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**Report No. 100985-BO**

**INTERNATIONAL DEVELOPMENT ASSOCIATION  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL FINANCE CORPORATION  
AND MULTILATERAL INVESTMENT GUARANTEE AGENCY  
COUNTRY PARTNERSHIP FRAMEWORK  
FOR  
THE PLURINATIONAL STATE OF BOLIVIA  
FOR THE PERIOD FY16-FY20**

**November 4, 2015**

**Bolivia, Chile, Ecuador, Peru and Venezuela Country Management Unit  
Latin America and the Caribbean Region  
The International Finance Corporation  
Multilateral Investment Guarantee Agency**

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**The date of the last Progress Report on the Country Partnership Strategy FY2012-2015 was January 21, 2014 (Report No. 82173-BO)**

**CURRENCY EQUIVALENTS**

US\$1 = Bs.6.91 (as of October 19, 2015)

**FISCAL YEAR**

January 1 to December 31

**ABBREVIATIONS AND ACRONYMS**

ABC	Bolivian Roads Agency ( <i>Administradora Boliviana de Carreteras</i> )
B40	Bottom 40 Percent of income distribution
BCB	Central Bank of Bolivia ( <i>Banco Central de Bolivia</i> )
CAF	Development Bank of Latin America ( <i>CAF-Banco de Desarrollo de América Latina</i> )
CCT	Conditional Cash Transfers
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
DRM	Disaster Risk Management
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GruS	Bolivia Donors Group ( <i>Grupo de Socios para Desarrollo de Bolivia</i> )
IBRD	International Bank for Reconstruction and Development
IADB	Inter-American Development Bank
IFC	International Finance Corporation
IMF	International Monetary Fund
INE	National Statistics Institute ( <i>Instituto Nacional de Estadística</i> )
LAC	Latin America and the Caribbean
MIGA	Multilateral Investment Guarantee Agency
MSME	Micro, Small and Medium Enterprises
NDP	National Development Plan
PAHO	Pan American Health Organization
PDES	Economic and Social Development Plan ( <i>Plan de Desarrollo Económico y Social</i> )
PLR	Performance and Learning Review
SCD	Systematic Country Diagnostic
TA	Technical Assistance
US	United States
WBG	World Bank Group

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## I. INTRODUCTION

1. **Bolivia's distinct characteristics and aspirations are key for understanding its development trajectory.** Bolivia is one of the countries with the highest share of indigenous population, representing a tapestry of different groups with different historical, cultural and economic features, with a significant influence in policy decision making. The country is landlocked and one of the most sparsely populated in the world. As a result, long distances to the nearest seaports and markets and a challenging topography pose important natural constraints to economic expansion, and hamper broad-based and inclusive growth. Bolivia is also wealthy in natural resources, not only in hydrocarbon and in mining but in forestry and arable land, with high potential for growth, which make it vulnerable to commodity price shocks. In addition, in the last decade, the country has experienced a profound economic and political paradigm shift, enshrined in the 2009 Constitution, which has been predominantly driven by a state-led development model geared at addressing the social aspirations of Bolivians.

2. **Bolivia's economic performance over the past decade has been strong and managed to make a significant dent in poverty and inequality levels.** On average, Bolivia's GDP grew by 4.7 percent annually between 2002 and 2014 following decades of highly variable growth with little impact on the poor. Propelled by the favorable external environment and the prudent macroeconomic management, the incidence of poverty fell from 63 to 39 percent between 2002 and 2014. During the same period, extreme poverty decreased from 39.5 to 17 percent. Bolivia also achieved substantial gains in shared prosperity. Between 2002 and 2013, Bolivia's Gini coefficient fell from 60 to 49, and the average per capita income of the poorest two quintiles of the population (equivalent to the bottom 40 percent, or B40) rose at a much faster pace than for the population as a whole, and faster than the B40 in any other country in the Latin American and Caribbean (LAC) region.

3. **Despite remarkable progress, Bolivia faces challenges to deepen the advances in poverty reduction and shared prosperity.** The marked pro-poor growth of the past years was supported by a favorable external context that translated in improved labor income opportunities for the poor. Still, the incidence of poverty, at 39 percent, remains high as compared to the Latin American average (25 percent), and there are large disparities in access to services and opportunities. The long-term structural constraints that Bolivia faces in its quest for growth and poverty reduction – such as low productivity, low private sector investment and lack of economic diversification – can be addressed by safeguarding macroeconomic and fiscal sustainability, developing non-extractive sectors with higher productivity and reducing the disparities in access to services and economic opportunities.

4. **The World Bank Group's (WBG) new Country Partnership Framework (CPF) is aligned with the aspirations of the Plurinational State of Bolivia to sustain progress in reducing poverty.** The program outlined in the Government's *Agenda Patriótica 2025*, and the Five-Year *Plan de Desarrollo Económico y Social*, (PDES 2015-2020 – Economic and Social Development Plan, in process of approval), seeks to maintain a stable path towards continued growth and poverty reduction. The *Agenda Patriótica* provides the overall policy vision to 2025 and includes 13 strategic pillars. The PDES contains a five-year rolling plan with policy actions and budgets to operationalize the *Agenda Patriótica*. The overarching development agenda of the Government is still, by and large, based on an economic model that emphasizes state-led public investment, but which is increasingly opening up to private investment in important areas.

## II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

### **A. Growth, Poverty and Shared Prosperity**

5. **Economic growth over the past decade has been strong, compared to the volatility seen in previous decades.** On average, Bolivia's GDP grew by 4.7 percent annually between 2002 and 2014. This performance contrasts with the one achieved during the second half of the 20th century, which saw only a 2.8 percent average growth and significant volatility. Bolivia's recent growth has also been stable relative to other countries in the LAC region. For instance, in 2009 Bolivia's economy grew by 3.4 percent while several countries in LAC registered negative growth rates. Similarly, amid the regional slowdown, Bolivia's growth remained above 5 percent in 2014. GDP growth for 2015 is expected to be around 4 percent.

6. **The key ingredients of Bolivia's growth record have been a favorable external environment with high commodity prices, prudent macroeconomic management, and high public investment.** High commodity prices were matched with high volumes of gas exports to Brazil and Argentina, in turn supported by investments in gas and infrastructure during prior decades. The Government translated the revenue windfalls into an increase in external and fiscal savings while managing to stage a substantial fiscal expansion. In particular, the ratio of public investments to GDP more than doubled between 2003 and 2014, reaching 12.7 percent. Stronger public investment and exports fueled domestic demand, boosting growth across sectors. Bolivia also improved markedly its macroeconomic management: the current account deficit and the fiscal balance turned into a surplus in 2003 and 2006 respectively. Gross public debt in proportion to GDP fell from 98 to less than 40 percent between 2003 and 2014. International reserves increased from about \$1 to \$15 billion (or from 11 to 46 percent of GDP) between 2002 and 2014. Throughout this period, inflation was kept under control despite upsurges in international food prices and climate shocks.

7. **Bolivia's growth over the past decade has been strongly pro-poor, with poverty reduction trends among the highest in Latin America – second only to Ecuador.** Propelled by commodity exports, the incidence of poverty according to Government figures decreased from 63 to 39 percent between 2002 and 2014. During the same period, in urban areas, poverty fell from 54 to 30.6 percent, while in rural areas it fell from 79 to 57.6 percent. Extreme poverty also decreased significantly from 39.5 percent in 2002 to 17 percent in 2014. It declined from 26 to 8 percent in urban areas and from 62 to 36 percent in rural areas during the same period (see Boxes 1 and 2). Despite the substantial progress achieved, these rates are still higher than the LAC averages of 25 and 12 percent, respectively.

8. **Bolivia has also achieved substantial gains in shared prosperity.** Per capita incomes of the bottom 40 percent of the population (B40) rose at a much faster rate than those of the overall population, and faster than the B40 in any other country in the region. Between 2002 and 2013, Bolivia's Gini coefficient fell from 60 to 49. Similar reductions in inequality occurred in both urban and rural areas, where the Gini fell by 11 and 9 points, respectively. Moreover, the average per capita income of the poorest two quintiles (equivalent to the B40) rose at a much faster pace than for the population as a whole, and faster than the B40 in any other country in the LAC region. Average per capita household income grew by 4.6 percent per year between 2002 and 2013, while the average income of the B40 increased by 9.4 percent. Since the moderately poor account roughly

for the B40 of the income distribution, the two objectives of reducing poverty boosting shared prosperity coincide in the particular case of Bolivia.

### Box 1: The Characteristics of the Extreme Poor in Bolivia

**The extreme poor are more likely to live in rural areas, to be indigenous, and to have low levels of education.**

As of 2013, approximately 7 out of 10 extreme poor lived in rural areas. Moreover, 64 percent of the household heads in extreme poor households were indigenous. The education of household heads in extreme poor households was on average 5.8 years, 1.6 and 4.9 years lower than non-extreme poor and non-poor household heads, respectively. Extreme poor households had a higher dependency ratio particularly relative to non-poor (4.4 compared to 4.0 and 3.4 members of non-extreme poor and non-poor households). In addition, they were more likely to be headed by males than the less poor. Only 22 percent of extreme poor households were headed by females compared to around 26 percent for the less poor and non-poor households.

#### Profile by poverty condition in 2013 (Averages by group)

	Extreme poor	Non-extreme poor	Non-poor
Age of household head (years)	49.5	48.5	47.9
Female household head (%)	22.5	26.6	25.8
Years of education of household head	5.8	7.4	10.7
Household head is indigenous (%)	63.9	40.3	21.7
Household size	4.4	4.0	3.4
Dependency ratio	0.7	0.6	0.4
Living in rural area (%)	68.2	40.1	22.7

**While the extreme poor are still likely to be indigenous, there have been substantial improvements between 2002 and 2013.** In 2002, 62 percent of the indigenous population were extreme poor, vis-à-vis only 39 percent in 2013. Conversely, over the period, the share of the indigenous considered non-poor doubled from 20 to 40 percent. Comparing indigenous and non-indigenous groups, the gaps in terms of poverty are larger in rural areas, where the extreme poverty rate for the indigenous population fell by 23.5 percentage points over the period. Within urban areas, the extreme poverty rates for the indigenous population decreased at a faster pace than for non-indigenous, hence closing the gap between the two groups. By 2013, the incidence of extreme poverty among indigenous was 13.7 vis-à-vis 8.4 percent among non-indigenous groups.

#### Poverty rates for the indigenous and non-indigenous by area, 2002 and 2013

	Indigenous in rural areas		Indigenous in urban areas		Non-indigenous in rural areas		Non-indigenous in urban areas	
	2002	2013	2002	2013	2002	2013	2002	2013
Extreme poor	75.1	51.6	36.9	13.7	51.9	22.5	22.7	8.4
Non-extreme poor	13.5	22.0	28.3	19.6	22.0	20.0	28.2	19.8
Non-poor	11.4	26.4	34.8	66.8	26.1	57.6	49.1	71.8
In bottom 40	72.8	74.3	33.0	34.7	49.7	43.4	22.8	29.2

Source: Calculations based on 2002 and 2013, Encuesta de Hogares, INE. Notes: Indigenous definition based on language

9. **The living conditions of the poor improved significantly along several non-monetary dimensions, but several challenges remain, notably with respect to access to services.** Bolivia has already met several of the Millennium Development Goals (MDGs). According to the 2012 Population and Housing Census, the number of households with access to electricity, drinking

water and proper sanitation all increased at the national level. This increase in access was driven by individuals moving to urban areas with higher coverage of basic services, but also by significant improvements in electricity and water coverage in both rural and urban areas. However, there is scope for improvement: while four out of five Bolivians have access to electricity and drinking water, only two out of five have sewerage, and most of the wastewater collected is discharged untreated into water bodies causing health risks and potential damage to the environment.

**10. Despite advances, gender inequalities persist and Bolivian women – notably indigenous – continue to be amongst the most vulnerable.** Important advances have been achieved on legislation to promote gender equality, agency and political participation (e.g., *Ley para una Vida Libre de Violencia Contra las Mujeres*). Bolivia has one of the highest female labor force participation rates in LAC, and increases in women’s labor earnings have accounted for a sizeable reduction in poverty. However, women still face challenges in the labor market: they are more likely to be engaged in vulnerable types of employment, and in informal and low-productivity sectors; and 50 percent more likely to be unemployed than men. The majority of female-owned firms are micro or small enterprises (59 percent), tend to be more informal and have lower profits and lower access to credit and financial services. Gender inequalities in the labor market are the result of multiple constraints, including lack of mobility, time, and skills, and exposure to violence.<sup>1</sup> The intersection of gender and ethnicity creates disadvantages: more than 60 percent of indigenous women are self-employed in the informal sector compared to 40 percent of non-indigenous women, with average earnings for indigenous women only 60 percent of those of non-indigenous women (World Bank, 2009).

**11. The primary channel through which Bolivia’s economic growth has addressed the Twin Goals has been through greater income opportunities for the B40.** The gains in poverty reduction and shared prosperity have been driven largely by higher average earnings and employment of low-income earners, due to the windfalls from higher commodity export revenues, leveraged by the Government’s expansive public investment program. As a result, the demand for low-skilled labor increased. In addition, rapid urbanization triggered a move to better-paid types of work (from self-employment to wage-employment) and in new sectors. The proportion of the B40 working in the higher paying – though still unskilled or semi-skilled – service sector more than doubled between 2002 and 2013, from 9 to 20 percent. However, the rise in earnings was more related to changes in relative prices than to greater productivity.

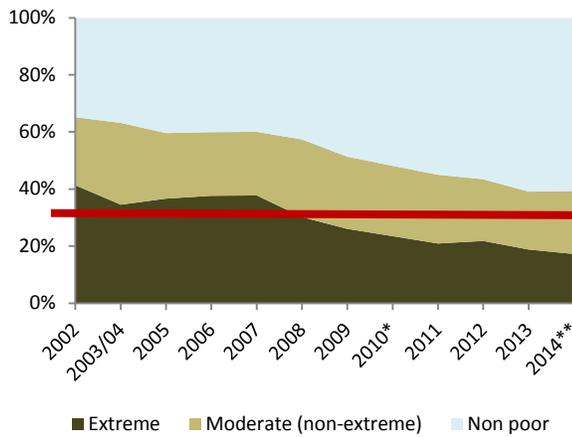
**12. Non-labor income also contributed to lower poverty and inequality, but less so than labor income.** In the last decade, non-contributory transfers to elderly people (*Renta Dignidad*) were expanded. In addition, new conditional cash transfers (CCTs) were created and expanded, linked to school attendance (*Juancito Pinto*) and pregnancy and early childhood medical care (*Juana Azurduy*). *Renta Dignidad* has the widest coverage and more generous amounts, with a significant impact on household income and consumption. The new CCTs have had important impacts on overall welfare and access to social services, but their direct impact on poverty reduction was limited. Likewise, existing hydrocarbon subsidies benefit more the non-poor and create disincentives for exploration investments. Besides being regressive, subsidized fuel prices cause a large fiscal burden (5.7 percent of GDP in 2013) and have encouraged smuggling.

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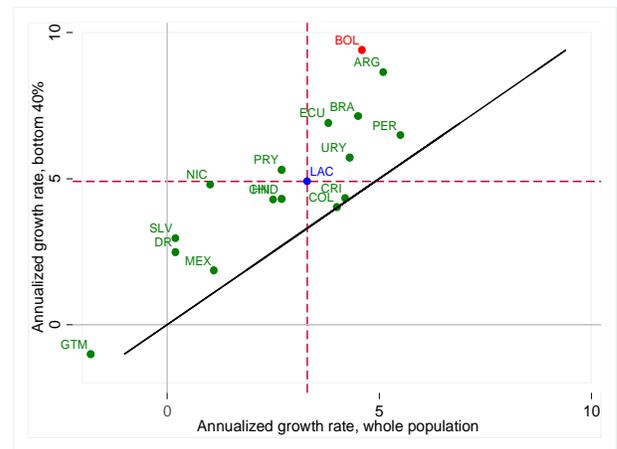
<sup>1</sup> Violence against women is another important challenge: 24.2 percent of Bolivian women between 15-49 and that are married or in union have suffered physical or sexual violence in the past 12 months (ENDSA, 2008), as compared to the regional average of around 13 percent (PAHO, 2012).

## Box 2: Poverty Reduction and Shared Prosperity Trends in Bolivia

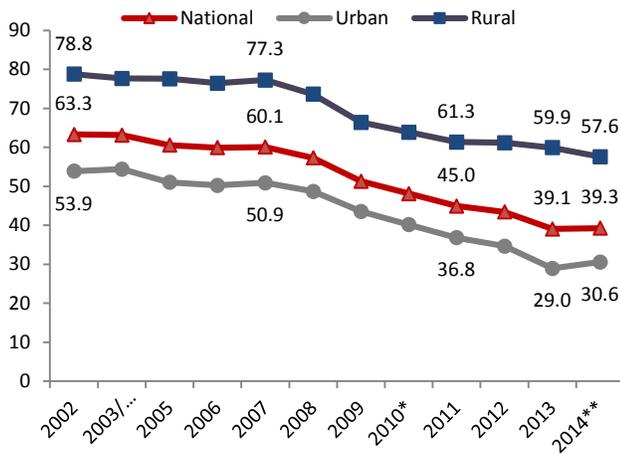
Change in relative size of income groups and composition of the B40, 2002-2014<sup>i</sup>



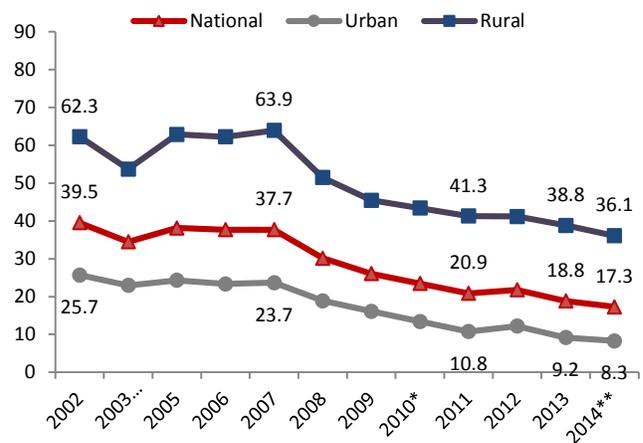
Shared prosperity in LAC, circa 2003-2012<sup>ii</sup>



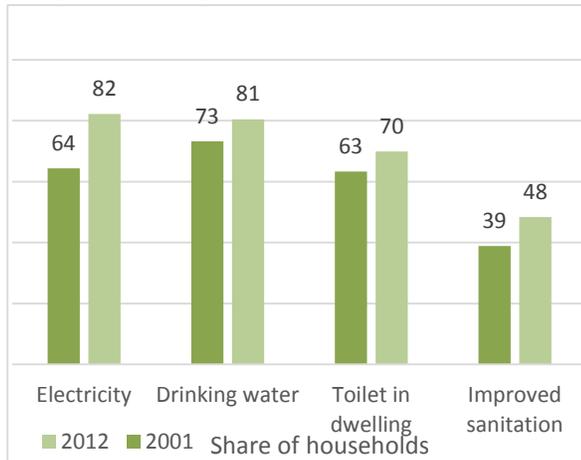
Total Poverty Headcount<sup>iii</sup>



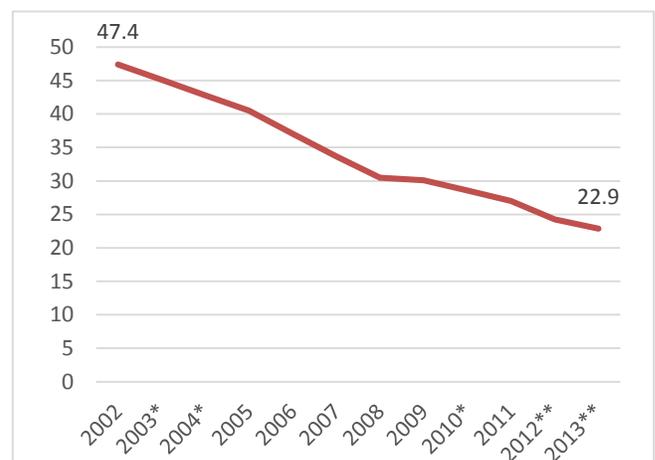
Extreme Poverty Headcount<sup>iv</sup>



Change in Coverage of Basic Services, 2001 and 2012<sup>v</sup>



Multidimensional Poverty<sup>2</sup>



Sources: <sup>i</sup>, <sup>ii</sup>, <sup>iv</sup> World Bank and CEDLAS (2002-2013); <sup>iii</sup> INE 2012, 214; <sup>v</sup> UDAPE (2001-2014)

## B. Recent Economic Developments

13. **Despite the successful economic trends since 2004, the fall in commodity prices poses a challenge for the country's economic management.** Amid an overall slowdown in the region, Bolivia was able to maintain growth rates above 5.0 percent in 2014, driven by Government's expansive public investment program, and by growing gas and mining exports. However, the continued expansion of public investment and the drop in commodity prices are eroding some of the country's balances. After eight years of surpluses, the fiscal balance in 2014 showed a deficit of 3.4 percent of GDP. Similarly, the current account surplus decreased from 3.8 percent of GDP in 2013 to near balance in 2014, as imports grew more than export volumes. Nevertheless, Bolivia continues having large macroeconomic buffers that will cushion the short-term effects of lower commodity prices in the near future: international reserves account for 46 percent of GDP while public deposits at the Central Bank are 24 percent of GDP. In addition, gross public debt remains below 40 percent (Table 1).

**Table 1: Key Economic Indicators**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GDP growth (%)	2.7	4.2	4.4	4.8	4.6	6.1	3.4	4.1	5.2	5.2	6.8	5.5	4.0	3.7	3.6	3.6
Inflation rate (%)	3.9	4.6	4.9	4.9	11.7	11.8	0.3	7.2	6.9	4.5	6.5	5.2	2.9	3.3	3.5	3.5
Nominal exchange rate (Bs/\$)	7.8	8.1	8.0	8.0	7.6	7.0	7.0	7.0	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Total investment	12.7	11.7	13.0	14.3	16.1	17.2	16.5	16.6	19.0	18.2	19.1	21.0	21.9	20.7	19.9	19.4
Public investment	5.2	6.6	6.9	8.1	9.4	9.8	9.5	9.5	10.5	10.4	11.3	12.7	13.6	12.5	11.8	11.3
Private investment	7.5	5.1	6.1	6.2	6.7	7.5	7.0	7.1	8.4	7.8	7.8	8.2	8.3	8.2	8.2	8.1
Fiscal balance*	-7.9	-5.5	-2.2	4.5	2.6	4.0	0.4	1.7	0.8	1.8	0.7	-3.4	-5.9	-4.5	-3.6	-2.7
Revenues*	24.1	26.8	30.9	34.5	34.4	38.9	35.9	33.2	36.2	37.8	39.1	39.9	34.8	33.8	33.7	33.7
Hydrocarbon revenues*	2.8	3.6	6.7	10.5	9.4	13.4	11.3	10.2	11.5	13.0	13.5	12.4	8.5	8.4	8.2	8.0
Expenditures*	31.9	32.3	33.1	30.0	31.8	34.9	35.4	31.5	35.4	36.1	38.4	43.4	40.7	38.3	37.4	36.4
Net public debt	89.7	83.0	74.5	42.7	27.9	21.0	23.3	18.5	14.6	11.2	10.3	13.4	19.4	23.9	27.6	30.3
Gross public debt**	97.7	91.6	84.0	56.2	42.0	38.3	41.0	39.7	36.6	36.6	37.0	37.9	42.1	44.6	46.6	46.4
Public deposits at Central Bank	8.1	8.6	9.5	13.5	14.1	17.3	17.7	21.2	22.1	25.4	26.7	24.5	22.7	20.7	19.0	16.1
Current account	1.1	3.8	5.9	11.3	11.5	11.9	4.3	3.9	0.3	7.3	3.8	0.0	-6.9	-5.8	-5.1	-4.8
International reserves	12.1	12.8	18.0	27.7	40.5	46.3	49.5	49.5	50.2	51.5	47.2	46.3	41.8	37.1	35.7	34.2
Banks loans***	27.9	24.5	24.9	22.5	23.1	21.4	22.9	26.4	27.3	29.3	31.4	35.5	..	..	..	..
Non-performing loans (%) ***	18.9	15.8	12.4	9.3	5.9	4.5	3.7	2.3	1.7	1.5	1.5	1.5	..	..	..	..
Dollarization***	91.1	87.1	81.9	74.6	63.4	53.2	52.3	43.3	36.0	28.1	22.8	18.3	..	..	..	..
M3' growth (%)	5.1	0.9	13.6	18.1	28.9	19.2	20.4	12.5	17.7	20.2	16.2	15.6	..	..	..	..

Note: (\*) Consolidated public sector. (\*\*) Public debt includes total external debt, municipal internal debt, treasury external debt with private sector, Central Bank credit to public sector and Treasury debt with other financial public institutions. (\*\*\*) Since 2014, it only include multiple banks.

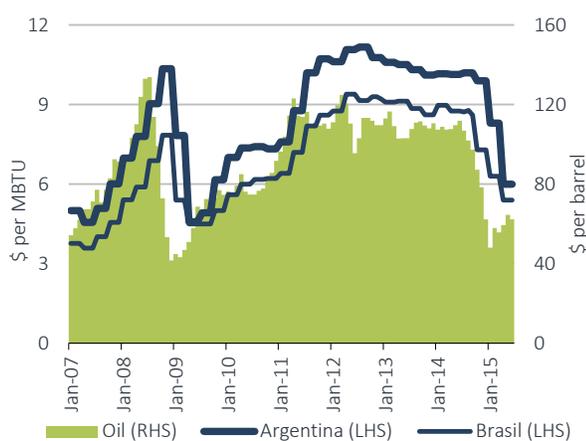
Source: National Statistics Institute, Central Bank of Bolivia, MEFP, Financial Institution Supervision Authority and staff estimates.

14. **The likely drop in gas and mining revenues could also jeopardize the significant economic and social gains achieved over the last decade.** Gas export prices in Bolivia are a moving average of oil prices: they have been falling since late 2014 (Figures 1 and 2). Lower gas

<sup>2</sup> Seven dimensions were considered in determining multidimensional poverty: lack of assets (household does not possess two or more of the following items: television, telephone, means of transportation, or refrigerator), lack of electricity, lack of flush toilet or pit latrine, no household member has completed five years of schooling, any 7- to 15-year-old child in the household is out of school, the home is constructed with precarious wall materials, and lack of running water in the dwelling. A household is considered multidimensional poor if it is deprived in at least three of these seven dimensions.

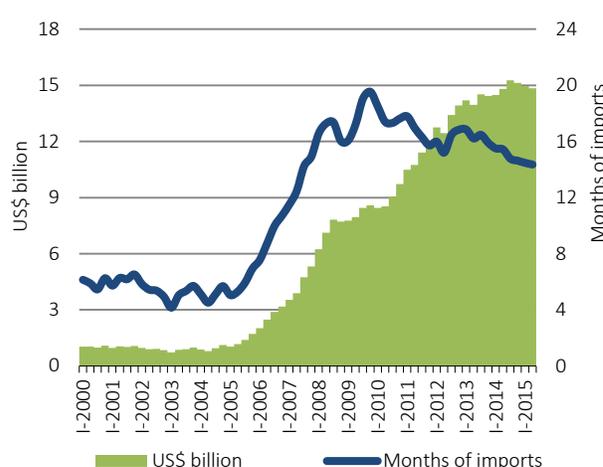
prices have a significant negative effect on fiscal and external balances, as the hydrocarbon sector accounts for almost half of total exports and one third of fiscal revenues. For instance, the value of gas exports decreased by 38 percent in the first eight months of 2015 relative to the same period a year before, from \$4693 to \$2893 million. Prices of mining and agricultural commodities (including zinc, tin, gold, and soybeans) have also been declining, but these will have a lesser but still important impact than gas prices – they account for about one third and one sixth of total exports, respectively. Lower commodity prices may inhibit further investment in extractive sectors, which would in turn hamper future gas exports in the short run and needed exploration in the long run. Finally, the negative terms of trade shock may reduce the private sector’s appetite to invest in some non-tradable sectors such as construction or services.

**Figure 1: Oil price**



Source: Global Economic Monitor and YPFB

**Figure 2: International reserves**



Source: Central Bank of Bolivia

15. **Bolivia’s substantial buffers will help cushion the effects of lower commodity prices; however, a large and sustained fiscal stimulus will put pressure on them.** While gas export volumes may continue growing in the coming years – in particular with Argentina – their value has been sharply decreasing given the negative trend in the price of oil since 2014. Ample fiscal and external buffers have allowed the country to run countercyclical monetary and fiscal policies – and will continue to do so, at least in the short term. However, sustaining or amplifying such policy stance – which underpins the current PDES, particularly by means of a substantial public investment program– could put pressures on the existing buffers, both fiscal and external. In addition, countercyclical monetary and fiscal policies will sustain domestic demand, but additional efforts will be needed to boost productivity and long-term growth prospects.

