

Evaluation of the Implementation of the Paris Declaration

Country Evaluation

BOLIVIA

Executive Summary

DISCLAIMER: The content and views expressed herein are those of the authors and do not necessarily represent those of the Ministry of Development Planning or the Vice Ministry of Public Investment and External Financing. Pursuant to the terms of reference and guidelines for countries participating in National Evaluations of the Paris Declaration, Phase 2, the elaboration of the reports was carried out by independent consulting firms, with the financial support of the Dutch Government.

1 Context

The evaluation of the Paris Declaration in its second phase in Bolivia has been prepared during a period of important changes in the architecture of the Bolivian State, changes that appeared after the emergence of the Movement Toward Socialism (MAS, for its name in Spanish "*Movimiento al Socialismo*") as the leader of the transition from a State that implemented several reforms with a market approach towards a State that functions with a Social Communitarian approach.

The profound transformations generated by the process of nationalization of strategic enterprises, the policies of austerity, fiscal discipline, coupled with a favorable international context with an unsurpassable situation in terms of trade due to an increase in demand for gas and minerals have led Bolivia to stand in a stable macroeconomic framework. The levels of foreign international reserves of the Central Bank and fiscal surpluses are very different from those levels seen before 2005, in which period Bolivia had to face a fragile fiscal environment and dependence on international aid. Consequently, Bolivia has financed with internal resources more than two thirds of its public investment in 2007. In this sense, the country was able to exercise effective sovereignty in its relations with the donor community.

The evaluation of the Paris Declaration comprises two phases. Bolivia is the only Latin American country who undertook the first phase of the evaluation in order to assess the implementation of the Paris Declaration, analysing the change in the behavior of donors and government arising from its commitments and the application of its principles as well as the implementation of its pledges under the assumption that progress related to these will lead to more effective development assistance.

National Evaluation, 2nd Phase

The Bolivian evaluation included the following activities: i) elaboration of a National Evaluation in accordance with international guidelines, and ii) elaboration of a thematic study "Technical Assistance in Bolivia: Results and Perspectives in the Development Agenda". The National Evaluation was carried out by "Strategy Advisors for Government Reform" and the Technical Assistance thematic study was undertaken by "Corporación Calidad S.R.L.", both independent consulting firms based in La Paz, Bolivia.

A National Reference Group was defined comprising representatives from government, donors, non-governmental organisations, academia and civil society. The national coordination was in charge of the Ministry of Development Planning

through the Vice Ministry of Public Investment and External Financing.

Scope of the Evaluations

A. National Evaluation

The thematic extent of the evaluation was determined by the operational matrix: i) the Paris Declaration within the context; ii) processes and intermediate effects; and, iii) impacts on development. The evaluation also considered specific issues for Bolivia, defined by the National Reference Group: i) Role and implications of implementing agencies for aid effectiveness; ii) Relationship between government and international cooperation: retrospective and outlook; iii) South-South Cooperation: impact on aid effectiveness; iv) Assistance for programs versus Assistance for projects; v) Financial operations and use of national systems; and vi) Social control mechanisms and accountability schemes.

The evaluation included review of secondary information, processing of data related to external financing provided, and the application of 90 questionnaires and 15 vouchers to donors, governmental institutions that receive assistance, non-governmental organisations and civil society. Approximately 51 percent of all donor countries and agencies operating in Bolivia registered at the Ministry of Development Planning database were contacted; they represent 54 percent of the financing contracted between 2000 and 2009.

The evaluation analysed the effects of Paris Declaration at three levels of government: national, departmental (Departmental governments of La Paz and Santa Cruz) and municipal (Municipal Governments of La Paz, Sucre and Cobija). The selection of sub-national scenarios sought to balance: i) regional (East and West); ii) population size (large, medium and small municipalities) and iii) volume of aid commitments recorded for departmental governments. The extent of the time period for the evaluation includes the years 2005 to 2010. However, for comparative purposes, historical information was used in order to characterize the period prior to the approval of the PD (2000-2004).

B. Thematic Study on Technical Assistance

The study on technical assistance was chosen because of its relevance in the context on official development assistance in Bolivia and the necessity of assessing its results in light of the commitments established in the Paris Declaration and the Accra Agenda for Action.

Nineteen donor offices participated in the study. The extent of the time period included the years 2007 to 2010, covering only activities that started in these years. The analysis excluded technical assistance activities provided through private sector and civil society entities (i.e. non-governmental organisations).

