

A Multi-Partner Evaluation of the Comprehensive Development Framework

Evaluation of the Comprehensive Development Framework (CDF)

Bolivia Case Study

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Abbreviations and Acronyms

ADC	Andean Development Corporation
ADL	Administrative Decentralization Law
BPRS	Bolivian Poverty Reduction Strategy
BWC	Bolivian Workers' Center
CAS	Country Assistance Strategy
CBB	Central Bank of Bolivia
CDF	Comprehensive Development Framework
CFAA	Country Financial Accountability Assessment
CG	Consultative Group
CIDA	Canadian International Development Agency
CPAR	Country Procurement Assessment Review
CPPM	Country Purchasing Procedures Manual
DFID	Department for International Development (UK)
DL	Dialogue Law
ERP	Education Reform Program
ESPAU	Economic and Social Policy Analysis Unit
EU	European Union
FAS	Fiscal Administration System
FONPLATA	Financial Fund for the Development of the River Plate Basin
FPU	Fiscal Programming Unit
GDP	Gross domestic product
GNB	General National Budget
GoB	Government of Bolivia
GTZ	Gesellschaft für Technische Zusammenarbeit
HIPC	Heavily Indebted Poor Countries
IAP	Institutional Adjustment Plan
IDA	International Development Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IMEC	Interagency Monitoring and Evaluation Council
IFIs	International Financial Institutions
IMF	International Monetary Fund
IRAs	Institutional Reform Agreements
IRP	Institutional Reform Program
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
LOGs	Local Operational Groups
LTOs	Local Territorial Organizations
MES	Municipal Enhancement System
MIDP	Municipal Institutional Development Program
MSDP	Ministry of Sustainable Development and Planning
NARI	National Agrarian Reform Institute

NCP	National Compensation Policy
NEPC	National Economic Policy Commission
NGO	Nongovernmental organization
NLCHF	National Low-Cost Housing Fund
NRDF	National Regional Development Fund
NRF	New Relationship Framework
NSI	National Statistics Institute
OED	Operations Evaluation Department
PAHO	Pan American Health Organization
PD	Public Defender
PPL	Popular Participation Law
PRGF	Poverty Reduction and Growth Facility
PRSC	Poverty Reduction Support Credit
PRSP	Poverty Reduction Strategy Paper
PSAC	Programmatic Structural Adjustment Credit
PSIF	Productive and Social Investment Fund
RCDP	Rural Communities Development Program
SADC	Swiss Agency for Development and Cooperation
SAF	Structural Adjustment Facility
SFD	Single Funding Directorate
SIDA	Swedish International Development Agency
SIF	Social Investment Fund
SIGMA	Integrated Management and Administrative Modernization System
SIRP	Strategic Institutional Reform Plans
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VMPIEF	Vice Ministry of Public Investment and External Financing
VMSPPP	Vice Ministry of Strategic Planning and Popular Participation
WFP	World Food Programme
WHO	World Health Organization

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The study team is responsible for the report, including any errors or omissions. The team members worked individually on the preparation of the annexes and thematic contributions and collectively on the revisions to the body of the text, which was prepared by the team leader. The report was originally drafted in Spanish.

The team was composed of Nils Boesen, consultant (team leader); Laura Kullenberg, Operations Evaluations Department, World Bank (OED); José Antonio Peres A., consultant; and Juan Carlos Requena, consultant. Julia Ooro of OEDCM provided Administrative support.

Executive Summary

1. This report describes Bolivia's experience implementing the Comprehensive Development Framework (CDF) principles and is based on a Country Case Study conducted by the World Bank's Operations and Evaluation department in January-February 2002. The CDF concept is based on four mutually reinforcing principles – *a long-term holistic framework for development; country ownership; country-led partnership; and results-orientation* – principles which a number of developing countries and international cooperation agencies have sought to put into practice. This evaluation attempts to identify factors that influence the way in which the principles are implemented and to extract lessons on the validity and limitations of their application.
2. Bolivia was selected for a case study because of the interest of the Bolivian authorities, its experience as a “CDF pilot country,” the fact that it gained access to the HIPC II debt-relief mechanism, and the fact that it is highly dependent on international aid.

CDF Principles in Bolivia – Context and History

3. Bolivia's impressive progress in economic and social reform has earned it strong support from international cooperation partners. The progress achieved after 16 years of structural reforms and 20 years of democracy includes macroeconomic stability, consolidation of a market-based economic model, and institutional strengthening of certain key government entities. Social indicators have improved, as shown by lower illiteracy rates, a reduction in maternal and child mortality rates, a lower incidence of infectious diseases, and increased coverage of water and sewerage services. The decentralization process has advanced significantly, helping to put an end to the urban bias in resource allocation.
4. However, economic growth (which averaged 0.9 percent per capita from 1986 to 2001, with a per capita decrease since 1999) has been insufficient to have the desired greater impact on poverty reduction. The economy remains very vulnerable to external shocks and is still highly dependent on external concessional resources. Social exclusion and social conflict are chronic problems and there is still insufficient attention to the needs of indigenous populations in particular. Despite progress made to date, Bolivia country remains one of the poorest in the Americas. This situation has led some political actors in the country to question the political and economic system that has remained in place for the past 15 years.
5. The main challenge for Bolivia is to increase growth and achieve a broader and more equitable distribution of that growth. Other challenges include targeting resources more directly to the poorest, deepening institutional reforms, and staying the course with important reforms now under way, such as education and health, while also achieving fiscal sustainability.

6. Optimists among informants interviewed envision stability, continuity and further advancement of reforms under the current economic model, the pessimists projected that social tensions may disrupt the relative stability by introducing alternative economic and political paradigms that alter the relationship between the state and the market and foster more authoritarian or populist styles of government.

7. Therefore, it is important to note that the environment in which the CDF was introduced is a paradoxical one, with on one hand, unquestionable progress in economic, social, and institutional terms and, on the other deep-seated and acute social tensions and conflicts.

8. Largely the CDF had already been created in Bolivia before the World Bank articulated it as an explicit concept. The government that assumed power in 1997 launched a national dialogue to validate its political program and forge closer ties with international agencies. Therefore, when the Government and World Bank launched the CDF pilot two years later, Bolivia already had the foundations of a holistic vision, there was ownership on the part of the government and society alike, and international cooperation agencies were coming in as partners, with a view to enhancing the efficiency and results of their cooperation. At the beginning of 1999, the Government designed the New Relationship Framework (NRF) between the Government and Bolivia's international partners, which, in effect, constituted the "CDF made in Bolivia."

Long-Term Holistic Development Framework

Achievements

9. The Bolivian Poverty Reduction Strategy (BPRS) constitutes the country's holistic vision and was prepared as a requirement for gaining access to HIPC II. The BPRS has four goals with impact indicators, also in line with the Millennium Development Goals. The BPRS strikes a balance between economic and social investments and includes concrete actions with fixed deadlines for the next three years.

10. The BPRS requires around US\$7,300 million over the 2001-2006 period, which would be available under existing and expected agreements with international cooperation partners. However, it will be a major challenge to reallocate funds from over-financed components of the BPRS to other (less popular) components. It is a positive sign that the 2002 budget mirrors the priorities of the BPRS and that the expenditures budgeted for within the framework of the BPRS have risen from 21.0 percent of GDP in 2001 to 23.7 percent in 2002.

11. There are innovative features in the way the BPRS allocates funds from government, HIPC II, and international cooperation. These have been institutionalized through the Dialogue Law (Ley de Diálogo) and include: (i) a significant increase in resources directly channeled to the local level, favoring the poorest municipalities (*municipios*); (ii) municipalities determine how the resources will be used based on local demand; (iii) resource transfers also attempt to promote local income generation; and (iv) municipalities are discouraged from seeking local/international "godfathers" outside of the regulated system of transfers (via the National Compensation Fund [NCF]).

12. Other wide-ranging reform initiatives (affecting education, the legal system, land, etc.) are underway in Bolivia. These reforms obviously touch very strong national, regional, and local interests, underscoring the fact that the construction of shared comprehensive visions – even at the sector or issue level – are processes with a high political content and the potential to create heated conflicts.

Challenges

13. The strongest criticisms of the BPRS are: (i) the weakness of its proposals for attacking "hard poverty" (production, employment, land, political inclusion etc.) compared to its proposals regarding "soft poverty" (delivery of education, health, water, other services, etc.); (ii) it does not balance the fragmented demand for services at the municipal level with a strategic supply at the national level, along with the required sectoral policies and regulations; and, (iii) its economic growth scenario (an average of 5 percent up to 2015) is unrealistic in the light of past economic performance (an average of 3 percent from 1986-2001 and 1 percent in 2001) and the current economic crisis in Argentina.

14. The relation between the BPRS and short-term political decisions does not seem very strong, and the BPRS does not enjoy wide public recognition. The acute social and political conflicts the country is experiencing seem to define a political agenda that has eclipsed the BPRS.

15. Bolivia has a long history of plans and visions, but has been better at creating plans than implementing them. Bolivia does not have a medium-term expenditure framework (MTEF), and the link between plans, budget and implementation is weak for several reasons: budgeted funds are not necessarily transferred because of macro-economic management concerns; budgetary discipline of executing agencies is low; and accounting is inadequate, late, unreliable, and there are no penalties for poor performance.

16. The BPRS transfers resources directly to municipalities but capacity is still weak. It could be a formidable challenge to strengthen municipal capacity enough in the short term to ensure the efficient and transparent use of funds.

Issues

17. In the light of recurring social conflicts, it is worth considering whether the analysis of poverty in the BPRS adequately captures aspects of poverty related to marginalization, or to political, cultural, and social exclusion.

18. In Bolivia, issues considered relevant in reducing poverty include the relation between the market and the state, the design of the political system, and can involve almost any aspect of politics and ideology. The ambition of constructing a broad comprehensive (and operational) strategy for something so political as poverty reduction runs several risks; the first that any BPRS will be seen as the political program for the party in power, which others will not subscribe to (and may be tossed out with new elections). Secondly, trying to achieve a wider consensus through newly created

participatory processes runs the alternative risk of inadvertently suspending a basic function of democracy, namely the creation of divisions and alignments based on different interests and values, so that differing visions can compete openly with one another.

19. Bearing in mind Bolivia's experience, it is likely that the BPRS will serve primarily as a tool for allocating HIPC II funds. The CDF, however, with its emphasis on long-term vision implies ongoing democratic processes of constructing and reconstructing holistic visions, rather than specific ad hoc documents.

Country Ownership

Achievements

20. Successive governments in Bolivia have succeeded in designing and managing long-term reforms before the launching of the CDF, many of which were innovative. For example, the BPRS was prepared following a wide-ranging national dialogue with a high level of participation from social stakeholders, mainly in the municipal domain.

21. Many reforms for which there is strong country ownership have been supported by Bolivia's international partners. Rather than "country ownership" and/or "donor ownership" what has often developed is a sense of "shared ownership" between the two parties, complete with mutual responsibilities and accountabilities. The lesson is that the ownership principle should not be rigidly conceived—it is not an absolute which dictates exactly what roles the government and international entities should play in every instance and at every stage as strategies and programs are developed. The notion of shared ownership and mutual accountability is more compatible with country needs than rigid and mutually exclusive roles for each. (One example of an over-interpretation of the ownership principle is the "hands off" approach of some donors who refused to assist the BRPS drafting process in any way, even when asked for input).

22. For many years, international partners have been advocating for public administration reform, particularly professionalizing and de-politicizing the civil service. With some exceptions, progress was slow until (former) President Quiroga took office. After August 2001, the institutionalization process gathered pace, showing the importance of ownership by government and, in particular, the conviction of the president.

Challenges

23. The national dialogue was broad, but political and social support for the BPRS is less than what had been hoped for. The municipal focus of the dialogue gave preference to territorial or "horizontal" representatives, while major labor unions and trade associations ("vertical" entities"), among other groups, were nearly all absent.

24. The social tensions Bolivia experienced in April 2000, causing postponement of the national dialogue, show that two dialogues unfolded: the official dialogue on combating poverty, on one hand, and the dialogue that expresses itself in

social conflicts, on the other. These two dialogues have different agendas and priorities, and the great challenge is to build a bridge between them.

25. The Dialogue Law formalizes new mechanisms for direct participation and “social watch” as a supplement to representative democracy and institutional accountability mechanisms (the Office of the Comptroller, the superintendencies). Nevertheless, the functions of these parallel mechanisms lack strategic clarity. There is a risk that perceived deficiencies in the political system will continue to lead to parallel mechanisms instead of more important changes that would enable the democratic system to function more smoothly.

26. It has been difficult to achieve wide ownership of reforms (and sometimes it is not pragmatic to do so). Reform programs often have a technocratic bias, which protects particular aspects of public administration from the political system, but also means that the reforms are not well-known outside small circles of government and international agencies. There are also cases where ownership begins (and sometimes ends) solely with the international partners, who are trying to impose a specific agenda (such as gender, where bilateral agencies have taken the lead). Or cases where a small group of donors will align themselves with like-minded government officials in support of certain policies or reforms.

Issues

27. Bolivia's experience shows that formulation of strategies and preparation of reforms are not linear processes. International agencies need to have an intimate understanding of macro- and micro-political processes in order to properly define their contribution. This requires an in-country presence with the requisite skills and competencies.

28. Direct consultation is undoubtedly useful as a supplement to the weak representative system in Bolivia, where most of the population does not have an effective voice. However, the consultative processes generate high expectations, probably beyond the response capacity of any Bolivian government.

29. The insistence of international cooperation partners on a participatory BPRS process—or on establishing a holistic vision and country ownership—has resulted in a new political process being superimposed on (or competing with) other such processes in Bolivia. There is no evidence that much attention was paid to this fact, or to analyzing its possible effects beforehand.

30. Country ownership concerns the ability of a country's government to continuously balance the interests of all citizens and cannot be reduced to ad hoc participatory processes. A more nuanced understanding of the ownership principle would place all the country's political processes at center stage, whether or not they are influenced by international partners.

Country-Led Partnership

Achievements

31. Relations between Bolivia and its international partners have improved significantly in the past ten years. The mechanism of Consultative Group meetings, the New Relationship Framework, and shifts toward sector-wide approaches by international agencies have improved coordination and transparency, and gradually aligned external assistance with national priorities. Since 1998, the dialogue between the government and its international partners has been organized into a large number of thematic groups. Four groups and 17 subgroups were organized to work on the BPRS. International agencies play a very active role in connection with such core issues such as decentralization and institutional reform. Government representatives lead subgroup activities.

32. There are examples of co-financing or basket funding arrangements which employ flexible mechanisms to overcome the rigid procedures of individual agencies, (for example, overcoming obstacles posed by agencies that are unable to respond rapidly to requests for technical assistance inputs).

33. The shape of partnerships depends largely on trust between individual partners. It is very clear that trust between international partners and the government after being very high, declined from 1998 until August 2001, because of power shifts within government and the perceived (significant) increase of corruption. International agencies were then once again willing to engage with government during the Quiroga Presidency.

Challenges

34. Notwithstanding the progress achieved with respect to dialogue at the central level, external cooperation remains scattered and fragmented. In Bolivia, 850 programs or large projects are being implemented with external funding. The reallocation of current projects and programs in accordance with the BPRS will thus be a decisive test of agencies' true willingness to adapt to national priorities. The fact that this reallocation will occur under a new government, which will simultaneously need to define its position vis-à-vis the BPRS, could complicate what is already in itself a complex process.

35. There are multiple fora for dialogue between the government and international agencies. However, these official fora generally avoid controversial issues (such as coca, land, exclusion of indigenous peoples) even though such issues have a direct bearing on poverty. A development dialogue divorced from a significant part of Bolivia's reality risks becoming a technocratic discourse of limited relevance.

36. During field visits, the evaluation team saw obvious problems of coordination and synchronization. "Cooperation islands" are still common with programs run by headquarters staff in the capital cities of donor agencies. The team saw examples of road and municipal institutional capacity-building projects for example, which disregarded Bolivia's decentralization and National Compensation Policy (designed to put an end to special programs that benefit only certain municipalities).

37. International agencies vary in terms of how much authority is given to local offices, which affects the degree each agency is able to be an active partner to government and other donors. The World Bank, for example, was commended for transferring considerable staff and authority to La Paz in 1999 because of the CDF pilot.

When operations were seen to be “re-centralized” in 2001, the donor community sent a written protest to the Bank, saying this was the wrong signal to send and represented a retreat from earlier commitments to a CDF approach.

38. A joint challenge for government and international agencies is to increase the efficiency of coordination, dialogue, and follow-up. There are many opportunities to lower transaction costs by applying simple measures for effective time management, thereby avoiding meetings convened solely to convey information, or with no agenda or clear objectives.

39. Bilateral donors often have limited capacity to participate in sectoral analytical work, particularly compared to the capabilities of the World Bank and the Inter-American Development Bank (IDB). Bilateral donors need to become more selective and concentrate on fewer areas where they can make an intellectual as well as financial contribution. There is currently tendency for donors to crowd around attractive sectors (including decentralization, institutional reform, and the ombudsman’s office).

40. Although it is recognized that relations between the government and international partners have improved since 1998, very clear tensions arise when agencies move into issues considered sensitive by the government. There are also occasional tensions between bilateral and multilateral agencies because of the dominant role played by the World Bank and IMF in the country, although relations among the agencies’ offices in Bolivia seem to be open and constructive. When bilaterals disagree with the Bank or IMF on certain issues, they sometimes take a common stance to act as a counterweight to influence of Bretton Woods institutions in the country.

41. International agencies have not made much progress in harmonizing procedures, and these differences continue to impede cooperation and increase costs, (as is the case with the Productive and Social Investment Fund—*Fondo de Inversión Productiva y Social*, PSIF). National procedures need to be strengthened so they offer a credible alternative to individual donor procedures. The World Bank, in particular, has assisted the government in this respect, because of a country procurement assessment.

42. International agencies continue to engage in micromanagement. It is still common for “consultants” to be hired to perform tasks that should be carried out in the normal course of public administration. There are many parallel project and program management units. In few cases, their existence is warranted; but for the most part, these parallel systems clearly impede the long-term development and sustainability of national and local institutions.

Issues

43. Partnership cannot be adequately discussed without acknowledging the asymmetrical relationship of the partners (donor-recipient, lender-borrower). CDF partnership seeks to balance the legitimate interests of the two parties. While the experience in Bolivia reveals that the attitudes of some international cooperation agencies are changing, it is a slow process, one subject to backtracking. According to representatives in Bolivia, changes at agency headquarters are even less visible.

44. International agencies sometime act as allies to reformist groups in government pushing for certain changes or policies of mutual interest. International cooperation can facilitate the development of good policies, not by following a set formula, but through wise, bold, and respectful behavior. From that perspective, conditionalities do not contradict the partnership principle. In Bolivia, neither government, nor civil society, nor international agency stakeholders expressed the view that conditionalities or safeguards are inappropriate on principle. Rather, the issue is their specific content and how they are managed.

Results Orientation

Achievements

45. Generally speaking, both the government and international partners are now more focused on results. Results-based management and achievement-based disbursements are applied at both the central and the local level. The BPRS contains specific results and indicators, most of which are quite easy to monitor. The Ministry of Health adopted a results-based management system in 1998.

46. The BPRS Interagency Monitoring and Evaluation Council (*Consejo Interinstitucional de Seguimiento y Evaluación*, IMEC) is operational. According to a recent IMEC report, the 81 short-term activities provided for in the government's 2001 BPRS Plan of Action are approximately 88 percent complete. However, it is too early to evaluate the impact of those activities.

47. The National Compensation Policy (*Política Nacional de Compensación*, NCP) establishes goals at the municipal level (mainly to do with fiscal restructuring and municipal efficiency), with incentives for municipal governments to fulfill them.

Challenges

48. The indicators contained in the BPRS concern "soft poverty" (health and education). If the government and international agencies want a more complete level of monitoring, which includes "short-term hard poverty," (lack of a political voice, access to land and jobs) it would be necessary to include indicators on vulnerability and social and political exclusion.

49. It is necessary to integrate the social watch function defined in the Dialogue Law with the social/fiscal control and accountability systems provided by other laws.

50. It is not easy to formulate indicators, particularly in the municipal domain, or to collect, process, use, or give feedback on the information. Though capacity is usually much stronger at the central level than the sub-national level, but there is a tendency to make monitoring and evaluation systems too large and complex.

Issues

51. While it is recognized that progress has been made with the results-orientation principle, the structure of stakeholder incentives still does not encourage

continuous attention to results or impact. International agency representatives identified "disbursement fever" as a key problem in that regard. Disbursement pressure is also a strong motivating factor for the government in Bolivia given the importance of the external concessional flows to sustaining macroeconomic balance.

Sequencing and Reinforcing CDF Principles

52. Bolivia is a case where the vision principle came first—sometimes at the insistence of international agencies—and country ownership came later, after a long "selling" and internalization process. In other countries strong national ownership led to the formulation of visions. There is no evidence that one sequence is more efficient or effective than the other. The key factor is that the country ultimately assumes ownership.

53. When international partners encourage reforms, they apply “push” strategies, where tough conditionalities force the country—because of its dependency—to accept certain policies. Alternatively or simultaneously, donors apply “pull” strategies, where technical assistance and dialogue are used in an attempt to sway national stakeholders. To a large extent, the government considers that CDF principles rule out “pushing,” whereas the agencies take the view that, depending on circumstances, CDF principles require both “pushing” and “pulling.” These different interpretations have generated a certain degree of friction. International agencies define their role as partners—and decide how much to push and how much to pull—largely on the basis of the degree to which they endorse a country’s visions and their confidence that broad ownership already exists or will develop among national stakeholders. Accordingly, from the international agency perspective, partnership is largely a subordinate principle or dependent variable.

54. Bolivia’s experience demonstrates the need to ensure, on an ongoing basis, that the relationship among CDF principles is adapted to prevailing circumstances. Therefore, both government and agencies must have considerable capacity for analysis, dialogue, negotiation, conflict management, flexibility, and—as an inseparable factor—for building and maintaining trust.

