Report Number : ICRR0020913

1. Project Data

Operation ID	Operation Name
P150751	BO DRM DPC and DPL
Country	**Practice Area(Lead)**
Bolivia	Social, Urban, Rural and Resilience Global Practice

L/C/TF Number(s)	Closing Date (Original)	Total Financing (USD)
IBRD-84690,IDA-55910,IDA-55920	15-Jul-2016	200,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
24-Feb-2015	15-Jul-2016	

	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	200,000,000.00	0.00
Revised Commitment	200,000,000.00	0.00
Actual	197,180,858.00	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Fernando Manibog	Peter Nigel Freeman	Christopher David Nelson	IEGSD (Unit 4)

2. Project Objectives and Policy Areas

a. Objectives

The operation under review is a stand-alone, single-tranche development policy credit and loan (DPCL). According to the Program Document (PD) dated January 26, 2014 (page 12, paragraph 27), the development objective (DO) of this Disaster Risk Management DPCL is “to support the strengthening of Bolivia’s legal and institutional framework for a comprehensive management of disaster and climate risks.”

b. Were the program objectives/key associated outcome targets revised during implementation

of the series?
---

c. Pillars/Policy Areas

The DPCL has three main pillars (PD, pages 13-20):

Strengthening disaster risk reduction and adaptation to climate change, which consists of reforms to bridge the gaps and integrate disaster risk reduction and climate change adaptation measures within the national development planning and public investment systems.

Strengthening institutional coordination for emergency response and management, intended to address the lack of (i) strong mechanisms for coordinating different levels of government and (ii) adequate tools and instruments to enhance their operational effectiveness.

Reducing the fiscal impact and improving Bolivia's capacity to respond financially to disasters associated with adverse natural events, which focuses on proactive management of the fiscal impacts of disasters to help Bolivia: (i) improve the speed of disaster recovery and reconstruction; (ii) clarify Government and private sector liabilities and enable the use of insurance instruments by private actors; (iii) improve the Government's emergency budget execution; and (iv) help the Government obtain better financial terms for its resource needs to respond to emergencies.

d. Comments on Program Cost, Financing, and Dates

Program Cost: The original total commitment was US$200 million. The total actual disbursement was US$197.18 million, consisting of two IDA credits and an IBRD loan.

Financing: The two IDA credits and the IBRD loan were disbursed in a single tranche withdrawal of the proceeds.

Borrower Contribution: There was no counterpart financing from the Borrower.

Dates: The DPCL was appraised on January 13, 2015 and approved more than a month later on February 24, 2015. Its effectiveness date was May 28, 2015. With a two-month delay from original plans, the midterm review was conducted on January 5, 2016. The DPCL closed on July 15, 2016 as originally planned.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Bolivia is highly vulnerable to adverse natural events and has been affected by serious disasters in recent years, resulting in significant economic damages and negative social impacts that disproportionately affect the

country's poor populations. The DPCL's objective is highly relevant to the long-standing priority that Bolivia has accorded to disaster risk management (DRM) and more specifically to the Government's Economic and Social Development Plan 2016-2020. This Plan contains concrete policy actions and budget allocations to operationalize the *Agenda Patriótica 2025*. Under the latter's Pillar 9, the Government intends to: (i) identify vulnerable areas with high levels of risk exposure; (ii) develop recommendations to incorporate risk management into productive and infrastructure projects; (iii) harmonize contingency measures among those responsible for risk management; (iv) consolidate the National Early Warning System; and (v) strengthen the country's capacity for hydrometeorological warning, as well as for the prevention and mitigation of floods and droughts in vulnerable watersheds.

The DPCL's objectives were also highly relevant to the Bank's FY12-15 Country Partnership Strategy (CPS) as well as the FY16-20 Country Partnership Framework (CPF). With respect to the CPF, this DPCL is fully aligned with the pillar to support environmental and fiscal sustainability, as well as resilience to climate change and economic shocks. More specifically, it is fully consistent with the pillar's Objective 4, which is to strengthen Bolivia's capacity to manage climate change and reduce its vulnerability to natural disasters. As such, the DPCL's results would directly contribute to the achievement of the CPF's DRM-related goal in the short to medium term.