16. **The ‘new normal’ in coming years could take the form of lower growth, despite robust macroeconomic management.** Countercyclical policies are likely to sustain growth of around 4 percent in 2015. However, assuming that oil prices will only improve modestly in the coming years, Bolivia’s growth could decrease to 3.6 percent or more by 2018. Other macroeconomic indicators are also likely to worsen: the fiscal deficit is expected to increase from 3.4 percent of GDP in 2014 to 5.9 percent in 2015 as the Government maintains high levels of public investment, ultimately settling at around 2.7 percent in later years. The current account could turn into a deficit in 2015, reaching 6.9 percent of GDP, driven by lower commodity prices and growing imports due to growth, sustained public investment, and real appreciation. On the assumption of gradual recovery of commodity prices and macroeconomic consolidation the current account deficit would

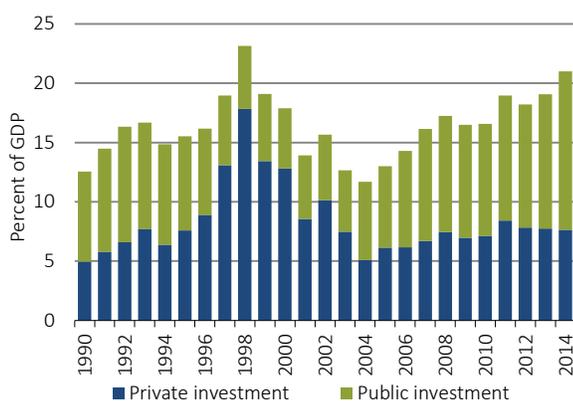
converge to 4.8 percent of GDP in 2018. Nevertheless, debt ratios are likely to remain within acceptable thresholds, but the more challenging external context will clearly reduce room to maneuver. Indeed, total gross public debt is expected to increase from 37 percent of GDP in 2013 to 46 percent in 2018, but would remain sustainable, according to the analysis carried out for the Systematic Country Diagnostic (SCD).

### C. Key Challenges and Constraints to the Twin Goals

17. **Progress notwithstanding, Bolivia faces significant challenges on the poverty reduction and shared prosperity agenda.** Around 39 percent of Bolivians are still poor and 17 percent are extremely poor. A large fraction of households that are now above the poverty line is vulnerable to falling back into poverty with the slowdown or any negative shock. Income disparities are still persistent. Also, Bolivia faces important gaps in social outcomes. For instance, lack of access to adequate health care services during pregnancy, post-natal and childhood is particularly acute among the poorer, rural, and indigenous groups, particularly in lagging regions, despite significant investments in these areas in the past years. The country also faces high rates of early pregnancy and an increase in the prevalence of HIV-AIDS. In addition, Bolivia lags behind other countries in the region in the prevention of infectious diseases. Access to education presents a similar picture: enrollment in initial education is low relative to other countries in the LAC region, and varies significantly across socio-economic groups. Similar gaps appear at the secondary level. These educational disparities across groups, as well as substantial shortcomings in quality, could undermine the country’s potential in the long term.

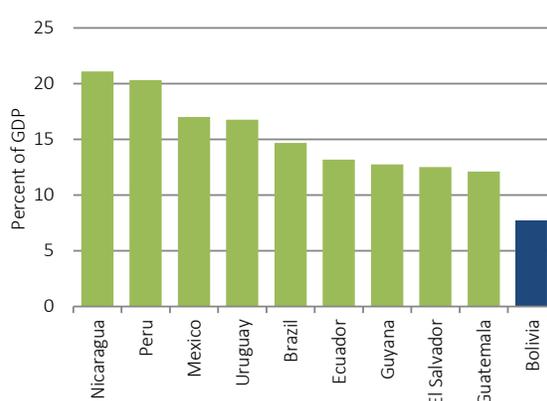
18. **Moreover, Bolivia’s growth has not been underpinned by raising productivity across sectors, which is an impediment to sustained gains in shared prosperity.** Between 2003 and 2013, productivity growth was far below the top performers in LAC, particularly in non-extractive sectors. The productivity gains that have been realized have been due, by and large, to the reallocation of labor from low productivity agriculture to slightly higher productivity services and other non-tradable sectors. One contributing factor to this imbalanced growth relates to the fact that, despite the strong levels of public investment, private investment has been among the lowest in the LAC region (Figures 3 and 4). As a result, the contribution of capital accumulation to growth is well below the regional median. Moreover, the bulk of (foreign) private investment was directed towards the extractive sectors, with the remainder accounting for barely two percent of GDP in 2013.

**Figure 3: Public and private investment**



Source: National Statistics Institute

**Figure 4: Private investment in the region**

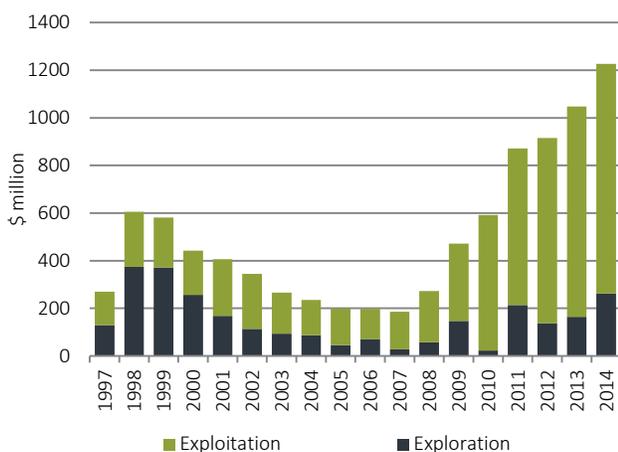


Source: World Development Indicators.

19. **The key constraints to higher productivity and private investment relate to the structure of the private sector.** The enterprise sector is dominated by many small firms operating in relative informality, with limited market competition and a poor overall business climate for investors that hamper firm growth. As a result, there is a growing mismatch between the increasing supply of higher-skilled workers resulting from greater access to education, and the low demand for skilled labor coming from low-productivity sectors. Indeed, the available evidence shows the dominance of capital-intensive extractive sectors, while non-tradable sectors continue to be characterized by informality and low value added. This situation stands in contrast to the expected changes in the future labor force due to the demographic dividend, rapid urbanization, and the expansion of education. A much larger share of educated people will enter the work force, seeking skilled jobs, mostly in urban areas.

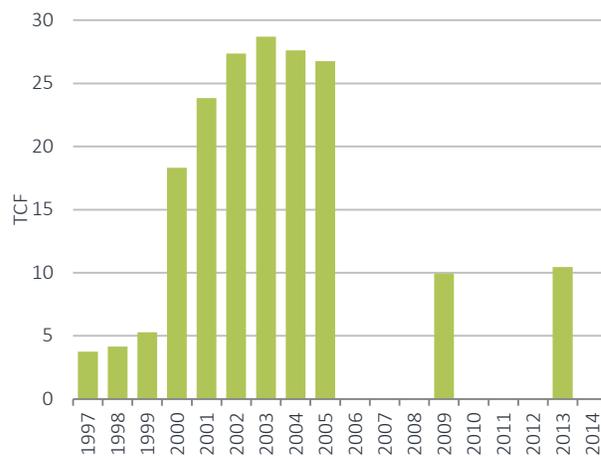
20. **Bolivia's strong dependence on natural resource extraction makes growth prospects vulnerable to capacity bottlenecks, notably in the gas sector.** Despite a recent upsurge, the low levels of investment in exploration of the last 15 years imply that extraction has increased with only limited new production capacity coming on-line (Figures 5 and 6). As a result, reserves have remained close to 10 TCF, implying that the reserves-to-production ratio has decreased from 21 years in 2009 to only 15 in 2013. Thus Bolivia could face constraints to meet an increasing domestic and external demand for gas as early as 2017. A similar trend is observed in mining, where investment has focused on upgrading or maintaining existing operations, while exploration has practically come to a halt. Even if new large-scale exploration activities were to begin immediately, long maturity cycles would mean that supply constraints might emerge in the medium term, both for hydrocarbon production and mining. This represents a significant risk to growth prospects as gas production and exports are critical for external and fiscal balances, while mining exports also directly affect the labor and income opportunities of the poor.

**Figure 5: Investments in the hydrocarbon sector**



Source: YPFB.

**Figure 6: Proved gas reserves**



Source: YPFB.

21. **Agriculture and agro-industries offer a good alternative to creating an alternative source of growth, but raising productivity in these sectors will require attracting significant private investment.** After the extractives sector, agriculture is the most important source of export earnings and has great potential for employment generation and poverty reduction. Growth in the agricultural sector has been driven by a rapid expansion of the land frontier, yet prospects for further expansion are limited, as the amount of unused arable land is dwindling. Efforts to boost

agricultural productivity will have to pay heed to environmental concerns, because the current expansion strategy is putting a heavy toll on the environment in terms of deforestation, soil degradation, and depletion of water resources. In addition, future intensification technologies will have to be climate smart, as agriculture will remain exposed to weather and price shocks, which are projected to intensify with climate change. A new focus on sustainable intensification of agricultural production is therefore critical both to increase productivity and to reduce negative impacts on the environment.

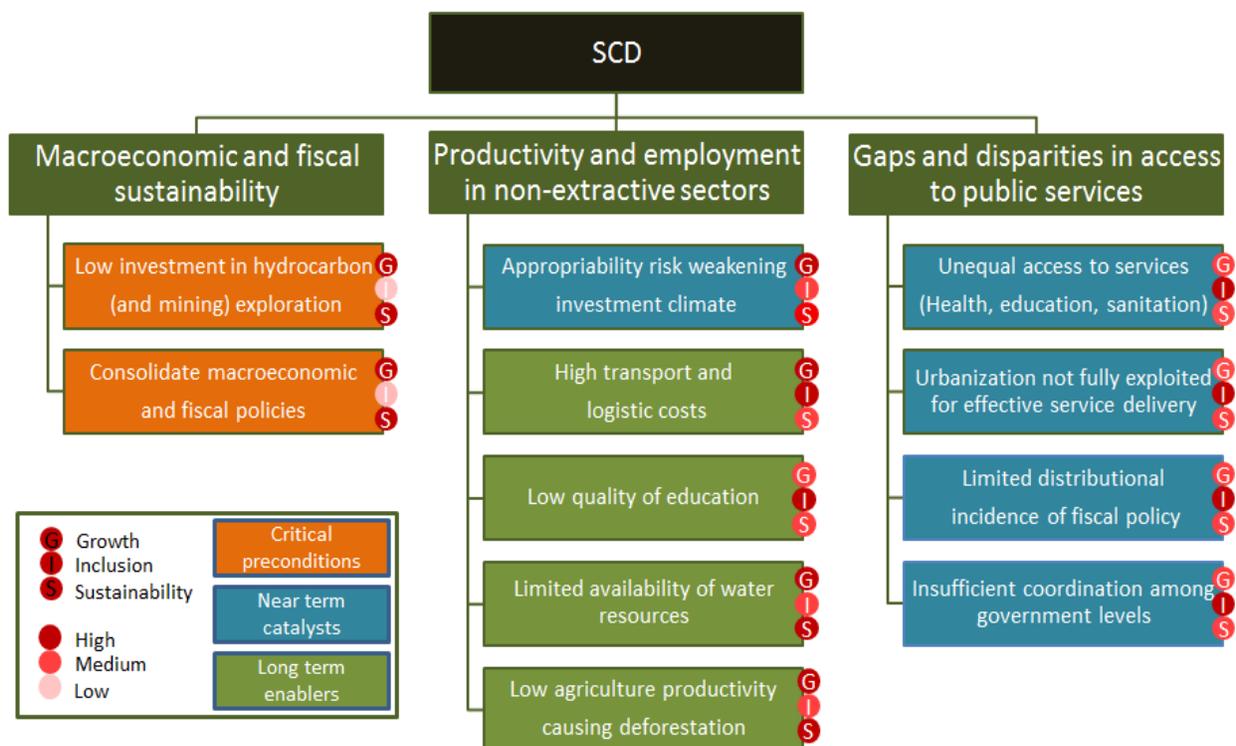
22. **In addition, Bolivia's current path towards inclusive growth faces important sustainability risks, particularly in the face of climate change.** Bolivia has a large stock of natural wealth, and resource depletion is not a binding constraint for growth, at least not in the short and medium terms. Yet the excessive use of natural resources has other, more localized effects that can disproportionately affect the poor. Sustainability risks are particularly pronounced in the case of water resources, forests and soils. Anticipated impacts of climate change in Bolivia will be evidenced through water. Climate change will fundamentally change the availability of water and the overall water cycle, and as such the importance of this management across sectors and institutions will be fundamental. The loss of glacier and snow melt combined with increased watershed degradation are threatening available water supplies. While Bolivia has one of the highest forest endowment per capita in the world it is also experiencing increasing deforestation. Third, the scale of land degradation to expand land use for agriculture is large by regional comparison. Climate change and the demographic trends towards urbanization in the country amplify these adverse effects. Exposure to climate variability and natural disasters has increased significantly in the past years, posing a critical threat to the livelihoods of many Bolivians.

23. **To address these challenges moving forward, the World Bank SCD has identified three main country challenges to growth, poverty reduction and shared prosperity, and associated priority constraints (Figure 7):**

- (i) **Safeguarding fiscal and macroeconomic sustainability.** Moving to a model of inclusive growth based on a stronger non-extractive sector is a long process. While this process unfolds, it is critical and pragmatic to seek macroeconomic and fiscal stability by maintaining a significant flow of revenues from the extractive sector. The lack of investment in exploration in the past years is an important concern in this regard, and is mostly due to the high appropriation risks in the legal and regulatory environments, and disincentives created by the country's hydrocarbon subsidy schemes. At the same time, safeguarding this strong starting position will require maintaining robust macroeconomic balances by way of adjusting fiscal and macroeconomic policies to the new context, and strengthening institutional anchors for policy making.
- (ii) **Developing non-extractive sectors that have potential for both higher productivity growth and labor absorption.** This will require a more dynamic private sector that is able to complement Bolivia's State-led model. The need for higher productivity and expansion into non-extractive sectors is critical for sustaining advances on reducing poverty and increasing shared prosperity. Failure to do so will mean insufficient opportunities for the growing number of better-educated generations entering the labor market, particularly in urban areas. In the medium term, continued efforts to improve infrastructure, logistics services and education quality will be needed in order to unleash growth in these sectors. This is essential to enhance private sector interest and engagement in future investments, which is more urgent now given lower commodity prices.

(iii) **Enhancing access to opportunities, while reducing disparities.** Important gaps in access to opportunities remain, with rural areas lagging behind, the result of a sub-optimal distribution of resources and uneven capacity to deliver services across regions. Achieving a better resource allocation can be reached by establishing stronger linkages and coordination between planning and budgeting, and between levels of governments. Fiscal policy has been traditionally regressive in Bolivia despite Government’s efforts to direct resources to the poor. Fuel subsidies are regressive and while direct social transfers have been strengthened with the view of expanding access to basic social services, their impact on the poor can be enhanced by achieving more effective targeting of the neediest segments of the population.

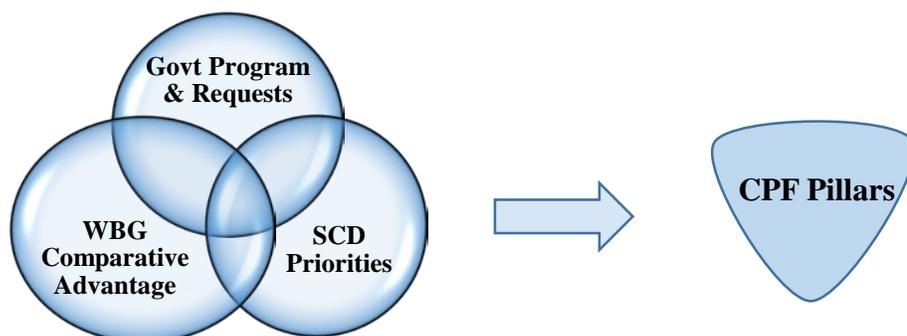
24. **The SCD recommends focusing on three fronts: (a) critical preconditions for inclusive growth; (b) near-term catalysts for a long-term structural shift in the economy; and, (c) long-term enablers to sustain that shift (Figure 7).** The first group of action: (a) includes increasing investments in gas exploration, and tackling macroeconomic policies in step with the changing external context. Near-term catalysts and (b) speaks to policies to jumpstart private investment and productivity in the non-extractive sectors by focusing on the overall investment climate, infrastructure and the supply of qualified labor. Priorities here also include the need to lower regional disparities and access to basic services in both rural and urban areas, have a more progressive fiscal policy and improve coordination between different levels of government. Long-term enablers focus on reducing transport and logistic costs, enhance the quality of education quality, particularly at the secondary level, expand access to water and increase productivity in agriculture.



### III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

#### A. Selectivity Filters

25. **The CPF will continue to support the Government’s efforts to sustain gains in poverty reduction and shared prosperity.** Three selectivity filters will be used to frame the program for the next five years, aimed at maximizing the impact of WBG interventions on the Twin Goals. These are: (a) broad consistency with the priority constraints identified in the SCD; (b) alignment with the Government’s development plans and demands; and (c) the WBG comparative advantage in sustaining Bolivia’s progress in moving toward the Twin Goals. Despite the filters, the WBG engagement in Bolivia will remain flexible with respect to the evolution of the country’s growth trajectory and new demands that may arise from the authorities.



26. **Selectivity Filter One: Consistency with the SCD.** The SCD outlines comprehensively the three key challenges (Figure 7) to deepening welfare gains for the poor and identifies several priority constraints that need to be addressed to sustain these gains. The SCD has informed the elaboration of the CPF, which is consistent with the priorities identified under the three challenges: (1) safeguarding macroeconomic and fiscal sustainability; (2) developing non-extractive sectors that have potential for both higher productivity growth and labor absorption; and (3) enhancing access to opportunities, while reducing disparities. Clearly, not all SCD areas will be addressed in the CPF, as windows of opportunity have not yet materialized on certain areas in the specific Bolivian context (e.g., distributional impact of fiscal policy). By the same token, some areas that are included in the CPF do not figure as first tier priorities in the SCD (e.g., climate change).

27. **Selectivity Filter Two: Alignment with the Government’s demand for WBG engagement.** With the goal of eradicating extreme poverty and translating prosperity into local principles of well-being (*Vivir Bien*), the Government unveiled its *Agenda Patriótica 2025* in 2013.<sup>3</sup> In August 2015, the Government operationalized the *Agenda’s* long-term policy objectives through the PDES, a five-year rolling plan.<sup>4</sup> The Government’s demands to date have focused on deepening

<sup>3</sup> The *Agenda Patriótica* establishes an overall political economy vision for the country under thirteen pillars, including universal access to basic services, improved health and education services, and others. Other pillars focus on principles of political economy, and national aspirations. It also aims to strengthen the Government’s role in key sectors of the economy and use the resources generated to promote social progress.

<sup>4</sup> The Plan introduces concrete policy actions under the thirteen pillars that are monitored by annual results indicators and a five-year evaluation. More importantly, the PDES goes beyond the *Agenda Patriótica* and introduces six cross-cutting priorities: (1) Climate Change Adaptation and Disaster Risk Management; (2) Water Resource Management; (3) Development of Intermediate Cities; (4) Diversification into Value-Added Industries; (5) Integrated Measures of Well-Being; and (6) Integrated Development of Ecosystems.

the engagement in road infrastructure, rural development, access to basic services, climate change and disaster risk management. More recently, the Government has expressed interest in a potential engagement of the WBG in new areas, including the investment climate, health, irrigation, water and sanitation. This window of opportunity could result in a firmer, if gradual, engagement on tackling some of the key fundamentals axes to boost private sector development, diversify the economy and boost human capital.

28. **Selectivity Filter Three: Comparative Advantage of the WBG.** The WBG can produce integrated solutions that bring together global knowledge, technical assistance, financial solution packages and policy dialogue in the delivery of concrete results. The World Bank has brought value added through best practices relevant to the Bolivian context in areas such as disaster risk management, climate change mitigation and adaptation, road sector management, and rural development. The WBG will continue to support these areas as well as other Government priorities where the engagement can add value. IFC and MIGA will continue to focus on clients with business models that have demonstrated strong performance and that operate efficiently within Bolivia’s regulatory framework, including projects in financial markets – SME, banking, and trade finance – and agribusiness. IFC will continue to provide technical assistance to simplify procedures at the municipal and (if opportunities arise) national levels. MIGA will remain open to supporting foreign direct investments in the country via its political risk insurance products. The WBG’s interventions also depend on the role of other development actors in Bolivia, to avoid duplication.

29. **The CPF reflects sustained dialogue with the Bolivian authorities, development partners and other key civil society actors.** The CPF was developed through a series of roundtable and bilateral discussions with Government officials, members of civil society, and the other partners. These took place over a six-month period, following the presentation of the SCD to senior Government officials. Two separate formal presentations and consultations of the CPF were carried out at plenary sessions of the *Grupo de Socios para Desarrollo de Bolivia* (GruS) – the local development coordination forum in Bolivia (see paragraphs 72-73). Also, consultations on the CPF were held in the largest cities of Bolivia (La Paz, Cochabamba and Santa Cruz) with groups ranging from private sector representatives and civil society organizations to small producers and indigenous women. These exchanges were useful to understand the complementarity of the CPF with the programs of other partners, and the relevance of its focus vis-à-vis the main concerns and demands of Bolivians and the Bolivian Government (Box 3).

### **Box 3: Consultative Process on the CPF**

The CPF consultations with civil society groups, other development partners and the Government were carried out throughout Bolivia. Consultations took place in Santa Cruz with the private sector, academia and with associations of small producers. A daylong meeting with small producers and women’s organizations was also organized in Cochabamba. More than 220 representatives of civil society participated in these meetings, 40 percent of which were women. Actors working in the health and education sectors were also represented. Another series of exchanges took place in La Paz, twice with Bolivia’s main development partners (though the GruS) and also with the Minister of Planning and Development and his Technical Team.

During the consultation with civil society the CPF team worked with a series of questions related to the pillars and objectives of the CPF to elicit feedback on the themes and areas where the WBG is concentrating focus and resources. The questions did not prevent participants from highlighting additional areas where the WBG could engage. At the general level, participants recognized the progress that Bolivia has achieved on the growth and poverty reduction front. However, the discussions were very rich on future priorities, and on where to concentrate

future efforts and attention. The main points can be summarized as follows, focusing on small producers, women's association and the private sector and academia in turn:

- Small producers. This category focused predominantly on the need to improve water management; the adequate management of natural resources; the limitation in the access to markets – including export markets – to commercialize their products; the unfair competition represented by food smuggling from other countries; the need for better agricultural technology, focusing on innovative practices in the face of climate change; and the existing limitations in the access to credit.
- Women associations. Women highlighted the need for technological change to promote women's involvement in agricultural production, notably the introduction of time-saving technology. Other topics highlighted included the theme of natural disasters and climate change; the promotion of communal work for tasks such as the cleaning of aquifers; the introduction of new technologies to manage residual water and solid waste; and the need to address the violence against women.
- Private sector and academia. Private sector actors focused on the regulatory framework; the need to attract private foreign direct investment; the respect of property and judicial rights; the need to review the labor legislation; issues related to competitiveness and the need to boost human capital through better quality of education and research. Private sector actors also expressed the preoccupation with the fall of the oil price and underscored the frank and open nature of the dialog with the Government.

## B. Proposed WBG Partnership Framework

30. **While consistent with the priority constraints identified in the SCD, the CPF will only address some of them.** On macroeconomic and fiscal sustainability, the WBG will respond to Government demands to enhance all growth related policies, including the promotion of *exploration in the hydrocarbons sector*. Emerging demands exists to *promote private investment*. Under the productivity and employment in non-extractive sectors challenge, the WBG program will strengthen interventions aimed at reducing *transport and logistics* costs, will expand its engagement in *rural development and agriculture*, and – through the climate change and integrated basin management program – will tackle the *availability of water resources*. Under the challenge on gaps and disparities in access to public services, the WBG will continue to support the *urban and rural development agenda with a focus on service provision and quality*, and the institutional aspects related to the insufficient *coordination within and between government levels*. Policy dialogue will continue to address the unequal *access to services*, in the water and sanitation, and energy sectors, and – given recent Government demand – in health.

31. **By the same token, the WBG may not immediately engage in some of the priorities constraints identified in the SCD.** Under the macroeconomic and fiscal sustainability and gaps and disparities in access to public services challenges, there is no Government demand for WBG engagement in working on topics related to the intergovernmental fiscal relations agenda: the Government is defining how best to move forward the implementation of the Autonomies and Decentralization Law – that is, the “*pacto fiscal*” between the central government and sub-national ones, which is also socially and politically sensitive. In the productivity and employment in non-extractive sectors, there is no common agenda yet with the Government to reduce the *appropriability risks* faced by investors, nor demand to work on quality of education issues where other developments agencies are helping. However, greater emphasis on human development aspects will be placed in the program should the Government demand it. Over its five-year timeframe, the CPF will remain flexible to engage in new areas depending on how the economic context evolves and emerging demands arise

32. **In addition, the CPF program supports areas that are not identified in the SCD as first tier priorities, but for which there is strong Government demand and the WBG has a comparative advantage.** This is particularly the case of the disaster risk management (DRM) and climate change agendas. Given Bolivia's high exposure and vulnerability to natural disasters, the Government has steadily requested the support of the World Bank in DRM. After several years of engagement in the sector through a broad range of instruments including investment financing, technical assistance provided by trust funds, and more recently a development policy credit and loan that helped the Government tackle structural regulatory and institutional aspects, the World Bank is perceived as a key development partner on this priority theme. Dialogue also exists on ways to tackle climate change through intervention in water, sanitation and energy and will be sustained as long as there is Government demand.

33. **The CPF will also address some of the main knowledge gaps identified in the SCD.** The SCD indicated the main analytical gaps that should be addressed to improve the evidence base for policy making in Bolivia, including: (i) municipal poverty dynamics, (ii) the impact of climate change and natural disasters on poverty, (iii) learning achievements and quality of education, (iv) firm-level data and analysis on innovation and investment on intangible capital, (v) product market competition, (vi) the impact of recurrent interventions of the state in markets, and (vii) public spending patterns and quality. In the short term, given the strong engagement in the sector, the World Bank will carry out analytical work on natural disasters and its impact on poverty. The Bank has also recently supported the development of municipal poverty maps. Other knowledge gaps will be addressed as demand arises and sectoral dialogue evolves.

34. **The new CPF also takes into account the existing portfolio and analytical work as much of the impact on the CPF objectives will be derived from these instruments.** This will ensure a degree of continuity between the previous FY2012-2015 Country Partnership Strategy (CPS) and the current CPF. The current portfolio is focused on disaster risk management and climate change, rural development and agriculture, transport, strengthening of statistical capacity, energy, urban development and employment (see Box 3). Looking forward, the priorities will be to: (i) consolidate the portfolio in traditional areas, and expand it to capture emerging demands from Government, including greater attention to human capital; and (ii) address the main challenges in implementation – as identified in the CPS Completion and Learning Review (CLR, see below and Annex 5) and risk section (Section 5), especially those related to institutional capacity and governance and fiduciary standards.

#### **Box 4: World Bank Group Ongoing Portfolio**

The **World Bank's** portfolio comprises 11 lending operations totaling \$752 million, of which \$357 million remain undisbursed (see sections on pillars and objective for a description of specific projects). Until FY2014, the portfolio was entirely financed by IDA and comprised only investment project financing. In FY2015, the World Bank approved the first development policy financing in a decade, and Bolivia accessed IBRD lending. In terms of Advisory Services, the World Bank provides technical assistance through a flexible program that addresses critical development issues, such as: the Sources of Growth Study; a programmatic Non-Lending Technical Assistance (NLTA) on multidimensional poverty; an Urban Development Study and follow-on Technical Assistance; a programmatic NLTA on science and technology; and more recently NLTAs on multiannual budgeting and planning and on environmental management. In addition, an Institutional Development Fund (IDF) is underway on Strengthening Planning and Public Investment Capacity. This will be complemented by a NLTA on sub-national capacity building. The World Bank also completed the first RAS in FY2015 through which a Rapid Assessment and Action Plan for the Departmental Government of Santa Cruz was developed.

