



# 2006 Survey on Monitoring The Paris Declaration

## Country Chapters

## BOLIVIA

**T**he 2006 Survey on Monitoring the Paris Declaration was undertaken in 34 countries that receive aid. The results of the survey are presented in two volumes. **Volume 1** provides an overview of key findings across 34 countries. **Volume 2** presents the baseline and key findings in each of the 34 countries that have taken part in the survey. This chapter is based primarily on the data and findings communicated by government and donors to the OECD through the Paris Declaration monitoring process. A more detailed description of this process, how this chapter was drafted and what sources were used is included in Volume 1, Chapter 2.

Both Volume 1 (Overview) and Volume 2 (Country Chapters) of the 2006 Survey on Monitoring the Paris Declaration can be downloaded at the OECD website:

[www.oecd.org/dac/effectiveness/monitoring](http://www.oecd.org/dac/effectiveness/monitoring)

A second round of monitoring will be organised in the first quarter of 2008 and will be an important contribution to the Accra High-Level Forum on Aid Effectiveness in September 2005.

# 5 BOLIVIA

**BOLIVIA'S 9 MILLION PEOPLE** receive an average annual income per head of USD 960 (gross national income per capita, 2004). At the time of the last household survey in 1999, some 14% of the population fell below the dollar-a-day international poverty line and 34% below the two dollars-a-day line. Bolivia has endorsed the Paris Declaration, and the effectiveness of aid is of the highest concern to both the government and the donor community.

Net official development assistance (ODA) to Bolivia in 2004 was USD 767 million, representing 9% of gross national income. A total of 16 donors responded to the 2006 baseline survey, accounting for at least 88% of official aid flows to the country. Some of the key challenges and priority actions suggested by the survey are shown in the box below.

DIMENSIONS	BASELINE	CHALLENGES	PRIORITY ACTIONS
Ownership	Moderate	National Development Plan is not operationalised.	Agree on intermediate National Development Plan objectives and link to budget allocations
Alignment	Low	Much donor-supported activity is de-linked from government systems.	Draw up a government initiative on capacity development. Improve government's financial accounting for aid.
Harmonisation	Low	Programme-based approaches and common procedures are not yet widely used.	Remove obstacles to wider adoption of programme-based approaches.
Managing for results	Moderate	Monitoring and evaluation system for the national development plan is not yet in place.	Specify intermediate indicators and clarify responsibilities for monitoring and evaluation.
Mutual accountability	Moderate	Harmonisation and alignment plan exists but is not being actively monitored.	Agree on an approach to harmonisation and alignment monitoring.

**OVERVIEW**  
**Box 5.1**  
**Challenges**  
**and priority**  
**actions**

## OWNERSHIP

**OWNERSHIP IS CRITICAL** to achieving development results and is central to the Paris Declaration. It has been defined as a country's ability to exercise effective leadership over its development policies and strategies. Achieving this – especially in countries that rely heavily on aid to finance their development – is not a simple undertaking. Nor, of course, can it be measured by a single indicator. For donors, promoting ownership means supporting countries' leadership, policies, institutions and systems. This is commonly referred to as "alignment" (see below). Donors are in a better position to do this when governments set out clear priorities and operational strategies – which is the main focus of Indicator 1 of the Paris Declaration.

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## INDICATOR 1

### OPERATIONAL DEVELOPMENT STRATEGY

Indicator 1 of the Paris Declaration measures the extent to which a country has an operational development strategy to guide the aid co-ordination effort and the country's overall development. It uses the World Bank's 2005 Comprehensive Development Framework (CDF) Progress Report as the basis of this judgement. In the CDF's terms, an operational strategy calls for: a coherent long-term vision and a medium-term strategy derived from it; specific targets serving a holistic, balanced and well-sequenced development strategy; and capacity and resources for its implementation. Bolivia is considered to have some of these elements and not others, and is consequently placed, along with 58% of the countries covered, in category C of the CDF's descending scale running from A to E. Only countries in categories A or B are considered to have an operational strategy.

Bolivia's policy framework for poverty reduction has been affected by the frequent changes of government that were a feature of the country's history between 2000 and 2005. Political instability and underlying social tensions affected the operationalisation of the country's first Poverty Reduction Strategy Paper and prevented agreement on a successor strategy. For two years (2003-05) Bolivia's relations with its donors were conducted without even a formal agreement on medium-term policy directions. The stalemate at the political level reflected a profound lack of consensus among the main social forces of the country on a long-term development vision for Bolivia, and led to an unusual standstill in policy development.

