The Programming Committee met on 29 September to consider document GN-2485-1, the Bank’s proposed Country Strategy with Bolivia for the period 2008-2010.

Following the debt relief provided to Bolivia in 2007, the country’s economic situation has improved markedly, with 6% growth projected for 2008, exports exceeding $5 billion, and an impressive accumulation of international reserves reaching $7.6 billion.

The country continues facing high poverty rates, weak institutional capacity, and a cyclical surge in inflation reaching an annual rate of 13%, which is been controlled by the government interventions.

As presented by the Bank’s new Country Office Representative in Bolivia, Mr. Duquesne, the proposed Strategy was prepared in parallel with the design of a National Development Plan presented by the constitutional president Mr. Evo Morales. Owing to a difficult and complex political context as well as profound social changes in the country, the Strategy is characterized by a flexible approach and a relatively short two-year timeframe.

Prepared on the basis of diagnostic and analytical work, as well as recommendations from the last CPE for Bolivia, the Strategy would provide support for the National Plan in the areas of productivity, social protection, Opportunities for the Majority, and institutional strengthening.

In his presentation, the Representative recalled that the Strategy had been prepared prior to approval of the Bank’s new Development Effectiveness Framework (DEF). In that connection, OVE identified a number of adjustments required to conform to DEF standards, including:

- Greater coherence, identifying how planned activities are expected to produce the development results pursued.
- Development effectiveness indicators with which to measure results in pursuit of strategic objectives.
- Efficiency indicators for the Bank’s own activities in support of the Strategy.
- Content on country systems, covering jointly agreed diagnostic tools, an action plan for capacity building, and the division of labor in support of action plan implementation.

Management indicates that its 2009 work plan already provides for measures to address these points and bring the strategy into compliance with DEF standards.
Reacting to the proposed Strategy, Directors endorsed the flexible approach taken but also asked Management to include additional information in the document on a number of points, including:

- The sector-by-sector division of labor agreed on with other donors (modeled after the donor coordination matrix included in the Country Strategy with Ecuador).
- More up-to-date figures on IDB financing flows to the country (for 2007 and projected for 2008-2010).
- A footnote providing additional information on references to forced labor in Bolivia.
- Estimated amounts for the pipeline of loans referenced in the document’s Strategy Matrix.

This additional information having now been incorporated, and with the expectation that further adjustments will be made to conform to DEF standards, the Committee has expressed its full support for the Strategy now before you. Accordingly, as Chair of the Programming Committee, I recommend that the Board approve it as contained in document GN-2485-2. I will also take this opportunity to express my thanks for Management’s responsiveness to Directors concerns.