

Phase One of the Evaluation of the Implementation of the Paris Declaration

Case Study of Bolivia

Executive Summary

Study carried out by the Paris Declaration Evaluation Team of the Department of the Deputy Minister for Public Investment and External Financing.

Executive Summary

Bolivia is currently going through a period of change, which began on 22 January 2006, when Evo Morales Ayma became President of the Republic. This appointment marked the beginning of a democratic and cultural revolution in the country, which aims to dismantle colonialism and neoliberalism and replace these systems with a multicultural community-based State where inequality and social exclusion can be overcome.

These aims are reflected in the National Development Plan 'An Honourable, Sovereign, Productive and Democratic Bolivia for a Good Standard of Living' approved by Supreme Decree No. 29272 of 12 September 2007. This act, which enjoys great legitimacy and aims for 'a Good Standard of Living' is based on a cosmocentric¹ vision, expressed in the form of the coming together of towns and communities, and the respect of cultural diversity and identity.

The proposals and basic principles of the National Development Plan are the result of the collective demands of Bolivia's citizens to build a multicultural community-based State, which champions the empowerment of social movements and emergent indigenous peoples. With this approach, the State in its role as a promoter of and protagonist in productive development draws on the coordination and complementary powers of the community-based state economy, in both its mixed and private forms, to seek a balance between the desired change and the macroeconomic sustainability of the country as instru-

¹ 'Cosmocentric' means that the cosmos is placed at the centre of communities' spiritual, material, economic, social and political dynamics.

ments that will contribute to a recovery of the economy and the promotion of greater social justice.

The National Development Plan has short, medium and long-term goals, and aims to allocate internal and external resources in accordance with national priorities, strengthening a sovereign State that guides political, economic and social action in the country, with a change in the old model for development.

Within the context of the undertakings at an international level, Bolivia signed the 'Paris Declaration' in 2005 with 86 other countries and 25 relief worker organisations, in which the need to significantly increase the effectiveness of development aid to reduce poverty and inequality was recognised. With this in mind, the Paris Declaration is supporting the efforts made by countries and their governments to establish an effective leadership, a premise that is in line with the principles stated in the National Development Plan.

In this respect, Bolivia is one of a group of ten countries that volunteered to carry out a 'National-Level Evaluation of the Paris Declaration', which aims to assess and evaluate the change in conduct of the relief worker organisations and the government from the date the Paris Declaration was signed.

With a view to this objective, this document, in principle, presents an analysis of the current status of external financing in Bolivia, which in February 2008 reached the sum of USD 4,271m, made up of donations (40%) and commercial and concessionary loans (60%). The country's main financial

backers are the Andean Development Corporation (CAF), the Inter-American Development Bank (IDB), USAID, the European Union (EU), the World Bank (WB), Brazil, Germany (KfW and GTZ), the Netherlands and Japan (JICA).

Moreover, the sector that has the greatest resources is Transport, which absorbs 40% of resources, with the Administradora Boliviana de Carreteras (ABC (Bolivian Roads Administrator)) receiving the most funds, benefiting from 29% of the resources allocated to the transport sector.

It should be emphasised that between 2003 and 2007, there was a significant reduction in dependency on external resources for investment projects, dropping from a figure of 62% in 2003 to 36% in 2007. This situation is partly explained by the increase of the Direct Tax on Hydrocarbons (IDH) in state investment, which in 2007 reached 31%.

Furthermore, the results of the 2006 survey on monitoring the Paris Declaration for Bolivia were analysed, and served as a baseline for this evaluation, showing moderate advances in relation to Ownership, Managing for Results, and Mutual Accountability, due to the fact that in 2006 the National Development Plan was in its first phase of implementation and Bolivia did not have a monitoring and evaluation system. Moreover, there was no established methodology for carrying out monitoring in the areas of harmonisation and alignment. The poor results for Harmonisation and Alignment are due to the fact that a large proportion of the activity backed by donors was not linked to the official public finances and acquisitions systems and the fact that the use of sector-wide and/or programmatic approaches was still concentrated in a small number of sectors such as Education, the Ombudsman and Basic Sanitation.²

The evaluation of the Paris Declaration also analyses quantitative and qualitative aspects of the implementation of the Declaration and was carried out by means of interviews with Cooperación Internacional (CI), various NGOs, members of the central government and representatives of local governments, who contributed their opinions on clarity, relevance and coherence via a questionnaire.

