Board Meeting of June 16, 1998
Statement by Pieter Stek

Bolivia – Country Assistance Strategy

I find the World Bank Group Country Assistance Strategy for Bolivia very well prepared and I am ready to broadly endorse it.

The case of Bolivia is exemplary of how tricky achieving progress in development and poverty alleviation is. This is called a “fundamental paradox” in the document and brings home the message that macro stability is a necessary but by no means sufficient prerequisite for poverty alleviation, and that economic growth per se is not always broadly shared. Nevertheless, I believe that the successive Bolivia governments’ success in restoring non-inflationary growth and making progress on the structural reform front should be acknowledged.

The proposed World Bank Group strategy focused on the three development pillars – opportunity, equity and institutionality – is appropriate. The private sector assessment presented in Annex E is informative and the proposed strategy appears to be well coordinated between IDA, IFC and MIGA.

Let me turn to several comments and questions that I believe merit further discussion.

1. The participatory approach to the CAS

The participatory process of CAS formulation is discussed in the document (para 28 and Annex C) with some pride. However, according to information I have received, little if any discussion of issues or strategies to be included in the CAS has taken place in La Paz. Secondly, the CAS emphasizes mainly consultations with the Government. I would like to know how participation of target groups (women, indigenous groups, etc.) would be achieved.

2. IDA eligibility

In my opinion, it may be somewhat premature to decide on the graduation of Bolivia from IDA towards the end of the CAS period. I would prefer to come back to this issue on the basis of the envisaged creditworthiness assessment. The reasons for my preference are: the very high incidence of poverty in Bolivia, the existing macroeconomic risks in the short term (para 7), and Bolivia’s high vulnerability to external shocks.
3. CAS core benchmarks

In general, I support the idea that core outcome benchmarks be introduced (para 29, Table 2). However, their relation to instruments, more readily controllable by either the Bank, or the Government remains unclear at this stage. In this regard I would appreciate further information on the role of the Resident mission in terms of monitoring and evaluation of individual projects and whether it is sufficiently staffed to perform these tasks.

4. HIPC

It is important that the September target for reaching the completion point for Bolivia be met. However for this to happen, outstanding issues such as ensuring participation of remaining creditors (CAF and FONPLATA), and modalities for participation from all donors, have to be resolved. Are there developments to be reported?

5. Altiplano

Finally, I would like to know why Altiplano seems to be missing from the CAS as an area for targeted intervention, notwithstanding the recent Bolivia CAR recommendation (para 3.13).