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**Assessing the impact of  
PRSPs on Child Poverty:  
The Case of Bolivia**

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**Assessing the impact of PRSPs on child poverty: The case of Bolivia**

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## **Executive Summary**

The main objective of this study is to assess the impact of the Poverty Reduction Strategy Papers (PRSPs) on child poverty in Bolivia. Bolivia is one of the countries that have been implementing the PRSP for the longest period of time (since 2001).

Based on a desk study undertaken in New York and the fieldwork conducted in Bolivia, this study establishes a methodological framework and applies it to the Bolivia PRSP. This framework could also be used for future assessment of the PRSPs' impact on poverty in other countries.

The study identifies policies and programs in the Bolivia PRSP that affect children the most - health and education --and evaluates their impact on some of the major child poverty indicators using a rights based-approach. The study shows that the PRSP did not introduce any new policies or programs in health or education but that it provided additional financial resources to existing ones.

The PRSP also changed funding allocations to prioritize municipalities with relatively high levels of poverty. However, PRSP funding has not improved child-poverty indicators in health and education, although they could have been worse without it.

## **Resumen Ejecutivo**

El objetivo de este trabajo es investigar el impacto de la Estrategia de Reducción de la Pobreza sobre la pobreza infantil en Bolivia. Bolivia es uno de los países que han implementado este tipo de estrategias por más tiempo (desde el 2001).

Este estudio, que se fundamenta en un estudio llevado a cabo en Nueva York y en los resultados de las actividades sobre el terreno en Bolivia, establece un marco metodológico y lo aplica al caso boliviano. Este marco metodológico puede ser utilizado para el análisis de las consecuencias de las Estrategia de Reducción de la Pobreza sobre la infancia en otros países.

El estudio establece cuáles son las políticas y programas de la Estrategia de Reducción de la Pobreza de Bolivia que afectan en mayor medida a la niñez –con relación a la salud y la educación– y evalúa los efectos de las mismas con respecto a los principales indicadores de pobreza infantil mediante el empleo de un enfoque basado en los derechos humanos. El estudio llega a la conclusión de que la Estrategia de Reducción de la Pobreza no introdujo ningún programa o política nuevos en materia de salud o educación, sino que asignó recursos financieros adicionales a los que ya existían.

La Estrategia de Reducción de la Pobreza también modificó las asignaciones de fondos para dar un carácter prioritario a los municipios con niveles relativamente elevados de pobreza. Esto no mejora los indicadores de pobreza de la infancia en materia de salud y educación, aunque esos indicadores podrían haber empeorado en ausencia de esa estrategia.

## Résumé

La présente étude recense les politiques et les programmes de la Stratégie pour la réduction de la pauvreté en Bolivie (DSRP - Stratégie pour la réduction de la pauvreté) et leur incidence sur la pauvreté de l'enfant. La Bolivie, qui a commencé le DSRP en 2001, est l'un des pays pionniers dans la mise en oeuvre des stratégies pour la réduction de la pauvreté.

À partir de recherches théoriques menées à New York et de travaux effectués en Bolivie sur le terrain, cette étude définit un cadre méthodologique pour l'analyse du DSRP en Bolivie. Ce cadre méthodologique peut être utilisé dans des futures évaluations des effets des DSRP sur la pauvreté de l'enfant.

L'étude recense les politiques et les programmes de la DSRP qui ont l'incidence la plus forte sur l'enfant – la santé et l'éducation – et elle évalue leur impact sur certains des indicateurs essentiels de la pauvreté de l'enfant, en ayant recours à une approche fondée sur les droits. Cette étude conclut que la Stratégie pour la réduction de la pauvreté n'amène pas de politiques ou de programmes nouveaux, en matière de santé ou d'éducation, mais qu'elle apporte des ressources financières complémentaires à ceux qui existent déjà.

En outre, la Stratégie pour la réduction de la pauvreté a modifié l'attribution des financements en donnant priorité aux communes dont le niveau de pauvreté est relativement élevé. Le financement apporté par la Stratégie pour la réduction de la pauvreté n'a pas amélioré les indicateurs de la pauvreté de l'enfant dans les domaines de la santé et de l'éducation, encore qu'en l'absence d'un tel financement les indicateurs auraient pu être pires.

## **1. Introduction**

The main objectives of this study are to assess the impact of the Poverty Reduction Strategy Paper (PRSP) on child poverty, and suggest a methodological framework for similar evaluations in Bolivia and other highly indebted poor countries (HIPC). This study will assist UNICEF and other development agencies to assess whether or not the PRSP is an effective strategy to reduce child poverty.

The PRSP is a relatively new approach initiated by the World Bank (WB) and the International Monetary Fund (IMF) to channel donor assistance to heavily indebted low-income countries. Currently almost forty of the poorest countries in the world are in various stages of adopting the PRSP.

The main challenge of the study is that the PRSP started only five years ago, thus only a few countries have had their PRSP in place for more than a few years. There is not sufficient data for analyzing the impact of specific policies supported by the PRSPs in most countries. As a result, there is a lot of research on the PRSP process itself, but few studies that evaluate the impact of the PRSP on poverty indicators. The present study attempts to fill this gap by appraising the outcomes of some of the PRSP policies in Bolivia.

Another challenge is to isolate the effects of the PRSP from other causes that may have influenced the performance of the poverty indicators. Bolivia has gone through a very volatile political, social and economic period since the PRSP was introduced. Thus, it is difficult to disentangle the effect of the PRSP from the effects of other processes that have been taking place in the same period. Related to this is the problem of creating a counterfactual, i.e. Bolivia without a PRSP during the same period of study. Neither Bolivia prior to the PRSP, nor other countries without PRSP provide adequate examples for such comparison.

Although the study cannot show what would have happened had the PRSP not been implemented, it examines how child poverty indicators have changed since the introduction of the PRSP. In this study, child poverty is defined in accordance with Gordon D., Shailen N., Pantazis, C. and Pemberton S. (2003) as the deprivation of basic human needs or capabilities. Children possess human rights as defined in the international covenants (such as the right to an education or health), and poverty is a failure to realize that right. The study has identified policies and programs in the Bolivian PRSP that affect child poverty the most—that is, policies in the health and education sectors—and evaluates their impact on some of the major child poverty indicators.

## **2. Background**

### **Institutional Context in Bolivia**

#### **Debt Crisis & Structural Reforms**

This section will briefly describe the history of the relationship between Bolivia, the International Monetary Fund (IMF) and the World Bank, and explain the debt build-up which eventually prompted the HIPC initiative. The conditions which the Bolivian government had to fulfill in order to qualify for loans from the WB and the IMF shaped the Bolivian public sector

spending, and therefore influenced the Bolivian government's social policy before the PRSP (*Programa de Promoción de la Participación y del Control Social* (PROPACS) et al, 2004:25).

Bolivia was affected by the global debt crisis during the 1980s<sup>1</sup>. Famous for its austerity, the first IMF stabilization package in 1985 called "Bolivia's New Economic Policy" (*Nueva Política Económica* - NPE) changed the economy fundamentally. The main feature of the NPE was floating the peso (which had previously been pegged), liberalizing import policies, and restructuring the public sector resulting in massive lay offs and a spending freeze on state-owned enterprises. The NPE also deregulated the economy, eliminated subsidies, and lifted price controls (US Library of Congress, para. 16).

The impacts of stabilization and adjustment on poverty and inequality were ambiguous at best (Thiele, 2001) and negative at worst (Psacharopoulos et al., 1992). Morales (1987: 29) argues that the adjustment programs and stabilization policies implemented by the state during this time were largely financed by the working class, and therefore represented a tax on the poor. Social unrest increased in reaction to these policies.

### **Decentralization and Municipal Capacity**

As social unrest increased, the Bolivian government embarked on a new political reform: the decentralization process. A review of this reform is important as the PRSP process will be implemented through the same administrative structure and will face similar problems.

The Bolivian reform was introduced in 1994 when the international donor community was promoting decentralization as a good form of governance. The main rationale for decentralization was to facilitate the inclusion of citizens in public-level decisions, increase the capacity of the government to reach the large proportion of the population living in remote areas and to efficiently distribute financial and other resources to rural areas (Faguet, 2003; Altman and Lalander, 2003).

The decentralization process that started with the Popular Participation Law (*Ley de Participación Popular*) sub-divided Bolivia into 311 municipalities, established a new form of local level governance, and allowed the restructuring of various policies and programs:

- Citizens of each municipality elect both the mayor and members of the municipal council, who are responsible for investing in school infrastructure, irrigation, local streets, and sports facilities. Each municipal government is required to prepare an Annual Operative Plan (POA) and to draw a five-year Municipal Development Plan (PDM) based on a manual developed by the Vice Ministry of Popular Participation;
- *Coparticipación* funds, consisting of 20% of national tax, are allocated to municipal governments on a strict per capita basis. Though municipal governments have to draw POAs and PDMs, it is important to note that they were given the authority to use the funds as they see fit. The only restriction is that municipalities use 20% of the *coparticipación* funds they receive for payment of current expenses (salaries, wages, light, water, telephone, etc.);

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<sup>1</sup> This paragraph draws heavily from Federal Deposit Insurance Corporation [History of the Eighties—Lessons for the Future Volume I: An Examination of the Banking Crises of the 1980s and Early 1990s](#)

- Civic groups such as indigenous organizations, urban neighborhood associations, and parental organizations were legalized and were given specific responsibilities within each of their municipalities. Every two years, these civic groups or Grassroots Territorial Organizations (*Organizaciones Territoriales de Base* - OTB) elect members of the Monitoring Committees (*Comites de Vigilancia* - CVs). CVs are responsible for assisting the municipal government in planning annual municipal expenditures, overseeing municipal spending of funds, and filing complaints to the National Senate if municipal governments misuse funds (Faguet, 2001; [www.worldbank.org](http://www.worldbank.org)).

The reform had two important effects: it re-organized funding allocation and increased social spending. For instance, in 1993, the three main departments, La Paz, Santa Cruz, Cochabamba, divided amongst themselves 86% of the national revenues. By 1995, the same departments were receiving approximately 27% of the revenues while other municipalities shared the rest. Decentralization also changed the pattern of investment. For example, between 1991 and 1993, the central government spent most heavily in transport and energy. After decentralization, local governments invested the majority of their funds in education, urban development, and water and sanitation (Faguet, 2001).

Though marked by such success, the decentralization process has not been without problems. Impediments that plague municipal administrations include lack of institutional capacity, corruption, instability, and Grassroots Territorial Organizations and Vigilance Committees' lack of efficiency. Such problems also affect the PRSP implementation process.

Municipalities, especially in indigenous communities are not staffed with skilled bureaucrats capable of designing projects suitable to the long-term needs of the communities (Espada, 2005).

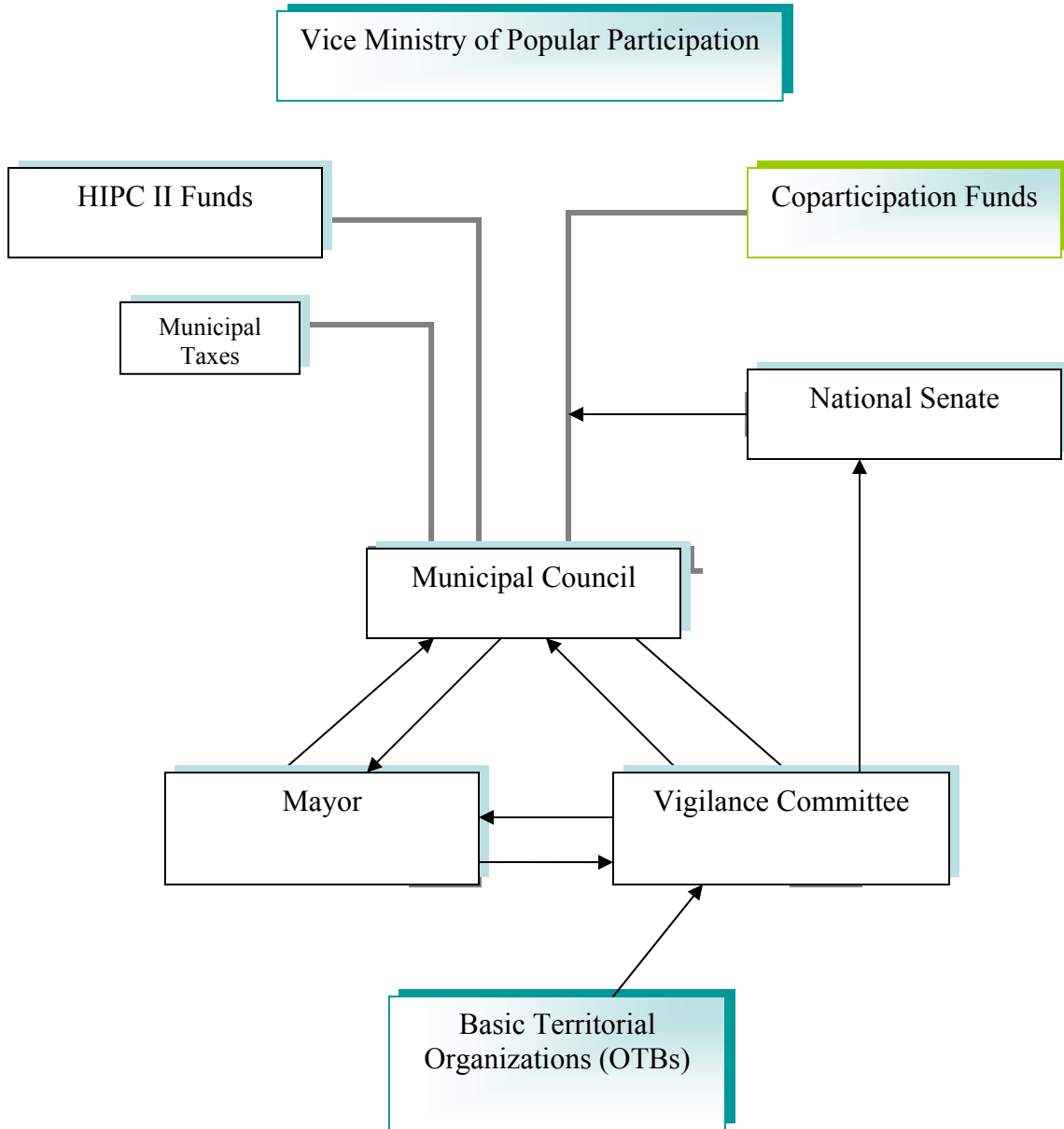
Evidence also suggests that decentralization was not able to control corruption (Juan Luis Espada, 2005). Between 1994 and 2001, for instance, the *Controlaria General* or the General Accounting Office reported that municipalities misused 3% of their investments or \$12 million (Altman and Lalander 2003).

Institutional instability is widespread. Municipal councilors are using legal loopholes to reject legitimately elected mayors because they are of opposition parties; council members have also, at times appointed a favorite candidate while another mayor is in power. It has been calculated that in 1999 council members issued a total of 248 “no confidence votes” against their mayors, most of the time encouraged by national leaders (Altman and Lalander 2003).

Lastly, Grassroots Territorial Organizations and Vigilance Committees do not work as efficiently as they should be as most are illiterate. For instance, 85% of OTB leaders are functionally illiterate. OTBs also claim that councilors do not provide them with adequate resources and information to carry out their duties (Altman and Lalander 2003).

Thus, the decentralization established local governments accountable to local votes, changed patterns of investments, and set the stage for the implementation of the PRSP process. However, the various problems identified above impede its success and that of the HIPC II process.

Figure 1: Institutional features of municipal governments



Adapted from Altman and Lalander (2003) p. 74  
Grey lines depict monetary resources that municipal councils receive  
Black arrows depict various actors' points of interactions

### 3. PRSP in Bolivia

#### The Dialogue

The National Dialogue, the forum through which civil society participates in the formulation of the PRSP, is important because people in communities affected by poverty are able to articulate their needs and which policies can address those needs. In order for a country's HIPC assistance to be approved, its dialogue process must be participatory. Bolivia had two dialogues in the last eight years. This section will briefly describe Bolivia's dialogue processes and highlight lessons learned from each.

Bolivia's first National Dialogue, called "Bolivia Towards the 21<sup>st</sup> Century," took place in 1997. The participants of the dialogue came from government, civil society including social organizations, municipal oversight committees, international and local NGOs, the Catholic Church, and academic and research institutes (World Bank C, Box 1). The objective was to develop and discuss the Bolivian governments new social and economic policy framework (ibid, section 1).

Civil society groups criticized the first National Dialogue for its lack of participation, although it was approved by the World Bank. While the Bolivian government was satisfied with the first dialogue process, civil society groups did not feel that there was time for in-depth discussion and their input after the dialogue was too limited (ibid section 1). There was also no transparency regarding who was invited to participate (World Bank C, section 1).

The second National Dialogue which took place in the year 2000 led to the PRSP that is the subject of this study. Civil society's negative experience with the 1997 Dialogue prompted a series of parallel dialogues organized by different groups while the official National Dialogue was stalled due to political turmoil (Murillo Palenque, 2005; World Bank C).

Common themes addressed in the civil society consultations were the use of HIPC resources, identification of vulnerable groups, strategies for reducing poverty, and governance issues (corruption, "problems" with political parties, and the weakness of the electoral system ) (ibid, section 4.1).