This period was brought to an end with the election of Evo Morales as President with a large popular following and a decisive congressional majority at the end of 2005. Bolivia now has a solid long-term National Development Plan, subtitled *Bolivia Digna, Soberana, Productiva y Democrática para Vivir Bien*, which is based on Morales' election platform. The general objectives set out in the plan are strongly owned by the governing party, *Movimiento al Socialismo*, and differ from previous government plans in that they command quite a broad social consensus. It is expected that in due course the comprehensive National Development Plan will be recognised as Bolivia's new poverty reduction strategy (PRS). However, a good deal of work remains to be done to turn it into an operational document, with specific targets and a prioritised, balanced and well-sequenced implementation plan.

Various high-profile policy issues are likely to dominate government concerns for some time. They include the re-nationalisation of oil and natural gas, implementation of a new land policy and the formulation of a new national Constitution. At the same time, the government wants to lay the foundations for a new relationship between the centre and the regions, based on elected Prefects with much increased autonomy and powers to formulate development plans at the department level. According to the World Bank's Aid Effectiveness Review (AER), there have been frequent Cabinet changes and a significant level of resignations from some of the more professionalised sections of the senior civil service. Such circumstances may create considerable delays in the elaboration of policies that will breathe new life into the poverty-reduction objectives implicit in the national plan, and the costing and funding of relevant activities.

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The linkage between the budget and government development objectives is a longstanding weakness of development planning in Bolivia. Ministries and local governments are legally required to prepare Annual Operational Plans that establish spending priorities. However, according to the AER report, in practice these plans are not based on a realistic estimate of available resources and do not include a results framework linking policies, objectives and indicators to monitor them. Ultimately, their impact on budget formulation is limited. The Morales government has taken a fresh approach to this issue by placing the supervision of public spending plans under the Ministry of Development Planning rather than the Ministry of Finance, but the implications of this change are not yet clear.

#### OTHER ASPECTS OF OWNERSHIP

Although the government of Bolivia has so far only taken some of the steps necessary to provide a solid framework for the alignment of external assistance with country policies, it has resumed an active role in co-ordinating external development assistance. The Vice-Ministry for Investment and External Finance now reports to the new Ministry of Development Planning. Since May 2006, the government chairs five joint working groups which were previously co-chaired by donor and government representatives. Several sector working groups are functioning well, according to the AER. The government is exploring how to reinstate scheduled Consultative Group (CG) meetings, with annual mini-CG meetings, and otherwise regularise the relationship between the country and its donors.

#### ALIGNMENT

AFTER SEVERAL YEARS OF MARKING TIME, Bolivia's external partners – especially the bilateral donors – are now moving back into a normal pattern of country assistance planning based on a stable country policy framework. The World Bank, for example, is preparing a two-year interim strategy as a bridge towards a full-fledged four-year Country Assistance Strategy. Undoubtedly, there will be accelerated progress on a number of items in the aid alignment agenda. The results of the baseline survey confirm the need to inject a new sense of urgency into these moves, and reveal some promising signs of progress. It is clear that the speed with which Bolivia moves towards the targets set by the Paris Declaration follow-up will be affected by both the willingness of donors to adopt new practices and the ability of the government to address various longstanding system issues affecting such areas as public financial management (PFM) and procurement.

#### BUILDING RELIABLE COUNTRY SYSTEMS

The World Bank's Country Policy and Institutional Assessment (CPIA) gives Bolivia a current score of 3.5 for the quality of budgetary and public financial management, which is barely above the average for International Development Association countries. Although the country has a fairly sophisticated integrated financial management system (*Sistema Integrado de Gestión y Modernización Administrativa*), the 2004 Heavily Indebted Poor Countries tracking exercise found that the overall quality of public financial management met only 4 of 16 benchmarks, with some deterioration since 2001. For example, the supreme audit body, the Comptroller of the Republic, has been strengthened as an instrument of financial auditing in the public sector since the passage of the 1990 Financial Administration and Control Law. However, it has limited enforcement powers, and does not yet conduct performance audits of government policies and programmes.

INDICATOR 2

INDICATOR 3  
Table 5.1

Are government budget estimates comprehensive and realistic?

