

SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

BOLIVIA

MASTER REGISTRY OF BENEFICIARIES PROGRAM

(BO-L1070)

LOAN PROPOSAL

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PRINTED ANNEXES

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ELECTRONIC LINKS

REQUIRED

1. Annual Work Plan (AWP)
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36345378>
2. Monitoring and Evaluation Arrangements
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36345409>
3. Detailed Procurement Plan
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36345950>

OPTIONAL

1. Institutional Capacity Analysis
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36345417>
2. Cost-benefit Analysis
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36345419>
3. Project Execution Plan
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36345417>
4. Safeguards Review and Classification Forms (SSF)
<http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36429798>

ABBREVIATIONS

DGAA	Administrative Affairs Bureau
DGAJ	Legal Affairs Bureau
ICAS	Institutional Capacity Assessment System
INE	Instituto Nacional de Estadística [National Statistics Institute]
MPD	Ministry of Development Planning
PCU	Program coordination unit
PEEP	Plan to Eradicate Extreme Poverty
PEP	Project execution plan
PND	Plan Nacional de Desarrollo [National Development Plan]
PRUB	Proyecto de Registro Único de Beneficiarios [Master Registry of Beneficiaries Project]
RUB	Registro Único de Beneficiarios [Master Registry of Beneficiaries]
SIAP	Sistema de Administración de Proyecto [Project Administration System]
SIGMA	Sistema Integrado de Gestión y Modernización Administrativa [Integrated Administrative Management and Modernization System]
UDAPE	Unidad de Análisis de Políticas Económicas y Sociales [Economic and Social Policy Analysis Unit]

PROJECT SUMMARY

BOLIVIA MASTER REGISTRY OF BENEFICIARIES PROGRAM (BO-L1070)

Financial Terms and Conditions					
Borrower: Plurinational State of Bolivia Executing agency: Ministry of Development Planning (MPD)			Amortization period:	OC	FSO
			Grace period:	30 years	40 years
Source	Amount (US\$ millions)	%	Disbursement period:	6 years	40 years
			Interest rate:	4 years	4 years
IDB (Ordinary Capital)	US\$3.75	75.0	Inspection and supervision fee:	SCF-LIBOR	0.25%
IDB (FSO)	US\$1.25	25.0	Credit fee:	*	
Total	US\$5.00	100.0	Currency:	U.S. dollars from the Single Currency Facility (SCF)	
Project at a glance					
Project objective: The general objective of the program is to improve the quality and coverage of registries of current and future beneficiaries of social programs in Bolivia. The specific objectives will be: (i) to improve monitoring of the coverage of the selected programs, by integrating data from their registries in a single database; and (ii) to expand the coverage and scope of this master registry by inputting primary data from a census so that future social programs can select their beneficiaries using poverty-targeted criteria. Gender and ethnic aspects will be included in the data recorded (paragraph 1.10).					
Special contractual conditions precedent to the first disbursement: (i) Approval and entry into force of the program Operating Regulations, previously agreed upon by the executing agency and the Bank (paragraph 3.2); (ii) creation of the Master Registry of Beneficiaries Project (PRUB) in the Ministry of Development Planning (paragraph 3.1); and (iii) hiring and/or appointment of key PRUB staff (paragraph 3.1).					
Special condition precedent to disbursement of loan proceeds for activities under Component 2: Submission to the Bank by the borrower, through the executing agency, of evidence that the MPD and the National Statistics Institute have signed a cooperation agreement for management and execution of the census (paragraph 3.4).					
Special conditions of execution: The borrower, through the executing agency, will present to the Bank's satisfaction: (i) six months after the first disbursement of the loan proceeds, evidence that the legal instruments guaranteeing access to data and cooperation between the MPD and the social programs have been signed or issued (paragraph 3.3); and (ii) at the end of the third year of program execution, evidence that the costs relating to operation of the PRUB for year four of execution have been duly provided for in the General Budget of the Nation (paragraph 2.4).					
Procurement: All procurement under the program will be done in accordance with Bank policies and procedures, as defined in documents GN-2349-9 and GN-2350-9. No exception to Bank policies are anticipated.					
Exceptions to Bank policies: None.					
Project qualifies as: SEQ [X] PTI [X] Sector [] Geographic [] Headcount [X]					

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Social context.** Bolivia has traditionally been recognized as one of Latin America's most diversified countries in ethnic and social terms. Its population is predominantly rural and indigenous. It has approximately 10 million people, nearly half of whom belong to one of 36 indigenous groups, and 68.3% of the rural population is indigenous. Bolivia is also the second-poorest country in Latin America, after Haiti: 60.1% of the population lives in poverty, and 37.7% in extreme poverty. There is marked inequality between urban and rural areas: while the urban poverty and indigence rates are 51% and 2.7%, the respective rural rates are 77% and 63.9%.¹
- 1.2 To address these challenges, the Government of Bolivia has adopted the Plan to Eradicate Extreme Poverty (PEEP) or *Plan Vida*,² which combines the main existing and new social programs under a common conceptual umbrella within the National Development Plan (PND).³ Monitoring of the PEEP is the responsibility of the Ministry of Development Planning (MPD).
- 1.3 **Challenges involving the social program registries.** Social programs in Bolivia are for the most part universal rather than selectively targeted. Eligibility for their benefits is based primarily on age, but may be denied persons who receive alternative benefits under social insurance.⁴ Even when they are not poverty-targeted, programs could have systematic, computerized registries of beneficiaries for purposes of monitoring coverage, benefits, and demographic characteristics of

¹ Data from the National Statistics Institute, 2007.

² The Plan Vida constitutes a frame of reference which seeks to: (i) promote growth and local economic development and boost productivity while providing conditions and services for generating income and decent employment; (ii) guarantee regular access to food in sufficient quantities and quality to meet the nutritional needs of each age group, while reinforcing healthy social and cultural patterns of food supply and consumption; (iii) improve the nutrition and raise the incomes of extremely poor communities; (iv) make available financial and nonfinancial resources for construction, adaptation, and improvement of decent housing; (v) promote access to healthcare, rights, and education under principles of cross-sector collaboration, comprehensiveness, interculturalism and social participation; and (vi) build communities' capacities for territorial, productive, and social self-management and ensure that interventions are comprehensive and complementary, in accordance with local uses and customs, using culturally appropriate technological innovations.

³ The PND was promulgated by Supreme Decree 29227 of September 2007, under the banner "*Bolivia Digna, Soberana, Productiva y Democrática para Vivir Bien*" (roughly "a dignified, sovereign, productive, and democratic Bolivia for living well").

