

**Document of  
The World Bank Group**

**FOR OFFICIAL USE ONLY**

**Report No. 181880-BO**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**INTERNATIONAL FINANCE CORPORATION**

**MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**COUNTRY PARTNERSHIP FRAMEWORK**

**FOR**

**THE PLURINATIONAL STATE OF BOLIVIA**

**FOR THE PERIOD FY23–FY26**

**APRIL 14, 2023**

**Bolivia, Chile, Ecuador and Peru Country Management Unit  
Latin America and the Caribbean**

**The International Finance Corporation  
Latin America and the Caribbean**

**The Multilateral Investment Guarantee Agency**

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.

**The date of the last Performance and Learning Review of the FY2016–2020 Country Partnership Framework was May 31, 2018 (Report No. 125068-BO)**

### **CURRENCY EQUIVALENTS**

US\$ 1 = Bs 6.96 (November 30, 2022)

### **FISCAL YEAR**

January 1 – December 31

### **ABBREVIATIONS AND ACRONYMS**

CAF	Development Bank for Latin America
CLR	Completion and Learning Review
CPF	Country Partnership Framework
CPSD	Country Private Sector Diagnostic
FY	Fiscal Year
G2P	Government to Persons
GCO	General Controller's Office
GDP	Gross Domestic Product
GRUS	Group of Partners for Development for Bolivia ( <i>Grupo de Socios para el Desarrollo de Bolivia</i> )
HEIS	Hands-On Extended Implementation Support
HLO	High-Level Outcome
IBRD	International Bank of Reconstruction and Development
IDB	Inter-American Development Bank
ID4D	Identification for Development
IDTR	Decentralized Infrastructure for Rural Transformation ( <i>Infraestructura Decentralizada para Transformación Rural</i> )
IFC	International Finance Corporation
INIAF	Agricultural and Forestry Innovation ( <i>Instituto Nacional de Innovación Agropecuaria y Forestal</i> )
IFMIS	Integrated Financial Management Information System
ITU	International Telecommunications Union
MAS	Movement towards Socialism ( <i>Movimiento al Socialismo</i> )
MDBs	Multilateral Development Banks
MDRyT	Ministry of Rural Development and Land ( <i>Ministerio de Desarrollo Rural y Tierras</i> )
MEFP	Ministry of Economy and Public Finance ( <i>Ministerio de Economía y Finanzas Públicas</i> )
MIGA	Multilateral Investment Guarantee Agency
MMAyA	Ministry of Environment and Water ( <i>Ministerio de Medioambiente y Agua</i> )
MPD	Ministry of Development Planning ( <i>Ministerio de Planificación del Desarrollo</i> )
NDC	National Determined Contribution
PAR	Rural Alliances Project ( <i>Proyecto de Alianzas Rurales</i> )
PDES	Economic and Social Development Plan ( <i>Plan de Desarrollo Económico y Social</i> )
PEFA	Public Expenditure and Financial Assessment
PEIR	Public Expenditure and Institutional Review

PFM	Public Financial Management
PICAR	Community Investment in Rural Areas Project ( <i>Proyecto de Inversión Comunitaria en Areas Rurales</i> )
PLR	Performance and Learning Review
PPCR	Pilot Program for Climate Resilience
SCD	Systematic Country Diagnostic
SCP	Short-Cycle Programs
SDG	Sustainable Development Goals
SECO	Swiss State Secretariat for Economic Affairs
SICOES	State Contracting System ( <i>Sistema de Contrataciones Estatales</i> )
SIGEP	Integrated Public Management System ( <i>Sistema Integrado de Gestión Pública</i> )
STEP	Systematic Tracking of Exchanges in Procurement
VAM	Food Insecurity Vulnerability Index
WBG	World Bank Group

### Acknowledgments

The Bolivia Country Partnership Framework was prepared by a World Bank Group Task Team led by Indu John-Abraham (Country Manager for Bolivia, LCCBO, World Bank), Maria Alejandra Velasco (Operations Analyst, LCCBO, World Bank), Ana María Torres Soto (Senior Operations Officer, CELCE, IFC), and Gianfilippo Carboni (Senior Risk Management Officer, MIGEC, MIGA). Overall guidance for the CPF was provided by Marianne Fay (Country Director, LCC6C, World Bank) and Elizabeth Marcano (Country Manager, CLACO, IFC) with the support of Pilar Maisterra (Operations Manager, LCC6C) and the program leaders, Tanja Goodwin (ELCDR), Bjorn Philipp (SLCDR) and Maria Laura Sánchez (HLCDR). The Task Team Leaders received significant contributions from Gustavo Canavire (Senior Economist, ELCPV), María Dávalos (Senior Economist, ELCPV), Sergio Juarez (Country Officer, CCMCO, IFC), Ericka Nogales (External Affairs Associate), Susana Pérez (Executive Assistant), Luis Alvaro Sánchez (Consultant, IEGEC) and Julio Velasco (Senior Economist, ELCMU), as well as editorial support from Marcello Arrigo. The team also benefited from inputs and comments of the Global Practice focal points and the wider World Bank Group Bolivia Country Team.

	IBRD	IFC	MIGA
<b>Vice President:</b>	Carlos Felipe Jaramillo	Alfonso Garcia Mora	Ethiopsis Tafara
<b>Director:</b>	Marianne Fay/Pilar Maisterra	Manuel Reyes Retana	Merli Margaret Baroudi
<b>Task Team Leaders:</b>	Indu John-Abraham Maria Alejandra Velasco	Ana María Torres-Soto	Gianfilippo Carboni

**FY23–26 COUNTRY PARTNERSHIP FRAMEWORK FOR  
THE PLURINATIONAL STATE OF BOLIVIA  
TABLE OF CONTENTS**

I.	INTRODUCTION .....	1
II.	COUNTRY CONTEXT AND DEVELOPMENT AGENDA.....	1
	2.1 Social and Political Context.....	1
	2.2 Recent Economic Developments.....	2
	2.3 Poverty Profile .....	3
	2.4 Main Development Challenges.....	5
III.	WORLD BANK GROUP PARTNERSHIP FRAMEWORK.....	6
	3.1 Government Development Program and Medium-term Strategy .....	6
	3.2 Proposed WBG Country Partnership Framework.....	7
	3.3 Objectives Supported by the WBG Program .....	13
	3.4 Implementing the FY23–26 CPF .....	23
IV.	MANAGING RISKS TO THE CPF PROGRAM.....	24
	Annex 1: CPF Results Matrix .....	27
	Annex 2: Completion and Learning Review (CLR).....	38
	Annex 3: Selected Indicators* of Bank Portfolio Performance and Management.....	63
	Annex 4: Operations Portfolio (IBRD/IDA and Grants) .....	64
	Annex 5: IFC’s Committed Portfolio.....	65

**List of tables**

Table 1: Bolivia - Selected Economic Indicators.....	2
Table 2: SCD Update 2021 .....	6
Table 3: Program Selectivity - SCD Priorities and CPF Areas of Engagement .....	12
Table 4: Risks to the Bolivia CPF FY23-26 Program.....	25

**List of figures**

Figure 1: Bolivia: International and National Poverty Rates.....	4
Figure 2: Gini Index .....	4
Figure 3: Strategic Axes of the National Economic and Social Development Plan, 2021–2025.....	7
Figure 4: FY23–26 Bolivia CPF, HLOs and Objectives.....	9
Figure 5: Productivity Losses Dragged Down Economic Growth Even Before the Pandemic .....	17

**List of boxes**

Box 1: WBG Country Private Sector Diagnostic for Bolivia .....	13
--	----

# FY2023–2026 COUNTRY PARTNERSHIP FRAMEWORK FOR THE PLURINATIONAL STATE OF BOLIVIA

## I. INTRODUCTION

1. **The Country Partnership Framework (CPF) outlines the proposed engagement between the Plurinational State of Bolivia and the World Bank for FY23–26.** The previous CPF covered FY16–20, and a Performance and Learning Review (PLR) was presented to the Board in May 2018. Due to the COVID pandemic and the associated uncertainties around the impact on country programming, a one-year moratorium on country engagement (CE) products delayed the preparation of the subsequent CPF. This proposed CPF intends to overlap in timeframe with Bolivia’s 2021–2025 national development plan, known as the Economic and Social Development Plan (PDES, as per its Spanish acronym), as well as with the term of Bolivia’s current presidential administration through November 2025.

2. **During the period covered by the previous CPF, Bolivia faced a series of profound development challenges,** including economic, socio-political, and health crises. The collapse of oil prices in late 2014 ended the global commodities boom, eroding Bolivia’s terms of trade among its structural peers.<sup>1</sup> Social unrest in 2019, in the wake of contested general elections, resulted in a transitional government until new elections were held in October 2020.<sup>2</sup> Finally, COVID-19 hit Bolivia hard, causing severe strain to the country’s vulnerable health system.

3. **The substantial progress in reducing poverty and inequality achieved between 2005 and 2014 has begun to stagnate, amid multiple sources of pressure.** Expansionary policies allowed the country to continue growing and reducing poverty and inequality. Poverty has begun to decrease again as the health crisis subsides, returning to pre-pandemic levels. At the same time, macroeconomic imbalances have increased public debt and eroded fiscal buffers and international reserves. Fostering inclusive and sustainable growth requires addressing the aftereffects of the COVID-19 crisis, the country’s structural constraints, and the increasing pressures from climate change.

## II. COUNTRY CONTEXT AND DEVELOPMENT AGENDA

### *2.1 Social and Political Context*

4. **Bolivia suffered from marked socio-political polarization in the recent past.** Contested general elections in October 2019 resulted in a series of conflicts nationwide and, eventually, the installation of a transitional government in November 2019, until new elections were held in October 2020. In early 2020, the pandemic hit Bolivia, with mobility restrictions, school closures, and a collapse in the health system exacerbating economic, social, and political strains. Such multi-faceted, long-standing pressure points have affected vulnerable groups more profoundly—namely women, youth, and indigenous people—heightening existing inequalities.

5. **New general elections were held in October 2020, resulting in the *Movimiento al Socialismo (MAS)* returning to power.** President Luis Arce won the presidency with 55 percent of the votes in the first round. To reignite economic activity, the new administration lifted strict mobility restrictions and social-

---

<sup>1</sup> World Bank Group. *Rebalancing Inclusive and Sustainable Growth to Continue Reducing Poverty in Bolivia: Systematic Country Diagnostic Update*. 2021, p. ii.

<sup>2</sup> The WBG does not opine on the political interests of its member states.

distancing measures and launched a new emergency cash transfer program (*Bono Contra el Hambre*). It also established a six-month grace period for capital and interest payments of credits deferred in 2020, restricted investments abroad by the financial sector, and approved an early withdrawal from pension funds. In addition to these short-term measures, the current administration has been seeking to promote growth through public investment and continue with the state-led development model that has been in place since the mid-2000s, the Economic Social Community Productive Model (*Modelo Económico Social Comunitario Productivo*).

## 2.2 Recent Economic Developments

6. **The economy is gradually recovering from the 2020 COVID-induced recession.** After years of expansionary fiscal, monetary, and financial policies, the pandemic hit Bolivia hard, causing the economy to contract by 8.7 percent in 2020 (Table 1). However, growth returned in 2021 at a rate of 6.1 percent, thanks to improving external conditions, the easing of mobility restrictions, and a recovery in public investment. Moreover, urban unemployment declined from a peak of 11.6 percent in July 2020 to 5.4 percent in December 2021, back to pre-pandemic levels.

**Table 1: Bolivia - Selected Economic Indicators**

	2014	2015	2016	2017	2018	2019	2020	2021	2022e	2023f	2024f	2025f	2026f
Real GDP Growth, at constant market prices (%)	5.5	4.9	4.3	4.2	4.2	2.2	-8.7	6.1	3.1	2.7	2.1	2.1	2.1
Private Consumption (%)	5.4	5.2	3.4	4.7	4.3	3.7	-7.9	5.3	4.1	3.3	3.1	2.9	2.9
Government Consumption (%)	6.7	9.2	1.5	4.9	5.1	3.8	-2.8	5.4	0.8	0.3	0.3	0.3	0.3
Gross Fixed Capital Formation (%)	9.9	5.0	3.4	11.8	3.2	-3.5	-25.9	11.9	6.5	-1.2	-2.1	-1.3	-1.3
Exports, Goods and Services (%)	10.9	-5.9	-5.7	-5.0	5.2	-1.8	-18.8	15.4	8.3	5.6	2.9	2.9	2.9
Imports, Goods and Services (%)	15.1	-5.4	-4.2	5.6	1.9	1.5	-25.0	15.7	11.5	3.3	2.1	2.1	2.1
Real GDP Growth, at constant factor prices (%)	5.0	4.5	4.3	4.2	4.3	2.4	-8.4	6.4	3.1	2.7	2.1	2.1	2.1
Agriculture (%)	3.8	5.1	3.1	7.6	6.9	5.3	3.1	1.8	4.0	4.0	4.0	4.0	4.0
Industry (%)	5.2	2.6	4.0	2.2	2.3	0.1	-11.8	9.6	1.3	2.5	2.5	2.4	2.4
Services (%)	5.1	5.8	4.8	4.8	5.2	3.4	-9.3	5.8	4.1	2.3	1.1	1.2	1.2
Inflation, period average (%)	5.8	4.1	3.6	2.8	2.3	1.8	0.9	0.7	1.7	3.3	3.5	3.5	3.5
Current Account Balance (% of GDP)	1.7	-5.9	-5.6	-5.1	-4.3	-3.3	-0.1	2.1	0.4	0.3	-0.6	-0.6	0.4
Foreign Investment (% of GDP)	2.1	1.7	0.7	1.7	1.0	-0.6	-2.8	1.2	1.7	1.7	1.8	1.8	1.8
Fiscal Revenues (% of GDP)	39.9	37.7	32.7	30.8	29.0	28.8	25.3	25.1	27.2	27.4	27.0	27.0	26.8
o.w. Hydrocarbon Revenues (% of GDP)	10.8	7.6	4.1	3.8	4.3	3.6	3.6	3.1	3.7	3.6	3.3	3.1	3.0
Fiscal Expenditures (% of GDP)	43.3	44.6	39.9	38.6	37.1	36.1	38.0	34.4	34.3	33.8	33.0	32.0	31.1
Wages and Salaries (% of GDP)	10.4	12.6	11.2	11.7	12.6	12.4	14.5	13.4	13.0	12.8	12.7	12.4	12.2
Goods and Services (% of GDP)	2.8	3.8	3.5	3.8	3.9	3.8	3.8	4.5	4.6	4.4	4.2	3.9	3.6
Interest Payments (% of GDP)	1.0	1.0	1.0	1.1	1.2	1.4	1.5	1.4	1.6	2.2	2.4	2.5	2.5
Other Current Expenditure (% of GDP)	14.1	11.7	9.6	8.4	8.4	8.6	13.2	9.2	9.3	9.1	8.9	8.7	8.5
Capital Expenditure (% of GDP)	15.0	15.5	14.7	13.6	11.0	9.8	5.0	6.0	5.8	5.3	4.9	4.5	4.3
Fiscal Balance (% of GDP)	-3.4	-6.9	-7.2	-7.8	-8.1	-7.2	-12.7	-9.3	-7.1	-6.4	-6.1	-5.0	-4.3
Primary Balance (% of GDP)	-2.4	-5.9	-6.2	-6.7	-7.0	-5.8	-11.2	-7.9	-5.5	-4.2	-3.7	-2.5	-1.8
Debt (% of GDP)*	37.6	41.7	46.5	51.3	53.9	58.6	78.1	81.5	82.0	85.3	88.3	89.3	91.1
Population Growth	1.6	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.

Note: As of April 4, 2023. (\*) The consolidated non-financial public sector debt includes the external and internal debt of the general government and state-owned enterprises, including debt with the Central Bank and any other institutions in the financial public sector. The figure reported here differs from official public figures, which exclude the debt with the financial public sector.

7. **Sustained fiscal deficits, partially financed by the Central Bank, supported growth but combined with a fixed exchange rate, led to a steady reduction of reserves since 2014.** The fiscal deficit averaged 7.5 percent of GDP between 2015 and 2019 and reached 12.7 percent in 2020, also due to pandemic-related spending and revenue losses, before falling to 7.1 percent in 2022. It led to an increase of the non-financial public sector consolidated debt from 38 percent of GDP in 2014 to 82 percent in 2022, and

reduced public sector deposits at the Central Bank from 24 to 10 percent of GDP.<sup>3</sup> In the context of a fixed exchange rate, declining gas exports, resulting from years of underinvestment in exploration, growing fuel and non-fuel imports, low foreign investment, and substantial formal and informal capital outflows led to a decline in reserves from 46 percent of GDP in 2014 to 8.8 percent (3.3 months of imports) in 2022. Additionally, expansion of domestic credit and a prolonged pandemic-related loan deferment program reduced banks' liquidity from 36 percent of total assets in 2014 to 21 percent in 2022.

**8. The economy is expected to slow down during the new CPF period, amid constricted levels of external financing and diminished macroeconomic buffers.** Despite a prolonged period of social unrest in Santa Cruz, GDP is estimated to have grown 3.1 percent in 2022, fueled by higher non-natural gas commodity export prices (mainly zinc and soybean) and sustained public spending. Annual inflation remained at a low of 1.7 percent, contained by a fixed exchange rate, subsidized fuel prices, and price controls. The government has refinanced the bulk of bonds due in 2022 and 2023, reducing rollover risks in the short term. Yet, limited access to funding from international markets, declining gas exports and weak domestic and foreign private investment are expected to limit growth to below 2.5 percent per year in the medium term.

**9. Downside risks are significant.** A steeper than projected decline in commodity prices, slower global economic activity, and tighter global financial conditions could lead to a further deterioration in macroeconomic indicators. On the domestic front, besides its high exposure to climate-related disasters, there remains the risk of a lack of consensus around key measures to address current macroeconomic imbalances and structural barriers to growth and poverty reduction.

### **2.3 Poverty Profile**

**10. Bolivia has continued to make progress on poverty reduction—albeit at a slower pace since the commodity boom ended—overcoming a pandemic-induced trend reversal in 2020.** Steady economic growth reduced extreme poverty from 20.2 percent in 2014 to 15.1 percent in 2021 (Figure 1).<sup>4</sup> The 0.7 percentage-point annual decline in poverty recorded between 2014 and 2021 was below the 2.7 percentage-point annual decline during the commodities boom (2005–2014). The COVID-19 pandemic led to a temporary increase in poverty and inequality in 2020, but the downward trends resumed in 2021 thanks to higher economic growth (Figure 2).<sup>5</sup> Nevertheless, domestic labor demand has not fully recovered, leading to adjustments not in overall employment but in earnings and quality of jobs, with a substantial surge in low-quality self-employment.

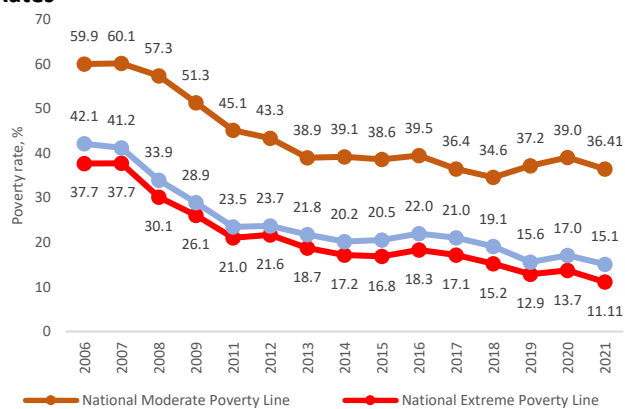
---

<sup>3</sup> The consolidated non-financial public sector debt, used in this report, includes the external and internal debt of the general government and state-owned enterprises, including debt with the Central Bank and any other institutions in the financial public sector. This figure differs from official public figures, which exclude the debt with the financial public sector.

<sup>4</sup> The international poverty rate is the share of the population under the international poverty line, i.e., with an income of less than US\$6.85 per day, measured in 2017 international dollars. The international poverty line is estimated by the World Bank and used to compare poverty across countries.

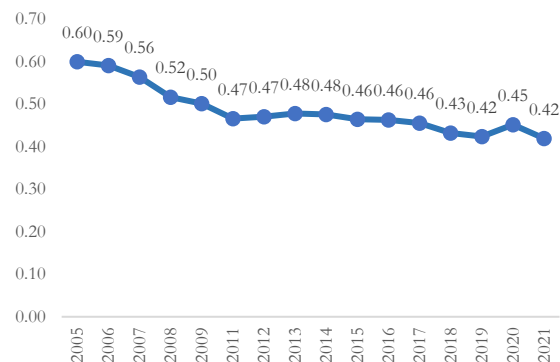
<sup>5</sup> Using the national poverty line, 36.4 percent of the population, or 4.3 million people, live in moderate poverty in Bolivia. The national moderate and extreme poverty lines are estimated by the National Statistical Institute (INE) and used to measure poverty within the country.

**Figure 1: Bolivia: International and National Poverty Rates**



Source: World Bank estimates

**Figure 2: Gini Index**



**11. Despite notable development progress, disparities persist in access to services and opportunities, affecting indigenous and rural populations—particularly women and girls.** Based on the national poverty line, in 2021, the poverty rate among indigenous Bolivians was 11.7 percentage points higher than among the non-indigenous, and the poverty rate among rural residents was 16.6 percentage points higher than among urban residents. Gender gaps in education have narrowed substantially over the past two decades, and parity has been achieved in primary and secondary school enrollment. However, disparities persist among certain groups. For example, the net secondary enrollment rate is 93 percent in urban areas but 85 percent in rural areas, with the gap disproportionately affecting the indigenous rural population. The maternal mortality rate reached 155 per 100,000 live births in 2017—twice the average of regional peers—due to inadequate access to maternal health services,<sup>6</sup> especially in rural areas and among indigenous women (World Bank 2018a). Such inequalities are also visible in the labor market. In 2021, 58 percent of women worked or were actively looking for a job, versus 79 percent of men, and women make up a disproportionate share of the unemployed and underemployed population. Indigenous populations—particularly women—are the most disadvantaged in terms of access to labor markets, with many of their members engaged in the informal sector and in low-quality jobs.

**12. Although poverty has been declining overall after the pandemic-induced peak, certain population segments have not made up for the lost ground.** Despite the provision of almost universal emergency transfers during the national lockdown, the economic contraction caused the poverty rate (measured at the international poverty line) to rise from 15.6 percent in 2019 to 17.0 percent in 2020. By mid-2021, 60 percent of households reported lower incomes than before the pandemic, and 22.7 percent of households had experienced running out of food in the previous month (a figure 5 percentage points above pre-pandemic levels).<sup>7</sup> Food insecurity disproportionately affected the poorest households, rural households, and those with the least-educated heads.<sup>8</sup> In the labor market, the initial impact of the crisis fell disproportionately on women, partly because they were overrepresented in sectors requiring face-to-face interaction—such as commerce (which accounts for 22 percent of employed women, versus 11 percent of men) and personal services (18 percent of employed women, versus 7 percent of men).<sup>9</sup> However, the

<sup>6</sup> Only 72 percent of births are attended by skilled staff.

<sup>7</sup> Data from World Bank High Frequency Phone Surveys.

<sup>8</sup> Idem.

<sup>9</sup> Idem.



ongoing recovery in economic activity and employment—particularly among women—has contributed to reducing the poverty rate to 15.1 percent in 2021,<sup>10</sup> a decline seemingly driven by progress in rural areas.<sup>11</sup>

**13. The pace of poverty reduction is likely to diminish due to an anticipated economic slowdown and the end of emergency transfers.** As crisis-mitigation measures deployed in 2020 and 2021 have largely stopped, non-labor incomes are expected to fall, while labor incomes are expected to only increase slightly. Nevertheless, the long-term effects of the pandemic—including human capital losses due to school closures, remote learning, and food insecurity—affect the poor and vulnerable the most, and thus threaten to limit reductions in inequality and upward intergenerational mobility.