	Government's budget estimates of aid flows for FY05 (USD m)	Aid disbursed by donors for government sector in FY05 (USD m)	Baseline ratio* (%)	
	a	b	c=a/b	c=b/a
Andean Dev. Corp.	191	154		81%
Belgium	1	2	46%	
Canada	0	13	4%	
Denmark	11	17	67%	
European Commission	73	34		47%
Germany	28	42	66%	
Global Fund	--	0		
IDB	191	112		59%
IMF	0	0		
Italy	3	0		0%
Japan	8	37	21%	
Netherlands	14	29	48%	
Spain	14	19	71%	
Sweden	3	10	30%	
Switzerland	2	8	21%	
United Kingdom	0	1	66%	
United Nations	4	14	27%	
United States	15	66	23%	
World Bank	157	71		45%
<b>Total</b>	<b>885</b>	<b>628</b>		<b>71%</b>

\* Baseline ratio is  $c = a / b$  except where government's budget estimates are greater than disbursements ( $c = b / a$ ).

The government has taken action to deal with some of the weaknesses, notably by sharply reducing the ceiling on off-budget expenditures that do not require congressional approval. A strategic framework and action plan for strengthening public finances has been in place since 2005, and the results are being keenly watched.

The AER reports that there have been initiatives to introduce new technology into the public procurement system but that rules and procedures do not meet international standards. There is no central body supervising and regulating public procurement. Unfortunately, a numerical score for Indicator 2b, an assessment of the quality of the procurement system, is not currently available.

#### ALIGNING AID FLOWS ON NATIONAL PRIORITIES

As donors move to reorient their country assistance plans around the National Development Plan, all partners must work together to ensure that donor

financial commitments are reflected fully and accurately in the national budget. This is the aspect of alignment measured by Indicator 3 of the baseline survey. The general target for this indicator set by the Paris Declaration (85%) calls for both a high level of budget realism on the part of the country authorities and a high degree of willingness and ability of donors to provide information in a timely fashion and in a suitable form.

The table provides government's budget estimates of aid flows for fiscal year 2005 (numerator) as a percentage of aid disbursed by donors for the government sector for the same period (denominator). This ratio tells us the degree to which there is a discrepancy between budget estimates and actual disbursements. The discrepancy can be in two directions: indeed budget estimates can be either higher or lower than disbursements. In order to have a single measure of discrepancy that is always less than 100%, the ratio is flipped when budget estimates are higher than disbursements.

The baseline figure for Bolivia from the survey is 71%. However, this number is a reflection of the sizeable discrepancies in both directions that exist between the aid reported by donors as disbursed to the government sector and that recorded in the budget. According to the survey return, these discrepancies primarily reflect failures of notification on the part of the different executing bodies. In some cases, executing agencies channelling funds directly to lower tiers of government or other public bodies failed to inform the authorities about planned expenditures and neglected the established reporting procedures. In other cases, figures were reported that exceeded what could be realistically disbursed within the year. The second source of inaccurate reporting applies particularly to commitments that are entered into the supplementary budget quite late in the fiscal year. The target for this indicator therefore calls for a significant joint effort to include both the capture of aid funds in the budget and the realism of the submitted expenditure estimates.

#### CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

The Paris Declaration recognises capacity development as an essential condition for country ownership of the development agenda and for the strengthening of country systems. Fragmented donor support to capacity development is seen as an important obstacle. The Declaration therefore commits donors to providing more co-ordinated support to capacity development under country leadership, with a target of 50% provided in this form by 2010.

The baseline survey indicates that in Bolivia 80% of reported technical assistance is considered co-ordinated in this sense. This is well over the target. However, from the descriptive part of the survey return it is apparent that the reported percentage is a considerable overestimate, based on a loose understanding of the concept of “co-ordination under government leadership” that is not consistent with the survey guidance materials or with the spirit of the Paris Declaration.