⁴ Although some social programs indicate that the poor or extremely poor are the target population (Social Housing Program PVS-PEEP, "My First Decent Job"), they generally do not have any effective targeting mechanisms for selecting beneficiaries by degree of poverty, and most social policies are explicitly universal and not targeted at the poor (the *Bono Juana Azurduy* cash transfer program, which excludes only women affiliated to certain health insurance programs, the *Bono Juancito Pinto* cash transfer program, and *Renta Dignidad*, which cuts the benefit to 75% if the person receives any other pension, etc.).

the population served, but this is not the case for the majority of programs.⁵ In this respect, the following challenges have been identified for the country: (i) most social programs have no systematic, computerized registry of beneficiaries, which means that no government agency has ready access to comprehensive data on the actual coverage of social policies; the few programs that have a computerized registry of beneficiaries are the priority PEEP programs such as the *Bono Juana Azurduy*, *Bono Juancito Pinto*, *Renta Dignidad* (“Dignity Pension”) and *Mi Primer Empleo Digno* (“My First Decent Job”);⁶ (ii) while the existing registries contain basic demographic information concerning personal identity, age, and sex, have no socioeconomic data on their beneficiaries, and this impedes proper monitoring and potential targeting of programs (the only social program that currently records any socioeconomic data is the *Bono Juancito Pinto*); (iii) the existing registries are not integrated, which limits centralized monitoring and strategic planning of social programs as a whole in terms of identifying individual beneficiaries and the package of services delivered to each household; associated with this problem is the fact that programs do not consistently record the national official identification document number as the only identification code for unifying and integrating the different registries; and (iv) current coverage of the existing registries does not include the potential beneficiary population of social programs. Those registries exclude age brackets and socio-demographic groups that are not eligible under current programs (for example, men of working age or women who are not pregnant or have no children under two years of age, etc.) and all those potential beneficiaries of existing programs who for various reasons are not enrolled in those programs even though they are eligible (for example, because of self-exclusion, failure to meet enrollment requirements, or—above all—coverage shortcomings in the supply of those services).⁷

- 1.4 In short, this situation limits options for monitoring the coverage of programs from the central to the local level as well as the socioeconomic and demographic characteristics of the population served by the programs; the identification of beneficiaries; and the option of potential proactive targeting of social programs by poverty level.

⁵ These include, for example, health programs that appear in the output records of the National Health Information System (SNIS) but do not identify individuals served beyond a listing of the kinds of benefits, or the Social Housing Program, for which manual records are kept on paper, collected in an ad hoc manner, and entered into a personal computer file that is not accessible online.

⁶ Coverage estimates for these programs, based on records for 2009, are as follows: 676,009 beneficiaries for *Renta Dignidad*, plus 355,000 women and children for the *Bono Juana Azurduy* and 1.68 million pupils (past and present) for the *Bono Juancito Pinto* (L. Soto, IDB consultant’s report). In 2011, the *Bono Juana Azurduy* is shown as reaching nearly 800,000 registered women and children and the *Bono Juancito Pinto* has expanded the age range for its annual cash benefit.

⁷ For example, the Early Childhood Development Program (PAN) covers only an estimated 53,021 of the 1.5 million children under six years (according to population projections to 2008 and estimates based on fragmented municipal registries), and the target for *Mi Primer Empleo Digno* is to reach only 4,000 young people in six cities across the country.

- 1.5 **International experience.** The Government of Bolivia recognizes that these challenges are directly related to the absence of a Master Registry of Beneficiaries (RUB). Accordingly, this program would implement such an instrument, on the basis of examples and lessons learned from other countries in the region. In most other countries, the RUB began with an existing roster of beneficiaries in one of the principal social protection programs, generally a conditional transfer program, that uses targeting criteria based on household poverty levels measured through socioeconomic surveys, which in turn serve as key inputs for the RUB. In Bolivia, the situation is different and unique because currently its social programs are universal and not targeted either at households or individuals, which means that there are no socioeconomic data in its records. The design of this operation, with its phases and specific objectives for each phase, takes into account this particular feature of Bolivia. Nevertheless, in its operational, regulatory-legal, technological, and targeting aspects, the design draws on experience and lessons from other countries, and is intended not only to improve coordination and monitoring of the coverage of social policies but also to help optimize the investment of government social spending through future targeted programs.
- 1.6 **Government response.** In the specific case of Bolivia, the government is looking to the RUB to provide: (i) a database on households and their members, using as input records on existing beneficiaries and additional primary data from systematic surveys; (ii) a better quality of information recorded in this new database, especially with regard to household participation in various specific social programs, demographic data, and socioeconomic information, through introduction of a fact sheet to be completed in the process of registering individuals and households; (iii) an instrument for potential poverty targeting in the form of an algorithm for predicting poverty, constructed on the basis of selected socioeconomic information that can be used to establish a socioeconomic classification of households; and (iv) a technological platform and institutional/organizational structure of the RUB based on a corresponding regulatory framework. In 2010 the government took the first steps to design a RUB, including a technical and institutional feasibility study and other design activities to prepare a RUB, commissioned in 2011 by the Social and Economic Policy Analysis Unit (UDAPE) of the MPD.
- 1.7 **Information sources for the RUB.** Given the particular initial situation in Bolivia, the RUB will be compiled in phases from the following sources: (i) existing information in the databases of social programs (most of which contain no socioeconomic information), whenever that information can be integrated into a unified database using a single identification code; (ii) census scans to be conducted in predefined areas for the systematic and massive survey of primary data on potential beneficiaries, including socioeconomic information; and (iii) ongoing input of data on new beneficiaries enrolled going forward in specific social programs, following input of the socioeconomic fact sheet for those programs. The existing programs are an important and low-cost source for compiling and updating

the RUB, especially for rural areas.⁸ In urban areas (with an extreme poverty rate of 23% on average) where the pattern of welfare distribution is much more uneven and poverty's concentration in certain neighborhoods or "pockets of poverty," it is more cost-efficient to identify poor households individually through a census scan. It is in these urban areas that the government will implement targeted policies and will concentrate the census scans.