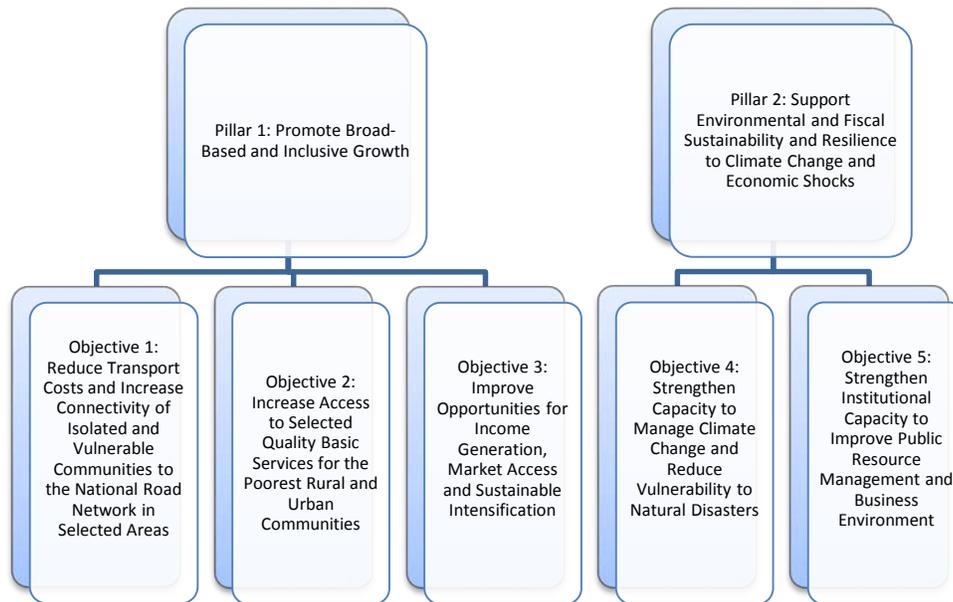
As part of IFC's commitment to reengage in Bolivia, it has recently approved the first long-term financing operation in the Bolivia's banking sector in over a decade. This credit facility will exclusively finance local SME enterprises. In addition, two other operations were approved in the agribusiness and hospitality sectors. As for Advisory Services (AS), the IFC is implementing projects in strategic sectors to maximize employment, simplify business creation and income generation in low-income populations, as well as minimize impacts on the environment.

MIGA's portfolio in Bolivia has been historically limited and entirely focused on the financial institution sector, via its insurance of mandatory reserve products, issued in 2011. Total gross exposure currently stands at around \$18 million. An equity investment in agribusiness may materialize in the early period of the CPF.

35. **Finally, lessons learned from the previous Country Partnership Strategy Completion and Learning Review have informed the development of this CPF (Annex 5).** One of the lessons relates to the need to find a balance between flexibility and selectivity in defining programs to respond to government demands in those areas where the potential for impact vis-à-vis the twin goals is greatest. This implies extensive and continuous dialogue with counterparts to ensure a common understanding on both sides. A second lessons points to the needs to include institutional capacity as an integral part of the project preparation process. Detailed assessments can be carried out to determine implementation capacity at the technical, fiduciary and safeguards levels *ex ante*, to minimize the risk of delays during implementation. Replicating to the extent possible the institutional characteristics that have made some projects successful is also underscored. A further lesson it to pay particular attention to the projects' results chains to ensure that final outcomes are realistic within the project's implementation period, and that results are sustainable. Finally, Advisory Services Activities (ASAs) need to be selected strategically in order to influence policy, according to the gaps identified in the SCD. The World Bank should also pursue dialogue with government to promote wider dissemination of some of these studies.

36. **The Pillars and Objectives of the CPF FY2016-2020 represent the intersection between the Government's demands, the priority constraints identified in the SCD, and the WBG's comparative advantage.** The CPF is comprised of two Pillars that provide general direction to the WBG's engagement: (1) promote broad-based and inclusive growth; and (2) support environmental and fiscal sustainability, and resilience to climate change and economic shocks. Within each pillar, a series of inter-linked objectives guide the WBG's engagement for the CPF period, with outcomes and results (Figure 8). The formulation of the five objectives aims at both reflecting the current portfolio – as described in the results framework – but also allowing space for nascent government demands, which include *inter alia* water and sanitation, irrigation, health, urban planning of intermediate cities and service provision, and ways to improve the investment climate.

**Figure 8: CPF Pillars and Objectives**



37. **The WBG’s engagement is defined for the first year of the CPF, but less so for subsequent years to allow for flexibility in responding to emerging priorities.** The World Bank’s portfolio of operations and advisory services for FY2016 is based on the sustained dialogue with the Bolivian authorities. On the IFC side, current loans and equity investments are advanced or already approved, and dialogue with partners in new sectors is underway. For FY2017 and beyond, the pipeline is open – with the exception of possible Additional Financings in some successful projects – to allow the WBG to meet emerging needs in Bolivia and reflect the findings of a Performance and Learning Review (PLR) that is planned for early FY2018. The PLR will offer a critical stocktaking exercise and allow the WBG to adjust course as necessary. With regard to MIGA, in the absence of any immediate pipeline projects in the country, it remains open to supporting foreign direct investments via its political risk insurance products.

### **Pillar 1: Promote Broad-Based and Inclusive Growth**

38. **Bolivia’s strong record on growth and poverty reduction has placed considerable strain on the Government’s capacity to keep up with the demand for basic services, which present a new challenge to the twin goals.** In 2014, 39 percent of Bolivian were still poor and 17 percent lived in extreme poverty. In addition, economic shocks can push households back into poverty. While Bolivia’s urbanization process has provided greater opportunities for the poor, it has also placed considerable strain on local governments to keep up with rapidly growing demand for basic services. This is particularly problematic in smaller cities that have been receiving substantial migration over the past decade. In many cases, the lack of proper basic services has been pronounced, e.g., the lack of adequate wastewater treatment has had an adverse environmental impact, especially in La Paz.

39. **Bolivia’s ability to sustain the progress towards the twin goals will also depend on whether the country can enhance productivity growth and diversify its economy beyond natural resource extraction.** Bolivia’s growth is unbalanced. The economy has not been able to

take advantage of the past golden decade to correct its productivity lags, which are particularly constraining in those non-extractive sectors that have received little private sector investment over the years. Investment in the non-extractive sectors has been limited due to the structure of the Bolivian economy, with an enterprise sector that is dominated by many small firms operating in relative informality and with very little competition. Also, mismatches in the labor market reduce demand for higher skilled jobs and create the risk that future growth in skilled labor supply would not be met by demand.

40. **Pillar 1 aims to support Bolivia to preserve the gains in poverty reduction and shared prosperity, and to ensure that broad-based and inclusive growth continues in the face of a changing international context.** Pillar 1's objectives are to: (1) Reduce Transport Costs and Increase Connectivity of Isolated and Vulnerable Communities to the National Road Network in Selected Areas; (2) Increase Access to Selected Quality Basic Services for the Poorest Rural and Urban Communities; (3) Improve Opportunities for Income Generation and Market Access and Sustainable Intensification.

***Objective 1: Reduce Transport Costs and Increase Connectivity of Isolated and Vulnerable Communities to the National Road Network in Selected Areas***

41. **According to the SCD, transport and logistics infrastructure will become a binding constraint to economic growth over the medium term, as the country seeks to diversify beyond hydrocarbons.** Around 83.5 percent of Bolivia's population has access to electricity, higher than comparator countries. Bolivia also outperforms other comparator countries in terms of access to telephones and internet penetration. However, road usage (measured as number of vehicles per kilometer of road) is still among the lowest in all comparison groups, suggesting that road infrastructure is not yet a constraint. However, in the medium terms, Bolivia's natural topographical and infrastructure constraints will pose a barrier to growth, particularly in terms of transport and logistics. For instance, while overall logistic performance is not particularly bad, the lead times to export (9 days) and import (15.6 days) are higher than all comparison groups, driven by cumbersome cross-border procedures.

42. **Thus, improvements in transport infrastructure and logistic services to reach export markets will need to materialize to underpin a potential structural shift in Bolivia's economy to sustain growth.** This issue is particularly important for agriculture given its potential contribution to GDP and employment, but also given the distances required to reach profitable internal and external markets. For example, export logistics constitute one of the most important issues facing Bolivia's agribusiness sector. Currently, Bolivia mobilizes 55 percent of soy exports through the Pacific via truck, and 45 percent through the Parana/Paraguay River. Increasing export capacity in Puerto Busch on the Paraguay River is important, as it would reduce transportation costs and open markets for Bolivia's soy exports. Improving roads to access the Pacific route is also key given the increasing importance of grain exports to Peru, which have grown substantially.

43. **The CPF will continue to support activities aimed at strengthening institutions and processes for a targeted and efficient delivery of transport infrastructure.** Current projects include the National Roads and Airport Infrastructure Project (P122007). New activities include the planned Santa Cruz Road Corridor Connector Project (P152281), which will complete a critical trunk road connecting western Bolivia with Brazil in the east. Financial support is complemented by technical assistance to strengthen the institutional capacity of the Bolivian Roads Agency

(*Administradora Boliviana de Carreteras, ABC*), including its ability to introduce innovative contracting and financial management strategies to increase efficiency, particularly in periodic maintenance of the paved national road network. The planned Road Sector Capacity Development Project (P144597) will strengthen ABC's capacity to maintain Bolivia's growing national roads network through enhanced contracting design. The introduction of climate resilient design standards in the roads sector will also support Objective 4 of this CPF. IFC and MIGA will maintain dialogue with the authorities to explore possible advisory services and interventions in introducing Public-Private Partnerships (PPPs) in the sector, in a manner consistent with Bolivia's national priorities.

44. **The WBG's interventions to enhance the national road network are complemented by current and future Community-Driven Development (CDD) activities to ensure that this network is able to reach isolated areas.** Through the ongoing Community Investment in Rural Areas Project, PICAR (P107137), a focus on rural roads and infrastructure will help increase the reach of isolated and vulnerable communities to product markets, thus enhancing the opportunities of these communities for meaningful income and labor opportunities. Furthermore, ongoing pilot efforts to link productive investments to rural road infrastructure improvements such as those led under the Rural Alliances II Project, PAR (P127743), would provide important insights on the possibilities to scale-up coordinated cross-sectoral investments to improve market connectivity and income generating opportunities.

45. **The overall expected outcome of this objective is to reduce transport costs and increase connectivity through the national roads network and rural roads, so as to provide access to markets and services, particularly for those who live in rural areas.** Potential indicators include the reduction in transport costs; the increased number of people with improved transport infrastructure to access markets and services; the number of kilometers constructed and/or rehabilitated in the fundamental network; and the number of kilometers constructed and/or rehabilitated in rural areas and outside of the main network.

### ***Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Rural and Urban Communities***

46. **Despite Bolivia's impressive growth record, large disparities in access to basic services and social outcomes persist, with adverse impacts on growth and productivity.** Outcome indicators in health and education, as well as basic social and infrastructure services, have improved for all Bolivians. Significant progress has been made in increasing access to electricity and drinking water in most parts of the country – four out of five Bolivians now have access to electricity and drinking water. But important gaps in access to opportunities persist, with rural areas lagging behind. Of particular concern are: (i) access to health care services for women and children, notably during the stages of pregnancy, post-natal and childhood;<sup>5</sup> (ii) quality of education, particularly at the secondary level; and (iii) access to basic infrastructure services, notably electricity, water, and sanitation in rural areas. The lack of water and electricity in rural areas constrains irrigation and agricultural productivity; affects employment and growth prospects; increases exposure to climate issues; and propels further migration into urban areas.

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<sup>5</sup> For example, in the case of prenatal care and institutional births, the percentage of births attended by skilled staff (84.0 percent) is well below the regional average (92.6 percent) (WDI, 2011).

47. **This disparity of coverage highlights gaps in the access to basic services especially for the indigenous population – a high priority for the Government – and in rural areas.** Indigenous communities live mainly in rural and highland areas where delivering basic services and infrastructure is more challenging. Household Survey data from 2013 indicates that skilled health personnel attend only 59.5 percent of indigenous rural women’s childbirths; the corresponding figure for non-indigenous urban women is 98.8 percent (INE, 2013). Also, more than half of the population does not have access to improved sanitation. Rural areas have around one-third of the service coverage of urban areas, and poorer and smaller municipalities lag behind others. In fact, while the provision of sanitation has improved in the last twenty years (from 0.6 to 0.7 percent and 0.18 to 0.23 percent in urban and rural areas, respectively), the gap between urban and rural areas is larger at present than at the beginning of the 2000s (0.42 and 0.47 percent in 2001 and 2012, respectively).

48. **The CPF will support the Government in its quest to increase and enhance the quality of coverage of basic services in rural areas, including though data gathering.** The Access to Renewable Energy Project (P127837) and the Community Investment in Rural Areas Project, PICAR (P107137), will continue to support Government efforts to provide access to electricity, and to basic infrastructure and services to the most disadvantaged rural communities of Bolivia, including through a Community Driven Development (CDD) scheme. Based on the implementation record, the plans are to scale up the geographic reach of these projects and also cover other critical areas such as water and sanitation. The Bank will also support the Government to estimate the economic cost of lack of sanitation and think through the provision of sanitation services. The Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project, STATCAP (P101336), will underpin these efforts with statistical information on gaps in access to public services (e.g., National Population and Housing Census, Agricultural Census and the Household Surveys) disaggregated by different groups, rural-urban, municipal level, and gender.

49. **The significant migration from rural to urban areas over the past years has benefited the poor, who took advantage of the increased labor and income opportunities in cities.** Although Bolivia’s urbanization process started relatively late, the country is rapidly approaching urbanization levels of other Southern American countries. Between 1950 and 2012, Bolivia’s urban population grew at an annual rate of 3.7 percent, almost five times as fast as population growth in rural areas. The urban population increased from 34 percent in 1950 to 67 percent in 2012 and may reach 72 percent in 2025. In this process, the share of the poor in urban areas rose proportionally less, from 39 percent in 2002 to more than 50 percent in 2013. This dynamic is to be expected, as the earnings of rural migrants to urban areas are almost twice as high as those of similar individuals that stay in rural areas. As such, migration to urban areas represents an important mechanism for social mobility and poverty reduction.

50. **But urbanization has also created new challenges, notably in terms of increased pressure on the environment.** While large cities have been undergoing urbanization with densification, smaller cities have seen a low-density expansion into more marginal, exposed areas, increasing risks to environmental sustainability and to natural disasters. For instance, high urbanization rates have increased population exposure to outdoor air pollution, which has become a serious problem in cities at more than 2,000 meters above sea level, such as La Paz, El Alto, and Cochabamba. By stretching the capacity of municipal governments, rapid population growth in urban areas can also have negative impacts on the environment due to lack of adequate sanitation

services, solid waste collection systems, etc. Limited planning, execution and financial capacity at the subnational level, and lack of coordination between different government levels, have hampered the quality and reach of service delivery to these growing urban areas. Thus, there is a need for a mix of greater investment as well as enhanced capacity for urban planning.

**51. The CPF will continue to build on the WBG's current efforts to support national and local Governments to enhance the quality of coverage of basic services in urban areas.** The WBG will continue to provide targeted infrastructure investments and technical assistance in planning, expansion and sustainability of urban service delivery to the urban poor in Bolivia's major cities (La Paz and El Alto). This will be done through the ongoing Urban Infrastructure Project (P083979) and the Trust Fund on Early Childhood Care and Development in the Poorest and Most Vulnerable Urban Districts of La Paz and El Alto (P130580). The deepening WBG policy dialogue with other municipalities across Bolivia will inform a broader engagement to ensure that the progress in urban planning is replicated and institutionalized at the national level. As such, the current engagements will be scaled up and realigned to the findings of the SCD and the objectives of the CPF. As in the case of the previous objective, the current STATCAP Project (P101336) will underpin the support by providing valuable data to better identify gaps and priorities for investment. IFC is also ready to support urban development and city competitiveness in Bolivia through its advisory services by facilitating business entry at the subnational level.

**52. The overall expected outcome of this objective is to contribute to increase the access to selected quality basic services for the poorest communities, with an initial focus on electricity and other basic social infrastructure, and to enhance the capacity for urban planning for service provision in capital and intermediate cities.** Potential indicators here include the number of people in rural areas provided with household connections to electricity; the percentage of the population in the bottom quintile of municipalities (according to the UN vulnerability index) benefitting from access to basic services; and the development of a national urban development plan for intermediate cities. The measurement of outcomes under this pillar will be broken down by gender

### ***Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification***

**53. The persistence of low productivity growth and high levels of informality in the economy continue to be outstanding challenges for Bolivia's future growth and poverty reduction prospects.** Between 2003 and 2013, the country's productivity growth was close to the modest LAC regional median, and far below top performers such as Uruguay, Panama, the Dominican Republic, and Peru. This is so despite efforts to facilitate access to credit – including through public banks – and the support to productive initiatives, particularly to SME. The lack of increases in productivity is particularly serious in non-extractive sectors. In agriculture, soybean yields (2.2 ton/ha) are lower than in Brazil (3.2), Paraguay (2.9), and Argentina (2.6). Lack of modern and efficient irrigation infrastructure and comprehensive institutional framework for water resources management limit agriculture productivity. Yet agriculture has a critical role for employment and income gains, particularly for indigenous groups, given that at least 30 percent of the total labor force and 75 percent of the rural labor force still depend directly or indirectly on agriculture for its livelihoods. Bolivia is also constrained by a high level of labor informality, which restricts demand for higher skilled jobs. But the demographic dividend, rapid urbanization

and expansion of education means that the labor market in the future will put a premium on better skills to fill higher quality jobs. This agenda is particularly relevant for Bolivia's young population.

54. **The limited capacity of firms to grow constrains their development opportunities, despite low barriers to entry.** Evidence shows the need for facilitating both the entry and expansion of firms in Bolivian markets, an important precondition for developing a vibrant private sector and diversifying the economy in the medium-term. In reality, firm-level data do not show strong barriers to entry for firms – the number of firms doubled between 2004 and 2013. However, almost three-quarters of paid employees' work continue to be in micro and small enterprises, while large firms generate only four percent of total employment. Also, about 80 percent of registered manufacturing and service establishments in Bolivia have less than 10 workers, one of the highest shares in the world. The presence of many small firms is linked to limited growth after entry, even decades after their creation. Moreover, productive firms do not appear to expand faster. Taken together, these constraints limit opportunities for income generation, market access and intensification.

55. **The CPF supports the Government's long-term agenda to spur developments in the non-extractive sectors by increasing productivity, in particular in agriculture.** In order to spur agricultural productivity, the WBG will continue its engagement through a series of complementary interventions. The Rural Alliances II Project, PAR (P127743) will expand its reach to improve market access and productivity to a larger number of rural producers. The Agricultural Innovation and Services Project, PISA (P106700), will continue to support agriculture innovation and research systems. The Community Investment in Rural Areas Project, PICAR (P107137), will continue to support the construction of infrastructure in isolated rural areas. An ongoing Japan Social Development Fund Project on Integrated Community-Driven Territorial Development for Remote Communities in the Amazon (P130664) covers an area with a considerable vulnerable indigenous population. The recently approved Bolivia Climate Resilience – Integrated Basin Management Project (P129640) will support improvement of irrigation systems, which will contribute to increasing agriculture productivity in selected project areas. Moving forward, opportunities exist to enhance income opportunities for rural producers around improving market access; support private-public sector collaboration; and scale-up emerging innovations, notably by mainstreaming climate-smart practices and technologies through PISA and PICAR – in synergy with the activities described under objective 5 below. As under previous objectives, the STATCAP Project (101336) will provide critical data, though the 2013 Agriculture Census and upcoming Agricultural Surveys.

56. **At the same time, the CPF will support efforts to increase private sector activities – through IFC and MIGA – and build skills to enhance human capital in selected areas.** IFC, and potentially MIGA, will continue to support Bolivia on viable, high-impact private sector-led projects complemented by strategic advisory services. On the investment side, IFC will maintain its focus on clients with sustainable business models that demonstrated strong past performance and operate efficiently within regulatory frameworks mandated by Bolivia's new Constitution. This includes projects primarily in financial markets (MSME, banking, and trade finance) and agribusiness, but could also expand to other sectors (manufacturing, health and education) should a conducive environment be in place. The IFC pipeline for the first year of the proposed CPF includes two new investments in the financial market sector, one of which focuses on agribusiness financing. In addition, IFC will continue to support the simplification of procedures at the municipal and possibly the national level, and provide training to SMEs through its business

advisory pillar. On skills, current WBG engagements include the ongoing Improving Employability Project (P143995) and NLTA for Strengthening Human Talent for Science, Technology and Innovation (P150072) seeking to tackle labor market mismatches by building youth skills through practical training and supporting policies for greater Science & Technology infusion in higher education.

57. **The overall expected outcome of this objective is to facilitate entry into markets and improve opportunities for income generation.** These activities can provide a basis for the longer-term objective of economic diversification. Potential indicators here include: increased average volumes of sales products from new rural productive alliances; increased average labor income of youth and young entrepreneurs; improved access to financial services for MSMEs, measured by the volume of outstanding loans; volume of trade supported by new trade financing; and cost savings for the private sector from eased entry into markets. In addition, indicators on data collection for policymaking include updated economic information geographically disaggregated, for agriculture manufacture, commerce and services.

## **Pillar 2: Support Environmental and Fiscal Sustainability and Resilience to Climate Change and Economic Shocks**

58. **Given its reliability on natural resources, Bolivia's development trajectory is vulnerable to sustainability risks related to natural disasters and climate change.** Bolivia has a significant endowment of natural wealth whose depletion is not a binding constraint in the short and medium term. However, relative to other countries in the LAC region with similar rates of extreme poverty, the proportion of people affected or threatened by natural events in Bolivia – such as extreme rainfall, flash floods, droughts and landslides – is higher. The country's poor and marginal groups are especially vulnerable to these hazards. Sustainability risks are particularly acute in terms of water resources, forests and soils. These effects are amplified by the impacts of climate change, and by demographic trends such as the significant rural-urban migration of the past years. Also, due to its geographical and socioeconomic characteristics and low institutional capacity to mitigate climate risks, Bolivia is particularly vulnerable to climate change. As a result of increased climate variability, the frequency of extreme climate events has already increased. Climate simulations suggest a significant warming and drying for Bolivia by 2050.

59. **On the macroeconomic front, Bolivia needs to adapt its development model in the face of a changing international context.** Bolivia's large macroeconomic buffers will cushion the effects of the downturn and preserve growth through continued high public investments. Debt is likely to remain at manageable levels over the medium term. However, the fall in gas prices has altered the country's prospects for sustaining growth, with potential long-run effects on future growth potential. Moving to a model of inclusive growth based on a stronger non-extractive sector is a long process. In the meantime, it will be critical to maintain a significant flow of revenues from the extractive sector – which have been lacking investment in the past years due to the high appropriation risks in the legal and regulatory environments, and disincentives created by the country's hydrocarbon subsidy schemes.<sup>6</sup> At the same time, it will be important to maintain robust macroeconomic balances by way of adjusting fiscal and macroeconomic policies to the new context and strengthening institutional anchors for policymaking.

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<sup>6</sup> A set of recent Decrees and a draft Law currently under discussion – focused on incentives for hydrocarbon exploration – aim to counterbalance these issues.

60. **In the light of these challenges, CPF support under Pillar 2 seeks to reduce the sustainability risks associated to the characteristics of Bolivia's economic development.** Pillar 2 objectives are to: (1) Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters; and (2) Strengthen Institutional Capacity to Improve Public Resources Management and the Business Environment.

***Objective 4: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters***

61. **Bolivia's development trajectory has put strains on natural resources, notably water, while risks persist on long-term environmental sustainability due to climate change.** An increase in competing demands for water resources resulted in supply becoming more limited and less reliable in the Highlands and Inter-Andean Valleys. Urbanization and more resource-intensive forms of production – notably the increased use of water for irrigation so as to increase productivity – led to competing demands for water resources in some river basins. Water contamination is widespread due to untreated wastewater and pollution loads from industries, including mining. Increased climate variability has also increased in Bolivia over the past years: rainfall has become more concentrated in time and location. This phenomenon, along with the significant retreat of mountain glaciers, presents a further stress on Bolivia's water resources. Despite the fact that forests still cover more than half of Bolivia's territory, rapid deforestation could also become a critical development challenge. In sum, Bolivia's geographical location, high levels of poverty, and nascent institutional capacity to mitigate climate risks, renders it vulnerable to climate change.

62. **For geographical reasons, Bolivia is also highly exposed to natural disasters associated with extreme rainfall, flash floods, droughts and landslides.** While Government's disaster risk management capacity has improved over the past years, there remain several institutional challenges. Relative to other countries in the LAC region with similar rates of extreme poverty, the proportion of people affected by natural events in Bolivia is higher. By 2012, based on the Municipal Risk Index developed by the Bolivian Ministry of Development Planning, around 43 percent of the population was living in areas of potential high flooding, 17 percent in areas of potential forest fire, and 16 percent in areas of potential drought. The poor and marginal groups are particularly vulnerable to disaster risks, especially the elderly, rural women and children who have limited ability to migrate to urban areas in search of employment, as well as indigenous peoples who depend on hunting and gathering for survival.

63. **The CPF will continue to support the Government to strengthen resilience to Climate Change, and achieve sustainable use of natural resources.** During this CPF period, the WBG will build on its current activities that support the Government's Strategic Program for Climate Resilience by strengthening the institutional capacity to define the new integrated river basin management approach to climate change adaptation, and supporting its implementation in three pilot sub-basins. In terms of Water Resource Management, the CPF will encompass the implementation of an Integrated Basin Management Loan and Grant (P129640), financed through both IDA and Climate Investment Funds (CIF). These investments are complemented by a comprehensive NLTA to the Ministry of Environment and Water on Environmental Planning of Key Economic Sectors (P154322). Looking forward, the successful policy dialogue underpinning this first DPF (DRM Development Policy Credit and Loan, P150751) could expand to broader discussions on Climate Change Adaptation and Mitigation, covering water, energy and territorial

planning, and revolving around Bolivia's planned Nationally Determined Actions that it will submit to the Conference of Parties in Paris in December 2015 (COP21).

64. **The overall expected outcome of this objective is to support Bolivia's effort to adapt to climate change and reduce vulnerability of the country to natural disasters.** Potential indicators include: public investment projects that incorporate climate change and disaster risk analysis; improved capacity of Government to manage disaster and climate change risks; greater ability of Government to manage river basin planning and usage; and Government's presentation and adoption of its Nationally Determined Actions at the COP21.

***Objective 5: Strengthen Institutional Capacity to Improve Public Resource Management and the Business Environment***

65. **While Bolivia has considerably strengthened macroeconomic and fiscal management, as well as coordination capacity – the less favorable external economic context limits macroeconomic and fiscal room for maneuver.** The value of gas exports has decreased sharply from \$1,042 million in the first two months of 2014 to \$748 million in the same period of 2015 as oil prices more than halved from about \$100 per barrel in mid-2014 to less than \$50 in the last few months. The impact of the fall in oil prices has been gradual as contractual gas export prices follows oil prices with a lag. Yet, as the declining trend continues, the impact will be more pronounced over time. The prices of Bolivia's other export commodities (zinc, tin, gold, or soybean) have also diminished but their impact on external and fiscal balances is less pronounced. While Bolivia's debt sustainability outlook remains solid, looking forward to the medium- to long-terms downside risks need to be carefully assessed to ensure that growth, poverty reduction and shared prosperity are not adversely affected if current gas export levels are not maintained and export prices remain depressed, even if some fiscal efforts to contain expenses are implemented.

66. **Besides greater efforts at diversifying the economy and attracting private investment, addressing the changing economic context involves sound public resource management internally.** Improved allocation of resources and greater coordination between planning and budgeting, and between levels of government, can result in greater ability to translate the *Agenda Patriótica 2025* into concrete spending programs with a medium-term orientation. The Government is introducing a medium-term fiscal and expenditure framework, a good starting point which could be complemented by further capacity development in planning and execution of public investments, and in greater horizontal and vertical coordination among institutions, particularly at decentralized levels. Bolivia's positive macroeconomic and fiscal management record has also built on greater policy coordination. A Macroeconomic Steering Group, including the Ministry of Economy and Public Finance, Ministry of Development Planning, the Central Bank and other key institutions, meets weekly to coordinate macroeconomic issues. A yearly agreement is signed between the Central Bank and the Ministry of Finance to enhance coordination of a monetary and fiscal policies. Other inter-agency committees exist on debt management and payment systems.