#### How much technical assistance is co-ordinated with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	Baseline ratio (%) c=a/b
Andean Dev. Corp.	1	1	53%
Belgium	2	2	90%
Canada	3	3	87%
Denmark	0	1	19%
EC	34	34	100%
Germany	--	16	--
Global Fund	0	0	--
IDB	1	1	94%
IMF	0	--	--
Italy	0	1	0%
Japan	15	19	80%
Netherlands	5	5	100%
Spain	6	6	100%
Sweden	0	0	100%
Switzerland	2	3	64%
United Kingdom	0	0	0%
United Nations	14	16	88%
United States	58	66	87%
World Bank	3	3	100%
<b>Total</b>	<b>143</b>	<b>178</b>	<b>80%</b>

INDICATOR 4  
Table 5.2

As the AER reports, only limited action is being taken towards developing a comprehensive national capacity-building strategy linked to the National Development Plan. Capacity development plans for sectors are being considered in those sectors, starting with education, that are moving towards sector-wide approaches (SWAs). A group of donors proposes to move to direct budget support as soon as an endorsed poverty reduction strategy is in place, and will be undertaking joint support for capacity in public financial management. However, these developments are still at an early stage. In order to meet the Paris Declaration target realistically, Bolivia will need to move beyond the position where technical assistance activities are merely consistent with country policies, and instead support a well-considered government initiative to improve public-sector capacity.

INDICATOR 5a  
Table 5.3

How much aid for the government sectors uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management				Procurement	
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	Baseline ratio (%) avg (b,c,d) / a	Procurement systems (USD m) e	Baseline ratio (%) e / a
Andean Dev. Corp.	154	1	0	0	0%	0	0%
Belgium	2	2	2	2	87%	2	100%
Canada	13	1	1	1	5%	1	5%
Denmark	17	15	15	0	60%	15	90%
European Commission	34	34	34	0	67%	17	49%
Germany	42	23	23	0	37%	23	55%
Global Fund	0	--	--	--	--	--	--
IDB	112	111	24	24	47%	0	0%
IMF	0	--	--	--	--	--	--
Italy	0	0	0	0	--	0	--
Japan	37	0	0	0	0%	0	0%
Netherlands	29	20	20	20	69%	20	69%
Spain	19	0	0	0	0%	0	0%
Sweden	10	10	10	10	100%	10	100%
Switzerland	8	3	2	3	40%	0	0%
United Kingdom	1	1	0	1	67%	0	0%
United Nations	14	5	7	1	29%	8	56%
United States	66	0	0	0	0%	0	0%
World Bank	71	71	0	0	33%	0	0%
<b>Total</b>	<b>628</b>	<b>296</b>	<b>137</b>	<b>60</b>	<b>26%</b>	<b>95</b>	<b>15%</b>

### USING COUNTRY SYSTEMS

Indicator 5a is a measure of the use of three components of country public financial management systems by donors. In Bolivia, the majority of externally financed projects and programmes use donors' systems and procedures. According to the survey data, 26% of flows make use of all three components in Bolivia.

Given Bolivia's moderately high CPIA score for public budgetary and financial management, the average should rise to 76% by 2010. If the current trend towards SWAps continues, and if the planned arrangement for multi-donor budget support is consolidated, it is likely that Bolivia will see a substantial improvement in the use of country PFM systems. Sector support modalities are already proving to foster stepped-up use of country systems, notably in education. The budget

support programme will not only create an automatic reliance on the country's budget execution and financial reporting arrangement, but will bring with it monitoring of agreed policy matrices that highlight improvement of financial management systems.

According to the survey results, only 15% of the aid from reporting donors made use of the country's procurement system. At present, no numerical rating of the quality of the Bolivian procurement system is available, so a specific target for increased utilisation cannot be set. However, in the view of the World Bank's AER, the increased use of programme modalities should lead to more extensive efforts to make use of country procurement systems and contribute to their improvement.

## AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

The Paris Declaration calls for a substantial reduction in the number of project implementation units (PIUs) that are parallel in the sense that appointment decisions and accounting relationships involve the donor alone. The current baseline figure for Bolivia is given as 66 such structures. This may well be an underestimate. According to the descriptive part of the survey return as well as the view of the World Bank's AER, almost all externally funded projects are run by PIUs that are effectively parallel structures.

There are some exceptions. For example, some Japanese-funded activities restrict themselves to posting Japanese experts within executing agencies that are departments of the government, and providing them with only their salaries and an allowance for minor expenses. Also, in sectors like education where the dialogue between the donors and the government has been intensive and capacity support has been stronger, there is more reliance on mainstream government structures. Nevertheless, this would seem to be an area that would benefit from greater donor efforts in Bolivia, in combination with the thoroughgoing approach to capacity development suggested above. The government has requested that external partners move away from parallel PIUs and allow units to be absorbed into the appropriate government offices at the end of projects. The Paris Declaration target for a country with 66 such units in 2006 is to reduce the number to 22 by 2010.