- 1.8 **Program rationale.** In a context like Bolivia's—which lacks systematized and centralized data and up-to-date information available on pertinent management and results indicators for social program monitoring—the development of a Master Registry of Beneficiaries (RUB) represents a powerful planning and monitoring instrument both for generating information on populations that benefit from the various social programs and their characteristics and for potentially targeting some of those programs.
- 1.9 **Relationship to the Country Strategy, CGI-9 and Social Strategy.** The program is consistent with the current Country Strategy with Bolivia (2011-2015), which includes early childhood development (A(d), paragraph 3.28) among the priority sectors. This sector provides for intersector interventions (health, nutrition, education/stimulation, and protection), including the production of information to monitor and evaluate early childhood development programs, which will be reinforced at the intersector level through a Master Registry of Beneficiaries of social programs. The proposal is also consistent with the GCI-9 strategy⁹ as it relates to sector priorities, in particular "social policy for equity and productivity." The proposal bears a close relationship with the Strategy on Social Policy for Equity and Productivity (document GN-2588-5). The development goals to which this operation will contribute are the reduction of extreme poverty, the reduction of income inequality (Gini coefficient), and the reduction of maternal and child mortality rates, as the RUB will make it possible to target social interventions at poor or vulnerable groups.

B. Objectives, components, and costs

- 1.10 The general objective of the program is to improve the quality and coverage of registries of current and future beneficiaries of social programs in Bolivia. The specific objectives will be: (i) to improve monitoring of the coverage of the selected programs, by integrating pertinent data from their registries in a single database; and (ii) to expand the coverage and scope of this master registry by inputting primary data from a census so that future social programs can select their beneficiaries using poverty-targeted criteria. Gender and ethnicity will be included in the data recorded.

⁸ In rural areas, where the extreme poverty rate exceeds 63%, geographic targeting at the level of the municipio or health network, as is currently the case, is considered more cost-efficient than conducting a survey.

⁹ Report on the Ninth General Increase in Resources, document AB-2764, May 2010.

- 1.11 **Component 1. Unification of existing registries (US\$1.5 million).** This component will finance the unification and supplementation of information from the current registries of beneficiaries of selected existing social programs, beginning with programs that already have significant coverage and/or advanced beneficiary registry systems. These programs are: *Renta Dignidad* (“Dignity Pension,” paid to all Bolivians over 60 years of age), the *Bono Juana Azurduy* (for pregnant mothers and children under two years of age), the *Bono Juancito Pinto* (for children attending primary school up to grade 8), and *Mi Primer Empleo Digno* (“My First Decent Job,” which serves a small universe of unemployed youth). The *Bono Juana Azurduy* and *Mi Primer Empleo Digno* as well as *Renta Dignidad* record each beneficiary's ID card number, which will serve as the key single code for integrating the different databases, while the *Bono Juancito Pinto* uses its own code, in addition to birth certificate registry numbers for minors. The use of the ID card as the single code for identifying individuals is one of the key tasks in the first phase of the program for unifying the selected information on beneficiaries in a single database of the new RUB, so that the MPD can understand the overall coverage and monitor the participation of beneficiaries in the different programs. As well, it may allow identification of beneficiaries participating in several of the programs or who should receive some service from the group of programs that they are currently lacking. For the electronic and automated exchange of data between participating programs and the RUB, parameters and technical standards will be defined and established and a technological interface will be set up for ensuring the quality of information on individual beneficiaries and households and allowing its transfer.
- 1.12 As an additional outcome from the first phase of the program under this component, the RUB will, over the medium term, allow monitoring of the socioeconomic or poverty status of beneficiaries of existing programs, as they incorporate into their registry systems the technical standards for the minimum information to be compiled. An added value of this component would be the gradual supplementation of socioeconomic information that each of the programs compiles from now on through its affiliation or enrollment forms for new beneficiaries. A predefined questionnaire, based on criteria from the new targeting index,¹⁰ will capture supplementary information on household and individual socioeconomic characteristics that is currently lacking for the universe of beneficiaries registered in

¹⁰ The targeting index and the corresponding socioeconomic fact sheet (which refers to the questionnaire for compiling basic demographic information such as age, sex and ethnicity) and the data required for calculating the index will be geared initially to measuring poverty according to the official poverty line, based on a monetary concept of income poverty and measurement based on two lines, one for moderate poverty and the other for extreme poverty. The initial index for the RUB will be developed to predict poverty in these terms (and/or by quintiles under the same definition of poverty). Subsequently, depending on progress with the definitions and methodological approaches under the multidimensional (non-monetary) concept of “*Vivir Bien*” in Bolivia, the MPD will consider expanding the RUB socioeconomic fact sheet so as to predict and identify the poor population according to this multidimensional concept.

the programs. In this way, over the medium term the component will provide input to the RUB with data from rural areas, using the existing social programs in those areas, as a vehicle for compiling complete information on rural beneficiaries.

- 1.13 Activities eligible for financing under this component include: (i) technical assistance to supplement the conceptual, regulatory, and technological design and development and implement the database and institutional structure to unify the pertinent information from the existing social program registries;¹¹ (ii) design and implementation of training and IT or technical support for participating programs that will need to implement the new protocols, possible additional socioeconomic data modules, and other potential changes in their registry and information systems; and (iii) purchase of equipment (hardware, software, communication infrastructure) necessary to install the initial RUB in the MPD and the programs.
- 1.14 **Component 2. Expansion of RUB coverage (US\$3 million).** The objective of this component is to identify potential beneficiaries of future social programs and understand their main socioeconomic characteristics in order to design future interventions targeted according to poverty criteria. To this end, based on updated maps and information from the Population and Housing Census that the National Statistics Institute (INE) will conduct in 2012 (in its absence or delay, from the previous census of 2001¹²), a poverty map will be produced to identify poor urban areas,¹³ to which a specific RUB census will be applied using the socioeconomic targeting fact sheet. With this activity, the RUB database created under Component 1 can be expanded with complete socioeconomic, demographic, gender, and ethnic information and data on participation in social programs by households and each of their members. This component calls for a mass census scan in urban areas for the design of new targeted programs planned for these areas.
- 1.15 Activities eligible for financing under this component include: (i) technical assistance needed to supplement or move forward with the planned poverty mapping exercise, to be conducted by INE, and to identify poverty pockets in urban

¹¹ The bulk of this activity is to be financed under Component IV of loan 2252/BL-BO, in execution as of 2011 by MPD/UDAPE. It includes the technical and conceptual design of the RUB, definition and construction of the targeting index, design and development of the technological system, and preparation of regulations and agreements.

