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THE WORLD BANK

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PUBLIC DISCLOSURE AUTHORIZED

Meeting: President G. Sanchez de Lozada

(~~Brazil~~) Bolivia

Thursday, May 1, 1997

4:30 - 5:00 p.m.

E 1227 Conference Room

DECLASSIFIED
WITH RESTRICTIONS
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President Wolfensohn - Briefings Books for Presidents Meetings - Meeting Material
President G Sanchez de Lozada - Bolivia - May 1, 1997



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A. CLASSIFICATION

☒ Meeting Material
☐ Trips
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☐ Communications with Staff

☐ Phone Logs
☐ Calendar
☐ Press Clippings/Photos

☐ JDW Transcripts
☐ Social Events
☐ Other

B. SUBJECT: MEETING: PRESIDENT G. SANCHEZ DE LOZADA, BOLIVIA

(B) (N) VENUE: E1227 (CONF. RM.)

CONTACT: LIZ RYMOREK (EXT) @ 37145// TONY ODY @ 82344

WB ATTENDEES: JDW, CARIAGA, {KOCH-WESER-not attending}, BURKI,

ISENMAN, PERRY, MMB, RISCHARD (4/24), J. KASSUM, MARISELA

DELEGATION ATTENDEES:

PRESIDENT SANCHEZ DE LOZADA

AMBASSADOR FERNANDO COSSIO, EMB. OF BOLIVIA

PRESS:

MR. RICKY ROGERS, BOLIVIA NATIONAL PHOTOGRAPHER

MR. GILMAR PEREZ, BOLIVIA NATIONAL TV

MR. PEDRO GLASNINOVIE, BOLIVIA WIRE SERVICE

(B) EXTVP & LACVP // DUE: MONDAY, APRIL 28

(M) AFRVP // DUE: THURSDAY, MAY 8

EXC: MM // ALI (4/16)

Brief Includes Note from D. Bateman - April 25, 1997 and tabs:

- Basic Facts & Figures
- Biography
- Bolivia CG Chair's Closing Remarks
- Chair's Summing Up Informal Board Meeting
- IFC Note
- IFC Country Strategy Paper
- Bolivia-Brazil Pipeline

DATE: 05/01/97

C. VPU

Corporate

☐ CTR
☐ EXT
☐ LEG
☐ MPS
☐ OED
☐ SEC/Board
☐ TRE

Regional

☐ AFR
☐ EAP
☐ ECA
☐ LAC
☐ MNA
☐ SAS

Central

☐ CFS
☐ DEC
☐ ESD
☐ FPD
☐ FPR
☐ HRD

Affiliates

☐ GEF
☐ ICSID
☐ IFC
☐ Inspection Panel
☐ Kennedy Center
☐ MIGA

D. EXTERNAL PARTNER

☐	IMF
☐	UN
☐	MDB/Other IO
☐	NGO
☐	Private Sector

☐	Part I
☒	Part II
☐	Other

E. COMMENTS:

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Cleared By

Marisela Montolio

Date:

05/05/97

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**Briefing Note for Meeting between Mr. Wolfensohn and
President Sanchez de Lozada of Bolivia
Thursday, May 1, 1997 at 4:30 p.m.**

The President will likely be accompanied by Ambassador Fernando Cossio and the Executive Director for Bolivia, Mr. Juan Cariaga. The President will be giving several presentations on the capitalization program while in Washington, including one at the Bank on May 1 at 10:00 a.m.

Background

Presidential/Congressional elections will be held on June 1, 1997, and by law President Sanchez de Lozada cannot run for a second consecutive term. Nevertheless, he will likely be a candidate in the following elections (2002). A strong possibility exists that the next president will be from a different party, but the President's party (*MNR*) could be part of the coalition. It is likely that the next administration will continue strengthening the reform efforts.

It is suggested that the meeting should have the following four purposes:

Congratulate the President for Success in Implementing the Ambitious Reform Agenda

- During the President's term, a wide range of structural reforms (one of the most far reaching programs in the region) has been implemented, in conjunction with strong macroeconomic management and fiscal performance. Key reforms have included:
 - * Capitalization of five major public enterprises that will bring US\$1.7 billion of investment. A significant milestone was reached recently (April 10) when the exploration and production activities of the hydrocarbons company (YPFB) were transferred to the private partners.
 - * Pension reform that overhauls the existing bankrupt system and will be used to distribute the proceeds of capitalization;
 - * Education reform that recognizes the bilingual multicultural nature of Bolivian society;
 - * Agrarian land reform that is of significance to small farmers and indigenous groups; and
 - * Popular participation that transfers public investment decision making and public resources to municipalities.
- The relationship between the Bank and Bolivia has been very strong and we have provided important support to the major reforms programs.
- You may wish to congratulate the President for the accomplishments of his administration and indicate that we look forward to the administration completing the remaining agenda (including issuing the regulations required for the hydrocarbons law and capitalizing VINTO, the smelter).