## PROVIDING MORE PREDICTABLE AID

It is a major undertaking to improve the predictability of support and measure performance in this regard. Indicator 7 focuses on the government's ability to record disbursements in its accounting system: Bolivia recorded 63% of its aid in 2005. While this total might seem to suggest a reasonable level of predictability together with a moderate level of accuracy in the recording, the breakdown by donor reveals a high level of

## How many PIUs are parallel to country structures?

	Parallel PIUs (units)
Andean Dev. Corp.	0
Belgium	0
Canada	5
Denmark	3
European Commission	0
Germany	0
Global Fund	0
IDB	0
IMF	--
Italy	1
Japan	0
Netherlands	0
Spain	10
Sweden	0
Switzerland	8
United Kingdom	1
United Nations	31
United States	0
World Bank	7
<b>Total</b>	<b>66</b>

INDICATOR 6  
Table 5.4

both under- and over-accounting of disbursements by government. The figures provided by the donors themselves do not indicate a high level of predictability, with unscheduled over- or under-disbursement in almost all cases.

The table looks at predictability from two different angles. The first angle is donors' and government's combined ability to disburse aid on schedule. In Bolivia, donors scheduled USD 722 million for disbursement in 2005 and actually disbursed – according to their own records – less than expected (USD 628 million). The discrepancy varies considerably among donors. The second angle is donors' and government's ability to record comprehensively disbursements made by donors for the government sector. In Bolivia, government systems recorded only USD 455 million out of the USD 628 million notified as disbursed by donors (72%), indicating that a significant proportion of disbursements were not captured, either because they were not appropriately notified by donors or because they were inaccurately recorded by government.



INDICATOR 7  
Table 5.5

Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in FY05 (USD m) a	Aid scheduled by donors for disbursement in FY05 (USD m) b	Aid actually disbursed by donors in FY05 (USD m) FOR REFERENCE ONLY	Baseline ratio*	
				c=a/b (%)	c=b/a
Andean Dev. Corp.	132	210	154	63%	
Belgium	0	2	2	0%	
Canada	1	15	13	5%	
Denmark	15	21	17	71%	
European Commission	30	52	34	57%	
Germany	26	23	42		88%
Global Fund	--	--	0		
IDB	88	97	112	91%	
IMF	--	--	0		
Italy	0	0	0		
Japan	4	37	37	11%	
Netherlands	15	29	29	51%	
Spain	6	19	19	32%	
Sweden	6	23	10	28%	
Switzerland	5	5	8	97%	
United Kingdom	0	1	1	25%	
United Nations	9	18	14	50%	
United States	13	66	66	19%	
World Bank	38	106	71	36%	
<b>Total</b>	<b>455</b>	<b>722</b>	<b>628</b>	<b>63%</b>	

\* Baseline ratio is  $c = a / b$  except where disbursements recorded by government are greater than aid scheduled for disbursement ( $c = b / a$ ).

Indicator 7 on predictability has been designed to encourage progress on both of these angles so as to gradually close the predictability gap by half by 2010. In other words, it seeks to improve not only the predictability of actual disbursements but also the accuracy of how they are recorded in government systems – an important feature of ownership, accountability and transparency. In Bolivia, this combined predictability gap amounts to USD 267 million (37% of aid scheduled for disbursement). Closing this predictability gap will require donors and government to work increasingly together on various fronts at the same time. They might work at improving:

- the realism of predictions on volume and timing of expected disbursements;
- the way donors notify their disbursements to government;
- the comprehensiveness of government's records of disbursements made by donors.

#### UNTYING AID

INDICATOR 8

According to OECD data covering 79% of 2004 commitments, 78% of aid to Bolivia is untied. It is not clear whether donors have made any specific commitments to reduce the remaining tied aid, or whether the government is monitoring the issue.

## HARMONISATION

**ACHIEVING A GREATER DEGREE** of alignment of external support with country policies and systems is going to take a substantial effort in Bolivia. The opportunities provided by the expected period of policy stability will need to be seized with both hands by the donor community. For its part, the government will have to recognise that the realisation of its development vision for the country depends on addressing the various long-delayed problems affecting the systems and capacities of the state. Tackling the system problems would encourage donors to take steps to enhance the effectiveness of their aid, including adopting more harmonised practices and less fragmented funding flows that reduce transaction costs for government.