67. **The CPF will continue to support capacity building in key areas related to public resource management and will stand ready to support investment climate and macro-fiscal management reforms.** The WBG will maintain its capacity building in public sector management, through the Strengthening of Planning, Investment, Fiduciary and Procurement Capacities IDF (P148830). The program will also include technical assistance to enhance subnational performance

in implementing public investment projects through the Subnational Capacity Building NLTA (P156901). It will also continue to support the implementation of Multi-annual Budgeting and Planning (P152473), providing technical inputs to support Government through a roadmap and tailored technical assistance. The ongoing STATCAP (P101336) will support the Government in the design, execution and evaluation of public programs for data collection and evaluation, to enhance an evidence-based approach to public policy. The Government is in dialogue with the WBG to carry out an assessment of Public Debt Management Performance through a comprehensive set of indicators spanning the full range of government debt management functions. Dialogue may be also opening up in one or more of the following areas: promoting private sector investment; reducing red tape; attracting investment in the hydrocarbons sectors; improving the corporate governance of state-owned enterprises; and improving the institutional set up for sound countercyclical monetary and fiscal policies.

**68. The overall expected outcome of this objective is to contribute to the Government's efforts to strengthen institutions to make public resource use more effective and efficient.** Potential indicators include the introduction of a medium term expenditure framework; and an improved regulatory framework for the promotion of private sector investment. In addition, indicators on data collection for policymaking include updated information on living standards geographically disaggregated by gender and ethnic group. This will allow for better targeting and hence more efficiency in resource allocation.

### **C. Implementing the FY2016-2020 CPF**

**69. This CPF covers a five year implementation period.** The CPF period is aligned with the PDES, the Government's program for the next five years. The Program will encompass an indicative IDA17 allocation for FY2015-2017 of SDR148.0 million (US\$208 million) and a transition to IBRD-only financing by the end of the current IDA17 cycle at the end of FY2017.<sup>7,8</sup> The Government and the WBG have discussed an indicative IBRD lending volume of up to US\$2 billion over the next five years. The actual volume and pace of IBRD lending will depend on the program, including choice of instruments, economic and portfolio performance in the course of the CPF period, continued government interest in IBRD financing, and on IBRD's lending capacity and demands from other borrowers.

**70. The WBG program during this period will include a mix of instruments.** Investment Project Financing (IPFs) will continue to be the main lending instrument. The existing trend of a steady state number of projects (about 11-13) is expected to continue. In addition, the policy dialogue is expected to increase in response to financing demands from Government, underpinned by a solid unfolding policy agenda in the areas of climate change and possibly investment climate and fiscal management. During FY2015, the WBG delivered the first DPL for Bolivia on Disaster Risk Management that included also the first IBRD loan for the country since FY04. This operation may open up a wider dialogue on DPLs in Bolivia. In addition, the World Bank will carry out ASAs with particular focus on those areas where the World Bank can provide value added, respond

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<sup>7</sup> Actual IDA allocations will depend on: (i) the total IDA resources available; (ii) the country's performance rating, per capita GNI, and population; (iii) the terms of IDA assistance (grants/credits); (iv) the allocation deductions associated with MDRI annual debt service foregone as applicable; (v) the performance, other allocation parameters, and IDA assistance terms for other IDA borrowers; and (vi) the number of IDA-eligible countries.

<sup>8</sup> In this context, the IDA transition task force provided advice to country authorities and country team with respect to the implications of and eventual graduation from IDA eligibility and strategies to help ensure a smooth transition.

to Government needs and in alignment with the knowledge gaps identified in the SCD. Some of the ASAs are expected to be funded through RAS. IFC will engage in Bolivia through its investment and advisory services. In investment, IFC will engage in long-term financing through both debt and equity operations, where market conditions are appropriate. IFC's short-term finance program will also remain part of the investment program, utilizing debt or guarantee options. In addition, IFC will engage with the government and the private sector through its advisory services program. MIGA will also continue allowing for the possibility of supporting foreign direct investments in the country via its political risk insurance products.

71. **Given that weak institutional capacity has been identified as a crosscutting challenge, several measures have been put in place to ensure satisfactory implementation of the operations.** The World Bank has had a long standing working relationship with several counterpart institutions, for example the Bolivian Roads Agency, ABC, and the Ministry of Land and Rural Development. These actors have a relatively good understanding of World Bank fiduciary requirements – albeit with remaining needs for capacity development, particularly at ABC – and support here is needed mainly to ensure continuity of counterpart implementation teams. On the other hand, some other agencies entities, such as municipal and departmental governments, may require more focused support to ensure adequate fiduciary management of projects, and continuous engagement will be needed to ensure efficient implementation. The World Bank has strengthened its fiduciary team at the local level in order to address counterpart shortcomings and provide continuous technical assistance and training. In addition, through trust funded activities and technical assistance, the Bank is supporting the strengthening of planning, investment and fiduciary capacities, as well as subnational capacity building.

72. **The CPF is based on careful monitoring of World Bank operations, which is imperative given the complex institutional challenges that exist in Bolivia.** Several mechanisms are in place to ensure that program and project implementation are monitored closely and issues are addressed on a timely basis. The La Paz office has been strengthened: all projects now benefit from local focal points who can work on a day-to-day basis with the client. The Ministry of Development Planning, implementation agencies and the World Bank carry out Joint Country Portfolio Performance Reviews (CPPRs), with an expected frequency of two per year. Project design includes monitoring of indicators to assess results. Moreover, the World Bank is working, through the Strengthening of the Statistical Capacity Project to support the National Statistics Institute (INE) in the development of several census and national surveys.

73. **The CPF has been also informed by the Gender Note and takes into account gender aspects in the design and implementation of the program.** The recently delivered Bolivia Gender Note *Challenges and Constraints to Gender Equality and Women's Empowerment* was taken into account in the development of the CPF. Consultations were held with women organizations, several projects are gender-sensitive, and the results framework include gender-disaggregated indicators. In terms of specific projects, the Access and Renewable Energy Project includes preliminary assessments on issues such as gender inclusion, access and others, relevant to the sector and targeted groups. The *Improving Employability and Labor Income of Youth Project* aims to provide a greater stipend for young women and young mothers to cover transport and child care to avoid the risk of excluding women from participating in employment and labor insertion programs. The *Community Investment in Rural Areas Project* has an explicit mechanism to benefit sub-projects designed, implemented, operated and maintained by women's groups, as a result 45

percent of beneficiaries are women, and 20 percent are indigenous women head of household – one of the most vulnerable population groups in rural Bolivia.

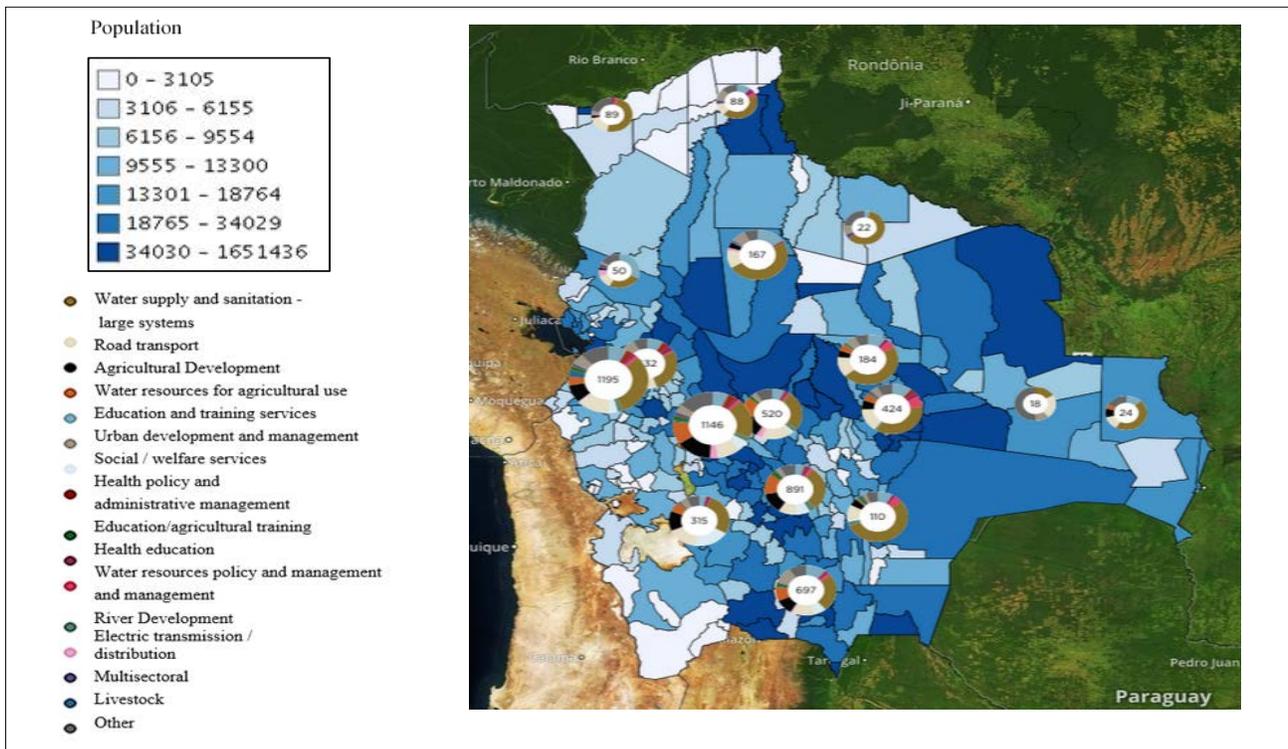
74. **Sustained coordination and consultation with development partners in Bolivia – notably through the local donor coordination forum (the GruS) – has informed the CPF.** Coordination among development partners in Bolivia is strong and becoming critical given the smaller part that external financing plays vis-à-vis the Government's own resources.<sup>9</sup> Donor financing is now catalytic insofar as it leverages the Government program. The GruS has been actively engaged in identifying opportunities for this type of leveraging across different sectors. In order to ensure effective coordination around the Government's *Agenda Patriótica*, the GruS has developed a Framework Document with Government, titled *Common Vision-Common Annex*, which outlines potential common elements for all Development Partners' strategies in Bolivia, as well as process for consultation that ensures that each strategy reflects the engagement of other partners. The Framework Document has informed the CPF.

75. **In this spirit, the WBG's engagement in this CPF takes into account the role of other development actors in Bolivia.** The WBG will continue coordinating its program with the other main development partners in the country, the Andean Development Corporation (CAF) and the Inter-American Development Bank (IADB), which are mainly engaged in infrastructure, water and sanitation and environment. Bilateral partners, mainly the Europeans, are engaged also in water and sanitation, productive sector and employment, justice, human rights and decentralization. In some cases, there is strong presence of other bilateral and multilateral institutions in a sector or region, implying that WBG resources are best dedicated somewhere else. One example is the national water and sanitation system which is being targeted by the CAF, making the sector the highest recipient of development financing in Bolivia. This does not preclude a critical role for the WBG and other players in the sector, but the impact of intervention will depend on the complementarity that the WBG can bring, such as a focus on quality of service. In terms of geographical breakdown, Figure 9 below shows that the La Paz and Cochabamba Departments are the largest recipients of development financing, implying the need to target other areas with large populations and high demand for services.

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<sup>9</sup> External financing funded only 19 percent of Bolivia's public investment program in 2014, as opposed to 63 percent a decade ago. Yet, development partners continue to be important for the financing and implementation of the Government's development agenda, notably through technical assistance.

**Figure 9: Location of Projects Financed by Donors**



#### **IV. MANAGING RISKS TO THE CPF PROGRAM**

76. **Risk to the CPF program is rated as Substantial (Table 3).** There are four areas where the risk to the implementation of the CPF is considered high or substantial, related to: (1) governance issues, specifically in terms of the resources and implementation capacity of subnational governments; (2) institutional capacity to implement WBG programs and projects, mainly due to the high turnover of staff in ministries and implementation units; (3) sector strategies and policies; and (4) difficulties in complying with the World Bank’s fiduciary standards. On the other hand, the other risks related to the macroeconomic situation, technical design of program, environmental and social, and stakeholders are considered moderate. As discussed in the SCD, macroeconomic management remains robust in Bolivia and the country’s sizable fiscal and external buffers help cushion the effects of lower commodity prices.

77. **There are still significant challenges associated with governance that impact the institutional capacity for implementation of the WBG program, particularly at the subnational level.** National regulation requires subnational governments to allocate counterpart funds for projects carried out in their jurisdictions. This negotiation process has been difficult for WBG projects requiring these counterpart funds, given the need for agreement among national-local institutions on a case-by-case basis. In addition, the financial capacity of subnational governments, particularly at the departmental level, to allocate counterpart funds is undermined by the decrease in oil prices that affects the amount of resources these institutions receive as transfers from the central government, which is by large their main source of revenue. To mitigate these risks, the Government is currently working on the creation of a trust fund that will help realize departmental governments’ counterpart to national projects. Additionally, project units are

subject to continuous changes in staff at all levels. This is a significant cause for project implementation delays, as new staff need to be trained in World Bank processes and procedures, as well as gain the trust of their superiors within counterpart institutions. In response to this challenge, the World Bank has strengthened its local capacity in order to provide day-to-day support and capacity building to project unit staff. Also, the Government has consistently extended some benefits granted to public servants to the staff working in donor-financed projects, the so-called individual consultants. These measures may help attract and retain the officials working in the execution of projects.

**Table 2: Risk Categories**

<b>Risk Categories</b>	<b>Rating (H, S, M, L)</b>
<b>1. Political and governance</b>	<b>S</b>
<b>2. Macroeconomic</b>	<b>M</b>
<b>3. Sector strategies and policies</b>	<b>S</b>
<b>4. Technical design of project or program</b>	<b>M</b>
<b>5. Institutional capacity for implementation and sustainability</b>	<b>H</b>
<b>6. Fiduciary</b>	<b>S</b>
<b>7. Environment and social</b>	<b>M</b>
<b>8. Stakeholders</b>	<b>M</b>
<b>Overall</b>	<b>S</b>

78. **Based on past experience, the World Bank program also faces the risk of changes in policy and strategic priorities at the sector level.** In some sectors, project implementation and even effectiveness have been adversely affected by changes in priorities or policies, generally as a result of a change in authorities at the ministry or subnational level. The WBG will address this constraint through in-depth dialogue with the client to assess the impact of lack of long-term planning in project execution and results achievement during the project preparation process. The Government is addressing this risk by clearly stating in the PDES the programs and interventions that are considered priorities to achieve the Government’s medium and long term goals.

79. **Fiduciary risks are linked to the country’s regulatory framework, the institutional capacity of the implementing agencies to manage procurement, budgeting, internal controls, and financial reporting, as well as private sector weaknesses.** The procurement and legal regime of Bolivia retains elements that affects the access to, and fairness and efficiency of, the procurement system, adding complexity at the project implementation level. Examples include the absence of independent compliant mechanisms, no possibility of arbitration of disputes and the use of reference prices as a reason for automatic rejection. In general, the institutional capacity on procurement is weak both at the central and sub-national levels, and the private sector is not strong enough to respond to a large public investment program. Limitations in public financial management also exist. For instance, at the systems level, Bolivia currently has a budget and accounting system (SIGMA), in use since 2001. This system has a limited capacity in terms of reporting outputs and requires complementary accounting systems that are custom-made for World Bank-financed projects. To address these limitations, the Government is developing a new integrated budget and accounting system (SIGEP) to modernize the public sector financial management. This new system is being piloted in selected institutions and at sub-national level.

Finally, as mentioned above, high staff turnover in the project units also affect those who have fiduciary responsibility. The WBG throughout this CPF period will continue to provide capacity building to strengthen public financial management both at the national and project levels.

**80. The risk to private sector activity – relevant for the IFC and MIGA -- varies depending on the specific sector.** Where IFC expects to be active – e.g., financial markets, agribusiness and potentially services and manufacturing – risks are usually managed at the project level jointly with the partner client and sponsor. Concerning financial markets, banks and the broader financial system, the risks mainly arise from changes in banking regulations. Operations in agribusiness may be affected by changes in commodity prices, which affect clients' balance sheets. Overall, IFC views risks to private sector operations as Moderate. Any future engagement by MIGA in support of the private sector, and specifically FDI, remains subject to general market conditions and overall demand for its products, which have thus far remained limited. Similarly to the IFC, risks to private sector operations are expected to vary depending across sectors, with large projects in strategic sectors bearing a higher risk premium.

**81. Although environmental and social risks are rated as Moderate, Bolivia's complex geography and ethno-cultural characteristics can pose challenges for the design and implementation of the WBG program.** Bolivia contains an ample territory that is classified as protected areas. At the same time, a large share of the national territory is vulnerable to the effects of climate change. Also, the majority of the national population is indigenous. All these factors are relevant and are considered in project design. In general, no major problems have been faced by the WBG to date. However, the need to ensure safeguards compliance has been and will continue to require significant investment throughout the life of a project, as well as considerable staff resources and time. Moving forward, this will require complementary efforts by the Ministry of Environment and Water to strengthen its involvement to ensure compliance with national policy.

## ANNEX 1: Bolivia CPF FY2016-2020 Results Framework

<b>Pillar 1: Promote Broad-Based and Inclusive Growth</b>		
<b>Objective 1: Reduce Transport Costs and Increase Connectivity of Isolated and Vulnerable Communities to the National Road Network in Selected Areas</b>		
<p><b>Intervention Logic:</b> Bolivia's has a rugged topography, with low population density. Connectivity is difficult and access to markets and services is limited, which adversely impact the goal of inclusive growth. Improving transport infrastructure, reducing transport costs, and connecting isolated communities are all critical element for the long-term development of Bolivia. The WBG will continue to support this sector through investments, focusing on improving connectivity through the national roads network and rural roads, to provide access to markets and services. Activities will also focus on strengthening the institutional capacity of ABC, focusing on the introduction of innovative contracting strategies in the maintenance of the paved national road network.</p>		
CPF Indicators	Supplementary Progress Indicators	WBG Program
<p>Transport costs to San Buenaventura – Ixiamas reduced (western-north corridor)</p> <p><u>Baseline:</u> Buses: \$4.41 cents/Km (2014) Large trucks: \$2.05 cents/Km (2014)</p> <p><u>Target:</u> Buses: 1.50 cents/km (2018) Large trucks: \$0.95 cents/km (2018)</p>	<p>Roads constructed and rehabilitated (in kilometers)</p> <p><u>Baseline:</u> 200 (2014) <u>Target:</u> 574 (2019)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> <li>▪ National Roads and Airport Infrastructure Project (P122007)</li> <li>▪ Community Investment in Rural Areas Project (PICAR) (P107137)</li> </ul> <p>New:</p> <ul style="list-style-type: none"> <li>▪ Road Sector Capacity Development Project (P144597)</li> <li>▪ Santa Cruz Road Corridor Connector Project (P152281)</li> </ul>
<p>Increased number of people with improved access to markets and services (number of people)</p> <p><u>Baseline:</u> 13,416 (2015) <u>Target:</u> 50,000 (2019)</p>		
<b>Objective 2: Increase Access to Selected Quality Basic Services in the Poorest Communities</b>		
<p><b>Intervention Logic:</b> Despite the fact that there has been a significant increase in access to basic services, rural areas tend to have about half the coverage than urban areas. The gap between urban and rural areas has grown, leaving behind some of the isolated communities where indigenous people live. The provision of quality services in rural areas faces some logistics challenges that require innovative responses. This CPF supports the Government's efforts to provide access to electricity, through the extension of the grid and the use of photovoltaic systems, and to basic infrastructure and services, through a CDD scheme, for the most disadvantaged rural communities located in some of the poorest</p>		

municipalities of Bolivia. On the other side, urban areas have been growing rapidly and services have not kept pace to meet the demand. Neighborhoods, especially those located on the hillsides, require upgrading of access ways and social services. The CPF aims to provide targeted infrastructure investments in selected urban districts and the provision of technical assistance to municipalities in planning, expansion and sustainability of urban service delivery to the urban poor in Bolivia's major cities.

CPF Indicators	Supplementary Progress Indicators	WBG Program
<p>Increased number of people provided with access to electricity by household connections</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 108,000 (2019) Of which women: 50%</p>	<p>Number of off grid and SHS systems installed</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 9,500 grid connections constructed (2019) 6,500 SHS installed (2019)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> <li>▪ Access and Renewable Energy Project IDTR II (P127837)</li> <li>▪ Community Investment in Rural Areas Project (PICAR) (P107137)</li> <li>▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)</li> <li>▪ Urban Infrastructure Project (P083979)</li> <li>▪ Urban Development Technical Assistance (P151912)</li> <li>▪ TF Early Childhood Care and Development in the Poorest and Most Vulnerable Urban Districts of La Paz and El Alto (P130580)</li> <li>▪ Water and Sanitation Program Advisory Activities</li> </ul>
<p>Percentage of the population in the bottom quartile of municipalities (according to the UN vulnerability index) benefiting from expanded access to basic services</p> <p><u>Baseline:</u> 31% (2015) <u>Target:</u> 45% (2019) Of which women: 45% of the total number of population benefited</p>	<p>Number of sub-projects successfully implemented in the most disadvantaged rural communities</p> <p><u>Baseline:</u> 520 sub-projects (2014) <u>Target:</u> 1,400 sub-projects (2019)</p>	
<p>National Urban Development Plan completed</p> <p><u>Baseline:</u> no urban development strategy (2015) <u>Target:</u> (a) urban diagnostics and action plans prepared for 3 cities; and (b) a strategy emanating from the PDES for intermediate cities informed (2019)</p>	<p>Study on service provision in urban cities developed</p> <p><u>Baseline:</u> no study (2014) <u>Target:</u> study developed and disseminated (2016)</p>	
<p><b>Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification</b></p>		
<p><b>Intervention Logic:</b> Bolivia needs to diversify its economy and improve productivity to increase access to economic opportunities and to markets. In agriculture, productivity is low and entry into markets is limited by road accessibility. Private sector investment is constrained by a restrictive regulatory framework, limited access to finance, and little connective infrastructure and human capital accumulation. In rural areas, the WBG supports a targeted program to provide services that facilitates access to markets for rural producers. In urban areas, the WBG focuses on skills development, with emphasis on youth, and facilitating access to microfinance for MSMEs.</p>		
CPF Indicators	Supplementary Progress Indicators	WBG Program

<p>Increased average volume of sales of products involved in rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 50 percent increase in volume marketed (2019)</p>	<p>Number of households in alliances that receive financing support</p> <p><u>Baseline:</u> 858 (2014) <u>Target:</u> 25,000 (2018) Of which represented by women: 30%</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> <li>▪ Rural Alliances II Project (P127743)</li> <li>▪ Agricultural Innovation and Services (P106700)</li> <li>▪ Improving Employability (P143995)</li> <li>▪ Strengthening Human Talent for Science, Technology and Innovation (P150072)</li> <li>▪ JSDF Integrated Community-Driven Territorial Development for Remote Communities in the Amazon (P130664)</li> <li>▪ IFC Advisory Services on Business Simplification</li> <li>▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)</li> </ul> <p>New:</p> <ul style="list-style-type: none"> <li>▪ IFC credit lines in financial institutions that on-lend to MSMEs</li> </ul>
<p>Increased MSMEs access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 69,000 MSMEs accessing new credit lines for productive investments (2019)</p> <p>Volume of trade supported by trade finance (cumulative of five years in US\$)</p> <p><u>Baseline:</u> US\$96,000,000 volume of trade (2015) <u>Target:</u> US\$107,000,000 volume of trade (2019)</p>	<p>Volume of MSME outstanding portfolio (in US\$ million)</p> <p><u>Baseline:</u> US\$ 321.6 million (2015) <u>Target:</u> US\$ 1 billion(2019)</p> <p>Number of farmers reached through private sector transactions</p> <p><u>Baseline:</u> 1,500 (2014) <u>Target:</u> 5,000 (2019)</p> <p>Number of Direct Jobs Created:</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 1,000 (2017)</p>	
<p>Increased average labor income of youth benefiting from youth employment programs</p> <p><u>Baseline:</u> 0 (2015) <u>Target:</u> 20 percent increase after one year of completing the training</p>		
<b>Pillar 2: Support Environmental and Fiscal Sustainability and Resilience to Climate Change and Economic Shocks</b>		
<b>Objective 4: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters</b>		
<p><b>Intervention Logic:</b> Bolivia is facing increasing vulnerability to climate change and natural disasters. About 40 percent of the country’s terrain is degraded due to deforestation and inadequate agricultural and livestock management practices. Climate simulations indicate that Bolivia will become warmer and drier in 2050, whereby the serious water resource constraints will be exacerbated. The WBG will support the implementation of the Government’s Strategic Program for Climate Resilience by strengthening the institutional capacity to define the new integrated river basin management approach to climate change adaptation and mitigation, and supporting its implementation in three pilot sub-basins. The Bank will also support building Government capacity to manage disaster and climate risks in a comprehensive manner and will promote the policy dialogue on climate change adaptation and mitigation issues.</p>		

CPF Indicators	Supplementary Progress Indicators	WBG Program
<p>Government's capacity to comprehensively manage disaster and climate risks strengthened, as measured by: Plurinational Climate Change Plan developed and operational</p> <p><u>Baseline:</u> no plan (2014) <u>Target:</u> Plan developed and fully operational (2019)</p> <p>Disaster and climate risk considerations incorporated into public investment projects (independently from the source of financing)</p> <p><u>Baseline:</u> Public investment projects do not incorporate disaster and climate risk considerations (2015) <u>Target:</u> Public investment projects in at least five sectors take into account disaster and climate risk considerations (2019)</p>	<p>Disaster Risk Management and Climate Change Adaptation Strategy adopted and applied in the primary road sector by ABC</p> <p><u>Baseline:</u> no strategy (2015) <u>Target:</u> strategy applied in roads project handled by the ABC (2019)</p> <p>Disaster Reduction and Disaster Response Fund (FORADE) has a specific resource allocation in the national budget to finance DRM activities</p> <p><u>Baseline:</u> no budget allocation for DRM activities (2015) <u>Target:</u> Budget allocated to FORADE (yearly basis)</p> <p>Integrated River Basin Planning Methodology developed and adopted by the Government</p> <p><u>Baseline:</u> no methodology available (2014) <u>Target:</u> methodology developed and adopted (2018)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> <li>▪ Disaster Risk Management Development Policy Credit and Loan (P150751)</li> <li>▪ TF Global Fund for Disaster Risk Reduction (GFDRR)</li> <li>▪ Climate Resilience - Integrated Basin Management Loan and Grant (P129640)</li> <li>▪ Environmental Planning of Key Economic Sectors (P154322)</li> </ul> <p>New:</p> <ul style="list-style-type: none"> <li>▪ Road Sector Capacity Development Project (P144597)</li> <li>▪ Climate Change Adaptation and Mitigation Operation (P156718)</li> </ul>
<b>Objective 5: Strengthen Institutional Capacity to Improve Public Resource Management and the Business Environment</b>		
<p><b>Intervention Logic:</b> Bolivia is in a good position to face a challenging external economic context, but its advantage could be jeopardized if macroeconomic and fiscal policies are not adjusted. This CPF supports the Government's efforts to strengthen institutions and improve the allocation of public resources. The WBG will support capacity building in public sector management linked to planning and execution of the national budget, including at the sub-national level. The program will also support the design and operationalization of multiannual budgeting and planning, providing technical inputs to support its implementation through a roadmap and tailored technical assistance. At the sub-national level, the WBG will provide technical assistance to enhance performance in the areas of planning and budgeting for the implementation of public investment programs, strengthen the coordination between the various areas as well as different levels of government, and promote the use of technology innovations for improved service delivery.</p>		

CPF Indicators	Supplementary Progress Indicators	WBG Program
<p>Medium-term vision of the national budget adopted</p> <p><u>Baseline:</u> Budget approved by the Legislative Assembly has an annual coverage with no reference to a medium term expenditure framework (2015)</p> <p><u>Target:</u> Budget approved by the Legislative Assembly includes an annex with the information about multiannual budget (2019)</p>	<p>Public Investment and Strategic Planning are aligned</p> <p><u>Baseline:</u> There is not a development plan approved (2014)</p> <p><u>Target:</u> The public investment program is linked to the pillars, goals and strategic actions of the Government’s development plan (2018)</p>	<p>Ongoing:</p> <ul style="list-style-type: none"> <li>▪ Multiannual Budgeting and Planning (P152473)</li> <li>▪ IDF Strengthening of Planning, Investment, Fiduciary and Procurement Capacities (P148830)</li> <li>▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)</li> </ul>
<p>Improved business environment for private investment, as measured by the approval and implementation of regulations in (a) administrative simplification, (b) trade and/or competition law</p> <p><u>Baseline:</u> (2015)</p> <p><u>Target:</u> Laws and regulations approved and under implementation (2019)</p>		<p>New:</p> <ul style="list-style-type: none"> <li>▪ Subnational Capacity Building NLTA (P156901)</li> <li>▪ Investment Climate and Fiscal Management Operation</li> </ul>

## ANNEX 2: Selected Indicators of Bank Portfolio Performance and Management

as of date 09/21/2015

Indicator	FY15	FY13	FY14	FY16
<b>Portfolio Assessment</b>				
Number of Projects Under Implementation <sup>a</sup>	10.0	13.0	12.0	10.0
Average Implementation Period (years) <sup>b</sup>	3.8	4.4	4.0	4.0
Percent of Problem Projects by Number <sup>a, c</sup>	30.0	23.1	33.3	30.0
Percent of Problem Projects by Amount <sup>a, c</sup>	28.4	9.7	39.7	26.0
Percent of Projects at Risk by Number <sup>a, d</sup>	40.0	30.8	41.7	40.0
Percent of Projects at Risk by Amount <sup>a, d</sup>	34.4	17.6	47.6	31.5
Disbursement Ratio (%) <sup>e</sup>	16.6	16.2	16.9	3.3
<b>Portfolio Management</b>				
CPPR during the year (yes/no)	yes	yes	yes	
Average Supervision (US\$ 000)	149	113	103	

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by OED by Number	84	5
Proj Eval by OED by Amt (US\$ millions)	2,113.8	97.5
% of OED Projects Rated U or HU by Number	35.7	40.0
% of OED Projects Rated U or HU by Amt	27.7	19.3

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

\* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects

**ANNEX 3: Operations Portfolio (IBRD/IDA and Grants – As of 06/30/2015)**

**Closed Projects**

**62**

**IBRD/IDA \***

Total Disbursed (Active)	164.28
of which has been repaid	14.09 <i>b</i>
Total Disbursed (Closed)	24.03 <i>c</i>
of which has been repaid	1,157.38 <i>b</i>
Total Disbursed (Active + Closed)	188.31 <i>c</i>
of which has been repaid	1,171.47 <i>b</i>
Total Undisbursed (Active)	504.73 <i>c</i>
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	504.73 <i>c</i>

\* As indicated on Business Intelligence (\$m) as of June 24, 2015.