2 Main findings

2.1 National evaluation

- The principle of **ownership** had a moderate progress during the past five years period in which construction of leaderships within the framework of the current process of change was observed. In the late 1990s and at the beginning of the last decade, Bolivia was a diligent student of the exercises to improve the effectiveness of official development assistance; however, fiscal fragility and political instability did not allow the continuation of such exercises. The National Development Plan is a broad planning instrument that has limitations when there is the need to put into operation its strategic lines, and its framework of indicators is limited, as well. Sub-national levels perceive little progress in the ownership of development processes undertaken by the central government. In recent years, the high turnover of technical staff in the ministries, the changes in institutional structures and the lack of clear sector strategies limit the exercise of real leadership in the implementation of development processes, and the inclusive approach is lagging behind even more when confronting the new challenges of local autonomies.
- In terms of **alignment**, the progress observed, on average, is moderate. In the past, international cooperation was reluctant to use national administrative and control systems. This reserve is diminishing, and the bilateral cooperation for the most part uses national procurement and financial systems. Multilateral agencies prefer to use their own financial and procurement systems, due to the slow pace of the national systems and the lack of confidence in the adjustments that are being applied to the rules of the governing Law. The greater use of programmatic approaches (especially at the sector level), and the degree of decentralization of the international cooperation seem to favor the use of national systems.
- There is significant progress concerning reduction of the conditions and requirements that the government must meet to receive foreign assistance. Moreover, the number of operations that do not require matching funds is increasing. Progress of alignment is possible because decentralization processes are gaining ground due to a greater delegation of authority from Headquarters to Country Offices.
- "Donor-driven" practices have declined substantially, perhaps not due to the Paris Declaration per se, but due to the fiscal capacity that Bolivia has at the present time, which allows the country to be more selective in the cooperation that it receives, exercising the principle of sovereignty. In this regard, several donors who traditionally supported strategic areas such as institutional support, justice and governance withdrew their help at the request of government.

- Official Development Assistance channeled through non-governmental organisation is substantial – in the case of some bilateral donors – responding to policies defined at headquarters. The government has stated the necessity to address this situation, considering that the current applicable legislation is subject to improvements.
- Progress concerning **harmonisation** is also considered moderate, because there is no mapping of comparative advantage of donors led by the government. After a period of uncertainty in the relations between the government and the donor community, in 2006, the Group of Partners for Development of Bolivia (GRUS, for its name in Spanish), emerged in order to improve aid effectiveness in achieving the objectives of the National Development Plan and the Millennium Development Goals following the Paris Declaration. This forum has several sector committees; however, there is a perception on the part of the government that the work of GRUS is not operational as of today.
- The European Union is promoting a process of harmonisation in the GRUS within the framework of the implementation of its Code of Conduct on Complementarity and Division of Labour. However, the division of labour is not clear yet and the agencies tend to concentrate their efforts in sectors where there are management skills that ensure the implementation of programs; therefore, these agencies can show the benefits from the aid provided to their headquarters at the expense of weaker sectors within institutions that do not have implementation capacity, sectors that donors try to avoid with regards to new programs.
- On the part of the government, the most noteworthy action is the approval of Supreme Decree 29308, which establishes the regulatory framework for the implementation of external resources that are received as donation.
- Bolivia is moving towards aid modalities such as basket funds and budget support. Despite the interest that different sectors have in participating in such initiatives, one of the main constraints for implementing these modalities is the institutional weakness at the ministries. The absence of implementing units has generated a workload that can hardly be handled, because of the limited capabilities with regard to management of trust funds.
- The fragmentation of external financing has not changed substantially. In 2005-2009, the top five donors accounted for 65 percent of disbursements while the top ten represented 81 percent. In 2000-2004, the top five donors represented 68 percent while the top 10 represented 84 percent.
- There is no significant progress in terms of **management for results**. There is no culture regarding management for results in the State and this weakness is attributable not only to governmental agencies, but also to donor agencies, who have indicated the difficulties they have when they need to harmonise common evaluation standards across agencies. Traditionally, program evaluation was based on the analysis of the levels of financial implementation, which may lead to erroneous results regarding the effectiveness of aid.
- In the area of **mutual accountability** between donors and the government there is little progress. There are scattered efforts of various actors, which could eventually become a structured and effective system of accountability of the government towards the general public. The application of this principle involves the development of actions to add more transparency to public management. Although a new anti-corruption law is achieving improved levels of transparency, it has generated a series of delays in several processes because of the fear that public officials have concerning their responsibilities set out for them in this new legislation. The government is promoting Public Hearings so the Ministers of State can present their reports to the public.