#### ***2.4 Main Development Challenges***

**14. While Bolivia experienced notable success in reducing poverty and inequality at a fast pace between 2005 and 2014, returning to and accelerating that pace in a less favorable context will require concerted efforts towards inclusive and resilient growth.** Gas export proceeds drove a significant expansion of expenditures, including public investment and social transfers, and other social expenditures, helping growth in the previous period. Yet, both demand and supply in the sector have deflated. Thus, fostering the development of greener and less carbon-intensive sectors will be critical to stimulating sustainable growth. At the same time, with constrained access to external funding and reduced macroeconomic buffers, bolstering macroeconomic and financial stability requires enhancing competitiveness, reducing the fiscal deficit, improving public sector efficiency, securing financial sector resilience, and developing institutional anchors to buffer external and climate shocks.

**15. Vulnerability continues to loom over most households in Bolivia, exacerbated by climate change which disproportionately impacts the poor.** Over the long term, rising global temperatures will reduce Bolivia's GDP due to losses in agricultural productivity,<sup>12</sup> affecting the rural poor the most. Low-quality jobs and low productivity in a highly informal job market constrain opportunities at the micro level, hampering efforts to reduce vulnerability. Despite significant investment over the past decade, more targeted development of physical and human capital is necessary to foster opportunities and address persistent inequalities. Boosting the role of the private sector can also contribute to growth, job creation, and a reduction in informality, particularly among women, rural populations, and indigenous people. Unlocking this potential requires a range of measures, including: reducing the burden of tax rates and improving tax administration; modernizing labor regulations; opening up key markets; increasing regulatory predictability; strengthening property rights; enhancing logistics; fostering agricultural productivity and resilience; and ensuring sustainable exploitation in the extractive sectors.

**16. Reducing disparities in access to quality services and opportunities entails addressing coverage gaps across population groups and regions, and enhancing service quality.** Improving outcomes for all requires enhancing the efficiency, progressivity, and targeting of social expenditures. In turn, this hinges on stronger monitoring systems, revised revenue-sharing arrangements, greater capacity and coordination across levels of government, and enhanced readiness to address climate and environmental risks at both the central and local levels. Improving public service delivery to vulnerable groups will require better planning, budget execution, and maintenance of existing assets, but also investing in the extension of basic infrastructure and service networks.

---

<sup>10</sup> Bolivia Macro and Poverty Outlook, April 2022.

<sup>11</sup> Based on preliminary official poverty estimates released by the National Institute of Statistics for rural and urban areas.

<sup>12</sup> Roson, Roberto, and Martina Sartori. 2016. "Estimation of Climate Change Damage Functions for 140 Regions in the GTAP9 Database." Policy Research Working Paper 7728, World Bank, Washington, DC.

**17. The Systematic Country Diagnostic (SCD) Update validated that the three development challenges identified under the 2015 SCD remain relevant and have become more urgent.** The three development challenges identified by the SCD are: (i) Cementing macroeconomic and financial stability as foundations of shared prosperity, (ii) Enabling the private sector to become an engine of shared prosperity, and (iii) Closing disparities in access to services and opportunities for shared prosperity (See Table 2).

**Table 2: SCD Update 2021**

Main development challenges	Cementing macroeconomic and financial stability as foundations of shared prosperity	Enabling the private sector to become an engine of shared prosperity	Closing disparities in access to services and opportunities for shared prosperity
Cross-cutting issues	Climate change and environmental hazards		Weak governance
Policy Priorities from SCD Update	<p>(1) Reduce the fiscal deficit by improving expenditure efficiency and exploiting remaining tax gaps.</p> <p>(2) Strengthen financial sector resilience by reducing expansionary efforts and distortions.</p> <p>(3) Develop institutional anchors for macroeconomic stability and resilience to external and environmental shocks.</p>	<p>(4) Foster private investment in the non-extractive sectors by reducing tax and business regulation burdens, modernizing labor regulations, and improving the rule of law, including reducing uncertainty about government intervention and securing property rights.</p> <p>(5) Improve infrastructure and logistics by easing trade procedures, prioritizing public investment, and allowing private sector participation.</p> <p>(6) Improve agricultural productivity and resilience in an environmentally sustainable way by reducing market regulation; increasing technology adoption; optimizing investment in research, development, and innovation; reducing transport and logistics costs and improving coordination in value chains; and improving natural resources and risk management.</p> <p>(7) Ensure sustainable exploitation in the extractive sectors by enhancing social and environmental safeguards and reducing appropriability issues related to a high fiscal burden, uncertainty, and weak property rights.</p>	<p>(8) Improve institutional arrangements to promote more efficient use of resources and results-oriented management in health, education, and social protection.</p> <p>(9) Review the revenue sharing and coordination arrangements across levels of government, enhance implementation capacity and management systems to reduce regional disparities, address pressures from increasing urbanization, and increase transparency and accountability.</p> <p>(10) Enhance management capacity to handle climate disasters and water availability risks across all government levels.</p>

### III. WORLD BANK GROUP PARTNERSHIP FRAMEWORK

#### **3.1 Government Development Program and Medium-term Strategy**

**18. The National Economic and Social Development Plan (PDES) 2021–2025 reflects the Bolivian government’s development priorities.** The PDES is framed within the context of the ten-year Patriotic Agenda 2015–2025. It seeks to restore the economy by deepening the government’s Economic Social Community Productive model, which focuses on growth driven by internal demand and public investment. The PDES outlines policy objectives and indicators under ten strategic axes (See Figure 3).

19. **The PDES sets out an ambitious US\$33 billion public investment plan for 2021–2025, with nearly 40 percent of financing coming from external sources.** More than half of the public investment planned during this period will focus on productive sectors, including strategic sectors such as hydrocarbons, mining, energy, state-owned industry, and agriculture. Approximately 34 percent will be allocated to infrastructure investments, including transport and irrigation, with the main goal of supporting productive projects. Eleven percent of total public investment is earmarked for social sectors, including health, basic sanitation, urban development, and housing. The remaining two percent is intended to finance multisectoral projects. Meeting these expectations will require tight macro-fiscal management and fresh sources of financing.

**Figure 3: Strategic Axes of the National Economic and Social Development Plan, 2021–2025**



Source: Ministry of Development Planning

**3.2 Proposed WBG Country Partnership Framework**

20. **The proposed FY23–26 CPF addresses the key priorities identified under the SCD Update, and builds on the lessons learned from the WBG’s ongoing engagement in Bolivia.** Bolivia’s development challenges are fundamentally unchanged since the previous SCD, although they have assumed greater urgency. Thus, the new CPF largely focuses on the same set of priorities—although at times advocating for a different emphasis or approach—while responding to the government’s medium- and long-term programs (See Table 2 & Annex I).

**Lessons Learned**

21. **The design of the new program reflects three strategic “lessons learned”, as identified in the Completion and Learning Review (CLR):**

- i. **Flexibility:** Flexibility in design and agility in response are critical to deliver results in a fluid environment, with shifting socio-political priorities and an uncertain global context. The WBG’s rapid response to the COVID-19 outbreak—through the restructuring of an ongoing health operation and the preparation and approval, in record time, of a social safety net operation—are a testament to the ability of the WBG to adapt and respond in the face of pressing and emerging demands. As a result, while the CPF reflects areas of clear mutual interest for engagement—as confirmed through high-level dialogue between the government and the Bank—a Performance and Learning Review (PLR) at the midpoint of the CPF will identify suitable adjustments to meet changing demands.
- ii. **Institutional strengthening:** The FY16–20 CPF highlighted institutional weaknesses that have chronically plagued implementation progress in the portfolio. The frequent rotation of government staff significantly affects institutional capacity and memory. Through project-based interventions, the WB has provided continuous training and accompaniment to its counterparts to mitigate these risks, and such efforts have been producing spillover effects in the public sector. The WB will maintain strong capacity through its country office, which has already enabled *day-to-day collaboration with local counterparts*, particularly in fiduciary areas. Close and customized support on procurement and

financial management has abated significant fiduciary risks, while institutionalizing good practices. ***Hands-On Expanded Implementation Support (HEIS)*** in procurement, for instance, was successfully applied in two complex operations. In addition, ***enhancing capacity to formulate results frameworks***, as well as monitoring and evaluation mechanisms, is key. In the future, increased focus will be placed on building and supporting results chains and monitoring mechanisms. The WBG has also brought ***operational innovations***, such as new contract modalities, contract dispute resolution mechanisms, and capacity building for preventing and addressing gender-based violence. The new CPF will build on this important groundwork for institutional strengthening at the project level, while advancing the dialogue on broad issues of public resource management and professionalization of the public sector.

**iii. Broad engagement:** Early engagement with a wide spectrum of actors in project preparation is essential to build ownership and commitment, and thereby manage implementation risks. Subnational governments are responsible for debt repayment for projects in domains that fall under their jurisdiction. However, departmental or municipal governments had not usually been deeply involved in project preparation—resulting in low ownership of, and unwillingness to assume financial responsibility for, such projects. Thus, a large pipeline for projects in water and sanitation envisaged under the previous CPF failed to materialize. In contrast, an urban resilience operation moved forward, albeit with delays, thanks to coordinated dialogue with both national and local stakeholders.

### ***Selectivity Criteria***

**22. Three selectivity criteria will frame the WBG’s program over the next four years: i) alignment with the SCD priorities, ii) alignment with the country’s development priorities, and iii) the WBG’s comparative advantages.** By accounting for all three factors, the CPF aims to maximize the contribution of proposed interventions to the WBG’s twin goals (ending extreme poverty and promoting shared prosperity) and the country’s development objectives, as outlined in the PDES.

**23. First, alignment with SCD priorities.** The Bolivia SCD Update identified ten priority policy areas under the three main challenges mentioned above (See Table 2). These priorities set the foundations for the design of the CPF, starting with the identification of the High-Level Outcomes (HLOs). All of the objectives of the proposed CPF FY23–26 are aligned with SCD priority policy areas, as well as with corporate priorities on climate change and gender, which serve as transversal anchors to the WBG program.

**24. Second, alignment with the PDES 2021–2025 and the government’s development objectives.** The proposed CPF Objectives contribute to actions and indicators outlined in the PDES. The dialogue with the authorities centered on areas of overlap between the SCD priorities and the government program. These included climate and economic resilience, connectivity, productivity and skills, and social service delivery. The dialogue also centered on inclusion challenges for excluded populations, with attention to regional disparities. Government demand for new lending is focused on productive investments, particularly in lagging regions.

**25. Third, engagement in areas where the WBG has a comparative advantage.** At the intersection of SCD priorities and government objectives, the CPF centers on areas where the WBG can deliver a strong supporting program, mindful of the work of other development partners as well as their capacity and specializations. The WBG has developed a strong presence in agriculture and rural development, where the impact of its interventions to date has been transformational and sustained. The WBG has also brought innovative solutions to urban development, improving infrastructure resilience, and strengthening capacity for disaster risk management. Building on its global knowledge, the WBG can complement local experience and put forth strong programs in health, social protection, gender equality, and climate change. In this way, the Bank will be able to broaden its engagement to support global public

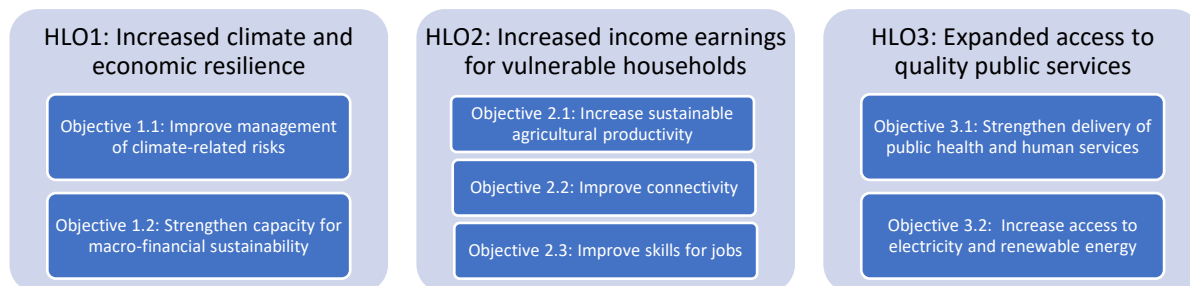
goods, such as natural resources in the Amazon.

26. **While the WBG is expected to contribute to most PDES strategic axes (Figure 3), other development partners are well-positioned to respond to other national priorities.** In particular, the United Nations (UN) has been supporting the country in its process of judicial reform under Strategic Axis 7, as well as in regional and global integration under Strategic Axis 9, and in culture under Strategic Axis 10. In addition to the WBG, other multilateral development banks will provide technical and financial support in SCD priority areas with large financing needs, including water and sanitation, agriculture and irrigation, and infrastructure (transport and energy), among others. The WBG will continue to seek opportunities for complementary action with other development partners.

### **Overview of World Bank Group Country Partnership Framework**

27. **The CPF supports three long-term high-level outcomes through seven medium-term objectives,** reflecting the WBG’s intended contributions to the country’s development goals (See Figure 4). The CPF also seeks to address two transversal issues, gender equality and climate change, as reflected in various indicators throughout the framework.

**Figure 4: FY23–26 Bolivia CPF, HLOs, and Objectives**



28. **HLO1: Increased Climate and Economic Resilience will track progress in enhancing resilience to environmental and macro-fiscal risks.** Pillar 1 of the SCD Update highlights that Bolivia’s economy is dependent on its natural resources, principally in agriculture, hydrocarbons, and mining, which account for half of total exports—excluding basic manufacturing exports linked to commodities, such as refined minerals or soybean derivatives. Agriculture, in particular, faces physical climate risks, while mining faces policy transition risks; however, opportunities also exist, such as those arising from Bolivia’s lithium resources. Climate risks compound adverse global external conditions and structural macroeconomic issues, placing increased pressure in a constrained macro-fiscal context, and expose physical infrastructure to vulnerability from climate-induced events. Furthermore, the capacity of the government to deliver basic services and set the basis for an inclusive economy is hampered by a weak revenue base and tightened access to finance.

29. **Under HLO1, the WBG will support the government as it charts its path towards climate and economic sustainability.** To do so, the WBG will pursue two complementary objectives: (1) *Objective 1.1: Improve management of climate-related risks*; and (2) *Objective 1.2: Strengthen capacity for macro-financial sustainability*. WBG engagement on climate change issues intensified during the previous CPF period and will expand further under this CPF, proactively addressing the environmental, disaster risk, productive, and infrastructural implications of climate change. The second objective addresses the increasingly urgent agenda on macro-fiscal management through analysis and capacity building to strengthen public investment, as well as financial, fiscal, and public management. The engagement under HLO1 provides continuity to the engagement initiated under Pillar 2 of the previous CPF, which aimed to

*Support Environmental and Fiscal Sustainability and Resilience to Climate Change and Economic Shocks.*

**30. HLO2: Increased Income Earnings for Vulnerable Households monitors improvements in economic welfare.** Labor income, in both wage and non-wage forms, is the most significant avenue to poverty reduction. Hence, promoting the enabling conditions for higher incomes for poor and vulnerable households is essential to achieving the country's development priorities, as well as the WBG's twin goals. Pillar 2 of the SCD Update emphasized the need to support investments for income generation at the household level, and to strengthen the capacity to facilitate private sector development. Target areas for investment include both physical infrastructure, such as in transport/logistics and agricultural inputs, as well as the development of social assets through technical training and job placement programs, paying special attention to women and youth.

**31. HLO2 encompasses three objectives:** (1) *Objective 2.1: Increase agricultural productivity*, which is also linked to HLO1 and Objective 1.1 of the CPF; (2) *Objective 2.2: Improve connectivity* to markets and opportunities through transport/logistics infrastructure, while exploring opportunities for digital development; and (3) *Objective 2.3: Improve skills for jobs*, which seeks to enhance technical training for increased employability and quality self-employment. Each of these objectives addresses specific gaps in the market to offer opportunities for increased income earnings, particularly for disadvantaged groups. HLO2 will continue the agenda advanced under *Pillar 1 – Promote Broad-Based and Inclusive Growth* of the FY16–20 CPF.

**32. Finally, HLO3: Expanded Access to Quality Public Services monitors progress in addressing gaps in access to, and quality of, critical basic services.** Despite remarkable improvement in most social indicators, important challenges remain regarding overall coverage, unequal access across regions and population groups, and quality of services. Such barriers to essential public services, including healthcare, energy, and water and sanitation, further magnify territorial and social disparities. HLO3 responds to priorities identified under Pillar 3 of the SCD Update, particularly regarding health and human services. It builds on *Objective 2 – Increase Access to Selected Quality Basic Services for the Poorest Rural and Urban Communities* under *Pillar 1 – Promote Broad-Based and Inclusive Growth* of the prior CPF.

**33. The two objectives under HLO3 support progress towards access to public health and human services, as well as energy.** While disparities remain in other areas, such as education and mobile phone access, WBG support prioritizes i) healthcare and human services, and ii) energy, both sectors in which the Bank has been actively engaged since the prior CPF. Under *Objective 3.1: Strengthen Delivery of Health and Human Services*, critical support to physical and human resources in the health sector will continue, building on the substantial contributions made through the COVID-19 crisis. In addition, the WB is working with the government to strengthen prevention and protection measures for women and children victims of violence. The deep dialogue on water and sanitation is expected to be further consolidated in programming under the new CPF. *Objective 3.2: Increase Access to Electricity and Renewable Energy* would enhance engagement in rural electrification, based on the lessons learned from the previous *Decentralized Infrastructure for Rural Transformation* (IDTR, per its Spanish acronym) projects to support the government's objective of universal access to electricity by 2030.

**34. The cross-cutting issues of climate change and gender discrimination bear a major significance in the Bolivian context.** Climate change has dramatic and multifaceted impacts in the country—from floodings that disrupt transport and mobility, to more frequent droughts affecting agriculture, to an economy more constrained in the response to natural disasters. Thus, strategies to address such impacts are embedded in the sectoral interventions under each HLO. Similarly, the CPF takes a transversal

approach to gender challenges—such as the high incidence of gender-based violence (GBV) —that curb wider societal aspirations. In this context, the Bank intends to expand beyond projects with higher potential risks of GBV, to include all new projects to: i) identify service providers locally to support survivors of gender-based violence, ii) establish Grievance Redress Mechanisms specific to gender-based violence and violence against minors, iii) develop specific and culturally appropriate measures to prevent sexual exploitation and abuse and sexual harassment (SEA/SH) when working in indigenous communities; and iv) provide training on prevention of SEA/SH to the executing agencies, as well as their contractors and subcontractors.

**35. Racism is another constraint to Bolivia’s development.** Bolivia has made significant strides in social inclusion through an improved legal framework and increased political representation of indigenous people. The country has elevated international treaties on the rights of indigenous people to the constitutional level,<sup>13</sup> implemented strong legislation about their participation in the electoral process,<sup>14</sup> and enacted an anti-racism law and procedures to address discrimination. Despite these advances, racism continues to hinder the full development potential of the population. For its part, the Bank is committed to better identifying the impacts of potential racial discrimination in its interventions. As such, it intends to develop criteria for assessing and addressing collective vulnerability through social evaluations during project preparation. Such evaluations—which have been used in Bank projects in Bolivia to support highly vulnerable indigenous populations—will be tailored to capture challenges related to racial/ethnic discrimination, and piloted in select projects under the CPF.

**36. Certain areas prioritized under the SCD Update will not be addressed through the CPF.** In particular, the focus on the private sector as a vehicle to address certain policy priorities (as identified under Challenge 2 of the SCD Update) does not align with the government’s planning under the PDES. The government’s Economic Social Community Productive Model assumes the state as the principal driver of growth and facilitator of wealth redistribution. The CPF agenda in connectivity, skills, agriculture, and electricity helps strengthen the productive capacity of the country. The WBG will pursue broad-based dialogue on potential engagement with the private sector to improve livelihoods, create quality jobs, and generate income opportunities. The Bank will also ensure that WBG interventions are aligned with competitive neutrality principles and the Maximizing Finance for Development Framework, and do not reinforce undue limitations to private sector participation. Moreover, the Bank does not anticipate active engagement in the extractive sectors, as the government is not seeking significant support from the international development community in such industries.

**37. The CPF builds on the experience and achievement of the WBG’s existing program, while broadening selected areas of engagement.** The new CPF assures continuity of the successful engagement and partnership with the WBG in rural development, including further support to rural alliances and vulnerable communities, irrigation, and watershed management. WBG-financed interventions will build on current and past projects to expand access to services in health and energy. At the same time, responding to government demand and SCD priorities, the WBG plans to engage in: technical education, to facilitate access to quality jobs; connectivity and logistics infrastructure; sustainable forest management; and addressing social challenges such as gender-based violence and child abuse. The WBG will stand ready to respond to government requests within the framework of the selectivity criteria. Any developments in this regard will inform the preparation of the Performance and Learning Review (PLR).

---

<sup>13</sup> The World Bank, *Indigenous Latin America in the Twenty-First Century* (Washington D.C.: International Bank for Reconstruction and Development / The World Bank, 2015), 48–49.

<sup>14</sup> *Ibid.*, 52.

**Table 3: Program Selectivity - SCD Priorities and CPF Areas of Engagement**

SCD Priorities	CPF Objectives
Reduce the fiscal deficit by improving expenditure efficiency and exploiting remaining tax gaps.	Objective 1.2: Strengthen capacity for macro-financial sustainability
Strengthen financial sector resilience by reducing expansionary efforts and distortions.	Objective 1.2: Strengthen capacity for macro-financial sustainability
Develop institutional anchors for macroeconomic stability and resilience to external and environmental shocks.	Objective 1.2: Strengthen capacity for macro-financial sustainability
Foster private investment in the non-extractive sectors by reducing tax and business regulation burdens, modernizing labor regulations, and improving the rule of law, including reducing uncertainty about government intervention and securing property rights.	Not included
Improve infrastructure and logistics by easing trade procedures, prioritizing public investment, and allowing private sector participation.	Objective 2.2: Improve connectivity
Improve agricultural productivity and resilience in an environmentally sustainable way by reducing market regulation; increasing technology adoption; optimizing investment in research, development, and innovation; reducing transport and logistics costs and improving coordination in value chains; and improving natural resources and risk management.	Objective 1.1: Improve management of climate-related risks Objective 2.1: Increase sustainable agricultural productivity Objective 2.2: Improve connectivity
Ensure sustainable exploitation in the extractive sectors by enhancing social and environmental safeguards and reducing appropriability issues related to a high fiscal burden, uncertainty, and weak property rights.	Not included
Improve institutional arrangements to promote more efficient use of resources and results-oriented management in health, education, and social protection.	Objective 3.1: Strengthen delivery of public health and human services
Review the revenue sharing and coordination arrangements across levels of government and enhance implementation capacity and management systems to reduce regional disparities, address pressures from increasing urbanization, and increase transparency and accountability.	Objective 1.2: Strengthen capacity for macro-financial sustainability
Enhance management capacity to handle climate disasters and water availability risks across all government levels.	Objective 1.1: Improve management of climate-related risks

**One World Bank Group**

38. **The proposed CPF reflects agreed-upon areas of engagement for the WBG based on the country's development priorities, although the planned interventions are within the remit of the WB only.** The government continues to focus on public investment as the motor for growth, while the combination of highly subsidized commercial credit and constraints to private sector development limits the potential for WBG financing to the private sector. Hence, the new CPF concentrates on WB support more than on



potential cooperation with the IFC and MIGA. Nonetheless, WBG investments in the public sector will support the enabling conditions for private sector development, such as better transport infrastructure and technical training. The WBG will continue to pursue strategies that complement public investments with private interventions.