The Dialogue held by the Catholic Church's Pastoral Commission, also known as *Cáritas* was one of the most influential parallel dialogues. *Cáritas* began its consultation process, also known as the *Foro del Jubileo* (The Jubilee Forum) in late 1999 (World Bank C, Section 3.2.2). The Jubilee Forum grew to encompass the majority of the NGO community. This dialogue process focused on the use and monitoring of HIPC II funds (ibid, section 4.1.1), land distribution and control over natural resources (Murillo Palenque, 2005). The Forum produced a proposal for a "social oversight mechanism" (*mechanismo de control social*) that would monitor the PRSP implementation (ibid section 4.1.1). The proposal was later approved by the government through the National Dialogue Law.

Associations of producers of various goods also had a dialogue process called the National Consultation of the National Liaison Committee (*Consulta Nacional del Comité Nacional de Enlace*) (World Bank C, Section 4.1.2). This consultation focused on participants common

interests as small and medium scale producers (ibid section 3.2.4). Each industry had its own discussion which was then integrated into the National Dialogue.

Bolivia's 2000 National Dialogue consisted of a series of meetings organized first at the municipal level, then at the departmental level, and finally at the national level (Bolivia, 2001:12). The National Dialogue 2000 meetings had three pillars: social, economic, and political<sup>2</sup>. According to the PRSP, the participants of the National Dialogue process identified a number of issues related to poverty (Bolivia, 2001:45-49):

- Rural and indigenous people were identified as the poorest members of society;
- Limited access to markets, employment and income were seen as obstacles to poverty alleviation;
- Rural poverty was seen as the cause of low levels of productivity, a lack of productive infrastructure, and imperfections in the agricultural market;
- Strengthening human capital, particularly in the areas of health, education and sanitation, was identified as an important step to empower people;
- Vulnerability of certain groups such as children, women and the elderly was identified as a problem;
- Social exclusion, particularly of women and indigenous people, was viewed as leading to insufficient participation in community decision-making;
- Centralization, bureaucracy and corruption, were identified as obstacles to overcoming poverty.

The National Dialogue culminated on August 28<sup>th</sup> in a workshop titled, "The Government Listens," in which a preliminary draft of the PRSP was presented to members of civil society. A rough draft of the "Law on National Dialogue and Compensation Policy," which integrates the PRSP into national law, was also presented (Bolivia 2001:53). At this event, participants decided that 70% of the HIPC II resources would be distributed according to poverty indicators and 30% would be distributed evenly among the nine departments (World Bank C, section 7.1). In accord with the overall decentralization process in Bolivia, there was also widespread agreement among participants that municipal governments would be responsible for administering funds (ibid). Furthermore, civil society would have supervisory control over the resources in the form of the Jubilee Forum's proposed "Social Control Mechanism" (ibid).

The drafting of the PRSP was problematic. There were concerns regarding to what extent the proposals made in the consultations would be included in the final document and the degree to which civil society would be included in the rest of the process. Time constraints posed a challenge. The Economic Policy Analysis Unit (*Unidad de Analisis de Politicas Economicas - UDAPE*), the government entity responsible for drafting the document, had little time left to prepare the final document for presentation to the donors at meetings scheduled in October.

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<sup>2</sup> In this section we provide an overview of the themes discussed in the National Dialogue 2000. Each of these sections is elaborated on in the PRSP itself on pages 43-55.

## **The Bolivian Poverty Reduction Strategy Paper**

As was discussed above, the Bolivian Poverty Reduction Strategy Paper is the national poverty reduction plan which qualifies the country for debt relief under the World Bank and IMF's HIPC II debt relief initiative. This section will briefly outline the programs and policies, cross-cutting issues, or issues that are integrated into the entire PRSP and priorities contained in the PRSP.

The Bolivian PRSP describes its objective as follows: "to reduce poverty and promote human development, placing emphasis on the neediest members of the population through improved access to markets, building capacities by providing basic public services, increasing social protection and security, and promoting citizen participation and integration within a context of growth and equity and rational use of natural resources" (Bolivia, 2001: 58). The "Strategic Actions" through which these goals will be realized are:

- Expand employment and income opportunities for the poor;
- Develop the productive capabilities of the poor;
- Increase security and protection for the poor;
- Increase social participation and integration

Each of the policy categories in the "Strategic Action" areas has a list of proposed plans, programs and agencies responsible for implementation and oversight. For example, under the action of increasing security and protection for the poor and the policy of expanding social protection programs which target vulnerable groups, children and adolescence are identified as a vulnerable group. Priority is given to a child's right to education and protection against economic exploitation. The PRSP proposes a National Plan for the Gradual Eradication of Child Labor to be designed with coordination between the Vice Ministry of Gender, Generational and Family Matters and the Social Management Units of the departments, in addition to the Municipal Ombudsperson's Offices (Bolivia, 2001: 106).

The PRSP also describes a number of issues that cut across the four strategic components listed above. These "Cross-Cutting Issues" are related to ethnicity, gender, the environment and natural resources. They are described as important to the PRSP because these issues recognize the diversity and help define the development process in Bolivia (Bolivia, 2001:118). These "Cross-Cutting Issues" are:

- Development with the identity of indigenous and native peoples;
- Promoting gender equality;
- Sustainable use of natural resources and environmental preservation;

## **Funding Mechanisms**

The funding mechanisms contained in the PRSP represent a significant change from previous allocations of resources (Bolivia, 2001: 140-156). The funding mechanism in the PRSP, which became domestic law in the National Dialogue Law of 2000, institutionalizes the use and oversight of HIPC II funds outlined in the PRSP, and defines the criteria for distribution and use of funds (*Congreso Nacional*, 2001; 1). It is used to channel HIPC II funds as well as other sources of funding to the Ministries of Health and Education and the municipalities. Previously, money had been allocated on a discretionary basis and was largely guided by political interests. Figure 2, adapted from the Law, is an illustration of the resource allocation and disbursement flows of HIPC II funds.

HIPC II funds are generated from taxes, customs, duties, and donors' funds. These resources are deposited into a special account in the Central Bank of Bolivia. The Treasury then allocates US\$27 Million of these funds to the Municipal Solidarity Fund for Scholarly Education and Public Health (*Fondo Solidario Municipal para la Educacion Escolar y Salud Publica*). Two third of this fund are allocated by the Ministry of Education to hire more teachers and increase the number of teaching hours of current teachers. The remaining one third is given to the Ministry of Health to hire more health care personnel (Honorable Congreso Nacional, 2001; 3). The remaining funds are deposited into the Special Dialogue Account 2000 (Cuenta Especial Dialogo – CED) in the Central Bank of Bolivia, where they are divided and deposited directly into the municipal accounts (Bolivia, 2001: 142-143; Congreso Nacional, 2001; 4-5). The funds are divided as follows:

- 20% for the improvement of education, allocated based on the school age population in each municipality. Municipal funds allocated to education can be to purchase materials, school equipment, maintenance of school infrastructure, and provide incentives to avoid students dropping-out (ibid).
- 10% for the improvement of health, distributed based on the population of the municipality. Health funds can be used to purchase equipment, other inputs, human resources training, and Public Health sector infrastructure maintenance (ibid)
- 70% for social and productive infrastructure. Of this fund, 30% is distributed to each of nine departments, and then redistributed to the constituent municipalities using a poverty-weighting formula. The remaining 70% is disbursed directly to the municipalities using a formula whereby municipalities with higher poverty rates receive more resources. The municipalities can use this money for productive infrastructure, land tenure and distribution, micro-enterprise technical assistance, co-financing animal and vegetal sanitation projects, health, education and sanitation infrastructure, public infrastructure for tourism, alternative education programs, food programs in schools and child assistance programs, anti-plague programs, municipal security programs, environmental protection programs and natural disaster-assistance (ibid)

The PRSP and the National Dialogue Law do not define the limits of each of the population categories. However, in a recent interview, Romero Cabrero (2005), co-author of the National Dialogue Law, indicated that the categories are based on the limits defined in the Human Development Index and the scores that each municipality receives in each category are based on the most recent National Census. The higher the score, the worse the poverty rate in the municipality. Funds for social and productive infrastructure target where the need is deemed greatest; while municipalities who have relatively better poverty indicators are negatively weighted and receive less funds (*Congreso Nacional*, 2001, 4-5; Bolivia, 2001;143).

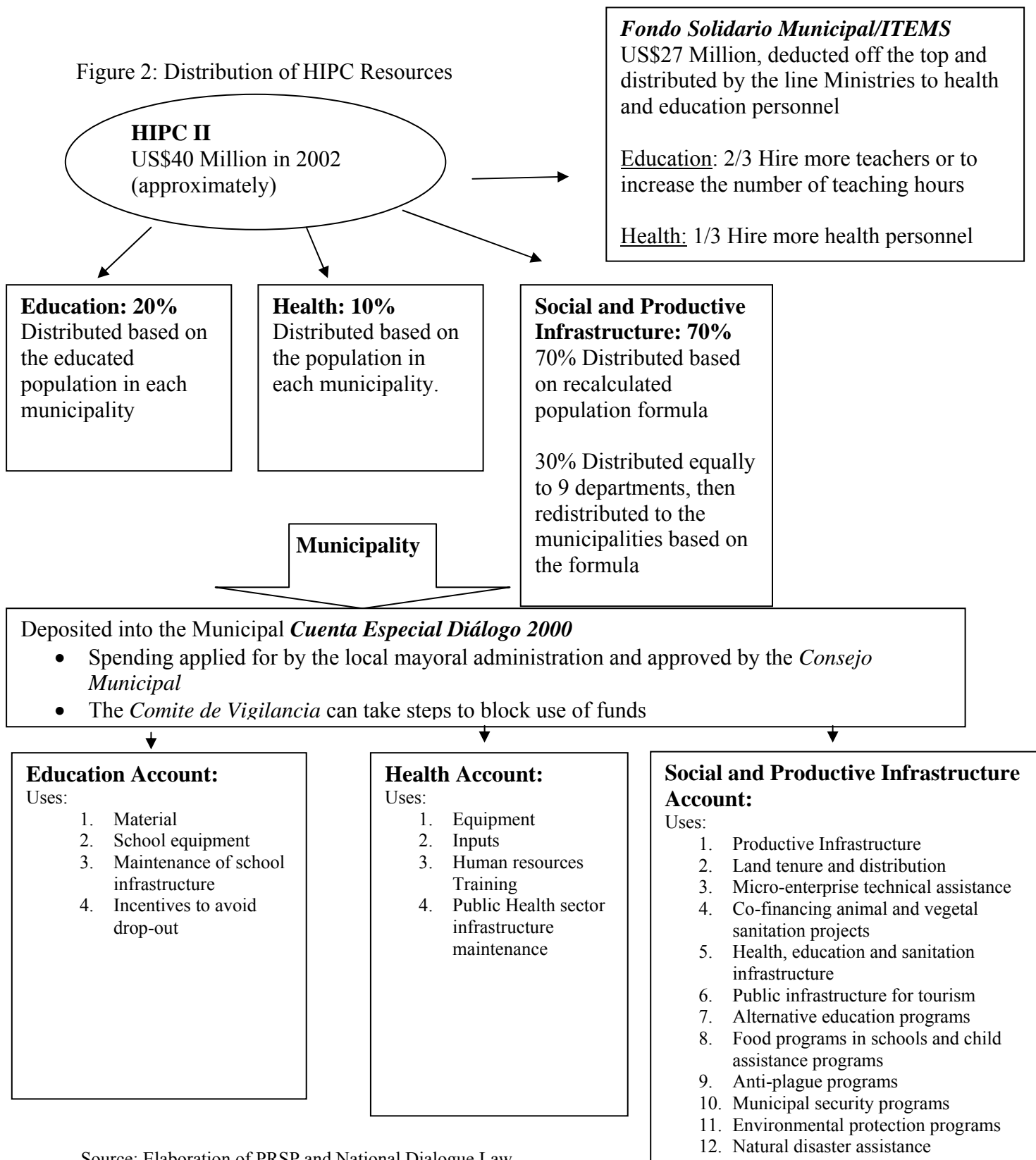
### **National Compensation Policy**

The main objective of the National Compensation Policy (*Política Nacional de Compensación-PNC*) is to create an effective channel for municipalities to receive additional resources transferred by international donors to neediest municipalities. The PNC created the Single Funding Directorate (*Dirección Única de Fondos-DUF*) to channel donor funds. Donor funds were previously allocated at the will of the donor, which could be influenced by political gain.

DUF funds are allocated through the Public and Social Investment Fund (*Fondo de Inversión Público y Social* - FPS)

Although the PNC, DUF and FPS were all created in 1999, the PRSP modified them to allocate their funds in accordance with the poverty formula described above (Bolivia, 2001: 146; Institute of Social Studies 2003; 16). After the PRSP, municipalities apply for FPS funds by presenting a project proposal to the Ministry of Finance. Projects are approved according to the poverty weighting formula. Municipalities often have to match the FPS funds with their own funds. Municipalities often use HIPC II funds from the Special Dialogue Account to match FPS funds (Nickson, 2002).

Figure 2: Distribution of HIPC Resources



Source: Elaboration of PRSP and National Dialogue Law

## **PRSP Monitoring & Evaluation Mechanisms**

The monitoring and evaluation system established by the PRSP comprises the **Interinstitutional Monitoring and Evaluation Committee** (*Consejo Interinstitucional de Seguimiento y Evaluación-CISE*)<sup>3</sup> and the **Social Oversight Mechanism** (*Mecanismo de Control Social*).

**CISE** is responsible for tracking the impact of the PRSP at the national level. CISE is comprised of three bodies: the Bolivian Social and Political Policy Analysis Unit (*Unidad de Análisis de Políticas Económicas y Sociales-UDAPE*); the National Statistics Institute (*Instituto Nacional de Estadística-INE*), and; the Ministry of Sustainable Development and Planning (*Unidad de Planificación Estratégica y Participación Popular-UNEPP*). The UNEPP works with the municipalities to define indicators that should be tracked, while INE gathers data on those indicators and UDAPE analyses the data. Unfortunately CISE, ceased to function after 2002 due to lack of coordination between the three agencies and INE's lack of capacity to gather the amount of data required (INE, UDAPE interviews, 2005).

The **Social Oversight Mechanism** is the only currently functioning mechanism for monitoring the use of HIPC II funds outlined in the PRSP. It is the result of the outcome of the Jubilee Forum Dialogue hosted by the Catholic Church. At the municipal level, the Municipal Oversight Committees (*Comités de Vigilancia*) are comprised of members of local community associations who are supposed to ensure that funds are used appropriately. They do not necessarily collect information. Rather, if the local government is committing abuses which come to light, they can report misuse of funds or other violations to a local judge who can begin an investigation. Some municipal Oversight Committees have been successful in reporting some problems, but in other cases they may be involved in corruption (Palenque Murillo, 2005).

## **4. Methodological Framework**

Evaluating the PRSP in Bolivia presents some major challenges. The main question this study will try to answer is: "Which has been the impact of the PRSP on child poverty in Bolivia" which raises the question, "How would the evolution of child poverty in Bolivia have been without the PRSP?" In order to be able to rigorously evaluate the impact of the PRSP policy interventions, one would ideally have a control group sharing the same characteristics as the group affected by the policy itself. The only difference between the two groups is that one group is exposed to a policy intervention and the other one is not. However, it is not possible to have that control group. Thus, it is difficult to attribute differences in outcomes to the policy intervention itself and not to changes in other variables likely to affect child poverty. Therefore this study will set up an alternative methodological framework.

In order to assess if the evolution observed in the main child poverty indicators in Bolivia after the PRSP is due to the PRSP itself or to other intervening variables, this study has chosen to: (1) analyze if the PRSP actually changed current policies; (2) study how these policies have been implemented; (3) examine child poverty outcomes before and after the PRSP; and lastly (3) evaluate whether we can attribute these changes to the implementation of the PRSP or if other explanations are more plausible.

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<sup>3</sup> This section draws heavily on Nickson, Andrew. 2002. *Bolivia: A Country Case Study*. University of Birmingham: UK.

Before applying this framework we will describe how the Bolivian PRSP addresses the current situation of children's well-being, and what indicators it chooses to track their progress. Although policies may impact poverty indicators without intending to, it is important to identify explicit references to child poverty because that is the subject of this study. Once having done this, the methodological framework will be applied as follows:

Step 1: Formulation Analysis. How does the PRSP's conceptualization of child poverty translate into specific programs and policies? A crucial aim of this step will be to determine whether the PRSP spurred new policies or simply continued pre-existing policies, thereby reflecting a more general trend in policymaking in the country.

Step 2: Implementation Analysis. How have these programs and policies been implemented? A potential impact of a new policy initiative depends critically on how it is implemented. This also includes evaluating whether the PRSP changed the way existing policy initiatives (prior to the PRSP) were implemented. Specifically regarding fiscal issues, it will be relevant to look at the funding mechanism provided through the HIPC II initiative, and how it has affected the policies related to children's well being.

Step 3: Child Poverty Indicators. How has child poverty evolved in Bolivia over the years since the PRSP was implemented? It is important to attempt to link the development of child poverty to the PRSP. To approach the question of whether the PRSP has affected the trends in child poverty in Bolivia, we will compare trends in the deprivation, the right to education and the right to health on the department level and the allocation of HIPC II funds on a departmental level with child poverty outcomes. In this section, it will be very important to look for other plausible explanations for the performance of the child poverty indicators. Specifically, it will be important to look at the economic development in the country, as changes in underlying economic conditions are likely to have a strong influence on child poverty.