¹² If it were found necessary to proceed with the census scan based on the 2001 census, some actions would be taken to minimize the potential biases in the identification of households and poverty areas: (i) use of the map updated to 2012 to determine new areas of urban expansion in the country: while there would be no census count in 2012, the national maps would at least be updated to that date, as the INE plans to update maps between October 2011 and March 2012; and (ii) to determine the parameters for identifying poor households and/or poor areas, which is the objective of the census scan for the RUB, information from the 2011 household survey would be used, the results of which will have a departmental inference level (now in preparation) and information from the 2001 Population and Housing Census.

¹³ This poverty mapping exercise will be financed from the RUB component of loan 2252/BL-BO, now in execution.

areas, and to develop the operational strategy for the RUB census scan, the communication strategy, the manuals for the census takers, supervisors, and data processors, procedures and regulations for maintaining and updating the database, and design and costing of potential local windows for recording individuals based on demand; (ii) operating costs for prior activities to inform, enlist, and consult stakeholders, and local authorities, sign agreements, and implement the information and promotion campaign in the census scan; and (iii) financing of the primary data survey through censuses in the priority areas.

- 1.16 **Program evaluation and administration (US\$500,000).** The principal activities eligible for financing are: (i) contracting of personnel and procurement of office furnishings and equipment for the RUB unit; (ii) evaluations of processes and an ex post cost-benefit analysis of the program; (iii) financial audit; and (iv) technical and operational support for development of the program (office materials, workshops, communication, etc.). The component also includes funding for the Institutional Strengthening Plan, to ensure better execution of the operation.
- 1.17 **Cost.** The cost of the program amounts to US\$5 million, to be financed by the IDB. Program costs are presented in the following table.

Table I.1. Program cost and financing (in US\$ millions)

Component	IDB	Total	%
Component 1. Unification of existing registries	1.5	1.5	30
Component 2. Expansion of RUB coverage	3.0	3.0	60
Program evaluation and administration	0.5	0.5	10
Total	5.0	5.0	100

Note: Financing costs, interest, and credit fee will be paid by the borrower outside the program.

C. Results framework with key indicators

Key indicators	Time of measurement	Rationale for selection
Percentage of poor population among beneficiaries of PEEP social programs	Within three months after finalization of the program.	Provides a measure of the impact of the RUB on targeting of social programs with poverty criteria.
Percentage of households identified as poor included in the RUB.	Last two years of execution	Provides a measure of success in improving the monitoring of social program coverage
PEEP social programs included in RUB	Last two years of execution	Provides a measure of success in improving capacity for monitoring the main social programs

II. FINANCIAL STRUCTURE, PRINCIPAL RISKS AND ECONOMIC EVALUATION

A. Financing instruments

- 2.1 **Investment loan.** Given the nature of the activities to be financed under this operation, an investment loan is considered the most appropriate financial instrument.

Table II.1. Disbursement schedule (US\$ millions)*

Source	2012	2013	2014	2015	2016	Total	%
IDB	0.64	0.60	3.40	0.24	0.12	5.00	100

*assuming disbursements begin in June 2012

B. Social and environmental safeguard risks

- 2.2 Pursuant to the Environment and Safeguards Compliance Policy (OP-703), this operation has been classified under category C, recognizing that, as a registry of beneficiaries, it does not call for operational interventions with environmental implications (see [Annex IV](#)), and the program will finance consulting services, training workshops, the production of materials, and the procurement of technological platforms for the RUB (software and hardware). Moreover, as indicated in the program cost-benefit analysis, social and economic benefits are expected from potential improvements in the targeting of social programs toward the poorest deciles of the population, with direct gains in terms of future earned income for these groups.¹⁴ The rate of return from reforms to target existing social programs is up to 1.18.

C. Fiduciary risks

- 2.3 The MPD has a medium rating for capacity, with a risk level rated medium. Procurement and payment management needs to be improved and monitored, in order to optimize administrative and legal turnaround times. Table II-2 summarizes the main fiduciary risks analyzed, and their mitigation measures.

¹⁴ As representative of other future programs to be targeted through the RUB, the estimated benefits consider potential reforms in beneficiary selection in the three main cash transfer programs now in place in Bolivia (*Renta Dignidad*, *Bono Juancito Pinto*, and *Bono Juana Azurduy*).

Table II.2

Risk	Level	Mitigation measure
Slow internal MPD procedures (program relationship to administrative and legal affairs bureaus).	High	The program Operating Regulations contain provisions governing administrative procedures within the MPD concerning program execution
Procurement delays due to lack of familiarity with Bank procurement policies in the new RUB coordination unit.	Medium	Training for legal personnel in IDB rules and hiring of an experienced attorney familiar with IDB financing to support the RUB unit.
Delay on legal matters by MPD legal officers and advisors for lack of familiarity with the IDB rules and policies	Medium	Training for legal personnel in IDB rules and hiring of an experienced attorney familiar with IDB financing to support the RUB unit.

D. Other risks and mitigation measures

- 2.4 Three risks external to the program were identified, rated as medium: (i) possible delays in getting some PEEP programs to participate in the RUB, which could impede unification of the existing registries and achievement of the targets for Component 1; as a mitigation measure, the program calls for proactive dialogue from the outset by MPD and UDAPE with the executing institutions of PEEP programs, and signature or issuance of legal instruments guaranteeing access to data and cooperation between the MPD and the social programs. This will be a special condition of execution; (ii) late startup of the program because of delays in approving the decree authorizing signature of the loan contract by the Executive Branch and ratification of the loan by the legislature; to mitigate this aspect, the MPD is expected to play a proactive role in having the operation included on the legislative agenda as a priority of the Executive Branch; and (iii) budgetary priority to other issues, which could threaten the sustainability of the Master Registry of Beneficiaries Project (PRUB) in terms of covering its personnel operating costs after loan closing. An execution clause will be included in which the MPD undertakes to institutionalize the PRUB in the MPD and to create positions for gradual incorporation of PRUB staff. With these mitigation measures provided for in the loan, the risk level is expected to be low.

E. Economic evaluation of the program

- 2.5 The economic evaluation of the program shows that it will have a redistributive effect on individuals' disposable income, resulting from allocation of the Juana Azurduy and Juancito Pinto cash transfers to potential beneficiaries through changes in targeting as a result of using the RUB. The existing gap between the highest and lowest income quintiles would be reduced from a factor of 25.9 to a factor of 22.4 after the transfers, and the Gini coefficient would drop from 0.554 to 0.536. Use of the RUB as a targeting instrument will reduce government social spending on non-poor groups, yielding net public savings and/or greater efficiency in government expenditure and management.