**39. The IFC might explore opportunities to offer its investment and advisory services.** However, its engagement will remain limited, given market and non-market constraints to lending (either directly or through local financial institutions). Opportunities might be explored in agribusiness, to introduce climate-smart agricultural practices and support agribusiness exports; and to develop logistics services. As appropriate conditions are established and market demand allows, the IFC will seek opportunities to work with financial intermediaries to promote climate finance and financial inclusion, focusing on women. It could also explore the provision of advisory services in several areas (e.g., supply chain development, digital transformation and skilling, green building certification, water and energy efficiency, corporate governance). In due course, the IFC could support the implementation of selected recommendations from the Country Private Sector Diagnostic (CPSD), as part of efforts to help the country resume its path toward poverty reduction post-pandemic (See Box 1).

**40. MIGA will continue to explore opportunities to mobilize foreign private investment in strategic sectors of the economy, prioritizing projects that promote green, resilient and inclusive development.** In line with its Business and Strategy Outlook (FY21–FY23), MIGA aims to scale up support of foreign direct investment for high-development-impact projects that promote climate resilience, job creation, and financial inclusion in client countries. MIGA will aim to utilize its political risk insurance instrument and collaborate closely with the WB and IFC to mobilize private investment.

**Box 1: WBG Country Private Sector Diagnostic for Bolivia**

The WBG Country Private Sector Diagnostic (CPSD) for Bolivia, published in 2021, identifies cross-cutting constraints to private sector development and highlights sector-specific challenges and recommendations on how best to address them. The CPSD examines two sectors with growth potential that could contribute to reducing poverty, narrowing gender gaps, and achieving growth: logistics and agribusiness, focusing on agricultural inputs and forestry.

**Agribusiness:** The sector could boost rural prosperity, generate export revenues through diversification, expand equitable access to job opportunities throughout the country by building linkages across the value chain, and bring innovation to increase productivity. Given the need for modernization, technology adoption, and sustainable practices, the analysis focused on agricultural inputs and forestry.

**Logistics:** As a land-locked country, Bolivia relies on its neighbors to help grow its export base. A well-functioning logistics sector can contribute to reduced costs, export diversification, and increased efficiency. It can also have economy-wide impact, as an enabling sector for agribusiness, manufacturing, and commerce. Moreover, the sector can promote regional inclusiveness by narrowing the time and cost of transportation between regions in Bolivia and neighboring countries.

Below are the emerging opportunities and selected recommendations, which could be pursued in the near future with support from the WBG.

**Box 1: WBG Country Private Sector Diagnostic for Bolivia (cont.)**

EMERGING OPPORTUNITIES	RECOMMENDATIONS
<p><b>AGRICULTURAL INPUTS</b> Through better access to affordable and higher-quality inputs, increase productivity of the agricultural sector and its contribution to GDP.</p>	<p>Simplify the registry and the import certification process for agrochemicals (fertilizers, herbicides, pesticides) with a single procedure; reduce contraband; strengthen the National Institute of Agricultural and Forestry Innovation (<i>Instituto Nacional de Innovación Agropecuaria y Forestal</i>, INIAF) for seed development and improvement; strengthen the public insurance agency (by building operational and technical capabilities to offer insurance products better aligned with user needs and financial sustainability); provide financial support to input supply shops; set up a Geographic Information System to provide crop return information.</p>
<p><b>FORESTRY</b> Increase the sector’s contribution to GDP, exports, and job creation in micro enterprises. Increase extraction yields and production capacity to strengthen links with manufacturing and for better integration into global value chains.</p>	<p>Strengthen dialogue with the financial sector and deploy a financing strategy for investments and technological conversion along the production chain; develop training programs in management, quality standards, and commercialization, and channel finance to community-managed forestry operations; develop a research and development program to address low-harvesting yields with a sustainable approach to the extraction and manufacturing of non-traditional wood species.</p>
<p><b>LOGISTICS</b> Develop the sector as backbone of the economy to reduce costs across industries, increase efficiency, contribute to export diversification, and improve regional inclusiveness through stronger connectivity.</p>	<p>Develop a national logistics strategy to support multimodal operations; develop logistics infrastructure (multimodal platforms, and for cargo consolidation in main cities); ensure permanent maintenance of the Tamengo Canal; develop services for supply chain transport and warehousing (dry and temperature controlled); improve the legal and regulatory PPP framework for road projects; promote use of digital technologies to plan, manage, and control logistics operations; formulate a border infrastructure strategy to upgrade physical borders and IT infrastructure.</p>

(https://www.ifc.org/wps/wcm/connect/publications\_ext\_content/ifc\_external\_publication\_site/publications\_listing\_page/cpsd-bolivia)

**3.3 Objectives Supported by the WBG Program**

**HLO1: Increased Climate and Economic Resilience**

41. **Climate change is already curbing Bolivia’s development, affecting the poor the most.** The *Global Climate Risk Index 2021* identified Bolivia as one of the ten countries most affected by climate change in 2019. Over the past decades, the intensity and frequency of climate disasters have increased due to climate change. According to the Emergency Events Database, around 84 extreme weather-related events (e.g., droughts, floods, wildfires, landslides, and extreme temperatures) occurred in Bolivia between 1965 and 2020, causing US\$3.7 billion in damages (equivalent to 9.0 percent of the 2019 GDP).<sup>15</sup>

42. **Interlinked macro risks have also been on the rise.** The prolonged crisis due to COVID-19 has accelerated the downward trajectory of numerous macro indicators. Reversing these tendencies will require improved fiscal management, with a view to containing falling international reserves and rising debt while facilitating the motors of growth. A well-designed macroeconomic consolidation strategy, combined with safeguards for social spending, stronger macroeconomic institutions, and regulatory improvements, is key to cementing stability and fostering growth opportunities in the face of increasingly frequent climate and economic shocks. A sound and resilient financial sector is equally critical to support domestic job-creating productive activities, and to reduce vulnerabilities to climate-induced and other

<sup>15</sup> World Bank Group. *Rebalancing Inclusive and Sustainable Growth to Continue Reducing Poverty in Bolivia: Systematic Country Diagnostic Update*. 2021, p. 30.

external shocks. Addressing macroeconomic risks will also require greater institutional capacity for public resource management, and enhanced government efficiency and effectiveness.

***CPF Objective 1.1: Improve Management of Climate-Related Risks***

**43. The living conditions of a substantial portion of the population are increasingly under threat, due to rapid urbanization and climate-related risks.** Seventy percent of the population now lives in urban centers, both cities and peri-urban areas, which are growing particularly fast. Rapid urbanization has increased the urgency of managing the impact of more-frequent extreme weather events, and enhancing both access to and resilience of basic service delivery.

**44. In rural areas, where 75 percent of employment is in agriculture, climate risks jeopardize productivity.** The Altiplano region and inter-Andean valleys have suffered substantial reductions in water availability from glaciers, which have lost 50 percent of their volume in recent years. Along with rising temperatures and rainfall variability, this is increasing both the pressure on traditional agriculture, and the urgency of expanding irrigation systems and infrastructure for water treatment and reuse. Irrigation currently accounts for 80 percent of the consumption of the country's increasingly scarce water. A vulnerable water supply is a risk not only for farmers, particularly poorer ones, but also for national food security, in a global context affected by Russia's invasion of Ukraine.

**45. Both the previous and current PDES assign a high priority to addressing rising climate change concerns.** The country is rich in renewable natural resources, including water, arable land, and forestry, that could offer increased opportunities for green, resilient, and inclusive growth if managed sustainably. The PDES emphasizes integrated water-resource and watershed management as a key strategy to address climate change. Under the previous CPF, the WB worked on the Pilot Program for Climate Resilience (PPCR), which contributed to the National Climate and Water Information system while building institutional capacity and infrastructure for resilient river basin management. The dependence of the Andean Mountain ranges and valleys on moisture transferred from the Amazon Forest means that loss and degradation of the latter impacts livelihoods and productive systems throughout the country. Consequently, sustainable forestry and reforestation complement sustainable water management and agricultural practices in building climate resilience.

**46. In the urban sphere, the government has recently developed a National Policy on Cities with a vision towards climate resilience.** The Bank has been actively involved in sustainable urban development policy through a robust engagement in disaster-risk management (DRM), which began through institutional capacity building in a DRM development finance operation. This engagement has evolved into a deep dialogue through the *Bolivia Urban Resilience Project*, and complementary technical assistance supported by SECO to facilitate institutional strengthening and policy engagement. The Urban Resilience project has helped bring institutional and physical capacity together, both at the national and local levels, to address rising climate-related risks. At the same time, the project has contributed to gender equality by addressing gaps in community-level decision making, to ensure that infrastructure investments respond to the specific needs and priorities of women and men.

**47. The proposed CPF aims to accelerate progress in managing and reducing climate risks, in both rural and urban areas.** In rural and peri-urban areas, the CPF program seeks to strengthen resilient watershed and water-resource management, climate-smart agricultural practices and technologies, as well as sustainable forestry and reforestation. By developing resilient infrastructure and practices, with an eye toward the use of digital infrastructure to facilitate information flows, the program will build capacity for sustainable use and management of natural capital to strengthen climate resilience. Two complementary

projects, one focused on sustainable water use for irrigation and the other on resilient food systems, will span the scope of both Objective 1.1 and Objective 2.1 of the CPF. In urban areas, the WBG's ongoing engagement in urban resilience will continue to support institutional practices for green and resilient urban development, demonstrating the impact of the National Policy on Cities. Infrastructure investments will be complemented at the local and national levels with institutional capacity building in municipal fiscal management, urban development, and DRM. The ongoing urban resilience project is expected to yield results within the new CPF period and promote the expansion of the program to other cities. Climate risks also affect the lending portfolios of financial institutions. The IFC could explore opportunities for building the capacity of banks to understand and manage exposure to climate risk in their portfolios, and to develop green finance products suited to the needs of the real sector. MIGA will seek opportunities to support cross-border investment into the financial sector aimed at increasing the availability of credit for climate finance projects.

### **CPF Objective 1.2: Strengthen Capacity for Macro-Financial Sustainability**

**48. The pandemic struck Bolivia and widened its fiscal deficit, reducing the capacity of the state to deliver basic services and finance development.** The COVID-19 crisis plunged the economy into a deep recession, severely affecting living standards. Despite various cash transfer programs and government efforts to provide liquidity to the financial sector, social distancing measures and uncertainty led to an 8.7 percent economic contraction in 2020, 11 percentage points below pre-pandemic projections. The crisis hit the poor the hardest, with household income in the two lowest quintiles of the income distribution declining by 4.2 and 15.1 percent, respectively. Unemployment and underemployment rose—especially among women, due to their disproportionate participation in the sectors most affected by the pandemic. In May 2021, 20 percent of women reported having lost their pre-pandemic jobs, versus 7 percent of men; and 11 percent of women in formal jobs before the pandemic had switched to informal jobs, versus 8 percent of men.

**49. As Bolivia strives to reactivate the economy while the pandemic wanes, it faces a constrained global macro context.** The government has promoted economic recovery by accelerating vaccine rollout and boosting domestic demand. In addition to these immediate priorities, it will be important to tackle long-standing challenges, including debt management, public investment efficiency, fiscal expenditure, and competitiveness. The reduction of revenues has also significantly affected the capacity of subnational governments to invest in response to external and climate shocks. At the same time, climate change poses an additional macroeconomic constraint, with a rise in average global temperature of 3°C estimated to reduce Bolivia's GDP by 2.8 percent, due to losses in agricultural productivity and tourism revenues.<sup>16</sup>

**50. Based on government demand, the CPF could offer targeted technical assistance to help the government in addressing macro-fiscal conditions while building capacity to support evidence-based decision-making and improve public sector management.** This would contribute to broader objectives of a stronger fiscal policy and enhanced resilience to climate and macroeconomic shocks. The Bank is well positioned to support the government in the assessment of policy alternatives to increase the quality and efficiency of public expenditures, particularly to ensure the protection of the most vulnerable. The WBG could contribute with solid analytics to inform selected areas within the government's decision-making in key areas of macro-fiscal management, while building capacity for improved public administration, including public financial management.

---

<sup>16</sup> Roson, Roberto, and Martina Sartori. 2016. "Estimation of Climate Change Damage Functions for 140 Regions in the GTAP9 Database." Policy Research Working Paper 7728, World Bank, Washington, DC.

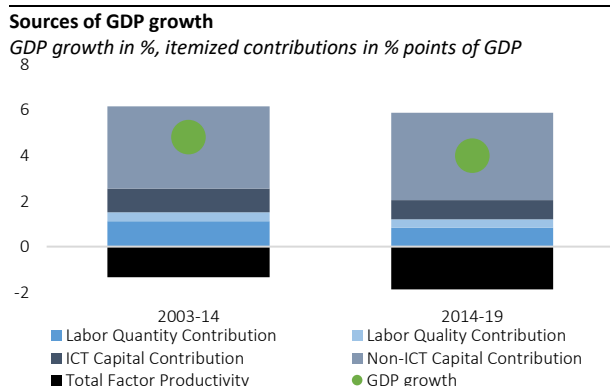
51. **The preparation and completion of analytical products, including core diagnostics, will help deepen the dialogue on macro-fiscal issues and identify critical nodes to improve the country’s economic resilience.** The CPF will focus on standard macro-financial analytical work to shed light on the implications of the global macro-fiscal context for Bolivia, and to identify policy options jointly with the country’s authorities. Such analytical work includes a debt management assessment at the municipal and central levels, and could encompass other tools for public expenditure and institutional assessment, such as distributional policy tools and evaluations, and/or public investment efficiency analysis. The Bank will also continue to provide technical assistance to strengthen public sector management, including public financial management and digital government, and will explore further opportunities to enhance the efficiency of government operations and public services. At the subnational level, the Bank will explore opportunities to strengthen efficiency and effectiveness in public resource management and service delivery, including improvements to tax administration in selected municipalities. Progress in building knowledge and capacity will be reviewed at the PLR stage to chart the second half of the CPF.

52. **A Financial Sector Assessment Program (FSAP) for Bolivia, conducted jointly by the WB and the IMF, is underway.** The FSAP, devised to benchmark the financial sector of the country against international best practice, will enable authorities to identify financial system vulnerabilities, recognize areas for development, and establish appropriate policy responses. Beyond the standard modules (risk analysis, financial sector policy framework, and financial safety nets), the priority areas for FSAP analysis will be defined with the Bolivian authorities in an exploratory mission. The findings of the FSAP could result in targeted WBG support to address issues in the financial sector.

## **HLO2: Increased Income Earnings for Vulnerable Households**

53. **Bolivia’s productive potential remains constrained by low productivity, both in land and labor, as well as by limitations in the enabling infrastructure.** Productivity losses have stunted Bolivia’s growth (See Figure 5). Small firms, which suffer from low productivity, make up the bulk of the private sector: 80 percent of salaried workers are employed by firms with 10 or fewer employees, and 80 percent of private sector workers are informal. Productivity is also low in the rural sector, due to shortcomings in technology, connectivity, and credit.

**Figure 5: Productivity Losses Dragged Down Economic Growth Even Before the Pandemic**



Source: Total Economy Database.

54. **Weaknesses in transport and digital infrastructure further constrain productivity and, in turn, economic opportunities for households.** Although the main roadways have been expanded and improved over the past decade, a lack of supplementary connectors still hinders access to markets and opportunities. Given Bolivia’s distance from other markets, complex geography, and landlocked nature, the development of non-extractive exports (specifically, agricultural products) requires improved logistics. Similarly, the country lags its regional neighbors in all dimensions of the digital economy (digital infrastructure, digital government and platforms, digital skills and entrepreneurship, and digital finance).<sup>17</sup>

<sup>17</sup> World Bank Group. “Country Private Sector Diagnostic (CPSD) for the Plurinational State of Bolivia”, October 2021.

Considering that a 10 percent increase in fixed-broadband penetration could lead to an increase in GDP of 1.6 percent, developing the digital economy can help boost household earnings and national income.<sup>18</sup>

**55. The mismatch between the skills of Bolivia’s workforce and the demands of the job market is a drag on labor productivity.** The Enterprise Survey shows that 17 percent of formal firms in Bolivia reported an inadequately educated workforce as a major constraint, rising to 37 percent among large firms. Bolivia ranks 128<sup>th</sup> out of 141 countries on digital skills, with wider gaps among women and the lower-educated due to limited access to digital technologies. Shifting the job market towards higher-quality and higher-skilled jobs requires public and private partnerships to build a workforce with skills for the future, including technical capabilities as well as soft skills. Skills enhancement is also necessary in agriculture and the rural sector to facilitate the adoption of climate-friendly technologies, especially for the benefit of the communities most exposed to climate-related risks.

### **CPF Objective 2.1: Increase Sustainable Agricultural Productivity**

**56. Low productivity hinders agricultural growth.** Agriculture is a key sector in terms of exports (15 percent of goods exports in 2019) and employment (24 percent of total employment and 75 percent of rural employment), with significant poverty reduction potential. The sector, which employs most of the poor and nearly one-third of the female workforce, holds promise for the expansion of non-extractive exports. However, it suffers from very low productivity: 80 percent of farms have fewer than three employees, a low degree of specialization, and are fragmented into small plots of land. Only 30 percent of farms—equivalent to one-tenth of total arable land—use irrigation, making agriculture vulnerable to the changing climate.<sup>19</sup> A combination of expanded access to agricultural inputs, institutional strengthening, technical and capacity building programs, and development of financial products that adapt to producer needs can increase production without land expansion.

**57. The COVID-19 pandemic and Russia’s invasion of Ukraine may exacerbate food insecurity in Bolivia.** In 2020, the UN World Food Programme identified Bolivia as one of 15 food security risk hotspots worldwide. The poorest urban households spend between 60 and 80 percent of their income on food. Farm-level fertilizer prices have more than doubled in recent months, disrupting supply chains and reducing expected yields in a context of already low agricultural productivity. Amid global conditions of increased concern around food security and climate risks, maximizing this high-potential sector will require an integrated approach, carefully managing threatened land and water resources while increasing output.

**58. More productive and climate-resilient agriculture can reduce negative environmental impacts, while expanding income opportunities for the rural population and promoting food security.** Efficient and resilient water-resource management is critical to sustainable productive systems. The government has prioritized significant investments in integrated approaches to water-resource management, through improved irrigation, watershed management, and productive enhancements. Consequently, the Bank will finance improved irrigation systems to ensure effective and efficient water use for increased and sustainable agricultural outputs.

**59. The WBG has a long-standing, deep engagement in agriculture that will continue in the new CPF period, focused on sustainably increasing productivity to improve livelihoods.** For more than a decade,

---

<sup>18</sup> ITU, “The economic contribution of broadband, digitization and ICT regulation”, 2019.

<sup>19</sup> WBG, CPSD, October 2021, p. 51.

the WBG has contributed successfully to building capacity among communities and small producers, as well as at the governmental level. This engagement has sustained productive investments over time, while boosting the incomes of rural producers. The implementing agency, EMPODERAR, has well-established institutional capacity in terms of personnel, monitoring and evaluation systems, and on-the-ground technical support to local producers. This effective model will facilitate the implementation of a new, large project, which will consolidate and scale up the impact of the community-driven initiatives promoted under the Community Investment in Rural Areas and the Rural Alliances projects (PICAR and PAR, respectively, per their Spanish acronyms). The new project will also respond to Objective 1.1 and complement planned financing in water-resource management to support climate-resilient water and land management, while fostering gains in output productivity.

**60. The IFC and MIGA will explore opportunities to leverage private sector capital in agriculture and agribusiness, provided that appropriate regulatory and market conditions are in place.** The IFC could also offer advice to companies on developing supply chains with small farmers, introducing climate-smart practices, as well as improving energy and water efficiency and corporate governance. Subject to market conditions and demand for MIGA engagement, MIGA will work closely with the WB and the IFC to attract foreign investors into the agribusiness sector, with a view to enhancing Bolivia’s competitiveness.

#### **CPF Objective 2.2: Improve Connectivity**

**61. High logistical costs and deficient transport connectivity hinder market access and investments.** According to the 2019 Global Competitiveness Report, Bolivia ranks 122<sup>nd</sup> out of 141 countries on transport infrastructure due to poor road connectivity and air transport services.<sup>20</sup> These shortcomings, combined with low logistical competency, inadequate tracking and tracing of cargo, and lengthy delivery and customs procedures, explain Bolivia’s high logistics costs (equivalent to 18 percent of sales) and its low ranking on the 2018 Logistics Performance Indicator. Given Bolivia’s distance from other markets, complex geography, and landlocked nature, the development of non-extractive exports (especially agricultural products) also requires improved logistics.

**62. Bolivia lags its regional peers on digital connectivity.** According to the International Telecommunications Union (ITU), nearly half of the Bolivian population does not use the internet and only about one-quarter has fixed-broadband access at home—versus 64 percent and 53 percent, respectively, in the LAC region. The digital divide also has a gender dimension: 47 percent of men use the internet versus 41 percent of women (ITU 2018), limiting access to opportunities for the latter. These limitations were cast in the spotlight during the pandemic, when only about 8 percent of jobs could be performed remotely.

**63. The government has invested heavily in transport, which absorbed nearly half of all public investment in the country between 2008 and 2017** (WBG CPSD, 2021). As a result, Bolivia’s road density (0.18 km/km<sup>2</sup>) is now close to the regional average (0.15 km/km<sup>2</sup>), although only 0.16 percent of the municipal road network was paved as of 2019. With 14,000 km of navigable rivers, the fluvial network offers an important opportunity to boost connectivity, especially for grains transport. Air cargo traffic, at 23 million tons/km per year in 2019, is substantially lower than in other countries in the region.

**64. Under this CPF, the Bank intends to continue its intensive support to and supervision of highway projects in the active portfolio, while expanding WBG entry points to facilitate connectivity and**

---

<sup>20</sup> Klaus Schwab, ed. *The Global Competitiveness Report 2019*. World Economic Forum. Geneva: 2019.

**economic opportunities.** In particular, the WBG will explore investing in transport infrastructure other than highways, such as bridges, waterways, rural roads and connectors, and urban mobility. The interventions will be more targeted to facilitating access to markets and services, or to making urban mobility faster and safer. New investments will foster transformation for climate resilience, effective contract management, as well as complementary services—such as logistics infrastructure and services, trade infrastructure support, or strengthening of economic corridors. In addition, the FY23–26 CPF seeks to pursue opportunities for connectivity through digital development. While the WBG has not been actively involved in digital development recently in Bolivia, its global expertise and commitment to bridging the digital divide could facilitate diagnostics and dialogue towards increased connectivity.

### **CPF Objective 2.3: Improve Skills for Jobs**

**65. Bolivia’s economy creates new jobs at a meager rate, particularly in the formal sector.** It can take up to two years for a low-skilled worker to find an informal paid job, and four years to find a formal job. Women between the ages of 30 and 64 remain unemployed or in low-paying self-employed jobs for 18 months on average, compared with less than 12 months for men. Additionally, the job destruction rate is exceptionally high among youth in both the formal and informal sectors. Self-employment, which is prevalent among women and has increased during the pandemic, has become virtually synonymous with low-quality employment for subsistence.