To understand the effect of the PRSP on existing policies and their implementation, qualitative interviews have been conducted with key representatives in the Bolivian Health and Education sectors, both with government representatives and with non-governmental representatives (national and international). To answer the questions concerning the trend in child poverty and the allocation of HIPC II resources, quantitative data have been collected primarily from Bolivian Government agencies.

In sum, we believe that following these steps will be a useful way to approach the question of how to analyze the impact of the PRSP. However, it is also clear that it will be hard to answer the fundamental question of "How would the development of child poverty in Bolivia have been without the PRSP", and that the findings will be vulnerable to misinterpretation due to omitted variables. Nevertheless, following this methodological framework will give an indication of the effect of the PRSP on policy formulation and implementation, and how this has affected the development of child poverty in Bolivia. In applying this framework in the next section we will identify missing information that would be needed to be able to better link observed outcomes with the PRSP.

## **5. Impact of the PRSP on Child Poverty in Bolivia**

The definition of poverty is usually based on a comparison of an individual's income with some defined threshold below which individuals are considered as being poor in that particular attribute (WB, PRS Sourcebook).

However, poverty shows many other faces than just a figure below a quantitative threshold defined as poverty line. There are geographical, biological and social factors that amplify or reduce the impact of income on each individual. In the case of education, for example, it is true that correlations between poverty and poor educational attainment are strong. Children coming from poor households may have fewer opportunities to attend school. However, public investment in education may help reverse this situation.

### **5.1. Child Poverty in the Bolivian PRSP**

The Bolivian PRSP recognizes that in order to reduce poverty and promote human development, special emphasis needs to be made on the neediest members of the population<sup>4</sup>.

Children are one of the most vulnerable and neediest groups in Bolivia. Based on the last census (2001), 45 percent of the population in Bolivia is under eighteen years old. Furthermore, around 2.5 million children under 18 years old (67 percent), live under poverty conditions. Thus, targeting child poverty should be considered as a priority in order to reduce poverty. Healthy and educated children will in the medium- and longer-term contribute to promote economic growth and development in Bolivia.

Nevertheless, there are no specific programs and policies targeting child poverty in the Bolivian PRSP. Children are included in the Bolivian PRSP only as potential beneficiaries of the health and education programs. In the following section, we examine indicators that directly affect children's well being.

#### **Health Indicators**

The following tables present a summary of the goals for the outcome and intermediate health indicators related to children as defined in the Bolivian PRSP. They include data for a baseline year and projections of each indicator until 2015, in the case of the outcome indicators, and until 2006 in the case of intermediate indicators.

Child and maternal mortality rates are considered the main outcome indicators to monitor child poverty. However, there are other intermediate indicators mentioned in the PRSP that help measuring the performance of these mortality rates, such as: percent of children with low birth weight, percent of pneumonia cases treated in babies under 1 year old, percent of women with adequate antenatal check-ups, and coverage of institutional deliveries.

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<sup>4</sup> The PRSP has been criticized for not protecting the culture of the mass of poor indigenous people, for not using its characteristics for poverty reduction and for treating their needs like the needs of poor people anywhere. Nevertheless, it is not within the scope of this paper to evaluate the impact of the PRSP on the indigenous population.

The goals for the outcome indicators are consistent with the intermediate indicators. The availability of greater institutional coverage of pneumonia treatment in children under one year and nutritional programs for pregnant women to prevent low birth weight will make it possible to reduce the infant mortality rate from 67 per 1,000 live births in 1998 to 40 per 1,000 live births in the year 2015. Expanded coverage of adequate prenatal care and institutional childbirth will make it possible to reduce the maternal mortality rate from 390 per 100,000 live births in the year 1994 to 200 per 100,000 live births in the year 2015 (BPRSP, 176).

Table 1: Outcome indicators

Description	Area of Incidence	GOALS					
		Baseline Year	Data	2000	2005	2010	2015
Child Mortality Rate (per 1,000 live births)	National	1998	67	58	50	45	40
Maternal Mortality Rate (per 100,000 live births)	National	1994	390	374	304	246	200

Table 2: Intermediate Indicators

Description	2000	2001	2002	2003	2004	2005	2006
% Of children with low birth weight	6 %	6 %	5 %	4 %	4 %	3 %	3 %
% Of Pneumonia cases treated in babies < 1 year old	17 %	18 %	19 %	20 %	21 %	22 %	23 %
% Of Women with adequate antenatal check-ups	34 %	37 %	40 %	43 %	46 %	49 %	53 %
Coverage of Institutional Deliveries	49 %	53 %	56 %	59 %	62 %	65 %	68 %

The PRSP should incorporate other complementary health indicators that better measure the development of the child during her/his first years, such as: nutritional levels (this indicator can be measured in terms of the children’s weight and height), coverage of vaccines and vitamins, etc. These indicators may help better monitor the progress of children as regards both their physical condition and their main cognitive functions. An adequate level of nutrition is crucial for a child’s satisfactory development.

### **Education Indicators**

The PRSP highlights several reasons why improving education is an important way to reduce poverty. It emphasizes education as a means to enhance future earnings and “opens the door to the labor market and enhances opportunities for future distribution of income”(PRSP 2001: 83). The PRSP specifically links the importance of education to economic growth and notes that “a

head of household with a primary education could increase the household income by 25 % over households headed by persons with no education. Similarly, household income may increase a further 40 % when the head of household has a secondary education” (PRSP 2001: 37). However, the PRSP also applies a broader perspective, seeing education as helping to promote participation and social equity and to ensure the sustainability of development trends (PRSP 2001: 83). Having established the importance of focusing on education, the PRSP has chosen to use the following indicators to monitor the development of the education sector in Bolivia:

Table 3: Goals for outcome indicators

Description	Baseline		Goal			
	Year	Figure	2000	2005	2010	2015
% of population w/ 8 or more years of schooling (National)	1999	50.7	51.6	56.3	61.4	67.0

Table 4: Goals for outcome indicators

Description	Breakdown	Baseline		Goal			
		Year	Figure	2000	2005	2010	2015
Academic delay	National	1999	44.0	42.8	37.7	35.67	30.8
Continued school attendance in first cycle of primary school ( promotion to 4 <sup>th</sup> grade)	National	1999	64.6	69.9	80.0	84.9	90.2
	Urban	1999	67.4	73.3	83.4	87.5	91.9
	Rural	1999	61.8	66.7	76.9	82.5	88.5
Student with at risk performance in language arts	National	2000	23.4	23.4	13.4 <sup>5</sup>	8.4 <sup>6</sup>	-
Student with at risk performance in language arts	National	2000	27.6	27.6	19.6	15.6	-

Table 5: Goals for intermediate indicators

Intermediate	Goals						
	2000	2001	2002	2003	2004	2005	2006
No. of educational center with complete primary school/ no or education centers - Rural	80,8%	82.9%	85%	87.5%	90%	92.5%	95.0%
Spending on education in school/total educational spending	72%	72%	75%	77%	77%	77%	77%

<sup>5</sup> Calculations are expected to be conducted in 2006

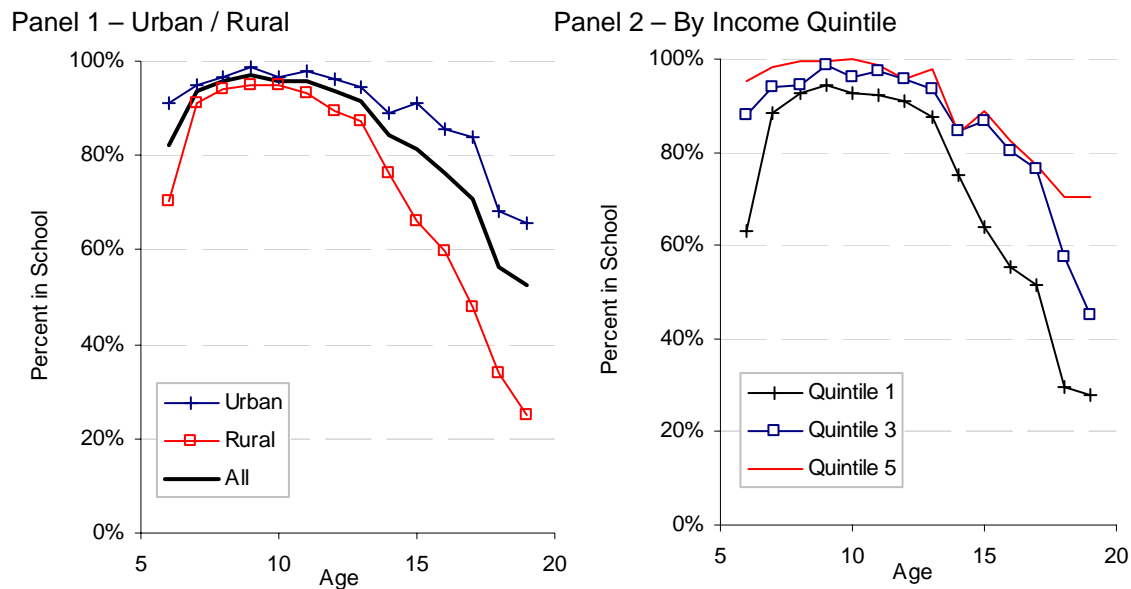
<sup>6</sup> Calculations are expected to be conducted in 2009

The choice of intermediate indicators “the percentage of education centers<sup>7</sup> offering complete primary education” reflects a focus on making primary education available in rural areas. The PRSP makes clear that this cannot come at the expense of existing expenditure to urban areas, but that meeting this goal will require additional resources to the education sector (PRSP Annex VIII: 54). With regards to the target of increasing school spending as a proportion of total education spending, this indicator seeks to ensure that there is a better distribution within the education sector and that priority is given to directing education resources to the schools.

Inadequate targeting of drop out after 4<sup>th</sup> grade

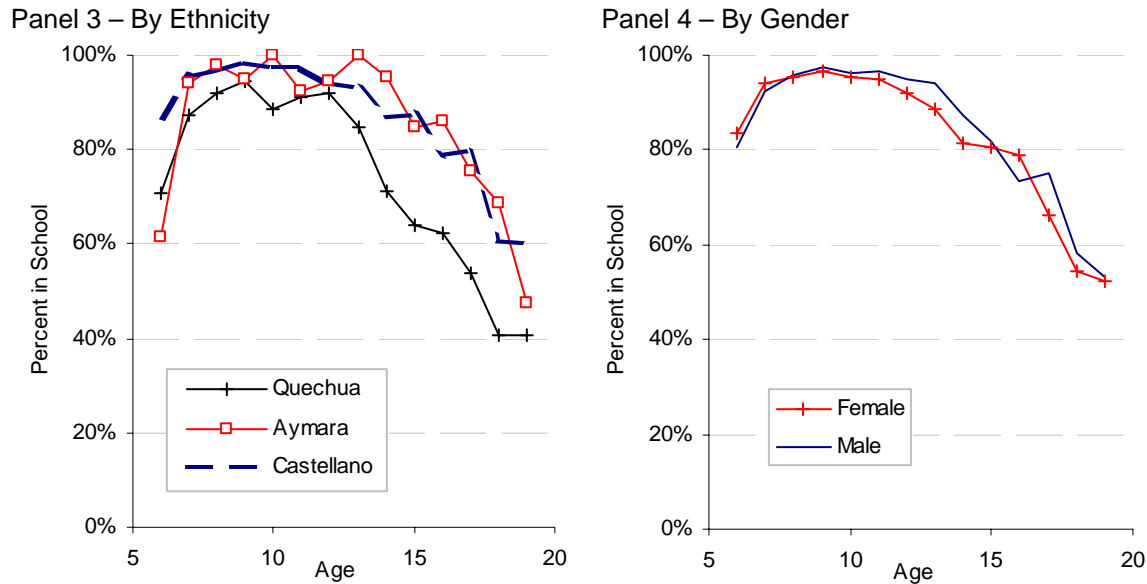
In order to get a better picture of the education sector in Bolivia, one should also include indicators measuring the drop out rate. At present, none of the indicators in the PRPS does this. As shown from in the table below, the drop out rate reaches its highest levels after 4<sup>th</sup> grade ( this also means that it will not be registered by the PRSP indicator “promotion to 4<sup>th</sup> grade”)

Figure3 – School Enrollment by Geographical Location and by Income Quintile



<sup>7</sup> An education center is a “group of education units that together constitute a network of complementary education services, the objective being to make optimum use of the human, material, and financial resources of the public education sector and to improve internally each of the units of which the center is composed (PRSP Annex VIII:53)

Figure 4: School Enrollment by Ethnicity and Gender ( Source: 2002 MECOVI.)



Failure to target the high drop-out rate after 4<sup>th</sup> grade is especially worrisome when, in spite of progress with respect to illiteracy rates and gross enrolment rates during the 90s, no progress was made with respect to dropout and repeater rates during the same period<sup>8</sup>. This study will therefore include measures of primary school drop out rates as well as net enrolment rates.

## 5.2. Policies and Programs Affecting Child Poverty in Bolivian PRSP

### Health Programs and Policies Targeting Child Poverty

The health programs and policies referred to in the Bolivian PRSP are a continuation of programs that already existed before the PRSP was implemented.

The main policy described in the Bolivian PRSP specifically targeting children is the Universal Mother and Child Health Insurance (SUMI). This program was a continuation of the Mother and Child Health Insurance (*Seguro Nacional de Maternidad y Niñez – SNMN*) which began in 1996. The SNMN was offering a package of health care services for mothers and children and was implemented with the participation of the municipal governments. In 1999, this package was improved, giving rise to the Basic Health Insurance (*Seguro Basico Nacional – SBS*) whose services were based on the same criteria as the SNMN. The SBS was converted to SUMI in 2002 and became one of the programs funded through PRSP funds. The SUMI was established as a free-of-charge nation-wide program that provides health services to pregnant women from the start of pregnancy up to six months after giving birth and children under five years of age.

<sup>8</sup> Throughout the 1990s, we observe some improvements in education indicators—the illiteracy rate declined from 20 percent in 1992 to 15 percent in 1999; the adult population having eight or more years of education increased from 38 percent to approximately 50 percent; and gross enrollment in primary school maintained reasonable growth rates to the point of approximately 100 percent coverage. However, in 1999, we still observed dropout and repeater rates similar to those registered during the early 1990s. ( p 37 PRSP)

The SUMI provides health promotion, prevention, cure and rehabilitation services that include: integrated outpatient care, inpatient care, complementary diagnosis services, medical treatment and surgery, supplies, drugs, essential medicines and traditional natural products (Reglamento del SUMI, Art. 1 and Art. 2).

The SUMI is funded from three sources (SUMI Law, Art.3):

- i. The National Treasury finances all human resources needed to implement SUMI.
- ii. Ten percent of the funds from the national tax revenue that is allocated to the municipalities (Coparticipacion Tributaria Municipal);
- iii. Up to ten percent of the funds from the Municipal Solidarity Fund whenever financial resources from the national tax revenue are insufficient for municipalities to adequately implement the SUMI program.

Municipal governments are responsible for the implementation of the SUMI program. They must pay the health establishments for the services they provide. The transfers made to them for this purpose will gradually increase to 10 % from 2005 onwards.

Among other potential impacts of the SUMI program we can identify the following. First, this program can promote access by lowering the economic barriers and guaranteeing free access to universal primary health services. Moreover, it can create incentives for health personnel by paying them based on the services they provide. These factors may have a direct positive impact on the number of antenatal check-ups and institutional deliveries. Furthermore, an increase in maternal health care can increase child birth-weight and eventually reduce child and maternal mortality rates.

Another positive effect of the SUMI program might be to increase awareness among members of communities of the available services provided by health institutions. The fact that municipalities are in charge of the implementation of the program may enable potential users to have a better knowledge of the services available to them. This may lead to an increase in demand for these services and consequently to improve the performance of the health indicators described above.

However, the SUMI services are complemented by other health promotion, diseases prevention and cure activities carried out by national programs such as those on Chagas disease, sexual and reproductive health, malaria, dengue, tuberculosis and others. These programs are still fully valid and operational, and the care they provide covers both SUMI patients and the rest of the Bolivian population.

### **Education Policies targeting child poverty**

PRSP frequently mentions different aspects of the educational reform. For instance, the PRSP calls for the implementation of a bilingual curriculum, decentralization of the education system, and for strengthening a regulatory system. It also called for an education system that meets regional needs. However, evidence suggests that most of these programs were introduced prior to the PRSP.

The Law of Education Reform of 1994 was responsible for decentralizing the system, introducing bilingual education, and for developing the System for Measuring the Quality of Education (SIMECAL) that was used to evaluate students' academic performance and identify factors that influence it. The Law of Education Reform also redefined compulsory education as eight years and divided it into three cycles: three years of basic learning, three years of essential skills, and two years of applied learning. These cycles were for children of approximately 6 to 14 years of age. Pre-school education was not yet obligatory because the government was not in a position to offer it nationally ([www.enlared.bo](http://www.enlared.bo); [www.dol.gov](http://www.dol.gov)).