Rating
High

b. Relevance of Design

The DPCL's design was supported strongly by extensive analytical work related to DRM in Bolivia. This prior work was conducted by the Bank, with support from grant resources of the Global Facility for Disaster Reduction and Recovery (GFDRR) and previous IDA credit operations, in cooperation with the Inter-American Development Bank, specialized agencies of the United Nations system, and bilateral agencies such as the Swiss Agency for Development Cooperation (DPC), the German International Cooperation Agency (GIZ), and the Japan International Cooperation Agency (JICA). This in-depth analytical work and the ensuing DPCL design served as the basis for detailed technical dialogue with the Government during project preparation. As a concrete result of this dialogue, a Bank-supported diagnostic of DRM progress in Bolivia was published in 2014 by the Ministry of Development Planning and the Ministry of Defense.

The pillars and associated set of prior actions were consistent with and fully supportive of the DO, which in itself was clearly stated. The performance indicators were mutually reinforcing and causally linked to the DO. More specifically, the clarification and issuance of necessary legal, regulatory, and procedural guidelines are directly linked to enabling and operationalizing the functions of the various units and stakeholders within the whole national DRM institutional structure. The focus on strengthening the legal, institutional and management capacities for DRM was appropriately complemented by efforts to address fiscal aspects and mobilize budgetary allocations.

The project design's emphasis on inter-agency consultations and building the cooperation among multiple stakeholders involved in DRM was especially noteworthy. In this respect, the choice of a DPCL as the financing instrument was appropriate, given the multi-sectoral as well as the national and local scope of DRM responsibilities, which necessitates an approach based on policies, legislation, and joint actions, rather than attempting to work just with individual sector agencies.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
To support the strengthening of Bolivia's legal and institutional framework for a comprehensive management of disaster and climate risks.

Rationale
The prior actions that were required and completed for the DPCL centered on the enactment of the following: (I) Law No. 602 on Disaster Risk Management and Ministerial Resolution 156; (ii) Executive Decree 1696 on Regulations of Plurinational Authority of Mother Earth; and (iii) Law No. 449 on Firefighters. These laid the basis for the further implementation actions taken under each of the DPCL's three pillars. The overall outcomes at the national level and the achievements under each of the three pillars are discussed below.

At the national level, the DPCL has resulted in improved planning and coordination. DRM and climate change screening requirements are being incorporated for new, Government-financed public investment projects.

The DPCL succeeded in coordinating the DRM work of several institutions, notably—as a major development—the working together of the Ministry of Economy and Public Finances (MEPF) and the Civil Defense Vice-Ministry (VIDECI). Both are actively establishing a mechanism to operationalize a Disaster Reduction and Disaster Response Fund (FORADE). MEPF has committed to allocate 0.15 percent from the national budget for FORADE, which is to be managed by VIDECI and can be accumulated across fiscal years. VIDECI, in turn, is using *Banco Unión* as the fiduciary institution to manage the fund. FORADE, once operational, would obviate the need for *ad hoc* funding allocations.

VIDECI has prepared tools and institutionalized training processes for subnational authorities nationwide. Those tools include the creation of Disaster Risk Units at all national and subnational institution, communication and coordination protocols, guidelines for the design of local contingency plans, and training to create or strengthen local capacities to respond and coordinate humanitarian support to disaster-affected

communities.

VIDECI's capacity to coordinate with the police and firefighters in responding immediately to disaster events has been strengthened. Using command system protocols, the improved coordination among first responders is expected to result in rapid response by maximizing the use of available resources.

The DPCL has shifted DRM policies within the existing institutional set-up in order to better address known disaster risks. By supporting a more strategic and formal set of regulations, the DPCL has allowed the Government at both national and sub-national levels to be better structured to respond to disasters as well as to implement risk identification and mitigation strategies. For instance, firefighters and local governments are now better equipped by processes and funding to respond to disasters. In addition, new projects are screened by the Plurinational Authority of Mother Earth and the Vice Ministry of Public Investment through required preliminary assessments.