Main Dilemmas, Issues and Challenges

55. Bolivia has made considerable progress in applying CDF principles. The government and international partners began to restructure their relationship five years ago. The process has had its ups and downs, but the attitudes and actions of the government and the agencies are quite different today than they were ten years ago.

56. The evaluation has shown that interpreting the achievements and challenges associated with the CDF principles depends greatly on the conceptual interpretation adopted. Two interpretations emerged: (i) that applying CDF principles aims to make external assistance more efficient, and that the CDF message therefore is intended essentially for international agencies and their direct national partners; or (ii) that CDF principles are designed to achieve sustained poverty reduction and, therefore, hold important messages for all social and political stakeholders concerned.

57. The second, broader interpretation has emerged as the more appropriate. In Bolivia, it is not possible to assess the scope, impact, and efficiency of international cooperation in isolation from other political processes. For years, Bolivia has had a well-deserved reputation as a “star pupil” of the international donor community, applying the recommended economic reforms and preparing its BPRS as required. At the same time, it is a country in which social conflicts have heightened in the last two years. A narrower interpretation of the CDF makes it impossible to understand this apparent dichotomy.

58. Thus, CDF principles emerge as a guide to steer and assess processes, rather than as an attainable goal. Experience in Bolivia shows that their actual application is, above all, a variable that is particularly dependent on four critical factors whose importance for development assistance are well-known:

- *Leadership capacity* of national stakeholders at the global, sectoral, and local level. Without leadership, external assistance either becomes fragmented or international agencies fill the void, imposing their agenda.
- *Degree of broad-based consensus and shared vision* among stakeholders. Political exclusion and fragmentation among different political processes and stakeholders diminish the coherence, sustainability, and efficiency of the efforts of both government and international cooperation agencies.
- *Capacity of institutions* to deliver results efficiently and effectively. Corruption, lack of continuity, and weak capacity lead to low levels of trust, with immediate implications for the relations between partners.
- *Capacity of international agencies* to submit to common priorities, policies, deadlines, and mechanisms that result from the configuration of the above variables, leaving aside their particular models of discretionary behavior.

59. CDF is as relevant for a country’s internal affairs as it is for the relationship between the country and international agencies. The CDF principles can also serve to manage the complex internal sociopolitical processes in Bolivia and to settle or negotiate conflicts and differing interests (for instance, between the central government, departments, municipalities; and among other legitimate social and political stakeholders). The importance of a broader and more coherent vision, ownership, and genuine involvement of stakeholders, respectful and sensitive partnership, and delivery of sustainable results is evident in these relationships as well.

60. Application of the CDF in Bolivia has tended to become “depoliticized.” The significant progress achieved in many areas where international agencies provide support seem to have a technocratic slant, constructing protective barriers against the political system. Approaches are needed that stem from a more comprehensive perspective of technical aspects (“economic policy”) and political processes at all levels (“political economy”).

61. The past 15 years have seen intensive reforms. Many of them have been resounding successes, while others have yet to succeed to the same degree. In the case of some reforms underway, it seems important to consider if there is sufficient “absorption capacity,” from both the institutional and political standpoints.

62. The understanding of the CDF as principles designed to bring about poverty reduction—particularly as they are expressed in the BPRS—makes politics a core issue, not only for the government but also for international agencies. The concrete actions of both parties in Bolivia show that they recognize the intimate and inseparable relationship between the support provided by international partners and long- and short-term political processes.

63. The risk is that the holistic and comprehensive concept of the CDF and PRSP may translate into agreements or conditionalities framed by bureaucratic and institutional mechanisms. This might not permit flexible action that is in step with the rhythms of domestic political processes. To some extent, the CDF casts international agencies as stakeholders in Bolivian arenas that are much broader than they used to be. This calls for considerable ability, on the part of local representatives as well as at agency headquarters, to avoid lapsing not only into traditional micromanagement, but also excessive “macro management,” which the CDF principles and PRSP processes appear to invite.

64. There are, in sum, two main challenges: one concerns primarily the country, while the other concerns international partners.

65. The main challenge for Bolivia is to ensure that national ownership of visions is broadened to groups and peoples historically excluded from political processes. This entails tailoring visions to the capacity to implement them and to the aspirations of stakeholders who still cannot find adequate and peaceful channels for dialogue with the state. Unquestionably, this entails gradual changes in the country's power structures. If they are flexibly and judiciously applied, CDF principles will help considerably to make this process easier and to build, one step at a time, greater social, political, and institutional cohesion and stability in the country.

66. For international agencies, application of CDF principles in Bolivia has reached a watershed where the principles have been very well internalized by local representatives. There is still room for progress at the local level, but more solid advances now require changes at agency headquarters, and, in some cases, even reengineering of operating methods, particularly through decentralization and the use of more flexible procedures and financing arrangements in order to respond to the true needs of the poor in Bolivia.

67. The challenges for both sides are enormous. But the results so far show that progress is possible. Furthermore, given the vulnerability of the disadvantaged in Bolivia and of the country itself, these challenges need to be tackled.

1. Introduction

1.1 This report includes the observations made by an international team that analyzed Bolivia's experience with the principles of the Comprehensive Development Framework (CDF). Bolivia is one of six countries¹ included as a case study as part of a global multi-stakeholder evaluation of CDF implementation conducted by the Operations Evaluation Department of the World Bank.

1.2 The CDF concept, initially formulated by the president of the World Bank in January 1999, comprises a set of principles that several developing countries and international cooperation agencies have tried to follow in order to enhance the impact on poverty reduction of the global system of international development assistance. The CDF principles—*holistic long-term development framework; country ownership; country-led partnership; and results-orientation*—are condensed from the development experience of the last five decades. The evaluation attempts to identify factors influencing the implementation of the principles and to distill learning about the validity and limitations of their application.

1.3 Bolivia was chosen as a case study for several reasons, including the interest of the Bolivian authorities, Bolivia's experience as a "CDF pilot country,"² Bolivia's eligibility for the HIPC II debt relief mechanism following its preparation of the required Poverty Reduction Strategy Paper (PRSP), and its heavy dependence on international assistance.

1.4 The study evaluated the application of the four CDF principles separately and together. Preliminary hypotheses and research topics were defined on the basis of the Design Paper for CDF Evaluation.³ Through interviews and dialogue in focal groups involving central stakeholders from the government, the political system, civil society and international cooperation, facts and viewpoints were sought regarding:

- the extent to which CDF principles are applied and the causes hereof;
- the specific impact on development processes and on the quality of the work processes of international cooperation;
- evidence of ultimate impact in terms of development targets and objectives, and on resource allocation and mobilization; and
- emerging lessons learnt in order to enhance the impact of poverty reduction efforts, including international cooperation efforts.

1.5 The study team worked in Bolivia from October 14-22, 2001 and from January 21-February 11, 2002. The study methodology and summaries of the observations by thematic area are included as annexes. The body of the text is organized around each of the four CDF principles.

1 The other countries are Burkina Faso, Ghana, Romania, Uganda and Vietnam.

2 Agreed between the government and the World Bank in 1999.

3 World Bank, 2001: Design Paper for a Multi-Partner Evaluation of the Comprehensive Development Framework, CDF Secretariat 2001. See www.worldbank.org/evaluation/cdf/

2. The CDF Principles in Bolivia – Context and History

General Background

2.1 Bolivia has often been mentioned at international meetings as an example of democratically introduced advances in economic and social reforms. This has enabled it to enjoy strong international support and to become one of the developing countries that has received the most external assistance in proportion to the size of its economy.

2.2 The advances have been significant and, have taken place in the political, social and economic spheres. At the same time, however, poverty, social and political exclusion of indigenous peoples (especially women), who make up the majority of the population, and acute social conflicts persist. The country remains one of the poorest in Latin America.

Table 1: Incidence of Poverty in Bolivia and Latin America at the end of the 1990s (percent)

Honduras	74
Bolivia	63
El Salvador	48
Colombia	45
México	43
Venezuela	42
Peru	37
Dominican Rep.	32
Brazil	29
Panama	27
Chile	20
Costa Rica	20

Source: Bolivian Poverty Reduction Strategy (BPRS)

2.3 Bolivia has a population of 8.3 million. Thirty-eight percent of the population lives in rural areas and 62 percent in urban areas. The estimated incidence of poverty for 1999⁴ was 62.7 percent and of extreme poverty 36.8 percent. Poverty in rural areas reached 82 percent and 47 percent in cities. It is estimated that the illiteracy rate is 14.8 percent (5.3 percent in urban areas and 33.7 percent in rural areas).

2.4 In 2000, the per capita product (measured in current dollars) was US\$1,030, the fiscal deficit was 4.1 percent of GDP, exports amounted to US\$1,230 million and imports to US\$1,830 million.

⁴ Estimated using the poverty line approach, which defines the poor population as individuals or households whose family income (or consumer spending) is less than the cost of basic shopping.

Table 2: Bolivia – Socioeconomic Indicators

<i>Surface area</i>	<i>1,098,581 km²</i>
Population (2001)	8.3 million
Population/km ²	7.6 inhab/km ²
Per capita income (2000)	US\$1,030
Incidence of poverty (1999)	62.7%
Urban	47%
Rural	82%
Extreme poverty	36.8%
GDP (2000)	US\$8,500 million
Exports (2000)	US\$1,230 million
Imports (2000)	US\$1,830 million
External Current Account Deficit (2000)	5.6% of GDP
Fiscal deficit (2000)	4.1% of GDP
External debt (2000)	US\$ 4,460 million

Source: NSI, ESPAU, BPRS

The Poverty Map: Results of the 2001 National Housing Census

2.5 In late April 2002, the government submitted the 2001 Poverty Map, which was based on the results of the 2001 census. The results showed significant progress in that poverty in Bolivia, measured by the unmet basic needs (UBN) method⁵ had declined from 70.9 percent in 1992 to 58.6 percent in 2001.

Table 3: Changes in the Proportion of the Population with Unmet Basic Needs (percentage)

<i>CENSUS</i>			<i>AVERAGE ANNUAL CHANGE</i>	
1976	1992	2001	1976-2000	1992-2001
85.5	70.9	58.6	-1.08	-1.33

Source: Bolivia, 2001 Poverty Map, ESPAU-NSI

2.6 The above table demonstrates that poverty in Bolivia declined 12.3 percentage points during the period 1992-2001 and 26.9 percentage points during the period 1976-2001. Over the first of these periods, poverty declined by an average of -1.33 percentage points and, during the second period, by an average of -1.08 percentage points. Given that the UBN method measures the population's access to such services as health, education, water, sanitation, and electric power these results were to be expected, inasmuch as the state, with support from international partners, had invested heavily in these areas. In other words, the results illustrated the impact of public policies implemented over the ten years in question, policies that went a long way toward increasing coverage of these services.

⁵ According to the UBN approach to poverty, the poor are those members of the population who do not meet minimum levels of well-being with respect to housing; availability of water and sanitation services and energy inputs; educational level; and access to health services (Bolivia, 2001 Poverty Map, Summary, ESPAU-NSI, April 2002)

Table 4: Evolution of Unmet Basic Needs Indicators (percentage)

	<i>Inadequate building materials</i>	<i>Inadequate living space</i>	<i>Inadequate water and sanitation services</i>	<i>Inadequate electric power</i>	<i>Inadequate education services</i>	<i>Inadequate health care</i>
2001	39.1	70.8	58.0	43.7	52.5	37.9
1992	48.2	80.0	75.9	51.8	69.1	53.6
Difference in number of percentage points	-9.1	-9.2	-17.9	-8.1	-16.6	-15.7

Source: 2001 Poverty Map, NSI-ESPAU.

2.7 In addition, extreme poverty declined by a slightly lower number of percentage points compared to the overall poverty index, from 37.2 percent in 1992 to 24.4 percent in 2001 (-12.8 percentage points).

2.8 However (and notwithstanding the progress achieved with respect to poverty reduction), as the poverty map's figures also indicate, the progress occurred mainly in urban areas rather than in the rural sector, and it is in the latter that poverty levels are still extremely high. This shows how heavily public expenditure is slanted toward urban areas.

Table 5: Changes in the Population with Unmet Basic Needs (percentage)

	CENSUS YEAR		CHANGE
	1992	2001	1992-2001
Urban	53.1	39.0	-14.1
Rural	95.3	90.8	-4.5

Source: 2001 Poverty Map, NSI-ESPAU

2.9 Two points should be emphasized in connection with the 2001 Poverty Map: first, as already noted, poverty levels remain high in rural areas, and, second, the population does not believe that the results represent significant progress.

2.10 Regarding the first point (and bearing in mind that according to the National Dialogue Law⁶ rural areas should receive priority in the allocation of resources from the enhanced HIPC initiative), the urban bias of public expenditure is expected to lessen over the coming years and, as a consequence, it is expected that rural areas will benefit from greater access to education, health, water, and basic sanitation services since they will have additional resources at their disposal.

2.11 Although more recent figures for measuring poverty using the poverty line method, which would involve considering the population's income,⁷ are not yet available,

⁶ The formula for distributing HIPC resources was established in a law adopted for this purpose, the 2000 National Dialogue Law.

⁷ Whereas the UBN method measures poverty on the basis of the inadequacy of housing infrastructure, energy inputs, educational levels, and health care, the insufficient income method defines the poor as those individuals whose per

the low average growth rate of the economy, particularly over the past three years, indicates that such income has declined along with employment levels. As a result, most of the population does not believe that poverty levels have changed, despite the fact that access to services has improved overall.

Political and Institutional Context

2.12 Politically, Bolivia changed from being one of the most unstable countries in the region, with a strong military presence, to one of the most stable as regards its formal system of government. In August 2002, the country will celebrate 20 years of uninterrupted democracy.

Table 6: Presidents of Bolivia, 1985-2002

<i>Term</i>	<i>President</i>	<i>Party</i>
2001-2002	Jorge Quiroga Ramírez ⁸	Acción Democrática Nacional
1997-2001	Hugo Bánzer Suárez	Acción Democrática Nacional
1993-1997	Gonzalo Sánchez de Lozada	Movimiento Revolucionario Nacional
1989-1993	Jaime Paz Zamora	Movimiento de la Izquierda Revolucionario
1985-1993	Víctor Paz Estenssoro	Movimiento Revolucionario Nacional

2.13 Nevertheless, the political and institutional system has several weaknesses. Stability was achieved on the basis of political agreements and pacts geared to guaranteeing “governability,” with the goal of achieving a parliamentary majority, so that the executive maintained control over the legislature. This is known as “democracy by agreement” (*democracia pactada*). Clientelism and cronyism are rife. The fragmentation of the system of political parties and the electoral system tends to produce coalition governments in which the parties – in the absence of identities based on clearly differentiated political platforms – explicitly enter into agreements to share state patronage (“political quota system”). Paradoxically, this quota system has facilitated a level of stability of coalitions and of governability for the implementation of structural reforms and maintenance of economic stability. But the cost has been excessive politicization of the bureaucracy and weak institutional capacity due to frequent personnel changes⁹. Bolivian public administration has been characterized by its informality,¹⁰ implying that there is a significant gap between how it should operate as formally defined in the laws, structures, etc., and how it actually operates.

2.14 The topic of the institutional weakness of the public sector and the need for far-reaching reforms has been on the agenda for many years, with strong support from international agencies. The results obtained have been more marked in the institutions

capita family income is lower than the cost of a basic basket of goods and services deemed adequate to meet food and non-food requirements.

8 Hugo Bánzer resigned from office for health reasons in August 2002. In accordance with the Constitution, Vice President Jorge Quiroga took over as president and will remain in office until the next elections (June 2002).

9 It is a popular saying that in Bolivia the “Republic is born every five years.”

10 World Bank, 2000. *Bolivia—From Patronage to a Professional State*, vol.1 p. v-vii.

responsible for monitoring macroeconomic stability. The international agencies continue to support – and encourage – reforms and programs in this area, trying to “protect” vital areas of public administration (e.g. customs, inland revenue) against what are perceived to be the flaws of the political system. As will be discussed at greater length below, in the context of the CDF principles, these attempts tend to omit any discussion of the need for reforms of the political system itself.

2.15 Regarding the analysis of weakness in the political system, analysts interviewed referred to the actual crisis of representativity in Bolivia, where significant strata of the population most marginalized in relation to the modern economy, especially the indigenous peoples,¹¹ are also excluded from the political system. With the dismantling of the parastatal economic model, the traditional “functional” organizations (Bolivian Workers’ Center [BWC] and organizations affiliated with it such as the Trade Union Federation of Mining Workers in Bolivia) lost much of their historical capacity for representation and dialogue with the political system, which is still dominated by the urban élite. Other systems of representation (i.e. “horizontal” or territorial organizations connected with the municipalities or indigenous organizations) have not filled the vacuum. With stronger municipalities and the introduction of municipal elections, some room has been provided for new representation channels, but it is limited to the sphere of municipal action. Where there should be dialogue and negotiation of interests, the lack of legitimate common meeting grounds results in often violent street clashes, generally followed by discretionary one-time concessions.¹²

2.16 The Catholic Church traditionally plays an important role in Bolivia. It often acts as mediator in acute social conflicts. It is also a player with a voice in areas where it has significant presence; it organized a national process in support of external debt forgiveness. Its special status is illustrated by the fact that it was asked to take charge of organizing social watch (*control social*), as the mechanism for oversight of the use of funds released under the HIPC II initiative (Heavily Indebted Poor Countries).

Economic Context

2.17 From the economic viewpoint, macroeconomic stability is the principal achievement so far. Prior to 1985, the Bolivian economic system was characterized by considerable state intervention in the allocation of resources and high visibility of public enterprises in the sectors producing goods and services, particularly those connected with natural resource exploitation. In general, there was little private initiative with regard to entrepreneurial undertakings, or such initiatives were linked to state activities.

2.18 At the beginning of the 1980s, the decline in terms of trade and private capital flows made the Bolivian economy heavily dependent on a small group of export products and on external capital inputs to finance investments. External debt servicing started to

11 They constitute 59 percent of the population of Bolivia (taking the declared language as indicator). NSI, *National Population and Housing Census 1992*.

12 For example, in April 2001, violent street protests made the government backtrack and cancel the concession awarded to a transnational corporation to administer the water authority in the city of Cochabamba (the Bolivian city ranking third in economic importance). This conflict was known as the “water war.”

require greater fiscal resources. Combined with higher current expenditure, this increased the public deficit and created inflationary pressures, since the deficit was mainly financed by increasing in money supply.

2.19 Attempts were made to stabilize the economy, but strong trade union groups rejected adjustments and, on the contrary, imposed policies that went in the opposite direction to that required to restore macroeconomic balance.¹³ In this way, fiscal imbalances worsened, which in turn led to an increase in aggregate demand. Since this was not accompanied by higher production (which actually declined), it led to greater inflationary pressures and growing external current account deficits. At the same time, international cooperation was not prepared to give Bolivia more resources unless it implemented policies to restore macroeconomic balance.

2.20 In 1984, the fiscal situation became untenable, with the public sector deficit reaching 24 percent of GDP, financed almost entirely by currency issue. This led in a few months to the hyperinflation of 1985 (23.447 percent at the end of September 1985 in annualized terms) and a balance-of-payments crisis making it impossible for the country to meet its international obligations. This was followed by a political, social and economic crisis that obliged the government in power to bring general elections forward by one year.

Economic Reforms

2.21 In 1985, a new government took power, and radically overhauled economic management. It applied fiscal, monetary, and exchange policies that sought to restore macroeconomic balances and embarked on a series of structural reforms involving not only transformation of economic policy approaches but also abandonment of the development model previously followed. The economic program adopted was based on market economy principles, whereby the private sector must play the leading role in the production process and, hence, in economic growth. It is the responsibility of the state to lay down the rules for the conduct of private activity and to allocate resources for the development of human capital and creation of infrastructure.

2.22 Thus, the central measures that enabled the Bolivian economy to restore macroeconomic balances were free-market pricing (including salaries and interest rates), greater openness to foreign trade, an exchange rate set through, firstly, market forces permitting a unified official exchange rate and secondly and simultaneously through devaluations administered by the Central Bank, prohibition of the use of automatic Central Bank credit to finance public spending and proper monitoring of public finances with a view to controlling the deficit.

2.23 Stabilization measures (combined with fiscal oversight, price adjustment and shrinking of aggregate demand) that were considered typically orthodox brought inflation under control rapidly and reduced the public sector deficit from 25.4 percent of GDP to

¹³ There were periods (1982-1984) during which monetary policy was “dictated” by the Central Bank trade union. Currency issue declined when the trade union called a strike lasting several days and increased again when the strike ended.

9.8 percent in 1985 and 2.7 percent in 1986. The economy again achieved positive growth rates, although they were not high enough to yield significant growth per capita.

Table 7: Economic Indicators

	1982	1983	1984	1985	1986	1987	1988	1989
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Fiscal deficit/GDP	-15.9	-19.8	-25.4	-9.8	-2.7	-7.7	-6.3	-5.5
Annual inflation	297	329	2117	8171	66.0	10.7	21.5	16.6
Economic growth	-3.9	-4.0	-0.2	-1.6	-2.6	2.5	2.9	3.8
Terms of trade ¹⁾	201.7	203.9	197.8	174.4	149.4	132.0	123.7	116.7

1) Base 1990=100

Source: NSI, ESPAU, Central Bank

2.24 Although the new economic program included structural changes, the initial emphasis was on stabilization. Other reforms were initiated subsequently, such as the privatization/capitalization of public enterprises, which were implemented more decisively starting in 1994. Currently (2002) almost all public enterprises, including those responsible for electricity, rail and air transport, telecommunications, oil and gas, are in the private sector.¹⁴

2.25 Pension reform was also implemented, which meant that the social security scheme in existence since 1956, consisting of a simple “pay as you go” system in which active workers financed retirees, was converted into a privately administered system based on individual capitalization accounts.

