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Bolivia tomorrow: Reflections on how to operationalize an effective development strategy that sustains a future of well-being for all.[1]

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Bolivia stands out for its natural wealth, geographical and ethnic diversity, as well as for having one of the lowest population densities in the world (10/km², ranked 213 in the world), all of which have anthropological, cultural, historical, social and economic ramifications.

The last two decades have witnessed a remarkable decline in inequality[2]. The *Social Progress Index* of 2018[3] places Bolivia in the 80th position of 146 countries analyzed (91st when only GDP per capita is considered)[4]. Alongside this, Bolivia ranks 118th out of 189 countries on the *Human Development Index*. Public policies aim at improving the human, environmental and economic development of the country to reduce the gap between Bolivia and its neighbor countries, while also ensuring internal social cohesion and well-being.

The promise of the overarching national development agenda, known as Vivir Bien (Living Well), depends on the effective interactions between all stakeholders: civil society, academia, and the private and public sectors. The latter is responsible for laying the institutional foundations and governance mechanisms that give rise to a higher quality of life for the population measured by parameters of equity, sustainability, security, legitimacy or participation.

This document condenses new knowledge regarding basic elements of local public administration, identifies proposals to strengthen the provision of public services and public finances both in the national context of the 2025 Agenda as well as in the global context (the 2030 Agenda for Sustainable Development and the New Urban Agenda -NUA-) and, finally, it proposes probing questions for reflection.

Why an Urban Agenda?

In line with global trends, Bolivia has become a predominantly urban country. Currently, 67.5% of the Bolivian population lives in cities and this percentage is expected to increase to 80% by 2030. Rapid urbanization creates investment pressure for the provision of infrastructure and public services in growing towns and cities. Further, urban areas are responsible for 70% of the carbon emissions associated with climate change despite occupying only 2% of the planet's territory. Thus, cities play a fundamental role in global prosperity.

For the first time, the 2030 Agenda[5] for Sustainable Development (2015) emphasizes the role of cities as transformative tools for economic development and welfare. This is evident in Sustainable Development Goal (SDG) number 11[6] (out of 17 SDGs) that seeks to reach inclusive, safe, resilient and sustainable cities and human settlements.

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[2] The GINI index decreased from 0.62 in 2000 to 0.45 in

[3] Complete information on the indicators that make up the index here: https://www.socialprogress.org/?tab=2&code=BOL (last access, January 2019)

[4] Gross domestic product (GDP) at purchasing power parity (PPA) values per capita.

[5] Complete Agenda to be consulted here: https://www.un.org/sustainabledevelopment/es/ (last accessed, January 2019)

[6] The detail of SDG 11 can be found here: https://www.un.org/sustainabledevelopment/es/cities/ (last consultation, January 2019)

Reviewed by: The Urban Economy and Finance Branch Team

In parallel, since the end of 2016, the New Urban Agenda (NUA)[7] has consolidated a shared vision of sustainable urbanization. Accordingly, it outlines cities not necessarily as causes of present human problems, but as necessary actors who can and must contribute to finding solutions which foster sustainable development. The year 2019 and the next few years are key for the future of Bolivia since the new National Urban Policy (NUP) is being drafted as a tool for applying the NUA[8].

The challenge consists in tying the NUA and the NUP to the strategic goals and policies of the Bolivian State at all levels of government (Living Well national angenda and SDG 2030 Agenda). Therefore, a common vision within the distinct levels of territorial administration is essential to coordinate the efforts of all the agents involved and to advance together in an effective way without leaving behind the rural areas and vulnerable populations.

The role of local governments in the Bolivian territorial model

Institutions play a critical role in the development of countries representing a fundamental cause of the differences between nations (Acemoglu and Robinson, 2008[9]). Douglass North (1990)[10] defines institutions as *"the rules of the game in a society or, more formally, the humanly-conceived restrictions that shape human interaction."* It is as important to give rules and guidelines as it is to improve living conditions and equity of citizens by enforcing the right governance mechanisms. Governments must avoid lengthy bureaucratic procedures and the introduction of administrative barriers without real purpose.