The achievement of project performance indicators is discussed below under the DPCL's pillars.

Pillar 1:
To strengthen disaster risk reduction and adaptation to climate change - Fully Achieved

(a) Nine departmental development plans that incorporated DRM were achieved, as targeted. The ICR team assessed whether in practice these have translated to specific actions, and found that VIDECI has rolled out activities to further disseminate DRM to subnational levels, including municipalities. A few concrete examples (among many) include the nationwide dissemination of DRM-related technical products; the implementation of Post-Disaster Needs Assessments (PDNA); mapping and dissemination of humanitarian actors; post-disaster rehabilitation support to 95 municipalities; development and approval of Emergency Plans; and 130 training events to disseminate DRM concepts and practices. Municipalities have become more engaged in the DRM agenda, and the Government is addressing the need to adequately staff DRM technical teams.

(b) The Ministerial Regulation to incorporate risk analysis in public investment projects was achieved, as targeted. Ministerial Resolution 115/2015 was issued on May 12, 2015. The resolution requires the DRM agenda to be considered while conducting pre-investment studies, by preparing a first screening technical report comprising a disaster risk analysis (*Informe Tecnico de Condiciones Previas*).

(c) The organizational design and operating standards for the operation of the Trust Fund Plurinational Mother Earth (APMT) was approved, as targeted. The Central Bank has also allocated funds to this Trust Fund. For 2017, US$1.47 million was allocated to the APMT Fund. The ICR team collected evidence on the operationalization of the Fund and the sustainability mechanisms that are either planned or are already in place.

(d) The Plurinational Climate Change Plan—which articulates policies, financing and coordination mechanisms at the national and subnational levels for climate change adaptation activities—has been adopted, as targeted. Evidence is provided by Law 786/2016 dated March 9, 2016 and Ministerial Resolution 060/2016 dated March 15, 2016. Moreover, two integrated forest management projects have materialized:

an approved project in Pando, and another under preparation in Chiquitania and north of La Paz. With respect to climate change adaptation, 25 projects focusing on biocultural endogenous systems are under evaluation.

Pillar 2:
To strengthen institutional coordination for emergency response and management - Partially Achieved

(e) Nine Departmental Emergency Operation Committees (COED) were established, as targeted.

(f) 109 Municipal Emergency Operation Committees (COEM) were established, far exceeding the original target of 40.

(g) The Government has integrated the National Directorate of Firefighters of the Bolivian Police as part of the National System of Public Safety and the National DRM System (SISRADE). However, the following were also still in the process of being approved and eventually still need to be adopted: (i) emergency operations procedures integrating the role of firefighters at the national level; and (ii) emergency management protocols integrating the role of firefighters at the departmental level.

(h) Also still pending (as of the project's closing date) is VIDECI's adoption of the guidelines that define roles and coordination mechanisms at all levels of government. The guidelines have been issued and were further updated through Ministerial Resolution 122/2016 dated February 29, 2016—but they still need to be fully adopted.

Pillar 3:
To reduce the fiscal impact and improve the capacity of Bolivia to respond financially to disasters associated with adverse natural events – Partially Achieved

(i) The Ministry of Economy and Public Finances (MEPF) has demonstrated its commitment to a financial protection strategy against disasters by issuing Supreme Decrees 2618, 2675 and 2855, which allocate resources to finance extraordinary response actions, e.g., droughts and El Nino. Such resources will be channeled through the Disaster Reduction and Disaster Response Fund (FORADE), which was designed to obtain funds from public and private sources. FORADE was conceptualized originally as an equity fund (to finance mainly prevention and risk reduction activities) and a dedicated fund (to finance emergency and disaster response expenditures).

(j) However, FORADE is not yet operational, hence the actual budget provisions that MEPF had made could not be transferred. By the ICR team's estimate, the funding level for 2017 (0.15 percent of the national budget as mentioned above) would be US$11.4 million. VIDECI is responsible for leading the operationalization of FORADE.