- 2.6 As to the analysis of a possible cost-benefit of the program (the cost-benefit analysis is the analytical process by which the costs and benefits of a program are identified in monetary terms. By evaluating such costs and benefits in the same terms, they can be compared to determine the net economic impact of the program), there is no literature available evaluating the economic benefits of implementing a RUB, reflecting the fact that a program of this kind, which does not involve operational interventions for beneficiary groups, does not generate quantifiable direct monetary benefits. Given these limitations in evaluating this type of program, and considering that a RUB is an instrument for identifying, prioritizing, and analyzing the beneficiaries of social programs, an attempt was made to measure possible benefits under different scenarios using the RUB to target social programs (see the methodology and assumptions in the respective electronic link). With a discount rate of 12%, the benefit/cost ratio of the program may be less than unity or as much as 1.18 depending on the degree of improvement in targeting the programs analyzed (*Bono Juana Azurduy* and *Bono Juancito Pinto*). The analysis shows the possible return based on the potential margin for improving the targeting of social programs through use of the RUB as a key instrument for these reforms.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Program execution and administration

- 3.1 The MPD will be the executing agency and will implement the program through the Master Registry of Beneficiaries Project (PRUB), which will report directly to the Deputy Minister of Planning and Coordination. The PRUB will be responsible for planning and management and for technical, operational, and fiduciary execution of the program, as well as its monitoring. The PRUB will have budgetary, administrative, financial, and procurement self-management capacity, to which end the RUB will have the status of a “project” organization within the Office of the Deputy Minister. The PRUB will have the following key positions: (i) a program coordinator; (ii) a statistical specialist; (iii) an administrative and financial management specialist; and (iv) a procurement specialist. It will also have the support of a monitoring and evaluation specialist, an information technology specialist, a specialist in regulatory and legal matters, and a social worker. The PRUB will be financed by the program and will be gradually taken over by the MPD, as room is made for it in the MPD budget, by the beginning of the fourth year of execution. **Creation of the PRUB will be a condition precedent to the first disbursement**, and inclusion of its expenses in the MPD budget before the fourth year will be a condition of execution.
- 3.2 At the technical level, the PRUB will have a functional and technical relationship with the Monitoring and Coordination Bureau and will have support from the Legal Affairs Bureau and the Administrative Affairs Bureau for legal and fiduciary matters. The coordination mechanisms will be established in the program Operating

Regulations, which will also define cost-effectiveness flowcharts to promote and execute the program.¹⁵ **Entry into force of the program Operating Regulations (POR), previously agreed upon between the executing agency and the Bank, will be a condition precedent to the first disbursement.**

- 3.3 For execution of Component 1, the MPD will provide evidence that it has signed or issued legal instruments guaranteeing access to data and cooperation between the MPD and the social programs, which will be a condition of execution to be fulfilled within six months after the first disbursement.
- 3.4 For Component 2, the MPD will sign an agreement with the INE, the institution responsible for conducting the country's official censuses and surveys. That agreement will spell out the terms of the tasks and procedures entrusted to the INE. Signature of the agreement for management and execution of the census operations will be a special condition precedent to disbursement of funds under Component 2.

B. Monitoring and evaluation arrangements

- 3.5 The principal program evaluation activities will be: (i) a comparison of poverty targeting and beneficiary identification in the country's social programs before and after the program, using a reflexive evaluation methodology; (ii) an evaluation of operating processes of program implementation at the end of execution; and (iii) a cost-benefit evaluation at the beginning and end of the program. From the outset the program will have a monitoring and evaluation specialist who will report directly to the program coordinator and will be responsible for tracking execution of all planned activities, in accordance with the Results Matrix and the Project Execution Plan. That person will also support the RUB unit in identifying any deviations of the program, using a system designed and implemented for that purpose, and for keeping the operation's managers informed. Electronic link 3 describes in detail the monitoring and evaluation arrangements for the program. During each year of project execution there will be a financial and compliance audit that will produce financial, procurement, and internal control information on the use and handling of funds for achieving the project's objective.

C. Design activities prior to execution

- 3.6 Before the operation begins, progress will have been made in: (i) the technical and conceptual design and the implementation plan for the RUB with its different phases; (ii) definition and construction of the targeting index and design of the socioeconomic fact sheet; (iii) design, development, and support for implementing the technological system; and (iv) development of software for inputting data and calculating the development index. As to the legal framework, a legal analysis and the regulations governing the RUB will have been prepared, together with draft

¹⁵ The PCU will begin operating in the MPD before the start of the program so that, in coordination with UDAPE, they can begin designing and defining the RUB regulations, with funding from the RUB component of loan 2252/BL-BO, now in execution. The same team will be financed with funds from the loan, once it is eligible.

interagency agreements between the MPD and the social programs that are to be incorporated into the RUB. These activities will be financed from loan 2252/BL-BO, which includes funding for the RUB, executed by UDAPE.

D. Procurement

- 3.7 Procurement will be done in accordance with policies GN-2349-9 and GN-2350-9, for which no exceptions are anticipated. No use will be made of local procurement regulations. The MPD will contract the INE directly for the consulting services involved in developing the census work leading to delivery of the database. As the INE is the executive organ of the National Statistical Information System of Bolivia, created by law 14,100 of October 1976 for the purpose of obtaining, analyzing, processing, and providing statistical information to guide the country's socioeconomic development, there would be no advantage to a competitive process (document GN-2350-9, paragraph 3.10.d).
- 3.8 Whenever one of the selection methods is used for the first time, regardless of the amount of the contract, the procurement will be reviewed ex ante, as will any direct contracting procedure. The following procurement procedures will be reviewed ex post: works contracts not exceeding US\$250,000, purchases of goods, non-consulting services and consulting firm services not exceeding US\$50,000, and competitive contracting of individual consultants.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	The intervention contributes to the lending program for small and vulnerable countries and poverty reduction and equity enhancement.			
Regional Development Goals	The intervention contributes to reducing the extreme poverty rate.			
Bank Output Contribution (as defined in Results Framework of IDB-9)	The intervention contributes to Bank output: Individuals (all and particularly indigenous) receiving targeted anti-poverty programs.			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2485-2	The operation is aligned with the 2008-2010 Country Strategy: Improved human development indicators in communities with high poverty rates. The new Country Strategy is in preparation.		
Country Program Results Matrix	GN-2617	The operation is not included in the 2011 Country Program Document.		
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Highly Evaluable	Weight	Maximum Score
		8.5		10
3. Evidence-based Assessment & Solution		6.8	25%	10
4. Ex ante Economic Analysis		10.0	25%	10
5. Monitoring and Evaluation		7.1	25%	10
6. Risks & Mitigation Monitoring Matrix		10.0	25%	10
Overall risks rate = magnitude of risks*likelihood		Medium		
Environmental & social risk classification		C		
III. IDB's Role - Additionality				
The project relies on the use of country systems (VPC/PDP criteria)		Yes	Financial Management: Budget and Treasury.	
The project uses another country system different from the ones above for implementing the program				
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality				
Labor				
Environment				
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		Yes	A diagnostic study was conducted on the registries of social programs, and RUB experts were brought to the country to present their experiences in other countries of the region.	
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.				