HIPC Initiative—Recent Developments and the Next Steps

- The preliminary document on the HIPC Initiative for Bolivia was recently discussed (Bank: 4/15/97; IMF: 4/17/97) and there was agreement on Bolivia's eligibility.
- The authorities have indicated that assistance under the Initiative would free up scarce fiscal resources to help accelerate structural reforms and finance key social programs. They have also stressed that such relief would assist Bolivia only if the volume of other external financing flows

were maintained. Finally, the authorities are concerned about the nature of the participation of two key creditors, the IDB and CAF.

- Given their perception of the risks faced by the export sector, the authorities believe that a target NPV of 200 percent would be appropriate. In addition, given the need to lower debt service over the next three years, the authorities prefer a completion point of end-1997.
- You may wish to update the President on recent developments under the Initiative. In addition, you may wish to discuss the next steps, including the need to: (a) reach agreement with the IMF on the third annual program under the current ESAF; (b) have a strong monitorable social reform program through which freed-up resources would be channeled to social expenditures; and (c) reach agreement on the nature of the participation of the IDB and CAF.

Reconfirm the Message of the Recent Consultative Group Meeting: "Maintain the Reform Momentum and Stability in Project Execution"

- During a recent CG Meeting for Bolivia (April 10-11, 1997) donors praised the government's efforts and expressed appreciation for the wide ranging reform program that has been implemented during the last four years. The participants also stressed the importance of further consolidating the reforms and extending them to achieve more rapid reduction in the high level of poverty. The Government was appreciative both of the donor support and of the messages sent.
- The performance of the Bank's portfolio in Bolivia has been relatively strong. Nevertheless, the Government and the donors have agreed to continue working to improve implementation. In these efforts, stability in project execution, especially during the upcoming change in administration, is viewed as essential.
- You may wish to reinforce these messages with emphasis on the importance the Bank places on implementation.

Discuss the Prospects for IDA Resources for Bolivia

- The President will likely stress the need for Bolivia to continue to receive IDA resources and for a stronger pipeline of new lending operations.
- You may wish to assure him that, given Bolivia's strong track-record, we will make our best efforts to secure IDA resources for Bolivia and strengthen the lending pipeline. You may also wish to update him on the IDA situation.

Attachments:

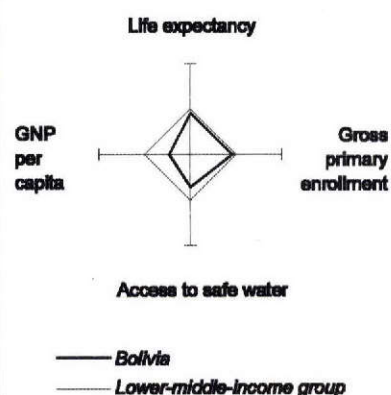
- (i) Biographical Note on President Sanchez de Lozada
- (ii) Bolivia At A Glance
- (iii) CAS Annex Tables (includes portfolio status)
- (iv) Chairman's Closing Remarks, Bolivia Consultative Group Meeting
- (v) IDA/SecM97-133: Informal Meeting - April 15, 1997; Preliminary Documents for Bolivia and Burkina Faso; Chairman's Summing-Up

Bolivia at a glance

POVERTY and SOCIAL

	Bolivia	Latin America & Carib.	Lower-middle-income
Population mid-1995 (millions)	7.4	480	1,154
GNP per capita 1995 (US\$)	800	3,300	1,700
GNP 1995 (billions US\$)	5.9	1,584	1,962
Average annual growth, 1990-95			
Population (%)	2.4	1.8	1.4
Labor force (%)	2.6	2.4	1.8
Most recent estimate (latest year available since 1989)			
Poverty: headcount index (% of population)	..	..	..
Urban population (% of total population)	58	74	56
Life expectancy at birth (years)	60	68	67
Infant mortality (per 1,000 live births)	69	41	36
Child malnutrition (% of children under 5)	13	..	..
Access to safe water (% of population)	56	81	78
Illiteracy (% of population age 15+)	17	13	..
Gross primary enrollment (% of school-age population)	95	110	104
Male	99	..	105
Female	95	..	101