The Education Reform also put in place the following structure through which the PRSP education program was carried out:

- The Department as the representative of the central government is responsible for hiring personnel at the district level;
- The Departmental Education Service (*Servicio Departamental de Educación - SEDUCA*), under the control of the Department is responsible for the administration of public education and the supervision of private education. The Director of SEDUCA is responsible for formulating the Departmental education plan, for supervising and evaluating district education directors, and for completing annual education goals and objectives;
- The Municipal District Offices are responsible for buildings and equipment;
- The mayors supported by the municipal councils administer education at the local level;
- The Offices of School Networks administer groups or networks of schools organized according to geographic, cultural, and linguistic criteria;

The Individual School Offices administer individual schools ([www.enlared.bo](http://www.enlared.bo); [www.dol.gov](http://www.dol.gov); Zambrana, Crialles, 2005).

### 5.3 Implementation

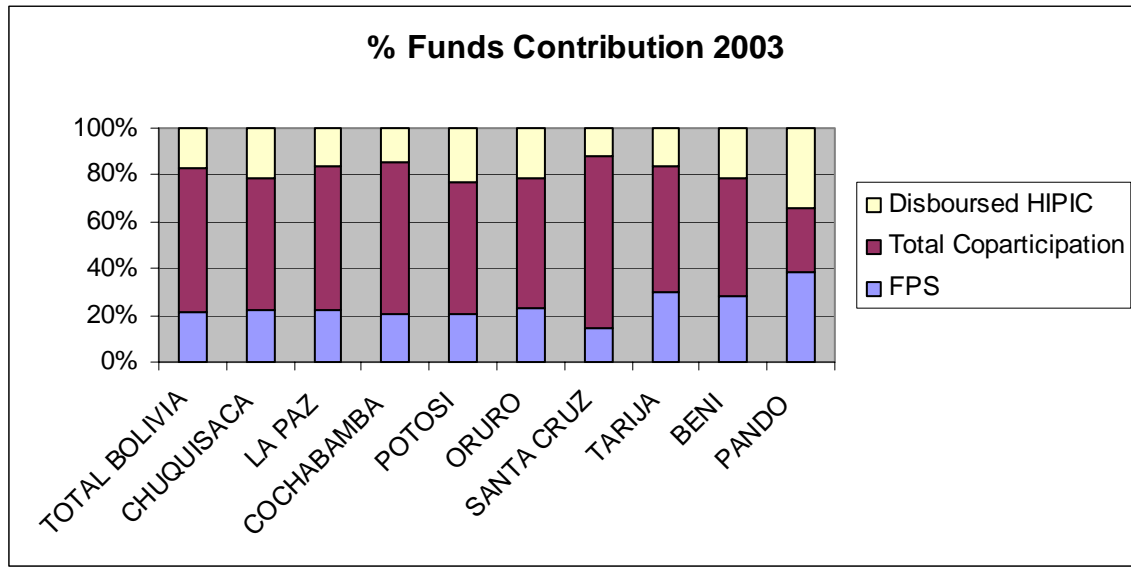
As discussed in section 3, the PRSP and the National Dialogue Law, building on the decentralization process, established new sources of funding and changed the existent resource distribution pattern.

For this reason, it is crucial to determine the effectiveness of the implementation of these funding mechanisms. Even though there are several funds prior to the National Dialogue 2000 and that are important sources of social expenditure (i.e. Coparticipation Fund, the most important funding source to municipalities) the PRPS process is linked to the budget allocation and expenditure of resources derived from funding mechanisms established by the National Dialogue Law such as the HIPC II Fund and the National Productive Investment Fund (FPS).

Graph 2 shows the percentage of both the HIPC II and the FPS of the total amount of funding given to municipalities in 2003. Furthermore, it shows that the aggregate funding mechanisms established by the National Dialogue Law (HIPC II and FPS) represent almost 40% of the total funding given to municipalities.

This section will focus on the actual allocation and distribution of funds which were discussed in the PRSP and the Dialogue Law.

**Graph 2. HIPC II, FPS and Coparticipation Fund percentage contribution to total funding in 2003**



Source: Udape and Ministerio de Hacienda

## The Execution of HIPC II Funds

The decentralization that the PRSP process entails has been problematic. During the PRSP process the municipalities had problems in executing the totality of the amount of the funds assigned to them. In the early years, the execution has been as low as one third of the total amount disbursed.<sup>9</sup>

Table 6. HIPC II Resources Disbursed to Depts. (National Dialogue 2000) in Bolivianos (BS.)

DEPARTMENT	DISBURSEMENTS AUGUST-DECEMBER 2001				EXPENDITURE AUGUST-DECEMBER 2001				EXECUTION PERCENTAGE AUGUST-DECEMBER 2001			
	Health	Education	PSI	Total	Health	Education	PSI	Total	Health	Education	PSI	Total
TOTAL BOLIVIA	21,885,878	43,796,100	153,261,654	218,943,632	4,001,167	10,398,397	43,769,288	58,168,853	18.3	23.7	28.6	26.6
CHUQUISACA	1,547,257	2,757,185	15,618,443	19,922,885	267,091	604,273	3,163,904	4,035,269	17.3	21.9	20.3	20.3
LA PAZ	6,505,105	11,960,468	37,431,037	55,896,610	424,120	3,953,957	13,073,275	17,451,352	6.5	33.1	34.9	31.2
COCHABAMBA	3,784,564	7,565,167	23,103,753	34,453,483	591,833	726,778	5,864,057	7,182,667	15.6	9.6	25.4	20.8
POTOSI	2,202,408	4,290,142	19,870,575	26,363,125	112,831	834,050	3,150,409	4,097,290	5.1	19.4	15.9	15.5
ORURO	1,152,785	2,260,131	10,440,713	13,853,628	135,033	679,479	1,695,646	2,510,158	11.7	30.1	16.2	18.1
SANTA CRUZ	4,624,231	10,441,024	20,339,092	35,404,348	1,902,016	2,165,464	5,811,829	9,879,309	41.1	20.7	28.6	27.9
TARJA	993,665	2,023,794	9,741,848	12,759,307	228,390	529,956	2,494,507	3,252,852	23.0	26.2	25.6	25.5
BENI	941,220	2,192,428	10,720,574	13,854,221	284,891	800,724	5,916,249	7,001,863	30.3	36.5	55.2	50.5
PANDO	134,644	305,761	5,995,619	6,436,023	54,963	103,716	2,599,412	2,758,092	40.8	33.9	43.4	42.9

Source: UDAPE and Unidad de Programación Fiscal Ministerio de Hacienda

Table 6 shows that in 2001 the total average of the executed resources of the municipalities in Bolivia accounted for less than 30 percent of the funds that were disbursed in their accounts by the General Treasury due to the HIPC II initiative. In other words, the municipalities' expenditure was very low in the first year the HIPC II funds were released.

In the following years (tables 7 and 8) we can observe an increase in the execution percentage of the total funds released into the municipalities' accounts. In order to analyze the implementation rate of these funds in the following years, the initial balance in each of the municipalities' account at the beginning of the fiscal year was taken into consideration.

Table 7. HIPC II Resources Disbursed to Dept. (National Dialogue 2000), 2002, in Bolivianos (BS.)

DEPARTMENT	INITIAL BALANCE JANUARY 2002 (A)	DISBURSEMENTS JANUARY-DECEMBER 2002 (B)	AVAILABLE RESOURCES JANUARY-DECEMBER 2002 (C) = (A) + (B)				EXPENDITURE JANUARY-DECEMBER 2002				EXECUTION PERCENTAGE JANUARY-DECEMBER 2002			
			Health	Education	PSI	Total	Health	Education	PSI	Total	Health	Education	PSI	Total
TOTAL BOLIVIA	161,394,199	581,587,343	75,615,716	149,181,401	518,184,424	742,981,542	23,796,705	76,145,594	290,465,121	390,407,419	31.5	51.0	56.1	52.5
CHUQUISACA	15,698,975	51,091,201	4,954,577	9,633,292	52,202,308	66,790,177	1,950,660	4,826,328	30,419,540	37,196,529	39.4	50.1	58.3	55.7
LA PAZ	38,875,655	156,638,526	22,627,463	39,942,872	132,943,846	195,514,181	5,118,123	15,997,858	79,625,149	100,741,130	22.6	40.1	59.9	51.5
COCHABAMBA	27,271,804	87,365,348	13,034,042	26,085,855	75,517,254	114,637,152	3,971,403	16,436,400	40,769,306	61,177,110	30.5	63.0	54.0	53.4
POTOSI	22,046,270	75,325,148	7,072,228	14,851,070	75,448,119	97,371,418	2,918,043	7,189,798	31,405,646	41,513,487	41.3	48.4	41.6	42.6
ORURO	11,502,840	38,575,502	3,727,186	7,569,147	38,782,009	50,078,342	1,688,844	3,719,291	17,951,762	23,359,897	45.3	49.1	46.3	46.6
SANTA CRUZ	25,489,112	85,467,679	17,005,529	36,094,954	57,856,308	110,956,791	5,254,070	18,568,579	34,717,028	58,539,677	30.9	51.4	60.0	52.8
TARJA	9,332,600	30,753,426	3,515,916	6,871,466	29,698,644	40,086,026	656,170	4,121,249	15,763,351	20,540,769	18.7	60.0	53.1	51.2
BENI	7,499,011	39,254,362	3,229,904	7,235,642	36,287,827	46,753,373	1,948,911	4,581,480	24,716,090	31,246,481	60.3	63.3	68.1	66.8
PANDO	3,677,932	17,116,150	448,869	897,103	19,448,110	20,794,082	290,481	704,609	15,097,249	16,092,339	64.7	78.5	77.6	77.4

Source: UDAPE and Unidad de Programación Fiscal Ministerio de Hacienda

<sup>9</sup> Information based on the interviews conducted at the Finance Minister.

The tables show that departments with fewer resources, such as Beni and Pando, register the highest effective implementation rates in Bolivia. Thus, the way in which resources are efficiently implemented is an additional variable worth taking into account when analyzing the impact of the HIPC II funds in the health and education sector.

**Table 8. HIPC II Resources Disbursed to Dept. (National Dialogue 2000), 2003, in Bolivianos (BS.)**

DEPARTMENT	INITIAL BALANCE JANUARY 2003 (A)	DISBURSEMENTS JANUARY-DECEMBER 2003 (B)	NON EXECUTED BUDGET UNTIL DECEMBER 2003 (C) = (A) + (B)				EXPENDITURE JANUARY-DECEMBER 2003				EXECUTION PERCENTAGE JANUARY-DECEMBER 2003			
			Salud	Educación	IPS	Total	Salud	Educación	IPS	Total	Salud	Educación	IPS	Total
TOTAL BOLIVIA	327,983,994	356,507,764	77,430,555	135,234,390	471,826,813	684,491,758	37,901,218	100,793,631	346,039,913	484,734,762	48.9	74.5	73.3	70.8
CHUQUISACA	29,091,770	31,318,454	5,276,759	8,482,433	46,651,032	60,410,224	2,274,509	6,110,626	36,753,584	45,138,719	43.1	72.0	78.8	74.7
LA PAZ	96,173,529	96,017,974	27,344,460	43,279,480	121,567,563	192,191,503	10,332,109	22,254,627	87,809,144	120,395,880	37.8	51.4	72.2	62.6
COCHABAMBA	48,541,917	53,554,202	11,850,866	20,538,407	69,706,846	102,096,119	7,728,998	18,509,688	50,133,376	76,372,062	65.2	90.1	71.9	74.8
POTOSI	56,737,719	46,173,658	7,180,303	15,350,240	80,380,834	102,911,377	3,552,585	11,211,704	47,797,294	62,561,583	49.5	73.0	59.5	60.8
ORURO	25,067,351	23,646,339	4,000,435	7,480,914	37,232,341	48,713,690	2,001,182	7,689,809	27,563,412	37,254,403	50.0	102.8	74.0	76.5
SANTA CRUZ	34,169,668	52,390,924	13,865,762	26,886,343	45,808,487	86,560,592	7,443,486	24,380,276	37,121,178	68,944,940	53.7	90.7	81.0	79.6
TARJA	19,497,112	18,851,578	4,501,574	6,250,533	27,596,583	38,348,690	1,776,025	5,140,930	22,132,963	29,049,918	39.5	82.2	80.2	75.8
BENI	13,140,406	24,062,581	2,984,372	6,288,000	27,930,615	37,202,987	2,465,923	4,931,024	23,314,646	30,711,593	82.6	78.4	83.5	82.6
PANDO	5,564,522	10,492,054	426,024	678,040	14,952,512	16,056,576	326,401	564,947	13,414,316	14,305,664	76.6	83.3	89.7	89.1

Source: UDAPE and Unidad de Programación Fiscal Ministerio de Hacienda

The tables analyzed show that municipalities are not using effectively the resources provided by the HIPC II initiative. Furthermore, it implies that balances in the National Dialogue Special accounts of most municipalities are increasing at a high rate. Moreover, up to date most of the financial resources available for health and education purposes are used to pay for the main inputs (infrastructure, equipment, supplies, etc.) and service delivery (AIS, 2003).

Some of the causes of low execution ratios at the municipal level are:

- Lack of capacity: The municipalities in Bolivia do not have enough financial and human resources, and in most of the cases they lack appropriate instruments and knowledge to conduct effective administration (UDAPE, 2003 p.57).
- High rotation within the municipal administrations that hinders the continuity of project cycles and undermines municipal capacity (UDAPE, 2003 p.57).
- In some cases, the Ministry of Finance assigns the funds but does not disburse them until the end of the fiscal year (it depends on the Bolivian external debt repayment dates). Mayors are not always aware of the exact date when the HIPC II funds will be disbursed. Thus, they are not able to engage in projects that require immediate initial disbursement or plan in advance which projects they will be able to undertake (Personal Interview UNICEF Bolivia).
- Reduction in funds to municipalities: In 2002 the government of Sanchez de Lozada declared that part of the HIPC resources were going to be assigned to the National General Budget. This amount accounted for one third of the municipalities projected allocation (Cabero, 2005).

### **Implementation of the National Compensation Policy (PNC)**

As described in section 3, the National Dialogue Law created The National Compensation Policy. Its main task was to transfer international donations and resources to in a more transparent and equitable manner. The implementation of the PNC through the National Productive Investment Fund (FPS) has not been entirely executed (as showed in table 9) due to

the lack of municipal capacity and knowledge to comply with the requirements for project approval (Ministerio de Hacienda).

**Table 9. FPS Resources Disbursed to Depts., 2003, in US Dollar**

YEAR	2001		2002		2003	
	Disbursed	Executed	Disbursed	Executed	Disbursed	Executed
LA PAZ	7,737,711	6,835,776	15,089,474	11,572,474	17,797,390	11,411,507
BENI	3,524,567	3,412,689	3,004,083	3,054,016	4,311,591	3,256,459
PANDO	1,800,594	1,368,093	1,495,239	1,438,175	1,575,871	1,473,523
CHUQUISACA	4,150,941	4,123,640	11,019,029	4,878,243	4,384,544	3,138,182
TARIJA	2,645,577	2,744,826	2,504,971	3,596,667	4,596,411	3,347,217
SANTA CRUZ	6,394,268	6,311,071	5,198,692	8,834,051	8,260,511	6,644,771
COCHABAMBA	7,849,179	7,773,116	4,843,288	10,909,607	9,692,833	7,253,058
ORURO	3,190,179	3,178,639	3,745,434	2,458,774	3,501,545	2,695,327
POTOSI	4,642,520	5,014,789	8,638,688	5,642,553	5,421,366	5,103,341
VARIOUS	357,879	578,141	284,520	285,140		
<b>TOTAL</b>	<b>42,293,415</b>	<b>41,340,779</b>	<b>55,823,418</b>	<b>52,669,700</b>	<b>59,542,063</b>	<b>44,323,385</b>
<b>EXECUTION RATE</b>	<b>98%</b>		<b>94%</b>		<b>74%</b>	

Source: Ministerio of Hacienda

Although the municipal execution of the FPS resources is higher than the HIPC II, there is still a gap between the municipal allocations and expenditures due to the lack of municipal capacity and knowledge to comply with the requirements for project approval (Ministerio de Hacienda).

The complexity of project guidelines sometimes requires a long list of matching criteria to be approved and municipalities lack the capacity and expertise to fulfill these steps (AIS, 2003).

## 5.4. Impact

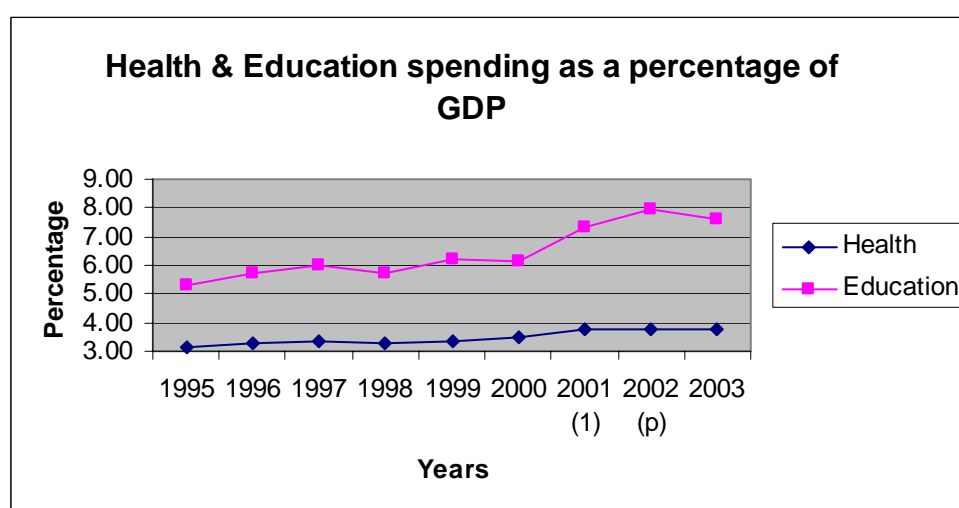
In this section, the paper will provide an in-depth analysis of the performance of the health and education indicators described above. The analysis of the main outcome and intermediate indicators should provide some information of the progress made towards reducing child poverty in Bolivia during the last years; more precisely before and after the implementation of the PRSP. Furthermore, this section should help better understand the underlying factors that may have influenced the evolution of these indicators.