This is an investment loan funded by ordinary capital and fund for special operations. The program supports the government of Bolivia in increasing the quality and coverage of the register of current and future beneficiaries of social programs, through the creation of a national, single, register of beneficiaries. Specifically the program expects to improve the monitoring of the coverage of the country's social programs, and to improve the coverage and scope of the national register through the collection of census primary data, which in turn will allow for improved targeting of social programs. The program is aligned with the Country Strategy with Bolivia 2008-2010, which incorporates the social sector among its central pillars. Best practices on national beneficiary registers from other countries of the region were studied and taken into consideration for the preparation of this program.

The loan is accompanied by a good empirical diagnosis of the main problems of the sector, and its main causes, and the proposed solutions are adequate. Indicators for impacts, outcomes, and outputs are SMART. An ex-ante cost-benefit analysis was performed as part of the preparation of this project, the economic benefits are adequately identified and quantified, and the assumptions made for the analysis are adequate, the analysis includes a comprehensive sensitivity exercises. The program incorporates a reflexive evaluation that will compare the effectiveness of the targeting of social programs before and after the intervention, as well as an ex-post cost-benefit analysis. The project has a risk matrix that identifies potential risks and mitigation measures.

RESULTS MATRIX

1. **Project objective:** The general objective of the program is to improve the quality and coverage of registries of current and future beneficiaries of social programs in Bolivia.
2. The specific objectives will be: (i) to improve monitoring of the coverage of the selected programs, by unifying pertinent data from their registries in a single database; and (ii) to expand the coverage and scope of this master registry by inputting primary data from periodic censuses so that future social programs can select their beneficiaries using poverty-targeted criteria.

Expected Impact

Indicators	Unit of measure	Baseline		2012	2013	2014	2015	Targets		Source/ Means of verification	Comments
		Value	Year					Value	Year		
Expected impacts: Better quality and coverage of records on current and future beneficiaries of social programs, in order to improve targeting of social programs.											
Poor population among beneficiaries of PEEP social programs	% of poor population	68	2011					80	2016	RUB system, national household survey 2009, and 2010 population projection (based on 2001 census)	The denominator is the total beneficiary population of PEEP social programs. The Baseline and Target are reported for the average of 3 of them (<i>Renta Dignidad, Bono Juancito Pinto, Bono Juana Azurduy</i>)

Expected Outcomes

Indicators	Unit of measure	Baseline		Interim measurements						Targets		Source/ Means of verification	Observations
		Value	2011	Value	2012	Value	2013	Value	2014	Value	2015		
Expected outcome: RUB system implemented													
1.1 Households identified as poor, included in the RUB	% of households	0	2011					30		50		RUB system (MPD semiannual report)	The denominator is the total number of households recorded in the RUB With the inclusion of ethnic data in the socioeconomic fact sheet under component 2 and in existing program records under component 1, the indicator will be measured separately for indigenous/nonindigenous
1.2 PEEP social programs included in the RUB	% of programs	0	2011					25		50		RUB system (MPD semiannual report)	The denominator is all PEEP programs operating in 2011 (6 programs)

Outputs

Outputs	Estimated total cost x output (US\$)	Unit of measure	Baseline 2011	Year 1	Year 2	Year 3	Year 4	Target 2016	Source/Mean of verification
	BO-L1070								
Component 1: Unification of existing registries									
1.1 RUB implemented (by unifying existing registries)	500,000	Database	0			1		1	MPD semiannual report
Milestone 1.1.1: Equipment (hardware, software, communication infrastructure) acquired	500,000	Tech-nological platform	0		1			1	Equipment acceptance certificate MPD semiannual report

Outputs

Outputs	Estimated total cost x output (US\$)	Unit of measure	Baseline 2011	Year 1	Year 2	Year 3	Year 4	Target 2016	Source/Mean of verification
	BO-L1070								
<i>Milestone 1.1.2: Integrated database with existing information on selected from programs</i>	0	Database	0			1		1	Technical report of RUB unit MPD semiannual report
1.2 Social program staff trained	211,000	Number of staff	0		20	20		40	MPD semiannual report
<i>Milestone 1.2.1: Strategy to inform, enlist, and consult stakeholders prepared</i>	25,000	Strategy	0	1				1	Consultant's report with media plans approved
<i>Milestone 1.2.2: Strategy to inform, enlist, and consult stakeholders implemented</i>	186,000	Strategy	0		20	20		40	MPD semiannual report
Component 2: Expansion of RUB coverage									
2.1 Census of potential beneficiaries in priority urban areas	3,204,000	Census	0				1	1	MPD semiannual report
<i>Milestone 2.1.1 Urban poverty map completed, based on CNCV 2012 and ENH*</i>	0	Poverty map	0	1				1	Produced by UDAPE and INE under MPD coordination
<i>Milestone 2.1.2 Census design finalized (operating plan for data gathering)</i>	150,000	Design documents	0	1				1	Census methodology report approved by MPD
<i>Milestone 2.1.3 Administrative rules for the RUB implemented (technical and legal support PCU)</i>	54,000	Legal documents	0		1			1	Final consultant's report approved
<i>Milestone 2.1.4 Development of the census operation until delivery of database to MPD</i>	3,000,000	Operational planning documents	0				1	1	Database delivered to MPD. Census report
2.2 Demand-based registry designed	12,000	Design documents	0			1		1	MPD semiannual report
<i>Milestone 2.2.1 Technical design of the demand-based registry procedure</i>	12,000	Design documents				1		1	Final consultant's report approved