(k) The target of issuing guidelines to acquire, design and implement risk transfer instruments for the national and subnational governmental levels was not achieved. At the time of the February 2017 ICR mission, the financial instruments were not yet finalized and the full implementation of an operational

framework was still pending approval and signature.

In summary, the performance targets under Pillar 1 were fully achieved, while targets under Pillars 2 and 3 were partially achieved. Taking into account the much larger number of (fully achieved) performance indicators under Pillar 1, and the mostly partial achievement of targeted results under Pillars 2 and 3 (one target was significantly exceeded under Pillar 2), efficacy is rated substantial overall.

Rating
Substantial

5. Outcome

The relevance of the DRM DPCL's objective is high. The relevance of the operation's design is substantial. Overall, the project's efficacy is also substantial, given the fully achieved indicators under Pillar 1, which demonstrated the most progress, and other positive results at the national level. In ordinary circumstances, a Substantial rating for Efficacy would lead to a Satisfactory Outcome rating. However, taking into account the partial achievement of performance indicators under Pillar 2 (with one target indicator largely exceeded) and Pillar 3, in this instance IEG has deemed the overall project outcome as moderately satisfactory.

a. Outcome Rating
Moderately Satisfactory

6. Rationale for Risk to Development Outcome Rating

The policy and legal framework for the project was adequately established through the enactment of several DRM-related laws and decrees, which were required as prior actions. This was reinforced by the Government's *Agenda Patriotica 2025*, which required all government levels to: (i) commit to the country's disaster risk management (DRM) and climate change adaptation (CCA) program; and (ii) establish mechanisms for actionable plans at the sectoral level. In addition, the project also required the integration of DRM considerations in public investments. These actions signal the Government's shift in trajectory and commitment to pushing the DRM and CCA agenda forward. Thus, even though there were changes in key staff positions in the project's implementing units, the project's results continue to be pursued after the closing date—notably the operationalization of FORADE. The project also supported the establishment of a comprehensive regulatory

framework that required the full involvement of the different sectors and their relevant agencies. Therefore, although the challenges remain of making agencies collaborate, the efforts are continuing to approve pending legislation, e.g., the protocols integrating the role of firefighters into the national DRM system. Overall, DRM may be expected to continue being at the forefront of the national development agenda and thereby ensure the sustainability of the achievements under this DPCL.

a. Risk to Development Outcome Rating

Modest

7. Assessment of Bank Performance

a. Quality-at-Entry

The Bank team's project preparation included a comprehensive assessment of Bolivia's macroeconomic framework. The positive macroeconomic outlook proved conducive for designing a DRM strategy within a comprehensive framework. The ensuing dialogue was enhanced and complemented by the Bank's long DRM engagement with Bolivia since 2008, including technical assistance. For the Government's part, its strong knowledge and understanding of DRM concepts, and its willingness to make progress on its DRM practices, helped ensure that implementing agencies were ready to design, prepare, and implement the project. This dialogue informed the design of the project and the alignment of the policy matrix with the Government's own objectives and targets. The required prior actions were selected to set the stage for, and step up the pace of further policy reforms to be implemented under the DPCL.

Alternatives were considered carefully. At the preparation stage, the available World Bank instruments were a DPL or a Catastrophe Deferred Drawdown Option [CAT DDO]. In consultation with the Government, the DPL single-tranche instrument was agreed as the more suitable one. Also, while this operation was expected to be the starting point for comprehensive development of the DRM agenda, a series of operations (i.e., a programmatic approach) was not selected. The Government and the Bank opted for the more conservative approach of a single-tranche DPCL. This decision, however, resulted in a push for policy reforms and a DPCL scope that was quite ambitious in relation to the operation's short and single-tranche timeframe.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank team encountered challenges through the supervision of this project. There were changes in government and conflicts in its priorities. Capacity limitations were also evident and were addressed through capacity-building, training and other technical assistance activities. The choice of instrument presented its own challenges. As reflected under Section 7(a) above on Bank Quality of Entry, a single-tranche DPCL with