Institutional Reforms

2.26 In parallel with changes in the country’s economic structure, institutional reforms were undertaken with the aim of creating regulatory mechanisms both in the sectors producing goods and services, where private enterprises had a monopolistic or oligopolistic presence, and in the financial system. In the former case, sectoral superintendencies were established and in the latter case the Central Bank was given autonomy and superintendencies were created to monitor banks, financial entities and pension, securities and insurance bodies.¹⁵

2.27 The Fiscal Administration System Law (FAS Law) was adopted in 1990, initiating a fiscal reform which, in addition to modernizing the budget system, establishes that every public agency must submit its targets and goals and must also create mechanisms for monitoring the use of government funds. However, the FAS Law has not yet produced the expected impact on the functioning of the public sector.

¹⁴ The largest public enterprises (in the electricity, oil and gas, telecommunications and air and rail transport sectors) were privatized under the capitalization scheme, which meant that the state provided the enterprise assets and the strategic partner provided fresh capital and minimum investment commitments for a predetermined period of time.

¹⁵ However, in its evaluation of Bank assistance to the country in 1986-1996, the Operations Evaluation Department of the World Bank notes that, contrary to the general perception, reforms did not proceed with the required speed and did not come into force until 1993. (World Bank, 2000. *Bolivia: Country Assistance Evaluation*).

2.28 Recently, reforms of Customs and latest (2001) of the Internal Revenue Service and the National Road Service (NRS) have gained speed. These reforms are designed to institutionalize (depoliticize) and to modernize, enhance and empower the main agencies responsible for collecting state resources (Customs and Internal Revenue) and the main institution responsible for building the road infrastructure, which absorbs a significant share of public investment resources, composed mainly of external resources. The institutionalization of these particular agencies is perceived both by civil society and by international cooperation to be an important reform in the context of the fight against corruption.

Social Reforms

2.29 Economic concerns predominated during the first years of the adjustment and stabilization program. However, social issues and the need to pursue poverty relief policies began also to be the focus of the various governments.

2.30 In this connection, in the early 1990s the government in power proposed the Bolivian Social Strategy, which advocated a comprehensive approach to the topic of poverty, recognizing that economic and social aspects are interrelated. This strategy notes that poverty reduction meant not only increasing public spending in areas such as health, education and basic sanitation but also taking measures to improve the revenue and productivity of the poorest sectors of the population. However, the same strategy also notes that investment in human capital is the best and most effective way of reducing poverty. In addition, it points to the need for policies to raise the standard of living in rural areas and for policies targeting the most vulnerable population groups (the elderly, children and women).

2.31 Thus, attention to human capital increased and the areas of education and health and basic sanitation services became the focus of a series of programs and projects, including education reform and maternal and child welfare programs.

2.32 As far as education is concerned, the Education Reform Program (ERP) was launched about eight years ago and is generating activities to enhance the coverage and quality of education, particularly at the primary level. ERP envisaged greater participation of society, reorganized curricula and incorporated the concept of cultural diversity and bilingualism.

2.33 Despite the significant efforts and progress made as a result of ERP, the quality of education is still poor, and the school infrastructure is not properly maintained, because teachers still do not have sufficient financial incentives, and municipalities are unwilling, and in some cases, unable, to create and maintain appropriate infrastructure.

2.34 In the area of health, progress has involved formulation of a comprehensive health program (health reform), with the ultimate goal of achieving global coverage funded by taxes. Child care and maternal health, which used to be dealt with separately, have been expanded and incorporated in a comprehensive reform plan. The reform expands the coverage of services provided by Basic Health Insurance (BHS) and involves

municipalities (through resources allocated by them to BHS) in the implementation of health reform.

2.35 BHS has resulted in important improvements in maternal and child care coverage, reflected in more hospital/health center births, fewer treated cases of acute diarrhea and acute respiratory infections and complete vaccination cycles for children less than one year of age.

2.36 Factors such as the lack of better care and coverage in rural areas, the shortage of trained staff in rural areas and the continuing excessive rotation of staff are the main obstacles to greater progress in the area of health.

Table 8: Education and Health Indicators

<i>Indicator</i>	<i>Base year</i>	<i>Current year</i>	<i>Reference period</i>
Education			
Illiteracy rate (%)	20.0	14.8	(1992-1999)
Average number of years to complete 5th grade	11.0	7.0	(1997-2000)
Students completing 8th grade (%)			
Urban areas	28.6	64.5	(1997-2000)
Rural areas	8.2	29.2	(1997-2000)
Promotion rate, primary cycle	83.4	89.2	(1997-2000)
Drop-out rate, primary cycle	8.2	6.1	(1996-2000)
Drop-out rate, secondary cycle	11.6	9.9	(1995-2000)
Repetition rate	7.0	4.9	(1997-2000)
Health and disease prevention			
Immunizations (% of children under 1 year of age)			
Polio	70.9	89.0	(1996-2000)
DPT (first dose)	82.9	98.1	(1996-2000)
DPT (third dose)	70.5	89.0	(1996-2000)
BCG	85.4	94.7	(1996-2000)
Prevalence of malnutrition in children under 5			
Urban areas	6.9	6.1	(1996-2000)
Rural areas	10.9	9.3	(1996-2000)
Infant mortality rate (per thousand live births)	68.5	60.6	(1996-2000)

Source: NSI, FPU, SNIS/Health, Ministry of Education (World Bank, Draft document on the *Poverty Reduction Support Credit, Annex 1*, March 2002)

2.37 Thus, as state participation in productive activities declined, investment in the social area and infrastructure increased, reflecting a gradual rechannelling of public funds towards these two areas.

Table 9: Bolivia – Social Spending (as percentage of GDP and of the National Budget)

<i>Spending as % of GDP</i>	<i>1995</i>	<i>% of budget.</i>	<i>1998</i>	<i>% of budget</i>	<i>2000</i>	<i>% of budget</i>
Health	3.1	25.6	3.4	21.8	3.6	21.2
Education	5.2	43.0	5.7	36.5	6.3	37.1
Basic sanitation	.7	5.8	1.0	6.4	1.1	6.5
Urban planning	1.1	9.1	.7	4.5	.6	3.5
Rural development	.7	5.8	1.2	7.7	1.3	7.7
Pensions	1.3	10.7	3.6	23.1	4.1	24.0
Total social spending	12.1	100.0	15.6	100.0	17.0	100.0
As % of total spending	-	35.4	-	49.1	-	52.6

Source: Fiscal Programming Unit of the Ministry of Finance

2.38 However, the level of public spending on social sectors remains low compared with other Latin American countries. Although it rose in real terms at a rate above the Latin American average during the period 1996 – 1999,¹⁶ Bolivia is still, with Ecuador and Peru, among the countries with lowest per capita social spending.

Table 10: Per Capita Social Spending in Selected Countries (in constant 1996 dollars)

<i>Countries</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>Increase 96-99(%)</i>
Bolivia	134	151	162	168	25.0
Brazil	951	1.008	1.069	1.143	20.2
Argentina	1.570	1.660	1.710	1.744	11.1
Peru	158	165	174	181	14.7
Chile	725	761	815	872	20.1
Ecuador	152	157	163	170	11.4
Colombia	391	418	452	483	23.5
Uruguay	1.371	1.426	1.483	1.542	12.5
Average	681	718	753	788	15.7

Source: Mónica Loayza – ESPAU, based on data from ECLAC, FPU and VMPIEF.

Decentralization Reforms

2.39 Since the colonial era, Bolivia has been marked by quite pronounced centralism. Scarce public funds mostly went to the main departmental capitals and other urban centers, resulting in a marked bias in favor of urban areas and chronic neglect of rural areas, where poverty and extreme poverty are concentrated. This pattern changed with the 1994 Popular Participation Law (PPL), when municipalities were formed that included both rural and urban areas. PPL establishes a fairer system for the distribution of funds, by specifying that 20 percent of funds collected through internal revenue and customs (fiscal co-participation) are to be distributed to municipalities in proportion to the size of their populations. That law and another Administrative Decentralization Law (ADL) also

¹⁶ This growth is partly explained by the country's higher spending on pension reform on which long-term social security is administered by the private sector and the state is responsible for retirees' pensions.

specified new competencies and responsibilities for municipalities and departmental prefectures.

2.40 PPL transferred responsibility for the administration, maintenance and provision of inputs and equipment for the physical infrastructure for health, education, culture, sports, tourism, local roads and micro-irrigation to the municipalities. In order to enable the municipalities to perform all these tasks, taxes on real estate, rural property and automobiles, transaction taxes and other lesser taxes, in addition to the funds from fiscal co-participation, were transferred to them.

2.41 In addition, PPL involves civil society in the planning, monitoring and supervision of the handling of municipal public funds through specific mechanisms such as recognition of Local Territorial Organizations (LTOs), Neighborhood Councils and Vigilance Committees.

2.42 The Administrative Decentralization Law establishes an organizational structure of the executive at the departmental level, delegating technical and administrative functions to the departments with the goal of improving the efficiency of public services and promoting development of the regions. Matters such as the construction and maintenance of secondary roads, rural electrification, irrigation infrastructure and support for production, conservation and preservation of the environment, promotion of tourism and programs of municipal reinforcement are now the responsibility of the departmental prefectures.

Table 11: Fifteen Years of Reforms in Bolivia

<i>Year</i>	<i>Policy</i>	<i>Objective</i>
1985	DS 21060: Stabilization and structural reform of the economy	Macroeconomic stability and economic growth
1986	Standard import tariffs	To open up the economy and make it more competitive
	Paris I Club Agreements	Restructuring of bilateral external debt
	Tax reform	To increase revenue and simplify taxation
1987	Finance reform: regulation, supervision and support of the banking sector	Improved functioning of the financial system
	Liberalization of the labor market	Improved functioning of the labor market
1990	FAS law: reform of budgeting, fiscal administration and oversight	Efficient use of public funds
	Investments Law	To stimulate investment
	Hydrocarbons Law	Better use of resources. Expansion of the country's energy base
1991	Updating of the Mining Code	To promote investments in the sector

Year	Policy	Objective
	Tax Code Law	To increase collection efficiency and increase revenue
	Free zones régime	Development of manufacturing industry
1992	Reform of the State Political Constitution (SPC)	To establish the need for reform of SPC on the basis of agreements between political parties (February 1992). The reformed SPC is approved by Law 1615 of 6 February 1995.
	Privatization Law	To improve and redistribute fiscal resources
1993	Export Law	To liberalize trade and increase exports
	General Banking Law	To strengthen the financial system
1994	Capitalization Law, sale of shares in public enterprises	Improved distribution of fiscal resources, to generate greater domestic savings
	Popular Participation Law	Decentralization, greater social participation in the definition of public policies
	Education Reform Law	Improved coverage and quality of public education
1995	Administrative Decentralization Law	Improved administration of the public sector
	Central Bank Law	Improved fiscal management
1996	Pensions Law: savings and individual capitalization of contributions	To strengthen the social security system
	Law of the National Agrarian Reform Institute (NARI Law)	To guarantee ownership rights in rural areas
1997	Health sector reforms	To improve maternal and child care
	Judicial reform: Public Defender, Judicial Council, Constitutional Court and Supreme Court	To improve access to the judicial system
1998	Implementation of Basic Health Insurance and epidemiological prevention	New services for the general population. Ongoing improvements in maternal-child care. Control of endemic diseases (Chagas disease, malaria, tuberculosis).
	Stock Market Law	To strengthen the financial system
	Ownership and Popular Credit Law	To improve conditions for small firms, to increase access to credit
1999	Children's and Adolescents' Code	To guarantee the rights of children and adolescents
	Municipalities Law	To update and regularize the municipal system established in articles 200 – 206 of SPC.

Year	Policy	Objective
2000	General Customs Law	To improve collection and institutional structure
	Civil Service Statute Law	To improve the functioning of the public sector
2001	National Road Service Law	To improve road management and reduce corruption
	Law on Institutionalization of the National Internal Revenue Service	To improve transparency, efficiency and management of the tax system
	national Dialogue Law	To institutionalize THE BPRS and expand decentralization

World Bank, Draft document on the Poverty Reduction Support Credit, Annex 12, March 2002

2.43 With the Bolivian Poverty Reduction Strategy (BPRS) and the legal instrument for its implementation, the Dialogue Law (DL), adopted in 2001, the decentralization process is deepened further (see the discussion in section 3.1).

Role of International Cooperation in the Structural Reform Process

2.44 International aid has been an important factor in the process of structural reforms in Bolivia. This aid has taken the form of funds on soft terms that have, among other benefits, made it possible to maintain macroeconomic stability, to tap more external savings and to maintain public investment levels. On average, about half of public investment was financed with international aid over the last ten years.

2.45 External assistance in the form of grants and loans amounted in the period 1990 – 2001 to US\$7,200 million. This corresponds to a per capita average of about US\$953 throughout this period, and external assistance amounted to 9.1 percent of GDP on average during the period 1990-2001.¹⁷

Table 12: External assistance to Bolivia—Principal Sources of Financing 1990 – 2001

Grants	Million US\$	%	Loans	Million US\$	%
USAID	895.9	27.6	IDB	1,424.7	36.5
JICA	400.6	12.3	IDA	980.9	25.1
Netherlands	353.8	10.9	ADC	594.9	15.2
SADC	237.7	7.3	KfW	289.4	7.4
EU	176.5	5.4	Spain	177.5	4.5
GTZ	136.4	4.2	JBIC	107.5	2.8
UNICEF	93.5	2.9	ITA	71.6	1.8
SIDA	92.7	2.9	FONPLATA	65.9	1.7
KfW	90.5	2.8	IFAD	43.5	1.1
UK	78.6	2.4	USAID	33.8	.9
WFP	78.0	2.4	Taiwan	25.0	.6
Other	616.5	18.9	Other	93.0	2.4
Total	3,250.7	100.0	Total	3,907.7	100.0

Source: Author, on the basis of information provided by the Vice Minister of Public Investment and External Financing (VMPIEF).

¹⁷ During the period, the proportion of external assistance in relation to GDP fell from 12 percent in 1990 to 6.5 percent in 2000.

2.46 As far as grants are concerned, the main donor was USAID, which disbursed US\$ 896 million during this period (27.6 percent of the total), while the country's principal creditor is IDB, which made loans totaling US\$1,425 million (36.5 percent of the total).

2.47 At the outset, international cooperation played a vital role in the process of adjustment of Bolivia's economy through rescheduling and cancellation of its external debt. In addition, starting in 1986 Bolivia concluded several agreements with the IMF, initially under the system of one-year short-term agreements for the adjustment program (stand-by), then under the Structural Adjustment Facility (SAF) and in recent years under the Poverty Reduction and Growth Facility (PRGF).

2.48 In the light of the backing by the IMF of the stabilization and structural reform programs, Bolivia obtained not only IMF financial and technical assistance but also multilateral and bilateral external funding that enabled it to finance many of its reforms. Thus, these agreements facilitated renegotiation of the country's external debt within the Paris Club and helped it to obtain funding at annual meetings of the Consultative Group.

2.49 Despite the successes achieved by the Bolivian economy, the external debt continued to be a heavy fiscal burden and the debt relief so far obtained has not been sufficient to guarantee balance-of-payments sustainability. In this connection, and bearing in mind Bolivia's track record as regards structural reforms and macroeconomic stability, the country was eligible for the HIPC (Heavily Indebted Poor Countries) initiative sponsored by the IMF and the World Bank. Bolivia reached its decision point under the initial HIPC initiative in September 1998; it reached the decision point under HIPC II in June 2001 (see also section 3.2).

Result of the Structural Reforms: Successes and Challenges

2.50 The undoubted progress achieved following 16 years of structural reforms and 20 years of continuous exercise of democracy has comprised macroeconomic stability, consolidation of the market economy model and greater public participation in resource allocation decisions through decentralization and institutionalization of certain key public agencies.

2.51 As the figures provided above demonstrate, social indicators have improved, particularly as regards health, basic sanitation, and education, reflected in lower illiteracy rates, declining infant and maternal mortality, fewer infectious diseases and improved coverage of water and sewerage services.

2.52 The decentralization process has made great strides and has ended the urban bias that permeated public policies, enabling the rural areas to acquire more funds. In addition, it has involved the rural population in a different way in the local political process.

2.53 However, economic growth has been modest (3.1 percent on average between 1986 and 2001) and in per capita terms insufficient (0.9 percent) to have a greater impact on poverty relief. In addition, growth was spearheaded by capital-intensive sectors and exports are still limited to a few raw materials. In current values, exports barely exceed the levels found 20 years ago.

2.54 Moreover, the economy is still very vulnerable to external shocks and climatic phenomena and still heavily dependent on external resources for its development programs. The government, for its part, has implemented policy measures that have impacted the informal sector of the economy, such as institutionalization of Customs (which affected contraband) and forced coca elimination, which affected the revenue of rural inhabitants in central Bolivia. This situation was further exacerbated by the economic crisis of the last three years (average growth of 1.2 percent between 1999 and 2001 and of -1.0 percent in per capita terms).

2.55 Observers and stakeholders do not agree on the overall dimensions of the challenges facing Bolivia, although of course there are elements of convergence. The basic difference reflects degrees of optimism and pessimism.

2.56 From the more optimistic viewpoint, the challenges facing Bolivian society concern such matters as how to channel more resources to the groups most affected by poverty, how to enhance efficiency and transparency in the state administration (including the judiciary) by pushing institutional reform, how to maintain effective implementation of reforms such as education and health reform, how to achieve fiscal viability and how to deal with a situation in which the country will no longer have access to concessional resources.

2.57 The main challenge from this perspective is to achieve higher growth rates with a broader and equitable impact from the viewpoint of job and income creation, through stimulation of the private sector. Although this represents a formidable challenge, it is considered achievable through continuity of the basic institutional, political and economic approaches over the past years.¹⁸ In particular, the continuity of macroeconomic stability is, according to this analysis, rooted in the psychological effect of the 1980s crisis, which is still very much present in Bolivians' memory and is the main obstacle to government adoption of policies that would, for example, jeopardize relative fiscal discipline.

2.58 In a less optimistic analysis, emphasis is placed on the apparent level of fatigue of the political and economic model. According to this analysis, the visible manifestations of crisis and social upheaval follow paths and processes that bear no clear relationship to public policies regarding poverty, reforms and economic development as these are discussed between the government and the international donor agencies. Although there is an obvious need to boost economic growth in order to reduce poverty, it is questionable whether the existing political system, with its exclusion problem and its inability to represent and articulate the interests of a large part of the population, and the Bolivian economic model based on the Washington consensus, represent a valid response to the challenges or whether they are part of the problem rather than part of the solution to the Bolivian crisis.

¹⁸ The general view of the Bolivian stakeholders is that Bolivia has since 1985 been pursuing economic and fiscal policies in line with IMF instructions. These are described as "orthodox," "Washington Consensus" or "neoliberal," depending on the observers' preference.

2.59 While the optimistic view focuses on the stability achieved, the relative continuity of reforms and the necessity and possibility of extending them within the existing model, the pessimistic view maintains that social, political and economic tensions may destroy the relative stability, introducing alternative economic and political paradigms that radically modify the relationship between state and market and that question the particular version of democracy adopted in Bolivia.

2.60 Of course, the likelihood of each of the differing views of the future proving correct cannot be objectively determined. It is clear, however, that the application of CDF principles in Bolivia, which is the topic of the rest of the report, is taking place in a context, on the one hand, of elements of undoubted economic, social and institutional progress and, on the other hand, of elements of profound and acute tension and conflict. At the outset, this underlines the importance of recognizing the complexity and turbulence of the environment in which CDF principles are being applied and of which they are a part.

3. The Evidence of CDF in Bolivia: Successes and Challenges

Birth of CDF in Bolivia

3.1 As already mentioned, Bolivia is heavily dependent on international assistance, which on average has financed about 50 percent of public investment and which largely replaces national savings. In view of the importance of external support, the government that came to power in 1997 tried to align international assistance with its political vision, which was also the subject of national consultations (“Dialogue 1”). The consultations provided the government with input for the formulation of the 1997-2002 Operational Action Plan, which defined four pillars for government action (opportunity/economic development; dignity/combating drug trafficking; institutionality/institutional reforms, and equity/social development).¹⁹

3.2 Between November 1997 and March 1998—at the governments’ initiative and with international agency help—four working groups were organized with 16 subgroups composed of government officials and agency representatives, focusing on the four pillars defined by the government (opportunity, institutionality, equity and dignity).

3.3 When the CDF was launched in January 1999, the perception among international cooperation agencies was that Bolivia already had at least the foundation of a holistic vision and that there was ownership of the vision on the part of both government and society through Dialogue 1. The international agencies were involved as partners in a more organized manner, seeking greater efficiency and results from their cooperation. Consequently, Bolivia was selected as a CDF pilot country and already had a matrix that attempted to set priorities, requiring international agencies to fit their activities into that framework.

3.4 As a result of the process, the government formulated the “New Government-International Cooperation Relationship Framework” (NRF), which was presented—and received enthusiastically by international agencies—at the Paris meeting of the Consultative Group in June 1999. As shown in the box, it was indeed CDF “made in Bolivia.”

3.5 Thus, largely the CDF was born in Bolivia before it was born as a concept. The initial optimism was palpable. The World Bank thus emphasized that there was a shared vision between the Bank and the government, broad consensus regarding policies, mutual trust between government teams and the Bank, and a strong foundation for partnership with other donors and civil society.¹⁶

¹⁹ There was no agreement among those interviewed as to the reasons that prompted the government to seek closer ties with international agencies. Some interviewees saw this as a sign of weak government policy proposals, while others—recognizing how important external assistance is for Bolivia— interpreted the rapprochement as a way to maximize the efficiency and impact of such assistance.

²⁰ World Bank, 1999, *Bolivia: Implementing the Comprehensive Development Framework*, p.10.

Box 1: New Government-International Cooperation Relationship Framework Main Principles and Proposals for Action

Principles

- Compatibility and complementarity with government development plans. Investment initiatives must be related to country priorities.
- Bolivia sets the course and the objectives, ensuring that programs have an absolute sense of “ownership” by the state, the implementer, and the beneficiaries through a consultation and consensus building process.
- Efficiency, accountability, sustainability and institutional capacity-building, seeking the best investment options designed to support poverty relief, with clear responsibilities, guarantees of continuity and improvement of national capacities.
- Complementarity of efforts, through work in partnership, dynamic coordination processes and alliances between the government, international agencies, civil society organizations and the private sector.
- Transparency, making available to all development partners the information existing on the various programs and implementing monitoring mechanisms.