**66. The government has implemented a series of employment programs over the past decade, some with a focus on the young and support from the WB, with measurable results.** An impact evaluation for the *Improving Employability and Labor Income of Youth Project* (P143995), which closed at the end of 2021, demonstrated that job insertions under the program had a measurable positive impact on employment outcomes—such as the quality and formality of youth employment—with most beneficiaries remaining with the employer who had sponsored their temporary placement. The findings also showed a smaller income gap between men and women who benefited from job insertions compared with those who did not. The sustainability of these impacts in the medium to long term remains to be seen. Unfortunately, there was no formal assessment of the outcome of the training component, whose uptake fell short of expectations.

**67. Building on its vast experience in social protection in the country and globally, the WB will support the government’s commitment to building the skills needed for higher-quality jobs and income-generating opportunities.** A recent WB regional report, *The Fast Track to New Skills*, demonstrates that Bolivia has seen positive returns from short-cycle programs (SCP), with job placements and income levels among participants comparing favorably with those recorded among the country’s numerous university dropouts. Responding to the call from the authorities, the Bank intends to analyze the lessons learned from the government’s rollout of diverse technical training and job placement programs, and draw up potential strategies to increase their effectiveness. The specific objectives are to better understand the existing demand for skills (e.g., digital, language, soft skills) from firms in different sectors, and identify the types of knowledge and learning best aligned with market demand. Based upon such assessments, future programs and additional WBG activities can be developed. Addressing those gaps can benefit current and future productivity, contributing to higher incomes through quality employment. With a better understanding of the demand for skills and the public and private supply of technical education, the IFC could explore potential investment and advisory opportunities with higher-education institutions. The PLR will take stock of progress in building a robust skills agenda.



### **HLO3: Improved Access to Quality Public Services**

68. **Despite remarkable improvement in most social indicators, important challenges remain in overall coverage, equitable access across regions and population groups, and quality of services.** Bolivia still lags in many basic health indicators, such as teenage fertility, maternal mortality, and infant and child mortality, affecting departments outside the *Eje Troncal* (La Paz, Cochabamba, and Santa Cruz) the most. The COVID-19 pandemic revealed structural weaknesses in the system in terms of physical and human capital. In addition, a range of long-term trends—such as a growing incidence of non-communicable diseases, a climate-induced surge in vector-borne diseases, exposure to natural hazards (including risks to water availability), and rapid urbanization—place pressure on service provision.

69. **Limited success in expanding access to sanitation, despite notable progress in access to improved water, remains a public health concern.** More than one-third of the rural population practices open defecation, and more than one-quarter of the urban population lacks improved sanitation services or shares sanitation facilities among households. One-third of the urban population does not have access to sewer connections, and only one-third of urban wastewater is effectively treated, making health and environmental problems more acute. The lack of water and sanitation has far-reaching health consequences. When household members fall ill, women assume most of the burden of care and face additional health threats associated with poor hygiene. The additional care burden also reduces the time available for paid work.

70. **Bolivia has made substantial progress in urban electrification, achieving universal coverage in urban areas.** Nonetheless, access to electricity in rural areas has trailed behind, with 80 percent coverage. The government has targeted reaching universal access to electricity by 2030 while transitioning its energy matrix from thermal to renewable sources, namely hydro and solar power.

71. **The extensive reach of mobile-phone services, with a national rate of more than 100 subscriptions per 100 people, can facilitate service delivery.** Bolivia has less experience than regional peers in using digital channels for service delivery and harnessing the value of data. The CPF will explore opportunities to support the development of a whole-of-government approach to digital services, facilitating the flow of information and use of technology to improve service delivery for citizens.

#### **CPF Objective 3.1: Strengthen Delivery of Health and Human Services**

72. **The pandemic dramatically revealed the vulnerabilities of the health system in terms of infrastructure, equipment, information systems, and personnel.** Bolivia spends significant fiscal resources on health (4.5 percent of GDP in 2018), yet high social spending has not translated into better outcomes. Investments by the WB and other international agencies in response to the health emergency substantially increased capacity across the healthcare system. Nonetheless, structural vulnerabilities remain in the face of a growing incidence of chronic non-communicable diseases, as well as of potential future health crises or pandemics. The successful strengthening of the social protection infrastructure, which was expanded vertically and horizontally in response to the pandemic, has created the conditions for an adaptive system that can play an increasingly important role in building resilience.

73. **Access to and quality of improved water and sanitation services have continued to lag other middle-income countries.** This situation further complicated the public health response to the pandemic. According to the WB's global multidimensional poverty indicator ([2018](#)), 12 percent of the population in Bolivia is poor, approximately twice the regional average, with inadequate access to sanitation and education as the main driver.

**74. A distressing statistic stands out among other alarming social indicators: one in every two Bolivian women has suffered from violence.** Bolivia has one of the highest rates of femicide in the region, with 2 out of 100,000 women dying because of grave violence every year.<sup>21</sup> Gender-based violence and violence against children are pressing issues affecting the country's development potential. The Bank's success in strengthening community-based models of intervention for prevention and protection, globally and particularly in this region, could be replicated within Bolivia.

**75. Targeted interventions under the CPF are expected to strengthen the delivery of high-quality health and human services.** The integrated approach of the ongoing *Health Services Delivery Network Project* (P164453) supports critical infrastructure (construction and/or rehabilitation of primary healthcare facilities and hospitals), equipment, human resources, and information and management systems within selected "health networks." The project is expected to advance further during the new CPF period, beyond the significant impact realized to date in the COVID-19 response. The government has also requested WB support to address gender-based violence, specifically to bolster the entities responsible for addressing the legal, physical, and psychological impacts of violence on women and children.

**76. The proposed CPF seeks to further the dialogue in water and sanitation towards new investments in lagging areas.** Under the previous CPF, the Bank contributed key analytical work and technical assistance to the development of the National Strategy for Rural Water Supply and Sanitation and the National Strategy for Wastewater Treatment and Reuse, which were integral to the Bolivian water supply and sanitation sector's Five-Year Strategic Plan 2016–2020. However, no projects were financed in this area, as the government established new guidelines requiring debt repayment by subnational entities when interventions are under their responsibility. The Bank will continue in its dialogue with and technical assistance to the Ministry of Environment and Water (MMAyA), to define opportunities for WB financing of water and sanitation investments—particularly in peri-urban areas.

### **CPF Objective 3.2: Increase Access to Electricity and Renewable Energy**

**77. Gaps in access to electricity are a critical barrier to development, as 20 percent of the rural population remains without consistent service.** The government has prioritized the delivery of electricity to lagging areas, focusing on renewable sources, with a view to reaching universal coverage by 2030. In addition to ensuring access to last-mile connectivity, Bolivia intends to continue in its broader plan to transition from thermal to renewable energy sources. Greater energy efficiency and modernization of the utilities would further strengthen the green transition, and facilitate the recovery of utilities from the significant downturn caused by the pandemic.

**78. Building upon previous Decentralized Infrastructure for Rural Transformation projects (IDTR) and institutional dialogue, fresh financing under the new CPF is expected to support rural electrification through renewables.** Different modalities will be used based on the circumstances of the relevant communities, including expansion of the electricity networks, stand-alone solar systems, and hybrid models. Support to the modernization of utilities, aiming to improve the efficiency and quality of service delivery, will complement these efforts.

---

<sup>21</sup> CEPAL. "Femicidio." Observatorio de Igualdad de Género, April 22, 2022. <https://oig.cepal.org/es/indicadores/femicidio>.

### **3.4 Implementing the FY23–26 CPF**

#### **Financial Envelope**

**79. An indicative IBRD lending program of approximately US\$1.6 billion is proposed across the CPF's four-year timeframe.** The program proposes new commitments for an average of US\$400 million per year. This is a sizable but feasible increase from the approximately US\$250 million in average new annual lending approved for the period FY16–20. The actual volume of IBRD lending will depend, ultimately, on the type of instruments used, country and program performance, the availability of alternative sources of borrowing, the WB's financial capacity, and constraints imposed by global macroeconomic and financial developments. Additionally, the WB will continue to provide high-value Advisory Services and Analytics (ASA) to inform the design, build the capacity, or complement the implementation of investment projects, to respond to government needs for just-in-time analysis, and to fill knowledge gaps identified in the SCD Update. Despite the limited appetite for private sector investment and current market conditions, the IFC and MIGA will remain open to opportunities to invest and to mobilize local and foreign direct private investment, focusing on green growth and resilient, inclusive development.

#### **Financial Management and Procurement**

**80. Bolivia employs sound practices in certain areas of Public Financial Management, while other areas have room for continued strengthening.** In August 2020, the WBG conducted a rapid assessment of Public Financial Management (PFM) practices as part of the SCD Update. The assessment highlighted several strengths, including the coverage of the Single Treasury Account for disbursements and the use of an Integrated Financial Management Information System (IFMIS) named *Sistema Integrado de Gestión Pública* (SIGEP). Nevertheless, some gaps remain that affect the efficiency of public expenditure and the adequacy of control mechanisms. For instance, with regard to budgeting, there is no Medium-Term Fiscal Framework in place; and while a five-year budget is prepared on a rolling basis, it is not published or submitted to the Legislative Assembly. Moreover, although the coverage of SIGEP is comprehensive, the integration of the core financial management modules (budgeting, treasury, and accounting) with the public investment (SISIN) and public procurement systems (SICOES) is incomplete. Similarly, transparency and access to financial information are limited, as only basic budget information is disclosed. In terms of control, there are limitations to the ability of the General Comptroller's Office (GCO) to adequately perform its functions.

**81. Additional measures to address weaknesses in financial management will continue to be applied throughout the CPF period.** Certain financial management (FM) procedures in WB projects are defined outside the framework of country systems. These typically include: (i) internal controls; (ii) the deployment of commercial accounting software as a complement to the country's IFMIS, to record transactions with the level of detail required by the WBG; (iii) external audits conducted by private audit firms; and (iv) the recruitment of a specialist FM team. These additional measures will continue to be applied throughout the CPF period.

**82. The government's procurement system is limited and requires improvements.** The *Sistema de Contrataciones Estatales* (SICOES) platform, while publicly available, is not used to conduct procurement transactions, but only to publish Procurement Plans, advertise tenders, inform of amendments to bidding documents, and communicate contract awards. This hinders SICOES' potential to facilitate efficiency and transparency in decision-making. Other elements of the procurement system require improvement, such as: constraints to arbitration as a means of resolving disputes; the absence of an independent body to process and resolve claims; the use of reference prices as a reason for automatic bid rejection in cases of over-pricing; restrictions on international firms, which can only participate in bids in association with

domestic firms; the narrow range of issues that can disqualify firms or persons from being eligible for public contracts, which only include involvement in fraud or corruption; and the 10-15 percent limit to amendments in contract values, which generates potential risks if a new firm is contracted. The government is interested in modernizing the SICOES and better integrating it into the SIGEP, including the possibility of transforming it into a transactional system. Moreover, a dearth of specialized public procurement staff delays project implementation, and generates inefficiencies in the use of human and financial resources. The government is exploring the development of a procurement professionalization program.

**83. The WBG will continue supporting project counterparts on procurement management.** During the CPF period, the WBG will extend its support to the build-up of capacity in public procurement, and WBG-financed operations will continue using the Systematic Tracking of Exchanges in Procurement (STEP) system. The local procurement specialist will provide customized training and day-to-day assistance to project-implementing units. The use of HEIS has the potential to be expanded in coming years, should this be of interest to the government.

#### ***Donor Coordination***

**84. The Bank will continue to coordinate closely with multilateral and bilateral cooperation entities to ensure synergies in the respective engagements.** The WB is an active member of the Group of Partners for Development in Bolivia (GRUS), which brings together the principal donors in the country. The GRUS seeks to inform and facilitate synergies in the activities of the international development community. The WB also maintains a fluid dialogue with other multilateral development banks (MDBs), namely the Inter-American Development Bank (IDB) and the Development Bank for Latin America (CAF). All three MDBs are active in key sectors, including transport, water-resource management, health, and energy. As such, there is close coordination, particularly in terms of complementary support in institutional capacity building, while investing in different geographical regions or with differentiated beneficiaries.

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

**85. The overall residual risk to achieving proposed CPF objectives is Substantial.** Four risk categories are rated Substantial: (i) political and governance, (ii) macroeconomic, (iii) institutional capacity for implementation and sustainability, and (iv) fiduciary. The WBG will monitor these risks throughout program implementation and identify measures to mitigate their impact on the operations and objectives of WBG-financed interventions. The country office is fully staffed with local fiduciary and social and environmental specialists, providing close monitoring and implementation support. Projects also have co-TTLs or technical focal points within the country office. Broad institutional, political, and governance issues are expected to persist, and the WBG will continue to provide institutional support on project implementation and technical assistance.

**Table 4: Risks to the Bolivia CPF FY23-26 Program**

Risk Category	Rating
Political and governance	S
Macroeconomic	H
Sector Strategies and Policies	M
Technical Design of Project or Program	M
Institutional Capacity for Implementation and Sustainability	S
Fiduciary	S
Environmental and Social	M
Stakeholders	M
Other	-
<b>OVERALL</b>	<b>S</b>

**86. The following risks have been identified as high or substantial:**

- **Political and governance:** Changes in authorities are frequent and often abrupt, leading to shifts in priorities and delays in decision-making and project implementation. Although presidential elections are scheduled for late 2025, an early start of political campaigning may shift sectoral and/or geographical priorities during the CPF period. There is limited coordination within central government entities and among government levels. There is also a growing perception among public officials of a risk of facing judicial scrutiny over actions taken during their tenure, which impacts timely decision-making and project implementation. The WB’s program has been defined through high-level dialogue between the Bolivian President and the WB’s Regional Vice President. Thus, the CPF reflects priorities at the highest level, which is critical to mitigating political risk. The WBG will also maintain a dialogue with authorities at all levels to ensure close coordination and alignment with the country’s development priorities. At the same time, it will be important to maintain a broad dialogue with diverse stakeholders to gauge potential obstacles in implementation.
- **Macroeconomic:** The constrained macroeconomic context and limited resilience to external and climate shocks may result in lower availability of counterpart financing, which is a government requirement for some sectors; reduced borrowing space for national and subnational governments; and constrained resources for operations and maintenance (O&M) of infrastructure supported by WBG financing (hospitals, roads, urban public works). These constraints may also shift the government’s priorities for the WBG program and/or its expected results. Additionally, potential increased stress on prices could complicate project programming and implementation, making key inputs expensive or difficult to access. Possible lower demand could affect the results of projects aiming to increase sales of agriculture products in the local market. Such macroeconomic constraints and strains on the financial sector would prevent the IFC from investing in the country, to the extent that conditions needed for private investment are not in place. The WB will provide full financing for project investments, unless the government requests otherwise, which will reduce risks in project implementation. Project preparation will include the joint identification of strategies to ensure O&M responsibilities, and costs will be planned and committed.
- **Institutional Capacity for Implementation and Sustainability:** Institutional capacity is limited across different sectors. Staff turnover is high and hinders project implementation. WBG staff provide frequent training on fiduciary aspects, day-to-day implementation support, and close monitoring. The WBG will continue working with the counterparts to simplify complex arrangements and procedures to facilitate project execution. Capacity-building activities will also be discussed with core public entities and incorporated in operations to the extent possible.

- **Fiduciary:** Shortcomings in financial management and procurement are expected to continue during the CPF period. High staff turnover significantly affects fiduciary areas. There is limited availability of procurement specialists with knowledge and expertise of WBG regulations, and a limited number of financial auditing firms eligible to audit WBG-financed projects. Delays in payments to contractors are frequent, affecting project execution, particularly on large infrastructure projects. Mitigation measures include the provision of regular training to counterparts, capacity building activities, and follow-up on the status of payments due. The government expressed interest in developing certification programs for specialists trained in WBG and other development partners' policies, and efforts will be made to advance on such long-term capacity building.

## Annex 1: CPF Results Matrix

High Level Outcome 1 (HLO 1) – Increased Climate and Economic Resilience		
<i>HLO 1 tracks structural shifts in the prevention and mitigation of environmental and economic risks. It builds on Pillar 2 under the FY16-20 CPF.</i>		
High-level Outcome Indicators (for monitoring purpose only)	Data source	Current value <sup>22</sup>
Global Climate Risk Index	Germanwatch based on data from the Munich Re NatCatSERVICE	19.67 (2019)
Integrated and Sustainable Water Management Index	Bolivia Nationally Determined Contributions (NDC)	67.9 (2020)
Fiscal deficit (% of GDP)	Fiscal Report, Ministry of Economy and Public Finance	9.3% of GDP (2021)
<p><b>High Level Outcome description</b></p> <p><i>Rationale:</i> Climate change is already curbing Bolivia’s development, affecting the poor the most. The <i>Global Climate Risk Index 2021</i> identified Bolivia as one of the 10 countries most affected by climate change in 2019. At the same time, Bolivia’s economy is highly dependent on its natural resources, principally in agriculture, hydrocarbons and mining. These sectors face physical climate risks, particularly for agriculture; policy transition risks, given both declining supply and demand for hydrocarbons; but also policy transition opportunities in mining, specifically for lithium. Climate risks compound adverse global external conditions and structural macroeconomic issues, increasing pressure in a constrained macro-fiscal context. A well-designed macroeconomic consolidation strategy, combined with safeguards to social spending, stronger macroeconomic institutions, and regulatory improvements, is critical to cementing stability while fostering growth opportunities in the face of ever more frequent climate and economic shocks.</p> <p><i>Sustainable Development Goals (SDGs) associated:</i> SDG 1- No Poverty; SDG 2 – Zero Hunger; SDG 6 – Clean Water and Sanitation; SDG 7 – Affordable and Clean Energy; SDG 8 – Decent Work and Economic Growth; SDG 10 – Reduced Inequalities; SDG 11 – Sustainable Cities and Communities; SDG 12 – Responsible Consumption and Production; SDG 13 – Climate Action, SDG 14 – Life Below Water, SDG 15 – Life on Land</p>		
<b>CPF Objective 1.1: Strengthen capacity to manage climate-related risks</b>		
This objective expands upon <i>Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters</i> under the PLR, which focused on capacity building in disaster-risk management. The proposed CPF aims to strengthen capacity as well as infrastructure to reduce vulnerability to natural disasters, while promoting opportunities for green, resilient, and inclusive development.		
<p><b>Intervention Logic</b></p> <p><i>Rationale for the CPF objective and WBG engagement:</i> Addressing rising concerns from climate change has been a key priority under the previous and current PDES. Bolivia is rich in renewable natural resources, including water, arable land, and forestry, that could offer opportunities for green, resilient, and inclusive growth if managed sustainably. In particular, the PDES emphasizes integrated water-resource and watershed management, in which the Bank has been actively engaged under the previous CPF, as a key strategy in addressing climate change. Moreover, with 70 percent of the population now living in urban centers (particularly in cities and peri-urban areas), rapid urbanization has increased pressure to manage the increased frequency of extreme weather-related events.</p> <p><i>Lessons learned and new knowledge at the program level:</i> Under the previous CPF, the Bank built a robust engagement in disaster-risk management (DRM), beginning with capacity building through a DRM development finance operation. This engagement has evolved into a deeper dialogue through the <i>Bolivia Urban Resilience Project</i> and complementary technical assistance supported by SECO, to advance the National Policy on Cities with a view to climate resilience. The Urban Resilience project has helped bring institutional and physical capacity together both at the national and local levels. The Pilot Program for Climate Resilience (PPCR) also contributed substantially to the</p>		

<sup>22</sup> CPFs track the trajectories of HLO indicators but do not formulate target values.

National Climate and Water Information System, while building institutional capacity and infrastructure for resilient river basin management.

*WBG ongoing and planned support to this CPF Objective:* The existing Urban Resilience project is expected to yield results within the new CPF period and promote the expansion of the program to other cities. The WBG’s on-going engagement in urban development/resilience will support institutional practices for green and resilient urban development, demonstrating the impact of the National Policy on Cities. Infrastructure investments will be complemented at the local and national levels with institutional capacity building in municipal financial management, urban development, and disaster-risk management. Interventions will address gender gaps in female representation and decision-making at the local level by ensuring that concrete proposals put forward by women at community participation events are reflected in project design, so that urban infrastructure investments respond to the specific needs and priorities of women. The proposed CPF also intends to deepen the engagement on environmental risks and opportunities, strengthening capacity and practices in resilient watershed and water-resource management, climate-smart agricultural practices and technologies, as well as, potentially, in sustainable forestry.

*Key risks and mitigation:* Coordination among different levels of government is paramount, yet it often proves a challenge. In the urban sphere, the Viceministry of Urbanism and Housing (VMVU, per its Spanish acronym) has facilitated the dialogue between the national and municipal governments on this agenda. The on-going SECO grant has encouraged engagement among levels of government, supporting both the VMVU and the municipalities, while allowing the Bank to serve as a facilitator and convener of dialogue—a role it will continue to play under the new CPF. The WB also remains willing and able to assume the full financing of project activities, to avoid strain on subnational entities from having to provide counterpart funding.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 1.1.1:</b> Reduced vulnerability to hydrometeorological risks: Number of households benefitting from flood protection infrastructure Baseline: 0 (2022) Target: 13,470 (June 2026)</p> <p><b>Indicator 1.1.2:</b> Early flood warning systems implemented Baseline: No system (2022) Target: Early warning system for flood events developed and functional in target municipalities (June 2026)</p> <p><b>Indicator 1.1.3:</b> Women needs reflected in projects’ design Baseline: No (2020) Target: Yes (2024)</p>	<p>TA to integrate guidance from global experts into the conceptual and technical design of the system, as part of an Integral Urban Flood Risk Management approach, delivered (2025)</p>	<p><b>Ongoing Financing:</b> Bolivia Urban Resilience Project (P165861) Innovation for Resilient Food Systems (P175672)</p> <p><b>Financing Pipeline:</b> Bolivia Resilient Water Management Project (P178861) Bolivia Urban Resilience Additional Financing Project Bolivia Reforestation Project</p> <p><b>Ongoing ASA:</b> Urban Resilience TA Program – SECO (P176027) Green Recovery in the Chiquitania (TFB5737)</p>

**CPF Objective 1.2: Strengthen Capacity for Macro-Financial Sustainability**

The PLR dropped *Objective 5: Strengthen Institutional Capacity to Improve Public Resource Management and the Business Environment* from the objectives of the previous CPF. This CPF proposes to revive this objective in light of its increased interest and urgency, with a view to supporting macro-fiscal analysis and public administration capacity, particularly in public investment and financial management.

**Intervention Logic**

*Rationale for the CPF objective and WBG engagement:* The pandemic has magnified macroeconomic imbalances and



highlighted structural challenges. Bolivia continues in its efforts to reactivate the economy as the pandemic ends, but faces a constrained global macroeconomic context. The government has promoted economic recovery by accelerating the vaccine rollout and boosting domestic demand. In addition to these immediate priorities, it will be important to tackle longstanding challenges, including debt management, public investment efficiency, and fiscal expenditure. The reduction of revenues has also affected the capacity of subnational governments to invest in response to external and climate shocks.

The WBG can assist in analyzing macro-fiscal conditions to support evidence-based decision-making, while building human and institutional capacity, contributing to a stronger fiscal policy, and developing resilience to climate and macroeconomic shocks. The Bank is well positioned to support the government in the development of analytical underpinnings and tools to inform strategic decision-making, increase the quality and efficiency of public expenditure, and improve public investment and financial management.

In this new setting, expanding the tax administration’s capacity to increase revenues and reinforcing public expenditure management are key to mitigating any negative effects that a fiscal consolidation could have on poverty and inequality.