an implementation period of only one and a half years was not consistent with the time required for different government levels to review, agree upon, adopt and approve changes in the DRM regulatory framework; once approved, there was even less time to implement and operationalize the legislation. This led to the incomplete achievement of some institutional and operational changes originally targeted under the project. The Bank project team also had to manage vis-à-vis the Government the Bank's decision not to proceed with the initial strategy discussed with the Government regarding follow-on DPLs and a possible IPF operation once the project closed. According to the ICR (page 25, paragraph 75), this may have led to some deterioration in the Bank's DRM dialogue with the Government.

On the ground, the aide memoires and other minutes of meetings indicate the Bank team's efforts to promote the timely establishment of the DRM legal framework, sustain the commitment and engagement of its clients, promote inter- and intra-institutional collaboration, address issues soon after they materialize, and properly monitor and evaluate the project.

Quality of Supervision Rating
Moderately Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

8. Assessment of Borrower Performance

a. Government Performance
There is ample evidence of the Government's previous strong support and continued commitment to pursue the DRM agenda. For example, after the project closed, efforts have continued to structure, establish and finance FORADE. The Government made clear progress vis-à-vis the disaster risk management (DRM) performance targets under the DPCL's three pillars, although some of the results were partial or yet to be completed. These achievements were made despite implementation challenges, such as the turnover of Government staff. The Government also demonstrated its capacity to address the longer-term climate change adaptation agenda.

However, collaboration among the implementation agencies proved to be challenging within the complex DRM and CCA environment, especially with the change in the original counterparts after the Bank approved the operation. Moreover, although designated as the lead coordinating agency, the Ministry of Development Planning did not assume full leadership during the DPCL's implementation, which led to delays and a lack of coordination among the other ministries and institutions that were part of the policy matrix. Consequently, despite the government's commitment to move forward this challenging agenda, institutional shortcomings had a negative impact in terms of implementation delays.

Government Performance Rating
Moderately Satisfactory

b. Implementing Agency Performance

The project's designated implementing agencies were the Ministry of Development Planning (MDP) and the Vice Ministry of Civil Defense (VIDECI). During project preparation, there were administrative changes at the ministerial level, which produced implementation challenges as new staff took their positions and had to be familiarized with the World Bank, the DPCL financing instrument, and even with the DRM agenda itself in some cases. Breaks in continuity worsened further between January 2015 and July 2016 (the DPCL approval and closing dates, respectively) when key staff positions were changed again. For example, within the MDP, there were two new Ministers and two new Vice Ministers during this period. In the Plurinational Authority of Mother Earth (APMT), there were two new Executive Directors. In the Civic Protection Vice Ministry, there were two new Vice Ministers. These frequent changes and rapid turnover had a major role in delaying the pace of implementation, since each new incoming team needed 3 months or so to get established and become familiar with the DPCL instrument, the DRM objectives and activities of the operation as a whole, and working with the World Bank. More broadly, however, all the involved parties (including other ministries and firefighters) can be considered as implementing agencies. As such, the implementation delays and the partial or incomplete achievement of targets performance provide evidence of weaknesses in collaboration and inter-institutional integration.

Implementing Agency Performance Rating
Moderately Satisfactory

Overall Borrower Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
Although the project's three pillars and associated indicators were in line with accepted DRM practices, the design had over-optimism built in because most indicators included both regulatory approval *and* implementation within the short timeframe of a single-tranche DPCL. Risks of delayed implementation could have been better assessed at the M&E design stage.

b. M&E Implementation
The Bank project team worked closely with the implementing agencies to collect evidence and assess the progress for each performance indicator. Additional assessment was necessary for qualitative indicators. This joint M&E work was reported in official documentation, including Aide Memoires and Meeting Minutes, among others.

c. M&E Utilization

M&E results were used to demand increased commitment and more timely actions from the institutions responsible for implementing the operation. This was supported by the clearly defined targets for which each agency was responsible and accountable.