Activities

- Definition of the strategic framework, comprising initiatives of the municipalities, prefectures and the main civil society stakeholders, institutionalizing the national dialogue.
- Definition of priorities, requiring confirmation of the government’s most important programs in order to improve allocation of international agency resources.
- Definition of programs, classifying the broad range of projects into a small group of principal programs.
- Results-oriented programming, gearing the programmatic concept to the achievement of specific results and monitoring of the various implementation stages.
- Supervision, monitoring and joint evaluation, in the formulation and funding of programs and not projects, and to the extent that programs can be co-financed, unified joint mechanisms must be established for supervision, monitoring and evaluation.
- Greater decentralization and delegation of authority to local (international agency) offices will facilitate rapid and sound decision-making. These must be bolstered by adequate analytical capacity.
- Reprogramming and resource allocation in light of 1997-2002 the governmental plan.
- Multi-year budgeting, adapting programming cycles to the governmental period.
- Joint financing by multilateral and bilateral agencies simultaneously when this results in improved resource allocation.
- Purchase of goods and procurement of services under national laws, which will be updated in order to reflect the fiduciary accountability of each financing source.

In many cases, implementation of the foregoing will require approval by the headquarters and governing bodies of international agencies.

Source: Extracted, including the last sentence, from the document “Bolivia towards the 21st century – New Government-International Cooperation Relationship Framework. VMPIEF

3.6 The initial optimism and trust did not last, nor did the partnership between the government and international agencies. The vision of the four pillars was also modified by BPRS. Trust had been established with a group of government reformers, which

subsequently became less influential in the face of other forces continuing to practice patronage, clientelism, and, according to many people, marked by extensive corruption. Trust and renewed optimism were restored with the rise to power for 12 months of President Jorge Quiroga¹⁷ in August 2001, but of course with some uncertainty in view of the imminent change of government.

3.7 However, this fluctuation in relations between national stakeholders and authorities and international agencies (where positions and persons also changed) is hardly surprising in a country such as Bolivia with vibrant and dynamic political processes. It shows that CDF principles are not attained once and for all but that there must be a permanent striving to come closer towards the ideal that they embody. Events may suddenly increase the distance from the ideal significantly. The message to the stakeholders, especially international agencies, is that they should adopt a healthy dose of realism when assessing how well principles like the CDF are adhered to and not allow themselves to be deceived by their own tendency toward “professional optimism,” which in retrospect was not always solidly based.

Long-term Holistic Development Framework

3.8 The CDF evaluation design paper describes CDF principles as processes leading to results, objectives or impacts. The paper offers the following working definition of the holistic, long-term development framework.²²

- (a) Identification of a 15-to-20 year vision statement containing monitorable development goals that:
 - take into account the broad aspirations of the population, and
 - include sustainable poverty reduction as an overarching goal and related sub-goals that are in the same areas as the Millennium Development Goals (MDGs).
- (b) Formulation of a comprehensive yet realistic medium-term (3-to-5 year) strategy for making progress toward goals, specifically addressing the need for:
 - balance among macroeconomic and financial issues and structural and social concerns,
 - setting priorities in the face of capacity and hard budget constraints, time-bound, concrete actions, with attention to phasing and sequencing.

Achievements

3.9 Bolivia’s Poverty Reduction Strategy Paper (PRSP) – the Bolivian Poverty Reduction Strategy (BPRS) – is the current reference for a holistic vision at the national level, for which reason it is discussed first. Annex C provides a more detailed analysis of the BPRS, while Annex D considers the very closely related topic of decentralization.

21 As Vice President, Jorge Quiroga headed the national team that formulated NRF.

22 World Bank, 2001: *Design Paper for a Multi-Partner Evaluation of the Comprehensive Development Framework*, CDF Evaluation Secretariat 2001, pp. 10-11. See www.worldbank.org/evaluation/cdf/. Working definitions for the other three principles are taken from the same source.

3.10 The design and formulation of the BPRS²³ was the outcome of a broad participatory process involving different sectors of Bolivian society. It was promoted jointly by the Catholic Church, with the 2000 Jubilee Forum, and by the government through the National Dialogue 2000. The first initiative (a prison-sentence and debt amnesty) formed part of the Jubilee Year celebrations proclaimed by the Church. The second involved external debt negotiation and forgiveness under the HIPC initiative. Consultation and preparation of the BPRS was a prerequisite for access to HIPC II, which delivers US\$104.9 million in debt relief each year.²⁴

3.11 The BPRS is intended as the key national reference for public investment over the next few years, balancing economic and social elements in a framework of ongoing macroeconomic stability. It aims to reduce poverty through economic and social policies in a set of actions organized in four interrelated components: (i) expansion of employment and income opportunities (support for and promotion of productive capacity); (ii) capacity building (primary education, preventive health and housing); (iii) increased security and protection for low-income sectors (vulnerable population groups: children, the elderly and communities affected by natural disasters); and (iv) promotion of social integration and participation. It also includes cross-cutting topics such as actions to improve equity (ethnic groups, indigenous peoples, gender) and sustainable exploitation of natural resources.²⁵

3.12 The BPRS works with four goals, each of which has its own impact indicators: (i) raising the growth rate of per capita GDP to 3.5 percent by 2010; (ii) reducing poverty from 63 percent to 43 percent, and extreme poverty from 37 percent to 17 percent by 2015; (iii) increasing life expectancy from 62 to 69 years by 2015; and (iv) raising the proportion of the population with eight or more years of schooling from 51 percent to 67 percent by 2015.

3.13 The BPRS has long-term objectives in the same areas as the Millennium Development Goals (MDGs). Aspirations expressed by representatives of the population were taken into account during its formulation; its medium-term actions strike a balance between economic and social aspects, and it includes concrete actions with deadlines set for the next three years.

23 Ministry of Finance . *Bolivian Poverty Reduction Strategy* . Gobierno Nacional de la República de Bolivia . Diálogo 2000. La Paz, April 2001.

24 National Dialogue Project, *Lucha contra la Pobreza: Entre la deliberación y el tinku* . Memoria del Diálogo Nacional 2000 . La Paz, January 2001, p. 14.

25 For 2001-2006, 51 percent of BPRS costs are allocated to the area of opportunity and 44 percent to the area of capacity. See also section 3.4.

Box 2: Millennium Development Goals and BPRS Targets

Millennium Development Goals for 2015

1. Eradicate extreme poverty and hunger – to be cut in half by 2015.
2. Achieve universal primary education.
3. Promote gender equality and empower women, aiming to eliminate differences in access to education at all levels by 2015.
4. Reduce mortality among children under five by two-thirds.
5. Improve maternal health; reduce the rate of maternal mortality by three-quarters.
6. Combat HIV/AIDS, malaria, and other diseases.
7. Ensure environmental sustainability (forest cover, protected areas, CO2 emissions).
8. Develop a global partnership for development.

Main BPRS targets for 2015

1. Reduction of extreme poverty to 17% from its current level of 37%.
2. Ensure that 90% of the population passes through the primary education cycle.
3. Preliminary objectives focus on the number of micro-enterprises and small businesses run by women, literacy rates among rural women, access to basic health insurance, and access to identity cards.
4. Reduction of infant mortality from 67 to 40 per 1000 live births (a 40% reduction).
5. Reduction of maternal mortality from 390 to 200 per 100,000 pregnancies (a 49% reduction).
6. Various targets established with respect to health services, including a sharp reduction in Chagas disease.
7. Targets exist in specific programs for the sustainable management of protected and forest areas, but there are no more general goals.
- n/a

3.14 To meet these targets, the BPRS will require about US\$7.3 billion in financing during 2001-2006. BPRS funding estimates for that period predict public investment related to its strategic components at US\$4.4 billion (representing about 97 percent of total public investment for this period). An additional US\$1,710 million would be needed for operational, maintenance and replacement expenses generated by such investment. A further US\$890 million will be required to comply with specific targets in areas that are currently not funded.²⁶

3.15 According to World Bank estimates based on VMPIEF figures,²⁷ funds committed but not spent by international agencies amount to US\$3 billion, which, together with new commitments on the order of US\$500-\$600 million per year, would mean the necessary investment funds are available. Nonetheless, there is a major challenge in diverting funds from BPRS components, especially those that are over-funded, to other components that are considered priorities. Expected current expenditure is also a cause for concern, since it appears to exceed current government capacity.

3.16 According to preliminary estimates, the 2002 budget reflects BPRS priorities. Expenditure budgeted for within the BPRS framework increased from 21.0 percent of

²⁶ Ministry of Finance, *Estrategia Boliviana de Reducción de la Pobreza*. Gobierno Nacional de la República de Bolivia. Diálogo 2000. La Paz, April 2001, p. xix.

²⁷ World Bank, 2002. Draft, Poverty Reduction Support Credit.

GDP (66.7 percent of total public expenditure) in 2001, to 23.7 percent in 2002 (74.8 percent).²⁸ The fact that BPRS priorities are reflected in resource allocation is a positive sign.

3.17 The BPRS puts emphasis on the local level, with municipalities seen as key agents in tackling poverty, thereby deepening the decentralization process that began with LPP in 1994. There are four important and innovative aspects of the way it allocates resources whether from government, HIPC II, or international partners:

- First, it distributes resources to municipalities according to poverty criteria based on census indicators. With already existing automatic transfers to municipalities in addition, there is now a combination of criteria including proportionality in terms of population, poverty level and department size, whereby the small departments receive more. Combined, these criteria offer a significant increase in funds channeled to the local level, with priority given to the poorest municipalities, as the table below indicates.
- Second, municipalities use the resources in accordance with local demand and within the local political-administrative system, thereby keeping the local political space open. The BPRS defines broad areas in which HIPC II funds can be used, but there are also levels of fungibility that allow for some local flexibility.
- Third, as it aims to promote local income generation, there are restrictions on the use of HIPC funds for local administration. Municipalities also face certain counterpart funding requirements to gain access to the Productive and Social Investment Fund (PSIF),²⁹ which receives additional resources provided by international partners. The design of the BPRS thus explicitly strives to reduce the risk of automatic transfers reinforcing welfare dependency mechanisms in the municipalities.³⁰
- Lastly, it attempts to put a stop to discretionary behavior whereby resources, programs and projects are distributed according to personal and arbitrary criteria, by government bodies at the central or departmental level, and by international partners (and NGOs). Such discretionary behavior has led to favoritism and clientelism among political and development stakeholders, and to the growth of donor agency and NGO “fiefdoms” or islands – often at convenient distances from facilities in departmental capitals. To deal with this, the BPRS contains the National Compensation Fund (PNC), which makes it compulsory to deduct discretionary transfers from automatic

28 World Bank, 2002. Draft, Poverty Reduction Support Credit. In the 2002 national budget it is difficult to clearly identify the incorporation of budgetary allocations for BPRS components/topics, by categories and items. The conceptual formulation of the 2002 budget was unchanged. Nonetheless, the Fiscal Programming Unit (FPU) at the Ministry of Finance has constructed a specific matrix making it possible to track BPRS resources in national budget execution. In addition, much of public investment will be destined for, or correspond to these components/topics, and resources will be channeled to municipalities in the areas prioritized by BPRS through the PNC and respective mechanisms (PSIF and NRDF).

29 The PSIF is the continuation of two earlier funds, the Social Investment Fund (SIF) and the Campesino Development Fund (CDF).

30 Encouraging own-income generation could have a negative effect on the poorest municipalities and those with least income-generating capacity. Solving this problem may require reforms involving the creation and/or strengthening of larger political-administrative units with better prospects for viability, such as “mancomunidades” or regions.

ones, thereby discouraging municipalities from seeking local or international “godfathers,” as has been the tradition.³¹

3.18 Efficiency and effectiveness in the use of resources transferred to municipal jurisdiction depends on the capacity of municipalities to work with focus on results and according to a vision that is shared and owned by local stakeholders. National and departmental government agencies as well as international agencies become partners under the leadership of local political authorities. The vision of Bolivia’s poverty reduction strategy thereby shows that the CDF principles are also relevant inside the country, where they serve as guidelines for relations between domestic stakeholders at various levels (national, departmental, municipal). In effect, the BPRS considers how to prevent central and departmental governments, in their role as funding donors, from slipping into the same problems of discretionality, incentive distortion, dependency, micromanagement and exclusively upward-looking accountability, which are well-known phenomena in international development cooperation.

Table 13: HIPC Resource Scenario in Four Different-sized Municipalities in the Department of La Paz (in thousands of bolivianos)

Municipality	Population 1992 Census	Tax co-participation (2001 budget)	Municipal allocation of available HIPC resources				Total co-participation + HIPC	Increase (%)
			20% education (School population)	10% health (Pop.)	70% poverty (with formula)	100% Total HIPC		
La Paz	715,900	23,143	1,092	814	1,043	2,948	26,091	11
El Alto	405,492	13,108	1,202	461	2,3945	4,058	17,166	24
Achacachi	60,050	1,941	146	68	6523	867	2,809	31
Sorata	16,073	520	29	18	200	248	767	32

Source: SFD. Hypothetical HIPC Resource Scenario (assuming US\$100 million to facilitate calculation of percentages). Single Funding Directorate (SFD), undated.

3.19 The HIPC fund transfer mechanism³² and the compensation policy are the most concrete and operational elements of the BPRS. They have been institutionalized through the Dialogue Law and by creation of the Single Funding Directorate (SFD).³³ The Dialogue Law was passed unanimously in Congress.

3.20 Despite its status as the global framework, the BPRS does not claim to offer detailed strategies and policies for everything. As indicated below, there are other policy

31 “No godfather, no baptism,” is the proverbial expression of this culture.

32 In addition to sums channeled to municipalities, 30 percent of HIPC funds are earmarked to remunerate teachers and health workers.

33 The Single Funding Directorate (SFD) was not invented by the BPRS, but was already being designed as a response to problems encountered with previous funds (SIF, FDC and the National Regional Development Fund—FNDR).

areas in Bolivia where more holistic visions already exist or are currently being articulated. Bolivian stakeholders do not interpret the CDF holistic vision principle as demanding a unique and exclusive global perspective on everything, along the lines of central planning. There is recognition of the importance of working with targets, with comprehensive strategies and perspectives in the sectoral and municipal domains, and on special topics (e.g. gender, indigenous peoples), without everything necessarily having to fit together or integrate into a single master plan or general plan.

3.21 In relation to decentralization (see annex D), it is clearly understood that the process needs to move ahead with a more comprehensive vision. Eleven topics have been defined on which the government, with support from international partners, is seeking to clarify where and how to deepen the reforms. Outstanding issues involve challenges that are very complex from the political and technical point of view. These include defining the jurisdictions of the different levels of government, the balance between sectoral and territorial authorities, the scope and limitations on municipalities' role in production, and institutional capacity development. Taken together, these issues may even point to reform of the country's political-administrative division, which would obviously engage very strong political, national, regional and local interests. This highlights the fact that building shared comprehensive visions – even at the sector or issue level – entails processes with a high political content and potential to arouse fierce dispute.

3.22 In Bolivia there are some broad cross-cutting and sectoral reform initiatives that are very comprehensive (education, the institutional reform program—IRP, see Annex E— reform of the legal system, creation of superintendencies, etc.). Partial progress has been achieved in other sectors. International cooperation often helps in formulating proposals and providing technical assistance, but one should not underestimate the capacity of successive Bolivian governments to form their own visions, strategies and programs.

Challenges

3.23 With regard to content (the BPRS process and its ownership are discussed later in this section 3.3), the strongest criticisms of the BPRS focus on the weakness of its proposals for tackling “hard poverty” (such as production in the rural highland (*altiplano*) areas, employment, political inclusion of indigenous peoples, land redistribution, savings, and generation of tax revenues), and its tendency to shy away from sensitive issues (e.g. coca, police corruption) which are very important for reducing certain aspects of poverty (vulnerability, security). Opposition parties and civil society in particular strongly criticize the lack of a productive strategy, but criticism also comes from international partners.³⁴ Notably, however, none of those interviewed had alternative proposals to put forward in this field, where even the World Bank admits to difficulties in formulating specific strategies.³⁵

34 IMF and World Bank 2001, *Bolivia: Poverty Reduction Strategy Paper – Joint Staff Assessment*; and CIDA 2002, *The Canadian International Development Agency's Experience with the PRSP process in Bolivia*.

35 World Bank, 2000, *Bolivia: Implementing the Comprehensive Development Framework*, p. 3.

3.24 As the BPRS is stronger on proposals for increasing the delivery of services to municipal levels, according to demand, it runs the risk of failing to balance demand from below with strategic supply from above, including development of sound sectoral policies and regulations. It will be a major challenge to achieve the complement in a number of areas, including indigenous questions, rural development, land, access to justice, support for migration, promotion of micro enterprises and small businesses, and effective mainstreaming of issues such as environment, gender and children. There is a risk that the BPRS alone will lead to “over-municipalization,” with its actions fragmenting (also in the municipal domain) into micro investments that clearly respond to an immediate need, but which will not necessarily have a multiplier or dynamizing effect. At the same time, it is unclear where the municipality sphere of action ends and that of the private sector begins (in irrigation, for example, but also in relation to other productive activities). The organization of the BPRS participatory process (focusing on municipal roundtables instead of functional stakeholders), has clearly reinforced the tendency to magnify the virtues of municipal autonomy.

3.25 Another criticism concerns the optimistic economic growth scenario on which BPRS is based (average annual growth of 5 percent to 2015), compared to actual trends in the Bolivian economy and the new regional and international context. Growth averaged 3.1 percent between 1986 and 2001, and just 1.0 percent in the latter year. Expectations for 2002 fluctuate between 2.5 percent and 3.5 percent,³⁶ but even these figures are considered optimistic by some local analysts, especially in view of the crisis in a neighboring country (Argentina), and the current domestic electoral period (national elections for president, vice president and Congress are scheduled for June 2002).

3.26 While accepting that the growth rates hoped for will definitely not be achieved, key stakeholders claimed that this does not undermine the validity of the BPRS – it will just take longer to achieve its goals. The basic premise is simply that poverty reduction will not be achieved without economic growth.³⁷ But some observers reply that if BPRS targets would be achieved anyway with economic growth as projected, then why are BPRS actions needed in social sectors in the first place?

3.27 The BPRS is broad in some formulations, and does not always specify its intermediate targets and indicators.³⁸ A particular criticism in this regard is that nearly all current international agency programs and projects are now encompassed within the priority areas of the BPRS, often because of explicit efforts by interested parties to have them included.

3.28 The relation between the BPRS and short-term political decisions does not seem very strong. Having been a key promoter of both BPRS and CDF principles when he was vice president, Jorge Quiroga launched his “12-month program” shortly after taking office as president in August 2001 and five months after the BPRS had been approved. Although this program includes some of the actions defined in the BPRS, major elements

36 Ministry of Finance, Budget—2002. Vice Ministry of Budget and Accounts, Ministry of Finance, La Paz, 2002.

37 In May 2001, the IMF and World Bank Joint Staff Assessment considered the BPRS growth scenario as ambitious but realistic. It warned of the risks of external shocks, however, and these unfortunately have already arrived.

38 In such cases there is also a lack of specificity in other strategies or policies.

are missing, including irrigation, environment, the indigenous question and gender. The BPRS acronym also does not appear (but the Dialogue Law, which institutionalizes the use of HIPC funds, is mentioned). Although this does not mean that BPRS actions will not be continued, it is a clear indication that the government itself does not see the BPRS as a guide for short-term policies, or as a brand name widely recognized by the public.

3.29 The challenge of achieving adequate consistency between short- and long-term policies is even greater considering the acute social and political conflicts the country is experiencing, which seem to define a political agenda that is at least as important as the BPRS, if not more so.

3.30 In the Bolivian public sector, there is often a weak relationship between plans and budgets on the one hand, and actual execution on the other. There are several reasons for this, including: non-fulfillment of budgeted transfers because macroeconomic management takes priority; weak budgetary discipline among executing agencies; inadequate, tardy and unreliable accounting; and a lack of sanctions.³⁹ Bolivia also does not have a medium-term expenditure framework (MTEF) in place. It will be a major challenge to develop the capacity to ensure stable and sustainable implementation of plans, visions, and reforms, and Bolivia has a long way to go in this regard.

3.31 The BPRS was formulated on the assumption, in particular, that local capacity existed in the short term to execute actions to be financed with HIPC II and other funds reaching the municipalities. In this sense, the BPRS repeats the model used to introduce the Popular Participation Law (PPL) in 1994, by providing funds at the local level before considering how to create the conditions and capacity to ensure they are used responsibly and efficiently. There is still very little capacity to generate projects and execute resources eight years after the LPP, especially in the poorest and smallest municipalities. Although ad hoc efforts currently being made to assist municipalities have been acknowledged, it will be a major challenge to strengthen municipal capacity on a sustainable basis and guarantee efficient and transparent use of the funds transferred.

Issues for Debate

3.32 Undeniable progress has been made with the reforms and in formulating and implementing the BPRS. Nonetheless, the repeated social conflicts⁴⁰ invite to consider whether the BPRS poverty concept (also expressed in the Millennium Development Goals) adequately captures aspects of poverty that stem from marginalization and political, cultural and social exclusion, lack of access to justice, people's perceived impotence in the face of constraints on their ability to influence their personal destiny, and individual and collective frustration arising from vulnerability.

3.33 For all its qualities, the BPRS is very weak in its analysis and proposals for promoting economic growth in the poorest rural areas; but, as mentioned above, the study

³⁹ World Bank, 1999, *Bolivia: Country Financial Accountability Assessment*.