During the 1950s, the theory of decentralization began to develop in response to the inefficient provision of public goods and services by the central governments. The economist Paul Samuelson (1954)[11] proved that these inefficiencies were due to the distance between individuals and decision makers. Decentralization efforts gained force in the '90s and again with the introduction of the new Constitution (2009).

Grosso modo, decentralization is effective if it is accompanied by allowing the operating of appropriate financial and administrative mechanisms for local governments, adapted to the existing needs, priorities and capacities.

Today, the Plurinational State of Bolivia is constituted as a unitary state, decentralized and with autonomous features. Within the constitutional design of the State, there are three levels of autonomy with differing legislative and taxing powers: departmental, municipal, and indigenous native peasant autonomy (AIOC[12]). There is a fourth level of regional territorial government[13] that lacks legislative power. There are 9 departments and 342 municipalities, of which about 20% have less than 5,000 inhabitants, 24 have more than 50,000 inhabitants, and only 12 municipalities have more than 100,000 inhabitants. The law also opens the possibility of generating spaces for joint planning and coordination between the autonomous territorial entities (ETA) through macro-regions, associations, and districts. The potential of these spaces is still uncertain.

7 Whose complete text can be consulted through this link: http://habitat3.org/wp-content/uploads/NUA-Spanish.pdf (last accessed, January 2019)

8 The NAU revolves around five pillars: (1) national urban policies, (2) urban legislation and regulations, (3) urban planning and design, (4) local economy and municipal finance, and (5) local implementation.

9 Acemoglu, Daron and Robinson, James. 2008. The role of institutions in growth and development. Working paper no. 10. Commission on Growth and Development. Australian Government, AusAID; Department for International Development, DFID; The William and Flora Hewlett Foundation; AIDS; The World Bank.

10 North, Douglass C. 1990. *Institutions, Institutional Change, and Economic Performance.* New York: Cambridge University Press.

11 Samuelson, Paul A. (1954) The Pure Theory of Public Expenditure. *Review of Economics and Statistics,* Vol 36, No. 4.

12 At present, three AIOC have been officially constituted: Charagua Iyambae, Raqaypampa, and Uru Chipaya.

13 Under these parameters, the autonomous regional government of the Gran Chaco integrated by Caraparí, Villa Montes and Yacuiba has been constituted.

Whatever is the size, capacities, resources, powers or functions of any local entity, the Constitution and the Framework Law on Autonomy and Decentralization (LMAD, 2010) outline that all these territorial entities will be at the same horizontal level. Whilst this equality holds legitimacy and political value, in practice there exists a gap between what institutions are enshrined to deliver and their actual performance. By creating many legal responsibilities (planning, reporting to the central level) and a myriad of competencies or functions, local governments priorities are dissipated. The lack of clarity in the allocation of tasks makes it difficult to know individual responsibilities and creates multiplication of efforts (for example, the cable car in La Paz was carried out by the central government despite being a municipal mandate, while other basic services are not getting political attention from any administration). Moreover, the recent reinforcement of the regulatory role of local governments has not being translated into more practical and effective decentralization since overregulation poses serious challenges. Nor has it laid the structural foundations of local institutions (because most of the laws are declarative or address issues that do not affect the pillars of public management), nor has it strengthened the legal system as a whole (since it is incoherent and insecure when laws emanate from various sources).

The theory: instruments for strategic planning

Bolivia has placed emphasis on the institutional and strategic development planning for the short, medium and long term. The Ministry of Development Planning (MPD), through Law 777, of 2016, formulated general norms which integrate the Comprehensive Planning System of the Plurinational State (SPIE). The SPIE outlines long-term planning that takes place within the framework of the Patriotic Agenda of the Bicentennial (2025), which became law in 2015[14].

It proposed 13 pillars, 68 goals, 340 results and 1013 actions[15]. There is also the forecast of a medium-term strategy through the Economic and Social Development Plan (PDES) from 2016 to 2020. Both tools are essential mechanisms for compliance with the SDGs and are carried out by the central government and by sub-national territorial entities. Although the SPIE law respects the exclusive, shared or concurrent competences of the subnational governments established in the Constitution and the LMAD, it is outlined that all planning must be prepared in accordance with the central level. Lastly, institutional planning is annual. The following graphic (1) summarizes the SPIE and the set of its instruments.