M&E Quality Rating

Substantial

10. Other Issues

a. Environmental and Social Effects

The Program Document (page 24, paragraphs 68 and 69) indications that the operation "is not likely to have any significant negative effects on the environment, forests, or other natural resources. Net positive environmental impacts are expected as a result of the implementation of the reforms and the institutional and legal measures supported by this DPCL."

b. Fiduciary Compliance

The DPCL proceeds were provided as general budget support to the Government and not earmarked for any agency or purpose. There were no procurement requirements. The ICR does not mention any financial management issue with the withdrawal of the credit and loan proceeds, the deposit of the loan amounts in the Government's budget management system, or the use of the loan proceeds. The ICR does not mention any financial audit being conducted.

c. Unintended impacts (Positive or Negative)

The ICR indicates that the project did not have any unintended impacts.

d. Other

No other issues were raised in the ICR.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

Note
When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

12. Lessons

The ICR provides the following key lessons (with some paraphrasing):
The use of a single-tranche Development Policy Operation (DPO) instrument to support the DRM agenda can lead to limited results during implementation. The use of a single-tranche instrument was helpful to begin discussions on key national policy reforms; however, it was insufficient, given the time it is taking to implement these reforms. The Technical Assistance work helped to lay the foundation and create momentum for this DPO and the programmatic engagement that was initially envisaged to support the country's DRM agenda. Despite this initial strategy, the follow-on DPO and IPF operations did not materialize. In Bolivia's case, the lack of familiarity with the DPO instrument, the limited implementation time frame, and frequent changes in key Government personnel limited even further the impact this instrument could have achieved and the use of programmatic financing strategy may have yielded more results.

The time frame to achieve both medium-term program outcomes and results under the DPO needs to consider external factors that may affect the pace of implementation. A Government program supported by a World Bank DPO, specifically if it is single tranche, can face many challenges given that the aim is to support policy reforms that take time to operationalize and implement. In addition, the preparation of this type of lending operation prior to elections faces the risk of likely post-election changes in key staff and shifting priorities during the implementation phase that can affect project outcomes. An implementation time frame of 12-16 months provides limited time to adjust and address potential delays and negative impacts. Taking this into account, mitigation measures have to be discussed and agreed with the Client during preparation. For example, during preparation of a DPO with a focus on DRM, the teams could consider preparing a results matrix that (a) differentiates results that may realistically be attributed to the DPO within its timeframe; and (b) outlines program results over the medium term that can be attributable to the DPO, but need time for proper

measurement, or for full roll-out of detailed implementation measures such as local capacity building.

Understanding the institutional arrangements and expectations is key to supporting the implementation of policy measures. During DPO design, it is important to understand the roles and responsibilities of different levels of government in policy design, approval, and implementation. In the case of this DPO, the local level was responsible for the implementation of measures in several areas, but was not familiar with the financing instrument. As such, once institutions understood that resources would not be channeled for specific interventions, the level of commitment and effort was reduced, with the consequence that processes took longer than expected. In this context, a programmatic engagement benefiting from an IPF could potentially keep the reform momentum and support capital investments towards disaster risk reduction. In addition, inter-institutional coordination during implementation is key to push forward the DRM policy reforms and achieve results within the policy matrix. Therefore, it is important to have a strong ministry in charge of leading this inter-institutional coordination, which has the power and the authority to push the sectors and institutions involved in order to move forward the reform agenda.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is well prepared. It is results-focused (i.e., not just an implementation narrative) and provides sufficient and candid evidence to support the ratings. It is also consistent with the policy and sector analysis provided in the Program Document, with a strong emphasis on the long-standing role and contribution of the Bank. The lessons are well selected and formulated. Finally, it complies with the harmonized OPCS/IEG guidelines for the preparation of ICRs. However, there were a few minor errors. For example, the ICR refers to a PAD (Project Appraisal Document) even though the relevant reference is a Program Document.

a. Quality of ICR Rating

Substantial