⁴⁰ There were serious conflicts in April 2000 (water dispute in Cochabamba) and in September 2000 (mainly in the La Paz altiplano), which occurred after the dialogue experience and process; and again in January-February 2002 (Cochabamba-Sacaba and Yungas and the La Paz altiplano).

team was unable to find convincing alternative proposals either among other social and political stakeholders, or among international partners. Debate in Bolivia shows that the issues considered relevant to poverty reduction include the relationship between the market and the state, design of the political system, deep reform of governance and justice administration, cultural and ethnic patterns, possible alternatives to policies recommended and imposed by international financial institutions (IFIs) – in short, almost any aspect of politics, ideology and values. These are also the central issues in the current electoral campaign in Bolivia.

3.34 This prompts the question as to whether the goal of constructing a broad, comprehensive and operational vision and strategy for something as complex, difficult and political as poverty reduction, inevitably runs the risk of being seen as a political program belonging to certain parties, which others will not subscribe to. If for no other reason, they will not subscribe precisely because it is someone else's document. Or, put another way, there is a risk that the demand for a BPRS that is broadly agreed between the parties and by society actually requires the suspension of a basic function of multi-party democracy, namely the creation of divisions and alignments based on different interests and values engendering different visions and plans that compete openly with one another.⁴¹

Box 3: Visions, Strategies and Plans in Bolivia

- Following the application of structural adjustment policies (1985), and in the framework of state modernization reforms, at least seven strategies and plans (visions) have been formulated in 13 years, not counting sectoral plans and those aimed at economic recovery:
- Economic and Social Development Strategy 1989-2000 (ESDS), under the Paz Estenssoro administration in 1989.
- National Development Strategy: A Tool for Consensus, during the administration of Paz Zamora in 1992.
- General Economic and Social Development Plan of the Republic, GESDP,—the “Plan for All”—promulgated in 1994;
- Agricultural Restructuring Strategy (ARS) in 1997, under the government of Sánchez de Lozada.
- Operational Action Plan 1997-2002, in 1997;
- General Economic and Social Development Plan 1997-2002, in 1998; and
- Bolivian Poverty Reduction Strategy (BPRS), under Hugo Banzer Suárez in 2001.

The government of Jorge Quiroga (2001-2002) designed the “12-month program” in view of the short duration of its constitutional mandate.

3.35 Bolivia has a long history of plans and visions. The capacity to formulate plans—and persuade international partners to accept them enthusiastically⁴²—is highly

41 The CIDA study (op cit) notes that preparation of a poverty reduction strategy would be a huge task for any country, including developed ones. Countries developed under a market economy model do not have comprehensive strategies of this type.

42 The Operational Action Plan of 1997 was seen by the World Bank as a valid long-term vision. The Bank – and some donors – restructured their own organizations in accordance with the plan. Now they are changing again on the basis of the BPRS.

developed. In many areas, the implementation and impacts of such plans have been less successful than their formulation, as we shall discuss below. This historical perspective should be seen in conjunction with the evident and well-documented difficulty of planning societal development, and the fact that Bolivia is a democracy where governments have the right and duty to formulate their own vision, strategies and policies.

3.36 If one had to predict the future, the conclusion would be that BPRS is unlikely to be long-lived, except as a tool for allocating HIPC II funds, formalized in the Dialogue Law. This sees BPRS as a step in the process, which is healthy, and may mean that the CDF demand for a holistic vision should be understood more in terms of continuous processes of construction and reconstruction of visions (poverty reduction strategy *processes* instead of *papers*). The study team did not hear convincing reasons why BPRS has a better chance than other visions of being maintained as a medium- and long-term guide, except the argument that it is linked to specific financing. But this financing is currently limited precisely to HIPC II funds (see section 3.4 concerning international agencies' positions concerning the BPRS).

3.37 The demand for a BPRS was entirely driven by Bolivia's international partners, as the *sine qua non* for access to HIPC II. It will therefore be somewhat ironic, when looking back in a few years' time, if it turns out that the promoters of the BPRS achieved a strategy for using HIPC II funds, which was precisely Bolivia's strongest incentive for designing it.

Country Ownership

3.38 The principle of country ownership can be defined as processes with the following characteristics:

- Identification of development goals and formulation of strategy by the country, not by development assistance agencies.
- Regular and broad-based stakeholder participation, with evidence of sustained public support from top political leadership and intellectual conviction by key policy-makers.

Achievements

3.39 Bolivia has succeeded in developing and owning long-term reforms through processes that preceded CDF principles. Many of these reforms have included initiatives and innovations with a specific and exclusive "Bolivian brand." Evidence of ownership is seen in Bolivia as the difference between a government policy (i.e. not more broadly owned) and a state policy (which is owned by all major stakeholders in the formal political system).

3.40 The BPRS was prepared following a wide-ranging national dialogue. Bolivia has a participatory vocation and deliberative tradition, and in this framework, the national dialogue achieved a high level of response, involvement and participation from social stakeholders, mainly in the municipal domain, but not from so-called functional, union or sectoral stakeholders. Political parties did not participate either to any great extent. The

political dialogue that was to have resulted in a top-level “political summit” was suspended because of divergences between parties in the governing coalition and the opposition. The economic dialogue was held with representatives of various economic interest groups without yielding far-reaching conclusions.

Box 4: National Dialogue 2000

“The immediate forerunner of Dialogue 2000 was Dialogue 1997, which established the need to hold specialized consultations on the subject of poverty.

In 1998, a team of Bolivian consultants prepared a poverty reduction proposal (“*Propuesta contra la Pobreza*”), which would later form the basis for specialized dialogue on this issue. However, the initiative was postponed for lack of consensus.

Planning of the process finally began when consultations became a requirement for gaining access to HIPC II. It was then, in the middle of 1999, that the first phase of Dialogue 2000 was initiated, which was to last until April 2000. In December, it was decided that the basis of the new process would be municipal. Nonetheless, in April the dialogue was suspended when the government decreed a state of siege to suppress social protests.

The second phase began in May, once social conditions returned to normal. The dialogue scheme grew as a result of the April crisis; economic and political agendas were added to the social one.

Municipal and departmental roundtables were held between June 6 and July 14. Results from this process and from the political and economic agendas were delivered to President Hugo Banzer on August 2. The national roundtable was held between August 28 and September 1, 2000.”⁴³

3.41 One sign of ownership of the dialogue process was the subsequent approval of the Dialogue Law, which lays the foundations for continuity of the process and requires the BPRS to be updated every three years in consultation with civil society. It also includes the legal framework for establishing a mechanism of social watch by civil society organizations, spearheaded by the Catholic Church.

3.42 The BPRS preparation process also opened up a certain level of intersectoral dialogue between ministries and government institutions that normally do not have a strong tradition of cooperation. Based on the BPRS experience, the Central Bank and the Ministry of Finance have developed a joint model for medium-term fiscal projections. The strategy’s focus on municipalities, devolving additional competencies to them and creating interagency coordination mechanisms in the municipal domain (productive, economic and social development councils), and the compensation policy that will affect certain sectoral programs (e.g. water and sanitation), have drawn attention to the need to raise the level of intersectoral coordination at both the local and central level.

3.43 A process closely related to the BPRS is decentralization, which began in 1994 under strong leadership of the government. The government did not seek major dialogue neither with its international partners nor with other national stakeholders before drafting

43 National Dialogue Project, *Lucha contra la Pobreza: Entre la deliberación y el tinku*. Memoria del Diálogo Nacional 2000. Proyecto Diálogo Nacional. La Paz, January 2001, pp. 14 -15.

and launching the Popular Participation Law. Based on hard work and very firm conviction, a small group of technocrats of the President's confidence initiated an irreversible process.

3.44 International partners have been heavily involved in the subsequent deepening of the decentralization reform, both with financing and with technical assistance and policy dialogue. They work alongside the government in various monitoring groups, and serve on oversight committees related to specific programs. According to observations and interviews by the study team, international agencies lack neither voice nor vote in this forum. In some cases, the technical assistance they provide has come to be perceived as "more government than the government itself." Nonetheless, international partners do not work on their own, but in close coordination with a small group of top-level government civil servants. At the present time, stakeholders perceive a sense of "shared ownership," which, according to comments made in interviews, suits both parties in this stage of the process. This example shows that the principle of "country ownership" should not be seen as an absolute, and that the roles of government and international partners, respectively, are not defined and dictated in a static and inflexible manner at any stage of the strategy formulation process.

3.45 Another example is the Social Investment Fund (SIF). Ever since the early structural adjustment programs, the World Bank in particular has promoted the idea of creating a mechanism for alleviating the effects of adjustment programs. In keeping with its tradition of serving as a laboratory, Bolivia was one of the first countries where the concept later known as SIF was applied and brought to fruition. Although formally owned by the government, there is no doubt that the chosen mechanism (parallel to the government and intended to be protected from public-sector inefficiency and corruption) resulted from international partners' legitimate reluctance to leave their money in government hands.

3.46 In the end, the SIF and two other funds of the same type were unable to escape the ability of the informal patronage system to capture their mechanisms, in order to extract rents or grant favors to their clients. This appropriation by private interests has led the present government to aim for a more comprehensive reform of fund mechanisms, with less room for discretion and more control and supervision, including civil-society representation on national and departmental boards. Although the basic mechanism of the funds continues to be viewed as a parallel scheme that is protected against the vices of the normal public system, there are positive expectations and both broader and stronger ownership among national stakeholders, including those at the local level. The mechanism, with its history of being essentially donor-driven, is now at least something more than merely a donor mechanism.

3.47 For several years now in their dealings with various governments, international partners have been insisting on depoliticization, institutionalization and greater professionalism in the public administration.⁴⁴ Except for the Office of the Controller of

⁴⁴ In addition, given the discretion (in some cases corruption) with which certain public-sector bodies have administered funds obtained through external assistance, mistrust of the public sector by international partners has grown steadily. For that reason, the institutionalization (depoliticization) of bodies that control or execute programs and/or projects that are mainly financed by international cooperation, have become a pre-requisite for these institutions

the Republic, the Central Bank, and the Customs Service, progress in institutionalization has been slow and has mainly occurred among regulatory bodies (sectoral superintendencies). The apparent reason for this limited progress has been the lack of real ownership of the reforms by the political system, and the fact that the reforms affect strong political and economic vested interests.

3.48 Only when Jorge Quiroga, the current president of the Republic, took office did the institutionalization process gather pace.⁴⁵ So far, under the Institutional Reform Program (IRP), supported by the World Bank and several bilateral donors:

- the Civil Service Statute has been promulgated and a Civil Service Superintendency created;
- a process has started to obtain sworn statements from civil servants publicly declaring their net worth of their assets;
- civil service reform has begun in institutions such as the Customs Service and the Ministry of Agriculture, Livestock and Rural Development; and several other institutions are devising strategic institutional reform plans (SIRPs) in order to sign institutional reform agreements (IRAs) with the IRP.

3.49 The Ombudsman's Office is another example of institutionalization, in which the process also was characterized by firm leadership from the organization itself, together with a high level of acceptance by civil society and strong support from international partners.

to gain access to CI resources. The clearest example of this involved institutionalization of the SNC, which was carried out under pressure from international cooperation (via a freezing of disbursements).

⁴⁵ The president led the institutional reform program when he was vice president.

Box 5: The Institutionalization Process in the Customs Service⁴⁶

For a long time the Customs Service in Bolivia was seen as corrupt and under the total control of the political class that governed the country. Many staff in the institution worked on an “ad-honorem” basis without receiving wages, yet there was tremendous pressure to obtain jobs in the organization.

Several attempts were made to reform and modernize the Customs Service, but governments shied away from taking the decisions needed to restructure it and make it more professional, because of political pressure from the parties they represented. Finally, like several other reforms, institutionalization of the Customs Service was included among the conditions the country had to satisfy in agreements with the IMF.

In 1998, before embarking on reform of the Service, the government requested technical assistance from the IMF to carry out a study that would later form the basis for starting the institutionalization process in this organization. Subsequently, in 1999, the government promulgated Law 1990 regulating customs activities. This legislation was the outcome of a long process of political discussion before agreement over its contents was finally reached.

The Customs Service adopted IRP rules in carrying out its own institutionalization process, and at the present time has professional staff at each of its levels. Staff selection was outsourced to a competitively selected firm, which made sure the Customs Service did not interfere in the process, thereby giving greater transparency to staff selection.

At the present time the problems being faced by the Customs Service concern its functional tasks. Training for new staff (for which it receives technical assistance from IRP itself), and tackling issues such as revenue targets and mechanisms to reduce contraband, are now its main concerns on which it will be evaluated as an institution.

Challenges

3.50 The majority of informants stressed that the dialogue leading to the BPRS was important and had been broader than on previous occasions. Criticisms of the process focus on two issues: lack of representativeness of participants, and the manner and extent to which the government incorporated points of view expressed during the dialogue into the strategy.

3.51 The study team agrees with the assessment made in a CIDA analysis to the effect that political and social support for BPRS is less than what had been hoped for.⁴⁷ The municipal organization of the dialogue gave preference to “horizontal” representatives, such as mayors, councilors and members of vigilance committees, who were often part of the local political system and elite. The poor themselves did not participate in significant numbers, nor did women.⁴⁸ Major labor unions and trade associations were absent. There

46 Apart from the bibliography cited, the information discussed here was obtained from interviews held with customs staff, and with individuals or firms that participated in that organization’s institutionalization process.

47 CIDA, op cit.

48 Christian Aid, 2001, *Participating in Dialogue?* sees this as the most significant defect in the entire process . A counter-argument is that it is easy to lobby for direct participation by the poor, but much harder to achieve it.

was little participation from the government, and virtually none from Parliament; the judicial branch was also absent, and political parties were neither clearly represented nor identified.⁴⁹

3.52 The social tensions that Bolivia experienced in April 2000 caused the national dialogue to be postponed, which, together with the absence of functional/union stakeholders, shows that there are at least two types of “dialogue” in Bolivia. Firstly, there is the social, municipal and fight-against-poverty dialogue, supported by international agencies with their predefined plans, procedures and processes. Secondly, there is the dialogue that expresses itself in social conflicts over economic and structural issues, mediated by the Catholic Church, the Ombudsman’s Office and the Permanent Assembly for Human Rights. The two dialogues have different agendas and priorities, and the great challenge is to build a bridge between them. The participatory process in the BPRS dialogue has not had the effect of establishing a form of social agreement or pact that would function as a stabilizing framework for political processes in the country.

3.53 Following the national dialogue, the government of Bolivia designed the BPRS on its own, and then later invited observations through a workshop entitled “The government listens.” Assessments of this process vary widely. On the one hand, it is accepted that the strategy is ultimately a product of the government, which has not only the right but also the duty to govern. On the other hand, informants point out that the strategy is conditioned by international partners, and that there was no real opportunity to formulate alternatives without running the risk of losing access to debt forgiveness.⁵⁰ More seriously, the consultative process generated many expectations, and failure to rapidly satisfy them has fostered cynicism, loss of credibility and mistrust in the government (which was already considerable when the dialogue was first launched).

3.54 By institutionalizing social watch mechanisms and triennial reviews of the BPRS through consultative processes, the Dialogue Law formalizes new mechanisms for direct participation as a supplement to representative democracy. There is a lack of strategic clarity in the functions of the various parallel social watch mechanisms (control through democratic vote, vigilance committees, social watch of the BPRS, autonomous public bodies – superintendencies, etc.). The risk is that perceived deficiencies in the political system may lead to the establishment of alternative or parallel mechanisms, instead of changes enabling the democratic system to function. Overvaluing alternative mechanisms could have serious consequences for democracy, which remains fragile in Bolivia in this regard.⁵¹

3.55 Lastly, there are areas where ownership of visions by national stakeholders is very weak, and where it is apparently international partners that try to impose an agenda rather than national stakeholders with political clout. This is true of several aspects of environmental and gender issues, both of which fall within the jurisdiction of the Ministry of Sustainable Development. In neither case is there a long-term holistic vision,

49 UNDP, 2002, Evaluation of National Dialogue 2000.

50 Christian Aid, op cit.

51 Christian Aid (op cit) claims that the dialogue process was not “wholly independent” of political processes, as if this would have been desirable. It reflects the quite frequent perception in Bolivia that “political processes” are illegitimate.

although this does exist in relation to certain environmental subtopics, where coherent visions and national ownership are both in evidence.⁵²

Box 6: Gender – An Un-Owned Vision in Bolivia

Since 1993, international partners, spearheaded by a number of bilateral agencies, have been helping to build national capacity to address gender issues, through what today has become the Vice Ministry of Gender, Generational and Family Affairs, VMGGF (Viceministerio de Asuntos de Género, Generacionales y Familia, VAGGF).

Nonetheless, the Vice Ministry has still not managed to turn itself into an organization of national significance. It receives symbolic funding from the national budget and continues to function essentially with external financing. It has had four Vice Ministers during the last four years, and little functional stability.

In October 2001 VMGGF obtained approval of a Supreme Decree on national gender policy; but this was a condition for disbursement of a larger IDB credit with no direct relation to the gender issue.

The apparently low priority assigned by the government and the country to this issue is not unique. Since the Beijing Conference in 1995, international partners have formed a sectoral working group on the issue – but without government participation. Apparently, the group does not enjoy high priority among international agency leaders, most of whom are male. Some of them send administrative staff (secretaries) as representatives, which is unheard of in other forums. Moreover, a survey of bilateral agencies conducted by the working group on gender mainstreaming failed to elicit replies from the very agencies that promoted the survey.

Furthermore, the Civil Service Statute (Law 2027 of October 27, 1999), which was passed as part of an institutional reform package, involves a backward step, or at least an omission, with regard to the right to maternity leave – yet this apparently did not provoke protests from international partners.

There are people who are seriously trying to make progress on this issue – in the government, in the country and within international agencies. But, in short, much remains to be done to create a holistic vision, country ownership, true partnership and meaningful results.

3.56 The fragile ownership of certain reforms and policies—including the BPRS—is clearly visible when a change of government approaches. The outgoing government, and international partners, to the extent that they support pending reforms – tends to establish “anchors” to ensure continuity (e.g. passing laws not always agreed with the opposition, preparing and signing loans or grants to support certain reforms). Although this may ensure certain long-term visions, it potentially undermines the future government’s decision-making options – and, if democracy is legitimate, the decision-making options of the electorate itself. A delicate challenge thus arises, namely to establish an appropriate balance between continuity and democratic policy changes.

Issues for Debate

3.57 Experience in Bolivia on the issue of ownership raises questions about both parts of the working definition with which this section began: (i) identification of development

⁵² Community management of protected areas is a strategy that has gained significant country-ownership.

targets and formulation of strategies by the country itself, rather than by international cooperation agencies; and (ii) regular and broad participation by stakeholders, with evidence of sustained public support by top-level political leaders, and intellectual conviction among key policymakers.

3.58 In relation to the first part of the definition, experience in Bolivia shows that processes for formulating goals and strategies are not linear, where “the country” formulates them and international partners then make their comments, impose their conditions and/or give their approval. The history of reforms in Bolivia shows that often it is small groups of champions that provide the driving force, through their leadership, conviction and capacity—but not always with a sufficiently strong power base—to initiate reform preparation processes. On several occasions international partners have given strong support, not only by providing economic assistance, their experience, and technical expertise, but also on some occasions, by virtue of their involvement, providing a degree of protection of reformers against other government or social factions with interests that could be affected by the reforms. In some cases, in agreement with the reformers, they apply very specific pressure through conditionalities that are hard to ignore in a country so reliant on international cooperation. There are also examples of reformers, who normally would have been government bureaucrats, being hired by international partners for their own protection. And, on the contrary, international experts or officials have operated, in practice, as highly efficient internal change agents. In both scenarios, the outcome has been positive.

3.59 As reform processes evolve along these differing lines, their content often displays a certain technocratic bias as the reform champions—including international agencies—seek to protect specific areas of public administration from the political system. The problem is that, on the one hand, there is a danger of “depoliticization” in spheres in which legitimate issues and political interests fail to find expression in the reform processes; on the other hand, however, it is difficult in practice to “protect” reforms and prevent them from being appropriated and abused by the informal system.

3.60 The Bolivian experience confirms that reforms ultimately advance only if they enjoy sufficiently powerful support. But there are no simple principles and no recipe for establishing reform processes or defining what role international agencies should play and how involved they should be. This calls for careful attention to the strategic design of reform processes by international partners and national stakeholders alike (such as the need for champions together with broader participation at appropriate times, and “marketing” of visions). For international partners, this implies the need for more intimate knowledge of macro- and micro-political processes, which can be gained only through qualified presence in the country and by joint efforts between government, international partners and other stakeholders to foster suitable levels of trust. Among certain stakeholders in Bolivia, this action capacity of international agencies is known as “donor ownership,” a concept now seen as a necessary complement to country ownership.

3.61 The second part of the working definition—broader and regular participation by interested parties—implies a privileged role for consultative processes. The relevance and legitimacy of such processes should be considered in relation to the processes in the

representative democratic system. The fact that opposition parties in Bolivia did not participate wholeheartedly in the dialogue, and that they have reservations about the BPRS, is not a technical flaw in the design of the process from this point of view. The decision to include municipal representatives in the dialogue, but to keep certain other stakeholders (union leaders) outside, was not a technical defect either. Both situations have political considerations and decisions underlying them, and, as one study has noted, it would be disingenuous to expect things to be otherwise.⁵³

3.62 Direct consultation with legitimate representatives of legitimate interests is likely to be useful in any democracy, as a complement to the representative system. One of the problems in Bolivia is precisely the lack of negotiation opportunities and capacity among stakeholders, and the weakness of representation mechanisms that often are dominated by prebendalism and clientelism, which are deeply rooted in the country.

3.63 The cost of launching broad participatory processes not aligned to other political processes is that they generate expectations that are likely to exceed the capacity to satisfy them of current or future Bolivian governments. This is especially true of a topic as wide ranging, complex and conflictive as poverty reduction. If it had been limited to the question of HIPC funds, it might be another matter.

3.64 In conclusion, it is important to recognize that the introduction in Bolivia of national dialogues and the BPRS (a holistic vision and country ownership in CDF parlance) has meant launching a new political process on top of other domestic political mechanisms. Bolivia's experience provides no evidence that much attention was paid to this fact, or that there was much reflection or analysis within international agencies and the government, before the process was launched, on the nature of the process as a political experiment, with the associated political risks.