*Lessons learned and new knowledge at the program level:* Although the Bank had limited dialogue with the Ministry of Economy and Public Finance (MEFP) in the past, the MEFP has recently expressed interest in a deeper engagement. The Bank’s well-established methodologies for comprehensive analysis of the institutional, distributional, and macro-fiscal impacts of policy can produce valuable input for evidence-based decision-making. The technical assistance will be customized to respond to the government’s needs and priorities.

*WBG ongoing and planned support to this CPF Objective:* The Bank will seek to deepen its dialogue with the central government on macro-fiscal issues through standard diagnostic tools such as Public Expenditure Reviews (PER), a Debt Management Performance Assessment (DeMPA), Public Investment Management (PIM) analysis, or tailored technical assistance in public financial management. At the same time, the Bank will continue to provide technical assistance at the subnational level to strengthen municipal finances. In addition, the Bank will explore opportunities to strengthen public management and governance, particularly on interoperability of public management systems and e-governance, with a view to enhancing the efficiency of government operations and improving public service delivery.

*Key risks and mitigation:* As the WB embarks on its renewed engagement with MEFP, the depth and breadth of the activities will depend on building trust and demonstrating the Bank’s unique added value. In that regard, the Bank’s support will be tailored to the government’s specific requests and priorities for analysis and/or technical assistance. Tangible results from such efforts may enhance the willingness of both parties to engage in deeper dialogue.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 1.2.1:</b> Public Debt Management Reform Plan Baseline: No Plan (2022) Target: Plan implemented (June 2026)</p> <p><b>Indicator 1.2.2:</b> A framework for strengthening tax administration capacity has been developed at the subnational level Baseline: No framework (2022) Target: A framework has been developed and piloted in La Paz</p>	<p>Public Debt Management Reform Plan developed (2024)</p> <p>Recommendation on priority financial sector policy actions provided (2025)</p>	<p><b>Ongoing ASA:</b> DeMPA with MEFP Urban Resilience TA Program – Pillar 2: Mobilization and Diversification of Financing for Urban Resilience (TF0B5230)</p> <ul style="list-style-type: none"> <li>• DeMPA with Municipality of La Paz</li> <li>• Medium-Term Debt Management Strategy (MTDS) with Municipality of La Paz</li> </ul> <p>Strengthening G2P Payments and the Digital Ecosystem (P175175)</p> <ul style="list-style-type: none"> <li>• Diagnostic of the ID Ecosystem (TF0B4533)</li> <li>• Digitalization of G2P Payments in Bolivia (TF0B4534)</li> </ul>

(2025)		<b>ASA Pipeline:</b> Public Investment Management (PIM) Financial Sector Assessment Program
<b>High Level Outcome 2 (HLO 2) – Increased income earnings for vulnerable households</b>		
HLO2 tracks improvements at the household level, seeking increased income for improved livelihoods. It continues much of the agenda developed in the previous CPF under <i>Pillar 1 – Promote Broad-Based and Inclusive Growth</i> .		
<b>High-level Outcome Indicators (for monitoring purpose only)</b>	<b>Data source</b>	<b>Current value<sup>23</sup></b>
Labor force participation (%)	UDAPE (with INE data from Continuous National Employment Survey)	75.2% (2021)
Ratio of female to male labor force participation (%)	ILO	82% (2021)
Average yield of strategic crops at the national level	Nationally Determined Contributions of Bolivia	7.6 ton/ha (national average) [Strategic crops include cereals, stimulants, fruit, vegetables, oilseeds and industrial crops, tubers and roots, fodder, among others]
<b>High-Level Outcome description</b>		
<p><i>Rationale:</i> Bolivia’s productive potential remains constrained by low productivity, both in land and labor, as well as limitations in the enabling infrastructure. Agriculture, which employs most of the poor, presents significant opportunities to expand non-extractive exports. A combination of increased access to agricultural inputs, institutional and technical strengthening, and financial access is critical to increasing production without land expansion. More productive and climate-resilient agriculture can reduce negative environmental impacts, while increasing the income opportunities of the rural population and promoting food security.</p> <p>The skills of Bolivia’s workforce do not adequately meet the demand of the job market. Addressing those gaps can benefit current and future productivity. The Enterprise Survey shows that 17 percent of formal firms in Bolivia reported an inadequately educated workforce as a major constraint, a figure rising to 37 percent among large firms. Bolivia ranks 128<sup>th</sup> out of 141 countries on digital skills, with wider gaps among women and the lower-educated due to limited access to digital technologies. Interestingly, Bolivia has seen positive returns from short-cycle programs (SCP) in terms of job placement and improved income among participants—especially those from vulnerable groups such as women and poor youth—compared with the country’s numerous university dropouts.</p> <p>Finally, given Bolivia’s distance from other markets, complex geography, and landlocked nature, the development of non-extractive exports requires improved logistics. Poor transport connectivity and high logistical costs remain an impediment to market access and investments. Thanks to significant public investment over more than a decade, Bolivia’s road density (0.18 km/km<sup>2</sup>) is now close to the regional average (0.15 km/km<sup>2</sup>), but only 0.16 percent of the municipal road network was paved as of 2019. With 14,000 km of navigable rivers, the fluvial network is critical to connectivity, especially for grains transport. Air cargo traffic (23 million tons/km per year in 2019) is substantially lower than in other countries in the region.</p> <p>SDGs associated: SDG 1- No Poverty; SDG 2 – Zero Hunger; SDG 3 – Good Health and Well-Being; SDG 4 – Quality Education; SDG 5 – Gender Equality; SDG 6 – Clean Water and Sanitation; SDG 8 – Decent Work and Economic Growth; SDG 9 – Industry, Innovation and Infrastructure; SDG 10 – Reduced Inequalities; SDG 11 – Sustainable Cities and Communities; SDG 12 – Responsible Consumption and Production; SDG 13 – Climate Action, SDG 14 – Life Below</p>		

<sup>23</sup> CPFs track the trajectories of HLO indicators but do not formulate target values.

Water, SDG 15 – Life on Land

**CPF Objective 2.1: Increase Sustainable Agricultural Production**

This objective deepens the successful engagement under *Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification* to focus on climate-smart agriculture, in accordance with the expected expansion under the new CPF of the long-standing program in the sector.

**Intervention Logic**

*Rationale for the CPF objective and WBG engagement:* Agriculture/agribusiness remains a key sector of the economy, accounting for 13 percent of GDP as of 2021 and employing nearly a third of all workers, with a significant impact on poverty reduction. The sector provides one of the few avenues of growth in rural areas and has weathered the current economic crisis better than other industries. Nonetheless, Bolivia’s land and labor productivity remain among the lowest in the region. Given current global concerns around food security and climate risks, maximizing the high potential of this sector will require an integrated approach, carefully managing land and water resources while increasing output. Strategic priorities include enhanced productivity, diversification, and promotion of more sustainable and inclusive practices.

Resilient water-resource management is critical to sustainable productive systems. Consequently, the Bank will finance technified irrigation systems to ensure effective and efficient water use for increased and sustainable agricultural outputs.

In support of the sector, the WBG CPSD (2021) offered recommendations on a range of aspects, from strengthening sectoral institutions and developing financing mechanisms to training programs. Specific recommendations were also provided about agricultural inputs and forestry. In addition, the IFC might explore investment opportunities to leverage private sector capital, provided the necessary regulatory and market conditions are in place. It could also offer advice to companies in areas such as developing supply chains with small farmers, introducing climate-smart practices, and improving energy and water efficiency, as well as corporate governance.

*Lessons learned and new knowledge at the program level:* The WBG has made long-lasting contributions to the agriculture sector in Bolivia, building capacity among communities and small producers, as well as at the governmental level. The national implementing agency has well-established institutional capacity in terms of personnel, monitoring and evaluation systems, and on-the-ground technical support to local producers. This effective model will facilitate the implementation of the new, larger program.

*WBG ongoing and planned support to this CPF Objective:* The *Rural Alliances II* (PAR II) project will be completed early in the new CPF period. The recently approved *Innovation for Resilient Food Systems* project, also known as PAR III, builds on the significant institutional capacity of EMPODERAR, the implementing unit under the Ministry of Rural Development and Land (MDRyT), while expanding its reach to increase the productivity of sustainable agriculture. Support to the agriculture sector will be complemented by the *Resilient Community and Household Irrigation* project, which will provide an integrated approach to water-resource management for productive uses. Interventions in this area will have a strong gender focus. In agriculture, a gender gap analysis identified several areas in which women, particularly indigenous, lag on important dimensions of well-being—for instance, in access to credit and financial resources, education, agricultural knowledge/information, productive resources, and services/equipment adapted to their farming practices. Women also face time constraints imposed by household chores, and cultural and social norms that prevent them from participating in decision-making. The PAR III gender action plan is designed to contribute to narrowing gaps by supporting specific actions and reporting on progress. Actions include communication strategies to inform women, particularly indigenous, on project activities; steps to encourage them to assume decision-making roles in the development of business plans that qualify for matching grants; and measures to support the implementation of such business plans.

*Key risks and mitigation:* As agriculture is an area of political priority under the PDES, numerous actors within the government and the international cooperation community will be engaged in interventions in support of these common objectives. As such, it will be critical to ensure that support is coordinated and complementary. The MPD

has largely played this coordinating role within the government, vetting requests and proposed projects to promote synergies and avoid duplication. The Bank’s teams will operate in close collaboration to further ensure complementarity in the Bank’s interventions.		
CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 2.1.1:</b> Increase in the average value of gross sales of products from rural alliances Baseline: 0 (2022) Target: 35% (June 2026)</p> <p><b>Indicator 2.1.2:</b> Female farmers reached with agricultural assets or services Baseline: 0 (2022) Target: 38,370 (June 2026)</p> <p><b>Indicator 2.1.3:</b> Increase in crops yields due to the adoption of climate-resilient agricultural practices Baseline: 0 (2022) Target: 30% (June 2026)</p>	Area provided with new or improved irrigation or drainage services (# of ha) Baseline: 10,064 ha (2022) Target: 22,000 ha (2026) (PAR II, PAR III, and Irrigation Projects)	<p><b>Ongoing Financing:</b> Rural Alliances Project II (P127743) Innovation for Resilient Food Systems (P175672)</p> <p><b>Financing Pipeline:</b> Bolivia Resilient Water Management Project (P178861)</p> <p><b>Ongoing ASA:</b> Innovation for Resilient Food Systems (TF0B5344)</p>
<b>CPF Objective 2.2: Improve connectivity</b>		
This objective has a broader scope than the previous CPF’s <i>Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas</i> . Interventions are expected to go beyond highways and explore other forms of transport, logistics infrastructure and services, trade infrastructure and, potentially, digital technologies.		
<p><b>Intervention Logic</b></p> <p>According to the 2019 Global Competitiveness Report, Bolivia ranks 122<sup>nd</sup> out of 141 countries on transport infrastructure due to limited road connectivity and air transport services. These shortcomings, combined with low logistical competency, inadequate tracking and tracing of cargo, and lengthy delivery and customs procedures, explain Bolivia’s high logistics costs (18 percent of sales) and its ranking among the lowest in the region on the 2018 Logistics Performance Indicator. However, the government has invested heavily in transport, which accounted for nearly half of all public investment in the country between 2008 and 2017 (WBG CPSD, 2021).</p> <p>In addition to transport, the FY23-26 CPF seeks to pursue opportunities for connectivity through digital development. According to the ITU, nearly half the population does not use the internet and only about one-quarter has fixed-broadband access at home. These limitations came starkly to light during the pandemic, when only about 8 percent of jobs could be performed remotely. While the WBG has not been actively involved in digital development recently in Bolivia, its global expertise and commitment to bridging the digital divide could facilitate diagnostics and dialogue towards increased connectivity.</p> <p><i>Lessons learned and new knowledge at the program level:</i> The World Bank and other multilateral development banks have contributed substantial financing to the sector, with mixed results. As demonstrated throughout the CLR, the Bank’s projects had an important impact on the expansion and improvement of the road network, while bringing innovation in contract modalities, conflict resolution, and safeguards. Nonetheless, project implementation was replete with technical, fiduciary, and management issues. The Bank has employed additional mechanisms of accompaniment and implementation support to improve results despite capacity constraints.</p>		

*WBG ongoing and planned support to this CPF Objective:* The Bank intends to continue its intensive support to and supervision of the highway projects in the active portfolio, while expanding WBG opportunities to engage in other types of transport infrastructure under the new CPF, including bridges, logistics infrastructure and services, and trade infrastructure. The large legacy portfolio in highways is not gender-tagged. However, in light of the high incidence of gender-based violence (GBV) in the country and the vulnerability of women to SEA/SH in certain areas touched by the projects, measures are being reinforced to mitigate and respond to potential GBV cases at the project level, while the dialogue on broader structural challenges deepens.

*Key risks and mitigation:* Project implementation in the roads sector has proven challenging, given weaknesses in institutional capacity and frequent staff rotation. Under the proposed CPF, the Bank will refocus or diversify its interventions in the transport sector to include bridges and potentially other logistical infrastructure, which will also entail a diversification of risks relative to the previous CPF. The Bank and its counterparts have also gained experience of working together, and continuous training and close accompaniment will remain key to an effective engagement.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 2.2.1:</b> International Roughness Index (IRI) for target roads in the national network Baseline: 2.24 (RSCDP) (2021) Target: 3.0 (RSCDP, SCRCCP) (2025)</p> <p><b>Indicator 2.2.2:</b> Number of vulnerable communities (type A/B) benefitted with improved access to road/bridge infrastructure Baseline: 0 (2022) Target: tbd at PLR</p> <p><b>Indicator 2.2.3:</b> Gender action plan to mitigate and respond to SEA/SH implemented Baseline: No (SCRCCP, 2022) Target: Yes (SCRCCP, 2025)</p>	<p>Km of roads and bridges constructed and improved Baseline: 424 km (2022) Target: 800 km (PARII, PAR III, RSCDP, SCRCCP) (2025)</p> <p>Diagnosis on digital development delivered (2025)</p>	<p><b>Ongoing Financing:</b> National Roads and Airport Infrastructure Project (P122007) BO Road Sector Capacity Development Project (P144597) Santa Cruz Road Corridor Connector Project (P152281)</p> <p><b>Financing Pipeline:</b> Road Sector Climate Resilience Project</p> <p><b>Ongoing ASA:</b> Urban Resilience TA Program: Pillar 1: Improving Capacities for Implementing Resilient Infrastructure, Public Space and Urban Mobility (TF0B5231)</p>

**CPF Objective 2.3: Improve skills for jobs**

This objective seeks to further target interventions focused on skills and opportunities for employment, as initiated in the previous CPF under *Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification*. Post-pandemic changes offer an opportunity to respond more effectively to future market demand, with a view to enabling economic reactivation and the creation of higher-quality jobs.

**Intervention Logic**

*Rationale for the CPF objective and WBG engagement:* Bolivia's economy creates new jobs at a meager rate, particularly in the formal sector. It can take up to two years for a low-skilled worker to find an informal paid job, and four years to find a formal job. Women between the ages of 30 and 64 remain unemployed or in low-paying self-employed jobs for 18 months on average, compared with less than 12 months for men. Additionally, the job destruction rate is exceptionally high among youth in both the formal and informal sectors. Self-employment, which has increased during the pandemic, has become virtually synonymous with low-quality employment for subsistence. Shifting the job market towards higher-quality and higher-skilled jobs requires public and private partnerships to build a workforce with skills for the future, including technical capabilities as well as soft skills. Enhancing the resiliency of the private sector can stimulate the creation of higher-quality jobs and resume the path toward poverty reduction post-pandemic.

*Lessons learned and new knowledge at the program level:* During the FY16-20 CPF period, the Bank financed the *Improving Employability and Labor Income of Youth* project, which included technical training, capacity building in

soft skills, as well as job placement. The impact evaluation of the project demonstrated mixed results. While income rose for project beneficiaries relative to the control group, the impact in terms of skills development was less clear.

*WBG ongoing and planned support to this CPF Objective:* The lessons learned from previous experience position the WBG to support a new generation of training and employment programs focused on skills for the future. Further analytical work might be required to gain a better understanding of the existing demand for skills, and to identify additional activities that could contribute to achieving the objective. As in the *Improving Employability and Labor Income of Youth* project, a new operation in technical tertiary education is expected to offer additional incentives and benefits to vulnerable women to encourage their participation in the program.

*Key risks and mitigation:* The Bank has not been actively engaged in the education sector in Bolivia in the recent past. In addition, existing research or data on the effectiveness of education programs in Bolivia, and specifically of technical tertiary education, are not extensive. Thus, relevant analysis will be important to ensure appropriate approaches, with a view to strengthening program impact, boosting household incomes, and narrowing gender gaps.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 2.3.1:</b> Number of people enrolled in technical and soft skills program (disaggregated by gender) Baseline: 0 (2022) Target: tbd at PLR</p> <p><b>Indicator 2.3.2:</b> New or reformed program for technical/technological education of youth with connection to productive sector Baseline: No program (2022) Target: Program developed and under implementation (2025)</p>	TA on the drivers of supply and demand of technical and technological education delivered (2024)	<b>Financing Pipeline:</b> Tertiary Technical Education and Training Support Project (P180233)

### High Level Outcome 3 (HLO 3) – Expanded Access to Quality Key Public Services

HLO3 tracks health security and satisfaction of basic needs. It seeks to keep track of vulnerabilities, such as those exposed by the COVID-19 pandemic. It builds on *Objective 2 – Increase Access to Selected Quality Basic Services for the Poorest Rural and Urban Communities* under *Pillar 1 – Promote Broad-Based and Inclusive Growth* of the prior CPF.

High-level Outcome Indicators	Data source	Current value
Population with Unmet Basic Needs (as % of total population) (Basic needs include water, sanitation, energy, housing infrastructure, educational levels, and health services)	INE, Census data	44.9% (2012)
Global Health Security Index	www.ghsindex.org	29.9, Rank 137/195 (2021)
Renewable Energy Participation: consumption of energy derived from renewable sources	Nationally Determined Contributions of Bolivia	37% in energy and 27% in power (2020)

### High-Level Outcome Description

*Rationale:* Despite remarkable improvement in most social indicators, important challenges remain with regard to overall coverage, unequal access across regions and population groups, and quality of services. Bolivia still lags in many basic health indicators, such as teenage fertility, maternal mortality, and infant and child mortality, affecting departments outside the *Eje Troncal* (La Paz, Cochabamba, and Santa Cruz) the most.

Despite recent progress, access to improved water and sanitation services remains a public health concern. According to the World Bank's global multidimensional poverty indicator for Bolivia (2018), 12 percent of the population in Bolivia is poor, approximately twice the regional average, with inadequate access to sanitation and education services



as the main drivers. Over one-third of the rural population practices open defecation, and over one-quarter of the urban population lacks improved sanitation services or shares sanitation facilities. One-third of the urban population does not have access to sewer connections, and only one-third of urban wastewater is effectively treated, making health and environmental problems more acute.

Bolivia has made substantial progress in urban electrification, essentially achieving universal coverage. Nonetheless, access to electricity in rural areas has trailed behind with 80 percent coverage. The government has targeted reaching universal access to electricity by 2025, while transitioning its energy matrix from thermal to renewable sources, namely hydro and solar power.

**SDGs associated:** SDG – 1 No Poverty; SDG 2 – Zero Hunger; SDG 3 – Good Health and Well-Being; SDG 5 – Gender Equality; SDG 6 – Clean Water and Sanitation; SDG 7 – Affordable and Clean Energy; SDG9 – Industry, Innovation and Infrastructure; SDG 10 – Reduced Inequalities; SDG 11 – Sustainable Cities and Communities; SDG 12 – Responsible Consumption and Production; SDG 13 – Climate Action, SDG 14 – Life Below Water, SDG 15 – Life on Land

### **CPF Objective 3.1: Strengthen Delivery of Health and Human Services**

The previous CPF included support to social sectors under *Pillar 1: Promote Broad-Based and Inclusive Growth*, with specific interventions planned in social protection. During the CPF period (after the PLR), the Bank initiated large projects in health (*Health Service Delivery Network*) and social protection (*COVID-19 Crisis Emergency Social Safety Nets*), which quickly responded to the COVID-19 emergency.

#### **Intervention Logic**

*Rationale for the CPF objective and WBG engagement:* The pandemic dramatically revealed the vulnerabilities of the healthcare system in terms of infrastructure, equipment, information systems, and personnel. Investments by the World Bank and other international agencies in response to the health emergency substantially increased capacity across the healthcare system. However, structural vulnerabilities remain in connection with a growing incidence of chronic non-communicable diseases, as well as with potential future health crises or pandemics.

Despite Bolivia's progress, access to and quality of improved water and sanitation services have continued to lag other middle-income countries, complicating the public health response to the pandemic. Under the previous CPF, the Bank contributed key analytical work and technical assistance for the development of the National Strategy for Rural Water Supply and Sanitation and the National Strategy for Wastewater Treatment and Reuse, which were integral to the Bolivian water supply and sanitation sector's Five-Year Strategic Plan 2016-2020.

Finally, with 70 percent of Bolivian women having suffered from it, gender-based violence is a pressing issue affecting the country's development potential. The Bank's success in strengthening community-based models of intervention for prevention and protection, globally and particularly in this region, could be replicated within Bolivia.

*Lessons learned and new knowledge at the program level:* The engagement in these sectors came with high risk, but has made a deep impact. With this knowledge, the Bank plans to engage fully yet prudently, with close supervision and accompaniment of the counterparts.

*WBG ongoing and planned support to this CPF Objective:* Under the proposed CPF, the *Health Service Delivery Network* project is expected to be completed. The Bank remains actively engaged in support for social protection programs. In particular, under the proposed CPF, the government has requested Bank support to address the alarming prevalence of violence against women and children. The institutional systems of protection and response in cases of violence are often weak, with minimal capacity in terms of infrastructure, offering of services, and availability of trained personnel. Strengthening frontline support systems at the local level could enable them to serve as important safeguards against violence. A potential new operation to address GBV would tackle the prevention angle and the strengthening of services to improve the response to GBV situations. The economic empowerment of women, which is essential to tackle this scourge, is being addressed through interventions under the income generation objective.

*Key risks and mitigation:* Each of the areas under this Objective features concurrent or shared competencies between the central and subnational governments. Unfortunately, coordination among the levels of government has often

proven challenging and hampered the effective delivery of services. In the health sector, the Bank has worked extensively with the MSD to identify the appropriate allocation of human and financial resources for sustainable and quality healthcare. In water and sanitation, the commitment of the central government for the investments, and of municipalities and local operators to operation and maintenance, has been a critical element to define for project preparation to move forward. Finally, the support of women’s and children’s protection and empowerment will largely require interventions at the local, and at times community, level. The Bank will facilitate dialogue between the central and local governments to advance this agenda.

CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 3.1.1:</b> % of the population in beneficiary municipalities with improved access to quality health services Baseline: 0 (2022) Target: tbd at PLR</p> <p><b>Indicator 3.1.2:</b> Number of health specialists that complete a residence program Baseline: 0 (2022) Target: tbd at PLR</p>	<p>Number of second-level hospitals under construction Baseline: 0 (2022) Target: 3 (2025)</p> <p>Analytical work on the status/sufficiency of services to respond to gender-based violence completed (2024)</p>	<p><b>Ongoing Financing:</b> Health Service Delivery Network Project (P164453)</p> <p><b>Financing Pipeline:</b> Protection from Violence against Women and Children (TBC)</p> <p><b>Ongoing ASA:</b> Assessment of Epidemiological Surveillance System and Public Health Preparedness (P175133)</p> <p>Resilient Water Supply and Sanitation in Urban Areas (TF0B4924)</p>

**CPF Objective 3.2: Increase Access to Electricity and Renewable Energy**

Support to electricity access was encompassed under *Objective 2 – Increase Access to Selected Quality Basic Services for the Poorest Rural and Urban Communities* in the previous CPF.