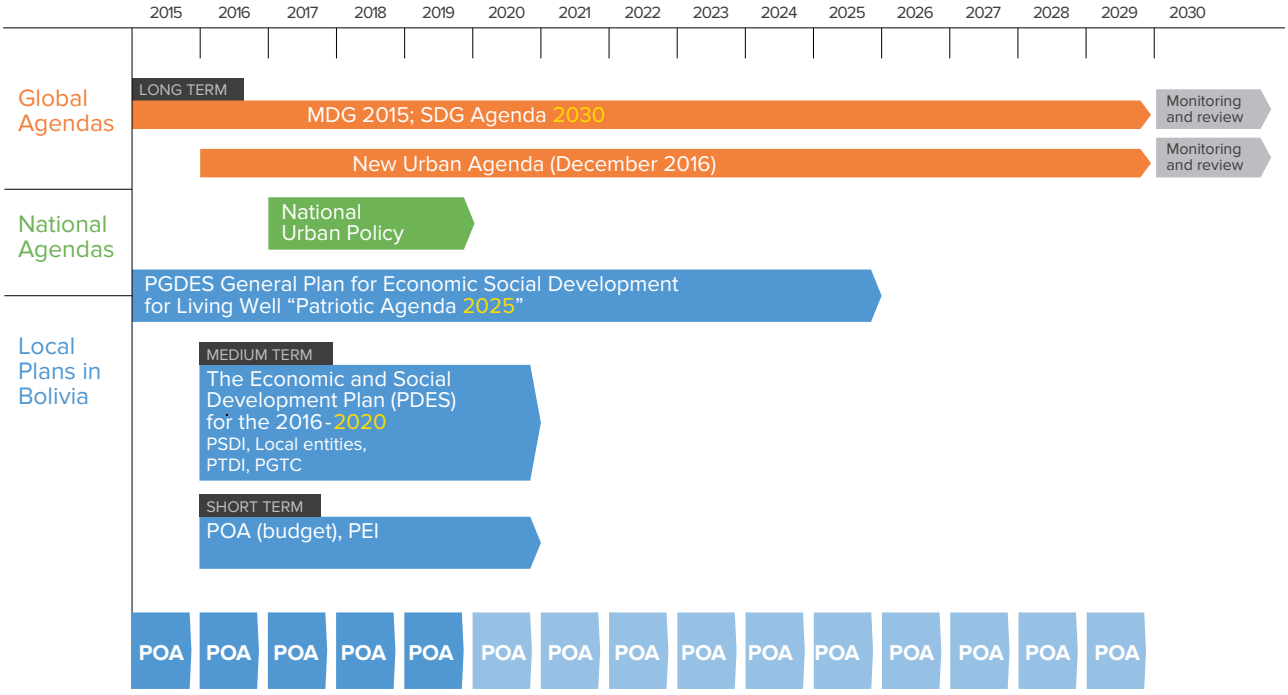
(Box 1) Questions for reflection

- How feasible is it for resource-constrained local governments to fully and effectively exercise their dozens of legal competencies while still reporting to the central level, and planning as requested by the national and the global agendas?
- How is the current subnational structure with executive and legislative bodies? Is it leading to an effective provision or guarantee of essential public services?
- To what degree is the legislative power being exercised by local governments and what is the real impact of such power?
- Which norms, laws or regulations (procurement, budgeting, etc.) would be fundamental for municipal management?
- How can participatory budgeting be improved?