Last PSR										
Active Projects <i>a</i>		Supervision Rating <i>a</i>		Original Amount in US\$ Millions <i>a</i>					Difference Between Expected and Actual Disb. <i>c</i>	
Project ID	Project Name	Development Objectives	Implementation Progress	Fiscal Year	IBRD	IDA	Cancel. <i>b</i>	Undisb. <i>B</i>	Orig.	Frm Rev'd
P127837	BO Access and Renewable Energy	S	MS	2014	0.0	50.00	0.0			
P129640	BO PPCR Phase 2 Basin Mgmt	S	S	2014	0.0	45.50	0.0	9,500,000.00		
P106700	BO Agricultural Innovation and Services	MS	MS	2011	0.0	39.00	0.0	10,603,133.29		
P107137	BO PICAR Comm. Investment in Rural Areas	S	S	2011	0.0	40.00	0.0			

P127743	BO Rural Alliances II	S	S	2012	0.0	50.00	0.0	23,796,152.70		
P101206	BO-Exp. Access to Reduc Hlth Ineq (APL3)	MS	MS	2008	0.0	11.17	4,850,000	459,555.91		
P101336	BO Streng. Stat Capacity & Inf Based Evi	S	S	2011	0.0	73.30	0.0	8,057,515.52		
P101084	BO Investing in Children and Youth	MU	MS	2008	0.0	13.19	2,496,437	2543087.62		
P143995	BO Improving employability	S	MU	2014	0.0	20.00*	0.0	13,000,000.00		
P083979	BO Urban Infrastructure	MU	MU	2006	0.0	54.00	0.0	324,888.14		
P150751	BO DRM DPC and DPL	S	S	2015	100.0	100.00	0.0			
P122007	BO Nat'l Roads & Airport Infrastructure	MS	MU	2011	0.0	109.50	0.0	68,408,428.82		
Overall Result					100.0	585.66	73,46,437	136,692,762.00		

a. As indicated on Business Intelligence as of June 24, 2015

b. As indicated by CTRLD/WFALN Report as of June 24, 2015

c. Information to be provided.

\* Please note that the amount indicated in CTRLD/WFALN report as of June 24, 2015 indicates 13 4m. However, the shown amount is the amount indicated in the BI report for active portfolio disbursements as of June 24, 2015 available on:

<https://bireporting.worldbank.org/BOE/OpenDocument/1406011850/OpenDocument/opendoc/openDocument.faces?logonSuccessful=true&shareId=10>

## ANNEX 4: IFC Committed and Disbursed Outstanding Investment Portfolio

MIS

International Finance Corporation

Report Run Date: 11/05/2015

### Statement of IFC's Committed and Outstanding Portfolio

*Amounts in US Dollar Millions*

Accounting Date as of : 10/31/2015

Page 1

Region(s): Latin America and the Caribbean

Country(s) : Bolivia

Commitment Fiscal Year	Institution Short Name	LN Cmtd - IFC	LN Repayment - IFC	ET Cmtd - IFC	QL + QE Cmtd - IFC	GT Cmtd - IFC	RM Cmtd - IFC	ALL Cmtd - IFC	ALL Cmtd - Part	LN Out - IFC	ET Out - IFC	QL + QE Out - IFC	GT Out - IFC	RM Out - IFC	ALL Out - IFC	ALL Out - Part
2010/ 2011/ 2012/ 2013/ 2014/ 2015/ 2016	<a href="#">Banco Ganadero</a>	0	0	0	0	3.85	0	3.85	0	0	0	0	3.85	0	3.85	0.00
2009/ 2010/ 2011/ 2012/ 2013/ 2014/ 2015/ 2016	<a href="#">Bco.de Credito</a>	7.00	0	0	0	0.16	0	7.16	0	0	0	0	0.16	0	0.16	0.00
1999	<a href="#">CBTI</a>	0	0	0	0.85	0	0	0.85	0	0	0	0.85	0	0	0.85	0.00
1992/ 2002	<a href="#">Central Aguirre</a>	0.21	4.17	0.00	0	0	0	0.21	0	0.21	0.00	0	0	0	0.21	0.00
	<a href="#">Logra</a>	4.80	0	0	0	0	0	4.80	0	4.80	0	0	0	0	4.80	0.00
1996/ 2006/ 2009/ 2010/ 2011/ 2012/ 2013/ 2014/ 2015/ 2016	<a href="#">Mercantil-BOL</a>	0	10.00	0	0	5.93	0	5.93	0	0	0	0	5.93	0	5.93	0.00
	<a href="#">TRECO</a>	0	0	0.36	0	0	0	0.36	0	0	0.36	0	0	0	0.36	0.00
<b>Total Portfolio</b>		<b>12.01</b>	<b>14.17</b>	<b>0.36</b>	<b>0.85</b>	<b>9.94</b>	<b>0</b>	<b>23.16</b>	<b>0</b>	<b>5.01</b>	<b>0.36</b>	<b>0.85</b>	<b>9.94</b>	<b>0</b>	<b>16.16</b>	<b>0.00</b>

## **ANNEX 5: Bolivia CPS Completion and Learning Review**

### **I. Introduction**

1. **This Completion and Learning Review (CLR) is a self-evaluation by the World Bank Group (WBG) of the joint IBRD-IFC-MIGA Country Partnership Strategy (CPS) for the Plurinational State of Bolivia for the period FY12-15.** The CLR: (i) assesses the extent to which the CPF program was successful in achieving the CPS objectives identified in its results framework; (ii) assesses WBG performance in the design and implementation of the CPS program; (iii) assesses how well the CPS program, as implemented, was aligned with the WBG goals of supporting countries to reduce poverty and boost shared prosperity in a sustainable manner, and (iv) presents lessons learned from the implementation of the CPS that will inform the new Country Partnership Framework. The CLR uses the updated CPS Progress Report (CPSPR) Results Framework to assess the CPS program, as well as other inputs where the results framework does not fully reflect the contributions of the WBG program.

2. **Overall progress toward achieving CPS outcomes was Moderately Satisfactory.** The CPS was designed around the principles of alignment with the Government's priorities, selectivity and coordination with development partners. The CPS was closely aligned with the Government's National Development Plan 2010-2015 (the NDP) and the 2025 Patriotic Agenda launched in 2013 to replace the NDP. The CPS provided support under four pillars: (i) sustainable productive development; (ii) climate change and disaster risk management; (iii) human development and access to basic services, and (iv) public sector effectiveness. Out of the 16 outcomes, 13 were achieved or mostly achieved, one was partially achieved and one was not achieved.

3. **WBG performance in designing and implementing the CPS was Good.** The FY2012-2015 CPS was the first full partnership strategy prepared since 2004, and had been preceded by two Interim Strategy Notes. The CPS was well aligned with the Government's National Development Plan and with the WBG's objective. The program also took into account lessons learned from prior strategies.

### **II. Progress Towards Country Development Outcomes**

4. **The CPS period was marked by continued strong economic growth and poverty reduction.** Backed by a favorable external environment, in particular high commodity prices, and prudent macroeconomic management, Bolivia's GDP growth remained above 5 percent over the CPS period. Building upon an earlier trend, this high growth translated into a significant reduction in poverty that fell from 45 percent of the population when the CPS was prepared in 2011 to an estimated 39 percent of the population in 2014. Extreme poverty also fell from 20.9 percent of the population to an estimated 17 percent over the same period.

5. **The Government of President Evo Morales, in power since January 2006, has continued to alter Bolivia's political and economic landscape over the CPS period.** The 2006 National Development Plan had sought to increase the Government's participation in strategic economic sectors, pro-actively channel resources to labor-intensive sectors, introduce new social programs and scale up existing ones, and ensure greater country ownership of its development process. It also called for social and political reforms that were adopted and regulated through a new Constitution adopted in 2009. The new Constitution altered the balance of power through new consultation mechanisms and reforms in resource ownership policies. It recognized 37 indigenous nations, emphasizes the social and political rights of the

indigenous population, and calls for a stronger intervention of the Government in the economy, and in the exploitation of natural resources. It also establishes that public services are fundamental rights and that the Government should have a greater role in their provision. On the institutional front, the Constitution formalizes the autonomy of subnational governments, deepening the decentralization agenda initiated in the 1990s.

6. This agenda, and the positive economic context of the past years, have contributed to President Morales’ continued popularity. With the goal of eradicating extreme poverty and translating prosperity into well-being, the Government launched the 2025 Patriotic Agenda in 2013, and has translated its long term policy objectives into medium-term plans and targets. The Patriotic Agenda established medium-term policy objectives under thirteen pillars with the goal of eliminating extreme poverty and translating growth into a country specific measure of well-being, among others<sup>10</sup>. The Patriotic Agenda follows broadly, but further elaborates upon the 2006 National Development Plan, by continuing to prioritize a strengthening of the Government’s role in key sectors of the economy and using the resources generated to promote social progress and develop labor-intensive sectors to boost economic growth. As a result, the World Bank’s Country Partnership Strategy, which had been developed before formulation of the Patriotic Agenda, continued to be fully aligned with the Government’s new priorities.

**III. Program Performance**

7. This Completion and Learning Review rates the 2011-2015 CPS Development Outcome as Moderately Satisfactory, overall. This is based on a Moderately Satisfactory rating for Pillar 1, a Highly Satisfactory rating for Pillar 2, and Moderately Satisfactory ratings for Pillars 3 and 4, as described in detail below. An overview of the CPS pillars, outcomes, and ratings is presented in the table below. Details are provided in the Summary of CPS Program Self-Evaluation in Annex 1.

<b>Bolivia 2012-2015 CPS Pillars, Outcomes and Ratings</b>	
<b>Objectives</b>	<b>Ratings for Outcomes</b>
<i>Pillar 1: Promote Sustainable Productive Development</i>	
Increase income generations capacity for excluded groups and rural producers through increased access to productive land and more predictable access to consumption markets	Mostly Achieved
Support Government’s efforts to increase agricultural technology and strengthen institutions and partnerships in charge of agriculture innovation and extension	Achieved
Reduce transportation costs by improving national and rural roads to facilitate access to markets	Not Achieved
Improve basic infrastructure in small municipalities and poor rural communities	Achieved
Enhance coordination among government levels to better provide productive infrastructure	Partially Achieved

<sup>10</sup> The thirteen pillars of the Patriotic Agenda are: (i) eradication of extreme poverty; (ii) shared access to basic services and living well; (iii) health, education and sports for the formation of complete human beings; (iv) scientific and technological sovereignty; (v) financial sovereignty from financial capitalism; (vi) productive development and diversification; (vii) sovereignty over natural resources, with nationalization, industrialization, and commercialization in harmony with the natural environment; (ix) environmental sovereignty; (x) complementary integration of sovereign peoples; (xi) transparency in governance; (xii) achievement of overall happiness and well-being; and (xiii) recovery of access to the sea.

Support private sector development, particularly the SMEs, by reducing the costs associated to complying with business regulations	Mostly Achieved
<b><i>Pillar 2: Support Climate Change and Disaster Risk Management</i></b>	
Streamline disaster risk management across sector institutions and levels of government	Achieved
<b><i>Pillar 3: Promote Human Development and Enhance Access to Basic Services</i></b>	
Support Government's efforts to expand access to maternal and infant health services and reduce gaps in access to health services	Partially Achieved
Expand access and improve quality of education	Mostly Achieved
Promote formal safety nets, particularly those that affect low income youth living in urban areas, and women and children	Mostly Achieved
Strengthen Government's capacity and coordination efforts to expand the coverage of basic services, particularly in rural areas	Achieved
Increase coverage of telecommunication services	Achieved
<b><i>Pillar 4: Implement the decentralization and autonomy agenda and strengthen the national planning system</i></b>	
Support municipal government to develop their <i>Cartas Organicas</i> (municipal constitution) to effectively put in place the decentralization and autonomy regime	Mostly Achieved
Update and increase the quality of socio-demographic information and agriculture data to better support decision-making and the evaluation of public policies	Achieved
Enhance Government's capacity to collect, analyze and use poverty data to inform public policy	Achieved
Enhance Government's capacity to increase transparency and accountability to civil society of public investment programs	Mostly Achieved

### ***Pillar 1: Sustainable Productive Development***

8. **The Sustainable Productive Development Pillar supported the Country's Goals to:** (i) reduce extreme poverty in rural areas by increasing agricultural productivity; (ii) address infrastructure needs and promote economic integration; and (iii) promote labor-intensive small and medium enterprises. Under this pillar, the WBG supported the following CPS objectives, to: (i) increase income generation capacity for excluded groups and rural producers through increased access to productive land and more predictable access to consumption markets; (ii) support Government's efforts to increase agricultural technology and strengthen the institutions and partnerships in charge of agricultural innovation and extension; (iii) reduce transportation costs by improving national and rural roads to facilitate access to markets; (iv) improve basic infrastructure in small municipalities and poor rural communities; (v) enhance coordination among government levels to better provide productive infrastructure, and (vi) support private sector development, particularly the small and medium enterprises, by reducing the costs associated to complying with business regulations. Of six outcomes, two were achieved, two were mostly achieved, one was partially achieved,

and one was not achieved. The pillar is rated Moderately Satisfactory, mostly the result of delays in reducing transport costs by improving national and rural roads to facilitate access to markets.

- (i) *Increase income generation capacity for excluded groups and rural producers through increased access to productive land and more predictable access to consumption markets*

9. **Investments in rural areas have, for the most part, been particularly successful, yielding clear results on providing access to land and increasing sustainable incomes of poor and rural producers.** The Land for Agricultural Development Project successfully piloted alternative decentralized mechanisms for providing access to land to poor landless farmers organized in Productive Associations, together with grants and technical assistance to carry out small infrastructure and productive investments. Adapting to the Government's policy for the Transformation of the Tenure Structure and Access to Land and Forests that pursues equity in the distribution and access to rural land, the consolidation of territorial rights, and the elimination of the large landed estates, distribution did not follow the originally envisaged land acquisition mechanism. Nevertheless, by adapting to the new policy environment, a total of 2,890 households, organized in 237 PAs benefited from the right to 151,579 ha of land that they had as members of Indigenous Peoples' Territories and Communal Lands, but consolidating their access through productive investments. An external financial and economic analysis based on a sample of 83 PAs revealed that the investments increased family incomes by 39 percent. The Rural Alliances Project, financed through an original credit, additional financing, and now a recently approved second operation, piloted and later institutionalized a highly successful model of promoting strategic productive alliances at the local level, increasing access to productive assets and technology, helping rural producers increase their market access through a competitive mechanism based on clear and simple rules and principles, and enhancing farmers' incomes. So far, the project has supported about 770 producers' organizations in 110 rural municipalities, benefiting 29,000 families, of which 90 percent are indigenous. Producers' incomes increased by, on average, \$2,382. Further, an impact evaluation revealed that agricultural income of producers in 2014 was between 28 and 27 percent higher than that of a control group, the volume marketed per rural productive unit was 60 percent higher than at baseline, and that sales by alliance farmer groups were between 29 and 39 percent higher than those of a control group. Rural Alliances II, approved in 2012 is continuing to provide opportunities to more producers—target 35,000 households in 120 municipalities—while helping to consolidate partnerships that have already benefited. The project is making good progress towards its objectives. It has already established 288 financial transfer agreements with producer organizations, exceeding the target by 39 percent, and it is expected that by August 2015 a total of 356 partnership agreements will have been signed, exceeding the target by 102 percent.

- (ii) *Support Government's efforts to increase agricultural technology and strengthen the institutions and partnerships in charge of agricultural innovation and extension*

10. **Efforts to contribute to the availability of improved technologies and other innovations and enhance productivity growth, food security and the income earning potential of families dependent on agriculture and forestry are beginning to show promising results.** Following recommendations of a 2011 Agricultural Public Expenditure Review, the Bank approved a \$24.4 million credit for an Agricultural Innovation and Service Project that aims to strengthen the National Agricultural and Forestry Innovation System (INIAF) for these purposes. Progress to date has been encouraging: INIAF's strategic programs are implementing well, and there are signs that several new technologies developed and/or promoted by INIAF are being adopted on a significant scale (for example, INIAF seed multiplication data suggest that adoption of an improved beet variety released in 2012 has increased four-fold). INIAF's efforts to provide capacity building have been scaled up; 24 technical assistance and training sub-projects

are expected to benefit 15,000 producers, and its seed program has exceeded targets certifying 115,000 tons of seed in 2014, about 20,000 tons more than a year earlier. Nevertheless, INIAF faces institutional, technical and financial challenges, and will need to focus on attracting and retaining skilled professionals as well as strengthen its capacity to track results, monitor progress and demonstrate impact. Within its agribusiness work, IFC has backed a regional Responsive Soy Program to improve crop productivity and the sales of small and medium soybean farmers, and promoting environmental and social standards to increase the acreage of sustainable managed land. Processing of a proposed Sustainable Production of Ancestral Andean Products Project was stopped in view of a change in the Government's priorities.

(iii) *Reduce transportation costs by improving national and rural roads to facilitate access to markets*

11. **Provision of transport infrastructure to promote economic integration has moved slowly.** The ongoing National Roads and Airport Infrastructure Project aims to improve year-round transit on the San Buenaventura-Iximas national road and the safety and reliability of the Rurrenbaque Airport. Implementation is significantly behind schedule as a result of issues under each of its components: for the road, contracting was rebid following a failed first procurement process (due to absence of an adequate number of construction firms capable of handling such a large contract) and for the airport, the discovery, after approval, that two landowners had not received what was perceived as adequate compensation for the land needed for construction of the new runway. Processing and approval of the planned Road Sector Management Program PforR was slipped as the instrument was changed to a results-based investment project.

(iv) *Improve basic infrastructure in small municipalities and poor rural communities*

12. **The delivery of basic infrastructure in small municipalities and poor rural communities has produced promising results recently.** The now closed Second Participatory Rural Investment Project scaled up the consolidation of institutional arrangements among the national government, departments, and municipalities for the sustainable management of sub-national public investments in selected sectors. In all, 244 sub-projects, including irrigation, transport infrastructure and productive promotion, co-financed by departmental and 104 municipal governments in Cochabamba and Oruro benefited about 520,000 people. More recently, the PICAR Community Investment in Rural Areas Project has been so successful with over 70 percent disbursed, that an additional financing in the amount of \$60 million was approved in July 2015. Based on a new law that allows communities to register as implementing agencies of small works, grants are provided that allows them to implement directly sub-projects prioritized at the community level. Through early 2015, PICAR has financed 612 sub-projects in 551 communities from 48 of the most vulnerable municipalities in four very different departments (La Paz, Oruro, Cochabamba and Chuquisaca), benefitting 132,000 rural inhabitants in 25,871 households. Three quarters of the sub-projects (water and sanitation, livestock protection and other productive infrastructure, small irrigation schemes and rural roads and bridges) are completed and operational. PICAR also involved and improved women's participation in identification and implementation, developing about 660 female leaders at the community level. The additional financing for this successful model is expected to benefit an additional 350,000 beneficiaries, most of them indigenous, and more than half of them women, in an additional 35 municipalities and about 550 communities. The Lake Titicaca Local Sustainable Development Project, now closed, also aimed to improve tourism and basic services in the region, including docks, rural water supply, solid waste management systems, urban water supply, drainage and wastewater treatment, but suffered multiple implementation issues, mostly due to its institutional arrangements involving a regional approach along two sector lines (tourism and infrastructure), and closed with an unsatisfactory outcome

despite an attempt to restructure. Nevertheless, through a 2012 project restructuring, including a restructuring to its institutional arrangements, the project did succeed in improving some basic services in rural areas, but was not successful in its tourism-related components.

(v) *Enhance coordination among government levels to better provide productive infrastructure*

13. **Bolivia's new decentralized, participatory and collaborative model was supported through projects aimed at strengthening the capacity of local governments and communities to coordinate, implement and evaluate territorial and sector development plans.** The Second Participatory Rural Investment Project provided capacity building to almost 34,000 persons in public sector management, almost 43,000 persons in institutional strengthening topics, and about 900 in management. It supported the development of 112 charters and 9 draft statutes to help sub-national institutions regulate their operations in accordance with the 2009 constitution. The productive investments financed by the Project followed a new co-financing model among departmental and municipal governments. Inter-municipal territorial plans (including transport infrastructure), defined jointly by civil society, sub-national governments and other institutions, were tested and consolidated in 17 municipalities, as a method of leveraging funding and work toward a territorial development methodology. A JSDF Integrated Community Driven Territorial Development for Remote Communities in the Amazon is piloting a participatory, sustainable territorial planning model through small investment project and improved participation in municipal land-use planning, but is still in early implementation.

(vi) *Support private sector development, particularly the small and medium enterprises, by reducing the costs associated to complying with business regulations*

13. **Assistance to support private sector development, particularly the small and medium enterprises (SMEs), was delivered mostly through non-lending services.** The Bank provided advice on access to finance for SMEs through the Financial Sector Assessment Program (FSAP) prepared jointly with the IMF, and a Financial Sector Review that assessed the role of the financial system for enhancing growth in rural areas and the productive sector as well as possible vulnerabilities and bottlenecks for outreach to underserved segments of the population and economy. The report and the discussions with the Government contributed to fine-tuning some reform measures (for example, sequencing of measures to bring closed cooperatives into the regulatory sphere and regulation on moveable collaterals). The Ministry of Finance had indicated interest in follow-up in several areas, for example, in leasing, factoring and reform of second tier support, but this has yet to materialize. IFC also tried to offer advisory services to three of its investee banks for expanding their SME and rural finance businesses, but its efforts have been frustrated so far. All projects are on hold or terminated.

14. **The IFC continues to support productive development by identifying and engaging in viable, private sector-led projects complemented by strategic advisory services, with a focus on SMEs in rural areas.** IFC has strengthened its work in access to finance in the agricultural sector (including soy and quinoa), and provided training to SMEs through its business advisory pillar (Business Edge Program), an SME training program. So far, it remains a pilot. Working with local training institutions, IFC tried to develop sustainable training services to provide local SMEs with access to applicable and customized business training. The program succeeded in strengthening the capacity of one local partner (*Nueva Economía*) but the programs' scope was reduced as two other partners had to be dropped due to poor performance. Several ministries expressed an interest in receiving Business Edge training, with the state-owned *Banco de Desarrollo Productivo* being identified as a potential future partner. However, according

to *Nueva Economía*, Business Edge training only worked for large Bolivian companies because the time and cost involved made them prohibitive for Bolivian SMEs, which required an entirely different kind of business training. IFC's focus included projects in financial markets—small and medium enterprise banking, microfinance and trade finance—tourism and real estate industry, agribusiness and forestry. Since FY11, IFC's non-trade finance commitments included only one project in the forestry sector with *Empresa Forestal SLV*. This project, which focused on working with local indigenous communities, became unviable in FY13 due mostly to delays in receiving time-sensitive annual forestry harvesting permits as well as export licenses from the authorities. Under the newly established SME Facility in the Region, IFC initiated many pilot projects to explore assistance models. Some of the pilots were successful; others were not. With dwindling donor funding, few were replicated.

15. **Since 2003 IFC has provided advisory services to simplify business entry and construction permit procedures in municipalities.** There are clear impacts in terms of more streamlined administrative procedures, improved tools and municipal capacity for implementing business regulations, and enhanced learning and exchange among participating municipalities. From 2009 through 2013, IFC worked with four municipalities to simplify the procedures for granting construction permits.

## ***Pillar 2: Support Climate Change and Disaster Risk Management***

16. **To support climate change and disaster risk management capacity, the WBG supported the CPS Outcome to streamline disaster risk management across sector institutions and levels of government.** This outcome was achieved, and, was actually surpassed with support under the recently approved Disaster Risk Management DPC and DPL. The pillar is rated Highly Satisfactory.

### *(i) Streamline disaster risk management across sector institutions and levels of government*

17. **Progress in addressing disaster risk management exceeded expectations.** Bolivia is highly vulnerable to natural disasters and climate change phenomena such as floods, droughts and glacier retreat, which in turn affect water supply, water management, irrigation systems, and hydropower generation and transport infrastructure. The impacts on sustainable productive development and on living conditions for the rural and urban poor can be considerable, as the 2006-07 *El Niño* event revealed. The Emergency Recovery and Disaster Risk Management Project, processed as an Emergency Recovery operation in response to this event closed satisfactorily in 2013, having exceeded the number of infrastructure facilities restored (244 restored against a target of 225) and beneficiaries with restored access (446,156 beneficiaries against a target of 406,181). More importantly, however, it laid the groundwork for the putting in place of a Disaster Risk Management Program for managing disasters and climate risks by establishing Disaster Risk Management Units in nine target sectors, training their respective staff, and preparing recommendations for a more comprehensive National Risk Management System, the legal and institutional framework of which is now grounded in the Disaster Risk Management Law approved in November 2014. A US\$200 million development policy operation (fifty percent on IDA terms, and for the first time in ten years, fifty percent on IBRD terms), approved in 2015, will further strengthen the legal and institutional framework for a comprehensive management of disasters and climate risks, as follows. First, it will help establish the institutional and legal framework to integrate disaster risk management and climate change adaptation considerations into national development planning and public investment systems. Second, it will support the establishment of the necessary legal framework for the coordination mechanisms among all levels of government to respond efficiently to disaster emergencies. Finally, it will support reforms that promote improved fiscal management of disaster and climate risks at all levels

of government to protect the population and economies and ensure their capacity to respond financially to disasters associated with adverse natural events.

18. **This extremely positive outcome was the result of a strong dialogue on disaster risk management and climate change supported also by analytical work and trust fund investments.** An Environmental Assessment was carried out, followed by concrete investments in vulnerable areas under the Trust Fund for the Adaptation to the Impact of Rapid Glacier Retreat in the Tropical Andes. The Bank's Global Fund for Disaster Risk Reduction (GFDRR) has, through a multi-disciplinary initiative, enhanced national capacities through better hazard monitoring systems, a new methodology to assess risk at the municipal level, and a GIS-based disaster risk management information platform. Although the first phase of the Pilot Program for Climate Resilience suffered delays due to institutional issues, it is focusing on strengthening the information base and systems, integrating a climate resilient approach in planning and investments, and the public management structure, and formulation climate resilience strategies at the sectoral and territorial levels. A recently approved Climate Resilience – Integrated Basin Management SCF loan aims to support the government's program for Climate Resilience by strengthening institutional capacity to define the new integrate river basin management approach to climate change adaptation and supporting its implementation in three pilot sub-basins in the Rio Grande basin.