As we argued before, the fact that we lack a counterfactual makes it difficult to ascribe the change in indicators before and after the PRSP to specific actions. Furthermore, the programs and policies described in the Bolivian PRSP are just a continuation of past programs implemented before the PRSP. Thus, other external factors such as: the evolution of the Bolivian economy; alternative health and/or education development projects planned and funded by international donors; additional funds provided by the Bolivian government to the health and/or education sectors as part of health and/or education programs already being implemented before the PRSP, etc. may also influence the behavior of these indicators after 2001.

Nevertheless, the Bolivian PRSP did involve a reallocation of funding under the HIPC II initiative. The additional funds available to municipalities to invest in social spending (health, education and productive and social infrastructure) could have had a significant impact on the performance of health and education indicators.

Before proceeding, it is important to examine whether the HIPC II funding really represented additional resources to these sectors, or whether they simply replaced other sources of funding. As can be seen from the graph below, the overall allocation of resources to health and education increased around 2001, indicating that the HIPC II did in fact come in addition to existing resources available for these sectors.

Graph 3: Health and Education spending as a percentage of GDP



Note: (1): Datos preliminares con ejecución a diciembre de 2001; (p) preliminary; 2003 data estimated  
Source: UDAPE

### Health indicators

The following provides a descriptive analysis of the main performance and intermediate indicators as identified in the Bolivian PRSP.

One of the main performance indicators included in the PRSP is child mortality rate. However, authors such as Ravi Kanbur (2003) argue that this indicator does not keep track of the poverty reality in a country. The death of a poor person reduces poverty according to the commonly used measures of poverty. Nevertheless, this “surely violates our basic intuitions of how poverty measures should behave. It cannot be right in concept that differentially higher mortality among the poor serves to reduce poverty” (Kanbur, 2003). Nevertheless, as it is one of the few health indicators related to children included in the Bolivian PRSP, this paper will continue including its analysis as part of this study.

The *mortality rates* for children under one year old were reduced by 44 % during the 1989 to 2003 period. However, mortality rates seem to have been already following a downward trend since 1989, well before the PRSP was implemented. Even if there is a slightly higher rate of decrease after 1998, again, it is difficult to attribute it solely to the implementation of the PRSP.

Additional indicators will be needed in order to provide a better analysis of the health sector after the PRSP was implemented.

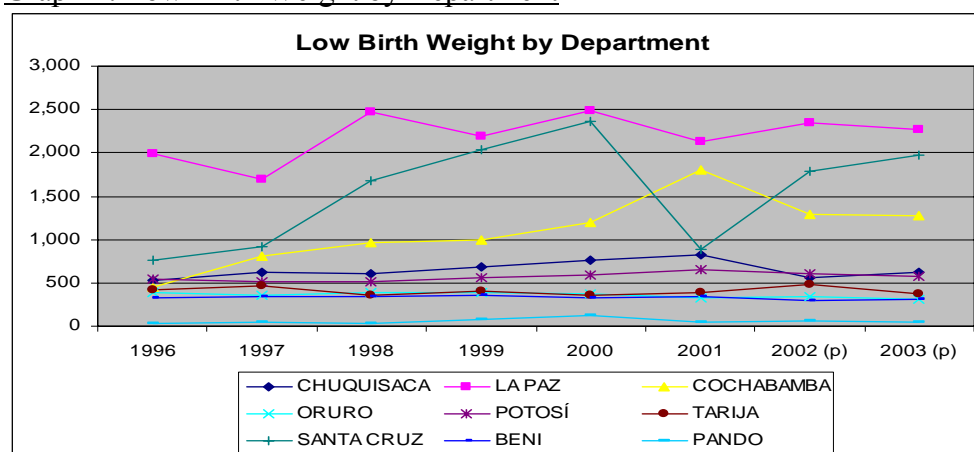
Table no 10: Mortality Rates/Year

<b>Mortality Rates/Year</b>	1989	1994	1998	2003
Infant mortality rate (<1 year old), per 1.000 live births	96	75	67	54
Children mortality rate (< 5 years old), per 1.000 live births	142	-	-	75
Newborn mortality rate	-	39	34	27
Maternal mortality rate, per 100.000 live births	-	390	-	230

A first approach at better explaining the trend followed by the mortality indicators would be monitoring the intermediate indicators mentioned in the PRSP such as: low birth weight, institutional deliveries and antenatal check-ups.

Since 1996, Bolivia has experienced a significant increase in the *number of children with a weight below 2,500 grams* (dead or alive) when born. Only Oruro, Tarija, and Beni have reduced the number of under weight children. On the other hand, Cochabamba and Santa Cruz have suffered a significant increase since 1996 (181 % and 161 %, respectively during 1996-2003). Some departments showed some progress in 2001 after the PRSP was implemented (Pando and Santa Cruz). However, the following year the number of underweight children continued to increase. Other departments such as, Cochabamba, Potosi, Tarija and Oruro have just started to show a decline in these figures. Thus, there is no clear trend for Bolivia as a whole as regards the evolution of the number of children with weight below 2,500 grams.

Graph 4: Low Birth Weight by Department

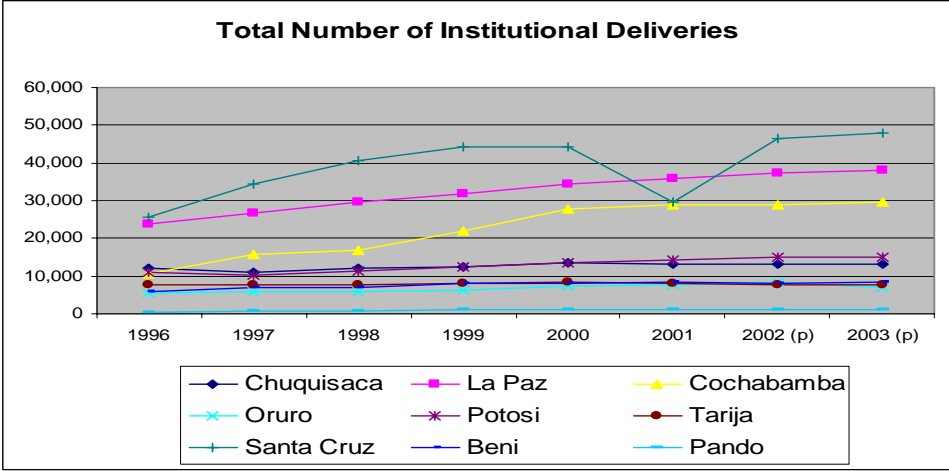


Source: National Statistic Institute (INE)

The growth rate of *institutional deliveries* from 1996 to 2003 was 63 %. The growth rate in assisted birth from the period 2001- 2003 was 14 %. It is essential for the analysis to look over the data for each department. We can find that for this period four out of the nine regions in Bolivia presented a decline in the growth rate of assisted births. These regions are Santa Cruz (-33 %), Tarija (-4 %), Pando (-2 %) and Chuquisaca (-1 %). It is curious to notice the

performance of the growth rate of assisted birth for the Santa Cruz region. On the one hand, it presented the biggest drop for the period 2000-2001. On the other hand, it presented the highest accumulative growth rate for assisted birth in the period 2001-2003 (62 %). As we will argue further on, future studies should identify factors that explain the differential behavior of Santa Cruz in 2001.

Graph 5: Total Number of Institutional Deliveries



Source: National Statistic Institute (INE)

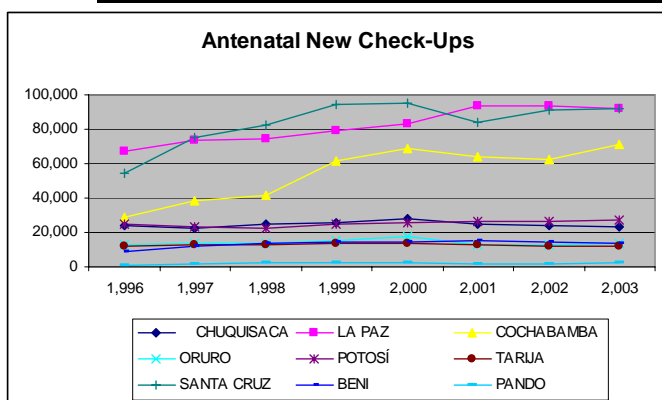
The performance of *pre-natal care* in the period 1996-2003 was 48 %. However, the growth rate obtained in 2001 was -4 %. The year 2001 was the year when the lowest growth rate for both indicators was obtained. It is interesting to observe that departments such as: Santa Cruz, Cochabamba and La Paz performed better than other departments regarding both new and repeated antenatal check-ups from 1996 to 2003.

Table no 11: Annual growth rate of prenatal care per year

Check Ups/Annual %	97	98	99	00	01	02	03	96 -03	01-03
New Check Ups	16%	6%	15%	5%	-4%	1%	3%	48%	4%
Repeated Check Ups	34%	5%	16%	14%	6%	14%	9%	143%	24%

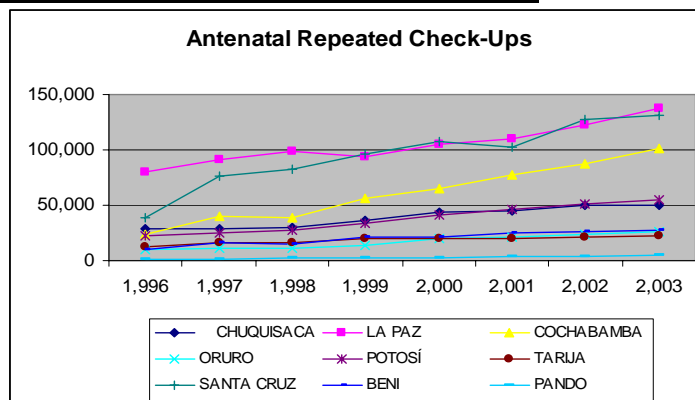
Source: National Statistic Institute (INE)

Graph no 6: New Prenatal Care



Source: National Statistic Institute (INE)

Graph no 7: Repeated Prenatal Care



Source: National Statistic Institute (INE)

The indicators described in the tables above follow a general trend. It can be observed that for most of the indicators, there has been a substantial growth for the period 1996 -2001. However, it is worth noting that in the year 2001 most of the indicators experienced either a small growth rate or in some cases a negative one. As a result, the performance of these indicators for the period 2001 -2003 has been modest. The decline in 2001 is due almost completely to the evolution of these indicators in the department of Santa Cruz. Further studies should identify factors that explain the differential behavior of Santa Cruz in 2001.

One of the potential explanations for the modest improvement in the indicator's performance during this last period may be the economic crisis suffered by Bolivia in 1999-2000.

Moreover, Santa Cruz, La Paz and Cochabamba stand out as the three departments with the highest levels of the health indicators described above. The fact that these departments are the ones with a higher income per capita in Bolivia may help explain the better performance of the health indicators over the years. A higher GDP may translate into higher expenditures in the health sector directed to improving health infrastructure, hiring more health personnel, buying more advanced medical equipment and supplies etc. Santa Cruz, La Paz and Cochabamba are also the richest departments in Bolivia as measured by the Unsatisfied Basic Necessities index (NBI – Necesidades Basicas Insatisfechas). On the other hand, Pando and Beni are the departments showing the worst performance in the health indicators over the years. These departments are also the poorest according to the NBI index.

The NBI index brings together various sectorial dimensions and identifies poor households and/or persons. Households not having satisfied one or several of the chosen basic needs are considered poor, along with all of their members. In this case, the basic needs defined by the NBI index are the following: i) inadequate housing conditions, ii) inadequate water and sanitation services, iii) lack of access to education, and iv) inadequate health services.

The analysis above shows that the rate of change of the indicators has not been different before and after 2001 in any of the departments, except for Santa Cruz. Again, we suggest that further studies look into this outlier behavior. The rest of the departments show a modest rate of growth since 2001.

An in-depth analysis of the use and distribution of HIPC II funds to municipalities can help us better understand the lack of a significant change in the health indicators before and after the PRSP.

### **How are the HIPC II funds distributed to the health sector?**

The total funds allocated to the health sector are channeled through three different accounts:

- The Municipal Solidarity Account: the funds are distributed at the national level. We already argued that most of these funds are used for hiring highly qualified health personnel. Thus, they are not targeting the poorest departments.
- 10% National Dialogue Special Health Account: funds are allocated based on the municipalities' population. Thus, all departments receive the same amount of funds, regardless of their poverty levels.
- 70% National Dialogue Special Productive and Social Infrastructure (PSI) Account: funds are allocated following a formula favoring the poorest municipalities.

Therefore, we can learn that the only way that the poorest municipalities can actually benefit proportionally more than the richer ones from the HIPC II funds is through the funds allocated to health from the PSI account. However, we will argue that most of these funds are allocated to health infrastructure and equipment in the third level of healthcare (basic hospitals), thus favoring urban centers, where most of the rich population is located.

### **What are the HIPC II funds used for in the health sector?**

From this analysis we learn that the HIPC II funds are channeled to municipalities through higher investment in highly qualified health personnel sent to complex facilities and hospitals, which is usually perceived as a less efficient use of resources, in urban areas (through the Municipal Solidarity Fund) and higher investment in infrastructure and equipment directed to basic hospitals (through the Dialogue Special Account). Again, this would only partly help explain why departments with big urban centers such as La Paz, Cochabamba, and Santa Cruz show higher levels of the health indicators described above.

### **The Municipal Solidarity Fund: *Investment in health personnel***

The following tables describe the distribution of the HIPC II funds as established through the Municipal Solidarity Account.

Table no 12: Professional doctors contracted using HIPC II funds—2002

Level of Care	Scheduled in Dialogue 2000	Implemented by 31 Dec. 2002	Level of Implementation	Budget spent 2002	
				Amount US\$	%
1 <sup>st</sup> Level	400	256	64.0 %	772,116	24.9
2 <sup>nd</sup> Level	500	379	75.8 %	1,143,563	36.8
3 <sup>rd</sup> Level	200	413	206.5 %	1,189,850	38.3
<b>Total</b>	<b>1,100</b>	<b>1,048</b>	<b>95.3 %</b>	<b>3,105,529</b>	<b>100.0</b>

Source: Accion Internacional por la Salud (AIS), 2003

Table no 13: Graduate nurses contracted using HIPC II funds – 2002

Level of Care	Scheduled in Dialogue 2000	Implemented by 31 Dec. 2002	Level of Implementation	Budget spent 2002	
				Amount US\$	%
1 <sup>st</sup> Level	0	42	-----	116,222	21.2
2 <sup>nd</sup> Level	120	62	51.7 %	171,566	31.3
3 <sup>rd</sup> Level	80	94	117.5 %	260,116	47.5
<b>Total</b>	<b>200</b>	<b>198</b>	<b>99.0 %</b>	<b>547,904</b>	<b>100.0</b>

Source: Accion Internacional por la Salud (AIS), 2003

Table no 14: Nursing assistants contracted using HIPC II funds - 2002

Level of Care	Scheduled in Dialogue 2000	Implemented by 31 Dec. 2002	Level of Implementation	Budget spent 2002	
				Amount US\$	%
1 <sup>st</sup> Level	200	191	95.5 %	354,186	28.1
2 <sup>nd</sup> Level	300	243	81.0 %	450,613	35.8
3 <sup>rd</sup> Level	197	245	124.4 %	454,322	36.1
<b>Total</b>	<b>697</b>	<b>679</b>	<b>97.4 %</b>	<b>1,259,121</b>	<b>100.0</b>

Source: Accion Internacional por la Salud (AIS), 2003

Table no 15: Other professionals contracted using HIPC II funds – 2002

Level of Care	Scheduled in Dialogue 2000	Implemented by 31 Dec. 2002	Level of Implementation	Budget spent 2002	
				Amount US\$	%
1 <sup>st</sup> Level	0	68	-----	9,805	35.6
2 <sup>nd</sup> Level	150	32	21.3 %	4,601	16.7
3 <sup>rd</sup> Level	62	88	141.9 %	13,115	47.7
<b>Total</b>	<b>212</b>	<b>188</b>	<b>88.7 %</b>	<b>27,521</b>	<b>100.0</b>

Source: Accion Internacional por la Salud (AIS), 2003

Comparing the *total* funds (1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> level) as scheduled in the 2000 National Dialogue Law and their actual implementation by 31 December, 2002 we can conclude that nearly all the resources allocated for hiring health personnel have been used. As shown in the tables above, the level of implementation as regards the hiring of doctors, graduate nurses, nursing auxiliaries and other professionals has been of 95.3%, 99%, 97.4%, and 88.7%, respectively.