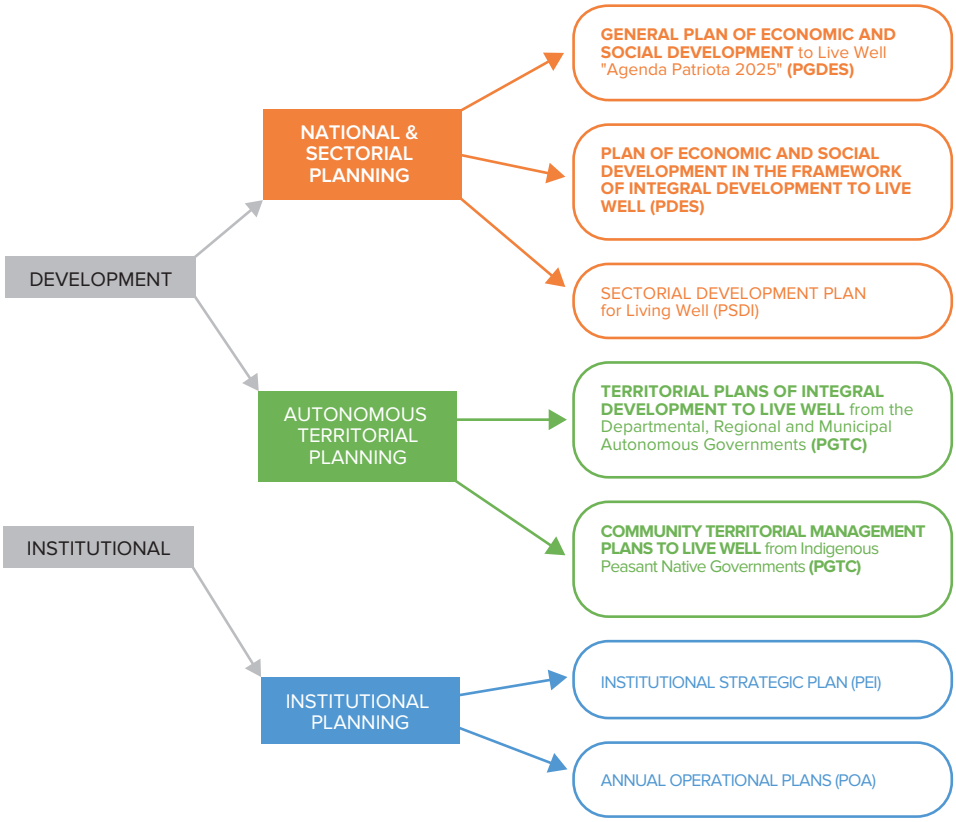
[14] Law 650, "Patriotic Agenda of the Bicentennial", promulgated on January 15, 2015.

[15] These pillars are: (1) Eradication of extreme poverty; (2) universal basic services for Living Well; (3) health, education and sport to form complete human beings, (4) technological and scientific endogenous sovereignty; (5) community financial sovereignty without being servile to financial capital; (6) diversified sovereign production and holistic development free from the dictates of capitalist markets; (7) natural resource sovereignty with nationalisation, industrialisation and trading in harmony and balance with mother nature; (8) food sovereignty building knowledge on eating well and Living Well; (9) environmental sovereignty with holistic development that respects the rights of Mother Earth; (10) complementary integration of peoples and sovereignty; (11) sovereignty and transparency in public management governed by the principles of: don't steal, don't lie and don't be lazy; (12) enjoyment and fulfilled happiness with our celebrations, music, rivers, forests, mountains, snow-capped peaks, clean air and with our dreams; (13); regaining sovereignty over Bolivia's joy, happiness, prosperity and over Bolivia's sea.

Graph 1: Development planning in Bolivia. Timeline.



Graph 2: Bolivia's Development planning. Instruments.



Source: Law 777/2016, MPD

The reality, however, has revealed that not all public entities are capable of meeting planning mandates. Moreover, there is a lack of monitoring and evaluation of performance, leading to an inability to reformulate policies and public actions as necessary. The framework for strategic planning is more complex than the government's support and it suffers from pursuing quantity over quality of results, with thousands of objectives and indicators overlapping, without setting up gradual priorities. Therefore, in view of the revision of the PGDES/ PDES and the elaboration of the NUP, it is fundamental to align and simplify the objectives of the different plans in order to avoid repetitions, not to create unnecessary burdens, to prioritize which concrete indicators have to be met within a reasonable timeline, gradually, to orient these indicators to obtain attributable results -not only quantifiable activities-, and introduce quality parameters to spark better delivery of public services. For example, targets consisting on the increasing number of inputs (more computers, schools, hospitals, etc.) may or may not improve the quality of education, health or public management. It all depends on whether and how those inputs are used.

The practice: how is Bolivia progressing in meeting the development goals?