### **Pillar 3: Promote Human Development and Enhance Access to Basic Services**

19. **To promote human development and enhance access to basic services, the WBG supported CPS Outcomes to:** (i) support Government's efforts to expand access to maternal and infant health services and reduce gaps in access to health services; (ii) expand access and improve quality of education; (iii) promote formal safety nets, particularly those that affect low income youth living in urban areas, and women and children; (iv) strengthen Government's capacity and coordination efforts to expand the coverage of basic services, particularly in rural areas, and (v) increase coverage of telecommunication services. Of five outcomes, two were achieved, two were mostly achieved, and one was partially achieved, using IDA lending, Trust Funds, NLTA, Technical Assistance and an IFC Investment. The pillar is rated Moderately Satisfactory.

- (i) *Support Government's efforts to expand access to maternal and infant health services and reduce gaps in access to health services*

20. **Implementation issues have affected efforts to support health sector policies to reduce child malnutrition and infant and maternal mortality, but some positive outcomes have been achieved.** High staff turnover, lack of policy continuity and lack of systems to track benefits led to the restructuring of both of the ongoing Expanding Access to Reduce Health Inequities (APL III) and Investing in Children and Youth Projects. Nevertheless, closing in the near future, the health project has accomplished several outputs. It supported the preparation of regulations and justification to launch the Single Health System and the implementation of the Intercultural, Family and Community Health Policy, which are the main pillars of the new health sector strategy to extend coverage and improve equity in access to health care, as well as several other activities aimed at strengthening the Ministry of Health and Sport's stewardship role such as, specifications for health care provisions at different levels, assessment of health networks, generation of better data and sector analysis, mapping of health network issues at the national and regional levels, and increased coordination with local governments, especially in relation to increase in local contributions to the health sector budget. The Project financed also the remodeling, expanding and equipping of 26 health centers (including two that will benefit 40 indigenous communities in Cochabamba), in increasing the target population enrolled in the *Carpeta Familiar* (Family Health Forms)

from 40 to 63 percent, in increasing the percentage of two-year-old children in targets areas covered with height growth control from 18 to 86 percent, and, equally important, increasing the ratio between the percentage of pregnant women accessing four prenatal care visits in the project areas and the rest of the country from 0.53 to 0.73. It has also strengthened the regulatory capacity of national, regional and local health units to perform critical functions. The Investing in Children and Youth Project was less successful, and funding allocated to the *Bono Juana Azurduy*, a health-related conditional cash transfer mechanism aimed at reducing the prevalence of chronic malnutrition in children aged 0-2 living in the most vulnerable rural areas of Bolivia, was cancelled (and reallocated to other project components). Issues related to the tracking of benefits, and an impact evaluation that revealed an inability to attribute the reduction of the prevalence of chronic malnutrition in children aged 0-2 living in rural areas to project interventions supported this cancellation. The Government continues to finance the *Bono* program with its own resources, however.

(ii) *Expand access and improve quality of education*

21. **Access to and quality of secondary education in La Paz have increased.** Although Bank assistance for education was limited in scope, the La Paz Secondary Education Transformation Project now closed, constructed or rehabilitated 145 classrooms within 12 schools creating 15,840 new spaces in peri-urban or marginal urban districts of La Paz. Several activities were implemented to improve quality, including adapting mathematics and language curricula, training teachers, providing support in math and language to at-risk students, equipping primary schools to better prepare students for secondary and strengthening the capacity for decentralized education administration, inter alia, through newly-established education management teams responsible for preparing and implementing school improvement plans. The results of these efforts were impressive: (i) the promotion rate in secondary education in La Paz increased from 79.4 percent in 2005 to 89.9 percent in 2011 (census data); (ii) the secondary education repetition rate in La Paz decreased from 12.4 percent in 2005 to 6.7 percent in 2013; (iii) the primary education repetition rate decreased from 4.2 percent in 2007 to 3.6 percent in 2010 (not just project-funded), and (iv) a 99.3 percent retention rate among students in the four project-financed secondary schools.

(iii) *Promote formal safety nets, particularly those that affect low income youth living in urban areas, and women and children*

22. **A flexible, four-phase programmatic advisory services program in earlier years provided important inputs to the design of critical safety nets, some of which are showing promising results.** Piloted under the Investing in Children and Youth Project, *Mi Primer Empleo Digno*, a skills development component for low-income urban youth, achieved some key results in skills building and labor insertion. *Mi Primer Empleo Digno* comprises a vocational in-class training session coupled with internships in private and public sector firms, so that poor youth gain practical experience and acquire life skills that help them succeed in the workplace. Already, 60 percent of the beneficiaries, poor youth aged 17-26 that have completed primary education, were employed four months after completion of the internship phase. Continuity in Bank assistance is expected under the recently approved Improving Employability and Job Quality Among Vulnerable Groups Project. The project will also implement a pilot remedial secondary education program in selected cities and strengthen the Ministry of Labor, Employment and Social Security's arrangements to administer, monitor and evaluate skills development programs, but it is still too early to report results. Also, grant funding has been secured to reduce childcare constraints for unemployed or precariously employed young mothers, and promote the education, health and cognitive development of their children aged 0-6, through the provision of sustainable and culturally appropriate

early child development services in 18 districts in the cities of La Paz and El Alto. However, in view of initial start-up delays, the project is only now beginning to implement.

- (iv) *Strengthen Government's capacity and coordination efforts to expand the coverage of basic services, particularly in rural areas*

23. **Coverage of basic services, as well as the Government's capacity to deliver and coordinate, have increased not only in rural but in urban areas as well.** A Global Partnership for Output-Based Aid (GPOBA) grant for Decentralized Universal Access to Electricity exceeded expectations in providing efficiently affordable access to electricity in remote rural areas. The project also helped consolidating a mechanism for electrification of dispersed and poor households as the two service providers operating under contracts are well established in rural areas and in a position to continue providing their service. Upon completion, 7,700 solar home systems had been installed in rural households, schools, clinics and micro and small enterprises, surpassing the target of 7,000 systems. In addition, 5,705 Pico photo-voltaic systems for lighting and basic information technology services were distributed to the poorest households, greatly exceeding the target of 2,000 systems. The main concern associated to the project's outcomes relates to sustaining operations and maintenance of these systems once the existing service contracts expire at the end of two years. The Access and Renewable Energy Project (previously referred to as Decentralized Infrastructure for Rural Transformation II in the CPSPR), approved in May 2014, aims to build upon the successful experience of the GPOBA project by providing access to modern electricity services (through grid extensions or the installation of photo-voltaic systems) in mostly rural (but also peri-urban) areas, focusing on those with the highest poverty and lowest electrification rates, focusing initially on Chuquisaca and Potosí although the project is national in scope. It will also support capacity building activities targeting departments, participating municipalities, qualified service providers, selected households and public institutions, under Bolivia's new decentralized framework. Although still in its initial stage of implementation, upon completion, this project is expected to have increased access to electricity in 135,000 households.

24. **In water and sanitation, despite the decision to drop the proposed Water and Sanitation in Rural Areas Project, given CAF's expanded role in the sector, the World Bank's water and sanitation program retains a close engagement** through its Technical Assistance program with the authorities to support the implementation of new regulations and policies, including those for on-site sanitation systems which are prominent in Bolivia. The PICAR Community Investment in Rural Areas Project has been successful not only in improving productive infrastructure, but in providing access to basic services to rural communities. Approximately 37 percent of PICAR's 612 subprojects finance access to water and sanitation. Despite its implementation issues, the Lake Titicaca Local Sustainable Development Project's main achievement was that of increasing access to improved water and sanitation services in 39 rural towns, and to solid waste services in 4 cities in the project area.

25. **Implemented by the beneficiary municipalities, the Urban Infrastructure Project, approved in 2006, successfully improved the access to basic services in La Paz, El Alto and Santa Cruz.** In La Paz, 22 neighborhoods of the poorest 46 areas were upgraded, benefiting 15,280 people. Results included reducing average travel time to the nearest bus stop within beneficiary neighborhoods from 19 to 7 minutes, doubling property values since the project was implemented, increasing access to newly created recreational spaces and community centers and strengthening community ownership and pride in their neighborhood. In El Alto, the project improved mobility within an essential commercial route that carries supplies to the administrative capital city, and incorporated a strong capacity building component to

support the modernization of public transport services and urban transport management. Finally, in Santa Cruz, the project increased access to wastewater collection and coverage of sewage services to 32,500 inhabitants and supported a carbon finance initiative of the water utility through financing the technology to capture methane gas from anaerobic lagoons. An originally proposed Urban Infrastructure II Project was approved as a SDR16 million Additional Financing in October 2012. The Additional Financing will provide continuity to works in La Paz and El Alto, but has encountered implementation issues related to procurement, and staffing changes in both municipalities as a result of municipal elections.

(v) *Increase coverage of telecommunication services*

26. **IFC's investment in Telecel III had a successful outcome, expanding mobile coverage in rural areas that had been practically non-existent in the early 2000's to 27 percent by 2012.** IFC's investment of US\$30 million in the form of a senior A loan, aimed to support Telecel, Bolivia's second largest mobile operator, in: (i) increasing its nationwide geographical coverage areas by 40 percent, mainly in the country's rural areas; (ii) expanding capacity and quality of service in the major cities; and (iii) upgrading all of its subscribers from the obsolescent TDMA technology to GSM. From 2007 to 2012, Telecel was able to maintain a market share of 32 percent and to consolidate its position as the second mobile operator in the country after Entel and ahead of NuevaTel. Compared with both of these, Telecel demonstrated the largest increase in subscribers, doubling its mobile subscriber base in the same period from 1 million to over 3 million. Overall, Bolivia increased its mobile subscriber based from 3.6 million to 9.8 million, representing a growth of almost 160 percent. Further, IFC's investment generated significant economic benefits, including: (i) generating average income tax payments of US\$8 million annually between 2009 and 2012; (ii) positioning itself as a large employer with a total workforce of 1,557 employees as of 2012 (from 452 in 2008), of which 40 percent were females.

**Pillar 4: Enhance Public Sector Effectiveness**

27. **To enhance public sector effectiveness, the WBG supported CPS Outcomes, to:** (i) support municipal government to develop their *Cartas Orgánicas* (municipal constitution) to effectively put in place the decentralization and autonomy regime; (ii) update and increase the quality of socio-demographic information and agriculture data to better support decision-making and the evaluation of public policies; (iii) enhance Government's capacity to collect, analyze and use poverty data to inform public policy, and (iv) enhance Government's capacity to increase transparency and accountability to civil society of public investment programs. One outcome was achieved, and three outcomes were mostly achieved, using mostly NLTA and Trust Funds, and one IDA lending instrument (including Additional Finance). This pillar is rated Moderately Satisfactory.

(i) *Support municipal government to develop their Cartas Orgánicas (municipal constitution) to effectively put in place the decentralization and autonomy regime*

28. **World Bank assistance helped strengthen institutional arrangements between the national and eligible sub-national governments and civil society.** This was supported under the Second Participatory Rural Investment Project that financed public investments in selected productive sectors in rural areas with an emphasis on territorial development by piloting the strengthening of institutional arrangements between the national and eligible sub-national governments and civil society. In all, the project, through the Ministry of Autonomías, trained 33,688 people from 418 municipal government, municipal entities, civil society and Associations of Municipalities in public sector management areas, 42,581 people in institutional strengthening areas, and 906 people in management areas. Also, 260

municipal charters (or *Cartas Organicas*) and nine draft statutes were developed by the municipalities and autonomous indigenous and *campesino* communities, respectively, to reframe and regulate their operations according to the 2009 Constitution. Co-financing models for productive investments between departmental and 104 municipal governments were applied in the departments of Cochabamba and Oruro (both with high poverty rates), and later replicated in Santa Cruz (although not supported by the Project). The Project also assisted sub-national governments in moving towards a territorial development approach by producing 17 inter-municipal plans with a territorial focus (defined by civil society, sub-national governments and other institutions), as a mechanism for local development. These plans, including transport infrastructure, are being implemented to leverage funding from government budgets and bilateral donors. An IDF Grant, Strengthening of Planning, Investment, Fiduciary and Procurement Capacity, approved in 2014, is helping improve the skills of central and subnational government staff in areas of public management linked to the investment cycle. This grant aims to accelerate the procurement and implementation of subnational investment projects by strengthening the central government's capacity to provide high-quality, structured and formal training courses under a formal Training Program in public investment management and related fiduciary aspects.

(ii) *Update and increase the quality of socio-demographic information and agriculture data to better support decision-making and the evaluation of public policies*

29. **Efforts to strengthen statistical capacity and the availability of reliable, timely, accurate and representative information to support the planning, designing, monitoring and evaluating of public programs and policies have been particularly successful.** With assistance under the Strengthening Statistical Capacity and Informational Base for Evidence-Based Planning Project (STATCAP), Bolivia's National Institute of Statistics (INE, the project's implementing agency) has completed the National Population and Housing Census and the National Agricultural Census, both with very high coverage rates (99 percent and 97 percent, respectively), and disseminated the national and departmental results. National cartography has been updated and the design of a geo-referenced portal has been completed, and three household surveys have been carried out. These core statistical operations have already served as inputs to inform fiscal distribution of resources and to update the representation in the *Asamblea Plurinacional*. The Government is now improving its process of documentation and dissemination of data produced by INE. Specifically, it has prioritized developing the necessary systems to harmonize and disseminate micro data in a manner that is easily accessible to the public while preserving the anonymity of the respondents, using international standards. These latter activities are being supported by a recipient-executed Trust Fund, Ensuring Quality in the National Statistical System. To build upon the core statistical products now in place, the Ministry of Development Planning requested additional assistance to scale-up and support more sophisticated, non-routine statistical operations, as well as the consolidation of the country's statistical system. An Additional Financing for the STATCAP, approved in 2014, is providing continuing support to this successful project through: (i) carrying out an Economic Census, an Agricultural Survey, and the construction of a new Consumer Price Index towards updating the national economic statistics; (ii) carrying out a Demographic and Health Survey and a Household Budget Survey towards updating national social statistics; and (iii) supporting the development of quality standards and methodologies, and up-to-date technology to modernize the statistical system.

(iii) *Enhance Government's capacity to collect, analyze and use poverty data to inform public policy*

30. **Capacity to collect, analyze and use poverty data to inform public policy has also been strengthened.** The programmatic Social Sector NLTA, a note on Poverty and Shared Prosperity in Bolivia

that summarizes key findings from recent analyses on poverty and inequality and Poverty Maps under preparation by the Government and the World Bank have provided critical inputs to design of policies to continue tackling poverty. Despite problems in achieving its main objective of reducing chronic malnutrition in children aged 0-2, the Investing in Children and Youth Project was successful in developing and testing a Registry of Beneficiaries for the *Red de Protección Social-Desarrollo Integral Comunitario* (Social Protection Network and Integrated Community Development), as the main tool to inform policy making, coordination and monitoring. The Registry of Beneficiaries consolidated the databases of separate registries for the Bono Juana Azurduy Program, the Juancito Pinto Program and the First Employment Program, three of the Government's main social programs. The project also supported the carrying out of an impact evaluation of the First Employment Program by the Economic and Social Policy Analysis Unit (UDAPE), a decentralized institution reporting to the Ministry of Development Planning.

(iv) *Enhance Government's capacity to increase transparency and accountability to civil society of public investment programs*

31. **Several, mostly non-lending tasks have focused on increasing transparency and accountability of public investment programs.** A Report on the Observance of Standards and Codes (ROSC) was carried out in 2012. Support was also provided, that same year, by the Stolen Asset Recovery (StAR) program to the Ministry of Transparency and Anti-Corruption leading to the recovery of approximately \$120 million in recovered assets. The World Bank provided advisory work, on a reimbursable basis, to the Department of Santa Cruz on a range of public sector management issues. Finally, a pilot by WBI to geocode World Bank-financed projects has led to a joint activity with the Borrower making Bolivia the first country to incorporate the Open Aid Partnership (OAP) platform into its own internal project-financing database (SISIN). Bolivia was showcased at the 2013 Annual Meetings for providing open access to its project data at the municipal level. By making information publicly available, the OAP has led to empowered beneficiaries, responsive providers and informed decision makers. The IDF Grant, Strengthening of Planning, Investment, Fiduciary and Procurement Capacity, aims to strengthen subnational governments' fiduciary and procurement capacities. Since 2008, the World Bank has been providing support to the Ministry of Development Planning through a NLTA instrument, covering three areas: (i) institutional arrangements for public investment; (ii) development of a medium-term expenditure framework; and (iii) the role of sub-national governments at tackling extreme poverty. Another IDF Grant, Strengthening of the Ministry of Development Planning in the Process of Decentralization, was complementary to a public sector governance NLTA that provided technical support at a strategic level to the ministry in the area of public investment management and planning. The IDF Grant supported implementation of key recommendations, including, improving information systems for improved decision-making, differentiating and simplifying pre-investment, clarifying responsibilities in the public investment cycle, and creating planning mechanisms for improved coordination among levels of government. Outputs of the IDF Grant included: pre-investment methodologies for bridges, for civil works in rural roads, and for minor infrastructure in education, a methodology to calculate the fees of public lighting infrastructure, a draft law for the State's Integrated Planning System, a geo-referenced system for the State's Integrated Planning System and a plan for the integration of the information, communications and technology systems in the Ministry of Development Planning.

## Cross cutting themes

32. **The cross cutting themes of gender, governance and anti-corruption have been embedded into World Bank operations, as well as in stand-alone parallel activities.** Most new projects in the rural and urban development areas contain gender-disaggregated data in their results matrices, and a second gender perception survey has informed discussions of public policies on gender issues. Governance and anti-corruption have been supported through fiduciary functions under individual operations, as well as through specific initiatives under Pillar 4.

### IV. Alignment with the WBG Corporate Goals

33. **The CPS had a clear focus on assisting Bolivia to reduce poverty and boost shared prosperity in a sustainable manner.** The WBG's Corporate Goals, introduced after the CPS was formulated, were very much embedded and prioritized in the Government's National Development Plan and *Agenda Patriótica*, which the CPS supported specifically in areas towards these goals. Seven of the CPS' thirteen outcome indicators relate directly to objectives of either increasing incomes of excluded groups, or increasing access and coverage of basic social and other services, particularly in rural areas, but also in marginal urban areas, where the majority of the poor reside. Other outcome indicators relate to improving the capacity to measure, design, and monitor and evaluate programs aimed at reducing poverty and improving opportunities.

### V. WBG Performance

34. **Overall, WBG performance in designing and implementing the FY12-15 CPS was Good.** The FY2012-2015 CPS was the first full four-year partnership strategy prepared since 2004, and had been preceded by two Interim Strategy Notes prepared in 2006 and 2009. The CPS was aligned with Government priorities, framed around its National Development Plan. It was designed around principles of: (i) alignment with Government priorities; (ii) selectivity; and (iii) coordination with development partners. It benefited from a comprehensive consultation process and provided an adequate framework for the WBG's operations and advisory services, focusing on areas that were selected for assistance as CPS Outcomes. The CPS also incorporated lessons learned, identified risks and mitigation measures.

### Design and Relevance

35. **The CPS was developed in close coordination with the Government, and was designed to support those areas of the National Development Plan in which the WBG's limited resources could achieve clear results.** It was aligned fully with the Government's strategic priorities, specifically with the pillars *Bolivia Productiva*, *Bolivia Democrática y Participativa* and *Bolivia Digna*, and the activities envisaged under the Government's Plan 2010-2015.

36. **Preparation of the CPS benefited from consultations with a large and representative sample of civil society, including women's organizations.** A total of about 300 people participated in nine consultation workshops, including representatives from women's organization, indigenous and peasant organizations, the private sector, non-governmental organizations, productive organizations, municipal councils, departmental assemblies, youth and women's groups and main donor active in Bolivia. The consultative process validated the WBG's efforts to strengthen interventions in rural development and to continue to work in urban areas with a strong gender focus.

37. **The CPS proposed a wide-ranging set of WBG instruments, including financial and technical advisory assistance, depending upon the knowledge base, and prospects for successful implementation of projects.** Investment operations were proposed in those areas where prospects for strong ownership and strong implementation capacity existed, while analytical and advisory services were proposed where additional information needs, often coupled with hands-on technical assistance were considered to be more beneficial to build capacity or fill information gaps. A variety of trust funds were proposed in areas where more defined and contained investments or technical assistance needs were called for, often complementing IDA's investment lending. The CPS also proposed specific areas where IFC's investments and advisory services could complement those of the World Bank to achieve expected outcomes. The CPS presented an indicative lending amount only, highlighting that the exact amount would only be formally assessed at the CPS midpoint. Flexibility and simplified operations modalities, and larger but fewer operations were proposed to maximize development impact.

38. **The CPS' Results Framework was well designed, but contained some overlap perhaps due to the multiple objectives of several individual projects that addressed more than one CPS outcome.** For example, the Participatory Rural Investment II Project contributed not only to increase income generation capacity for excluded groups (CPS Outcome 1) through the productive investments it financed, but also contributed to support municipal governments to implement the decentralization agenda (CPS Outcome 13) through the training and technical assistance it financed in support of its objectives. More importantly, however, the outcome indicators selected were consistent with the key indicators of the relevant projects and activities that would support their achievement. Equally important, the Results Framework incorporated outcome indicators for the IFC and trust funds in key areas where the assistance provided under those investment and advisory instruments would impact outcomes.

39. **The CPS incorporated several key lessons from the CAS Completion Report FY04-11, and several of these are worth highlighting.** The Completion Report highlighted that monitoring and showing results should be an important focus for both the Government and the WBG. In response, the CPS incorporated a carefully articulated Results Matrix that will allow the Government and the WB to review progress at the end of the CPS period. Following a lesson learned, the CPS formulated a broad framework strategy for FY2012-2015, with a rather defined program in early years (FY2012-2013), and broader objectives and assistance plans and amounts for the subsequent years. The detailed program for FY2014-FY2015 was only defined in the CPS Progress Report. The WBG routinely prepared succinct, informative project "notes" highlighting projects' successful experiences, accomplishments and future challenges.

40. **The CPS correctly identified three key risks.** These included (i) political risks that social demands to change public policies or projects could escalate, delaying implementation of the National Development Plan; (ii) economic risks that despite then strong recent economic performance and macroeconomic policy, Bolivia was vulnerable to a number of short- and medium-term risks; and (iii) institutional risks, including weak public sector capacity, poorly defined responsibilities among different levels of government and stresses caused by illegal activity and corruption. The CPS program was considered to be supportive of measures that would contribute to mitigate the first two risks. Specific measures were proposed, both through project design and implementation support, to help mitigate the latter risk.

## **Program Implementation**

41. **Following the objective of flexibility, the CPS did not propose a specific amount of lending.** An indicative amount of US\$246.3 million equivalent was noted for FY2012-2014. The CPS also highlighted that IBRD lending to Bolivia could be envisaged after the midpoint of the CPS timeframe. The CPS proposed a frontloading of lending (including trust funds), with US\$220.54 million equivalent proposed in individual operations over FY2012-2013, of which US\$79.44 million equivalent were delivered (including trust funds) over the period. Incorporating the projects that had been delayed, the CPSPR proposed lending of US\$616.96 million equivalent over FY2014-2015, of which US\$341.77 million equivalent were delivered. Annex 2 presents a summary of planned versus actual lending during the CPS period.

42. **Several aspects of the WBG's assistance were noteworthy.** With a continuing strong macroeconomic environment, the first IBRD loan to Bolivia was made in FY2014. The US\$100 million Development Policy Loan (accompanied by a Development Policy Credit) for Disaster Risk Management was also the first major policy reform supported in Bolivia by policy lending in over 10 years. Building upon a solid relationship that had developed through implementation of the Emergency Recovery and Disaster Management Project, with the Disaster Risk Management Law approved, the Government sought WBG to establish the legal and institutional arrangement needed for the system to function effectively.

43. **The WBG provided high-quality technical assistance and advisory services, in areas where investments and lending were not the most appropriate instruments for filling information and data needs, or for building management capacity.** The World Bank and the IFC delivered a strong program of non-lending services over the CPS period (Annex 4). Several studies provided important inputs to the recently concluded Systematic Country Diagnosis. These included: (i) the study on Sources of Growth in Bolivia (2014), which provides an in-depth assessment of Bolivia's growth records in the past years, as well as the transmission between the economic expansion and reduction of poverty and inequality; (ii) a note on Poverty and Shared Prosperity in Bolivia that summarizes key findings from recent analyses on poverty and inequality, such as on Human Opportunities (2013), the progressivity of fiscal policy (Commitment to Equity Project, 2014), and the Poverty Maps under preparation by the Government and the World Bank;; and (iii) a forthcoming detailed study on trends in urbanization and ensuring opportunities and challenges for public policy.

44. **The CPS was designed and implemented with flexibility, and this worked very well.** The CPS only defined in detail the proposed operations for the first two years, within the framework of expected CPS Outcomes. The CPSPR was used effectively to build upon the lending and assistance program, given emerging priorities, slippages in earlier operations, and other exogenous factors (e.g., dropping the Water and Sanitation Project from the program in view of CAF's plans to expand their water program nationwide). Additional financing was used pragmatically to provide continuity to well performing operations instead of preparing new ones. Trust funds were also used effectively to fill in gaps not addressed by investment lending or analytical services. More importantly, the CPSPR reflected changes in lending, and also adjustments to indicators used to measure expected outcomes in the CPS program matrix.

45. **The Government and the World Bank invested heavily in portfolio monitoring and addressing issues that affect project performance and, despite some continuing issues, the execution and quality of the portfolio have shown some improvements.** The current portfolio comprises 11 investment projects (and selected trust funds) for a total US\$752 million, of which US\$357 million is undisbursed. (Additional financings are counted with the original project). Of these, three are rated

Moderately Unsatisfactory for either Development Objectives or Implementation Performance. Yearly, and at times twice-yearly, CPPRs provided a forum for monitoring project progress, identifying issues, and developing plans to address them. Frequent meetings with the Minister of Development Planning to follow up on progress complemented these. The main issues that continue to affect projects related to institutional and capacity constraints in some areas, although there have been some very successful models (e.g., PICAR Community Investments) that show that it is possible to define effective mechanisms conducive to strong implementation. Implementation of two projects was affected with issues related to land tenure and ownership, and others to contracting, especially for large works where the availability of interested large contractors can be limited.

46. **A WBG Country Opinion Survey carried out in FY2014 concluded that “while some areas of the WBG’s work are rated relatively lower than others, in general stakeholders see the Bank Group as critically important in areas that they consider top challenges in the country”.** The survey, carried out in March-May 2014, obtained feedback from 210 stakeholders (440 had been invited to participate) including government officials, consultants/contractors working on WBG-supported projects and programs, and representatives of implementation agencies, bilateral and multilateral agencies, private sector organizations, the financial sector, NGOs, community based organizations, the media and others. The survey found that WBG engagement in Bolivia was extremely positive, especially in the way it collaborates with government and donors, and how it operates on the ground with those it collaborates. The technical quality of the WBG’s knowledge services is seen as extremely positive, but respondents suggested that more efforts could be made to follow through so that the knowledge can lead to practical solutions and contribute to development outcomes. Other recommendations included: provide more public disclosure and dissemination of information, work more closely at the sub-national level, increase the level of financing and strengthen country systems and procedures.

## **VI. Key Lessons from the CPS FY2012-15 and Recommendations for the New CPF**

47. **Lesson 1: Responding to country priorities, demonstrating flexibility and openness, and selectively supporting those areas where there is a convergence of views and approaches is a constructive strategy.** The WBG has continued to strengthen a positive engagement with the Government in support of a program that is yielding positive results in terms of the shared objectives. NLTA should continue to be used strategically to support those areas where investment lending is not appropriate, but there should be a mechanism and indicators to monitor the outcomes of technical and advisory services in the CPS Results Matrix.

48. **Lesson 2: The WBG should continue to build flexibility in its new CPF, defining broad pillars of support but without over-defining specific investment and knowledge operations.** The flexibility of the FY11-15 CPS, with only two years defined in detail up front, and adjustments to the program and to the Results Matrix at mid-point was effective. The flexibility of processing additional financing for well performing investment projects, instead of new stand-alone operations, was particularly relevant in providing timely continuity. This flexible approach also allowed flexibility in responding to emerging requests, such as for example, the Disaster Risk Management DPC and DPL. It was also positive in terms of flexibility in the modality of assistance, i.e., financial vs. knowledge activities.