From the tables above we learn that the National Dialogue 2000 Law scheduled proportionately less human resources to the first level of care (36.4 % doctors, 0 % graduate nurses, 28.7 % nursing auxiliaries and 0 % other professionals), favoring the second level. Moreover, the degree of implementation by level of health care shows that again priority was given to sending the hired staff to high-complexity facilities, belonging to the third level of health care and hospitals in the departmental capital to the detriment of the health services at the first and specially the second level of care in peripheral urban and rural areas.

Table no 16: Municipal Solidarity Fund budget spending in the health sector by type of staff contracted -2002

Level of Care	No. staff to be contracted according Dialogue 2000 Law	No. staff contracted	Budget Spent	% Of Budget
Doctors	1,100	1,048	3,105,529	62.9
Graduate Nurses	200	198	547,904	11.1
Nursing auxiliaries	697	679	1,259,121	25.5
Other staff	212	188	27,251	0.5
<b>Total</b>	<b>2,209</b>	<b>2,113</b>	<b>4,940,075</b>	<b>100.0</b>

Source: Accion Internacional por la Salud (AIS), 2003

The above table shows that more that 62 % of the Municipal Solidarity Fund budget was used to hire doctors, while 37.1 % was spent on hiring nurses, nursing auxiliaries and other staff. Some NGOs in Bolivia, such as “Acción Internacional por la Salud”, argue that the illnesses that are present in Bolivia “do not require intervention by highly specialized doctors, but rather by

general practitioners and a health team that is less sophisticated but competent and well versed in health promotion and prevention measures, as recognized by the Integrated Primary Care philosophy, strategy and content proposed in Alma Ata in 1978.”

Furthermore, the Ministry of Health and Sports has just spent 58.1 % of the Municipal Solidarity Fund allocated for 2002 (US\$8.5 million). The remaining resources could have served to hire more health personnel, ideally in the first level of healthcare, thus contributing to a higher improvement in the performance of indicators such as institutional deliveries, antenatal check-ups etc, and eventually contribute to further reduce mortality rates.

### **The National Dialogue Special Account: *Investment in infrastructure***

To better understand the use and allocation of the Dialogue Special Account funds to municipalities, the following table presents a summary drawn up by the fiscal planning unit (Unidad de Programacion Fiscal-UPF) of the Ministry of Finance on consolidated sector expenditure in 2002 for 111 municipalities monitored by the UPF. This summary takes into account the expenditure made by these 111 municipalities on health, education and productive and social infrastructure.

**Table no 17: Sector expenditure of HIPC resources in 111 municipalities monitored by the Fiscal Planning Unit – 2002 (expressed in Bs)**

		DEPARTMENTS									
		CHUQUISACA	LA PAZ	COCHABAMBA	ORURO	POTOSI	TARUJA	SANTA CRUZ	BENI	PANDO	TOTAL
HEALTH	Maintenance	201	1037	489	180	178	168	253	133	0	2639
	Inputs	316	1284	490	90	407	772	1911	966	42	6278
	Training	1	5	35	0	39	8	61	6	0	155
	Equipment	505	3836	1337	955	1256	97	2096	268	5	10355
	<b>TOTAL</b>	<b>1023</b>	<b>6162</b>	<b>2351</b>	<b>1225</b>	<b>1880</b>	<b>1045</b>	<b>4321</b>	<b>1373</b>	<b>47</b>	<b>19427</b>
EDUCATION	Maintenance	360	1609	583	327	846	225	1871	510	13	6344
	Materials and Services	2061	4155	1379	476	1171	1391	10924	1211	65	22833
	Training	1	3407	46	7	109	49	121	47	0	3787
	Equipment	856	5149	1512	5600	2528	315	902	355	12	17229
	<b>TOTAL</b>	<b>3278</b>	<b>14320</b>	<b>3520</b>	<b>6410</b>	<b>4654</b>	<b>1980</b>	<b>13818</b>	<b>2123</b>	<b>90</b>	<b>50193</b>
PSI	Alternative Education	59	51	10	131	189	51	71	24	0	586
	School Meals/Breakfast	2703	10589	152	3106	1985	571	1011	302	60	20479
	Immunization	0	0	0	0	6	0	0	17	0	23
	Environment	126	339	91	23	43	6	0	14	0	642
	Water & Drainage	3089	7341	2970	3512	7920	3091	3395	3980	22	35320
	Health Infrastructure	1053	4835	7893	255	1554	808	2212	993	271	19874
	Education Infrastructure	3036	9283	20056	5032	11555	6038	12808	3097	698	71603
	Other inputs	6612	30141	9336	4537	12932	8136	8513	8613	1310	90130
<b>TOTAL</b>	<b>16678</b>	<b>62579</b>	<b>40508</b>	<b>16465</b>	<b>36184</b>	<b>18701</b>	<b>28010</b>	<b>17040</b>	<b>2361</b>	<b>238657</b>	
<b>TOTAL GENERAL</b>		<b>20979</b>	<b>83061</b>	<b>46379</b>	<b>24100</b>	<b>42718</b>	<b>21726</b>	<b>46149</b>	<b>20536</b>	<b>2498</b>	<b>308277</b>
<b>% TOTAL</b>		<b>6.8%</b>	<b>26.9%</b>	<b>15.0%</b>	<b>7.8%</b>	<b>13.9%</b>	<b>7.0%</b>	<b>15.0%</b>	<b>6.7%</b>	<b>0.8%</b>	<b>100.0%</b>

Source: Fiscal Planning Unit, Vice-Ministry of the Treasury and Public Credit, Ministry of Finance 2003.

Most of the expenditure on the health sector was directed to purchasing equipment and to health infrastructure. In other words, the resources have been entirely allocated to curative and assistance services rather than to preventive and health promotion activities, which have lower cost and higher benefits.

As a result of the increased spending of HIPC II resources on health infrastructure, the number of health establishments has noticeably improved between 2000 and 2003. A larger number of health establishments allow an increase in the services offered to the community and an improvement in the geographical accessibility to these institutions. These two latter improvements could have a significant positive effect on indicators that measure the provision of services such as institutional deliveries and antenatal check-ups and eventually in child and maternal mortality rates.

**Table no 18: Number of Health Establishments per year**

Source: National Statistics Institute (INE)

	% Annual 97	% Annual 98	% Annual 99	% Annual 00	% Annual 01	% Annual 02	% Annual 03	% 96 -03	%01- 03
<b>Total</b>	<b>8%</b>	<b>5%</b>	<b>5%</b>	<b>3%</b>	<b>5%</b>	<b>6%</b>	<b>5%</b>	<b>43%</b>	<b>10%</b>
Health Unit	9%	7%	7%	3%	4%	7%	5%	49%	12%
Health Center	7%	4%	4%	5%	5%	5%	4%	38%	9%
Basic									
Hospital	5%	4%	4%	2%	4%	4%	11%	40%	15%
General									
Hospital	4%	8%	0%	0%	0%	0%	0%	13%	0%
Specialized									
Institute	10%	0%	0%	0%	18%	0%	0%	30%	0%

The growth rate of the total number of health establishment in Bolivia for the period 1996 to 2003 was 43 % and for the period after the PRSP was implemented (2001-2003) it was 10%. Breaking down this data for each type of health establishment, we can learn that the highest growth rate of new establishments for the period 2001 to 2003 corresponds to basic hospitals (15 percent), while the growth rate of “first level attention” establishments, which include health units and health centers, was only 12 and 9 %, respectively.

The departments that registered a higher increase in the number of basic hospitals were Tarija (150%) and Santa Cruz (24%). Based on the NBI index, these departments are the ones that rank the best. That is, they are the richest departments in Bolivia. Again, we can conclude that the performance of health indicators such as institutional deliveries or antenatal check-ups could have been better after the PRSP was implemented if the HIPC II funds (channeled through the National Dialogue Special account) had been used to increase the number of health units and health centers, usually located in rural and urban peripheral areas where most of the poor population lives.

The results are not consistent with the governmental policy priority stated in 2001. One of its objectives was to increase the coverage of health services by increasing the number of health units and health center establishments in the rural areas. According to this data we can conclude that the resources were allocated to build health establishments, such as basic hospitals, that favored richer areas.

## Education indicators

In order to describe the development of the education sector, this section will first examine the education indicators chosen in the PRSP (listed with their respective goals in section 5.2) However, due to several shortcomings with these indicators (as discussed below), this section will therefore include additional standard indicators such as net enrollment and drop out rates. Finally, we will comment upon the way the HIPC resources were spent. However, due to lack of counterfactual scenarios, it will be problematic to assess the exact impact of this investment.

### PRSP – Follow Up Report.

As a first approximation however, it is useful to examine the development of the education indicators used in the PRSP, which was presented in the follow up report presented by the Bolivian government in 2003<sup>10</sup>(table 19 below).

As can be seen from the column “Obs. 2002” (observation 2002), all indicators except for “academic delay” suggests that there has been a progress towards the goals set by the PRSP in 2001. A major problem in interpreting this trend arises due to two main problems: (i)The report notes that the indicator “Continued school attendance in first cycle of primary school” has been updated based on a new model of calculation and (ii) the data from the 2001 census has been taken into account in calculating the new estimates (this data was not available at the time when the baseline measurements for the original PRSP was formulated – the original baseline is reported in the table in parenthesis).

Together, this makes it hard to know whether observed changes in the indicators are due to the new way of calculating the estimate or due to real changes. This is particularly striking with respect to the indicator “continued school attendance in first cycle of primary school”, where the 2000 baseline is significantly higher than the 1999 baseline (in parenthesis in the table).

Taking Bolivia’s poor economic performance from 1999 to 2001, it seems unlikely that giant leaps in school attendance can have occurred under the same short period. The difference in baselines lead to an overshooting of the targets (which was based on the low baseline from 1999), and can be seen from the matrix below by comparing the column “obs 2002” with the “goal 2002” for the indicator “continued school attendance” (emphasized in yellow)<sup>11</sup>

Table 19: Goals for Impact Indicators

Description	Breakdown	Baseline		Obs	Projections			Goal
		Year	Figure	2002	2005	2010	2015	2015
% of population w/ 8 or more years of schooling	National	2001 (1999)	51.6 (50.7)	53.4	55.1	58.0	61.0	67.0

<sup>10</sup> “Estrategia Bolivian de Reduccion de la Pobreza: Informe de Avance y Perspectivas” – UDAPE 2003

<sup>11</sup> It is worth noting that even though the baseline was revised with as much as 20%, the goal for 2015 was NOT revised, making it a very modest target of increasing the performance of the indicator with a mere 5%. Compared to the Millennium Development Goal of universal primary education, the goal of increasing attendance in first cycle of primary school (promotion to 4<sup>th</sup> grade) to 90.2 % is very modest.

Table 20: Goals for outcome indicators

Description	Breakdown	Baseline		Obs	Goal	Projections			Goal
		Year	Figure	2002	2002	2005	2010	2015	2015
Academic delay	National	2001 (1999)	46.6 (44.0)	46.6	-	42.6	38.2	34.3	30.8
Continued school attendance in first cycle of primary school (promotion to 4 <sup>th</sup> grade)	National	2000 (1999)	85.3 (64.6)	87.6	77.1	88.3	89.0	89.4	90.2
	Urban	2000 (1999)	96.8 (67.4)	96.9	81.0	96.9	97.0	97.1	91.9
	Rural	2000 (1999)	73.4 (61.8)	77.1	73.7	79.4	81.4	82.7	88.5
Student with at risk performance in language arts	National	2000	23.4	-	-	13.4 <sup>12</sup>	8.4 <sup>13</sup>	-	-
Student with at risk performance in mathematics	National	2000	27.6	-	-	19.6	15.6	-	-

Table 21: Goals for intermediate indicators

Intermediate	Baseline			
	2001	Obs'02	Goal'02	Completion rate
No. of educational center with complete primary school/ no or education centers - Rural	84,7%	87.9	85.0	103 %
Spending on education in school / total educational spending	69%	70	75	94%

Source: UDAPE " informe de avance y perspectivas"

The follow up report also calculates the completion rate for the intermediate indicators and reports a strong progress with regards to the indicator "No. of educational center with complete primary school/ no or education centers – Rural", showing an increased offer of full primary school in rural areas. To the extent that high drop out rates in the rural areas are due to inadequate access to higher grade levels, (and not to demand related factors such as poverty and family demand for child labor), this increase in provision of complete primary school might help reduce the rural drop out rates. A significantly slower progress is reported on the indicator "Spending on education in school/total educational spending", suggesting that little progress has

<sup>12</sup> Calculations are expected to be conducted in 2006

<sup>13</sup> Calculations are expected to be conducted in 2009

been made in redirecting education resources to schools and away from administrative levels outside the school<sup>14</sup>.

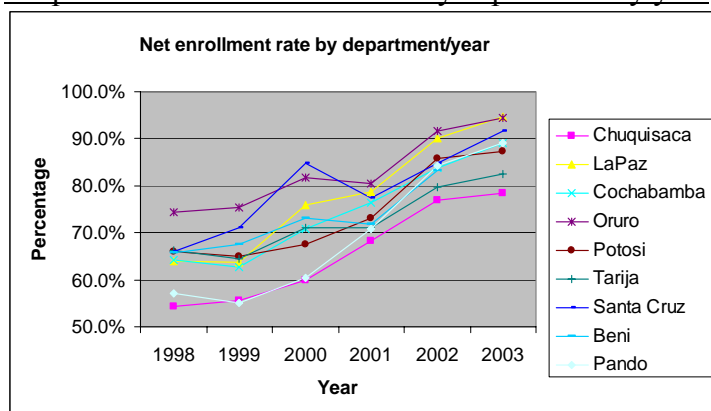
### Problems with measuring the quality of education

It has proved difficult to track the indicator that aims to measure the quality of education (student with at risk performance in language arts/mathematics). The findings of the Ministry of Education's System for Measuring the Quality of Education (SIMECAL) would have been crucial in tracking the outcomes as this institution was charged with measuring students' academic performance and identifying factors that influence it. However, this institution has not been in operation for the past year and a half (Zambrana, 2005).

### Other education indicators

Thus, due to baseline problems, changes in the way the PRSP indicators are calculated and a missing focus on high drop out rates, the report will proceed with other indicators not mentioned in the PRSP, such as net enrolment and drop out rates. Another important reason for this choice is that it allows us to compare the trend before and after the implementation of the PRSP, and on an annual basis. The indicators used in the PRSP are not reported on an annual basis nor were we able to find data on these indicators *before* the PRSP was implemented, making the task of evaluating the impact of the PRSP very difficult.

Graph no 8: Net enrollment rate by department by year

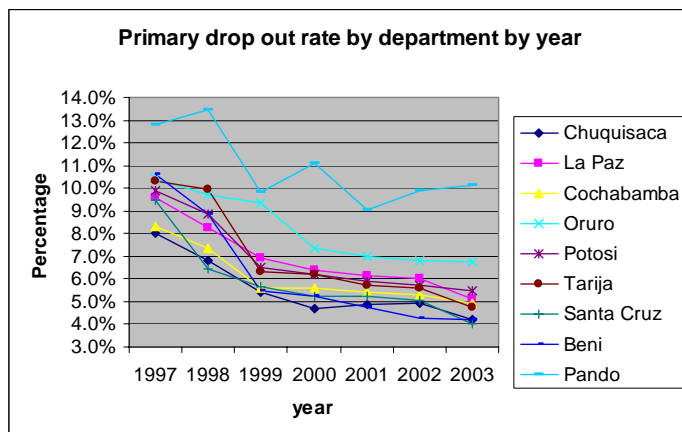


Source: Ministry of Education and Udape<sup>15</sup>

<sup>14</sup> A note on how the completion rate is calculated is appropriate however. The rate does not take “net” progress into account, but calculates the rate dividing the observation (70% in the case of “spending on education in school”) with the goal (75%) instead of using the observed *progress* (1%) as the nominator and the over predicted progress (6%) as the denominator. Though 70 is 94% of 75, another and perhaps more accurate way of calculating it would be to report that 1% progress compared to a 6% predicted progress represents an 18% completion rate. Using the method used in the follow up report, even a *reduction* from 69% to say 65% would represent a 87% completion rate (as 65 is 87% of 75)!!

<sup>15</sup> Graph for net enrolment includes net enrolment for preschool, primary and secondary school. For disaggregated graphs, see appendix

Graph 9: Primary drop out rate by department by year



Source: Ministry of Education and Udape

Taken together with the (albeit imprecise) estimates from the indicators in the PRSP, the graphs above show a steady improvement in the education sector in Bolivia. Neither the trend in net enrollment rate nor the trend in the drop out rate seems to have changed dramatically after the onset of the PRSP in 2001. However, with respect to the net enrollment rate, the rate of increase seems to have declined somewhat after 2002. Furthermore, in spite of significant departmental differences in levels of achievement, their trends seem to develop in the same direction. The only exception is Pando, but due to the small size (approximately 50 000 inhabitants and less than 1% of Bolivia's overall population) and geographic characteristic (mostly rainforest) of this department, any explanations for this performance will probably provide little insight into challenges facing the education sector in Bolivia as a whole.

It is worth remembering that this development is occurring in an adverse economic climate with declining or stagnant GDP per capita. Though the education sector is experiencing an increase in funding, it is hard to know the precise effect of education spending on educational achievements without studying the specific context more closely (primarily by establishing credible counterfactual scenarios)<sup>16</sup>.