## USING COMMON ARRANGEMENTS

Currently, 32% of reported government-sector aid uses programme-based approaches (PBAs). This figure reflects the reality that a large number of disparate externally financed projects and agreements are still in place – 820 according to a World Bank estimate for the end of 2004. On the other hand, the proportion of budget support has remained low because the base conditions for starting multi-donor budget support were not satisfied up to the end of 2005. In fact, education is the only area with strong support for a SWAp.

The use of PBAs should increase over the coming years, putting the target of 66% by 2010 within easy reach. Certain common procedures and at least some of the elements of a programme-based approach can be seen in the joint support to the Education Reform Programme, the Ombudsman, the agricultural technology system and the water sector. The Paris Declaration calls upon donors and government to build upon examples such as these.

### How much aid is programme based?

	Programme-based approaches			Total disbursed (USD m) d	Baseline ratio (%) e=c/d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c=a+b		
Andean Dev. Corp.	28	1	30	198	15%
Belgium	0	0	0	11	0%
Canada	0	0	0	13	4%
Denmark	0	8	8	22	34%
European Commission	8	11	20	40	49%
Germany	0	7	7	48	15%
Global Fund	--	--	--	2	--
IDB	24	90	114	114	100%
IMF	--	--	--	0	--
Italy	0	0	0	1	0%
Japan	0	0	0	41	0%
Netherlands	2	27	29	31	94%
Spain	14	6	19	61	32%
Sweden	6	--	6	21	26%
Switzerland	0	1	1	18	8%
United Kingdom	0	0	0	4	0%
United Nations	5	0	5	19	26%
United States	0	--	0	76	0%
World Bank	14	0	14	71	20%
<b>Total</b>	<b>101</b>	<b>152</b>	<b>253</b>	<b>791</b>	<b>32%</b>

INDICATOR 9  
Table 5.6

INDICATOR 10a  
Table 5.7

	Co-ordinated donor missions (missions) a	Total donor missions (missions) b	Baseline ratio (%) c=a/b
Andean Dev. Corp.	5	5	100%
Belgium	0	0	--
Canada	1	11	9%
Denmark	3	5	60%
European Commission	0	10	0%
Germany	5	13	38%
Global Fund	1	3	33%
IDB	0	81	0%
IMF	0	5	0%
Italy	0	6	0%
Japan	0	20	0%
Netherlands	2	2	100%
Spain	0	5	0%
Sweden	3	10	30%
Switzerland	3	6	50%
United Kingdom	0	1	0%
United Nations	33	46	72%
United States	0	0	--
World Bank	11	28	39%
<b>Total (discounted*)</b>	<b>44</b>	<b>257</b>	<b>17%</b>

\* The total of co-ordinated missions has been adjusted to avoid double counting. A discount factor of 35% has been applied.

INDICATOR 10b  
Table 5.8

	Co-ordinated donor analytical work * (units) a	Total donor analytical work (units) b	Baseline ratio (%) c=a/b
Andean Dev. Corp.	2	2	100%
Belgium	0	0	--
Canada	0	1	0%
Denmark	0	0	--
European Commission	0	5	0%
Germany	2	3	67%
Global Fund	0	0	--
IDB	1	2	50%
IMF	0	5	0%
Italy	0	0	--
Japan	4	4	100%
Netherlands	0	0	--
Spain	1	1	100%
Sweden	1	4	25%
Switzerland	0	0	--
United Kingdom	0	6	0%
United Nations	5	12	42%
United States	0	0	--
World Bank	4	5	80%
<b>Total (discounted*)</b>	<b>15</b>	<b>50</b>	<b>30%</b>

\* The total of co-ordinated analysis has been adjusted to avoid double counting. A discount factor of 25% has been applied.

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## CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

The baseline figure for co-ordination of donor missions is at 17% when compared with the Paris Declaration target of 40%. The UN system and the World Bank account for a large proportion of reported joint exercises. The absolute number of missions is nonetheless still very high. Although there has been a trend among donors to decentralise their offices and decision making to the country level, this has not led to a substantial reduction in the number of missions. Deliberate efforts will therefore be needed to meet the target even if PBAs, and the joint activities that they imply, increase in importance as expected.

## MANAGING FOR RESULTS

THE PARIS DECLARATION calls for partner countries and donors to work together to manage resources on the basis of desired results and use information to improve decision making. This means both strengthening the capacity to undertake such management and helping to increase the demand for a focus on results. Indicator 11 measures one component of this effort: the establishment of cost-effective results-oriented reporting and assessment systems by the country.