Basic services

Article 20 of the Constitution enshrines the universalization of basic services for the purpose of poverty eradication and good urban management in alignment with the *pillar 2 of the Patriotic Agenda 2025. Before 2020, regarding the drinking water service the PDES aims to reach 95% coverage in urban areas and 80% in rural areas.* In the year 2000, 78.81% of the population in Bolivia had access to **basic drinking water service**.

This percentage gradually increased until reaching 92.88% in 2015[16]. According to the projections of the Ministry of Environment and Water (MMAyA), the national water coverage in 2016 was 93.80%, although it only reached 66.40% in the rural area. The challenges are pervasive for the least developed autonomous government bodies. For example, according to MMAyA projections in 2016, the total coverage of water provision in the departments of Santa Cruz and Tarija exceeded 95%, while in Beni and Pando it was around 61% and 68% respectively, with rural coverage of 45% and 55% respectively.

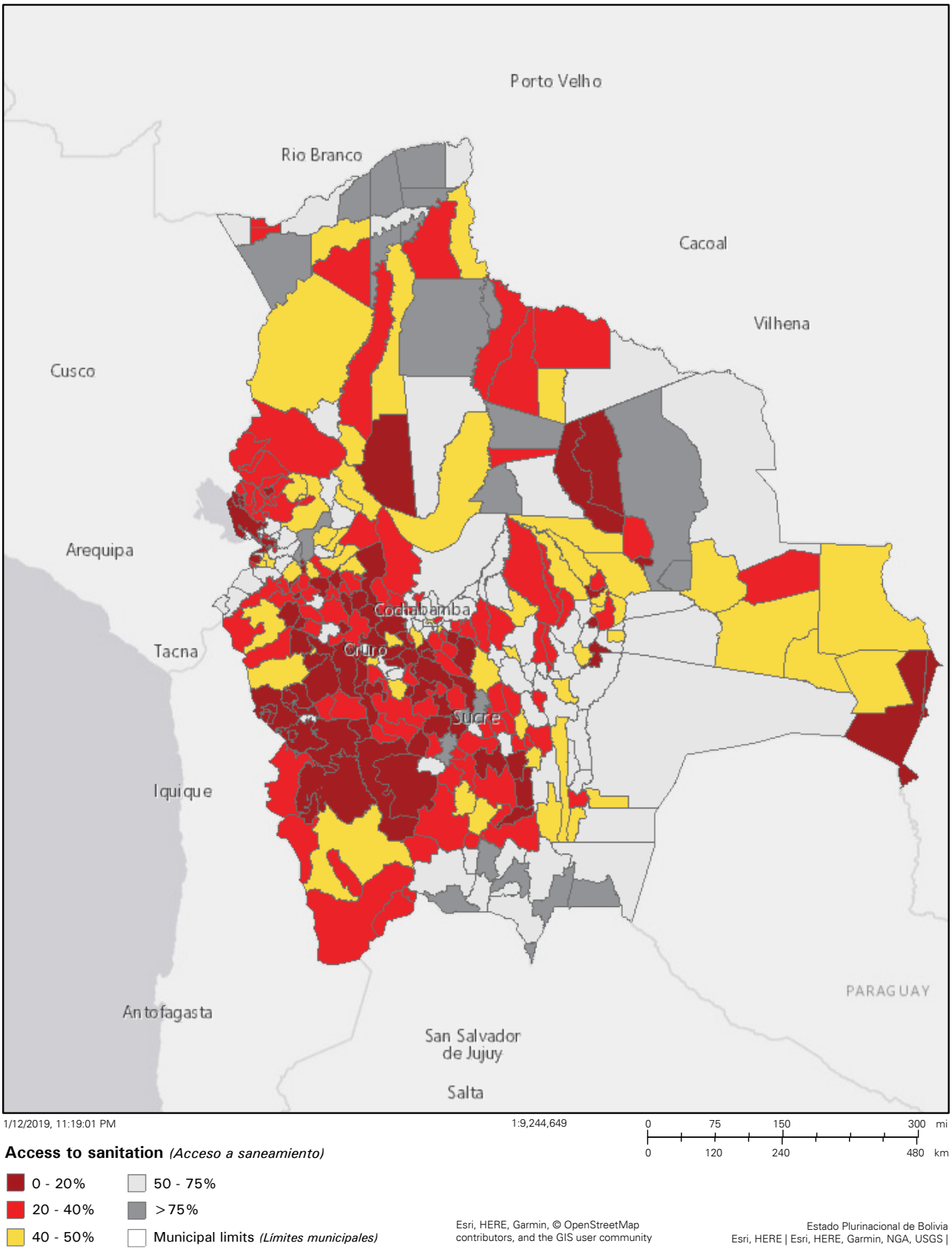
Coverage for **sewerage and basic sanitation services** expected in the PDES is 70% in urban areas and 60% in rural areas. The latest projections of MMAyA in *2016 were 66% in urban areas and 43% in rural areas.* In 2015 it was reported[17] that the utilization of sanitation services managed securely benefited only 19.01%[18] of the population. In rural areas, 40.42% of the population continues to practice open defecation, with subsequent public health problems. In the year 2016, the highest average for open defecation was reported by the MMAyA for the department of Tarija with 78.7 %, while in Beni the average was 25 % and in Pando 29.6%.