**Intervention Logic**

Access to electricity is a critical barrier to development in the country, as 20 percent of the rural population remains without consistent service. The government has prioritized the delivery of electricity to lagging areas, focusing on renewable sources, with a view to reaching universal coverage by 2025. In addition, Bolivia intends to continue in its broader plan to transition from thermal to renewable energy sources.

*Lessons learned and new knowledge at the program level:* Previous engagement in the energy sector produced mixed results, due in large part to complex institutional arrangements among different levels of government. The planned engagement under the new CPF will seek to simplify implementation arrangements to facilitate project execution.

*WBG ongoing and planned support to this CPF Objective:* A new rural electrification project through renewables is planned under the new CPF. Different modalities will be used based on the circumstances of the relevant communities, including expansion of the electricity networks, stand-alone solar systems, and hybrid models. Support to the modernization of utilities, to improve efficiency and quality in service delivery, will complement these efforts. A gender assessment will be performed at the time of preparation to identify genders gaps, and ensure that the design considers the appropriate inclusion of women in project activities.

*Key risks and mitigation:* The challenging coordination between central and subnational governments under the IDTR project was one of the key weaknesses that affected its implementation. The new project, which focuses on providing last-mile access to largely rural or remote communities, is being carefully constructed to limit the overlap between central and local governments in the implementation of investments. Rather, the central government will provide financial support for capital expenditures, while local governments will be responsible for operation and maintenance.



CPF Objective Indicators	Supplementary Progress Indicators	WBG Program
<p><b>Indicator 3.2.1:</b> Number of new household electricity connections in rural areas (and % of those households where head is a woman) Baseline: 0 (2022) Target: tbd at PLR</p> <p><b>Indicator 3.2.2:</b> Avoided GHG emissions due to increased access to renewable energy Baseline: 0 (2022) Target: tbd at PLR</p>	<p>TA on quality of access to electricity and behavior of new users delivered (2025)</p>	<p><b>Financing Pipeline:</b> Bolivia Improving Sustainable Access to Electricity (P180027)</p> <p><b>Ongoing ASA:</b> Strengthening Utilities in a Post-COVID Recovery (P175529)</p>

## Annex 2: Completion and Learning Review (CLR)

**Date of CPF:** December 8, 2015 (Report No. 100985-BO)

**Date of Performance and Learning Review:** May 31, 2018 (Report No. 125068-BO)

**Period Covered by the Completion and Learning Review:** FY16-FY20

### I. INTRODUCTION

**1. This Completion and Learning Review (CLR) assesses the design and implementation of the World Bank Group (WBG) Country Partnership Framework (CPF) for the Plurinational State of Bolivia for FY16–20.** The Board of Executive Directors discussed the Bolivia CPF for FY16–20 on December 8, 2015 (Report No. 100985-BO). A Performance and Learning Review (PLR) was presented on May 31, 2018 (Report No. 125068-BO). The PLR provided a mid-term assessment on progress in the implementation of the WBG’s program. It also introduced changes to the CPF objectives and results framework to reflect challenges in program execution, changes in the country context, and emerging government priorities. This CLR assesses the CPF’s development outcomes against the objectives and results framework presented in the PLR. The CLR covers the period FY16–20, from July 2015 to June 2020.

**2. Since the start of the CPF period in 2015, the Bolivian economy faced adverse external economic conditions and suffered a severe pandemic-induced economic shock.** After the collapse of oil prices in 2014, Bolivia suffered the worst terms-of-trade erosion among its peer countries, due to its high dependency on exports of gas and other commodities. Despite a challenging external context, Bolivia kept growing on the back of expansionary policies, including high public spending (financed by fiscal savings, Central Bank lending to SOEs, and external borrowing), –and expansionary monetary and financial policies, such as ceiling to lending interest rates, and credit quotas to productive sectors and social housing. This policy stance boosted consumption, offsetting the drop in exports. Yet, the fiscal deficit increased public debt and eroded the fiscal savings accumulated during the boom. Addressing the fiscal imbalances became critical. In this context, the COVID-19 crisis hit and severely impacted the economy.

**3. During the final stretch of the CPF period, unanticipated challenges affected the political, social, and economic context in Bolivia. As a result, implementation of the WBG’s program was delayed, and new priorities arose.** Contested general elections in October 2019 led to social unrest, the resignation of the President on November 12, 2019, and the installation of a transition government. New elections took place, and a new administration took office on November 8, 2020. In this challenging political and social scenario, and at a time of decelerating growth and deteriorating fiscal accounts, the COVID-19 pandemic severely impacted the health system and the economy. Changes in authorities during this period, compounded by turnover of staff at project implementing units and strict mobility restrictions at the onset of the health emergency, virtually paralyzed the implementation of operations in 2020. Priorities shifted towards supporting the health response to the pandemic, and to enhancing the social protection network for the most vulnerable households.

**4. Poverty has declined since 2015, albeit at a slower rate than in previous years.** Considering the national poverty lines as benchmarks, poverty fell by only 0.9 percentage points per year in 2014-2018, below the 2.1 percentage points recorded annually over 2005-2014. Most progress occurred from 2017 onwards, after external conditions partially recovered. The slowdown in poverty reduction was linked to lower commodity prices that dampened domestic labor demand, leading to adjustments not in employment but in earnings and quality of jobs. Self-employed work rose from 37 percent of employment in 2013 to 43 percent in 2019, at the expense of salaried work in medium-sized and large firms. The COVID-

19 crisis hit Bolivia hard. By June 2020 (the end of the CPF period) the employment rate had sharply declined, and 70 percent of households reported in phone interviews that their income had fallen (World Bank High Frequency Phone Surveys). Nevertheless, over the period 2015-2020, inequality declined, as reflected by a positive shared prosperity premium (i.e., income growth for the bottom 40 percent of the population minus average income growth) during that time.

**5. In this context, the CPF supported Bolivia’s efforts to sustain gains in poverty reduction and shared prosperity.** The CPF was aligned with the priorities identified in the SCD and responded to the government’s demand for WBG engagement throughout the CPF period. It remained aligned to the principles of the government’s Patriotic Agenda for 2025 and its five-year Economic and Social Development Plan (PDES) 2016-2020. The engagement proved flexible to meet new demands as they arose, mainly as a result of the health emergency and its economic impact on vulnerable households. Comprehensive WBG support through financing, as well as advisory services and analytics, brought value added and best practices in areas such as DRM, climate change mitigation and adaptation, rural development, and statistical capacity.

**6. Overall CPF performance is rated Moderately Satisfactory.** The CLR rating for the FY16–20 CPF reflects the assessment of the Objectives and their expected outcomes as revised under the PLR results framework. Two Objectives were achieved, two were mostly achieved, and one was partially achieved (see Table 1 below). Out of 12 outcome indicators, seven were achieved, one was mostly achieved, one was partially achieved, two were not achieved, and the achievement of one could not be verified by the end of the CPF period. Outcome indicators under Objectives 1 and 5 did not fully capture all dimensions of the stated Objective.

**Table 1: Summary of Ratings for CPF Objectives**

Pillars and Objectives	Rating	Outcome Indicators Ratings
<b>Pillar 1: Promote Broad-Based and Inclusive Growth</b>		
Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas	Mostly Achieved	OI.1. Partially Achieved OI.2. Achieved
Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Communities	Achieved	OI.3. Achieved OI.4. Achieved
Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification	Partially Achieved	OI.5. Achieved OI.6. Not achieved OI.7. Not achieved OI.8. Achieved OI.9. Not verified
Objective 4: Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation	Achieved	OI.10. Achieved
<b>Pillar 2: Support Environmental Sustainability and Resilience to Climate Change</b>		
Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters	Mostly Achieved	OI.11. Achieved OI.12. Mostly Achieved

## II. PROGRESS TOWARDS THE PLR DEVELOPMENT OUTCOMES

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

#### **Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas**

**7. Outcome Indicator 1, on improved roads conditions, was partially achieved.** The transport program grew significantly during the CPF period having increased its scope with the approval of the Road Sector Capacity Development Project (RSCDP) (P144597) in early FY16, and the Santa Cruz Road Corridor Connector Project (SCRCCP) (P152281) in FY17. The two operations added a combined US\$455 million to the active portfolio, which together with the ongoing National Roads and Airport Infrastructure Project (NRAIP) (P122007) represented on average around half of the lending program over the CPF period. By October 2020, 243 out of the 418 km of the RSCDP's Santa Cruz – Trinidad Road had been rehabilitated. The SCRCCP faced several delays, accumulated physical progress of works on the 208 km of the San Ignacio – San José Road reached just 4.5 percent in 2020 (versus an expected 13.5 percent), and the project was under problem status. The expected reduction in the average International Roughness Index (IRI)—which measures improvements in road conditions—of the two supported corridors was only partially achieved, reaching a value of 2.9 (exceeding the target value of 3) for the Santa Cruz – Trinidad Road. The IRI was not measured for the San Ignacio – San José Road.

**8. Outcome Indicator 2, on increased number of households with improved access to markets and services, was achieved. Implementation of the rural development program was satisfactory.** Improved access to markets is the result of productive partnership subprojects supported by the Rural Alliances Project II (PAR II) (P127743), while improved access to services refers to households that participated in community subprojects supported by the Community Investments in Rural Areas Project (PICAR) (P107137). The PAR II promoted productive alliances between small rural producer organizations and purchasers; increased access to productive assets, technological and financial services; and implemented several municipal infrastructure sub-projects. The PICAR provided grants to finance communities' priority needs as identified through a participatory process, including in water and sanitation, energy, local roads and productive infrastructure (e.g., irrigation). As of January 2020, the PAR II had reached 21,843 beneficiary families, while the PICAR closed in December 2020 having reached 46,585 households. In total, 68,428 households benefited from PAR II and PICAR, exceeding the target value of 50,000 households expected under outcome indicator 2.

**9. Additional evidence confirms achievements on the increasing connectivity of vulnerable communities' dimension of Objective 1.** The PICAR aimed to improve access to sustainable basic infrastructure and services for the most disadvantaged rural communities in some of the poorest municipalities of Bolivia. A unique aspect of the PICAR is that it targeted some of the poorest and most vulnerable rural communities not reached by other projects, including indigenous populations and those in low-income geographical areas. Through transfers and technical assistance for community-level infrastructure subprojects, a total of 29,866 beneficiary families in 129 communities improved their connectivity through tertiary (rural) roads. This enabled three additional months of road access per year during the rainy season, when travel to and from these communities was most difficult. Out of 129 subprojects under this typology, 70 percent focused on road improvements; 18 percent on vehicular bridges; 7.5 percent on pedestrian bridges; 4 percent on road bumps; and 3 percent on retaining walls. In total, 608 km of rural roads were improved under the PICAR, increasing the connectivity of the most vulnerable communities.

## Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Communities

**10. The Bank had an important program under implementation to support access to key basic services in both rural and urban areas.** In rural areas, the PICAR provided access to basic services to the most vulnerable communities; in urban areas, the program encompassed the Urban Infrastructure Project (P083979) and a package of Advisory Services and Analytics (ASA).

**11. Outcome Indicator 3, about population in the municipalities at the bottom of the distribution<sup>24</sup> that benefited from increased access to basic infrastructure and services, was exceeded.** The PICAR provided 129 rural communities with three additional months of access to tertiary roads per year; 488 rural communities with new or improved irrigation facilities across 2,611 hectares; and 155 sanitation subprojects that supplied 3,375 liters of additional potable water per day per community on average. The percentage of the population in the bottom quartile of municipalities (according to the government's official poverty classification) benefiting from expanded access to basic services reached 24.4 percent, surpassing the 22 percent target value for Outcome Indicator 3.

**12. Access to services in urban areas also improved.** This supplemental evidence was not accounted for under Outcome Indicator 3. The Urban Infrastructure Project (P083979) contributed to significant service improvement in poor communities in the three major urban centers. Specifically, (1) in La Paz: 28,804 residents were connected to sanitation services; 110,409 residents gained access to all-season roads; and 5,131 families benefited from recreational and community spaces/houses; (2) in El Alto: the average time to travel to La Paz was reduced from 60 to 43 minutes through, inter alia, the construction of 18,900 meters of sidewalk borders and 13.4 km of paved roads, directly benefitting 197,073 people (of which 52 percent were female); and (3) in Santa Cruz: access to sewage services was established for about 34,500 inhabitants, with an increase in capacity of wastewater treatment of 86,763 m<sup>3</sup>/day.

**13. The ASA program in urban development contributed to the preparation of a national plan for the development of cities, and Outcome Indicator 4 was achieved.** A programmatic ASA in urban development was implemented from 2016 to 2019. The program reached its objective of advising the government on feasible institutional arrangements for a national urban development program, and engaging in policy dialogue on urban development challenges with selected municipal governments. Under this umbrella, the diagnostics and action plans for the cities of La Paz, Sucre and Cobija were prepared (P151912, Bolivia Urban Development TA). The follow-on Bolivia Intermediate Cities (P161935) was highly satisfactory in its undertaking of a deeper pilot study in the city of Trinidad and the Macroregion of Plains and Savannas, which contributed policy recommendations for the sustainable development of intermediate cities<sup>25</sup> in the country. The TA also presented priority areas for the development of intermediate cities, which included, among others: strengthening the integrated territorial planning system; investments to improve coverage and quality of basic services and infrastructure, to support local economies and improve living conditions; strengthening of municipal management; and diversification of financing mechanisms for autonomous municipal governments. The *Política Nacional de Desarrollo Integral de Ciudades* (PNDIC), prepared by the Viceministry of Housing and Urban Development, takes into account several elements presented in the Bank-financed TA. The government's Economic and Social

---

<sup>24</sup> The distribution in question is constructed from a composite ranking of unmet basic needs and gross production value, and is used by the government to target interventions addressing poverty in rural areas.

<sup>25</sup> Intermediate cities in Bolivia are those with a population between 50,000 and 500,000 inhabitants and economies typically specialized in tertiary services or industry.

Development Plan (PDES) 2021–2025, approved by Law No.1407 in November 2021, refers to results of the PNDIC under Goal 7.1.

**14. In addition, the ASA program in water and sanitation, financed by significant multi-donor trust funds, identified solutions for the sustainable provision of this service. These accomplishments provide further evidence to support the achievement of Objective 2.** The Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (P161979), developed as a programmatic ASA between 2017 and 2019, satisfactorily achieved its objective of developing solutions for the provision of sustainable water and sanitation services to poor communities in the country. Through the mobilization of significant multi-donor trust fund resources, the program assisted in the development of the National Strategy for Rural Water Supply and Sanitation and the National Strategy for Wastewater Treatment and Reuse, which were an integral part of the Bolivian water supply and sanitation sector Five-Year Strategic Plan 2016–2020. The first evidence-based strategic report (Baseline Study Report on Target Communities of the Rural Water Access Project, presented by the Ministry of Environment and Water in November 2018) informed the preparation of the National Strategy for Rural Water Supply and Sanitation. The second evidence-based strategic report (Design of the Pilot Initiative of Fecal Sludge Management (FSM) in Peri-urban Areas of Santa Cruz city) and the third strategic report (Evidence-based Strategic Report on the FSM Initiative) further advanced Bolivia’s urban sanitation agenda.

**15. Indicators in the PLR results framework provided a limited view of the contribution of the program to the achievement of Objective 2.** While ASA do not contribute directly to increasing access to services, the substantive package of technical assistance in urban development and water and sanitation indirectly supported their provision by developing solutions and implementation arrangements. Investments in access to key basic services for vulnerable communities in rural areas through the PICAR, and in urban areas through the Urban Infrastructure Project (which were not accounted for in the results framework), greatly contributed to the achievement of Objective 2. By not considering the full impact of the technical assistance program in water and sanitation and the financing for urban development, indicators in the CPF results framework fell short in measuring their contribution in these areas.

### **Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification<sup>26</sup>**

**16. Results for this Objective were mixed. Rural alliances remain a valuable mechanism to facilitate access to markets for rural producers and have achieved their expected outcomes (Outcome Indicator 5). However, due to implementation delays and the emergence of political and health crises, Outcome Indicator 6 on sustainable intensification was not achieved.** The PLR’s Outcome Indicator 5 envisaged increasing the average volume of sales of products from rural alliances by 35 percent. By the end of the CPF period, 603 subprojects had been completed under the PAR II and seven under its Additional Financing (AF), yielding a 37 percent increase in product volume marketed and exceeding the target value of 35 percent. The PAR II promotes: strategic productive alliances between economic agents at the local level; empowering rural producers through the development of self-managed grass-root organizations; and increasing their access to productive assets and technology through grant financing covering 70 percent of their investment needs. Both agricultural and livestock production increased, with 61 percent

---

<sup>26</sup> This Objective has several dimensions as well as indicators to measure them. On opportunities for income generation, indicator 5 on youth placed in a job earning at least the minimum salary represents a measure of achievement. Regarding market access, indicators 1, 3 and 4 were aimed at measuring achievements in this dimension. Indicator 2 is a measure of the sustainable intensification dimension.

of alliances investing in agriculture (potatoes, peaches and honey, among the main crops) and 31 percent in livestock (beef and milk). The implementation of rural alliances under the Additional Financing (AF) suffered delays due to an initial lag in the effectiveness of the operation and the subsequent political and health crises. As a result, no data was available at the end of the CPF period (reporting on this indicator started at the end of 2021) to assess Outcome Indicator 6—on beneficiaries applying improved agricultural technologies and practices—related to sustainable intensification<sup>27</sup>, thus, Outcome Indicator 6 was not achieved.

**17. IFC interventions to expand access to financial markets and related services for MSMEs proved more challenging than expected, yielding limited results over the CPF period. Outcome Indicator 7 was not achieved.** The IFC’s pipeline of activities proved unfeasible under difficult market conditions, and the two projects implemented over the CPF period fell short of their expected results. IFC investments in financial institutions were limited due to regulatory constraints, abundant local liquidity, and the absence of a business-enabling environment. The Bolivian financial system is mostly funded in local currency at very low rates. The 2013 Financial Services Law introduced uncertainty into the commercial banking landscape; mandatory loan allocation targets, lending rate ceilings, and savings rate floors constrained financial-intermediary lending to micro- and small entrepreneurs. In addition, the pandemic, political volatility, and low growth of systemwide loans limited the appetite for further financing from International Financial Institutions (IFIs). These factors explain why the target for lending to MSMEs was not achieved. Nevertheless, the IFC developed a strong relationship with *Banco Ganadero*. In 2016, the IFC committed a US\$15 million loan to *Banco Ganadero* for the purpose of providing financing to SMEs; and in 2018, it helped syndicate a US\$15 million loan which enabled this financial intermediary to diversify its lending base, this was IFC’s second facility to a Bolivian financial institution in over a decade. By accessing the syndication market, *Banco Ganadero* opened the market to new international investors, and had access to new treasury opportunities. Coupled with advisory services, the bank’s financial and risk management capacity was also strengthened to ensure a more sustained provision of finance to SMEs.

**18. Results in trade finance were more positive, and Outcome Indicator 8 was achieved.** The Global Trade Finance Program (GTFP) obtained satisfactory results. PLR Outcome Indicator 8 envisaged US\$55 million in volume of trade supported by IFC trade finance. GTFP commitments attained US\$58.6 million in the FY16-FY20 period through six GTFP lines, of which US\$14.5 million correspond to a new line committed in 2016. In addition, US\$1.72 million in GTFP commitments were attained during FY21 up until December 2021. The target for volume of trade supported by the program was achieved, despite aggressive competition from commercial banks, low cost of funding in local currency, ample local liquidity, and regulatory requirements that reduce the liquidity of participating banks (e.g., payments to the Central Bank for foreign exchange).

**19. Improvements in labor income generation were not verified by the end of the CPF period, due to delays in the program’s impact evaluation.** The Improving Employability and Labor Income of Youth Project (PMEIL) (P143995) supported the expansion of the skills development program to nine capital and intermediate cities. By the end of the CPF period in June 2020, the project had reached 3,749 youth that were inserted in private sector firms with an 11-month salary and with companies ensuring on-the-job-training. All vacancies under the program were filled. The political developments, and later the pandemic

---

<sup>27</sup> Sustainable intensification is related to increments in agricultural production as a result of improvements in productivity, rather than, for instance, of expansion of the agricultural frontier, which would adversely impact efforts to tackle climate change. Indicator 2 of Objective 3 on productive alliances that apply improved technologies and practices tried to measure sustainable intensification—albeit not at a high level given the difficulty of measuring improvements in productivity within the CPF period, as recognized in the PLR.

and ensuing mobility restrictions, slowed down the implementation of the project and the start of the program's Impact Evaluation (IE). As a result, no verified evidence was available to measure Outcome Indicator 9, about the placement rate of beneficiaries of youth employment programs in a job with at least the minimum salary one year after completing the training. The IE, which measured the outcomes on the cohort of beneficiaries that entered the program between 2017 and March 2019, released its results in 2021. Although this release was past the deadline for reporting outcomes under the CPF period, the IE revealed a 60 percent increase in the placement rate of youth benefiting from the PMEIL one year after having completed it, surpassing the target value of 50 percent.

#### **Objective 4: Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation**

**20. The Bank was a key partner in Bolivia's efforts to develop core statistical operations and improve the capacity of the National Statistics Institute (INE).** The Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (STATCAP) (P147051) aimed to strengthen the statistical capacity and improve the informational base in order to provide quality information—as defined by its reliability, timeliness, accuracy, and representativeness—with the level of disaggregation necessary to support the planning, design, monitoring, and evaluation of public programs and policies. The project had a substantial impact on the generation of economic and social statistical data by the INE. The operation's achievements in terms of improving the information base to provide quality economic and social data include: the update of cartographic information; the production of economic statistics including the National Agricultural Census and National Agricultural Survey; the update of the Consumer Price Index; three economic surveys (on manufacturing, trade and services; small-scale mining and mining cooperatives; and micro and small economic units); and social statistics, including the Demographic and Health Survey and the Household Budget Survey. As a result of interventions under the STATCAP, Bolivia's Statistical Capacity Index (SCI) has become more robust. The development outcome of the STATCAP was rated as Satisfactory by IEG (ICRR0022124).

**21. The STATCAP substantially enhanced the dissemination, accessibility, and documentation of statistical information, and supported public policy planning and evaluation. Outcome Indicator 10 was achieved.** Cartographic and statistical information was disseminated widely within the government and among the public. A new geographical information platform (*Sistema de Información Geográfica Estadística para el Desarrollo, SIGED*) was developed and is operational, providing online access to geo-referenced information to all levels of government and the public. This improved information base has been critical to supporting evidence-based planning, design, implementation, and Monitoring and Evaluation (M&E) of public policies and programs, as well as effective decisions on resource allocation and overall transparency of the government. The application of the improved information base in policy-making has been significant: for instance, the Household Budget Survey 2015–2016 supported the construction of income-based poverty and extreme poverty lines, which had not been updated in 25 years. The fact that each of the country's nine departments now has its specific poverty line (compared to four previously) allows to fine-tune poverty estimates and better target programs to fight poverty. The information was also utilized for updating the Consumer Price Index 2016 and subsequent series. Updated statistical information helped produce 317 out of 974 indicators of the government's National Economic and Social Development Plan (PDES) 2016–2020. As a result, PLR Outcome Indicator 10 was achieved, as was Objective 4. No further operations were supported under this Objective.