3.65 The pressure of deadlines set by international partners naturally influences the nature of participatory processes. Unless these deadlines are balanced with other endogenous political processes, there is an additional risk that the ownership requirement—demanded by international partners themselves—may become an inappropriate intervention in domestic political processes. Inappropriate, not as intervention per se, but because its potential consequences have not been strategically considered. Pressures to meet deadlines and make disbursements may be fully shared by international partners and the government, but they can also result in the ownership process becoming just one more formal requirement, thereby distorting the outcome. The dissonance between Dialogue 2000 and the social protests is evidence of this risk, as is the launch of the BPRS shortly before a change of government.

3.66 According to this line of thinking, country ownership is about the capacity of a country's political-participatory system to continuously balance the interests of all citizens, and it should not be reduced to ad hoc participatory processes. Stakeholder assessments of the dialogue in Bolivia show a clear understanding of this issue. In conclusion, Bolivia's experience demonstrates that the principle of ownership puts all of

53 CIDA, op cit.

the country's political processes at the center of attention, whether influenced by international cooperation or not.

Country-Led Partnership

3.67 The principle of country-led partnership shall be defined as a set of processes with the following characteristics:

- (1) Government leadership in the management and coordination of aid resources, including:
 - analytical and diagnostic work;
 - aligning external support on the basis of the country's development strategy and development agency comparative advantage;
 - harmonization of development agency procedures and practices, e.g. procurement, reporting, and evaluation;
 - mutual trust, consultation, and transparency.
- (2) Relations among government, development agencies, and other stakeholders, marked by:
 - assumption of accountability for sound financial management and performance;
 - effective, demand-led support for strengthening government management and coordination capacity and not undermining it.

Achievements

3.68 Relations between Bolivia and its international partners have definitely improved significantly during the past 10 years. As indicated earlier, the Consultative Group mechanism, the New Relationship Framework, and the shift toward sector-wide approaches by international agencies have clearly had an impact, improving coordination and enhancing both transparency and the gradual alignment of international cooperation with national priorities. As a general rule, VMPIEF is taking the lead regarding these macro-level coordination processes.

3.69 International partners have demonstrated their commitment to partnership by supporting the HIPC initiative both through debt relief and through technical and financial assistance for the national dialogue leading up to preparation of Bolivia's PRSP. In light of Bolivia's capacity to make good use of the external financing placed at its disposal, the country's graduation and exclusion from concessionary lending has been postponed for two years.⁵⁴

3.70 The study team attempted to ascertain whether donor strategies were in line with government priorities. However, many agencies were in the process of rethinking their strategies, tailoring them to the pace of changes of government in Bolivia. In this

⁵⁴ This was a key topic in the PRSP since Bolivia argued that it was contradictory for international agencies to graduate Bolivia while at the same time allowing it access to HIPC debt forgiveness. Graduation for IDA credits has been postponed, in principle, until 2005 in the case of the World Bank and until 2009 in the case of IDB's concessional credit window.

rethinking process, the PRSP will be an important benchmark.⁵⁵ Several agencies indicated that they were adopting sector-wide approaches (SWAPs), which, at least in principle, would suggest a rapprochement to national policies and priorities.

3.71 Several national and international NGOs also uphold the principle of partnership. According to the representatives interviewed, they are giving up traditional “island” projects and opting to advocate and seek influence on public policies. They confirmed that there is less discretionary leeway in the allocation of international aid, including their own in-house activities.

3.72 The origins of the New Relationship Framework were previously described in Section 3.1 above. Consultative Group (CG) meetings have been held since December 1986, co-chaired by the Bolivian government and the World Bank. In 2001, the Fourteenth Consultative Group met in Bolivia (GoB), instead of Paris, not without certain misgivings on the part of the government, which was afraid that there could be political interference. At this first meeting of the Group in Bolivia, the government did not allow participation by representatives of civil society. Consultative Group meetings are considered important by both the government and international partners. Most local international agency representatives prepare very specific positions on subjects related to government priorities. Currently, the Vice Ministry of Public Investment and External Financing (VMPIEF) is putting together a matrix for setting priorities for coordination, which will provide a basis for discussions concerning the need for reallocations in light of the BPRS.⁵⁶

3.73 At the Thirteenth Consultative Group meeting in 1999, a so-called Management Group was set up composed of one government representative and one international agency representative for each working group organized in accordance with the four pillars of the government’s 1997—2002 Plan of Action: opportunity (seven subgroups), equity (four subgroups), institutionality (three subgroups) and dignity (four subgroups). The Management Group held periodic meetings to coordinate with the representatives of each subgroup. This coordination arrangement formed the basis for the preparatory stage of the BPRS. Coordination between the government and international cooperation was strengthened at the Fourteenth Consultative Group meeting in September 2001 with the formation of four working groups.

3.74 International agencies play a very active part in what are considered to be key issues (decentralization, institutional reforms). For instance, 11 aspects of decentralization are discussed in 7 subgroups, with the participation of 9 bilateral and multilateral agencies and 7 government agencies. The subgroups are headed by government representatives.

55 With the data available in Bolivia, it is not possible to say what percentage of the assistance to the country is “sector support,” a term that can, in any case, be interpreted in a number of different ways. Only two agencies explicitly rule out adopting a kind of SWAP: the Japanese International Cooperation Agency (JICA) and Germany’s Gesellschaft für Technische Zusammenarbeit (GTZ).

56 The notion of a matrix for setting priorities was already present in the debate surrounding the New Relationship Framework launched by the GoB in 1999. It is somewhat similar to the kind of CDF matrix recommended in the note by the president of the World Bank introducing the CDF.

3.75 The role played by international agencies in the sector-based working groups varies according to the capabilities of the agencies and their staff. On several occasions, they have fulfilled an important function as timely transmitters of ideas and experiences that were taken up, analyzed, processed, and “owned.”

Box 7: The 4 Groups and 17 Subgroups Concerned with the BPRS⁵⁷

1. BPRS sustainability, coordinated by the Economic and Social Policy Unit (ESPAU) – IMF
 - Graduation and HIPC
 - Tax reform
 - Market access
2. BPRS implementation and follow-up, coordinated by VMPIEF – Netherlands
 - Information systems
 - Action Plan
 - CM-CG indicators
 - Investment priority matrix
 - Target-Indicator-Objective-Program link
 - Ideal matrix
 - New Relationship Framework
 - National Dialogue – BPRS
3. Institutional and Efforts to Combat Corruption, coordinated by the Office of the Vice Minister for Governmental Coordination and Denmark
 - Modernization of the state
 - Judicial reform
 - Institutional and efforts to combat corruption
4. Participation and Social Integration, coordinated by the Office of the Vice President and UNDP.
 - Participation and social oversight
 - Gender equity
 - Indigenous peoples development

3.76 There are various examples of cofinancing or basket funding. IRP, SFD, and the Office of the Ombudsman are examples of different kinds of joint financing. Sometimes there is a tendency to treat basket funding as an end in itself rather than a means. Yet Bolivia displays a fairly wide range of financing modalities to deal with the various hurdles or requirements of individual agencies (e.g. combined co-financing schemes, where several donors provide support through the World Bank, and others provide direct support, all within the same program and with shared monitoring mechanisms.)

3.77 Imaginative use is being made of the competitive advantages of agencies as regards their operating mechanisms. Some agencies have very agile and flexible mechanisms with decentralized powers to provide, say, short-term technical assistance, that other agencies lack. Coordination thus makes it possible to combine efforts and

⁵⁷ VMPIEF. “Participación de la Cooperación Internacional en el Financiamiento de la EBRP.” [Participation of International Cooperation in BPRS Funding]. Address by Bernardo Requena B., Vice Minister of Public Investment and Foreign Borrowing (VMPIEF). La Paz, September 25, 2001.

options and, to some extent, to bypass obstacles created by some agencies' rigid procedures. The personal commitment of many representatives to making the most of their function as partners sometimes leads them to go further than they are, strictly speaking, allowed to, even at some personal risk, in order to achieve flexible and expeditious forms of cooperation.

Box 8: Experience with “Basket Funding” the Case of the Ombudsman’s Office

The Ombudsman’s Office is a state institution, which was established by law in 1997 and started to operate the following year. So far the institution has developed sufficiently to allow it, among other achievements, to implement a system for addressing complaints; to appoint representatives in the major cities and in areas of conflict (Chapare); to distribute teaching material about its functions and citizens’ rights; and to conduct activities based on persuasion, mediation, and consensus-building, as well as investigations on its own initiative.

The Ombudsman’s Office appealed to international agencies to boost its budget. Right from the start, international cooperation partners were keen to make bilateral contributions.

Nevertheless, it still took almost a year of discussions between the Ombudsman’s Office and international partners, and among the agencies themselves, to work out a funding mechanism. Initially, especially for partners, the idea was to base support for the institution on a traditional project approach, which meant that each donor would decide how and where to provide assistance.

One representative of the donors proposed supporting the Ombudsman’s Office through “basket funding,” in which donors pool resources for a strategic comprehensive program, complete with performance indicators and performance-monitoring systems.

Agreeing on disbursement procedures and convincing headquarters in the various donors’ countries of the wisdom of this new approach were the most time-consuming aspects in launching the new disbursement arrangements.

At the end of 2000, the Ombudsman’s Office presented its Five-year Strategic Plan to the government and international partners. Thus far, basket funding is supported by contributions from seven bilateral donors and UNDP.

Despite the long time it took to put the basket funding mechanism together, both international agencies and the Ombudsman’s Office are pleased with the outcome, because they consider that the benefits (avoidance of duplication, a long-term comprehensive plan approach, guarantees that it will be implemented, simpler disbursement arrangements) will outweigh the high initial transaction costs, which are also viewed as an apprenticeship investment.

3.78 The form that partnership takes depends to a large extent on the trust among the partners. It is very clear that the overall trust between international partners and the government, which had peaked after 1998 and the introduction of Dialogue 1 and the New Relationship Framework, declined sharply until Jorge Quiroga took office as president in August 2001. Currently, international agencies are once again keen to assume a position as trusted partners.

Challenges

3.79 Despite the many mechanisms that exist for dialogue and coordination there are 850 projects or major programs with foreign funding (out of a total 2,500 projects), managed by VMPIEF⁵⁸. This suggests that international assistance is still highly dispersed and fragmented, an impression that the study team confirmed during its trip to Chuquisaca.

3.80 Many observers see the short- and long-term reallocation of international agency resources pursuant to the BPRS as a test of the readiness of the agencies to adapt their assistance to national priorities. Given the current high degree of dispersion, both the need and the magnitude of the effort involved are obvious.

Box 9: Strengthening Municipal Capabilities in Chuquisaca

In recent years, more than ten agencies have taken part in institution-building projects for the 28 municipalities in the department of Chuquisaca. In the opinion of officials at the Departmental Prefecture and of other municipal officers, there is an over-supply of training, with each agency tending to work in its own way and, with few exceptions, according to preconceived ideas. They add that there is considerable duplication, a preference for working at only comfortable distances from the departmental capital (Sucre), and a tendency to support the stronger municipalities. According to the stakeholders, there is no joint agenda, although, with the exception of some agencies, there is much more coordination than there was ten years ago. Agencies, programs, and projects in this field in recent years include:

- The Municipal Institutional Development Program (MIDP), funded by the Bolivian Treasury.
- The second Rural Communities Development Program (RCDP II), funded by the World Bank
- The Central Chuquisaca association of eight municipalities (*Mancomunidad de Chuquisaca Centro*), supported by the Dutch Cooperation Service (SNV), NGOs (CEDEC, ACLO and the UNISUR network), USAID, CARE, and PL-480.
- Strengthening of the Chuquisaca Municipal Association, *AMDECH*, supported by SNV, USAID-DDCP, Belgium, CIDA, and the European Union.
- The Fund for the Alleviation of Poverty (with financing from the Netherlands).
- Support for the municipal governments of Gran Chaco and the Federation of Municipal Associations (GTZ).
- The Sector Programme Support for Popular Participation, backed by funds from Denmark.
- The Productive and Social Investment Fund, *FPS*, supported by IDB and the World Bank.
- The Program of Support for Municipal Democracy (*Programa de Apoyo a la Democracia Municipal*, PADEM), supported by the Swiss Technical Cooperation agency (COSUDE) through Swiss Workers' Aid.
- The Program to Promote Rural Economic Development (*Programa Promoción al Desarrollo Económico Rural*, PADER), with support from COSUDE.
- The Local Operational Groups (LOG), supported by the Netherlands.
- The Young People's Crusade against Poverty, which sends students to support the work of municipalities, funded by UNDP.

⁵⁸ We were unable to obtain data on trends in the number and average size of projects in recent years.

3.81 The multiple forums for dialogue between the government and international agencies, both prior to and after the BPRS, focus on issues in which international partners are directly involved, but at the same time mostly steer clear of controversial issues related to “the other dialogue” (such as coca, land ownership, the exclusion of indigenous groups) that defines the short-term political scenario. Stakeholders on both the government and international agency sides pointed out the risk that the dialogue will in this manner become divorced from a significant part of Bolivia’s current reality. For the cooperation agencies that means striking a fine balance, in which, following this line of argument, it is necessary to consider widening their network of contacts to include, *inter alia*, social leaders, politicians from opposition parties, parliamentarians, and representatives of the police and the security forces.

3.82 As mentioned earlier, the BPRS is very broad and encompasses most of the international assistance currently provided. According to VMPIEF, only US\$50 million of the approximately US\$3,000 million committed do not correspond to BPRS components and topics. However, current allocations do not ensure adequate distribution of funding. There is excess funding for the Institutionality component (including strengthening of public administration and the fight against corruption) and the Cross-Cutting Issues component (indigenous peoples, gender, and sustainable development), of US\$356 million and US\$95.1 million, respectively (equivalent to about 85 percent and 40 percent of the total amounts to be disbursed in those areas), while financing is lacking or additional funds are required in areas such as Productive Capacities (where the shortfall amounts to US\$810.2 million) and Opportunities for Employment and Income (where the shortfall totals US\$698.4 million).⁵⁹ Not much progress appears to have been made yet in discussions regarding specific re-allocations. According to government sources, the international cooperation agencies were reluctant to bring up the subject as part of the preparations for the BPRS. Ultimately, the BPRS is based on the assumption that international agencies are willing to redirect programs and specific contributions, which means that the agency headquarters also have to agree.

Table 14: Identifying Additional Resources for Bolivia’s Poverty Reduction Strategy⁶⁰

<i>Use</i>	<i>Estimated requirement 2001 – 2006 (in thousands of US\$)*</i>	<i>Balances not yet disbursed (in thousands of US\$)**</i>	<i>Additional funding commitments required (in thousands of US\$)**</i>
1. Strategic components	3,943.700	2,356.804	1,586.896
Increase employment and income opportunities for the poor	2,014.700	1,316.290	698.410
Develop the productive capacities of the poor	1,723.200	912.969	810.231
Enhance the security and protection of the poor	195.600	122.334	73.266

59 VMPIEF. Bolivia. XIV Grupo Consultivo. *Un Punto de Inflexión en la Lucha Contra la Pobreza*. [Bolivia. Fourteenth Consultative Group. A turning point in efforts to combat poverty. Vice Ministry of Public Investment and External Financing (VMPIEF). Santa Cruz, September 2001, pp. 41-42.

60 Ibid. p. 43.

Raise the level of social involvement	10.200	5.211	4.989
2. Cross-cutting issues	140.900	236.027	-95.127
3. Institutionalality	64.600	420.586	-355.986
TOTAL BPRS	4,149.200	3,013.417	1,135.783

* Source: BPRS.

** Source: Investment Priority Matrix.

3.83 Despite the general readiness to adapt to national priorities, as the Chuquisaca examples show, cooperation "islands" are still imposed by agencies on the basis of preconceived ideas, aiming at service delivery without considering national policies, without pilot scheme characteristics, and with no signs of building on already acquired experience. There are even cases today, with respect to roads and municipal institutional capacity-building, in which centrally managed approaches or sectoral programs—pushed by sector units in the headquarters of multilateral agencies—continue to impose themselves without regard for the decentralization and national compensation policy reforms aimed at putting an end to special programs that benefit only certain municipalities. The insistence on this kind of approach occurs in agencies that, through their local teams and with other staff at their headquarters, simultaneously support decentralization reforms. It will take considerable firmness on the part of the government and a firm commitment to consistency on the part of international agencies to avoid another break-up of uniform mechanisms such as the FPS into “special accounts” that are really just the international cooperation agencies’ “pet” programs or else responses to demands posed by particular procedures.

3.84 With regard to both reallocations of already approved assistance and decentralization of authority to local representatives, international agencies vary widely, ranging from agencies with considerable autonomy to agencies based on highly centralized models. It comes as no surprise that many of the international partner representatives in Bolivia favor greater decentralization and that it would suit them to have fewer constraints on their ability to approve, for instance, cofinancing arrangements, stray from the procedural paths set by their headquarters, and show a high level of flexibility. On the other hand, there are also government representatives who understand that donor countries’ development assistance also depends on the domestic political contexts in those countries, which are not so easy to change.

Box 10: “Planet Bolivia” – and the Tensions between Multilateral and Bilateral Agencies

In line with Dialogue 1 in 1997-1998, when the government announced its four-pillar master plan and agreed with international partners on a set of 17 performance indicators, and with the launching of the New Relationship Framework, the World Bank agreed in 1999 to conduct a pilot decentralization of its operations. A Country Director for Bolivia was appointed to be based in La Paz and the Bank’s office was reorganized to correspond to the four pillars; appropriately qualified professionals were hired to boost the office’s capabilities considerably; and extensive authority was delegated to the leaders of each pillar instead of being centralized in sector units in Washington. (So different was this arrangement to the Bank’s usually centralized procedures, the Bolivia program was sometimes referred internally as “Planet Bolivia.”)

Next, Bank staff engaged in an intensive participatory process with Government counterparts over how to best serve country needs. This resulted in a proposal to, among other steps, decentralize authority so that the country office could approve individual operations within an agreed three-year program framework and budget. Although this proposal was enthusiastically supported by Bank staff and the Bolivian government, when it was discussed by the Bank’s Board of Executive Directors (in 2001) they disagreed, arguing that such an arrangement would cede too much of the Board’s stewardship and approval authority to the field. Operations were subsequently recentralized. A sub-regional office was opened in Lima, where the Country Director is now based. The staff was reduced in La Paz and the organizational structure based on “pillars” was dismantled.

This recentralization evoked a strong reaction from the largest bilateral agencies in Bolivia who complained in writing in early 2002 that the Bank had “undermined the (CDF) pilot scheme, while a number of bilateral agencies have on the contrary decentralized their field (La Paz) operations to support the CDF. It is ultimately ironical and unhelpful that the Bank itself is now no longer supporting this key requirement of the CDF.”

They also complain that the IMF did not take the BPRS and its priorities into account when preparing a Poverty Reduction and Growth Facility (PRGF) in the first half of 2001, nor in its negotiations with the government in December 2001 regarding macroeconomic policy for 2002. The bilateral agencies express their “concern at the lack of commitment by IMF staff in Washington to working within the BPRS framework when preparing their own Poverty Reduction Growth Facilities or when negotiating economic policy and the structure of government spending with the Bolivian authorities.”

The note recommends that these issues be taken up by headquarters staff and by the Boards of the Bank and the IMF. It does not, however, touch on the question of whether those bilateral agencies themselves (owners of the great majority of shares in the World Bank and the IMF) might not also benefit from an in-house debate.

3.85 In line with the tendency for donor countries to adjust the pace of their country strategies to Bolivia’s election schedules, further steps need to be taken, such as the preparation of joint country support strategies. From a Bolivian perspective, it appears particularly costly and irrational that member countries of the European Union, which have nine representations in Bolivia as well as that of the EU itself, have not coordinated or harmonized their strategies more extensively.

3.86 For some observers, the impressive number of forums for coordination and dialogue between international cooperation partners and the government also reflects the substantial influence that those partners exert, given Bolivia's dependence on them. In some areas (institutional reform, decentralization), it would appear that follow-up and coordination groups – although headed by the government—are really a kind of “shadow cabinet” and that in the government itself there are no similar coordinating mechanisms.

3.87 At the same time, some bilateral cooperation agency representatives stated that the numerous forums for dialogue, consensus-building, and coordination also had an appeasement function, by keeping international partner representatives busy attending interminable meetings instead of engaging in negotiations that are more direct. From an opposite perspective, it was argued that the numerous forums for dialogue, focusing on monitoring systems and the desire to harmonize procedures, showed that the international agencies are seeking greater control through joint actions, thereby demonstrating a fundamental lack of trust in their partners.

3.88 In this context, it is an important challenge for both the government and international cooperation partners to enhance the efficiency with which coordination, dialogue, and monitoring are carried out. The study team heard of many instances of mere briefing meetings, with little opportunity for dialogue, of meetings with no agenda or clear objectives that ended without any decisions or agreements being reached. There is clearly room for more business-like and efficient working procedures. Among other things, this means distinguishing between broad dialogue and specific negotiations.⁶¹ It would, in many cases, also be worth considering developing formal rules of the game for consultation and coordination mechanisms. According to both government and international partner accounts, there is substantial room for lowering all parties' transaction costs⁶² by adopting fairly simple time-saving methods.

3.89 Instances of basket funding or cofinancing show high initial costs for both the national institutions involved and the international cooperation partners. The tendency is, however, to treat these outlays as an apprenticeship investment that will bear fruit when other future baskets have to be put together. This investment perspective presupposes faith in an institutional learning process by both the government and international partners: a process that cannot be taken for granted given the frequent rotation of staff on both sides.

3.90 Apart from indications of inefficiency in some mechanisms used for coordination and dialogue, there are deeper, underlying challenges that bilateral donors face in particular. They have to do with their limited capacity to participate, in a qualified way,

61 World Bank, 2001: *The Drive to Partnership, Aid Coordination and the World Bank*, makes a useful distinction between (i) the exchange of information and consultation; (ii) strategic coordination and (iii) operational coordination.