49. **Lesson 3: Plan to continue to support projects that implement well, and for which there is continued demand, and attempt to replicate, to the extent possible, the institutional characteristics that make them successful.** Three projects in the portfolio have been particularly successful: Rural

Alliances, PICAR Community Investments in Rural Areas and Decentralized Electricity for Rural Access. They all respond directly to the Government's and the WBG's goals of reducing poverty and boosting shared prosperity in a sustainable manner. To the extent the demand exists, and it does, the WBG should continue to support these successful initiatives, gradually strengthening the capacity to scale-up their impact, while attempting to replicate their decentralized implementation model in other sectors.

50. **Lesson 4: Project preparation for new investment projects should carry out a thorough institutional capacity assessment, identifying potential gaps and related mitigating measures to ensure efficient implementation.** Implementation of several investment projects have been affected by weak institutional capacity, either staffing, lack of knowledge of applicable procedures, etc. If potential issues are identified up-front, the project can include necessary technical assistance, or the WBG can program more intensive "hands-on" implementation support to overcome constraints. Large investment projects require thorough analysis of large procurement packages and potential issues related to land acquisition as experience under the Lake Titicaca Local Sustainable Development and National Roads and Airport Infrastructure Project reveal. As a corollary, implementation arrangements for investment projects should follow, to the extent possible, the country's institutional structure. Experience under the Lake Titicaca Local Sustainable Development Project shows that attempting to superimpose activities on an agency that does not have either the mandate or the experience in their implementation can lead to difficulties in implementation.

51. **Lesson 5: A review of the Implementation Completion Reports of closed projects, two important lessons appear often: issues with projects' results chains and concerns about sustainability.** During project preparation, teams should carefully elaborate results chains where outputs financed, lead to intermediate and final outcomes that are realistic within the project's implementation period, and are monitorable and measurable. Some project produce good results, but the assessment of sustainability reveals concerns. While it is difficult to ensure sustainability of even successful programs, the prospects and plans for sustainability upon project completion should at least be considered in project design.

Table 1: Summary of CPS Program Self-Evaluation

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS
Pillar 1: Promote Sustainable Productive Development				
<b>Country Development Goal: <i>Reduce extreme poverty in rural areas by increasing agricultural productivity</i></b>				
Increase income generation capacity for excluded groups and rural producers through increased access to productive land and more predictable access to consumption markets	Household income for families that have accessed to land increased Baseline: 0% (2008) Target: 50% increase (2015)	<b>Mostly Achieved.</b> Under the Land for Agricultural Development Project, 2,890 households organized in 237 Producer Associations (PAs) were provided with access to 151,579 ha of land under investment sub-projects. An external financial and economic analysis provided key measurements for evaluation based on a sample of 83 PAs. According to this study, the investment sub-projects increased family income by 39 percent compared to baseline, surpassing the Project's target of 20 percent. In certain areas, alternative crops, such as chia and sesame generated an increase of 50 percent of the producers' income.	<b>WB Support:</b> <u>Lending</u> <b>Project Name:</b> <i>Land for Agricultural Development</i> <b>Project ID:</b> P087925 <b>Approval Date:</b> 10/30/2007 <b>Completion Date:</b> 09/15/2014 <b>Objective:</b> To: (i) establish an alternative decentralized beneficiary-driven land distribution mechanism for organized landless or poor farmers, and (ii) support productive investments thereon to allow increased and more sustainable livelihoods for such beneficiaries. (from Development Credit Agreement)	<ul style="list-style-type: none"> <li>• CPS targets should be aligned to those of individual projects in the pipeline and portfolio. The target for “household income for families that have accessed to land increased in the Land for Agricultural Development Project was 20% (and the Project exceeded this target), but for the CPS program this target was 50%.</li> <li>• Pilot projects need to incorporate as system to test innovation and make results available to policymakers for scaling up. Piloting alternative land access mechanisms for poor and landless peasants carries a high degree of uncertainty. In</li> </ul>

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS								
			<p><b>ICR Completion Ratings:</b></p> <table border="1" data-bbox="1129 383 1425 721"> <tr> <td data-bbox="1129 383 1297 431">Outcome</td> <td data-bbox="1297 383 1425 431">MS</td> </tr> <tr> <td data-bbox="1129 431 1297 545">Risk to Development Outcome</td> <td data-bbox="1297 431 1425 545">S</td> </tr> <tr> <td data-bbox="1129 545 1297 626">Bank Performance</td> <td data-bbox="1297 545 1425 626">MS</td> </tr> <tr> <td data-bbox="1129 626 1297 721">Borrower Performance</td> <td data-bbox="1297 626 1425 721">MS</td> </tr> </table>	Outcome	MS	Risk to Development Outcome	S	Bank Performance	MS	Borrower Performance	MS	<p>order to have flexible arrangements, project design should incorporate from the outset a menu of options and establish a system for measuring their effectiveness.</p>
Outcome	MS											
Risk to Development Outcome	S											
Bank Performance	MS											
Borrower Performance	MS											
	<p>Income and volume marketed of rural productive units allied increased</p> <p>Baseline: 0 (2006)</p> <p>Target: 45% increase after three sales under alliance (2015)</p>	<p><b>Mostly Achieved.</b></p> <p>According to the economic analysis prepared for the Rural Alliances Project ICR, producers' income increased on average by US\$2,382, representing a 39% increase. According to the impact evaluation agricultural income of producers in 2014 was between 28 and 37% higher than a control group. The volume marketed per rural productive unit is 60% higher than at baseline, exceeding the CPS target. In 2014, sales by alliance farmer groups were between 29 and 39% higher than those of a control group, according to an impact evaluation. By August 2015, and additional 356 partnership agreements are expected to have been signed, exceeding the target for the second year of implementation by 102 percent.</p>	<p><b>Project Name:</b> <i>Rural Alliances Project and AF</i></p> <p><b>Project ID:</b> P083051</p> <p><b>Approval Date:</b> 05/26/2005</p> <p><b>Completion Date:</b> 03/31/2014</p> <p><b>Objective:</b> To test a model to improve accessibility to markets for poor rural producers in the Pilot Areas by: (i) promoting strategic productive alliances between different economic players at the local level; (ii) empowering rural producers through the development of self-managed</p>	<ul style="list-style-type: none"> <li>Use of country public financial management systems increases transparency and efficiency. The Rural Alliances Project established a model in which transfers to public funds to producer organizations became explicitly provided in the Budget Law and were processed through the country's financial management system (SIGMA). This allowed payments/disbursement to be made directly from the Treasury Single Account (TSA) to beneficiaries' bank accounts opened and maintained in formal financial sector institutions. This arrangement allowed for a more transparent, efficient and agile flow of funds.</li> </ul>								

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS								
			<p>grass-root organizations; (iii) increasing access to productive assets and technology, and (iv) promoting more effective, responsive and accountable service organizations at the local level.</p> <p><b>ICR Completion Ratings:</b></p> <table border="1" data-bbox="1129 618 1430 954"> <tr> <td data-bbox="1129 618 1297 667">Outcome</td> <td data-bbox="1297 618 1430 667">S</td> </tr> <tr> <td data-bbox="1129 667 1297 781">Risk to Development Outcome</td> <td data-bbox="1297 667 1430 781">L or N</td> </tr> <tr> <td data-bbox="1129 781 1297 870">Bank Performance</td> <td data-bbox="1297 781 1430 870">S</td> </tr> <tr> <td data-bbox="1129 870 1297 954">Borrower Performance</td> <td data-bbox="1297 870 1430 954">S</td> </tr> </table>	Outcome	S	Risk to Development Outcome	L or N	Bank Performance	S	Borrower Performance	S	<ul style="list-style-type: none"> <li>Women's participation requires differentiated support, as their representation at the producer organization directorate levels remains low. To improve access to project opportunities by women it is necessary to deploy a wider range of targeted activities, including radio messages in indigenous languages at adequate times, separate workshops for women and women's groups, more intensive technical assistance, and targeting women in leadership training activities.</li> </ul>
Outcome	S											
Risk to Development Outcome	L or N											
Bank Performance	S											
Borrower Performance	S											
<p>Support Government's efforts to increase agricultural technology and strengthen the institutions and partnerships in charge of agriculture innovation and extension</p>	<p>Number of innovations led by INIAF and adopted by producers to increase their productivity</p> <p>Baseline: 0 (2011)</p> <p>Target: 2 innovations (2015)</p>	<p><b>Achieved.</b></p> <p>Under the Agricultural Innovation and Services Project, significant progress has been achieved in three areas: (i) INIAF's strategic research programs are implementing well, and there are signs that several new technologies development and/or promoted by INIAF are being adopted on a significant scale (for example, INIAF seed multiplication data suggest that adoption of an</p>	<p><b>Project Name:</b> <i>Participatory Rural Investment II Project</i></p> <p><b>Project ID:</b> P101298</p> <p><b>Approval Date:</b> 12/20/2007</p> <p><b>Completion Date:</b> 11/15/2013</p>									

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS								
		<p>improved beet variety released in 2012 has increased four-fold); (ii) INIAF's capacity building effort has been scaled up successfully; the 24 technical assistance and training sub-projects that are under implementation are expected to benefit around 15,000 producers; and (iii) the INIAF seed program continues to perform well, having surpassed all of its targets for 2014 (115,000 tons of seed were certified in 2014, about 20,000 tons more than in 2013).</p>	<p><b>Objective:</b> To pilot the strengthening of institutional arrangements between the national and eligible sub-national Governments and civil society for sustainable management of sub-national public investments in selected productive sectors with an emphasis on territorial development (Restructuring Paper, June 27, 2012).</p> <p><b>ICR Completion Ratings<sup>11</sup>:</b></p> <table border="1" data-bbox="1129 781 1428 1117"> <tbody> <tr> <td data-bbox="1129 781 1297 829">Outcome</td> <td data-bbox="1297 781 1428 829">MS</td> </tr> <tr> <td data-bbox="1129 829 1297 943">Risk to Development Outcome</td> <td data-bbox="1297 829 1428 943">M</td> </tr> <tr> <td data-bbox="1129 943 1297 1032">Bank Performance</td> <td data-bbox="1297 943 1428 1032">MU</td> </tr> <tr> <td data-bbox="1129 1032 1297 1117">Borrower Performance</td> <td data-bbox="1297 1032 1428 1117">MS</td> </tr> </tbody> </table>	Outcome	MS	Risk to Development Outcome	M	Bank Performance	MU	Borrower Performance	MS	
Outcome	MS											
Risk to Development Outcome	M											
Bank Performance	MU											
Borrower Performance	MS											

<sup>11</sup> In its ICR Review, IEG assigned a rating of MU to Outcome, and S to Risk to Development Outcome.

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
			<p><b>Project Name:</b> <i>Agricultural Innovation and Services Project</i></p> <p><b>Project ID:</b> P106700</p> <p><b>Approval Date:</b> 07/21/2011</p> <p><b>Completion Date:</b> 02/15/2017</p> <p><b>Objective:</b> To strengthen INIAF and the Recipient's National Agricultural and Forestry Innovation System ("SNAIF") in order to contribute to productivity growth, food security, sustainable rural development and the income-earning potential of Recipient's families dependent on agriculture and forestry.</p> <p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1129 1172 1428 1347"> <tbody> <tr> <td data-bbox="1129 1172 1325 1230">Development Objectives</td> <td data-bbox="1325 1172 1428 1230">MS</td> </tr> <tr> <td data-bbox="1129 1230 1325 1347">Implementation Performance</td> <td data-bbox="1325 1230 1428 1347">MS</td> </tr> </tbody> </table>	Development Objectives	MS	Implementation Performance	MS	
Development Objectives	MS							
Implementation Performance	MS							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS		
			<p><b>Project Name:</b> <i>Rural Alliances II Project</i></p> <p><b>Project ID:</b> P127743</p> <p><b>Approval Date:</b> 10/23/2012</p> <p><b>Completion Date:</b> 11/30/2017</p> <p><b>Objective:</b> To improve accessibility to markets for small rural producers in the Selected Areas by: (i) promoting productive alliances between different small rural producer organizations and purchasers; (ii) empowering rural producers through the establishment and strengthening of self-managed grass-root organizations; (iii) increasing access to productive assets, technology and financial services; (iv) promoting more effective, responsive and accountable service organizations at the local level; and (v) enhancing environmental sustainability of productive practices.</p> <p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1129 1305 1428 1349"> <tr> <td data-bbox="1129 1305 1325 1349">Development</td> <td data-bbox="1325 1305 1428 1349"></td> </tr> </table>	Development		
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CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS						
			<table border="1" data-bbox="1129 342 1430 475"> <tr> <td data-bbox="1129 342 1325 386">Objectives</td> <td data-bbox="1325 342 1430 386">S</td> </tr> <tr> <td data-bbox="1129 386 1325 430">Implementation</td> <td data-bbox="1325 386 1430 430"></td> </tr> <tr> <td data-bbox="1129 430 1325 475">Performance</td> <td data-bbox="1325 430 1430 475">S</td> </tr> </table> <p data-bbox="1129 578 1430 686"><b>Project Name:</b> <i>Sustainable Production of Ancestral Andean Products</i> (introduced in CPSPR, but later dropped)</p> <p data-bbox="1129 708 1430 732"><b>Project ID:</b></p> <p data-bbox="1129 753 1430 777"><b>Approval Date:</b></p> <p data-bbox="1129 799 1430 823"><b>Completion Date:</b></p> <p data-bbox="1129 844 1430 868"><b>Objective:</b></p> <p data-bbox="1129 1011 1430 1036"><b><u>TFs:</u></b></p> <p data-bbox="1129 1097 1430 1230"><b>Project Name:</b> <i>Integrated Community-Driven Territorial Development for Remote Communities in the Amazon</i> (JSDF)</p> <p data-bbox="1129 1252 1430 1276"><b>Project ID:</b> P130664</p> <p data-bbox="1129 1297 1430 1321"><b>Approval Date:</b> 05/16/2014</p> <p data-bbox="1129 1343 1430 1367"><b>Completion Date:</b> 05/16/2017</p>	Objectives	S	Implementation		Performance	S	
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Implementation										
Performance	S									

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
			<p><b>Objective:</b> To pilot a participatory sustainable territorial planning model for the Eligible Communities through small investments projects and improved participation in municipal land-use planning.</p> <p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1129 662 1428 841"> <tbody> <tr> <td data-bbox="1129 662 1325 716">Development Objectives</td> <td data-bbox="1325 662 1428 716">S</td> </tr> <tr> <td data-bbox="1129 748 1325 802">Implementation Performance</td> <td data-bbox="1325 748 1428 802">S</td> </tr> </tbody> </table> <ul data-bbox="1129 927 1377 1008" style="list-style-type: none"> <li>• Ongoing Integrating Gender into SD operations</li> </ul> <p><b>IFC:</b></p> <ul data-bbox="1129 1101 1425 1182" style="list-style-type: none"> <li>• <i>Empresa Forestal SLV</i></li> <li>• Regional Responsive Soy Program</li> </ul> <p><b>Co-financing:</b></p> <ul data-bbox="1129 1273 1409 1321" style="list-style-type: none"> <li>• Agricultural Innovation and Services Project:</li> </ul>	Development Objectives	S	Implementation Performance	S	
Development Objectives	S							
Implementation Performance	S							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS
			COSUDE (US\$2.6m) Kingdom of Denmark (US\$2.3m)	
<b>Country Development Goal: <i>Address infrastructure needs and promote economic integration</i></b>				
Reduce transportation costs by improving national and rural roads to facilitate access to markets	<p>Transport costs to the San Buenaventura-Ixiamas road users reduced</p> <p>Baseline:</p> <p>Buses: \$4.41 cents/Km (2010)</p> <p>Large Trucks: \$2.05 cents/Km (2010)</p> <p>Target:</p> <p>Buses: \$1.50 cents/Km (2015)</p> <p>Large Trucks: \$0.95 cents/Km (2015)</p>	<p><b>Not Achieved.</b></p> <p>Contracts were signed for the two lots of the San Buenaventura-Ixiamas road works. Contracting for improvement and lengthening of the airport runway has been concluded.</p>	<p><b>WB Support:</b></p> <p><u>Lending:</u></p> <p><b>Project Name:</b> <i>National Roads and Airport Infrastructure Project</i></p> <p><b>Project ID:</b> P122007</p> <p><b>Approval Date:</b> 05/05/2011</p> <p><b>Completion Date:</b> 12/31/2016</p> <p><b>Objective:</b> To improve the year-round transitability of the San Buenaventura-Ixiamas national road and improve the safety, security and operational reliability of the Rurrenabaque Airport.</p>	<ul style="list-style-type: none"> <li>Issues with land acquisition and related compensation to landowners can seriously delay project implementation if not identified at an early stage. Delays then impact project costs due to the long lead times for contracting works.</li> </ul>
Improve basic infrastructure in small municipalities and poor rural communities	<p>Social Capital Index <sup>13</sup> in communities benefiting from CDD projects improved</p> <p>Baseline: 0% (2011)</p> <p>Target: 75% (2015)</p>	<p><b>Achieved.</b></p> <p>93.6% of communities participating under the PICA Community Investment in Rural Areas Project have an improved Social Capital Index.</p>		
Enhance coordination among government levels to better	Number of municipalities successfully applying co-	<b>Partially Achieved.</b>	<b>Latest ISR Ratings</b>	<ul style="list-style-type: none"> <li>Regional development requires consensus building and takes time.</li> </ul>

<sup>13</sup> The Social Capital Index is a composite survey-based indicator.

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
provide productive infrastructure	financing practices for productive investments Baseline: 0 (2007) Target: 180 municipalities (2015)	The Cochabamba department (one of Bolivia's nine departments with about 17 percent of Bolivia's population and a high rate of poverty) adopted the co-financing model. However, due to the new legal and institutional framework (e.g., renewed emphasis on the municipal level with a broader regional or territorial perspective) it could not be replicated elsewhere. The co-financing model was also tested by the Oruro department (one of Bolivia's nine departments with 5 to 6 percent of its population and one of the country's poorest regions), and also by the Santa Cruz department (inspired by but not supported by the Project)	Development Objectives	MS	<p>More emphasis needs to be placed on building consensus involving multiple stakeholders, and continuous capacity building in multiple disciplines and competencies to achieve the goals of territorial development.</p> <ul style="list-style-type: none"> <li>Political factors can be critical in influencing project design; quantitative and qualitative indicators are needed for measuring the outcomes and impact of these factors in the achievement of project objectives</li> </ul>
		Implementation Performance	MU		
		<p><b>Project Name:</b> <i>Community Investments in Rural Areas and AF (approved 08/04/2015)</i></p> <p><b>Project ID:</b> P107137</p> <p><b>Approval Date:</b> 07/21/2011</p> <p><b>Completion Date:</b> 04/30/2017</p> <p><b>Objective:</b> To improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.</p>			
		<b>Latest ISR Ratings</b>	Development Objectives	S	
		Implementation			

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS		
			Performance	S			
			<p><b>Project Name:</b> <i>Participatory Rural Investment II Project</i></p> <p><b>Project ID:</b> P101298</p> <p><b>Approval Date:</b> 12/20/2007</p> <p><b>Completion Date:</b> 11/15/2013</p> <p><b>Objective:</b> To pilot the strengthening of institutional arrangements between the national and eligible sub-national Governments and civil society for sustainable management of sub-national public investments in selected productive sectors with an emphasis on territorial development (Restructuring Paper, June 27, 2012).</p>				
			<p><b>ICR Completion Ratings<sup>12</sup>:</b></p> <table border="1" data-bbox="1119 1203 1440 1245"> <tr> <td data-bbox="1119 1203 1297 1245">Outcome</td> <td data-bbox="1297 1203 1440 1245">MS</td> </tr> </table>		Outcome	MS	
Outcome	MS						

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<sup>12</sup> In its ICR Review, IEG assigned a rating of MU to Outcome, and S to Risk to Development Outcome.

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
			Risk to Development Outcome	M	
			Bank Performance	MU	
			Borrower Performance	MS	
			<p><b>Project Name:</b> <i>Lake Titicaca Local Sustainable Development Project</i></p> <p><b>Project ID:</b> P101426</p> <p><b>Approval Date:</b> 12/20/2007</p> <p><b>Completion Date:</b> 02/02/2015</p> <p><b>Objective:</b> To contribute to local sustainable development in the Recipient's side of the Lake Titicaca watershed.</p>		
			<b>ICR Completion Ratings:</b>		
			Outcome	U	
			Risk to	S	

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS						
			<table border="1" data-bbox="1129 342 1425 589"> <tr> <td data-bbox="1129 342 1297 412">Development Outcome</td> <td data-bbox="1297 342 1425 412"></td> </tr> <tr> <td data-bbox="1129 412 1297 498">Bank Performance</td> <td data-bbox="1297 412 1425 498">U</td> </tr> <tr> <td data-bbox="1129 498 1297 589">Borrower Performance</td> <td data-bbox="1297 498 1425 589">MU</td> </tr> </table> <p data-bbox="1129 737 1430 846"><b>Project Name:</b> <i>Sustainable Production of Ancestral Andean Products</i> (introduced in CPSPR, but later dropped)</p> <p data-bbox="1129 862 1247 889"><b>Project ID:</b></p> <p data-bbox="1129 906 1289 933"><b>Approval Date:</b></p> <p data-bbox="1129 950 1310 977"><b>Completion Date:</b></p> <p data-bbox="1129 993 1241 1021"><b>Objective:</b></p> <p data-bbox="1129 1211 1182 1239"><b>TFs:</b></p> <ul data-bbox="1129 1239 1373 1320" style="list-style-type: none"> <li>• Ongoing Integrating Gender into SD operations</li> </ul>	Development Outcome		Bank Performance	U	Borrower Performance	MU	
Development Outcome										
Bank Performance	U									
Borrower Performance	MU									

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS
			<p><b>IFC:</b></p> <p><b>Co-financing</b></p> <ul style="list-style-type: none"> <li>• PDCRII: COSUDE (US\$4.5m)</li> </ul> <p>Kingdom of Denmark (US\$10.9m)</p>	
<b>Country Development Goal: <i>Promote labor-intensive Small and Medium Enterprises (SME)</i></b>				
<p>Support private sector development, particularly the SMEs, by reducing the costs associated to complying with business regulations</p>	<p>Cost savings from the implementation of simplified procedures for obtaining construction permits in targeted municipalities generated</p> <p>Baseline: 0 (2009)</p> <p>Milestone: US\$1.2 m (2012)</p> <p>Target: US\$3.5 m (2015)</p>	<p><b>Mostly Achieved.</b></p> <p>IFC worked implemented a series of advisory services projects to simplify construction permit procedures in four municipalities.</p>	<p><b>Ongoing AAA:</b></p> <ul style="list-style-type: none"> <li>• FSAP</li> <li>• Financial Sector Review</li> </ul> <p><b>IFC:</b></p> <ul style="list-style-type: none"> <li>• Financing to banks and microfinance institutions</li> <li>• Advisory services on the financial sector</li> <li>• Business Edge SME training program</li> <li>• Business licensing/permit simplification</li> </ul> <p><b>Co-financing</b></p> <p>To the FSAP IMF</p>	
<b>Pillar 2: Support Climate Change and Disaster Risk Management Capacity</b>				

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
<b>Country Development Goal: <i>Restore access to basic infrastructure and strengthen the Government's ability for disaster risk management</i></b>								
Streamline disaster risk management across sector institutions and levels of government	Government has adopted a comprehensive National Program on Disaster Risk Management focusing on vulnerability reduction	<p><b>Achieved.</b></p> <p>Six sector risk management strategies (agriculture, basic sanitation, watersheds, irrigation, decentralization and civil defense) were prepared providing input to the National Disaster Risk Management Program. The plan awaited National Assembly approval at project completion.</p>	<p><b>WB Support:</b></p> <p><u>Lending</u></p> <p><b>Project Name:</b> <i>Emergency Recovery and Disaster Management Project</i></p> <p><b>Project ID:</b> P106449</p> <p><b>Approval Date:</b> 12/20/2007</p> <p><b>Completion Date:</b> 09/30/2013</p> <p><b>Objective:</b> To support the Recipient in the implementation of its National Plan for Sustainable Rehabilitation and Reconstruction following the El Niño 2006-2007 event, and to strengthen the Recipient's ability to respond to future adverse natural events. (as stated in Financing Agreement)</p> <p><b>ICR Completion Ratings<sup>14</sup>:</b></p> <table border="1" data-bbox="1129 1138 1428 1271"> <tr> <td data-bbox="1129 1138 1297 1187">Outcome</td> <td data-bbox="1297 1138 1428 1187">S</td> </tr> <tr> <td data-bbox="1129 1187 1297 1271">Risk to</td> <td data-bbox="1297 1187 1428 1271">S</td> </tr> </table>	Outcome	S	Risk to	S	<ul style="list-style-type: none"> <li>• Infrastructure sub-projects could be bundled to optimize project impact, as rural settlements that benefit from bundled project investments attract families from nearby areas, thereby transforming livelihood dynamics in the host settlement.</li> <li>• Disaster Risk Management awareness at the community level contributes to ownership and sustainability. When beneficiaries participate in crucial decision making and supervisory functions over the projects, they become better informed, more engaged, and likely to demand continued government attention.</li> </ul>
Outcome	S							
Risk to	S							

<sup>14</sup> In its ICR Review, IEG assigned a rating of MS to Outcome, and S to Risk to Development Outcome

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
			Development Outcome		
			Bank Performance	MS	
			Borrower Performance	MS	
			<p><b>Project Name:</b> <i>Disaster Risk Management Development Policy Credit and Loan</i></p> <p><b>Project ID:</b> P150751</p> <p><b>Approval Date:</b> 07/21/2011</p> <p><b>Completion Date:</b> 07/15/2016</p> <p><b>Objective:</b> To support the strengthening of Bolivia's legal and institutional framework for a comprehensive management of disaster and climate risks.</p>		
			<p><b>Latest ISR Ratings</b></p>		
			Development		

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
			Objectives	S	
			Implementation		
			Performance	S	
			<p><b>Project Name:</b> <i>Climate Resilience-Integrated Basin Management</i></p> <p><b>Project ID:</b> P129640</p> <p><b>Approval Date:</b> 07/25/2014</p> <p><b>Completion Date:</b> 06/30/2020</p> <p><b>Objective:</b> To support the implementation of the Borrower's Strategic Program for Climate Resilience by: (i) strengthening the Borrower's institutional capacity to define the new integrated river basin management approach to climate change adaptation; and (ii) supporting its implementation in three pilot sub-basins in the Rio Grande basin.</p> <p><b>Latest ISR Ratings</b></p>		

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS						
			<table border="1" data-bbox="1129 342 1425 516"> <tr> <td data-bbox="1129 342 1325 391">Development Objectives</td> <td data-bbox="1325 342 1425 391">S</td> </tr> <tr> <td data-bbox="1129 391 1325 440">Implementation</td> <td data-bbox="1325 391 1425 440"></td> </tr> <tr> <td data-bbox="1129 440 1325 488">Performance</td> <td data-bbox="1325 440 1425 488">S</td> </tr> </table> <p data-bbox="1129 667 1440 1105"> <b>TFs:</b> <ul style="list-style-type: none"> <li>• Ongoing Integrating Gender into SD operations</li> <li>• Comprehensive assessment of the socioeconomic impact, and recovery and reconstruction needs in Bolivia after heavy floods caused by La Niña (introduced in CPSPR)</li> <li>• TA support for strengthening disaster risk reduction framework (introduced in CPSPR)</li> </ul> </p> <p data-bbox="1129 1252 1440 1333"> <b>TFs:</b> <ul style="list-style-type: none"> <li>• Ongoing Adaptation to the Impact of Rapid</li> </ul> </p>	Development Objectives	S	Implementation		Performance	S	
Development Objectives	S									
Implementation										
Performance	S									

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS
			<p>Glacier Retreat in the Tropical Andes</p> <ul style="list-style-type: none"> <li>• Ongoing Reducing Risk for Biodiversity Conservation using Adaptive Fire Management</li> <li>• Ongoing Integrating Gender into SD operations</li> <li>• Proposed PPCR Phase II [approved]</li> </ul> <p><b>AAA:</b></p> <ul style="list-style-type: none"> <li>• Proposed Strengthen Environment Management</li> </ul> <p><b>Co-financing:</b></p> <p>To the PPCR, IADB (US\$40m)</p>	
<b>Pillar 3: Promote Human Development and Enhance Access to Basic Services</b>				
<b>Country Development Goal: <i>Support human development in rural and urban areas</i></b>				
Support Government's efforts to expand access to maternal and infant health services and reduce gaps in access to health services	Increase access of pregnant women to health services in targeted areas, as measured by an index (0 to 1) of the ratio between the percentage of births delivered by skilled health	<b>Partially Achieved.</b> The ratio between the percentage of institutional deliveries in the areas of project intervention and the rest of the country increased	<b>WB Support:</b> <u>Lending</u> <b>Project Name:</b> <i>Expanding Access to Reduce Health Inequalities APL III</i>	