In order to get an impression of the impact of the additional HIPC II resources, it is useful to explore what the HIPC II education resources have been spent on and how they have been distributed.

<sup>16</sup> For a general debate about the relationship between education investment and education outcomes see Psacharopoulos et al. "Returns to investment in education: a further update", *Education Economics*, Taylor and Francis Journals, vol. 12(2), 2004, Hanushek, Eric "The Failure of Input-based Schooling Policies" National Bureau of Economic Research, July 2002, Carnoy, Martin and Sanoff, Joel *Education and Social Transition in the Third World*, Princeton University Press 1990, or Lauglo, Jon (Ed.) *Vocationalisation of Secondary Education Revisited (Technical and Vocational Education and Training)*, Springer 2005

### HIPC II Funding on education spending

As previously mentioned, the HIPC II fund is divided into the Municipal Solidarity Fund (which contrary to its name is distributed at a national level) and the National Dialogue Special Account (disbursed to municipal accounts).

However, it is important to take into account that Bolivia has experienced an increase in total education funding (except for the years 1998, 2000 and 2003).<sup>17</sup> As becomes clear by the graph Graph 3 “Health and Education spending as a percentage of GDP” (page 34), this is not only due to the introduction of HIPC II funds, as these resources only constitute between 6 and 7% of total education spending<sup>18</sup>, adding on to a previous trend of increase in funding for education.

### The National Dialogue Special Municipal Account

Once discounted the amount allocated to the Municipal Solidarity Fund, the rest of the HIPC II funds are transferred to the municipal accounts through the National Dialogue Special Account. Twenty percent of the Dialogue Special Account is earmarked for education and is allocated based on the population in school (“poblacion escolarizada”), where more resources are allocated to municipality with lower percent of schooled population<sup>19</sup>. The pattern one would expect to see is that departments with a lower percent of schooled population would receive a higher per student transfer from the HIPC II fund, however, the table below reveals that the differences in allocation are relatively minor.

Table 22: Disbursement per student per department (in Bolivianos)

	2,001	2,002	2,003
CHUQUISACA	18.35	47.91	28.45
LA PAZ	16.73	42.89	26.14
COCHABAMBA	17.51	42.87	26.99
POTOSI	19.28	49.68	30.01
ORURO	18.09	46.81	28.63
SANTA CRUZ	16.28	41.88	24.86
TARIJA	17.88	45.44	27.16
BENI	18.23	45.76	27.80
PANDO	20.03	40.93	24.89

Source: Udape and Ministry of Education

Taking into account that municipalities spend Bs 71 per student on average, the table above indicates that HIPC II resources constitute a significant part of this amount. It should however, be remembered, that the great majority of education spending is allocated at the central level.

<sup>17</sup> This places Bolivia over the benchmark suggested by UNESCO (6 percent of GDP) as well as that of most of the other countries Latin American neighbors, such as Ecuador (2.6 percent), Peru (3.3 percent), or Brazil (5.6 percent). This is particularly striking as Bolivia's fiscal situation is among the worst in Latin America with a public deficit of more than 7%. (WB 2005).

<sup>18</sup> See appendix for calculation

<sup>19</sup> This study has not been able to confirm the exact definition of the term “población escolarizada”, in spite of consultation with World Bank, Unicef and faculty at Columbia University. This does not alter the point however, that regardless of the exact formula for allocation, the result is that most departments gets more or less the same resources per student through this fund.

This is confirmed by the break down of the total education expenditure in Bolivia in the table below, showing that only a very slight fraction of the total resources are channeled to municipalities. There is however, some uncertainty connected to this data, as it does not correspond with other sources, notably the World Bank (2005), which reports slightly lower overall expenditure on education and slightly higher amount resources channeled to municipalities ( however the general picture is the same). What is surprising in the table below is not only the low level of money channeled to municipalities, but also that it remains constant and actually declines after the introduction of the HIPC II money (the World Bank however, also citing UDAPE as their source, reports a significant increase in the amount allocated to municipalities after 2001). Contradictory findings regarding the trend in municipal spending do not however, change the general point observed: Level of municipal education expenditure is very modest in comparison with centralized education expenditure. Also the World Bank, though using a different data material, finds that “in spite of these efforts at decentralization, decisions relative to basic education are still largely centralized, with 89 percent of the education budget still allocated at the central level” (WB 2005).

Table 23: Education Expenditures as Percentage of GDP

	1995	1996	1997	1998	1999	2000	2001	2002(p)	2003(e)
<b>Recurrent expenditure</b>	<b>4,74</b>	<b>4,84</b>	<b>5,04</b>	<b>4,95</b>	<b>5,29</b>	<b>5,13</b>	<b>5,91</b>	<b>6,51</b>	<b>6,34</b>
Ministry of Education	3,48	3,49	3,58	3,55	3,56	3,39	3,98	4,28	4,02
Universities	1,24	1,27	1,35	1,22	1,54	1,56	1,74	1,88	1,89
Municipalities	0,01	0,07	0,10	0,16	0,18	0,17	0,18	0,13	0,15
Departments	0,00	0,01	0,01	0,02	0,01	0,01	0,02	0,21	0,28
Investment in Educación	0,56	0,87	0,97	0,75	0,92	0,99	1,38	1,48	1,25
Total	5,29	5,70	6,02	5,71	6,21	6,12	7,30	7,98	7,60

Source: UDAPE

Another observation from this table is the 66 percent increase (from 1,24 percent to 1,89 percent) in the allocations to the university system between 1995 and 2003. However, over this same period there has been a large increase in higher education enrollment, indicating that the increase in expenditure was used largely to expand coverage, and does not necessarily represent an increase in expenditure per student in higher education. As HIPC II resources are only used for initial, primary and secondary education, evaluating the increasing expenditure on higher education is beyond the scope of this study. However, as the table below makes clear, it is evident that higher education in Bolivia is receiving far more resources per student, and raises the debate about the social rate of return of higher versus primary and secondary education<sup>20</sup>.

<sup>20</sup> For a debate about the social returns to different levels of education, see Psacharopoulos, George, “Public spending on higher education in developing countries: Too much rather than too little”, *Economics of Education Review*, vol. 15(4), 1996, and Birdsall, Nancy, “Public Spending on Higher Education in Developing Countries: Too Much or Too Little?” *Economics of Education Review*, vol. 15(4), 1996

Table 24: Expenditures expenditure per student

Level	Per Student Expenditures (Recurrent) in Bs
Initial	446
Primary	774
Secondary	669
Public University System	3,342

Source: World Bank 2005/ Ministry of Education/UDI.

Note: \* Others includes alternative education, special education, technical education, and non-university higher education.

### Usage of Municipal funds

Another observation from the table “Education Expenditures as Percentage of GDP” is that education investments have more than doubled from 1995 to 2003 (from 0.56 to 1.25 percent of GDP), with a strong increase in 2001 reflecting the introduction of the HIPC II resources.

Due to the municipal fiscal autonomy established as a part of Bolivia’s decentralization efforts, municipalities do not have to report how the education funds are spent. However, the World Bank (2005) reports that municipalities are spending most of their resources (81 percent) on physical infrastructure and only 19 percent on pedagogical materials or training, noting that one of the most common expenditures is the construction of walls around schools, with doubtful value.

### Productive and social investment fund (PSI).

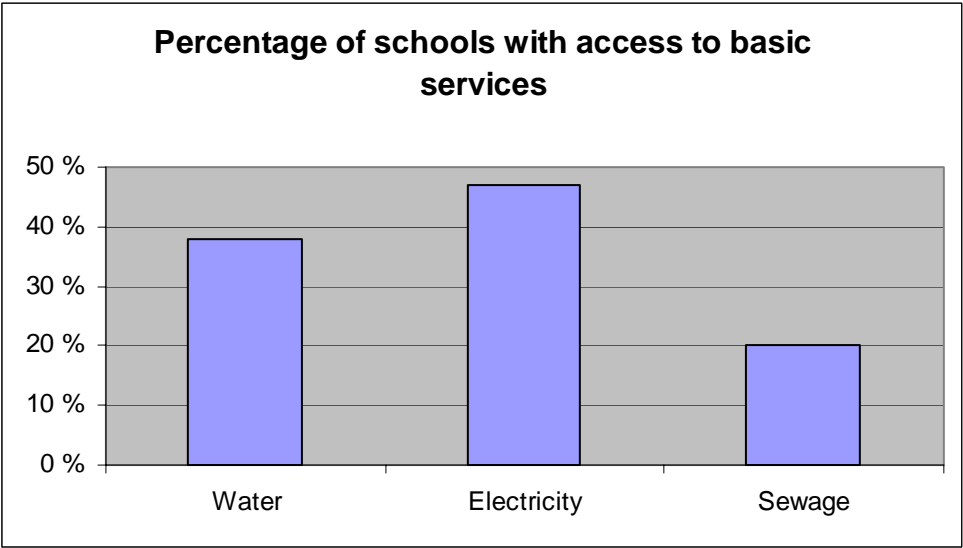
After 20% of the National Dialogue Special Municipal Account has been allocated to education sector and 10% to the health sector, the remaining 70% are allocated to the Productive and Social Investment Fund (out of which 70% is allocated according to a poverty sensitive formula). However, the PSI fund also includes resources for health and education in areas such as refurbishment, extension and building of infrastructure, drainage and basic sanitation systems, water collection, and supplementary food for pre-school and school children, meaning that within this fund, significant amounts are allocated to health and education. Therefore, health and education sectors receive more funding than HIPC II earmarks for these sectors directly (10 percent and 20 percent respectively), but due to the municipal fiscal autonomy, it is difficult to know exactly how the PSI fund is spent, and particularly how much is spent on education and for what purposes. This might therefore be a source of unobserved variation in funding to municipalities, further complicating the task of evaluating the impact of the HIPC II resources on education.

The Bolivian Ministry of Finance does however monitor the expenditure of the 111 largest municipalities on health, education and productive and social infrastructure, which gives an idea of how these resources are spent (see the Table no 17: “Sector expenditure of HIPC resources in 111 municipalities monitored by the Fiscal Planning Unit – 2002” p .42)

This information, suggests that almost 30% of the PSI fund is being used for education purposes, and that these resources are (like the resources earmarked for education) mostly used for infrastructure and not pedagogical materials or training.

It is difficult to say whether this heavy investment in infrastructure is a wise priority without further studies, however, based on what we do know, it is worth noting the following points. As the graph below makes clear, the majority of schools in Bolivia lack access to even the most basic resources, indicating that investment in infrastructure might be sorely needed.

Graph no 12: Percentage of schools with access to basic services



Source: Bolivian Ministry of Education

On the other hand, both international experience and econometric analysis show that the quality improvements require a much higher investment in teacher training and pedagogical materials (World Bank 2005).

This point relates to the high drop out rates Bolivia is experiencing which might indicate, among other things, poor quality and lack of relevance of education offered. Previous studies show large differences in learning between the lower percentile children and upper percentile children, showing that the scores of students in the 90th achievement percentile in Bolivia are less than half the scores of those students in the 10th achievement percentile.

This may be particularly relevant in rural areas where drop out rates are high (see Figure 3 – School Enrollment by Geographical Location and by Income Quintile p 27) and there are fewer trained teachers (discussed below). Increased funding for teachers was partly addressed by the HIPC II resources channeled to the Municipal Solidarity Fund and will be discussed in the section below.

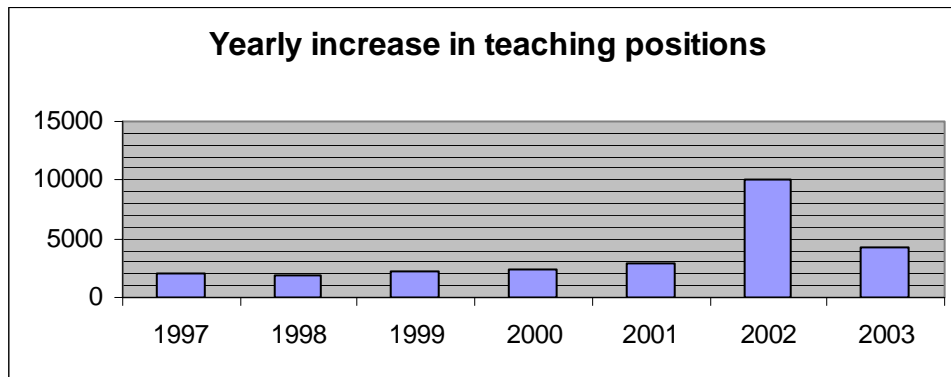
The Municipal Solidarity Fund

The Dialogue 2000 Law stipulates that the accumulated staff deficits in education and health will be covered using funds from the Municipal Solidarity Fund for School Education and Public Health, allocating US\$5 million for 2001 and US\$27 million from the HIPC II resources per year from 2002 to 2015. This latter amount (US\$ 27 millions) will be divided as follows:

- a) 2/3 of the US\$ 27 million (US\$ 18.5 million) will be used to pay teacher salaries.
- b) 1/3 of the US\$ 27 million (US\$ 8.5 million) will be used to pay health personnel (Doctors, nurses, nursing assistants, etc).

No funds were actually allocated to the Municipal Solidarity Fund to hire staff in both the education and health sectors in 2001. Teachers and health personnel started to be hired as part of the HIPC II initiative from May 2002 in the education sector (from July 2002 in the health sector)

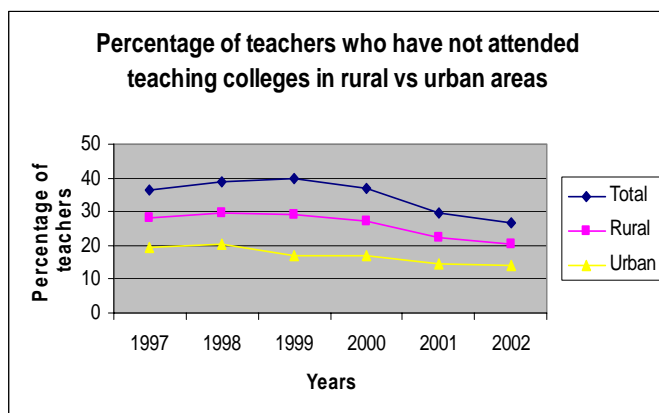
Graph no 13: Yearly increase in teaching positions



Source: SIE

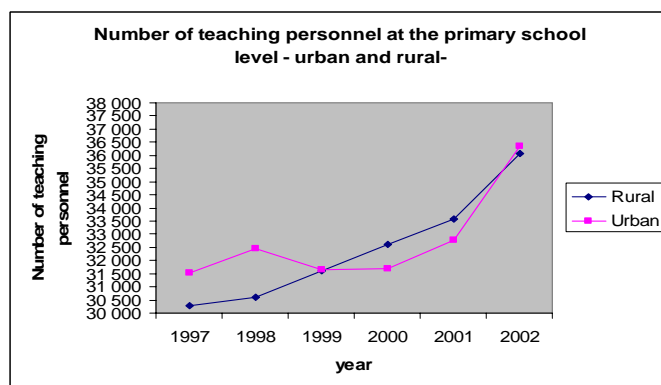
Though increased funding for hiring more teachers helped alleviate some of the teacher-shortage in Bolivia, their overall impact on the education sector depends on their distribution. Rural areas have much fewer trained teachers (though a lower teacher student ratio), a problem which was partially solved by the introduction of a salary incentive in 2001 for teachers in the rural areas. However, a new incentive for urban teachers was introduced as a result of lobbying organized by the urban teachers' union in 2002, balancing out the effect of the incentive for rural teachers. As can be seen from the graph below, the overall increase of the teaching positions with the arrival of the HIPC II funds in 2001, benefited urban areas more than rural, indicating a reversal of the previous trend. The high incidence of untrained teacher in rural areas indicates that the mechanism by which teachers are distributed to rural areas are not working optimally which is readily admitted by the Bolivian Ministry of Education (Zambrana, 2005, World Bank 2005).

Graph no 14: Percentage of teachers who have not attended teaching colleges in rural vs urban areas



Source: SIE

Graph no 15: Number of teaching personnel at the primary level- urban and rural



Source: SIE

In summary then, it is difficult to conclude anything definite about the impact of the HIPC II funds on education. Noting that the additional HIPC II funds constitute between 6 and 7 percent of the overall education budget, we also have to take into account the previous and ongoing steady trend of increase in education spending, thus making it difficult to disentangle the marginal effect of the additional HIPC II resources. This section has further noted that most of the resources channeled to municipalities are allocated for infrastructural purposes and less for pedagogical materials and teacher training, though again it is hard to conclude anything definitely without further studies establishing credible counterfactuals.

With regards to the resources channeled to teachers, we can see a significant overall increase in teaching positions beginning 2002, though the impact of this increase depends on the distribution of these teachers and whether they are allocated to places with the highest need for teachers. Knowing which areas would benefit most from an additional teacher is an issue that needs to be further studied in order to know whether the existing distribution is optimal. On the one hand, teacher student ratio in urban areas are much higher than in rural, indicating that urban areas

might be in a greater need for more teachers. On the other hand, the low teacher student ratio in rural areas is predominantly due to disperse settlement patterns. Taking into account the high drop out rates in rural areas and the fact that many rural schools with only one teacher are only able to offer the three or four first grades, additional teachers might plausibly have a high marginal value in rural areas too. In other words, it is theoretically ambiguous where teachers might be most needed, and further studies might clarify where new teachers should be allocated.

