Board Meeting of June 16, 1998
Statement by Eugene Miagkov

Bolivia Country Assistance Strategy

We support the new joint Country Assistance Strategy for Bolivia. Despite the mixed track record and persisting difficulties, we believe that the Strategy has a strong chance of success. The reason for this confidence is twofold:

First, and perhaps the most important, the strategy is fully based on the Government’s own agenda, which in turn was developed through a comprehensive participatory process. I am grateful for Mr. Cariaga’s statement which confirms the full commitment of the Bolivian authorities to the proposed strategy. Indeed, Bolivia may well become a test case for the effectiveness of participation as a tool for achieving sustained development, and I hope that the country’s experience will be studied and included in the Bank’s knowledge base.

Second, on the Bank’s side, we believe in the viability of the new CAS because it takes full account of the previous achievements and failures in our cooperation with the country. The Country Assistance Review which was distributed prior to the new CAS and considered by CODE last week provides an excellent starting point for discussion. I am extremely pleased to see that we are moving away from the simplistic faith in the omnipotence of the market forces and begin to integrate better understanding of institutions, vested interests and political coalitions into our practical operations. I thought it very revealing to see among the OED’s conclusions the observation that the Bank’s ESW on Bolivia was “competent and frequently compelling”, yet it generally failed to translate into high impact operations. Two thoughts come to mind in this respect: (a) that the Bank’s research was perhaps missing some essential components, for example, institutional and socio-political analysis, which would have provided the necessary bridge to designing implementable operations; and (b) that there is a flaw in the Bank's internal functioning which allows for a disconnect between research and practice. I certainly hope that these issues will be adequately addressed in the future, both in the context of implementing the Bolivian CAS and more broadly in the Bank.

Let me express our support for the overall design of the current strategy and the choice of its key elements. Of course, the program is very ambitious and subject to many risks, but it can hardly be otherwise given the scope of the problems facing the country. It will have to maintain macroeconomic stability, create the infrastructure and legal and institutional environment conducive to economic
development, and at the same time improve core social services if it is to achieve sustained poverty reduction and broad based growth. The Government of Bolivia sees the task clearly; the participatory exercise demonstrates that the priorities are widely shared. Therefore I have every confidence that this program will be a success.