Outputs

Outputs	Estimated total cost x output (US\$)	Unit of measure	Baseline 2011	Year 1	Year 2	Year 3	Year 4	Target 2016	Source/Mean of verification
	BO-L1070								
2.3 Supplementary design for maintaining and updating the RUB	12,000	Design documents	0			1		1	MPD semiannual report
<i>Milestone 2.3.1 Supplementary design for maintaining and updating the RUB</i>	12,000	Design documents				1		1	Final consultant's report approved
Administration, Evaluation, and Audit (max. 10%)									
3.1 Institutional strengthening (RUB staff in MPD, furnishings, equipment)	450,000								
3.2 Evaluation of processes (midterm and final)	50,000				1		1	2	Final reports approved by executing agency and IDB
3.3 Financial audit	32,000			1	1	1	1	4	Final reports approved by IDB
4.1 Contingencies	529,000								
Total	5,000,000								

* *INE (census and survey) and MPD (mapping)*

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Plurinational State of Bolivia
Project: BO-L1070, Master Registry of Beneficiaries Program
Executing Agency: Ministry of Development Planning (MPD)
Prepared by: Roberto Laguado (PRM) and Zoraida Argüello (FM)

I. EXECUTIVE SUMMARY

- 1.1 The analysis of the institutional capacity of the Ministry of Development Planning (MPD) was performed using the methodology adopted by the Bank for the Institutional Capacity Assessment, and based on the Bank's familiarity with that Ministry's execution of other financed operations.
- 1.2 The analysis concludes that the MPD has a medium level of capacity with a medium risk level,¹ although its procurement and payment management could be strengthened and improved.
- 1.3 The project does not include other external financing.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 Law 1178 on government administration and control of 20 July 1990, known as the SAFCO law, regulates systems for the administration and control of government resources and their relationship to country systems for public planning and investment, establishing subsystems for planning (programming of operations, administrative organization, and budget), execution (treasury and public debt, integrated government accounting, personnel administration, administration of goods and services) and government control (internal and external control). This law is binding.
- 2.2 Although these systems contribute to transparent and comprehensive public finance execution, there are areas where they need further strengthening, for example:
- 2.3 **Government accounting.** The Integrated Administrative Management and Modernization System (SIGMA) makes secure and reliable information available on budget execution. However, given the Bank's need for financial information that is consistent with its formats, the SIAP-IDB Project Management System will be used to issue financial reports.

¹ The ICAS assessment scale is: from 0 to 40%, not developed; from 41% to 60%, incipient; from 60% to 80%, medium; and between 81% and 100%, satisfactory.

- 2.4 **Government control.** Government control is the responsibility of the Office of the Comptroller General (CGE), which requires institutional strengthening to enable it to conduct ongoing and timely reviews of projects financed with funding from multilateral cooperation agencies.
- 2.5 **Administration of goods and services (procurement).** Application of the locally regulated System of Basic Standards for the Procurement of Goods and Services is not used for Bank operations, although a dialogue has been undertaken with the Ministry of the Economy to be able to use the shopping system and contracting of individual consultants. The fiduciary capacity of the MPD in terms of procurement is therefore rated development.²

III. EVALUATION OF THE FIDUCIARY RISK AND MITIGATION ACTIONS

- 3.1 The ICAS assessment of the MPD found a medium level of institutional capacity development with a medium level of risk. That risk lies in the lack of experience in the financial administration of programs with IDB financing, which entails the need to continue improving internal procedures and coordination with authorities involved in program execution for rendering accounts associated with operations.

FIDUCIARY RISKS

- 3.2 **Coordination.** To make coordination and the relationship between the MPD's DGAA and DGAJ as effective as possible, the Operating Regulations will define flowcharts with independent and exclusive functions (administrative and legal) and the coordination mechanism that the stakeholders will act in accordance with during program execution.
- 3.3 **Procurement.** In order to strengthen the transmission and perpetuation of know-how in the procurement field and avoid the effects of any turnover of senior staff, procurement personnel and legal staff will be given training in the application of Bank procurement policies (documents GN-2349-9 and GN-2350-9).
- 3.4 **Delays in internal processes and procedures with an overburden of legal matters.** Staff in the offices needs to strengthen its knowledge in the area of fiduciary management with IDB rules and procedures in order to speed up the pace of processes related to Bank-financed projects. In this regard, the Bank will provide training to MPD staff.
- 3.5 **Public financial management.** The integrated government chart of accounts, developed in the SIGMA public finance system, allows expenditures to be recorded by budgetary item and provides for an effective expenditure recording and monitoring system, as well as the use of program funds, which are handled in the Single Treasury Account (CUT). However, given the Bank's need for financial

² ICAS report on MPD: Graciela Von Vargen, Consultant.

information to be consistent with its formats, the SIAP-IDB Project Management System will be used to issue financial reports.

IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT

- 4.1 **Program Operating Regulations.** These must include the execution plan, procedures, and information flows, particularly as concerns the DGAA and DGAJ, previously agreed upon by the parties and the Bank.
- 4.2 **Exchange rate agreed upon with the executing agency for rendering accounts.** The exchange rate applicable to expenditures in the currency of the borrower's country will be that in force in the borrower's country on the actual date of the payment.
- 4.3 **Financial statements and other audited reports.** Within 120 days after the close of each fiscal year of the executing agency, and during the disbursement period of the loan, financial statements will be produced for the program, duly audited by a firm of independent auditors acceptable to the Bank. The last of these reports will be submitted within 120 days after the date stipulated for the last disbursement of the loan.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 **Procurement execution.** Procurement will be executed in accordance with policies GN-2349-9 and GN-2350-9, for which no exceptions are anticipated. No use will be made of local procurement rules. Use of the SICOES electronic dissemination mechanism is considered acceptable.
- 5.2 **Procurement of works, goods and nonconsulting services.** Contracts for works, goods and nonconsulting services under the program, subject to international competitive bidding (ICB), will be tendered using the standard bidding documents issued by the Bank and authorized by the Bank's Country Office in Bolivia. Processes subject to national competitive bidding (NCB) will be executed using national bidding documents agreed upon with the Bank (or satisfactory to the Bank, if they have not yet been agreed upon). For shopping, standard documents prepared by the Bank's Country Office in Bolivia will be used and they will be part of the Operating Regulations. Amendments to these documents will require the Bank's no objection.
- 5.3 **Selection and contracting of consultants.** Contracts for consulting services under the project are listed in the Initial Procurement Plan and will be executed using Standard Requests for Proposals issued by the Bank or agreed upon with the Bank (or satisfactory to the Bank, if they have not yet been agreed upon).
 - (i) Selection of consulting firms: the Standard Request for Proposals (RFP) issued by the Bank will be used for the project.

