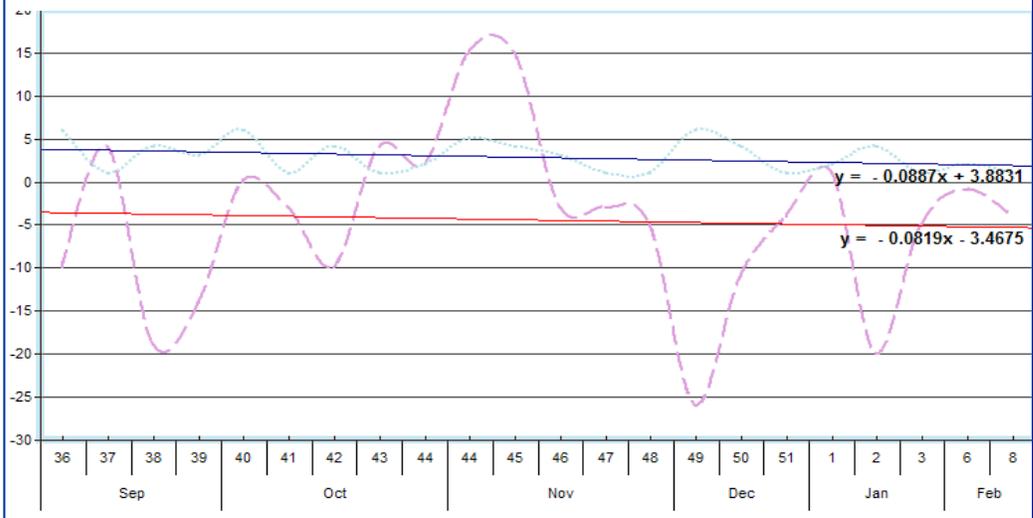


TABLE 3: ECONOMICS EVENTS CHART

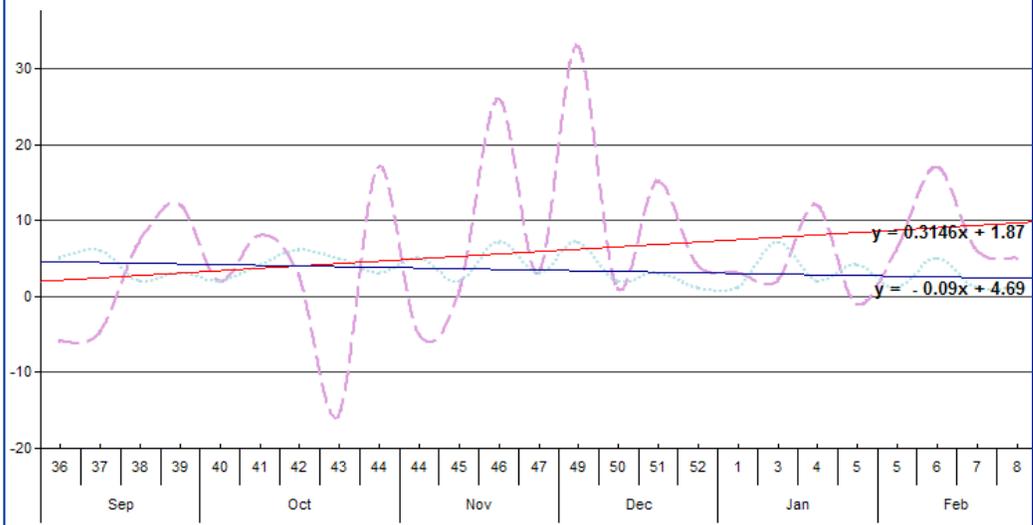
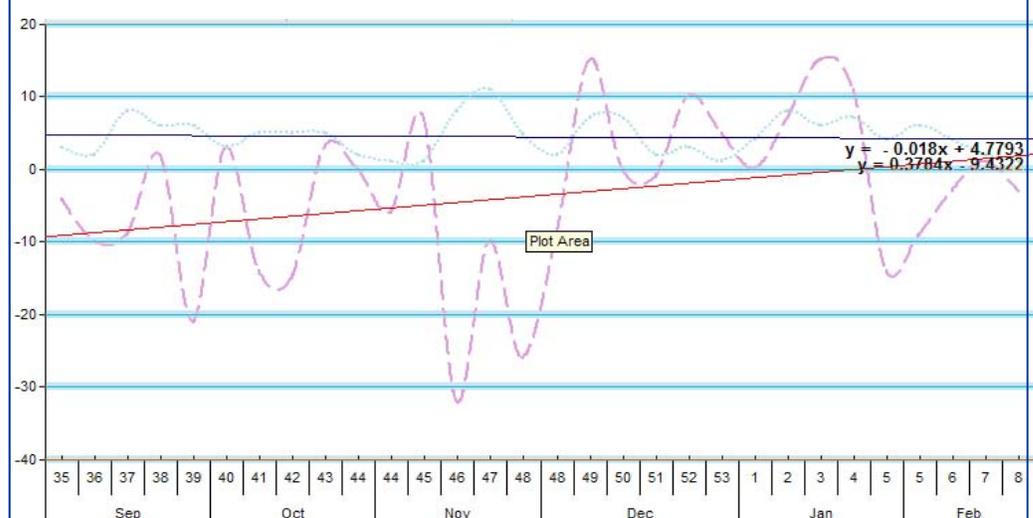