Witness Sector: Health

- The Ministry of Health recently presented its Sector Development Plan 2010-2020; this exercise is considered useful for aligning the International Cooperation with regard to the priorities of the sector.
- The Health Sector shows a relatively favorable performance in achieving the Millennium Development Goals, with significant progress in reducing chronic malnutrition and child mortality, but limited progress in the reduction of maternal mortality.
- The Ministry of Health has implemented public insurance schemes prioritizing vulnerable groups, particularly for single mothers' and the elderly. In the same way, programs related to public issues such as the Expanded Program on Immunization and other programs of disease control (chagas, malaria and tuberculosis, among others) were supported by the donor community. Currently, the Zero Malnutrition Multi-Sector Program, whose funding includes resources from a basket fund, is succeeding in the reduction of the prevalence of chronic malnutrition in the population of children under two years who live in municipalities that are highly vulnerable with regards to food insecurity.
- Although challenges remain, development cooperation has helped improving the leadership role of the Ministry of Health in the past years by strengthening the strategic planning area in terms of negotiating skills with international cooperation agencies, and by improving the decision making skills of the network of services through technical assistance services and provision of equipment and infrastructure.

2.2 Thematic study on technical assistance

- The Paris Declaration has a significant change in terms of leadership by the Bolivian government in defining its priorities for Technical Assistance. The Bolivian government has made the priorities established in the National Development Plan the guidelines under which donors based and aligned its technical cooperation programs.
- There appears to be changes in the form of provision of technical assistance after the Paris Declaration, but it is necessary to make operational the strategic guidelines laid out in the Declaration, which establish indicators for the short and long term.
- A major challenge of the current state of technical assistance provision will be to articulate the planning and management stages in order to keep priorities at the executing level, introduce staff permanence, organise the demand for technical assistance and to establish a results-based management.

Ownership

- The planning in Bolivia was developed at a macro level, and therefore the planning process in most public institutions is not structured so that the operational level to perform an adequate monitoring and evaluation for technical assistance projects is possible.
- The best management structure for technical assistance is in those institutions where there is a strategic planning system and in institutions with experience in technical assistance.

Alignment

- Donors seek to align with national priorities by supporting lines of cooperation with the guidelines established in the National Development Plan.
- The dynamism of national priorities, sub-national, local and institutional coordination make coordination difficult within sectors.
- There are no regulations and procedures specifically governing Technical Assistance, and the existing regulations and procedures are geared towards public investment.

Harmonisation

- There has been an improvement in the level of coordination of international cooperation, which is reflected in the implementation of basket funds and the GRUS.

Management for Results and Mutual Accountability

- Bolivian institutions do not have an administrative model of management for results, and therefore its application is limited.

- There is not a shared assessment between recipients and donors. Specifications are needed in order to measure capacity development.
- It is important to distinguish between mutual accountability and co-management, since mutual accountability is a joint process ranging from planning, execution, evaluation and monitoring.

3 Recommendations

- With the substantial change in Bolivia's fiscal capabilities during the second half of this decade it is interesting to find some limitations on the scope of the Declaration of Paris. While the principles may apply, the evaluation of efficiency improvements in managing development cooperation should be looked at in more details to find true evaluation parameters.
- Currently, ownership and alignment are obvious conditions for an appropriate relationship between international cooperation agencies and the government of Bolivia. The challenge seems to be to systematically advance in the harmonisation process.
- Donors should exert utmost efforts to ensure that the government takes ownership of GRUS, as a vehicle that could allow implementing effectively the Paris Declaration principles and Accra's priorities.
- Regarding the division of labour, it is important for the International cooperation to introduce in the design of this exercise a component that encourages donors to have a portfolio of cooperation activities that have been agreed with the government, and where donors do not concentrate their assistance only in areas that have higher institutional and resource management capacities.
- International cooperation has the challenge of contributing substantially to the introduction and strengthening the management for results practice, and sticking to these principles themselves. Joint and timely assessments of achieved results with the government are needed.
- Considering the increasing pool of new potential development partners, the sub-national context of autonomies, the increasing role of ODA-funded non-governmental organisations' programs and projects, as well as the need of addressing jointly the division of labour and technical assistance implementation among donors based on comparative advantages, the effectiveness agenda for the Government of Bolivia in the short run has many challenges that need to be addressed.