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
	<p>staff in the targeted areas, and the rest of the country (as the index approaches 1, the gap in the use of health services closes)</p> <p>Baseline: 0.68 (2008) Target: 0.85 (2015)</p>	<p>from 0.52 in December 2009 to 0.73 in December 2014.</p>	<p><b>Project ID:</b> P101206 <b>Approval Date:</b> 01/24/2008 <b>Completion Date:</b> 10/31/2015 <b>Objective:</b> To increase access to good quality and culturally appropriate health services to improve the health of the population in general and to mothers and children in particular.</p>					
<p>Expand access and improve quality of education</p>	<p>Expand access to secondary education in the Municipality of La Paz, as measured by an increase in enrollment</p> <p>Baseline: 3,416 students (2008) Target: 5,137 students (2015)</p>	<p><b>Achieved.</b></p> <p>145 classrooms were constructed or rehabilitated within 12 schools, creating 15,840 new spaces. Secondary education enrollment increased from 3,416 students in 2008 to 6,311 students in 2013.</p>	<p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1129 808 1425 987"> <tr> <td data-bbox="1129 808 1325 862">Development Objectives</td> <td data-bbox="1325 808 1425 862">MS</td> </tr> <tr> <td data-bbox="1129 862 1325 987">Implementation Performance</td> <td data-bbox="1325 862 1425 987">MS</td> </tr> </table>	Development Objectives	MS	Implementation Performance	MS	
Development Objectives	MS							
Implementation Performance	MS							
	<p>Enhance quality of secondary education in the Municipality of La Paz, as measured by an increase in the promotion rate</p> <p>Baseline: 86.2% (2008) Target: 90.3% (2015)</p>	<p><b>Mostly Achieved.</b></p> <p>The promotion rate in secondary education in La Paz increased from 79.4% in 2005 to 89.9% based on 2011 census data.</p>	<p><b>Project Name:</b> <i>Investing in Children and Youth</i> <b>Project ID:</b> P101084 <b>Approval Date:</b> 03/11/2008 <b>Completion Date:</b> 06/30/2015 <b>Objective:</b></p>	<ul style="list-style-type: none"> <li>• Understanding local legal context and jurisdictional issues is needed during project preparation.</li> <li>• Well defined results chains (objectives, activities and outcome measures are crucial. There must be sufficient activities to achieve project objectives, and indicators to measure progress.</li> </ul>				
<p>Promote formal safety nets, particularly those that affect low income youth living in</p>	<p>Labor market insertion for low income youth benefiting from <i>Mi Primer Empleo Digno</i> program</p>	<p><b>Mostly Achieved.</b></p> <p>About 60 percent of the beneficiaries of <i>Mi Primer</i></p>						

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
urban areas, and women and children	<p>improved, as measured by the percentage of beneficiaries with regular employment and labor income four months after the end of the internship phase</p> <p>Baseline: 0% of all beneficiaries who completed the internship every year for the target population (2008)</p> <p>Target: 50% (2015)</p>	<p><i>Empleo Digno</i>, supported by the Investing in Children and Youth Project had employment contracts four months after completion of their internship.</p> <p>Improving Employability and Labor Income of Youth Project approved on May 14, 2014.</p>	<p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1129 467 1430 646"> <tr> <td>Development Objectives</td> <td>MU</td> </tr> <tr> <td>Implementation Performance</td> <td>MU</td> </tr> </table> <p><b>Project Name:</b> <i>La Paz Secondary Education Transformation Project</i></p> <p><b>Project ID:</b> P083965</p> <p><b>Approval Date:</b> 10/09/2007</p> <p><b>Completion Date:</b> 03/31/2013</p> <p><b>Objective:</b> To support the Municipal Government's education strategy by: increasing access to secondary education for adolescents and young people and improving their permanence in the education system; improving</p>	Development Objectives	MU	Implementation Performance	MU	
Development Objectives	MU							
Implementation Performance	MU							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS								
			<p>quality and relevance of primary and secondary education; and strengthening the decentralized education management capacity of the Municipality of La Paz.</p> <p><b>ICR Completion Ratings:</b></p> <table border="1" data-bbox="1129 591 1428 927"> <tr> <td data-bbox="1129 591 1297 639">Outcome</td> <td data-bbox="1297 591 1428 639">MS</td> </tr> <tr> <td data-bbox="1129 639 1297 753">Risk to Development Outcome</td> <td data-bbox="1297 639 1428 753">M</td> </tr> <tr> <td data-bbox="1129 753 1297 842">Bank Performance</td> <td data-bbox="1297 753 1428 842">MS</td> </tr> <tr> <td data-bbox="1129 842 1297 927">Borrower Performance</td> <td data-bbox="1297 842 1428 927">MS</td> </tr> </table> <p><b>Project Name:</b> <i>Improving Employability and Job Quality Among Vulnerable Groups</i> (renamed as Improving</p>	Outcome	MS	Risk to Development Outcome	M	Bank Performance	MS	Borrower Performance	MS	
Outcome	MS											
Risk to Development Outcome	M											
Bank Performance	MS											
Borrower Performance	MS											

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
			<p>Employability and Labor Income of Youth Project) (introduced in CPSPR)</p> <p><b>Project ID:</b> P143995</p> <p><b>Approval Date:</b> 05/14/2014</p> <p><b>Completion Date:</b> 12/31/2020</p> <p><b>Objective:</b> To improve employability and labor income of poor youth by supporting the expansion of the Skills Development Programs in Selected Cities.</p> <p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1129 818 1430 997"> <tr> <td data-bbox="1129 818 1325 878">Development Objectives</td> <td data-bbox="1325 818 1430 878">S</td> </tr> <tr> <td data-bbox="1129 878 1325 997">Implementation Performance</td> <td data-bbox="1325 878 1430 997">MU</td> </tr> </table> <p><b>TFs:</b></p> <ul style="list-style-type: none"> <li>Proposed JSDF on Early Child Development</li> </ul> <p><b>AAA:</b></p> <ul style="list-style-type: none"> <li>Ongoing Social Safety Nets</li> </ul>	Development Objectives	S	Implementation Performance	MU	
Development Objectives	S							
Implementation Performance	MU							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS				
			Proposed Social Protection Beneficiaries Registry					
<b>Country Development Goal: <i>Promote universal access to basic services</i></b>								
Strengthen Government's capacity and coordination efforts to expand the coverage of basic services, particularly in rural areas	Sustainable electricity access in beneficiary remote and dispersed rural areas expanded using solar home systems/photovoltaic systems Baseline: 0 (2011) Target: more than 7,000 household, micro-enterprises, schools and/or health centers (2015)	<b>Achieved.</b>  Solar home systems were installed in 7,700 rural households, schools, clinics and micro and small enterprises.  The Access and Renewable Energy Project was approved on May 27, 2014.	<b>WB Support:</b> <u>Lending</u> <b>Project Name:</b> <i>Decentralized Electricity for Universal Access (GPOBA)</i> <b>Project ID:</b> P102479 <b>Approval Date:</b> 07/02/2007 <b>Completion Date:</b> 06/30/2013 <b>Objective:</b> To increase affordable access to electricity in remote rural areas of Bolivia.					
	Access to lighting solutions (pico PV) for poor households targeted by the GPOBA increased Baseline: 0 (2011) Target: 1,650 households (2015)	<b>Achieved.</b>  Pico PV systems for lighting and basic ICT services were distributed to 5,705 of the poorest households	<b>ICR Completion Ratings:</b> <table border="1" data-bbox="1129 1157 1425 1289"> <tr> <td data-bbox="1129 1157 1295 1203">Outcome</td> <td data-bbox="1295 1157 1425 1203">MS</td> </tr> <tr> <td data-bbox="1129 1203 1295 1289">Risk to</td> <td data-bbox="1295 1203 1425 1289">S</td> </tr> </table>	Outcome	MS	Risk to	S	
Outcome	MS							
Risk to	S							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS						
Increase coverage of telecommunication services	<p>Total number of mobile phone connections increased</p> <p>Baseline: 7.1 million (2010)</p> <p>Target: 9 million (2015)</p>	<p><b>Achieved.</b></p> <p>IFC's investment represented a boost to private sector development by increasing service availability to subscribers in the country. Current mobile penetration rates in Bolivia are close to 88 percent, still below the region's average, but well above the expected 48 percent rate at the time IFC's investment was approved. Greater competition in the sector has made it possible for the total mobile market to almost double from 5.3 million active connections at the time of approval to 9.8 million active connections as of the end of 2012.</p>	<table border="1" data-bbox="1129 342 1425 589"> <tr> <td data-bbox="1129 342 1297 412">Development Outcome</td> <td data-bbox="1297 342 1425 412"></td> </tr> <tr> <td data-bbox="1129 412 1297 500">Bank Performance</td> <td data-bbox="1297 412 1425 500">MS</td> </tr> <tr> <td data-bbox="1129 500 1297 589">Borrower Performance</td> <td data-bbox="1297 500 1425 589">MS</td> </tr> </table> <p><b>Project Name:</b> <i>Community Investments in Rural Areas</i></p> <p><b>Project ID:</b> P107137</p> <p><b>Approval Date:</b> 07/21/2011</p> <p><b>Completion Date:</b> 04/30/2017</p> <p><b>Objective:</b> To improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities selected in some of the poorest municipalities of Bolivia.</p> <p><b>Latest ISR Ratings</b></p>		Development Outcome		Bank Performance	MS	Borrower Performance	MS	
Development Outcome											
Bank Performance	MS										
Borrower Performance	MS										

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS			
			<table border="1"> <tr> <td data-bbox="1123 344 1325 440">Development Objectives</td> <td data-bbox="1325 344 1432 440">S</td> </tr> <tr> <td data-bbox="1123 440 1325 532">Implementation Performance</td> <td data-bbox="1325 440 1432 532">S</td> </tr> </table>	Development Objectives	S	Implementation Performance	S	<ul style="list-style-type: none"> <li>• Respect existing institutional mandates, avoiding project-specific institutional roles and coordination mechanisms</li> <li>• Take early action on fundamental restructurings</li> <li>• For implementation support in low capacity environments, project supervision should consider direct technical support using practical international experience</li> <li>• Adopt appraisal stage readiness criteria for subprojects</li> </ul>
Development Objectives	S							
Implementation Performance	S							
<p><b>Project Name:</b> <i>Lake Titicaca Local Sustainable Development Project</i></p> <p><b>Project ID:</b> P101426</p> <p><b>Approval Date:</b> 12/20/2007</p> <p><b>Completion Date:</b> 02/02/2015</p> <p><b>Objective:</b> To contribute to local sustainable development in the Recipient's side of the Lake Titicaca watershed.</p> <p><b>ICR Completion Ratings:</b></p> <table border="1"> <tr> <td data-bbox="1123 1109 1297 1157">Outcome</td> <td data-bbox="1297 1109 1432 1157">U</td> </tr> <tr> <td data-bbox="1123 1157 1297 1271">Risk to Development Outcome</td> <td data-bbox="1297 1157 1432 1271">S</td> </tr> <tr> <td data-bbox="1123 1271 1297 1352">Bank Performance</td> <td data-bbox="1297 1271 1432 1352">U</td> </tr> </table>	Outcome	U	Risk to Development Outcome	S	Bank Performance	U		
Outcome	U							
Risk to Development Outcome	S							
Bank Performance	U							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
			Borrower Performance	MU	<ul style="list-style-type: none"> <li>• Incorporate contingency planning to manage investment uncertainty</li> <li>• Take account contracting risks (consultants and contractors in project design and preparation)</li> <li>• Participatory planning needs to be followed up with the communities throughout implementation</li> </ul>
			<p><b>Project Name:</b> <i>Urban Infrastructure Project</i> and AF (previously <i>Urban Infrastructure II</i>, but approved as AF)</p>		
			<p><b>Project ID:</b> P083979</p>		
			<p><b>Approval Date:</b> 11/21/2006 and 10/23/2012</p>		
			<p><b>Completion Date:</b> 10/31/2015</p>		
			<p><b>Objective:</b> To improve the access to basic services to the urban poor in Bolivia (La Paz, El Alto and Santa Cruz) through targeted infrastructure investments and the provision of technical assistance to municipalities in the planning, expansion and sustainability of urban service delivery.</p>		
			<p><b>Latest ISR Ratings</b></p>		

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS		
			Development Objectives	MU			
			Implementation Performance	MU			
			<p><b>Project Name:</b> <i>Decentralized Infrastructure for Rural Transformation II</i> (renamed Access and Renewable Energy)</p> <p><b>Project ID:</b> P127837</p> <p><b>Approval Date:</b> 05/27/2014</p> <p><b>Completion Date:</b> 12/01/2021</p> <p><b>Objective:</b> To expand access to electricity in the Plurinational State of Bolivia's unserved areas under a model of electricity access expansion that supports the implementation of the national decentralized framework.</p>				
			<p><b>Latest ISR Ratings</b></p> <table border="1" data-bbox="1119 1321 1440 1365"> <tr> <td data-bbox="1119 1321 1325 1365">Development</td> <td data-bbox="1325 1321 1440 1365"></td> </tr> </table>		Development		
Development							

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
			Objectives	S	
			Implementation		
			Performance	MS	
			<p><b>Project Name:</b> <i>Water and Sanitation in Rural Areas</i> (dropped in CPSPR)</p> <p><b>Project ID:</b></p> <p><b>Approval Date:</b></p> <p><b>Completion Date:</b></p> <p><b>Objective:</b></p> <p><b>AAA:</b></p> <ul style="list-style-type: none"> <li>• TA provided by the Water and Sanitation Program</li> </ul> <p><b>IFC:</b></p> <ul style="list-style-type: none"> <li>• Ongoing (Telecel Bolivia Loan) and potential telecom operations</li> </ul>		

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS
<b>Pillar 4: Enhance Public Sector Effectiveness</b>				
<b>Country Development Goal: <i>Implement the decentralization and autonomy agenda and strengthen the national planning system</i></b>				
Support municipal government to develop their <i>Cartas Orgánicas</i> (municipal constitution) to effectively put in place the decentralization and autonomy regime	Beneficiary municipalities that have developed and approved their <i>Carta Orgánica</i> under the new Autonomies and Decentralization Law  Baseline: 0 municipalities with <i>Carta Orgánica</i> (2011)  Target: 200 municipalities with <i>Carta Orgánica</i> (2015)	<b><i>Mostly Achieved.</i></b>  260 municipalities have elaborated draft <i>Cartas Orgánicas</i> , of which 93 were approved by their municipal councils and 45 were already presented to the Constitutional Tribune	<b>WB Support:</b>  <u>Lending</u> <b>Project Name:</b> <i>Participatory Rural Investment II Project</i> <b>Project ID:</b> P101298 <b>Approval Date:</b> 12/20/2007 <b>Completion Date:</b> 11/15/2013  <b>Objective:</b> To pilot the strengthening of institutional arrangements between the national and eligible sub-national Governments and civil society for sustainable management of sub-national public investments in selected productive sectors with an emphasis on territorial development (Restructuring Paper, June 27, 2012).  <b>ICR Completion Ratings<sup>15</sup>:</b>	
	Number of Autonomous Indigenous and Campesino communities that developed and approved their Statutes under the Autonomies and Decentralization Law  Baseline: 0 (2011)  Target: 11 (2015)	<b><i>Mostly Achieved.</i></b>  There are 9 draft statutes elaborated, of which 6 were presented to the Constitutional Tribune		

<sup>15</sup> In its ICR Review, IEG assigned a rating of MU to Outcome, and S to Risk to Development Outcome.

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS								
			<table border="1" data-bbox="1129 342 1430 678"> <tr> <td data-bbox="1129 342 1297 386">Outcome</td> <td data-bbox="1297 342 1430 386">MS</td> </tr> <tr> <td data-bbox="1129 386 1297 500">Risk to Development Outcome</td> <td data-bbox="1297 386 1430 500">M</td> </tr> <tr> <td data-bbox="1129 500 1297 586">Bank Performance</td> <td data-bbox="1297 500 1430 586">MU</td> </tr> <tr> <td data-bbox="1129 586 1297 678">Borrower Performance</td> <td data-bbox="1297 586 1430 678">MS</td> </tr> </table> <p data-bbox="1129 1003 1430 1198"> <b>AAA:</b> <ul style="list-style-type: none"> <li data-bbox="1129 1029 1430 1084">• Ongoing Public Sector Governance NLTA</li> <li data-bbox="1129 1084 1430 1198">• RAAP Regional Government of Santa Cruz (introduced in CPSPR)</li> </ul> </p> <p data-bbox="1129 1256 1430 1377"> <b>Co-financing:</b> <ul style="list-style-type: none"> <li data-bbox="1129 1282 1430 1308">• COSUDE (US\$4.5m)</li> </ul>           Kingdom of Denmark (US\$10.9m)         </p>	Outcome	MS	Risk to Development Outcome	M	Bank Performance	MU	Borrower Performance	MS	
Outcome	MS											
Risk to Development Outcome	M											
Bank Performance	MU											
Borrower Performance	MS											

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS	
<b>Country Development Goal: <i>Support institutional strengthening and capacity building to better plan, implement, monitor and evaluate public policies with a focus on results</i></b>					
Update and increase the quality of socio-demographic information and agriculture data to better support decision-making and the evaluation of public policies	Population census carried out, data disseminated and used for budget allocation to sub-national governments to finance public investment projects	<b>Achieved.</b> The population census has been completed with a coverage rate of 96%, and disseminated widely. INE has also the support from CELADE to assess quality (which was deemed acceptable) and support the preparation of population projections.	<b>WB Support:</b> <u>Lending</u> <b>Project Name:</b> <i>Strengthening Statistical Capacity and Informational Base for Evidence-Based Planning (STATCAP) Project and AF</i> <b>Project ID:</b> P101336 <b>Approval Date:</b> 01/13/2011 and 06/18/2014 (AF)		
Enhance Government's capacity to collect, analyze and use poverty data to inform public policy	Poverty maps at the municipal level using updated unsatisfied basic needs (UBN) data from the population census and income data provided by household surveys developed and used for public policy targeting  Baseline: outdated poverty maps (2013)  Target: updated poverty maps at the municipal level (2015)	<b>Mostly Achieved.</b> Micro-data of the 2012 and 2013 Household Surveys is available through INE's portal. Poverty numbers have not yet been disseminated due to ongoing revisions of the population projections from the 2012 Census, but should be available shortly. The processing of the 2014 Household Survey is underway and results are expected by end-2015.	<b>Completion Date:</b> 12/15/2017 <b>Objective:</b> To strengthen the statistical capacity and improve the informational base of the Recipient in order to provide quality information, as defined by its reliability, timeliness, accuracy and representativeness with the level of disaggregation necessary to support systems for planning, designing, monitoring and evaluating public programs and policies.  <b>Latest ISR Ratings</b> Development <table border="1" data-bbox="1325 1312 1425 1354"><tr><td></td></tr></table>		

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome		Lessons and Suggestions for the new CPS
			Objectives	S	
			Implementation		
			Performance	S	
<p><b>AAA:</b></p> <ul style="list-style-type: none"> <li>• Ongoing Multidimensional Poverty II</li> <li>• Proposed Poverty Map Update</li> <li>• Proposed Poverty Assessment</li> <li>• Ongoing ROSC in auditing and accounting</li> <li>• Stolen Asset Recovery (StAR)</li> <li>• Open Aid Partnership (introduced in the CPSPR)</li> <li>• NLTA on Multiannual Budgeting</li> </ul> <p><b>TFs:</b></p> <p>Proposed Ensuring Quality in the National Statistical System of Bolivia</p>					
<p><b>Country Development Goal: <i>Enhance transparency and accountability</i></b></p>					

CPS Outcome	Outcome Indicators (baselines and targets)	Status Evaluation Summary	Lending and Non-lending Activities that contributed to this outcome	Lessons and Suggestions for the new CPS
Enhance Government's capacity to increase transparency and accountability to civil society of public investment programs	Open Aid Platform incorporating all data on Government and externally-financed investment project available for public use and sustainably updated	<b><i>Achieved.</i></b> Open Aid Partnership platform has been developed and is in progress of being integrated into the Government's public investment system. All public investment projects have been geo-coded		
	Government-owned Citizen Feedback Platform receiving initial information from rural alliances (beneficiaries of the Rural Alliance Project)	<b><i>Mostly Achieved.</i></b> EMPODERAR is on track. Platform has been developed and is receiving producer's feedback. A local platform is being developed so that sustainability is guaranteed		

**CPSCLR – Planned Lending Program (including Trust Funds) and Actual Deliveries**

<b>Lending Program (US\$ million)</b>		<b>Status at CPSCLR</b>
<b>FY12 Plan</b>		<b>FY12 Actual</b>
Urban Infrastructure II	24	Delivered in FY13
Ensuring Quality in the National Statistical System of Bolivia (BETF)	0.24	Delivered in FY14
Early Child Development-JSDF	3	Delivered in FY13
Integrated Community Driven Development for Remote Communities in the Amazon (RETF)	2.3	Delivered in FY14
Ministry of Development Planning IDF	---	Delivered (\$0.28m)
<b>Total Planned FY12</b>	<b>\$29.54</b>	<b>\$0.28 Delivered</b>
<b>FY13 Plan</b>		<b>FY13 Actual</b>
Urban Infrastructure II	---	Delivered as AF (\$24)
Decentralized Infrastructure for Rural Transformation II (Access to Renewable Energy)	25	Delivered in FY14
Rural Alliances II	40	Delivered (\$50 m)
Water and Sanitation	70	Dropped in CPSPR
Early Child Development (JSDF)	---	Delivered (\$2.78m)
Human Development	20	Delivered in FY14 as Improving Employability and Job Quality Among Vulnerable Groups
Pilot Program for Climate Resilience Phase II (RETF)	36	Delivered in FY15
Support Preparation of Pilot Program for Climate Resilience Phase II (RETF)	---	Delivered (\$0.5m)
<b>Total Planned FY13</b>	<b>\$191.0</b>	<b>\$77.28 Delivered</b>

<b>FY14 Plan (in CPSPR)<sup>16</sup></b>		<b>FY14 Actual</b>
Access and Renewable Energy	50	Delivered (\$50m)
Pilot Program for Climate Resilience Phase II (RETF)	45.5	Delivered in 2015
Improving Employability and Job Quality Among Vulnerable Groups	20	Delivered (\$20m)
Sustainable Production of Ancestral Andean Products	100.0	Dropped
Ensuring Quality in the National Statistical System of Bolivia (BETF)	---	Delivered (\$0.24)
AF Strengthening Statistical Capacity for Evidence-Based Planning	24.5	Delivered (\$23.3m)
National Road Sector Management Program PforR	200.0	Moved to FY16
Integrated Community Driven Development for Remote Communities in the Amazon (RETF)	---	Delivered (\$2.21m)
<b>Total Planned FY14</b>	<b>\$440.0</b>	<b>\$95.75 Delivered</b>
<b>FY15 Plan (in CPSPR)</b>		<b>FY15 Actual</b>
Strengthening Public Investment Efficiency	25.0	Delivered as NLTA
Energy Project	150.0	
Pilot Program for Climate Resilience Phase II (RETF)	---	Delivered (\$45.5m)
Disaster Risk Management Development Policy Credit and Loan	---	Delivered (\$200m)
Strengthening of Planning, Investment, Fiduciary and Procurement Capacities IDF	---	Delivered (\$0.52m)
<b>Total Planned FY15</b>	<b>175.0</b>	<b>\$246.02 Delivered</b>

<sup>16</sup> Includes in plan amounts related to operations that had been planned in earlier years but rescheduled in the CPSPR.

## CPSCLR – Active Lending Portfolio as of June 30, 2015

Project ID	Project Name	Approval FY	Revised Closing FY	Age in Years	Latest DO	Latest IP	Net Commit (US\$m)	Total Undisbursed Balance	% Undisb	Disb in FY (US\$m)	No of Months Extension
P083979	Urban Infrastructure	2007	AF								
P101206	Expanding Access to Reduce Health Inequalities APLIII	2008	2016				18.5				
P107137	PICAR Community Investments in Rural Areas	2012	2017				40.0				
P106700	Agricultural Innovation and Services	2012	2017				39.0				
P122007	National Roads and Airport Infrastructure	2011	2017				109.5				
P101336	Strengthening Statistical Capacity for Informational Base for Evidence-Based Planning	2011	2015				50.0				
P147051	Strengthening Statistical Capacity AF	2014					23.31				
P121157	Reducing Risks for Biodiversity Conservation Using Adaptive Fire Management	2011					0.2				
P130528	Urban Infrastructure AF	2013					24.0				
P130580	Early Childhood Care and Development in the Poorest and Most Vulnerable Urban Districts of La Paz and El Alto	2013					2.79				
P127743	Rural Alliances II	2013					50.0				
P143995	Improving Employability and Labor Income of Youth Project	2014					20.0				
P130664	Integrated Community-Driven Territorial Development for Remote Communities in the Amazon	2014					2.22				
P127837	Access and Renewable Energy	2014					50.0				
P129640	Climate Resilience-Integrate Basin Management	2015					45.5				
P150751	Disaster Risk Management DPC and DPL	2015					200.0				

**CPSCLR – Operations that Closed During FY11-15**

<b>Project ID</b>	<b>Project Name</b>	<b>Approval FY</b>	<b>Closing FY</b>	<b>Age in Years</b>	<b>US\$m</b>	<b>Outcome</b>	<b>RDO</b>	<b>Bank Perf.</b>	<b>Borrower Perf.</b>
P106449	Emergency Recovery and Disaster Management	2008	2013	5	16.9	S	S	MS	MS
P101426	Lake Titicaca Sustainable Development	2008	2013	5	20.0	U	S	U	MU
P101298	Participatory Rural Investment II	2008	2014	6	20.0	MS <sup>17</sup>	M	MU	MS
P083965	Secondary Education Transformation	2008	2013	5	10.0	MS	M	MS	MS
P087925	Land for Agricultural Development	2008	2015	7	15.0	MS	S	MS	MS
P083979	Urban Infrastructure	2007	2012	5	30.0	<sup>18</sup>			
P083051	Rural Alliances	2005	2014	9	58.4	S	L or N	S	S
	Pilot Program for Climate Resilience Phase I	2011	...		1.5				
	Decentralized Electricity for Universal Access (GPOBA)	2008	2013		5.2				
	Adaptation to the Impact of Rapid Glacier Retreat in the Tropical Andes	2008	2013		2.3				
P121157	Reducing Risks for Biodiversity Conservation Using Adaptive Fire Management	2011							
	Integrating Gender into SD Operations	2012	...						

<sup>17</sup> In its ICR Review, IEG assigned a rating of MU to Outcome and S to Risk to Development Outcome

<sup>18</sup> ICR has not been prepared as an Additional Financing was approved for this operation

## CPSCLR – Planned Non-Lending Activities and Actual Delivery

<b>CPS Program</b>	<b>Status</b>
<b>FY11 Plan</b>	<b>Status at the CPSCLR</b>
Stolen Asset Recovery (StAR) (2010)	Completed
Financial Sector Review	Completed
FSAP Update	Completed
<b>FY12 Plan</b>	<b>Status at the CPSCLR</b>
Public Sector Governance I (NLTA)	Completed
Strengthening Environmental and Natural Resource Management (NLTA)	Completed
Report on the Observance of Standards and Codes in Auditing and Accounting (ESW)	Completed
Social Safety Nets V, VI (NLTA)	Completed
Social Protection Beneficiaries Registry (NLTA)	Completed
Multidimensional Poverty Phase II (NLTA)	Completed
Public Sector Governance II, III, IV (NLTA)	Completed
<b>FY13 Plan</b>	<b>Status at the CPSCLR</b>
Poverty Assessment (ESW)	Completed
<b>FY14 and FY15 Plan (from CPSPR)</b>	<b>Status at the CPSCLR</b>
Poverty Map Update (NLTA) (from CPS)	In progress
Sources of Growth Programmatic AAA (ESW)	Completed
Urban Development Programmatic AAA (ESW)	Completed
Multidimensional Poverty Phase III (NLTA)	Completed
Multidimensional Poverty Phase IV (NLTA)	In progress
TRE RAMP Support to the Central Bank of Bolivia (NLTA)	Completed

Rapid Assessment and Action Plan for Santa Cruz (RAS)	Completed
Improving Social Services (NLTA)	Completed
Public Sector Governance (NLTA)	Completed
Science and Technology Strategy (NLTA)	Completed (programmatic)
Tourism Strategy and Private Sector Development	Dropped