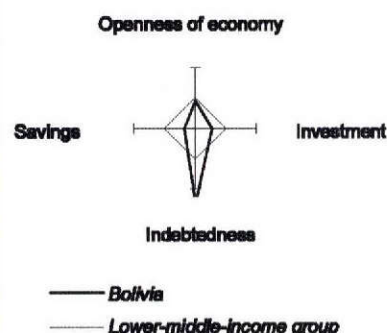
Development diamond*



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

	1975	1985	1994	1995
GDP (billions US\$)	1.7	3.0	5.5	6.1
Gross domestic investment/GDP	36.9	10.2	14.1	15.2
Exports of goods and non-factor services/GDP	26.1	14.3	21.2	20.6
Gross domestic savings/GDP	30.8	8.5	8.5	8.8
Gross national savings/GDP	29.4	0.3	5.1	5.2
Current account balance/GDP	-10.0	-16.6	-8.3	-8.8
Interest payments/GDP	1.5	5.3	2.5	2.3
Total debt/GDP	59.6	161.7	86.3	82.4
Total debt service/exports	17.5	49.6	28.8	28.1
Present value of debt/GDP	..	..	63.8	..
Present value of debt/exports	..	..	292.8	..
(average annual growth)				
GDP	0.2	3.5	4.2	3.8
GNP per capita	-2.8	1.7	2.1	1.3
Exports of goods and nfs	-4.2	8.4	23.1	2.6

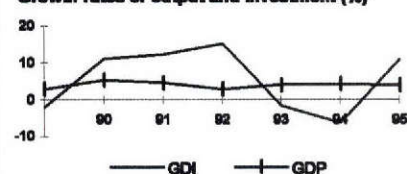
Economic ratios*



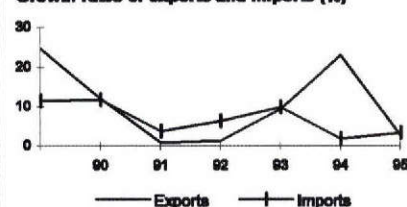
STRUCTURE of the ECONOMY

	1975	1985	1994	1995
(% of GDP)				
Agriculture	20.3	36.9	17.7	17.5
Industry	32.2	36.3	25.6	25.7
Manufacturing	12.3	15.3	15.0	15.1
Services	47.5	26.8	56.7	56.8
Private consumption	58.7	78.2	77.6	77.5
General government consumption	10.4	13.3	13.8	13.8
Imports of goods and non-factor services	32.1	16.0	26.8	27.1
(average annual growth)				
Agriculture	1.0	..	..	..
Industry	-2.7	..	..	..
Manufacturing	-1.3	..	..	..
Services	3.2	..	..	..
Private consumption	6.4	2.5	-4.5	3.9
General government consumption	1.1	2.5	1.9	2.6
Gross domestic investment	-15.4	6.3	-6.1	10.8
Imports of goods and non-factor services	-7.6	5.2	1.7	3.2
Gross national product	-0.7	4.1	4.6	3.7

Growth rates of output and investment (%)



Growth rates of exports and imports (%)

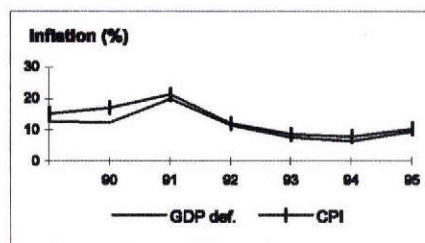


Note: 1995 data are preliminary estimates.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

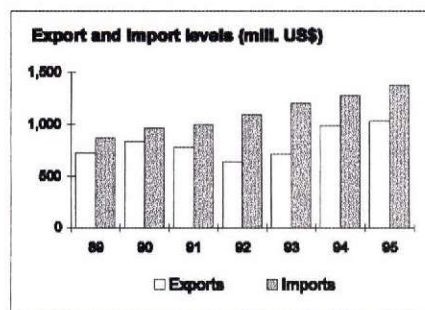
PRICES and GOVERNMENT FINANCE

	1975	1985	1994	1995
Domestic prices				
(% change)				
Consumer prices	7.8	11,749.6	7.9	10.2
Implicit GDP deflator	6.5	11,258.9	6.4	9.5
Government finance				
(% of GDP)				
Current revenue	..	..	23.9	25.7
Current budget balance	..	..	2.7	4.0
Overall surplus/deficit	..	..	-3.5	-2.1