## 6. Conclusion

### Policy Formulation

- The Bolivian PRSP recognizes the need for a stronger emphasis on the neediest members of society. Moreover, children are identified as among the most vulnerable and neediest groups in Bolivia. However, the PRSP does not appear to have introduced any new policies and programs targeting children. Most, if not all of the policies and programs that are mentioned in the PRSP were introduced by the Bolivian government in the 1990s.
- The PRSP did provide significant additional financial resources to guarantee continuity of the existing policies and programs. However, in evaluating the relative significance of these funds, it is important to compare their magnitude to the overall social expenditure. Although the HIPC II funds contributed to a significant increase in the allocation of financial resources to municipalities, they do not constitute a large increase in total social expenditure. Social expenditure in Bolivia remains highly centralized in the education and health sectors.
- There is little doubt that the PRSP, and in particular the National Dialogue, has opened new channels of communication and insights into the needs of the poor in Bolivia. However, there is more uncertainty as to how much this participation has transformed into actual policies, and as to whether these policies have actually been implemented. Nevertheless, the fact that civil society was so comprehensively consulted has had the effect of increasing public awareness around the use of HIPC II funds and the country's overall poverty reduction strategy.
- The decentralized funding mechanism introduced by the HIPC II initiative provides municipal governments with significantly more funds than before. Furthermore, the introduction of the poverty weighting formula with the PRSP resulted in a more progressive distributional pattern (favoring poor municipalities), compared to the previous flat distribution formula (which calculated transfers on a per capita basis, regardless of their income)

### Implementation

- The study reveals the importance of distinguishing between allocation and expenditure. Although additional financial resources were allocated to the local level through the HIPC II initiative, weak local level institutions have not always had the capacity to use these resources (especially during the first years, after the PRSP was adopted).
- Within the education sector, local authorities have tended to use the resources to increase expenditure on infrastructure and not for pedagogical materials or personnel training. Most of the expenditure on the health sector was directed to purchasing equipment and to

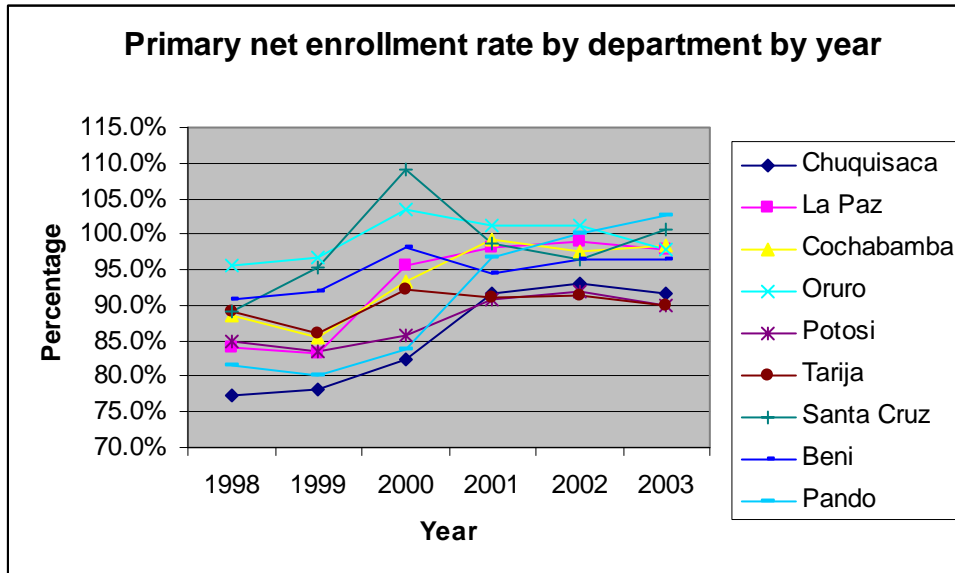
health infrastructure. Thus, in the health sector, the resources have been entirely allocated to curative and assistance services rather than to preventive and health promotion activities, which have lower cost and higher benefits.

### Impact on Child Poverty Indicators

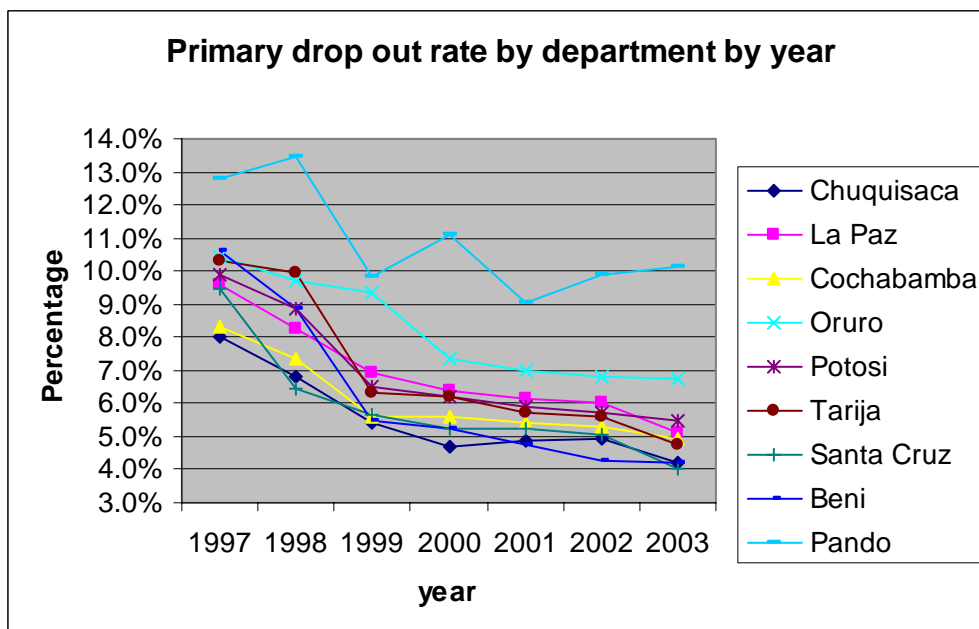
- A major weakness with the education and health indicators referred to in the PRSP is that, most of them, only intend to track the outcomes and impacts at the national level. Aggregate level indicators for the nation as a whole say little about the disparities in education and health coverage in different parts of the country, between indigenous and non indigenous and within different income and age groups. The absence of municipal data on health and education outcomes makes it hard to evaluate the impact of the increase in municipal financial resources on those sectors. More detailed data on the municipal level would allow us to better isolate the effect of the HIPC II and control for other potential interfering variables.
- Keeping this caveat in mind, departmental data reveals that the health and education indicators followed a mixed trend since the PRSP was introduced. While education has overall shown a somewhat positive development, health indicators have experienced either small positive growth or in some cases even negative growth.
- The lack of a counterfactual makes it difficult to ascribe the change in indicators to the introduction of the PRSP. Other external factors such as the evolution of the Bolivian economy (see annex for GDP graphs); simultaneous health and/or education projects funded by international donors; additional funds provided by the Bolivian government to the health and education sectors as part of programs already being implemented before the PRSP, etc. may also influence the behavior of these indicators after 2001. Finally, the considerable social unrest and high political turnover have been an obstacle for the successful implementation of government programs, including the PRSP.
- This study has not find enough reliable evidence leading to conclude that the PRSP has had a clear positive impact on child poverty in Bolivia. However, findings suggest that it is also difficult to assert the contrary.

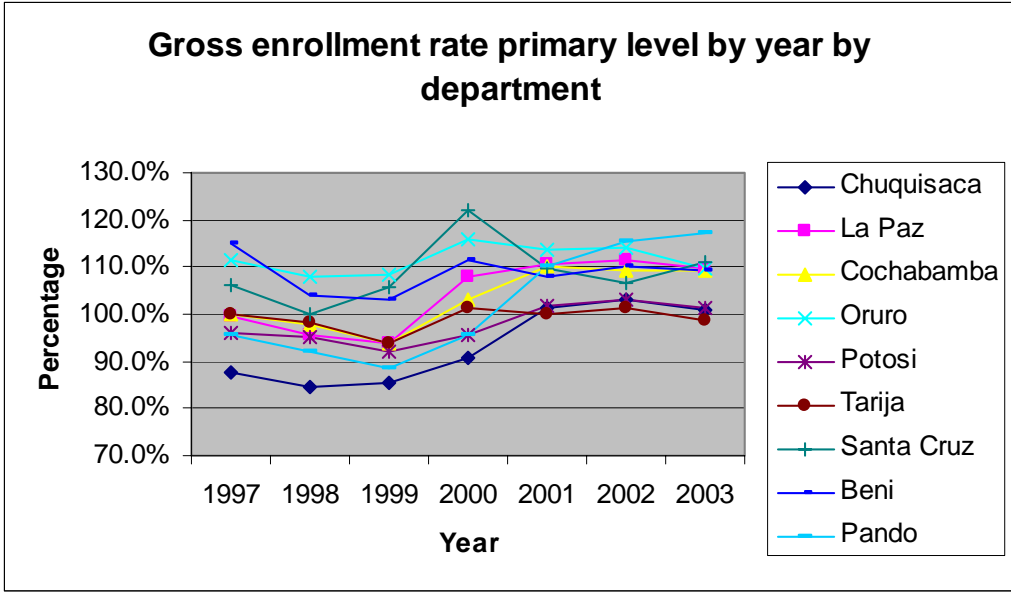
## 7. Annexes

### Annex 1. Education indicators

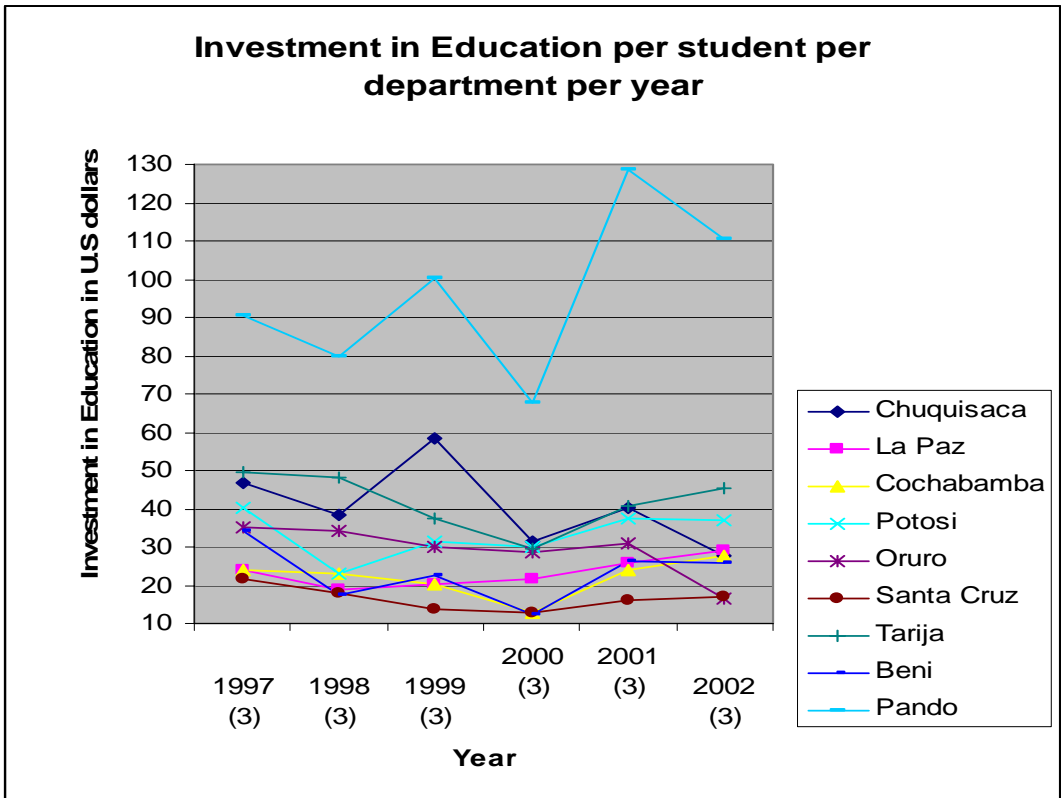


Source: UDAPE and Ministry of Education





Source: UDAPE and Ministry of Education

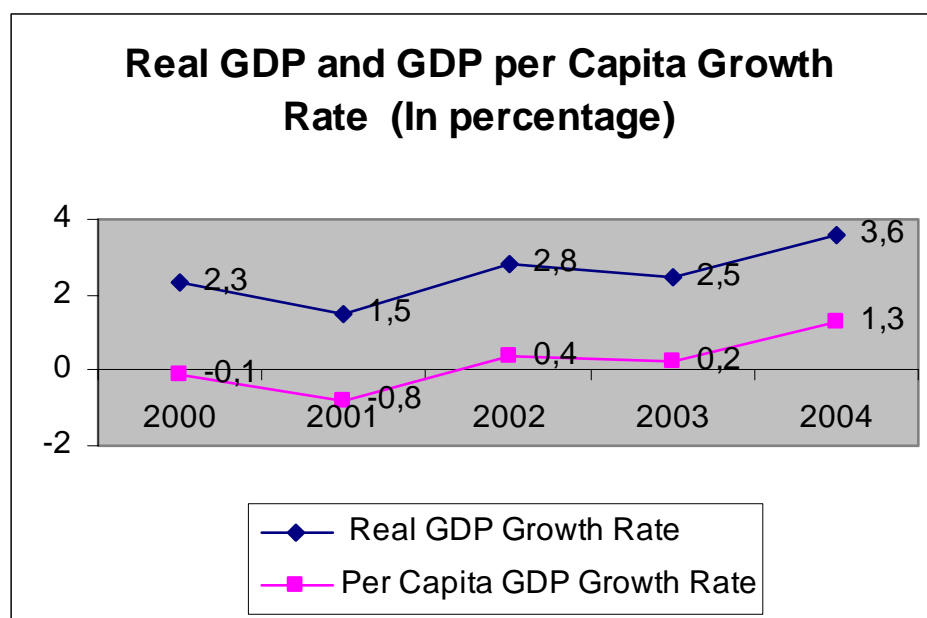


## HIPC II resources earmarked for education relative to total education expenditure

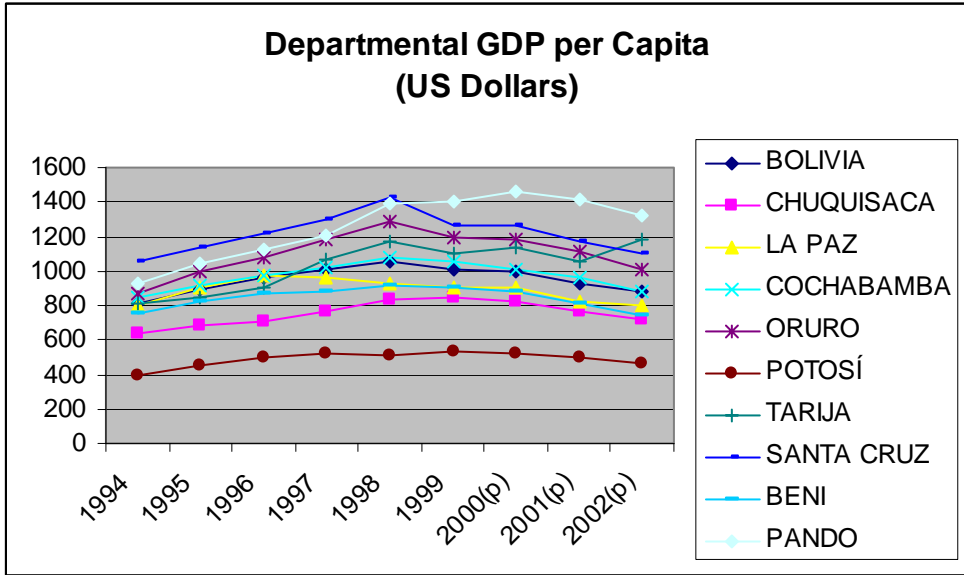
Year	2001 (1)	2002 (p)	2003 (e)
Total exp in millions of Bolivianos	2 923 421 000	3415 676 000	3431 042 000
HIPC	43 796 100	76 145 594	1,01E+08
HIPC resources earmarked for education as %total education exp	1,5	5,8	6,9

Source: UDAPE

## Annex 2. Real GDP and GDP per Capita



Source: UDAPE



Source: UDAPE

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## 1. Background

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## Acronyms:

CISE	Interinstitutional Monitoring and Evaluation Committee
DUF	Single Funding Directorate
ESAF	Enhanced Structural Adjustment Facility
FPS	Public and Social Investment Fund
HIPC	Heavily Indebted Poor Country Initiative
I- PRSP	Interim Poverty Reduction Strategies Papers
IDA	International Development Association
IMF	International Monetary Fund
INE	National Statistics Institute
LDA	Administrative Participation Law
LPP	Popular Participation Law
MTEF	Medium Term Expenditure Framework
NBI	Basic Needs Unsatisfied
NGO	Nongovernmental Organization
NPE	New Economic Policy
PNC	National Compensation Policy
PRGF	Poverty Reduction Growth Facility
PROPACS	Program for the Promotion of Participation of Social Oversight
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
SAP	Structural Adjustment Program
UDAPE	Social and Political Policy Analysis Unit
UNEPP	Ministry of Sustainable Development and Planning
WB	World Bank