62 Transaction costs in respect of international partners and political systems in general appear to be difficult to pin down, quantify, and compare with alternatives. The team heard of cases in Bolivia where it turned out to be “cheaper” for a particular government body to obtain financing from an agency than to obtain it from the government itself. A frequently mentioned advantage is that dealing directly with a donor, bypassing the Ministry of Finance, is less cumbersome. This approach produces a certain amount of distortion for the system, but it may be optimal for the particular institution involved.

in both sectoral and overall analytical work.⁶³ Some analysts consider that the ability of bilateral agencies to play a leadership role on behalf of international partners has – with a few exceptions – diminished, and that therefore opportunities to join cofinancing arrangements suit small donors, because they make it possible for them not to get over-involved in the substance and to leave that to agencies with the technical capacity required: typically, the World Bank. The notion of “buying a seat at the table” with a modest cofinancing contribution is also commonplace in Bolivia.

3.91 An alternative view points not to a decline in agency skills but rather to the fact that development assistance based on CDF principles has become much more complex than before, when it was a question of handling a more or less isolated project and, effectively, protecting it against the environment. CDF requires, at every level, managing what used to be known as “externalities.” It is therefore logical to suppose that small agencies do not have the capacity to involve themselves in all aspects, especially if they do not focus on a few areas only. The teams in small agencies do not normally specialize in specific issues such as decentralization, rural development, or macroeconomic and fiscal management.

3.92 Particularly in circles attached to the Ministry of Sustainable Development, which deals with issues that traditionally form part of the purview of international cooperation partners (environment, gender, grassroots participation), government representatives claim that efforts to coordinate clash with the tendency of each agency to push its particular issue or angle. It is also said that there is still a tendency for agency positions to be personalized and therefore to vary along with changes in personnel.

3.93 These observations once again point to the key challenge for the agencies to become more selective in their choices focusing on a much smaller number of programs and projects. There are clear tendencies toward “donor crowding” around issues that are “attractive” for international cooperation agencies, such as decentralization (eight agencies in the central coordination groups and at least ten in Chuquisaca), the Office of the Ombudsman (*Defensoría del Pueblo*—eight agencies), and institutional reforms like the IRP (four). Apart from reducing transaction costs, greater selectivity would enhance the ability of the bilateral agencies to participate at a professionally qualified level in discussions currently handled by multilateral banks and could also help international cooperation partners tailor their programs to national priorities.

3.94 Despite the progress with respect to mechanisms for coordination, tensions quite clearly subsist between government and international partners, between bilateral and multilateral agencies, among the multilateral organizations themselves, and between large and small agencies. Tensions of the first-mentioned type (government/international partners) occur when some bilateral agencies lead or take the initiative in areas considered sensitive by the government, such as land ownership, the degree and/or form of civil society participation in social watch mechanisms, and other issues.

63 The impression of only limited analytical capability among the bilateral agencies was confirmed by several sources, including government officials and staff of the bilateral agencies themselves. To a significant extent, the bilateral agencies’ technical skills depend heavily on the Bolivian personnel hired by the agencies. These individuals frequently have a background (and a future!) of working for the government or for NGOs, thereby further complicating the distinction, inherent in the notion of partnership, between “them” and “us.”

3.95 In their policies, many cooperation agencies acknowledge the value of their contacts and direct support for civil society, since they consider these stakeholders as important as their government partners. However, tension has arisen because of direct relations between international cooperation agencies and (some representatives of) civil society, where the government considers that partners are interfering inappropriately in domestic politics. Looked at from another angle, this tension reflects the weakness discussed earlier of representativity and inclusion vis-à-vis the political system.

3.96 As for the relations between bilateral and multilateral agencies, bilateral organizations have in some cases joined forces to enable them to serve as a counterweight to the strong and longstanding leadership role of the World Bank and the IMF in the area of international cooperation and to foster a line of their own when they feel that the view taken by the World Bank or the IMF is not representative. Some bilateral agencies have been officially mandated to exert influence on “their” bank (World Bank) and “their” fund (the IMF), and to remind them that they are stockholders.

3.97 The apparently sharp friction between the IDB and the World Bank—the two largest sources of financing for Bolivia—arises, according to local stakeholders, mainly at the headquarters of the two organizations and especially with regard to procurement procedures. Nevertheless, it has a markedly negative impact. In the FPS, there are now two procurement procedures (one for IDB funding, and another for other funds⁶⁴), with municipalities that are already short on qualified staff having to handle both. Both the friction between bilateral and multilateral agencies and that among multilateral organizations themselves illustrate the difficulty that the owners of the World Bank, the IMF, and IDB have acting with one voice in their Executive Boards in Washington, on the one hand, and in Bolivia, on the other.

3.98 The last-mentioned instance of friction—between big and small agencies—arises when there are agencies that are so important in terms of the volume of funding they provide for the country that, even though they participate in meetings of coordination, they ultimately have and cultivate a separate relationship with the government that allows them to negotiate without distracting noise from the small. This merely echoes the fact that partnership means different things for different partners and that, as in other relationships, the bigger partners receive preferential treatment.

3.99 In conclusion, trust matters not only in the relations between international partners and national stakeholders, but also for relations among international cooperation agencies themselves. The study team noted the widespread desire of representatives to seek greater coordination, share more forums, and achieve greater transparency in their operations. Nevertheless, mutual trust in the international cooperation community very clearly has its limits, often due to the behavior of key individuals, or the jealousy and jurisdictional squabbles of headquarters. Implementing the CDF therefore presupposes ongoing efforts to rebuild trust at every level and among all stakeholders.

⁶⁴ World Bank funding for the PSIF comes under a structural adjustment loan program, which does not require compliance with World Bank procurement guidelines.

3.100 As regards harmonization of international agency procedures, some progress has been made in the basket funding cases. For cofinancing arrangements, the bilateral agencies conform to World Bank procedures. However, as the table below shows, there are also ludicrous cases in which the procedures block cooperation.

Box 11: Construction of a Three-story Building Financed by Three Donors⁶⁵

Three major donors in the health sector agreed to cofinance construction of a building. The ministry involved putting up the land for the building. However, each donor had its own procurement procedures, which made it difficult to find a common approach to construction of the building. The three donors were not able to pool their contribution in a common fund, because the rules of the agencies specifically prohibited channeling money to another agency, which was the approach originally agreed upon. One donor did not require a competitive bidding process, whereas the other two did. In addition, none of the agencies could accept the procedures of any of the others, and two out of the three agencies were unwilling to adopt Bolivian rules, which were considered the most complex of all the alternatives. Various approaches were discussed and a “thematic” approach was considered. One donor would finance the design, another the construction works, and the third could contribute the remaining elements such as paint, air conditioning, electrical apparatus, and lavatories. In the end, however, for practical and administrative reasons, and to avoid one agency blaming another if something went wrong, it was agreed that each donor would finance particular floors, procuring the materials and hiring builders according to its own standards and procedures. In this case, the idea was that agency A would finish the first two floors, after which donor B would build the third floor, followed by donor C, which would finish the building. However, additional snags developed, especially regarding the extra time the project as a whole would take. As a result, and after lengthy debates, one of the donors withdrew from the project and the other two signed an agreement regarding their intentions of constructing the building.

Now, thanks to a revision of the regulations and numerous coordination meetings, the donor contributing less accepted the rules of the donor putting up the bulk of the funds required, and in the end only one contractor will be hired instead of the three previously envisaged, with just one engineer supervising construction. One of the financing agencies will oversee the entire process.

The above process took two years and the foundation stone has yet to be laid.

3.101 Harmonizing procedures essentially entails strengthening national procedures, thereby allowing donors to protect their investment without having to resort to their own procedures. The World Bank, in particular, has been assisting the government in this respect,⁶⁶ and has appointed an expert in procurement procedures to its office in Bolivia. An Action Plan to improve local procurement standards and procedures has been agreed upon by the World Bank and the government, as a result of the Country Procurement Assessment Review (CPAR).

⁶⁵ The study team verified this story with key stakeholders involved, while respecting their wish that neither persons nor institutions be named.

⁶⁶ World Bank and Republic of Bolivia, 2000: *Country Procurement Assessment Review. An Action Plan to Improve Government Procurement*.

Box 12: Strengthening National Procurement Capacity

Under the Action Plan, the following activities are accorded priority:

- 1) **Preparation and adoption of a Procurement Law.** This process involved holding a series of participatory workshops, with various segments of the private sector, representatives of social and economic organizations, professional associations, representatives of international cooperation agencies, and others. The bill is currently before Congress.
- 2) **Preparation and adoption of a Code of Ethics.** For civil servants working in procurement.
- 3) **Implementation of the electronic procurement system.** Two stages are contemplated: (a) A Web page (to publish invitations to bid, the bidding documents, and results of contract awards, as well as objections, and exceptional hiring/contracts); and (b) implementation of electronic purchases, starting with minor purchases (which account for 60-70 percent of the total volume of transactions) and then for larger purchases, for which amounts/ceilings, a list of suppliers, and the corresponding rules and regulations have to be established. The idea is to achieve transparency and expedite budget execution.

3.102 One difficulty in assisting the government concerns the differences between IDB and World Bank procedures, for example, as regards presentation of the envelopes in bidding processes (one or two envelopes). Efforts to harmonize procedures are under way between the two banks in Washington, but apparently on the basis of finding a single formula. Experience in Bolivia may indicate that it is best to progress toward harmonization by developing the notion of a framework of acceptable procedures, rather than insist on one particular set.

3.103 Finally, a number of distorting practices continue to be applied in connection with projects and programs financed by international partners. “Consultants” or “municipal technicians” are frequently hired with salaries that skew existing pay scales and cannot be sustained within government institutions for tasks that should be carried out through regular public administration channels. International cooperation agencies also continue to offer incentives for “their” projects and programs, bypassing national procedures out of mutual interest in achieving short-term efficiency.

3.104 In several areas, there are temporary parallel units running programs and projects (program and project management or implementation units, known as PIUs or PMUs). Normally, but not always, they answer formally to the government, although they may have a substantial technical assistance component (tied or not, depending on the type of donor⁶⁷). The team observed one area (decentralization) in which the multi-institutional nature of the reform programs run by the unit clearly justified its existence. In other cases—in Chuquisaca, for instance, parallel systems clearly run counter to the need to build sustainable capacity.⁶⁸

⁶⁷ It was not possible on the basis of the sectors and projects examined to draw general conclusions regarding technical assistance (for example, whether it is demand- or donor-driven).

⁶⁸ Based on its observations in Bolivia, the study team warns against generalizations regarding the undesirability – or usefulness – of parallel structures.

Issues for Debate

3.105 Underlying both the achievements and challenges facing partnership is a fundamental determinant: the asymmetrical relationship between the partners (donors-beneficiary, lender-borrower). The partnership sought in the CDF attempts—along with other principles, especially “ownership” – to balance the legitimate interests of all parties. Experience in Bolivia shows that it is a major task for all stakeholders, including the headquarters of international cooperation agencies, to develop and maintain forms of partnership that foster the efficiency and effectiveness of international cooperation.

3.106 Agency representatives wondered during conversations with the team whether attitudes of the international cooperation community had really changed. The team’s impression is that in Bolivia they are changing, but not across the board and not without relapses. According to the representatives the team met in Bolivia, changes at headquarters are less visible. If that is true, it suggests that some investigation is called for to determine the real obstacles to change in the headquarters of international cooperation agencies.

3.107 Although it might appear to be contrary to CDF principles, international partners sometimes seem to play the part of ally or protector of groups of reformers, using direct hiring methods, semi-parallel structures, and other mechanisms that would normally be regarded as distorting, but which serve to develop or strengthen a holistic approach, a reform, or national leadership capability, often enough vis-à-vis other national-governmental forces with other interests.

3.108 Some agencies and observers consider that the more complex nature of development assistance underscores the need for a “hand-on” type of presence, that might even justify methods of provision of technical assistance that are tied to an agency. According to this point of view, “hot” discussions on controversial topics and “struggles” between agency and government representatives provide a better basis for partnership than formulas that tend to distance the partners from one another.

3.109 The two foregoing paragraphs call for an understanding of partnership as a relationship that “depends on circumstances.” Construed in this way, partnership does not imply predefined behavior patterns, but rather the conscious, explicit ability to handle asymmetries in the relations between the partners, based on the recognition that, if partnership is defined more rigidly, international partners risk alienating themselves from the specific realities of countries. That, in turn, would put an end to their role as the vertical and horizontal transmitter of information that, due to cultural, political, institutional, or social barriers is not transmitted through domestic channels. Being mindful of the inherent complexities of building productive asymmetrical relationships, this implies recognition that international cooperation may induce sound policies, not by following a formula but through wise, bold, and respectful behavior.

3.110 From this perspective, conditionalities are not at odds with the principle of partnership. In Bolivia, neither government representatives, nor those of civil society or international partners argued that conditionalities were, in principle, inappropriate. The CDF does not mean that there are no conditionalities. The point is rather how they are

handled (ex-ante, performance-based, as real agreements, or tit-for-tat) and how the partners work on the factors that determine the level of the conditionalities (confidence-building and maintenance, the real and perceived leadership capability of domestic stakeholders, results obtained, etc.).

Results Orientation

3.111 The results orientation approach presupposes a process consisting of:

- 1) Design of programs in support of the national development framework with clear and evaluable objectives that contribute to framework goals.
- 2) Monitoring and regular reporting and sharing of progress, with a focus on and accountability for results, including outcomes and goals, rather than only on inputs.
- 3) Creation and enabling of capacities to generate, monitor, and utilize results information to improve performance in achieving goals and accountability.

Achievements

3.112 Both the government and international partners are now more results-oriented in several aspects. Results-oriented management and disbursements based on the achievement of specific targets are now used at both the central and the local level. Since 1998, the Consultative Group has applied a set of monitoring and performance indicators to gauge progress in respect of agreements and issues worked out between international cooperation agencies and the government.⁶⁹

3.113 The BPRS has specific results and goals, most of which can be fairly easily monitored. Stakeholders, especially in the municipalities, have actively taken part in the definition of intermediate indicators and others measuring end-results and impact. With the help of the Catholic Church, efforts are under way to organize and structure the Social Watch Mechanism (*Mecanismo de Control Social*) pursuant to the Dialogue Law, as a means to involve civil society in the monitoring of the BPRS.

Box 13: Social Watch in the Dialogue Law

ARTICLE 25. (Social oversight) For all effects related to the application of this Law, social watch shall be understood to mean the right of civil society organizations and institutions to know, supervise, and evaluate the results and impact of public policies, to participate in decision-making processes, and to have access to the information and analysis of social watch instruments. (Dialogue Law 2000. Law N° 2235 of July 31, 2001.)

⁶⁹ World Bank, 2002. Draft: *Poverty Reduction Support Credit*, Annex 7, lists the 1997 indicators and compares them with those used for the PRSP.

3.114 An Inter-Institutional BPRS Monitoring and Evaluation Council (IMEC) was established by Supreme Decree and is now functioning. It is composed of the Economic and Social Policy Analysis Unit (ESPAU), the Vice Ministry of Strategic Planning and Popular Participation (VMSPP), and the National Statistics Institute (NSI).

3.115 According to a recent report by IMEC, approximately 88 percent of the 81 actions contemplated in the government BPRS Action Plan for 2001 have been completed.⁷⁰

3.116 Since 1982, the government has benefited from having the Economic and Social Policy Analysis Unit (ESPAU), which, like the National Statistics Institute, is widely respected for its monitoring and analytical skills.⁷¹

3.117 The National Compensation Policy establishes municipality-level goals (mainly with regard to fiscal consolidation and municipal efficiency) together with incentives for meeting them.

3.118 Some sectors, such as health, have been performance-oriented for years, either because of their scientific-technical nature, or thanks to institutions such as the World Health Organization (WHO) or the Pan American Health Organization (PAHO). The Ministry of Health first started applying results-oriented management techniques in 1998. This approach is now being applied at all levels in the health services sector through management commitments (actions that participants promise to undertake), which also include performance monitoring and evaluation systems.⁷²

3.119 It is too soon to gauge the outcomes of the Institutional Reform Program (IRP). However, by its very existence, the IRP reinforces the above approach. The agreements signed by government institutions with the Program specify goals and expected outcomes because of the institutionalization program. Moreover, to enter the Program certain results must already have been achieved. In the case of the Ministry of Agriculture and Livestock, the agreement for entering the PSC stipulated that the institution had to lay off surplus personnel, which it did.

3.120 In keeping with the rather similar methodologies employed by the international cooperation agencies with respect to monitoring and formulation of indicators (typically the logical framework, in one or other of its variants), programs and projects supported by international partners are clearly results-oriented with a strong emphasis on monitoring processes, often accompanied by joint mechanisms (annual joint reviews in addition to management supervision and monitoring throughout the year).

70 Ibid., Annex 4.

71 The World Bank document (2000) entitled: "Bolivia: Del Padrinazgo al Estado Profesional" [*Bolivia: From Patronage to the Professional State*], mentions that "apart from ESPAU and the Central Bank, the Ministry of Finance also has competent technical staff, many of whom have been at their posts for a good length of time, despite the generally rapid turnover in the public sector as a whole" (paragraph 3.3.2).

72 "Compromisos de Gestión. Guía de Indicadores" [*Management Commitments. Guide to Indicators*] published by the Ministry of Health defines results-oriented management as "a management style that consists of setting goals and targets and directing institutional (human, financial, and organizational) resources toward the attainment of those goals..."

Challenges

3.121 The approach taken with BPRS indicators is to deal with “soft poverty” (health and education indicators). As mentioned earlier, there is also a side to poverty involving social exclusion, lack of a political voice, and controversial issues such as land reform and coca, with manifestations of social violence showing an alarming degree of desperation. If the government—and international cooperation agencies—want to have more thorough monitoring, which would make it possible to grasp and manage such “short-term hard poverty,” it would be necessary to complement existing indicators with others dealing with vulnerability and social and political exclusion, land ownership, coca, the deterioration in the legitimacy of the political system, etc. It would mean opening up channels and mechanisms for communication and polling of groups whose views are not adequately reflected in traditional “soft” indicators.

3.122 There have been delays in organizing and setting up the Social Watch Mechanism nationwide, mainly due to the learning process involved and the environment of social conflict in Bolivia. Most departmental mechanisms are in place, albeit in different forms and with a variety of methodologies.

3.123 Among the challenges to be overcome in this field, one could mention the need to achieve a balance and coordination/harmonization between the social watch defined in the Dialogue Law and the institutionalized system of social watch established through grassroots participation and decentralization. The right balance has to be struck and an efficient *modus operandi* found for all the social watch systems: Vigilante Committees (VCs), the Municipal Committees for Productive, Economic, and Social Development (which replace the Consultative Council established under the Municipalities Law), the Departmental Councils (DCs), the Social Watch Departmental Mechanisms, and the National Social Watch Mechanism. One could also mention audit mechanisms, inventories and financial accounting, and the role of the different superintendencies, to give an idea of the magnitude of the task of avoiding duplication and overlapping.

3.124 Despite the experience and institutional capacity that exists in Bolivia, it is no easy task to devise indicators, especially at the municipal level, or to gather, process, use, and follow-up on data, as well as provide feedback. Skills in these areas at the central level are not matched by similar local capabilities to ensure reliable and timely information. This is also true of sectors such as health and education.

3.125 At both the national and local levels, monitoring systems need to be developed that focus on intersectoral outcomes. For instance, the goal of reducing the number of cases of diarrhea has a high education component and a basic sanitation component, so that goals and targets should be discussed by all the sectors involved.

3.126 None of the three gender-related plans—the National Plan for Gender Equity (*PNEG*), the National Plan for Prevention and Eradication of Gender-related Violence (*PNPVRG*), and the Women’s Poverty Reduction Program (*PRPM*)—have produced the results expected. Nor have the corresponding indicators been spelled out.

3.127 There are tendencies to make monitoring and evaluation “systems” too complicated and grandiose, which ultimately results in less efficient data collection, processing, and feedback or dissemination. A balance has to be struck between big systems and actual capacity. The aspiration to establish municipal indicators and electronic data-gathering systems, etc. appears not to take account of the limited capacity of many municipalities and could lead to an elitist/centralist approach to monitoring that would alienate local stakeholders.

Issues for Debate

3.128 While recognizing the progress that has been made with the results-orientation principle, there are also weaknesses that may indicate that the structure of stakeholder incentives does not coherently foster persistence in striving for results and impact. International agency representatives clearly identified "disbursement fever" as a disincentive not only for the results orientation approach but also for compliance with other CDF principles. Disbursement is both an explicit political mandate in many agencies (in which there are not many results-related mandates) and an integral part of the culture of agencies in which an official's success is frequently measured more by his or her ability to spend budget allocations than by the ability to get results.

3.129 Pressure to disburse is also a strong motivating factor for the government of Bolivia. Its dependence on international cooperation is not related only to the need to access know-how and learn working methods, etc. but also to the need to balance macroeconomic accounts. Given the weight of public investment in the Bolivian economy, a low level of execution, while narrowing the overall public sector deficit, also lowers aggregate demand and hence the level of economic activity. As part of the Ministry of Finance, VMPIEF, which oversees execution of public investment, is clearly more concerned with disbursement than with results (which, in any case, should be the main concern of the sectoral agencies).

3.130 Based on this analysis, strengthening the results orientation approach presupposes a comprehensive re-examination of the incentives offered to encourage it by both the government and international cooperation agencies.

4. Links, Sequences, and Mutually Reinforcing Nature of CDF Principles

4.1 The history of CDF principles in Bolivia comprises examples where the holistic vision came first—often due to insistence by international partners—and where ownership only came later, after a lengthy “sales” and internalization process. In other instances, strong initial ownership led to the formulation of visions. There is no evidence showing that one of these sequences is more effective or efficient than the other.