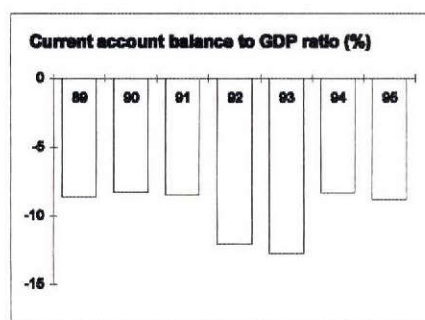
TRADE

	1975	1985	1994	1995
(millions US\$)				
Total exports (fob)	..	628	985	1,033
Tin	..	187	91	87
Fuel	..	376	96	140
Manufactures	..	..	..	..
Total imports (cif)	..	691	1,279	1,377
Food	..	..	..	..
Fuel and energy	..	2	..	..
Capital goods	..	253	551	613
Export price index (1987=100)	..	93	..	..
Import price index (1987=100)	..	120	..	..
Terms of trade (1987=100)	..	78	..	..



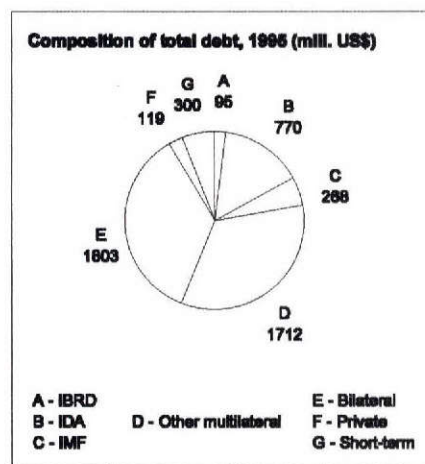
BALANCE of PAYMENTS

	1975	1985	1994	1995
(millions US\$)				
Exports of goods and non-factor services	486	721	1,183	1,238
Imports of goods and non-factor services	618	807	1,478	1,588
Resource balance	-132	-86	-294	-350
Net factor income	-41	-423	-188	-210
Net current transfers	3	15	22	22
Current account balance, before official transfers	-169	-494	-460	-538
Financing items (net)	130	523	599	681
Changes in net reserves	40	-29	-139	-143
Memo:				
Reserves including gold (mill. US\$)	197	523	793	936
Conversion rate (local/US\$)	2.8E-05	0.8	4.6	4.8



EXTERNAL DEBT and RESOURCE FLOWS

	1975	1985	1994	1995
(millions US\$)				
Total debt outstanding and disbursed	1,013	4,805	4,752	5,067
IBRD	21	207	116	95
IDA	50	94	648	770
Total debt service	87	365	345	361
IBRD	2	27	35	36
IDA	1	2	7	8
Composition of net resource flows				
Official grants	8	71	281	200
Official creditors	38	-1	209	272
Private creditors	78	-36	-25	-33
Foreign direct investment	53	10	20	150
Portfolio equity	0	0	0	0
World Bank program				
Commitments	40	0	157	116
Disbursements	10	12	80	113
Principal repayments	1	13	26	28
Net flows	9	-1	54	85
Interest payments	1	16	14	15
Net transfers	8	-17	40	70



Bolivia - Selected Indicators of Bank Portfolio Performance and Management

Indicator	1994	1995	1996	1997
<i>Portfolio Performance</i>				
Number of Projects under implementation	20	23	27	25
Average implementation period (years) ^a	3.75	3.87	3.49	4.30
Percent of problem projects rated U or HU ^b (for past years, rated 3 or 4)				
Development Objectives ^c	20.00	4.35	3.70	0.00
Implementation Progress (or overall status for past years) ^d	10.00	8.70	3.70	8.00
Cancelled during FY in US\$m	.84	0.00	2.39	7.09
Disbursement ratio (%) ^e	11.92	16.78	20.70	21.56
Disbursement lag (%) ^f	27.38	26.25	21.94	27.76
Memorandum item: % completed projects rated unsatisfactory by OED	40.00	33.33	32.00	32.00
<i>Portfolio Management</i>				
Supervision resources (total US\$ thousands)	1,367.30	1,339.45	1,786.07	1,132.63
Average Supervision (US\$ thousands/project)	68.36	58.24	66.15	45.31
Supervision resources by location (in %) ^g				
Percent headquarters	0.00	0.00	56.95	64.76
Percent resident mission	0.00	0.00	43.05	35.24
Supervision resources by rating category (US\$ thousands/project)				
Projects rated HS or S	67.62	59.56	65.47	45.67
Projects rated U or HU	75.06	44.38	83.75	41.08
Memorandum item: date of last/next CPPR				