[16] WHO / UNICEF, Joint monitoring program on water, sanitation and hygiene (washdata. org). Last access: December 2018

[17] Idem

[18] Percent of people using improved sanitation facilities that are not shared with other households where excreta and discarded safely in situ or transported and treated offsite. Improved sanitation facilities include sewerage or discharge systems to sewer systems by pipelines, septic tanks or improved and ventilated pit latrines, composting toilets or pit latrines with slabs. Adequate sanitation is related to the prevention of the spread of infectious diseases and pandemics.

Map 1. Access to sanitation



Source: @ dotGIS_corp (MMAyA projections for 2016)

The 2030 Agenda goes one step further than the 2025 Agenda and the 2020 PDES. For example, *target 6.1 proposes "achieving universal and equitable access to safe drinking water at an affordable price for all" by 2030. From the initial aspiration, other specific targets, mostly neglected to date, are described: access to adequate sanitation and hygiene services and "putting an end to open defecation, paying special attention to the needs of women and girls and people in a situation of vulnerability"(6.2), "improve water quality by reducing pollution [...] and significantly increasing recycling and reuse [...]" (6.3), "significantly increase the efficient use of water resources in all sectors and ensure the sustainability of the extraction and supply of fresh water to cope with water scarcity [...] (6.4), "implement integrated management of water resources at all levels[...]," and (6.5), "restoring water-related ecosystems, including forests, mountains, wetlands, rivers, aquifers and lakes"(6.6).* For this purpose, it is suggested to expand international cooperation in order to strengthen technological capabilities as well as to promote the participation of local communities (6.a and 6.b).

Regarding **electricity,** the PDES stated that by 2020 *"it is intended to achieve 100% coverage in the urban area and 90% in the rural area"*. In 2001 there was a service coverage of 89.7% in urban areas and 24.5% in rural areas. In 2016, electricity coverage had grown to 99% for urban areas and 73% for rural areas according to the line Ministry. The access gap between urban and rural areas is substantial, *"probably due to [...]*

Social services

According to UNESCO, the enrollment rate in gross primary **education** in 1999 was 118%, decreasing to 94% in net values[21]. In 2015 the reported values for the degree of enrollment in basic education gross and net were, respectively, 97% and 88%. The enrollment in secondary school in the year 2000 was 71% (gross) and 61% (net). This has increased considerably up to 86% (gross) and 78% (net) in 2015. In tertiary education, the gross rates have increased from 29% in 1998 to 38% in 2007[22]. Learning outcomes are unknown.

The **health** sector has seen advances; for example, the increase in the number of doctors per inhabitant [23]. Nevertheless, strong inequalities persist. In many municipalities of the Bolivian West, more than 50% of children do not get access to the pentavalent vaccine (2016 data). On the other hand, the burden of non-communicable diseases is insufficiently attended, health financing is overlooked, and departments face hospital maintenance, in some cases with expenditures representing over 50% of their annual budgets.

In these two key areas to build human capital, the basis of knowledge societies, the accuracy of the information is doubtful and varies significantly between years and, also, it is difficult to determine the impact of local investment compared to funding from other levels of government. Any sector reform would require considering whether the current fragmentation

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