

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	BOLIVIA/CAN - Andean Group
▪ TC Name:	Support for Preinvestment for Development II
▪ TC Number:	BO-T1411
▪ Team Leader/Members:	GONZALEZ DE FRUTOS, UBALDO JESUS (IFD/FMM) Team Leader; LORA ROCHA, OSCAR (IFD/FMM) Alternate Team Leader; PRADO CARPINTERO, CINTHYA CECILIA (CAN/CBO); YARYGINA UDOVENKO, ANASTASIYA (IFD/FMM); ORELLANA, MIGUEL ANGEL (VPC/FMP); SARA VILA SAINTETIENNE (LEG/SGO); ROMAN SANCHEZ, SUSANA (IFD/FMM); ASTUDILLO, KAREN (IFD/FMM)
▪ Taxonomy:	Operational Support
▪ Number and name of operation supported by the TC:	Program to Support Preinvestment for Development II - BO-L1223
▪ Date of TC Abstract:	07 Mar 2023
▪ Beneficiary:	Ministerio de Planificación para el Desarrollo
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$150,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	IFD/FMM - Fiscal Management Division
▪ Unit of Disbursement Responsibility:	CAN/CBO - Country Office Bolivia
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 Strengthening the institutional capacity of the Pre-Investment Unit of the Viceministerio de Inversión Pública y Financiamiento Externo - VIPFE
- 2.2 The loan this TC supports (Programa de Apoyo a la Preinversión para el Desarrollo II, BO-L1223, 5705/OC-BO) has the general development objective of strengthening IP management capacities, both within the VIPFE and in sectoral ministries. In this sense, consulting services will be financed to develop knowledge assets and generate (a) more agile and secure processes, and (b) a more efficient administrative Investment Unit and better trained personnel. It will also finance consulting services to produce pre-investment studies for sectoral ministries. To meet these objectives, the Program has two components: Component 1. Strengthening of institutional capacities for pre-investment and Component, and 2. Financing of pre-investment. The execution of this contract is complex because it has to deliver 124 pre-investment studies for seven ministries, which involves a risk of delays that would affect the delivery of the pre-investment studies and, consequently, the delivery of the infrastructures themselves. As a reference, a previous operation with the same purpose (Programa de Apoyo a la Preinversión para el Desarrollo I, BO-L1111, 3534/BL-BO – PAPD 1), has been running for 7 years, since its inception in December

2015.

In addition, the last year of Phase 1 will overlap with the first of phase 2 and therefore the executor will need additional reinforcement. The Pre-investment Unit of the VIPFE has a very low level of digitalization. Most of the processes are carried out on the basis of paper documentation, and the procedure is overly bureaucratic, causing delays and inefficiency. This TC will carry out a process reengineering to identify bottlenecks and propose improved flows of process prior to the digitalization of the Pre-investment Unit. One of the missions of the Pre-Investment Unit is to prioritize projects. To carry out such function, it needs to consider not just monetary costs and benefits, but other intangibles for society. This social cost-benefit analysis needs to be based on an established methodology for measuring intangible costs and benefits that is currently lacking.

Lessons learned along PAPD-1 indicate that, beyond the Pre-Investment Unit of the VIPFE, the effectiveness of the pre-investment function largely hinges upon the sectorial ministries that are the "customers" of the Pre-Investment Unit. Supporting them will significantly enhance quality and speed to market.

III. Description of Activities and Outputs

- 3.1 **Component I: Strengthen processes reengineering.** This component will finance activities geared to digitalizing the processes of the Pre-Investment Unit
- 3.2 **Component II: Identification of opportunities for financial self-sustainability.** This component will finance studies to define and implement a legal and financial formula that provides the self-sustainability of the pre-investment function.
- 3.3 **Component III: Methodology for a social cost-benefit analysis.** This component will finance studies to develop a methodology to determine the social profitability of investments.
- 3.4 **Component IV: Sectorial Ministries strengthening.** This component will finance consultancies at the level of the ministries that are Pre-Investment Units' customers to improve their institutional capacity.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Strengthen processes reengineering	US\$25,000.00	US\$0.00	US\$25,000.00
Identification of opportunities for financial self-sustainability.	US\$25,000.00	US\$0.00	US\$25,000.00
Methodology for a social cost-benefit analysis	US\$15,000.00	US\$0.00	US\$15,000.00
Sectorial Ministries strengthening	US\$85,000.00	US\$0.00	US\$85,000.00
Total	US\$150,000.00	US\$0.00	US\$150,000.00

V. Executing Agency and Execution Structure

- 5.1 The Bank will be the executing agency, for reasons of institutional capacity, since the requesting entity does not have the necessary technical, operational or institutional capacity to duly and timely execute the activities foreseen in the respective project, and for reasons of impartiality, since the beneficiary entities agree that contracting by the Bank would improve independence.

5.2 The Bank will execute this TC through the Fiscal Management Division, and the Unit with Disbursement Responsibility will be the Country office in Bolivia.

VI. Project Risks and Issues

6.1 Risks of the execution environment: Given that historically there has been a high turnover of authorities and officials, the execution environment may have volatility, causing execution delays. To mitigate this risk, we will monitor closely and provide support to the executing agency. Project risks. Considering that the projects delivers pre-investment studies, there is a risk that government priorities on investment will change, affecting speed of delivery. Program design risks will be mitigated by regular monitoring of progress.

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "undefined".