- ^a Average age of projects in the Bank's country portfolio.
- ^b Rating scale: "HS" denotes "Highly Satisfactory", "S" denotes "Satisfactory", "U" denotes "Unsatisfactory", and "HU" denotes "Highly Unsatisfactory".
- ^c Extent to which the project will meet its development objective (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]*).
- ^d Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, *Preparation of Implementation Summary [Form 590]*). The overall status is not given a better rating than that given to project development objectives.
- ^e Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only.
- ^f For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursement estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursement lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.
- ^g Supervision resources data, by location, is only available starting in fiscal year 1996.

Note:

Disbursement data is updated at the end of the first week of the month.
Supervision resources include Salaries, Benefits, and Travel but excludes FAO staff and PCR task costs.

Bolivia - Bank Group Fact Sheet
IBRD/IDA Lending Program

<i>Category</i>	<i>Past</i>		<i>Current</i>		<i>Planned^a</i>		
	1994	1995	1996	1997	1998	1999	2000
Commitments (US\$m)	51.4	94.7	128.7	37.6	65.0	55.0	65.0
<i>Sector (%)^b</i>							
Agriculture	0.0	0.0	11.7	0.0	30.8	0.0	0.0
Education	0.0	42.2	0.0	0.0	69.2	0.0	0.0
Electric Pwr & Engy.	0.0	0.0	4.0	0.0	0.0	0.0	0.0
Environment	0.0	21.5	0.0	0.0	0.0	0.0	0.0
Finance	0.0	0.0	7.0	0.0	0.0	0.0	0.0
Industry	0.0	0.0	6.2	0.0	0.0	45.5	0.0
Mining	0.0	0.0	8.5	0.0	0.0	0.0	0.0
Multisector	18.3	9.1	0.0	0.0	0.0	0.0	0.0
Oil & Gas	0.0	0.0	8.2	0.0	0.0	0.0	0.0
Populn, Hlth & Nutn	0.0	0.0	0.0	0.0	0.0	54.5	0.0
Public Sector Mgmt.	0.0	27.1	38.9	100.0	0.0	0.0	0.0
Social Sector	0.0	0.0	0.0	0.0	0.0	0.0	46.2
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	53.8
Urban Development	81.7	0.0	0.0	0.0	0.0	0.0	0.0
Water Supply & Santr	0.0	0.0	15.5	0.0	0.0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Lending instrument (%)</i>							
Adjustment loans ^c	18.3	9.1	45.1	14.4	30.8	54.5	0.0
Specific investment loans and others	81.7	90.9	54.9	85.6	69.2	45.5	100.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Disbursements (US\$m)</i>							
Adjustment loans ^c	27.9	19.2	19.4	0.0	10.0	10.0	12.0
Specific investment loans and others	42.9	62.5	89.7	82.1	62.1	34.3	17.7
Repayments (US\$m)	25.5	28.2	28.0	20.6	0.0	0.0	0.0
Interest (US\$m)	15.3	15.0	13.8	8.8	0.0	0.0	0.0

^a Ranges that reflect the base-case (i.e., most likely) Scenario. for IDA countries, planned commitments are not presented by FY but as a three-year-total range; the figures are shown in brackets. A footnote indicates if the pattern of IDA lending has unusual characteristics (e.g., a high degree of frontloading, backloading, or lumpiness). For blend countries, planned IBRD and IDA commitments are presented for each year as a combined total.

^b For future lending, rounded to the nearest 0 or 5%. To convey the thrust of country strategy more clearly, staff may aggregate sectors.

^c Structural adjustment loans, sector adjustment loans, and debt service reduction loans.

Note:

Disbursement data is updated at the end of the first week of the month.