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

### **Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters**

**22. The government’s capacity to comprehensively manage disaster and climate risks was strengthened, and Outcome Indicator 11 was achieved; while disaster and climate risks considerations have been largely included in public investment formulation, so that Outcome Indicator 12 was mostly achieved.** With about 75 percent of Bolivia’s population exposed to potential flooding, forest fire and/or drought, developing a stronger disaster risk management framework was a critical priority. The Disaster Risk Management (DRM) Development Policy Credit and Loan (P150751) supported key policy reforms, including the approval of a new DRM law, along with the development of the National DRM Program, and new policies to strengthen the integration of DRM and climate change adaptation (CCA) into development and territorial planning at all levels of government. A Plurinational Policy on Climate Change was approved by Ministerial Resolution in March 2016, fulfilling Outcome Indicator 11. The Plan enhanced the government’s capacity to manage climate change and reduce vulnerability to natural disasters by articulating policies, financing, and coordination mechanisms at the national and subnational levels for CCA activities. DRM aspects were then further integrated in the broad development agenda, e.g., in the PDES 2016-2020 approved by Law No.786, and the Integrated Planning System Law. Nine departmental development plans were updated to incorporate DRM and climate change considerations, and the public investment system was revised. Regulations now require that all public investment projects start with a first-screening technical report (*Informe Tecnico de Condiciones Previas*) that includes a disaster risk analysis. Also, bi-ministerial resolutions that incorporate regulations on DRM and CCA were approved in 2017 for sectors including water and sanitation, irrigation, and solid waste. These regulations enabled the allocation of resources for prevention and risk reduction activities based on the level of risk identified. Thus, Outcome Indicator 12 was mostly achieved.

**23. Capacity to manage climate change and reduce vulnerability to natural disasters was further strengthened through the implementation of complementary strategic trust funds.** The Bolivia Climate Resilience - Integrated Basin Management Project (P129640), funded by the Strategic Climate Investment Fund (SCIF) and fully implemented in 2015–2020, strengthened institutional capacity to define a new integrated river-basin management approach to CCA, and supported its implementation in three pilot sub-basins. The project supported the establishment of the National Climate and Water Information System (SNICA), which ensures the availability of timely and reliable hydrometeorological data and forecasts. It also helped integrate CCA into planning and investment tools. After severe droughts hit the country in late 2016, the operation was quickly adapted to support the development of a National Drought Monitor. The integrated river-basin planning methodology supported by the operation was piloted in three sub-basins (Mizque, Rocha, and Arque-Tapacari) of the Rio Grande River basin. It included the implementation of climate-resilient infrastructure and basin management subprojects designed to enhance CCA. The project contributed to Bolivia’s first Nationally Determined Contribution (NDC) under the Paris Climate Agreement by increasing irrigated areas by 3,185 hectares, while a further 2,238 hectares were protected from erosion. These accomplishments, not considered in the PLR results framework, are presented as supplementary evidence supporting the achievement of Objective 5.

### III. WORLD BANK GROUP PERFORMANCE

**24. Overall WBG performance is rated Good.** Objectives were relevant to the development challenges of the country. Given the difficult implementation context and institutional constraints, several measures were introduced to enhance implementation support and ensure the achievement of development objectives. The PLR introduced mid-course corrections to reflect changes in government priorities as well as the lack of dialogue and program development in areas such as public resource management, and introduced realistic revisions to the results framework. Although the program remained selective, flexibility allowed the Bank to provide a rapid and effective response to unforeseen shocks. The response to the pandemic on the health and social protection fronts was outstanding. The CPF and its revisions during the PLR continued applying the three selectivity filters that framed the CPF: consistency with the SCD, alignment with the government's demand for WBG engagement, and comparative advantage of the WBG.

#### Design and Relevance

**25. The CPF's Objectives were relevant to the country's development agenda and largely aligned with the priorities identified in the SCD.** The CPF provided an adequate framework for collaboration in areas that are key for reducing poverty and boosting shared prosperity, including agriculture and rural development, urban development, DRM and climate change, social protection, health, and transport. The design of the program reflected the country's circumstances, was aligned with the political cycle, and enabled the Bank to respond to shifting conditions and demands. The PLR effectively introduced mid-course corrections to the original CPF program, by reviewing Objectives that had been introduced based on early dialogue with the government but then failed to move forward (e.g., in public resource management).

**26. Selection of instruments and WBG synergies.** The CPF envisaged a mix of instruments, with Investment Project Financing (IPF) as the main form of lending. Policy dialogue was expected to expand in response to financing demands from the government underpinned by an unfolding policy agenda in relation to climate change, the investment environment, and public resource management. At the PLR stage, the deterioration of the macroeconomic framework and the limited policy dialogue were taken into consideration. The selection of instruments, with the prominent use of IPF, was deemed appropriate for the achievement of program objectives. Five new IPFs and one Additional Financing worth US\$1.18 billion entered the portfolio during the CPF period, contributing to results under Objectives 1,2,3, and 5. A comprehensive ASA program underpinned dialogue in areas where the Bank had had no engagement for several years (e.g., water and sanitation), informed project preparation, and supported implementation in areas such as agriculture, climate change, urban development, and transport. Trust funds were strategically used to pilot interventions related to climate change. Flagship analytical work during the CPF period included a comprehensive report on climate change and a Country Private Sector Diagnostic (CPSD), a WBG product. The IFC's engagement was constrained by Bolivia's state-driven development model, which left limited space to support a broad private-sector development agenda, the IFC engagement reflected these circumstances.

**27. Consideration of other development partners.** The CPF stated that WBG interventions would account for the role of other development actors in Bolivia, to avoid duplication. Program design carefully considered areas where the Bank had a comparative advantage vis-à-vis other donors (e.g., agriculture and rural development, urban development) and where it could add value (e.g., climate change).

Opportunities for joint collaboration were identified to the extent possible, and trust fund resources were channeled to enhance technical assistance in urban development and water and sanitation.

**28. Identification of risks and mitigation measures.** Risks were appropriately identified in the CPF. The PLR confirmed the adequacy of the substantial risk assessment in four areas: (i) political and governance, (ii) sector strategies and policies, (iii) institutional capacity for implementation and sustainability, and (iv) fiduciary; and raised the assessment of macroeconomic risk to substantial, based on mounting macroeconomic imbalances. Existing mitigation measures were confirmed in most cases and reinforced in some areas—for instance, implementation capacity in procurement in the challenging transport sector was enhanced through Hands-on Expanded Implementation Support (HEIS), while the government’s application of a requirement for counterpart financing remained flexible, to reduce pressure on the fiscal accounts of subnational governments. The political crisis in late 2019 as a result of contested general elections, and the pandemic-induced health crisis in 2020 were unforeseen events that had a significant impact on the program. Staff turnover at implementing entities was mitigated via close implementation support and training, mainly on fiduciary, and environmental and social safeguards.

**29. Lessons learned from previous CPF and PLR.** The program incorporated key lessons from the previous CPF and emerging lessons from the PLR. Strong implementation support was of paramount importance. During the CPF period, local co-TTLs or at least focal points were available for projects in transport, social protection, health, urban development, and energy. The country office was fully staffed with specialists in financial management, procurement, social development, and environment that provided day-to-day support to counterparts, mitigating the disruption to implementation from high staff turnover on the client’s side. Measures to improve institutional capacity to key implementing agencies proved more difficult to implement during the CPF period, due to some degree of resistance to capacity development activities. For instance, activities under the institutional strengthening component of the Road Sector Capacity Development Project stagnated or made limited progress during the CPF period. A key lesson identified and successfully applied in program design and project preparation was the need to deeply involve subnational governments, and to calibrate interventions according to the financial and technical capacities of local counterparts. The Urban Resilience Project was designed and approved under this logic, with the largest municipalities in the country (Santa Cruz and La Paz) assuming full responsibility for the investments identified, their execution and results, and debt repayment. This approach proved more difficult for the pipeline in water and sanitation, which involved several subnational governments and where preparation took place at the central government level, with limited dialogue with local authorities; as a result, the Water and Sanitation in Peri-Urban Areas project was eventually dropped. The Additional Financing for the Rural Alliances Project II left the requirement of the percentage of local counterpart financing to the operational manual instead of including it in the legal agreement, so that it could be adjusted to economic conditions without triggering a project restructuring. ASA engagements were also instrumental during the CPF period, but their findings were typically only shared with relevant counterparts and/or select audiences. Finally, further efforts are necessary to expand capacity for the formulation of results frameworks and the development of M&E mechanisms. For instance, projects on transport and employment faced challenges in collecting and reporting information on key indicators.

## Program Implementation

**30. The Bank quickly adapted to prevailing conditions, and provided timely support to tackle the health emergency and mitigate its impact on the most vulnerable.** The existing Health Services Delivery Network Project (P164453) was restructured twice, in March and April 2020, to reallocate resources (US\$170 million in total) and create an emergency response component to support the government’s

efforts to diagnose, treat, and contain the COVID-19 pandemic. Moreover, the COVID-19 Crisis Emergency Social Safety Nets Project (P173984), worth US\$254.3 million and approved in May 2020, was prepared in a record six weeks to help provide temporary economic support to poor and vulnerable households affected by the pandemic. Together, these two commitments added up to US\$424 million, equivalent to 31 percent of the active portfolio in FY20. By the end of FY21 the social safety nets project had been fully disbursed, while the emergency component of the health operation had disbursed 71 percent of its allocated resources.

**31. The flexibility introduced in the Bank’s program to respond to the pandemic enabled the achievement of satisfactory results. However, these were not formally considered for the assessment of the CPF.** The social protection operation, focused on temporary economic support to poor and vulnerable households impacted by the pandemic,<sup>28</sup> benefited about 3.5 million people who were not covered by existing social assistance programs. The social protection system was strengthened by creating the conditions for an adaptive system, which was expanded vertically and horizontally. Bank performance was rated highly satisfactory.<sup>29</sup> The Project Development Objective (PDO) of the health operation was adapted to incorporate the response to COVID-19. Despite implementation challenges, WBG support was critical for mustering inputs, equipment, and human resources to face the health emergency.<sup>30</sup> The project constituted the most important source of funding for specialized medical personnel (numbering about 27,000) responsible for the treatment of COVID-19 patients. This collaboration, not envisaged in the CPF or the PLR, proved the capacity of the WBG’s program to be flexible and effective in the face of external shocks.

**32. During the CPF period, the Bank provided strong implementation support to advance the program despite structural challenges. This allowed the achievement of important results on the ground.** Institutional capacity remained limited in most sectors, staff turnover at project-implementing units (PIU) was high, bureaucracy was cumbersome, and the decision-making process was slow. During the CPF period the Bank ensured the provision of strong implementation support by closely monitoring project execution, providing daily hands-on support through fiduciary and safeguard staff in the country, and a combination of technical specialists and team leaders based both at headquarters and in the country office.

**33. Portfolio performance.** During the CPF period the number of projects remained steady at around 10, but the average project value rose from US\$88 million to US\$140 million. Six IPFs were closed during this period, while five IPFs and one Additional Financing were approved. Portfolio performance indicators remained virtually unchanged during the CPF period. Problem projects (3 out of 11) represented 27 percent of the portfolio in FY16 and were worth US\$183 million, equivalent to 24.3 percent of commitments. By the end of the CPF period, 3 out of 10 projects were at risk (30 percent), for a combined value of US\$354 million—equivalent to 23.6 percent of total commitments. Two long-lasting problem projects (National Roads and Airport Infrastructure and Improving Employability) remained at risk during this period, even after proactive actions were taken. The disbursement ratio was low during the FY17-20 period, also reflecting the entry of large new operations in the portfolio that suffered from effectiveness and implementation delays.

---

<sup>28</sup> Ex-post economic analysis showed that the cash transfer supported by the project covered 75.2 percent of the population, 79 percent of the poor, and more than 75 percent of the first four quintiles of the income distribution.

<sup>29</sup> ICR Report No: ICR00005742.

<sup>30</sup> A total of 355,349 COVID-19 patients were treated in accordance with approved protocols in the 110 facilities equipped to respond to the COVID-19 outbreak.

**34. Quality of supervision.** The CPF adequately assessed the risk to program implementation. Challenges in project execution were further exacerbated during the CPF period, and limited institutional capacity was a major constraint. In this context, the Bank enhanced implementation support through the close supervision and accompaniment of projects, particularly in high-risk sectors. In transport, where the Bank had a large portfolio in problem status, implementation support missions were held more regularly, and bi-monthly follow-up meetings were established. Proactive actions were identified as challenges emerged, but several factors adversely affected their timely adoption (e.g., slow decision-making processes, government bureaucracy, and changes in authorities and PIU staff). Bi-annual country portfolio performance reviews were carried out to identify structural and cross-cutting bottlenecks. The quality of supervision was good; out of the six projects that exited the portfolio, the Independent Evaluation Group (IEG) rated the quality of supervision as satisfactory for one of them, and moderately satisfactory for the remaining five. There was no disconnect in the assessment of outcome ratings between projects' Implementation and Completion Reviews (ICR) self-assessments and IEG assessments. The outcome rating was satisfactory for one operation, moderately satisfactory for four, and moderately unsatisfactory for one operation.

**35. Collaboration with IFC and MIGA.** The room for dialogue and for substantive programs to support private sector development was limited. Nevertheless, when opportunities arose, the Bank and the IFC collaborated effectively. This was particularly the case in the ASA program. For instance, the CPSD was developed by a joint Bank and IFC team; sector assessments were conducted with specialists from both institutions, and the identification of issues and validation of findings included private and public sector representatives. Moreover, the sequencing of the CPSD and SCD allowed for results from the former, regarding challenges to private sector development, to inform the latter.

**36. MIGA's engagement in the country during the CPF period consisted of one project in the financial sector.** A MIGA guarantee of \$10.8 million was issued in 2011 to a German financial institution with a subsidiary in Bolivia with the aim of reducing the regulatory risk weighting of some of its assets in the country, thereby freeing up capital to support financing Bolivian MSMEs. In FY15, the guaranteed amount was increased to US\$17.6 million. In late 2016, the MIGA guarantee was cancelled due to commercial business reasons by the guarantee holder. Throughout the CPF period, MIGA, the Bank and IFC maintained an ongoing dialogue seeking opportunities to support cross-border investments into Bolivia. However, demand for MIGA's products remained limited during the period.

**37. Advisory Services and Analytics (ASA).** An extensive program of ASA was developed during the CPF. Studies and technical assistance were critical to support the achievement of the CPF's development outcomes, inform project preparation and implementation, and fill knowledge gaps. Programmatic ASAs were developed in poverty, urban development, and water and sanitation. In poverty, a series of studies provided useful insights on poverty determinants and trends and deepened the knowledge in areas of interest to the government, including labor market determinants and dynamics. A series of urban development analyses supported the design of the ongoing Urban Resilience Project, and contributed to the design of the government's policy for cities. Technical assistance in water and sanitation helped start a dialogue in a sector where the Bank had not been involved for several years, and underpinned the preparation of a broad pipeline. Although the lending program in this area failed to materialize during the CPF period, TA inputs fed into national strategies in the sector and prepared the ground for a future lending program. Knowledge was relevant to the CPF Objectives and its quality was satisfactory, but wide dissemination was limited, as ASAs mainly focused on supporting strategic dialogue with key counterparts. A flagship report on climate change, focused on key sectors including transport, energy, agriculture, and water and sanitation, covered an important knowledge gap identified in the SCD.

**38. Risk management and program responsiveness.** Risks were adequately assessed both at project and program level. Mitigation measures were identified and implemented accordingly, and enhanced where appropriate. Although proactive measures to tackle problem projects were not taken timely due to restrictions on the side of the government counterparts, closer implementation support and follow-up allowed project execution to continue (albeit with delays), and results remained achievable. Considering delays in program execution, changing country circumstances, and the evolution of the dialogue with the government in certain areas, the PLR introduced changes to CPF Objectives and the results framework. The flexibility introduced into the program enabled the Bank to promptly respond to changing circumstances and new pressing demands. For instance, the Integrated Basin Management Project was restructured to respond to the deteriorating macroeconomic context, which affected the availability of counterpart funding, and to the water crisis in late 2016. Government financing requirements were relaxed, and the program expanded its support to strengthen systems that generate timely and reliable hydrometeorological data and forecasts. The ongoing Health Services Delivery Network Project was restructured twice, in March and April 2020, to reallocate resources and create an emergency component to support the government’s response to the COVID-19 pandemic. Additionally, the COVID-19 Crisis Emergency Social Safety Nets Project approved in May 2020 was prepared in a record six-week time. Its achievements were detailed above.

**39. Safeguard and fiduciary aspects.** Overall, safeguard and fiduciary risks were substantial. Environmental and social safeguards were monitored carefully, particularly in areas where sensitive issues emerged. The National Roads and Airport Infrastructure Project had to contend with the withdrawal of the civil works contractor for the road component, which left environmental liabilities and deteriorated segments of road without proper signaling. The project provided resources for maintenance to ensure the safety of travelers and communities along the road, while a new bidding process was underway. The new contractor addressed environmental liabilities and the implementation of Indigenous People Plans, albeit with delays. Implementation support included the assessment of the implementation of safeguard instruments, and actions to ensure compliance. In some cases, consideration was given to further assess and mitigate potential critical risks, such as the possibility of gender-based violence (e.g., among the Ayoreo indigenous community under the Santa Cruz Road Corridor Connector Project, for which additional activities were supported by a human rights trust fund). Sensitive and risky aspects were immediately addressed through management letters. In terms of financial management and procurement, country systems remained with limitations and the need to enhance the fiduciary functions through additional measures continued over the CPF period—e.g., with the use of HEIS in transport. Effective assessment of risks and close supervision helped mitigate the impact of PIU staff turnover.

#### **IV. ALIGNMENT WITH CORPORATE GOALS**

**40. The CPF, with its focus on promoting broad-based and inclusive growth and supporting environmental sustainability and resilience to climate change, fostered the twin goals of reducing poverty and promoting shared prosperity in a sustainable manner.** All CPF objectives addressed the needs of vulnerable populations or the management of climate risks. Projects under Objectives 1 and 2 financed basic physical infrastructure and key social services for vulnerable populations; those under Objective 3 provided opportunities for income generation to medium- and small-scale producers in urban and rural areas; and measures under Objective 5 strengthened capacity to manage climate change and reduce vulnerability to natural disasters. The STATCAP under Objective 4 (Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation), albeit not directly focused on the poor, enabled the government to improve the measurement of poverty lines as well as

the targeting of social assistance and other relevant programs. On gender, an analysis of the portfolio was conducted to identify opportunities to further strengthen the gender focus in investment projects. The PICAR developed a participatory gender strategy and action plan, and ensured women’s participation in sub-project prioritization by having women-only consultations—which effectively channeled their priorities in sub-project decision making. The Improving Employability and Labor Income of Youth Project was restructured twice to ensure the achievement of its gender targets.<sup>31</sup>

## V. LESSONS LEARNED

**41. Close project follow-up allows for timely interventions to buttress project implementation when institutional capacity proves limited.** Strong local WB capacity enabled day-to-day collaboration with counterparts and hands-on implementation support, particularly in fiduciary areas. Continuous training and capacity-building efforts proved useful in mitigating high staff turnover at project-implementing units across the portfolio. Increased efforts and accompaniment ensured timely and expedited execution. The Hands-On Expanded Implementation Support (HEIS) in procurement, for instance, was successfully applied to two operations. The challenging conditions under which the previous CPF was implemented, particularly in sectors such as transport, environment, and social protection, showed the need for enhanced support.

**42. Early engagement of relevant stakeholders during project preparation enhances institutional coordination and contributes to program effectiveness.** Projects are usually prepared at the national level, with limited involvement of municipal governments. Given the deteriorating economic context of the past few years, the central government requested subnational governments to take responsibility for debt repayment when project interventions were under their jurisdiction in areas under the responsibility of sub-nationals. However, the limited engagement of local governments in project preparation weakened their willingness and capacity to assume responsibility for financing. As a result, a large pipeline of water and sanitation projects envisioned under the previous CPF was not realized. In contrast, an urban resilience operation moved forward, albeit with delays, thanks to timely and coordinated dialogue with both national and local actors. Ownership of the interventions at the local level was key.

**43. While a flexible approach can enable a quick response to changing circumstances and unexpected shocks, it should remain focused on the pursuit of the CPF Objectives.** The program in Bolivia faced various shocks during its implementation, including political turmoil and the COVID-19 pandemic. In both cases, the Bank showed flexibility. For instance, it responded to the COVID-19 outbreak through the restructuring of an ongoing health operation and the preparation and approval, in record time, of a social safety nets operation—efforts that are consistent with the twin goals. The shocks severely impacted the pace of progress of the CPF agenda. This required adapting the support for implementation to keep the program on course and enhance delivery of its objectives. Such efforts have been successful overall – although the pace of implementation has suffered, with some indicators achieved later than initially expected. In the case of some IFC operations, weak market conditions and the availability of alternative

---

<sup>31</sup> The original Project Appraisal Document (PAD) included support for the participation of women with children under six years of age, through stipends covering subsistence, transportation, and day-care costs. A restructuring in 2017 added day-care support for young mothers during the training phase, as well as support for pre-natal allowance during the on-the job training/job insertion phases. Another restructuring in 2019 introduced two additional changes: (a) the childcare benefit for project beneficiaries with children under the age of five was extended to women who participated in the internship program, in addition to those participating in on-the-job training; and (b) the gross wage subsidy for women in on-the-job training was increased by 5 percent, as an effort to mitigate discrimination against women by employers.

financing on preferential terms made it impossible to increase the number of SMEs supported (Objective 3, indicator 7), despite corrections at the PLR stage.

**44. A strong One WBG approach helps maintain a productive engagement in a challenging environment.** The IFC and MIGA operated in an environment that did not prioritize private sector development, and where companies were being offered financing in local currency at favorable terms. In these conditions and without a local presence, the IFC and MIGA leveraged close collaboration with the World Bank. A strong communication with the Bank enabled IFC and MIGA to keep abreast of the macro political context in the country, better understand changes in policy priorities as well as in the enabling environment and participate with the World Bank in the dialogue with the authorities. The One WBG approach will remain a priority to enable scaled-up engagement when more conducive conditions for investment are in place.

**45. Upfront attention to the quality of the results framework, at both program and project level, facilitates implementation, monitoring, and evaluation.** Institutional and implementation challenges have been the dominant themes in the Bank's dialogue with project counterparts and authorities, to the detriment of the much-needed discussion of development outcomes. In some cases, monitoring mechanisms proved insufficient and, in several cases, the collection of information about project results has not been as regular as expected. This resulted in a need to revise results frameworks in the late stages of project implementation, or in a lack of reporting of development outcome indicators until the very end of the implementation timeframe. Looking ahead, as implementation issues are likely to persist, it is necessary to pay greater attention upfront to the design of results frameworks, including monitoring mechanisms.