4.2 Whenever international cooperation agencies—with or without the support of small groups of Bolivian reformers—have desired to promote reforms and national ownership of reforms, two principal strategies were employed, neither of which excludes the other: (i) “push” strategies, in which tougher conditionalities force a country, because of its aid dependency, to agree to certain policies, and (ii) “pull” strategies, aimed at convincing domestic stakeholders at a gentler pace by offering them technical assistance and dialogue.

4.3 Broadly speaking, the government’s interpretation is that CDF principles rule out “push” strategies.⁷³ At the same time, there is, obviously, acceptance that negotiation of conditionalities, is an inevitable aspect of negotiating aid packages.

4.4 The international cooperation agencies in Bolivia fully accept the need to achieve, at some point, broad “ownership” by relevant domestic stakeholders of the underlying ideas and policies. But CDF principles are generally interpreted to imply—depending on the circumstances—both “push” and “pull.” These different interpretations of the government and the agencies, respectively, have generated a certain degree of friction. International agencies define their role as partners—and decide how much to push and how much to pull—largely on the basis of the degree to which they endorse a country’s visions and their confidence that broad ownership already exists or will develop among national stakeholders. Accordingly, from the international agency perspective, the configuration of partnership is largely a subordinate principle or a dependent variable compared to holistic vision and ownership.

4.5 International agency representatives proposed that the principle of “ownership” should be construed as a tool for mitigating the effects of the asymmetry inherent in the partnership between the agencies and national stakeholders. It focuses on the balance and significant interdependence between the two principles of ownership and partnership, but Bolivian experiences do not indicate that it would be advisable to prescribe ways in which the relationship between the two principles should be handled. They have to be managed, and managed well, but adjusting the relationship according to the circumstances is an ongoing task, not one that can be accomplished according to predefined formulas. Consequently, the whole process requires, from the government and international agencies, considerable skill in analysis, dialogue, negotiation, and,

⁷³ The New Relationship Framework puts it this way: “On the basis of a negotiation process, Bolivia establishes the goal and the targets, which guarantees that the state fully “owns” the programs to be implemented, as well as the executing agency and the beneficiaries.” The word “conditionality” does not appear in the NRF.

inextricably intertwined with all those skills, the ability to forge and maintain mutual trust.

5. Dilemmas and Central Issues

5.1 There is considerable evidence that the government of Bolivia has come a long way with respect to implementing CDF principles. The government and the international cooperation partners in Bolivia began to restructure their relations on the basis of principles that only later were condensed by the World Bank into the CDF. The process has had its ups and downs, but the way both the government and its partners think and act today is very different from what it was ten years ago.

5.2 During the evaluation it emerged quite clearly that interpretation of the achievements and challenges associated with the principles depends greatly on the conceptual interpretation of those principles. Two interpretations arose in connection with the objectives underlying the principles, each of which has different repercussions:⁷⁴ (i) that the application of CDF principles seeks to make external assistance more efficient, and that the CDF message therefore is intended essentially for international agencies and their direct national partners; or else (ii) that CDF principles are designed to achieve sustained poverty reduction and, therefore, hold important messages for all sociopolitical stakeholders concerned. The second interpretation encompasses the first, but not vice-versa.

5.3 The second, broader, interpretation has been adopted in this study. This means that all Bolivia's social and political processes enter into the universe of analysis, and are no longer considered to be "externalities" but rather as an integral part of the subject. The basic reason for this approach is that in Bolivia it is impossible to gauge the scope, impact, and efficiency of international cooperation in isolation from other political processes. For years, Bolivia has had a well-deserved reputation as a good pupil of international agencies, applying the recommended economic reforms and putting forward CDF principles before they became known as such. At the same time—literally coinciding with the launching in 2000 of the National Dialogue to prepare for Bolivia's Poverty Reduction Strategy Paper (PRSP)—there were violent social clashes, which in effect demonstrate the inability of international partners to recognize these wider social processes, as well as the fragility of Bolivia's international image. A narrower interpretation of the CDF makes it impossible to understand this apparent dichotomy.

5.4 In this interpretation, the CDF principles emerge as a direction useful for guiding and assessing processes, rather than as an attainable goal or a set of principles to be implemented. Experience in Bolivia shows that they are a frame of reference, a guideline and that their application is, above all, a variable that is particularly dependent on four critical variables whose importance for development assistance are well-known:

- *Leadership capacity* of national stakeholders, at the macro, sectoral, and local level. Without leadership, international assistance either becomes fragmented or international agencies fill the void, imposing their agenda without achieving sustainability.

⁷⁴ The documents that are supposed to provide guidelines for the evaluation maintain a certain ambiguity on the subject, although they tend to support a narrower interpretation.

- *Degree of broad-based consensus and shared vision* among stakeholders (both external and national), regarding strategies and policies. Political exclusion and fragmentation/isolation among different political processes and stakeholders (long-term/counter cyclical measures, “systemic” structures/short-term concessions, etc.) diminish the coherence, sustainability, and efficiency of the efforts of both government and international cooperation agencies.
- *Capacity of institutions* to deliver results efficiently and effectively. Corruption, prebendalism, lack of continuity, and weak capacity in general lead to low levels of *trust*, with immediate implications for relations between partners.
- *Capacity of international agencies* to submit to common priorities, policies, deadlines, and mechanisms that result from the blend of the above variables, leaving aside their own models of discretionary behavior.

5.5 The CDF is as relevant for a country’s internal affairs as it is between the country and international agencies. CDF principles also serve as a guide for managing Bolivia’s complex internal sociopolitical processes and for settling or negotiating conflicts and differing interests (for instance, between the central government, departments, municipalities, and among different legitimate social and political stakeholders). There, too, vision, ownership, partnership and results are all key concepts.

5.6 Application of the CDF in Bolivia has tended to become “depoliticized.” The significant strides made in many areas and with respect to many reforms backed by international agencies seem to have a technocratic slant, constructing protective barriers against the political system, often based on an agenda that is little known outside small government and agency circles. It will remain a challenge to find approaches and methods based on a more comprehensive perspective of technical aspects (“economic policy”) and political processes at all levels (“political economy”). The predominance and weight exerted by short-term political processes, which bear little relation to reform processes, underscore the importance of this issue.

5.7 The past 15 years have seen intensive reforms. Many have achieved resounding success, especially the macroeconomic management reforms that by their very nature are within the purview of only a few central institutions with highly skilled staff (the Central Bank, the Ministry of Finance). The numerous attempts that have focused on institutionality and on raising the overall capacity of the public sector have not yet proved as successful, apparently because the ability of the informal political system to undermine the reforms is greater than the ability of the reforms to build their own protective shields.

5.8 Various reforms are underway that are either institutional (mainly those centering on the IRP), sectoral (reform of the health sector), or macroeconomic (e.g. the new Finance Law passed in 2001). Other reforms that began several years ago (e.g. in education, decentralization, the SAFCO Law⁷⁵) are still being implemented, arising the question whether there is sufficient institutional and political “absorption capacity” for the reforms. One emerging lesson seems to be that reforms which take the informal

75 For instance, in the case of the SAFCO law, promulgated over ten years ago, only recently (since 2001) is the so-called Integrated Management and Administrative Modernization System (SIGMA) being implemented. It consists of an integrated system for management and automatic recording of the operations of the systems established by that law.

system—characterized by patronage and similar practices—seriously (and do not try to disrupt it from one day to the other) have a greater chance of success. But the effect (for instance of cutting down on areas in which political quotas, corruption, or patronage are rampant) could be a dangerous concentration of “informality” in certain areas, or through new modalities. Thus, success in some areas can produce failure in others.

5.9 The strong support lent to the BPRS by both international agencies and the government is a major commitment for both parties, in which considerable prestige is at stake. At the same time, the BPRS is also broad in scope and in several aspects without clear strategic priorities. A new government will take office with an agenda that is likely to focus on other issues. The question is: what can international partners fall back on if the BPRS fails as a political experiment? Based on the findings of this evaluation, it would, on the one hand, come as no surprise if the BPRS disappears from the inventory of global strategies, and, on the other hand, it would be a mistake to chastise the new government and the country if they place other participatory processes, adjusted visions under another name, and different agendas at the center of attention.

5.10 The understanding of the CDF as principles designed to bring about poverty reduction—particularly as they are expressed in the BPRS—makes politics a core issue, not only for the government, but also for international agencies. Although it may still be unusual to say so frankly, the facts in Bolivia show that both parties recognize the intimate and inseparable relationship between agency support and both long- and short-term political processes. For example, the draft agreement for a possible Poverty Reduction Support Credit (PRSC) loan from the World Bank shows that the combination of the CDF with the BPRS, together with flexible funding in tranches, obliges agencies to analyze and take a stand vis-à-vis almost any aspect of a government program. The conditionalities (“triggers” and prior actions) have a political dimension that cannot escape comparison to an agreement between parties forming a coalition government.

5.11 The risk is that the holistic and comprehensive concept of the CDF and PRSP translate into agreements or conditionalities framed by bureaucratic and institutional procedures that might not permit flexible action that keeps in step with the rhythms of domestic political processes. To some extent, the CDF casts international agencies—and their hinterlands of policies and interests—as stakeholders in Bolivian arenas that are much broader than they used to be. This calls for considerable ability, on the part of local representative and at agency headquarters, to act prudently, to avoid lapsing into not only traditional micromanagement, but now also “macro management,” which the CDF and PRSP process invite.

6. Challenges Ahead

6.1 Depending on the observer's temperament, the progress achieved with regard to CDF principles in Bolivia can be considered a glass half empty or half full. Nevertheless, in conclusion, there are two main challenges to ensure that the glass becomes fuller. One concerns the country primarily, while the other concerns international partners.

6.2 The main challenge for Bolivia is to ensure that national ownership of visions is broadened to all social stakeholders and important political parties in the country, including groups and peoples historically excluded from political processes. This is not a simple marketing endeavor. Rather, it entails tailoring visions to make them more coherent with the actual capacity to implement them and consistent with the aspiration of stakeholders who still cannot find adequate channels for peaceful dialogue with the state. Unquestionably, this entails gradual changes in the country's power structures. If they are flexibly and judiciously applied, CDF principles can serve well to make this process easier and to build, one step at a time, greater social, political, and institutional cohesion and stability in the country.

6.3 For international cooperation partners, application of CDF principles in Bolivia has reached a watershed where local representatives have already very well internalized those principles—albeit with some valid and healthy questioning. There is still room for additional progress at the local level, but more solid advances at this stage require changes at agency headquarters, and, in some cases, even reengineering of operating methods, particularly through decentralization and the use of more flexible procedures and financing arrangements in order to respond to the true needs of the poor in Bolivia.

6.4 The challenges for both sides are enormous. But the results so far show that progress is possible. Furthermore, given the vulnerability of the disadvantaged in Bolivia and of the country itself, these challenges need to be tackled.

Annex A: List of Interviewees

REPRESENTATIVES OF THE NATIONAL GOVERNMENT

1. Mónica Sánchez, Chief, Unit for NGO Programming and Financing, Vice Ministry of Public Investment and External Finance (VIPFE)
2. Marcelo Barrón, Consultant, Vice Ministry of Public Investment and External Finance (VIPFE)
3. Rodney Pereira, Director, Unidad de Análisis de Política Económica y Social (UDAPE).
4. Miguel Vera, Sub Director de la División Social, (UDAPE).
5. Roberto Rivero, Analista de Área, Unidad de Análisis de Política Económica y Social (UDAPE).
6. Walter Castillo G., Sub Director, Instituto Nacional de Estadística (INE).
7. Mary del Carmen Arias, Viceministra, Viceministerio de Asuntos de Género, Generacionales y Familia (VAGGF).
8. Felix Tarifa M., Asesor EN Políticas Públicas, Viceministerio de Asuntos de Género, Generacionales y Familia, (VAGGF).
9. Martha Riveros, Equipo Técnico, Viceministerio de Asuntos de Género, Generacionales y Familia, (VAGGF).
10. Patricia Ischi, Asesora Legal, Viceministerio de Asuntos de Género, Generacionales y Familia, (VAGGF).
11. Hernán Aliaga, Responsable Educación-Sectorialista, Viceministerio de Asuntos de Género, Generacionales y Familia, (VAGGF).
12. Hernán Cabrera F. , Viceministro, Viceministerio de Medio Ambiente, Recursos Naturales y Desarrollo Forestal, (VMARNDF).
13. Jorge Serrano L., Consultor, Sistema de Evaluación de Impacto Ambiental (EIA / MDSP), VMARNDF.
14. Ing. Marcelo Pinto S., Director General de Impacto Calidad y Servicios Ambientales (MDSP), VMARNDF.
15. Mario Baudoin, Director, Dirección General de Biodiversidad, (DGB-VMARNDF).
16. Máximo Liberman, Coordinador Proyecto GEF II (Global Environment Fund /Banco Mundial)-SERNAP.
17. Iván Arias, Viceministro, Viceministerio de Planificación Estratégica y Participación Popular (VPEPP)
18. Marcelo Rengel , Asesor General, VPEPP
19. Diego Ayo, Director Fortalecimiento Municipal y Comunitarios/ VPEPP
20. Vladimir Ameller T., Director General de Planificación y Ordenamiento Territorial / VPEPP
21. José Santa Cruz V., Coordinador General de Proyectos/ VPEPP
22. Angelines Urioste, VPEPP, Jóvenes contra la Pobreza (Cruzada Nacional de Lucha contra la Pobreza)
23. José Antonio Terán C., Asesor, Directorio Único de Fondos (DUF)
24. Jorge Requena Blanco, Asesor de Política Económica Banco Central de Bolivia. (BCB)
25. Patricia Alborta Valda, Coordinadora General, Unidad Descentralización Fiscal (UDF). Ministerio de Hacienda

26. Jaime Zambrana, Coordinador Fondos Inversión (FPS/FNDR). Unidad de Descentralización Fiscal (UDF).
27. Marco Zapata C., Asesor General, Ministerio de Desarrollo Sostenible y Planificación (MDSP).
28. Juan Ramón de la Quintana, Director, Unidad de Análisis de Políticas de Defensa (UDAPDE)
29. Javier Reyes Montaña; Gerente, Programa de Reforma Institucional (PRI), Vicepresidencia de la República.
30. Guillermo Sotomayor, Consultor PRI
31. Alan Bohanic, Viceministro de Agricultura y Ganadería
32. Luis Gallegillos, Gerente General Aduana
33. José Eduardo Gutierrez, Asesor General de Aduana.
34. Guido Monasterios, Director Unidad de Planificación del Ministerio de Salud.
35. Jaime Tellería, Unidad de Reforma de Salud
36. Oscar Larraín, Unidad de Reforma de Salud
37. Guillermo Roca, Secretario General de la Defensoría del Pueblo
38. Blanca Luna, Asesora, Secretaría General de la Defensoría del Pueblo
39. Erika Silva, Directora del Proyecto de Salud Integral PROSIN (USAID – Ministerio de Salud)

REFERENCE GROUP

1. Marianela Zeballos, Directora General de Financiamiento Externo, Ministerio de Hacienda
2. John Newman, Representante Residente del Banco Mundial en Bolivia
3. Ramiro Cavero, Ministro de Desarrollo Sostenible y Planificación
4. Iván Arias, Viceministro de Participación Popular, Ministerio de Desarrollo Sostenible y Planificación
5. Gerardo Peraza, Representante Residente FMI
6. Han Maurit S. Schaapveld, Consejero Jefe de la Cooperación Holandesa
7. Mitsuo Yoshida, Consejero JICA, Cooperación Japonesa
8. Katherine Murillo, Representante de la Conferencia Episcopal, Iglesia Católica
9. José Pinelo, Representante Pequeños Productores (Sociedad Civil)

INTERNATIONAL COOPERATION

1. Gerardo A. Peraza , Representante Residente FMI
2. Wolf Dio, Proyecto SINACOF /GTZ - Directorio Unico de Fondos (DUF)
3. Juan Manuel Leño M., Especialista Sectorial, Banco Interamericano de Desarrollo (BID)
4. Alfaro Keisgner, Especialista en Adquisiciones Región Latinoamérica y El Caribe / Banco Mundial
5. Jorge Cortéz, Asesor en Descentralización, Embajada de Holanda
6. Fernando Medina, Asesor de la Embajada de Dinamarca
7. Helle Vadmand, Consejera de la Embajada de Dinamarca
8. Dr. Wolfram Klein, Primer Secretario - Cooperación Financiera y Técnica Embajada de la República Federal de Alemania
9. Lic. Guy Beringsh. Consejero para la Cooperación Internacional, Embajada de Bélgica

10. María René Bejarano, Coordinadora del Proyecto de Educación en Salud y Sexualidad PROES -GTZ.
11. Pablo Alonso, Banco Mundial
12. Cindy Lopez, Banco Mundial
13. Isabelle De Frayssi, Cooperación Francesa
14. Sirley Cary Sirila, Oficial de la Cooperación Italiana
15. Bo West Consejero de la Embajada de Suecia

FOCUS GROUP-HEALTH SECTOR

1. Guido Monasterios, Director General de Planificación y Salud, Ministerio de Salud
2. Erika Silva, Directora Ejecutiva de PROSIN, Ministerio de Salud
3. Lourdes Peralta, Responsable del Departamento de Salud, Comisión Episcopal de la Pastoral Social
4. Erico Loza, Director de la Red Pública Descentralizada y Comunitaria
5. Jaime Tellería, Jefe de la Unidad de Atención a Personas, Ministerio de Salud
6. Cindy Lopez, Especialista Sector Salud, Banco Mundial, La Paz

NONGOVERNMENTAL ORGANIZATIONS

1. Hugo Fernández, Director de UNITAS
2. Marianela Curie, Directora Liga de Defensa del Medio Ambiente (LIDEMA)
3. Verónica López Aguilar, Coordinadora Programa de Gestión Ambiental, Liga de Defensa del Medio Ambiente (LIDEMA).
4. Lic. Vladimir Sánchez, Director Ejecutivo, Asociación de Instituciones de Promoción y Educación AIPE.
5. Jorge Balcázar A. Director Ejecutivo Fundación Milenio
6. Napoleón Pacheco, Coordinador, Fundación Milenio
7. Alejandro Mercado, Consultor Externo, Fundación Milenio
8. Horts Grebe, Director Ejecutivo, Instituto Prisma

POLITICAL PARTIES

1. René Blattman, Representante del Movimiento Ciudadano por el Cambio (MCC)
2. Fernando Candia, ex Ministro de Hacienda y ex Presidente del Banco Central (período del Gobierno del Movimiento Nacionalista Revolucionario, MNR, 1993-1997)
3. Samuel Doria Medina A., Dirigente del Movimiento de Izquierda Revolucionario (MIR), ex Ministro de Planificación.

PRIVATE SECTOR

1. Carlos Calvo, Presidente Confederación de Empresarios Privados de Bolivia (CEPB)
2. Javier Cuevas A., Director de Investigación y Análisis, Confederación de Empresarios Privados de Bolivia
3. Adriana de Souza, Empresa P.A. Parnet (empresa contratada para el programa de institucionalización del sector público, PRI)
4. Gustavo Sanchez, PriceWaterhouse (empresa contratada para el programa de institucionalización del sector público, PRI)
5. Humberto Vacaflor, Periodista especializado en temas económicos y políticos

CATHOLIC CHURCH

1. Erico Loza, Representante para temas de Salud, CARITAS Bolivia (Iglesia Católica)
2. Lurdes Peralta, Representante para temas de Salud, CARITAS Bolivia (Iglesia Católica)

CHUQUISACA (FIELD TRIP)

1. Eduardo Arce, Asesor General Prefectura Departamental de Chuquisaca
2. Freddy Saravia, Servicio Departamental de Fortalecimiento Municipal y Comunitario
3. Mario Torres, Servicio Departamental de Fortalecimiento Municipal y Comunitario
4. José Miranda. Gerente Mancomunidad Chuquisaca, Centro.
5. Ricardo Gonzáles, Director Regional FPS
6. Director SEDES de Chuquisaca

INTERNATIONAL COOPERATION– CHUQUISACA

1. Dick Commandeur, Cooperación Holandesa

MUNICIPALITY OF PADILLA - CHUQUISACA

1. Miguel Vega, Presidente del Consejo Municipal
2. Carlos Martínez, Vicepresidente del Concejo Municipal
3. Miembros del Honorable Concejo Municipal
4. Jesús Humerez , Asistente Técnico PDCR
5. Rosario Serna, Oficial Administrativa a.i.
6. Walter Aguilar, Unidad Técnica Municipal
7. Nestor Justiniano, Empleado
8. Representantes de la Junta de Vecinos
9. Representantes de la Sub Central Campesina
10. Director Distrital, Docentes y Junta Escolar
11. Representantes de la Asociación de Productores Ganaderos.
12. Representante Comité Cívico
13. Sub prefecto Provincia Tomina
14. Constantino Salazar, Alcalde Municipal

VIGILANCE COMMITTEE

1. Teófilo Martínez Junta Vecinal
2. Pedro Villca Central Campesina
3. Getrudis Arancibia Representante Ciudad
4. Representante Comité Vigilancia
5. Dirigente Sub Central Tiomayo

ORGANIZACIONES

1. Mario López Médico CNS y MS
2. Ramiro Villarroel Director Distrito Salud
3. Juan Carlos Siles Veterinario Zootecnista, Asociación Agropecuaria de Productores
4. María Salomé López Enfermera
5. Teófilo Fernández Profesor

CHUQUISACA –CATÓLIC CHURCH

1. Omar Encinas, Representante Pastoral Social
2. Varios Asesores de la Pastoral Social

MUNICIPALITY OF ZUDAÑEZ- CHUQUISACA

1. Consejo Municipal en Pleno (excepto Alcalde)
2. Varios Representantes de la Sociedad Civil

OTHER ORGANIZATIONS INTERVIEWED IN ZUDAÑEZ

1. Representantes de PROAGRO (ONG)
2. Director Colegio Jaime Zudañez
3. Representantes del Comité de Vigilancia
4. Representantes de las Organizaciones Territoriales de Base de Zudañez (OTB)
5. Médico del Hospital de Zudañez
6. Representante de la Junta de Vecinos de Zudañez
7. Representantes, Plan Internacional Pro-Habitat (ONG)