Status of Bank Group Operations in Bolivia

IBRD Loans and IDA Credits in the Operations Portfolio

Project ID	Loan or Credit No.	Fiscal Year	Purpose	Original Amount in US\$ Millions				Difference Between expected and actual disbursements a/	Last ARPP Supervision Rating b/	
				IBRD	IDA	Cancellations	Undisbursed		Development Objectives	Implementation Progress
Number of Closed Loans/credits: 52										
<u>Active Loans</u>										
BO-PE-6161	C20130	1989	MINING SCTR	0.00	35.00	1.89	5.11	4.28	S	S
BO-PE-6179	C21340	1990	PRIVATE ENTRP DEV	0.00	16.10	0.00	7.96	6.55	S	S
BO-PE-6152	C21190	1990	EASTRN LOWLANDS:NTRL	0.00	35.00	4.62	6.03	8.62	S	S
BO-PE-6166	C20920	1990	INTEGRATED HLTH DEV	0.00	20.00	0.00	5.32	3.06	S	S
BO-PE-6189	C22790	1991	PUB FIN MGMT II	0.00	11.30	0.00	3.66	2.93	S	S
BO-PE-6188	C22160	1991	TECHNOLOGY DEV	0.00	21.00	0.00	2.35	- .44	S	S
BO-PE-6172	C21870	1991	WTR SUPPLY SWRGE	0.00	35.00	0.00	4.64	3.70	S	S
BO-PE-6180	C23950	1992	RD MAINT	0.00	80.00	0.00	45.51	41.67	S	S
BO-PE-6153	C23220	1992	AGRO EXPORT DEV PROG	0.00	22.50	0.00	11.29	5.03	S	S
BO-PE-6200	C25320	1993	SOC INVEST FUND II	0.00	40.00	0.00	10.41	1.06	S	S
BO-PE-6196	C25310	1993	INTEGRATED CHILD DEV	0.00	50.70	0.00	42.11	12.16	U	U
BO-PE-6194	C24430	1993	ENVIRON TA PROJ	0.00	4.80	0.00	.05	- .04	S	S
BO-PE-6190	C25650	1994	MUNICIPAL DEV	0.00	42.00	0.00	29.12	15.07	S	S
BO-PE-6197	C27420	1995	LAND ADMINISTRATION	0.00	20.40	0.00	16.26	.71	HS	HS
BO-PE-6205	C27050	1995	JUDICIAL REFORM	0.00	11.00	0.00	9.28	2.45	S	S
BO-PE-6181	C26500	1995	EDUCATION REFORM	0.00	40.00	0.00	22.90	-1.84	S	S
BO-PE-37005	C26470	1995	REGULATORY REF & CAP	0.00	14.70	0.00	2.35	-3.14	HS	HS
BO-PE-6206	C28060	1996	RURAL WTR & SANIT	0.00	20.00	0.00	16.59	5.38	S	S
BO-PE-6186	C28050	1996	ENV.IND.& MINING	0.00	11.00	0.00	9.53	.16	S	S
BO-PE-6191	C27900	1996	POWER SCTR REF TA &	0.00	5.10	0.00	3.89	2.33	HS	S
BO-PE-34606	C27890	1996	FIN MRKTS & PENS REF	0.00	9.00	0.00	5.36	4.41	S	S
BO-PE-6202	C27720	1996	RURAL COMMUNITIES DE	0.00	15.00	0.00	10.07	2.83	HS	S
BO-PE-6178	C27620	1996	HYDROC.SEC.REF&CAPIT	0.00	10.64	0.00	3.81	1.61	HS	S
BO-PE-6173	C27610	1996	CAPITALIZATION PROG	0.00	50.00	0.00	37.64	3.72	S	S
BO-PE-6173	C27612	1997	CAPITALIZATION PROG	0.00	5.40	0.00	5.26	0.00	S	S
Total				0.00	625.64	6.51	316.48	122.28		

	<u>Active Loans</u>	<u>Closed Loans</u>	<u>Total</u>
Total Disbursed (IBRD and IDA):	309.93	830.84	1,140.77
of which has been repaid:	0.00	263.41	263.41
Total now held by IBRD and IDA:	619.13	557.95	1,177.08
Amount sold :	0.00	.05	.05
Of which repaid :	0.00	.05	.05
Total Undisbursed :	316.48	7.33	323.81

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

b. Rating of 1-4: see OD 13.05, Annex D2, Preparation of Implementation Summary (Form 590). Following the FY94 Annual Review of Portfolio performance (ARPP), a letter based system will be used (HS = highly Satisfactory, S = satisfactory, U = unsatisfactory, HU = highly unsatisfactory): see proposed Improvements in Project and Portfolio Performance Rating Methodology (SecM94-901), August 23, 1994.

Note: Disbursement data is updated at the end of the first week of the month.