Bolivia is not among the very small group of International Development Association countries judged to have a “largely developed” results monitoring system according to the CDF. Instead, it falls into category C of this assessment along with the 42% of the sample that have some (but not all) of the elements of such a system. This reflects particular strengths and inadequacies in three areas: the quality of the available development information, the degree to which stakeholders have access to it, and the extent of co-ordinated monitoring and evaluation of the country’s development efforts.

Jointly conducted analytical work is on the rise, with the baseline proportion at 30%. Leading examples include the Country Financial Accountability Assessment, the Institutional and Governance Review, and the joint Country Social Assessment. External partners have posted at least 27 documents on the multi-donor international website for country analytical work ([www.countryanalyticwork.net](http://www.countryanalyticwork.net)). However, donors will have to make a major and concerted effort if they are to meet the Paris Declaration target of 60% of analytical work done jointly.

The AER reports that the availability and quality of poverty-related data has improved. However, action is needed to strengthen information reliability, timeliness and comprehensiveness. There have been regular surveys of living conditions, and statistical capacity is being strengthened with support from a multi-donor trust fund. However, a country-level monitoring and evaluation system is not in place. Under the first PRS, annual progress reports were prepared by the *Unidad de Análisis de Políticas Económicas* (political economy analysis unit) on behalf of an inter-ministerial council on monitoring and evaluation, but this arrangement no longer operates. The National Development Plan identifies 2006 and 2010 targets for six basic indicators of poverty and inequality. However, these are not yet backed up with intermediate indicators to track progress towards their achievement on an annual basis. Although the National Development Plan has been published and budget execution data are available on government websites, there are no known plans to disseminate or promote discussion of the plan’s implementation. These issues will need attention if the government is to play its part in realising the Paris Declaration vision.

INDICATOR 11

## MUTUAL ACCOUNTABILITY

**INDICATOR 12** THE PARIS DECLARATION RECOMMENDS that donors and partner countries be accountable to each other for the use of development resources, and in a way that strengthens public support for national policies and development assistance. This in turn requires governments to improve country accountability systems and donors to be transparent about their own contributions. Is there a country-level mechanism permitting joint assessment of progress in implementing agreed commitments on aid effectiveness, including those in the Declaration itself?

Such a mechanism does exist in Bolivia. Bolivia became a harmonisation pilot country after the 2003 Rome Declaration on Harmonisation and Alignment. Together with external partners, the government prepared a National Plan for Alignment and Harmonisation, that was presented at the Paris High-Level Forum in 2005. This was reviewed in an evaluation workshop held in November 2005, which led to a joint declaration of intentions by participating donors and the government. Further steps to institutionalise joint reviews of progress in aid effectiveness are anticipated.

## BASELINES AND TARGETS

THE TABLE BELOW presents the 2005 baselines and targets for Bolivia. The baseline values are formulated through the discussion above, which draws on various sources of information. The main source is the baseline survey undertaken in Bolivia under the aegis of the National Co-ordinator (Fernando Jiménez Zeballos).

Table 5.9  
Baselines  
and targets

INDICATORS	2005 BASELINE	2010 TARGET
1 Ownership – Operational PRS	C	B or A
2a Quality of PFM systems	3.5	4.0
2b Quality procurement systems	Not available	Not applicable
3 Aid reported on budget	71%	85%
4 Co-ordinated capacity development	80%	50%
5a Use of country PFM systems (aid flows)	26%	51%
5b Use of country procurement systems (aid flows)	15%	Not applicable
6 Parallel PIUs	66	22
7 In-year predictability	63%	81%
8 Untied aid	78%	More than 78%
9 Use of programme-based approaches	32%	66%
10a Co-ordinated missions	17%	40%
10b Co-ordinated country analytical work	30%	66%
11 Sound performance assessment framework	C	B or A
12 Reviews of mutual accountability	Yes	Yes

## ACRONYMS

AER	Aid Effectiveness Review	ODA	official development assistance
CDF	Comprehensive Development Framework	PBA	programme-based approach
CG	Consultative Group	PFM	public financial management
CPIA	Country Policy and Institutional Assessment	PIU	project implementation unit
		PRS	Poverty Reduction Strategy
		SWAp	sector-wide approach