It emerged that 90% of the CI and 98% of the government gave positive feedback on the clarity of the twelve indicators of the Paris Declaration. There was also a favourable response with regard to the relevance of the indicators, with 90% positive feedback from the CI and 98% positive feedback from the government.

It was identified that the commitment to implement the Paris Declaration is directly related to the degree of knowledge and ownership of the Declaration by the CI and the government. Among other findings, it was shown that there is greater dissemination of the Declaration within the institutions of the CI, particularly in executive circles, in contrast to the national

government, where there is a lesser degree of dissemination and socialisation.

Where the principle of **Ownership** is concerned, the National Development Plan benefits from a high degree of legitimacy, and is therefore experiencing a significant level of progress. The Government leadership in national policies has given rise to a greater degree of **Alignment** on the part of the CI, especially with regard to bilateral cooperation, with multilateral bodies continuing with their own systems, which is reflected in the financing agreements concluded mainly with the IDB and the World Bank, which stipulate the use of their own systems as a condition. The relief work community has also shown a greater degree of willingness to align itself with national priorities. This change was highly influenced by two factors: the vision of the new state administration, which has taken on its key role in leading the country, and the CI initiative to sign a code of conduct which invites donors to assess their own comparative advantages, taking into account the perspective of the countries receiving aid, with an increasing focus on improving effectiveness, reducing transaction costs and easing the administrative burden for partner countries.

The government has also introduced specific measures relating to coordination via the government/CI Coordination System, founded on five pillars: Productivity, Honour, Democracy and Sovereignty, Harmonisation and Macroeconomics.

Where long-term budgets are concerned, the CI has systems and procedures which allow it to establish diverse long-term budget structures, which vary depending on the agency, and may fluctuate from between two to five years. Meanwhile, the government has been working on designing and putting a planning system into operation, a necessary requirement to be able to implement the long-term budget system. National regulations have been established for annual budgets. The work will be coordinated mainly between the Ministry of Development Planning and the Treasury. The creation of the Department of the Deputy Minister for Long-Term Strategic Planning is also considered to be an important step forward.

Advances have been made in the field of **Harmonisation**, particularly in health and education, areas in which sectorial coordination systems have been set up with the CI. In these cases, the bilateral bodies have shown themselves to be more receptive to the implementation of sector-wide approaches and fund baskets, as well as the execution of assignments and joint reports. It is important to note that working with a programmatic approach and using a fund basket involves the use of national systems. This condition restricts the participation of multilateral agencies, which may be willing to participate in the programme, but not to form part of the basket, due to the fact that their internal procedures still do not permit this.

With regard to the theme of Managing for Results and in view of the complexity of the application of this strategy, Bolivia must further strengthen its organisational and technological capabilities in terms of information, planning, long-term

² National-level Feedback Survey 2006 – OECD

budgets, monitoring and evaluation systems. Donors must also make combined efforts to support the strengthening of Bolivia's capabilities by means of assistance in the form of coordinated technical and financial cooperation.

In this respect, there are agencies which use specific instruments for monitoring and assessing results; these instruments are standardised for use at an international level (IDB, UNDP and others). In view of the fact that these instruments are being appropriated within the cooperation agencies, they are undergoing a validation and adaptation process which will take a number of years to complete, in accordance with the characteristics of each system.

Each agency has developed its own version, which may prevent the results from being made homogeneous or being compared in the future. Given this situation, united efforts must be made to achieve a greater degree of coordination.

The Ministry of Development Planning and the Treasury have also developed some initiatives, which are still at the design and validation stage, aimed at the area of Managing for Results.

The Paris Declaration, in its capacity as one of the commitments to increase the effectiveness of Official Development Assistance (ODA), forms part of the official agenda of the CI agencies, and reflects a greater involvement of the personnel of the central offices in relation to staff from the local/national level offices.

For the government, the Paris Declaration must be more than just an international commitment which produces the required measures for obligatory action involving the creation of action plans within the different government authorities.

Bolivia acknowledges the advances that the CI has made over the last two years with a view to improving the effectiveness of ODA, but it also believes that it is necessary for the international community to align itself with the endeavours of the Bolivian government to tackle the issue of the lack of information for making decisions. A joint report or study must also be carried out on the 'Costs of ODA', in terms of outsourcing, the delegation of administration, assignments etc., which reduce the effective quantity of aid reaching countries in the region, and Bolivia in particular.