- (ii) Short list of consulting firms. This list may consist entirely of Bolivian firms for contracts of a value below the thresholds established by the Bank for the country. For Bolivia, that threshold is US\$200,000.
 - (iii) Selection of individual consultants. This will be done on the basis of their qualifications to perform the work, by comparing the qualifications of at least three candidates; as a rule, interviews will not be used.
- 5.4 The program sector specialist will review the terms of reference for the contracting of consulting services. That specialist will also advise on the need for external assistance to the executing agency during evaluation of bids, considering the nature and technical complexity of the procurement in question.
- 5.5 **Recurring expenses.** These are operating and maintenance costs required for the program's operation during its life and refer, among other things, to rental of offices, utilities and radio, written, or televised communication, translations, banking charges, basic office items, advertising or announcements, photocopies, mail, fuel, short training courses etc., which would be financed by the project within the annual budget approved by the Bank and have been included in the Program Procurement Plans. Recurring expenses will be contracted following the administrative procedures of the executing agency, referred to in the Operating Regulations. The Bank may make good on or refuse to finance such expenses if it finds that the fundamental principles of competition, efficiency, and economy have been violated. A report on expenditures incurred under this concept will be presented to the Bank every three months.
- 5.6 **Direct contracting.** Expenses under US\$500, individually, and in blocks not exceeding US\$5,000 may be contracted directly for the sake of efficiency and speed. They must be approved by the Team Leader in the Procurement Plan. The consulting services to develop the census operation through delivery of the database to the MPD will be contracted directly from the National Statistics Institute (INE), the executive body of the National Statistical Information System of Bolivia created by Law 14100 of October 1976 for the purpose of obtaining, analyzing, processing, and providing statistical information to guide the socioeconomic development of the country. In this context, the INE is officially responsible for compiling, processing, and disseminating statistical information on the country derived from censuses, surveys, and other official sources. For this reason, the INE is the institution with the greatest technical expertise and logistical capacity in the country to carry out censuses and surveys on a national scale, using the most up-to-date cartographic information as well as best practices and methodologies recommended internationally. For this reason, and in order to guarantee the quality of the information from the census scan planned for the program, direct contracting of the INE is recommended. The contract will be based on Bank models. The terms of reference and the contracting process will be reviewed ex ante.

5.7 Table of thresholds (US\$000)

Works			Goods*			Consulting services	
International competitive bidding	National competitive bidding	Shopping	International competitive bidding	National competitive bidding	Shopping	International publicity	Short list 100% national
More than 3,000,000	3,000,000 or less	Less than 250,000	More than 200,000	200,000 or less	Less than 50,000	More than 200,000	200,000 or less

*Includes nonconsulting services.

5.8 Major procurement processes

Description	Estimated amount US\$000	Selection method
Goods	500	Section .01
Computer hardware, software and other	500	ICB
Works	0	Section .02
N/A		
Services	174	Section .03
Logistics and organization of events	24	S
Publication/reproduction of teaching materials (prior stage)	50	S
Publication/reproduction of teaching materials (operating stage)	100	NCB
Firms	3.182	Section .04
Development and planning of the operational strategy for the census. Manuals for the census takers, supervisors, data processors etc., prepared and reproduced, procedures/regulations for maintenance and updating of databases defined	150	QCBS
Execution of census operation until delivery of database to MPD	3.000	DC
Audit	32	QCBS
Individual consultants	591	Section .05
13 National consultants	561	NICQ
2 International consultants	30	IICQ

5.9 **Procurement Supervision.** Procurement will be subject to ex post review, in accordance with the following thresholds:

Works	Goods	Consulting firms	Individual consultants
CP	CP		
Below US\$250,000: ex post	Below US\$50,000: ex post	Below US\$50,000: ex post	No threshold: all ex post

- 5.10 **Records and files.** The MPD will establish the supporting documents, procedures, and controls necessary for execution of the program, and will retain them as provided in the loan contract and local legislation.

VI. FINANCIAL MANAGEMENT

- 6.1 **Programming and budget.** The Planning Bureau of the MPD, in coordination with the Project Coordination Unit (PCU), will do the programming based on executing the activities programmed in the PEP and AWP agreed upon with the Bank, thereby ensuring the necessary resources for each of the years of project execution.
- 6.2 **Accounting and information systems.** By government mandate, all public institutions must use the SIGMA. The system combines in a single registry the following accounting records: budgetary record (budget execution), asset registry (assets, liabilities, capital, and profit and loss), and treasury registry (cash transfer), on an accrual accounting basis. It uses international accounting standards (IAS) and government standards, in parallel. In addition, for the project's accounts, a chart of accounts will be prepared to identify expenditures on a cash basis. For recording project expenses, the SIAP-IDB system will be used, as an accounting aid for issuing financial reports.
- 6.3 **Disbursements and cash flow.** Loan proceeds will be deposited in a special account in the Central Bank of Bolivia (BCB), for subsequent transfer in local currency. The MPD is responsible for administration of the funds and will comply with the institutional internal control systems.
- 6.4 **Internal control and internal audit.** The project will also be subject to internal supervision by the Internal Audit Unit of the MPD, which will see that the recommendations from the external audit are duly observed, as well as the financial administration procedures agreed upon with the Bank.
- 6.5 **External control and reports.** The executing agency will contract an external audit firm, to be financed from the loan, in accordance with Bank policies and procedures for the contracting of external audit firms.
- 6.6 **Financial supervision plan.** The plans and frequency of supervision will be designed on the basis of the fiduciary risks identified in the risk matrix. The following actions will be taken at least once a year: (i) a comprehensive visit (procurement and financial) by the Bank; (ii) update of the institutional capacity, rating the level of development and risk; (iii) a visit to verify compliance with the internal control recommendations from the external audit of the program.
- 6.7 **Execution arrangements.** The MPD will execute the operation through a unit created for that purpose, which will be called the PRUB [Master Registry of Beneficiaries Project], and will have technical, administrative, financial and management autonomy, including all matters relating to legal reviews.

VII. OTHER FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

- 7.1 Targeted workshops will be held whenever weaknesses are detected in complying with Bank fiduciary procedures and policies.
- 7.2 The MPD undertakes to provide training for PCU personnel in the use of country systems, and to provide the necessary support to achieve the project's objectives.
- 7.3 The financial team does not consider it necessary to establish other agreements or requirements for financial execution, beyond those indicated in section IV, considerations for the Special Conditions of the Contract.