Bolivia
STATEMENT OF IFC's
Committed and Disbursed Portfolio
As of 31-Mar-97
In Millions US Dollars

FY Approval	Company	Committed				Disbursed			
		-----IFC-----				-----IFC-----			
		Loan	Equity	Quasi	Partic	Loan	Equity	Quasi	Partic
1973	Plasmar	0.00	.10	0.00	0.00	0.00	.10	0.00	0.00
1976	BISA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1987	Concepcion	0.00	.40	0.00	0.00	0.00	.40	0.00	0.00
1988	BISA	1.43	0.00	0.00	0.00	1.43	0.00	0.00	0.00
1989	COMSUR	0.00	3.00	0.00	0.00	0.00	3.00	0.00	0.00
1990	BISA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1991	Bermejo	0.00	5.90	0.00	0.00	0.00	2.30	0.00	0.00
1991	BISA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
991	Central Aguirre	1.22	.35	0.00	0.00	1.22	.35	0.00	0.00
1991	Minproc Bolivia	0.00	.68	0.00	0.00	0.00	.68	0.00	0.00
1992	COMSUR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1992	Inti Raymi	17.50	0.00	5.00	0.00	17.50	0.00	5.00	0.00
1993	GENEX	1.33	0.00	1.19	0.00	.89	0.00	.90	0.00
1994	COMSUR	9.43	0.00	1.30	0.00	9.43	0.00	1.30	0.00
1995	BISA	15.00	2.70	0.00	4.50	15.00	2.70	0.00	0.00
1996	Telecel Bolivia	10.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00
1996	COMSUR	7.50	0.00	.84	4.50	7.50	0.00	.84	4.50
1996	Mercantil-BOL	10.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pending Commitments									
1996	* TELECEL BOLIVIA	10.00	0.00	5.00	20.00				

Biographical Note on President Sánchez de Lozada

Mr. Sánchez de Lozada was born in La Paz, on July 1, 1930 and is married to Ximena Iturralde Monje. They have two children and three grandchildren. Although Bolivian by birth, he grew up in the USA and speaks Spanish with an accent.

A graduate of the University of Chicago (Bachelor of Arts Degree), Gonzalo Sánchez de Lozada was founder and president of *Compañía Minera del Sur S.A.* (1962-93), an important mining company. He was also founder and general manager of Andean Geo-Services Ltd. (1957-62), a multi-service company catering to the oil and mining industries and founder and director of Telecine Ltd. (1953-57), a commercial and documentary film company.

Prior to his election as President in 1993, Mr. Sánchez de Lozada enjoyed a lengthy political career. He was national leader of the National Revolutionary Movement (MNR--1990), executive leader of the MNR (1989-90), presidential candidate (1989), Minister of Planning (1986-88), President of the Senate (1985), and Representative for the Department of Cochabamba (1979-1980). As Minister of Planning he was the main architect of the 1985 New Economic Policy which succeeded in bringing down hyperinflation and in restoring macroeconomic stability. During the 1989 presidential election, he received the highest share of the votes (26%), but lost the presidency to an alliance of the second and third place candidates.

Bolivia CG
Chair's Closing Remarks

CHAIRMAN'S CLOSING REMARKS

Bolivia Consultative Group

Paris, April 11, 1997

- We have come to the conclusion of a meeting that has been characterized by excellent Government presentations, active participation by all the donors, and open and constructive exchange. On behalf of all of us gathered here, I would like to compliment the Government for their impressive development achievements. I would also like to thank our fellow delegates for their contributions.
- The group noted the continuation of the Government's excellent macroeconomic management, which has produced declining inflation and an average growth rate of 4.3% during the past four years. The Government pledged to maintain fiscal discipline, despite the fiscal impact of the important recent pension reform. On-going discussions with the IMF for the third year program under the ESAF will help establish a stable fiscal framework for the coming year. Donors expressed concern, however, with the low rate of private savings in the economy, the performance of the investment Funds, and the need to make further efforts to raise the ratio of taxes to GDP.
- Donors expressed their deep appreciation for the wide ranging program of reforms which the Government has implemented over the past four years. They paid a special tribute to progress made in the area of governance and establishment of the rule of law. They mentioned in particular Bolivia's efforts to strengthen the judicial system and expressed a hope that pending laws to set up an administrative tribunal and a constitutional court could be passed during a forthcoming extraordinary Congress. Bolivia also received special recognition for the Popular Participation reform, which goes considerably further in terms of devolution of responsibility to the local level than most decentralization programs around the world.
- The education reform was highlighted for being more comprehensive than such programs in most countries, and also for its multi-cultural and bi-lingual characteristics. Some participants noted that after a slow start it had picked up considerable momentum during the past year and stressed the need of the program to expand its reach to rural schools. The reform of land administration was hailed as a key step in securing land rights, including for small farmers and indigenous people. Donors emphasized the urgency to accelerate implementation of this key program for improving income-earning opportunities for the poor.
- The donors recognized the achievements of the Government in pursuing capitalization and pension reform. With regard to capitalization, the donors applauded the government's efforts and noted that a number of other countries were studying possible implementation of this innovative program. The need for consolidation, continuation, and strengthening, especially of the regulatory agency, was also noted.
- With Presidential elections 1 1/2 months away, the donors expressed a concern over the future of economic, social and political reforms. Given the strong record of