TABLE 4: GOVERNANCE EVENTS CHART



ABOUT THE STATE FRAGILITY PROJECT

This project is intended to contribute to a better understanding of fragility in Bolivia, thereby providing support to decision-making for Canadian foreign policy and development actors in the country. The project aims to support informed, evidence-based decision making for Canadian foreign policy and development assistance related to fragile states. The report is intended to communicate the preliminary findings of the project; its findings should not be considered definitive or final.

The report is based on three elements. First, structural indicators are grouped into six clusters capturing different facets of state fragility: Security and Crime, Governance, Economics, Human Development, Environment and Demography. The structural data includes more than 80 separate structural indicators providing a detailed quantitative baseline portrait of the country.

Second, the analysis draws on event monitoring data compiled by CIFP researchers over a six month period extending from September 2006 to February 2007. Collected from a variety of web-based news aggregators, which include both international and domestic news sources, the events are evaluated and assigned quantitative scores to identify fragility trends. Third, the report includes a series of analytical exercises, including stakeholder analysis and scenario generation. This multi-source data structure enables more robust analysis than any single method of data collection and assessment.

ABOUT COUNTRY INDICATORS FOR FOREIGN POLICY

CIFP is a project located at Carleton University. Its core mandate is to develop analytical methodologies that will generate information on the key features of the political, economic, social and cultural environments of countries around the world, providing at-a-glance global overviews, issue-based perspectives and country performance measures. While the initial dataset focuses on measures of domestic armed conflict, as part of this project that database has been substantially revised to capture state fragility.

The CIFP database includes statistical data in the form of over one hundred performance indicators for 197 countries. With its focus on policy relevance, the CIFP provides a rich information resource to policy officers across all government departments. By offering a detailed assessment methodology for evaluating individual country performance, the CIFP provides guidance to program officers working in complex and fragile environments, enabling them to focus their efforts and resources on the root structural causes rather than the outward symptoms of a problem.

ABOUT FRAGILITY

CIFP employs fragility as the most effective lens through which to view state risk, broadly understood. Though the use of the concept of the concept remains controversial, when properly understood as a technical term of country analysis, it enables analysts to conduct a more thorough assessment of country risk than more specific concepts such as conflict or human development, both of which are effectively components of overall state fragility. Further, the concept allows the incorporation of environmental, demographic, political, and economic considerations, providing a more complete portrait of a state's overall risk than narrow examination of any one of those factors. In effect, the concept incorporates all such areas of study into a complete analysis of the risks present in a given state or region.

When understood in this sense, all states exhibit some elements of fragility, whether in the form of demographic stress, politicized ethnic divisions, high levels of pollution, the presence of internal conflict, or low levels of human development. Through the use of transparent and quantifiable data, CIFP strives to bring together all such phenomena into a coherent country narrative, thereby rendering the concept of fragility an objective aid to country analysis, rather than a divisive element of subjective political discourse.

Norman Paterson School
of International Affairs
Carleton University
1125 Colonel By Drive
Ottawa ON, K1S 5B6

Phone: 520-2600 ext. 6662
Fax: 613-520-2889
cifp@carleton.ca

www.carleton.ca/cifp