## Annex 2.1. Status of PLR Results Framework

Pillar 1: Promote Broad-Based and Inclusive Growth			
Objective 1: Improve Road Conditions and Increase Connectivity of Vulnerable Communities in Selected Areas <i>Mostly Achieved</i>			
PLR Indicators	Status as of end FY20	Supplementary Indicators	WBG Program
<p><b>Outcome Indicator 1:</b> Improved road condition as measured by the International Roughness Index (IRI) for target roads in the national network (Santa Cruz-Trinidad and San Ignacio-San Jose)</p> <p><u>Baseline:</u> 5 (2017) <u>Target:</u> 3 (June 2020)</p>	<p><b>Partially achieved</b> This indicator was measured for the Santa Cruz – Trinidad Road only, under the Road Sector Capacity Development Project (P144597). <u>Actual value:</u> 2.9 for this road (measure for 2020 Project ISR: MU).</p> <p>There were delays in upgrading the San Ignacio – San Jose Road supported by the Santa Cruz Road Corridor Connector Project (P152281) (December 2020 ISR: MU).</p> <p>No data available for the San Ignacio – San Jose Road.</p>	<p>Road access for <u>vulnerable and poor communities:</u> The PICAR (P107137) focused on the most vulnerable and poorest communities of the country (ICR, paras. 1-8, 31-37; and ICRR0022687). It provided transfers and technical assistance for productive and social infrastructure community-level subprojects. A total of 29,866 beneficiaries in 129 communities improved their access through tertiary (rural) roads, <u>gaining three additional months of road access per year during the rainy season, when travel to and from these communities was difficult</u> (see indicators on number of completed subprojects and on improved access to basic infrastructure and services). Out of the 129 subprojects under this typology, 70 percent focused on road improvements; 18 percent on vehicular bridges; 7.5 percent on pedestrian bridges; 4 percent on road bumps; and 3 percent on retaining walls. <u>In total, 608 km of rural roads were improved under the PICAR</u> (see additional</p>	<p>Closed during CPF period:</p> <ul style="list-style-type: none"> <li>▪ Community Investment in Rural Areas Project (PICAR) (P107137)</li> </ul> <p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> <li>▪ National Roads and Airport Infrastructure Project (P122007)</li> <li>▪ Rural Alliances II Project (P127743)</li> </ul> <p><u>Approved during CPF period:</u></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><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> <li>▪ Climate Change Flagship Report, policy options in transport</li> </ul>
<p><b>Outcome Indicator 2:</b> Increased number of households with improved access to markets and services (number of households)</p> <p><u>Baseline:</u> 13,416 (2015) <u>Target:</u> 50,000 (June 2020)</p>	<p><b>Achieved</b> “Improved access to markets” is the result of the productive partnership subprojects supported by PAR. “Improved access to services” refers to the households that participated in community subprojects supported by PICAR. As of January 2020 (see June 2020 ISR: S), the PAR II (P127743) had reached 21,843 beneficiary families. The PICAR (P107137) closed in December 2020, having reached 46,585 households (November 2020 ISR: S; IEG ICRR: S).</p>	<p>when travel to and from these communities was difficult (see indicators on number of completed subprojects and on improved access to basic infrastructure and services). Out of the 129 subprojects under this typology, 70 percent focused on road improvements; 18 percent on vehicular bridges; 7.5 percent on pedestrian bridges; 4 percent on road bumps; and 3 percent on retaining walls. <u>In total, 608 km of rural roads were improved under the PICAR</u> (see additional</p>	<p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> <li>▪ Climate Change Flagship Report, policy options in transport</li> </ul>

	<p>PICAR interventions in particular are focused on the poorest of the poor (communities classified as A and B per a composite government index that considers unsatisfied basic needs and gross production value). The PAR is a rural development project (rural areas have a greater incidence of poverty). In total, 68,428 households benefited from the two operations.</p> <p><u>Actual value:</u> 68,428 (Dec. 2020)</p>	<p>information on project results shared by PIU). Under the PAR II (P127743), 2,439 families benefited from subprojects to improve rural roads and bridges.</p>	
--	---	---	--

**Objective 2: Increase Access to Selected Quality Basic Services for the Poorest Communities**


**Achieved**

PLR Indicators	Status as of end FY20	Supplementary Indicators	WBG Program
<p><b>Outcome Indicator 3:</b> Percentage of the population in the bottom quartile of municipalities (according to the government’s official poverty classification) benefiting from expanded access to basic services</p> <p>Baseline: 8.9% (2015) Target: 22% (Jun.2020) Of which women: 45% of the total population benefited</p>	<p><b>Achieved</b></p> <p>The bottom quartile of municipalities refers to municipalities classified as A or B—as per the government’s composite ranking of unsatisfied basic needs and gross production value, which is used in all investment projects addressing rural poverty. Municipalities classified as A or B were eligible for financing under the PICAR (P107137). The denominator of the indicator is the total population of those areas, whereas the numerator is the population benefited by the communities’ subprojects. The PICAR was successfully executed and satisfactorily achieved its development outcome (ICR Report No: ICR00004749: S; IEG ICRR: S). The number of direct beneficiaries corresponds</p>	<p>The Urban Infrastructure Project (P083979, IEG ICRR0021219: MS) contributed to <u>significant service improvement in poor communities in the three major urban centers</u>: (1) in La Paz: 28,804 residents were connected to sanitation services; 110,409 residents gained access to all-season roads; and 5,131 families benefited from recreational and community spaces/houses; (2) in El Alto: the average time of travel to La Paz was reduced from 60 to 43 minutes through, inter alia, the construction of 18,900 meters of sidewalk borders and 13.4 km of paved roads, directly benefitting 197,073 people (of which 52 percent were female); and (3) in Santa Cruz:</p>	<p>Closed during CPF period:</p> <ul style="list-style-type: none"> <li>▪ Urban Infrastructure Project (P083979)</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>▪ Community Investment in Rural Areas Project (PICAR) (P107137)</li> <li>▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)</li> <li>▪ Access and Renewable Energy Project IDTR II (P127837) (early cancelation)</li> </ul>

	<p>to the total number of people (family members) who are direct beneficiaries of subprojects executed in the communities (including communal subprojects and subprojects of female beneficiaries). The project reached 362,619 direct beneficiaries through 2,197 subprojects in municipalities with a total of 1,485,607 inhabitants.</p> <p><u>Actual value:</u> 24.4% (Dec.2020)</p>	<p>access to sewage services was established for about 34,500 inhabitants, with an increase in capacity of wastewater treatment of 86,763 m3/day.</p> <p><u>Develop solutions to contribute to the provision of sustainable water and sanitation services to poor communities in the country.</u></p> <p>The Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (P161979) provided TA for the development of the National Strategy for Rural Water Supply and Sanitation and the National Strategy for Wastewater Treatment and Reuse, which were an integral part of the Bolivian water supply and sanitation sector Five-Year Strategic Plan 2016–2020. The first evidence-based strategic report (Baseline Study report on target communities of the Rural Water Access Project, presented by the Ministry of Environment and Water in November 2018) informed the preparation of the National Strategy for Rural Water Supply and Sanitation. The second evidence-based strategic report (Design of the Pilot Initiative of Fecal Sludge Management (FSM) in Peri-urban Areas of Santa Cruz city)</p>	<p><u>Approved during CPF period:</u></p> <ul style="list-style-type: none"> <li>▪ Health Service Delivery Network Project (P164453)</li> <li>▪ Urban Resilience Project (P165861)</li> </ul> <p><u>Dropped:</u></p> <ul style="list-style-type: none"> <li>▪ Rural Water Access Project (P161731)</li> <li>▪ Sustainable Household Irrigation Project (P165365)</li> <li>▪ Wastewater Treatment and Reuse Plants (P162305)</li> </ul> <p><u>Still in the pipeline:</u></p> <ul style="list-style-type: none"> <li>▪ Water and Sanitation in Peri-Urban Areas (P162005)</li> </ul> <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> <li>▪ Urban Resilience to Climate Change in Bolivia (P169336)</li> <li>▪ Bolivia Intermediate Cities Technical Assistance (P161935)</li> <li>▪ Bolivia Urban Development TA (P151912)</li> <li>▪ Strengthening Delivery of Sustainable Water Services for the Most Disadvantaged in Bolivia (P161979)</li> <li>▪ Gender Analysis</li> </ul>
<p><b>Outcome Indicator 4:</b> National Urban Development Plan completed</p> <p><u>Baseline:</u> no urban development strategy (2015)</p> <p><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 (Jun.2020)</p>	<p><b>Achieved</b></p> <p>The Urban Infrastructure Project (P083979) that closed during the CPF period and successive technical assistance (P151912) raised awareness of the need to develop a strategy to diagnose challenges from increased urbanization. The aim was to help the government develop a comprehensive Urban Development Plan. Between 2016 and 2019, the TA successfully prepared diagnostics and action plans for three cities (opportunities for urban development): La Paz, Sucre, and Cobija. The follow-on Bolivia Intermediate Cities (P161935) was highly satisfactory in its undertaking of a deeper pilot study in the city of Trinidad and the Macroregion of Plains and Savannas, which contributed policy recommendations for the sustainable development</p>		

	<p>of intermediate cities in the country. The TA also presented priority areas for the development of intermediate cities, which included, among others: strengthening the integrated territorial planning system; investments to improve coverage and quality of basic services and infrastructure, to support local economies and improve living conditions; strengthening of municipal management; and diversification of financing mechanisms for municipal autonomous governments. The <i>Política Nacional de Desarrollo Integral de Ciudades</i> (PNDIC), prepared by the Viceministry of Housing and Urban Development, takes into account several elements presented in the Bank-financed TA. The government's Economic and Social Development Plan (PDES) 2021–2025, approved by Law No.1407 in November 2021, refers to results of the PNDIC under Goal 7.1. (Result 7.1.10; see Page 156 of Law 1407).</p>	<p>and the third strategic report (Evidence-based Strategic Report on the FSM Initiative) further advanced Bolivia's Urban Sanitation Agenda.</p>	
--	--	---	--

<b>Objective 3: Improve Opportunities for Income Generation, Market Access and Sustainable Intensification</b> <b>Partially Achieved</b>			
<b>CPF Indicators</b>	<b>Status as of end FY20</b>	<b>Supplementary Indicators</b>	<b>WBG Program</b>
<p><b>Outcome Indicator 5:</b> Increased average volume of sales of products from rural alliances</p> <p><u>Baseline:</u> 0 (2014) <u>Target:</u> 35% increase in volume marketed (June 2020)</p>	<p><b>Achieved</b> As of September 2020, 603 subprojects had been completed under the original financing of PAR II (P127743, December 2020 ISR: MS) and seven under the Additional Financing.</p> <p><u>Actual value:</u> 37 percent increase in volume marketed (September 2020)</p>		<p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> <li>▪ Agricultural Innovation and Services (P106700)</li> <li>▪ JSDF Integrated Community-Driven Territorial Development for Remote Communities in the Amazon (P130664)</li> <li>▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)</li> <li>▪ Banco Ganadero TLB (41487)</li> </ul> <p><u>Ongoing financing:</u></p> <ul style="list-style-type: none"> <li>▪ Rural Alliances II Project (P127743)</li> <li>▪ Improving Employability and Labor Income of Youth Project (P143995)</li> <li>▪ IFC trade finance</li> </ul> <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> <li>▪ Strengthening Human Talent for Science, Technology and Innovation (P150072)</li> <li>▪ Opportunities for Taking Bolivia's Agriculture Performance to the Next Level (P167412)</li> <li>▪ Gender Analysis</li> <li>▪ Climate Change Flagship Report,</li> </ul>
<p><b>Outcome Indicator 6:</b> Increased percentage of beneficiary members of productive alliances that apply improved technologies/practices</p> <p><u>Baseline:</u> 0 (Nov. 2017) <u>Target:</u> 70% (June 2020)</p>	<p><b>Not achieved</b> As of June 2020, the PAR II had no data available to measure this indicator. A financial action plan was in place to accelerate funds flow to approved rural alliances (P127743, December 2020 ISR: MS),</p> <p><u>Actual value:</u> not achieved</p>		
<p><b>Outcome Indicator 7:</b> Increased number of MSMEs with access to financial services (in number of MSMEs)</p> <p><u>Baseline:</u> 12,000 (2015) <u>Target:</u> 29,000 MSMEs accessing new credit lines for productive investments (2019)</p>	<p><b>Not Achieved</b> During the 2018 PLR, the target was revised downward to reflect that an envisaged investment in an FI that would on-lend to microentrepreneurs was not committed, and that optimistic growth projections had not materialized. Despite this adjustment, the target was not achieved. Figures from the underlying projects showed a decline in the number of SMEs that qualified for the target, although the outstanding SME portfolio serviced by those financial institutions increased. Also, pipeline</p>		

	<p>development activities were not feasible under difficult market conditions. (<a href="#">IS Results</a> and <a href="#">XPSR Banco Ganadero</a>)</p> <p><b>Actual value (2019):</b> 12,240 SMEs</p>		<p>agriculture and irrigation chapter</p>
<p><b>Outcome indicator 8:</b> Volume of trade supported by trade finance (cumulative over five years, in US\$)</p> <p>Baseline: US\$34,000,000 (Mar. 2018) Target: US\$55,000,000 (June 2020)</p>	<p><b>Achieved</b> IFC GTFP commitments attained US\$58.6 million in the FY16-FY20 period through six GTFP lines, of which US\$14.5 million correspond to a new line committed in 2016. The targeted volume of trade supported by the program was achieved, despite aggressive competition from commercial banks, low cost of funding in local currency, ample local liquidity, and regulatory requirements that reduce the liquidity of participating banks (e.g., payments to the Central Bank for foreign exchange). These conditions, together with low demand during the pandemic, significantly reduced the demand for GTFP.</p> <p><u>Actual value:</u> US\$58.6 million in the FY16-FY20 period through six GTFP lines</p> <p>GTFP Report for Bolivia:    Bolivia  GTFP_Commitment_R</p>		
<p><b>Outcome indicator 9:</b> Increased placement rate of youth benefiting from youth employment programs in a job with at least the minimum salary one year</p>	<p><b>Not verified</b> As of mid-2021, preliminary results from impact evaluation suggested that the project had a positive impact on</p>		

<p>after completing the training (percentage)</p> <p><u>Baseline:</u> 0 (2017)</p> <p><u>Target:</u> 50% increase after one year of completing the training (Jun. 2020), vs. the control group.</p>	<p>the future placement rate of beneficiary youth. The outcome was measured for the cohort of beneficiaries that entered the program between 2017 and March 2019. However, despite a largely positive performance in terms of on-the-job training/formal job placement rates, attaining the targets for the training programs (captured in the project's intermediate indicators) around improving the employability of young people proved elusive throughout the operation's lifetime</p> <p><u>Actual value:</u> No data available in June 2020 (P143995, ISR: MU). However, in June 2021, the Impact Evaluation showed a 60 percent increase in the placement rate after one year of completing the training for the cohort of beneficiaries that entered the program between 2017 and March 2019 (P143995 ICR).</p>		
---	--	--	--

**Objective 4: Improve the Information Base to Provide Quality Economic and Social Data for Public Policy Planning and Evaluation**

**Achieved**

PLR Indicators	Status as of end FY20	Supplementary Indicators	WBG Program
<p><b>Outcome indicator 10:</b> Quality statistical information produced and disseminated</p> <p><u>Baseline:</u> no updated and reliable information available for public policy planning and evaluation (2014)</p> <p><u>Target:</u> broad range of information produced and</p>	<p><b>Achieved</b></p> <p>The development of statistical capacity, M&amp;E, and a quality information base was critical to the government's national development agendas. The development outcome of the STATCAP project (P101336) was rated Satisfactory by IEG</p>		<p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> <li>▪ Strengthening Statistical Capacity and the Informational Base for Evidence-Planning Project (P101336)</li> </ul>

<p>disseminated (agricultural census and survey, economic surveys in manufacturing and services and firm-level data, household and expenditure surveys) (June 2020)</p>	<p>(ICRR Report No.0022124).</p> <p><u>Actual value:</u> cartographic information was improved. Economic statistics were updated (national agricultural census, national agricultural survey, demographic and health survey), the consumer price index was updated, three economic surveys were carried out (manufacturing, trade and services; small-scale mining and mining cooperatives; and micro and small economic units). Social statistics were also improved. Data was used to develop income-based poverty and extreme poverty lines. Updated statistical information helped produce 317 out of 974 indicators of the PDES 2016–2020. Bolivia’s statistical capacity index (SCI) became more robust as a result of project interventions.</p>		
---	---	--	--

**Pillar 2: Support Environmental Sustainability and Resilience to Climate Change**

**Objective 5: Strengthen Capacity to Manage Climate Change and Reduce Vulnerability to Natural Disasters**  
**Mostly Achieved**

PLR Indicators	Status as of end FY20	Supplementary Indicators	WBG Program
<p><b>Outcome indicator 11:</b> Government 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 (Jun. 2020)</p>	<p><b>Achieved</b></p> <p>The Disaster Risk Management Development Policy Credit and Loan (P150751) was mostly executed during the early stage of the CPF. The project was financed by the first IBRD loan to Bolivia and an IDA credit, (the first DPF to Bolivia in a decade). At project closing, the development outcome was considered</p>	<p><u>Strengthened institutional capacity to define the new Integrated River Basin Management (IRBM) approach to climate change adaptation (P129640, ICR00005415: MS)</u>, as measured by:</p> <p>(a) the development of a new IRBM Planning Methodology that considers CC scenarios.</p>	<p><u>Closed during CPF period:</u></p> <ul style="list-style-type: none"> <li>▪ Disaster Risk Management Development Policy Credit and Loan (P150751)</li> <li>▪ Climate Resilience - Integrated Basin Management Loan and Grant (PPCR 2) (P129640)</li> </ul>



<p><b>Outcome indicator 12:</b> 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)</p> <p><u>Target:</u> Public investment projects in at least five sectors take into account disaster and climate risk considerations (June 2020)</p>	<p>satisfactory (ICR00003891: MS, IEG ICRR: MS).</p> <p><u>Actual value:</u> the Plurinational Authority of the Mother Earth (APMT) and the Ministry of Environment and Water (MMAyA) elaborated the Plurinational Policy on Climate Change. It was approved by a MMAyA Ministerial Resolution No.060 on March 15, 2016. The Plan enhanced government's capacity to manage climate change and reduce vulnerability to natural disasters by articulating policies, financing and coordination mechanisms at the national and subnational levels for climate change adaptation activities.</p> <p><b>Mostly Achieved</b></p> <p><u>Actual value:</u> Ministerial Resolution 115/2015 issued by the Viceministry of Public Investment and External Financing (VIPFE) defined new public investment guidelines. Line ministries were requested to categorize projects by level of risk, and methodologies were prepared to incorporate DRM and climate change adaptation (CCA) in the formulation of investments. Sectors that developed their normative framework include water and sanitation (bi-ministerial resolution No.001 of March 20,</p>	<p>This was satisfactorily developed under the PPCR 2 (P129640) and later officially adopted via a MMAyA ministerial resolution (No.094 of February 25, 2021)</p> <p>(b) the number of tools developed for climate change adaptation. Four tools were developed: (1) Investment Resilience Analysis (ARI) and irrigation guides, (2) Integrated River Basin Planning Methodology, (3) forest baseline for the Mizque sub-basin, and (4) Area under Optimal Irrigation (ABRO) software. Use of these tools is now mandatory.</p> <p>(c) the establishment of the National Climate and Water Information System (SNICA).</p>	<p><u>Approved during CPF period:</u></p> <ul style="list-style-type: none"> <li>▪ Road Sector Capacity Development Project (P144597)</li> <li>▪ Urban Resilience Project (P165861)</li> <li>▪ TF Global Fund for Disaster Risk Reduction (GFDRR)</li> </ul> <p><u>Delivered ASA:</u></p> <ul style="list-style-type: none"> <li>▪ Oil and Gas Sector: International Practices for Environmental Management (P154322)</li> <li>▪ Study on the impacts of floods and droughts on the poor in Bolivia</li> <li>▪ Climate Change Flagship Report</li> </ul>
---	--	--	--

	2018), irrigation (bi-ministerial resolution No.002 of May 28, 2018), and solid waste (bi-ministerial resolution No. 005 of December 26, 2018). These regulations allowed sectors to allocate resources for prevention and risk reduction activities according to the level of risk identified.		
--	---	--	--

### Annex 3: Selected Indicators\* of Bank Portfolio Performance and Management

As of Date 12/07/2022

Indicator	FY20	FY21	FY22	FY23
<b>Portfolio Assessment</b>				
Number of Projects Under Implementation <sup>a</sup>	9.0	8.0	6.0	7.0
Average Implementation Period (years) <sup>b</sup>	4.7	5.2	6.6	6.0
Percent of Problem Projects by Number <sup>a, c</sup>	33.3	50.0	50.0	28.6
Percent of Problem Projects by Amount <sup>a, c</sup>	24.4	42.8	58.8	38.4
Percent of Projects at Risk by Number <sup>a, d</sup>	33.3	50.0	66.7	28.6
Percent of Projects at Risk by Amount <sup>a, d</sup>	24.4	42.8	79.6	38.4
Disbursement Ratio (%) <sup>e</sup>	10.9	35.8	24.4	8.9
<b>Portfolio Management</b>				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	97	6
Proj Eval by IEG by Amt (US\$ millions)	2,873.3	435.8
% of IEG Projects Rated U or HU by Number	35.1	33.3
% of IEG Projects Rated U or HU by Amt	21.7	4.0

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 as well as projects which exited during the fiscal year.

## Annex 4: Operations Portfolio (IBRD/IDA and Grants)

As of 11/30/2022

**Closed Projects** **109**

### IBRD/IDA\*

Total Disbursed (Active)	580.84
of which has been repaid(1)	29.42
Total Disbursed (Closed)	2,969.86
of which has been repaid	685.23
Total Disbursed (Active + Closed)	3,550.70
of which has been repaid	714.65
Total Undisbursed (Active)	766.94
Total Undisbursed (Closed)	
Total Undisbursed (Active + Closed)	766.9408186

### Active Projects

Project ID	Project Name	<u>Last PSR</u>		Fiscal Year	<u>Original Amount in US\$ Millions</u>					<u>Difference Between Expected and Actual Disbursements<sup>a/</sup></u>	
		Supervision Rating			IBRD	IDA	Grants	Cancel.	Undisb.	Orig.	Frm Rev'd
		<u>Develop</u>	<u>Implementation</u>								
		<u>ment</u>	<u>Progress</u>								
P165861	Bolivia Urban Resilience	MS	MS	2020	0.0	70.0		0.0	65.9	29.1	21.3
P122007	BO Nat'l Roads & Airport Infrastructure	MS	MS	2011	0.0	109.5		5.5	16.1	36.6	15.9
P127743	BO Rural Alliances Project II	S	S	2013	100.0	50.0		0.0	2.4	-93.8	6.2
P152281	BO Santa Cruz Road Corridor Connector	MS	MU	2017	200.0	30.0		0.0	162.8	162.8	29.5
P164453	Health Service Delivery Network Project	MU	MU	2018	252.0	48.0		0.0	159.0	97.0	100.5
P175672	Innovation for Resilient Food Systems	S	S	2023	300.0	0.0		0.0	300.0	4.5	0.0
P144597	Road Sector Capacity Development Projec	MS	MS	2016	166.0	59.1		0.0	60.7	64.0	0.8
<b>Overall Result</b>					<b>1,018.0</b>	<b>366.6</b>		<b>5.5</b>	<b>766.9</b>	<b>300.2</b>	<b>174.1</b>

\* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

### Annex 5: IFC's Committed Portfolio

<b>Bolivia</b>	<b>Project ID</b>	<b>Sector Name</b>	<b>CMT FY</b>	<b>Committed (US\$ millions)</b>
<b>FIG</b>				<b>4.4</b>
GTFP Banco Bisa	31242	Commercial Banking - Trade	2011	-
GTFP BANECO	38749	Commercial Banking - Trade	2016	-
GTFP BMSC	24874	Commercial Banking - Trade	2006	-
GTFP BNB BOLIVIA	35837	Commercial Banking - Trade	2015	0.1
GTFP Ganadero	28499	Commercial Banking - Trade	2010	4.3
<b>INR</b>				<b>3.8</b>
CBTI	9302	Rail Transportation	1999	0.9
TRECO	11371	Rail Transportation	-	2.9
<b>MAS</b>				<b>0.2</b>
De Rada - SLV	36855	Storage (Including Agricultural Products)	-	0.2
<b>Grand Total</b>				<b>8.4</b>