performance in the past, the donors expressed hope that the new Government would continue to consolidate this program, while respectful of the new Government's right to set their own agenda. Several donors indicated that they would welcome a Government initiative to set up transition commissions as had been done in 1993. Following donor suggestions, the World Bank will lead a low-key process to disseminate the results of this meeting in Bolivia, including through informal meetings with the economic teams of leading political parties.

- After some discussion of the tension between deepening on-going reforms and initiating additional ones, the consensus was of the need to emphasize the former, but continue with incremental reforms, such as civil service and judicial reform. In this context, the Strategy for the Productive Transformation of Agriculture was discussed, with several donors pointing out that progress during the past year had been slow. Government acknowledged that they had underestimated the importance of setting up early on an adequate institutional framework for its coordination. They pointed out, though, that in several areas progress had been made, including the design of a new system for agricultural technology development and transfer and the formulation of the program for rural credit. Donors wanted to see greater efforts toward translating this strategy into an investment program; they also expressed the hope that the delivery of rural credit will not be overly centralized under the Micro-Credit and Rural Finance Program (PAM). Finally, several donors acknowledged Government efforts to involve indigenous groups and women in the country's rural development strategy and want to see a greater emphasis on this.
- Donors noted the Government's efforts to reduce coca and cocaine production and recent legislation to control money laundering. It also applauded recent passage of important legislation to protect bio-diversity.
- The participants noted the Government's efforts during the previous year to improve absorptive capacity and the ability to implement programs and projects, both at the central and local levels. The task-force established at the last CG meeting to improve implementation and the quality of public investments made good progress. A number of donors complimented the Government's efforts to improve donor programming and coordination, and noted that the donors themselves had responsibilities in this area. Nevertheless, it was noted that critical implementation issues remain, including the need for a civil service reform at the central and local levels. The initiative to use Bolivia as one of the pilot countries to implement OECD guidelines on donor coordination in was mentioned positively in this regard.
- Among the donors, there was wide recognition of the shift in the composition of the public investment program toward the social sectors and the growing responsibility of the local government in its implementation. The share of public resources administered by rural areas is now about 60 percent of the total, from less than 10 percent a decade ago. In this respect, a number of participants noted the need to improve administrative capacity, especially in rural municipalities, and open opportunities for indigenous people to participate in local Government.

- There was considerable discussion on the current and future roles of the investment Funds. Some donors felt that such a parallel system of public administration was undesirable. The Government responded that under popular participation and deregulation the Funds were an essential tool for implementing national policy priorities locally. Nevertheless, they acknowledged the weaknesses of several existing Funds and noted the need to consolidate these Funds under two main institutions; one providing grants and one providing credits. With regard to the environmental fund (FONAMA), several donors expressed their satisfaction for the newly appointed Board, but noted continued problems in its operations and questioned the low level of public resources devoted to environmental programs.
- The donors reviewed the Government's external debt situation and its case for participation in the HIPC Initiative. Donors recognized the need for additional debt relief, as important for accelerating growth and maintaining a stable balance of payments. The government stressed the need for full participation by all donors, and a rapid agreement on the modalities of participation, in order to allow it to access resources available under the program. Donors stressed that the fiscal savings under the program should be applied, as much as possible, to enhance anti-poverty programs, including especially those directed in rural areas. However, the Government stressed that relief under the HIPC initiative should be complemented by continued levels of concessional flows.
- As for commitments, they will obviously be influenced by the new Government's policies and priorities. Commitments indicated at the meetings, taking into account World Bank estimates where specific numbers are not yet available, total about US\$650 million, excluding debt relief under the HIPC and other initiatives. However, results on the ground will depend on disbursements more than commitments. Disbursements will depend of course on implementation by the new Government and by donors, but could reach as high as US\$800 million.
- The donors agreed the next meeting, with the new Government, should be about one year from now. The agenda would include the policies and programs of the new government, as well as implementation.



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