

AIRGRAM

DEPARTMENT OF STATE

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CLASSIFICATION

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TO - AID/W

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FROM - LA PAZ

SUBJECT - Noncapital Project Paper (PROP) Production and Marketing of Agricultural Products, 511-11-190-364.1

REFERENCE - TOAIL A 160

Please make the following corrections in page 1 accordingly.

Country: BOLIVIA Project No. 511-11-190-364.1

Project Title. PRODUCTION AND MARKETING OF AGRICULTURAL PRODUCTS

U.S. Obligation Span: FY 1959 through FY 1973

Physical Implementation Span: FY 1959 through FY 1974

Gross life-of-project financial requirements:

U.S. dollars	\$ 1,559,000
U.S. owned local currency	154,000
Cooperating country cash contribution	4,380,000
Other donor	N.A.
Total	\$ 6,093,000

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PAGE 1 OF 1 PAGES

DRAFTED BY JRHarris/mls	OFFICE RDD	PHONE NO. 24529	DATE 19/5/69	APPROVED BY: Edward W. Coy, Director
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A. SUMMARY DESCRIPTION

The basic objective of U.S. assistance to the Bolivian rural sector is the integration of the campesino in^{to} the national market system, as well as his ~~and~~ political and social integration into the nation; and, in so doing, the maintenance of a growth rate in agricultural production commensurate with projected domestic requirements, amounting to about five percent annually.

In order to achieve this objective a fairly large number of activities must be carried out simultaneously. Some of these lend themselves to management as discrete technical or capital assistance projects - Sheep, Llama and Alpaca Production and Marketing, Cereals Development (a unit of management beginning in FY 70), Agrarian Reform, Agricultural Credit, Agricultural Sector Study (under the Feasibility Studies project) and Community Development (administered by a separate USAID division). The project discussed in this paper, Production and Marketing of Agricultural Products, coordinates and monitors these projects and provides management and services support not directly attributed to the individual projects.

Table 1
Page 1 of 2
COUNTRY: BOLIVIA

NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

Mo/Day/Yr

PROP DATE
Original X
Rev. N°
Project N° 511-11-190-261
364.1

Project Title: PRODUCTION AND MARKETING OF
AGRICULTURAL PRODUCTS

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Fiscal Years	AD	L/G	Total	Cont ^{1/}	Personnel Serv.		Participants		Commodities		Other Costs	
					AID	PASA	CONF	US	CONF	Dir	CONF	Dir
							AG		US	AG	US	AG
Prior through Act. FY <u>65</u>	AG AB	G G	1,056 47	52	744 47	143	52	30	-	54	-	25
Oper. FY <u>69</u>	AG	G	203	43	131	19	43	-	-	-	-	5
Budg. FY <u>70</u>	AG	G	100	-	100	-	-	-	-	-	-	-
B + 1 FY <u>71</u>	AG	G	100	-	100	-	-	-	-	-	-	-
B + 3 FY <u>73</u>	AG	G	100	-	100	-	-	-	-	-	-	-
All Subs.												
Total Life	AG AB	G G	1,459 47	100	1,215 47	162	100	30		54		30

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^{1/} Memorandum (nonadd) column

Table 1
Page 2 of 2

Exchg rate \$1

Project N° 511-11-190-364.1

Fiscal Years	AID-controlled Local Currency		Other Cash Contribution Cooperating Country	Other Donor Funds (\$Equiv.)	Food for Freedom Commodities		
	US owned (\$100 equivalent)	Country-owned			Metric Tons (000)	CCC Value & Freight (\$000)	World Market Price (\$000)
Prior through Act. FY <u>65</u>	66	36	730	unknown			
Per. FY <u>66</u>	22	6	730				
Budg. FY <u>71</u>	22	6	730				
B + 1 FY <u>72</u>	22	6	730				
B + 2 FY <u>76</u>	22	6	730				
B + 3 FY <u>73</u>	-	6	730				
All Subs.							
Total Life	154	66					

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B. SETTING

As of June 30, 1963 the U.S. had provided approximately \$14.5 million in grant assistance and \$10.2 million in loan assistance to the Bolivian rural sector. In addition, by December 31, 1963, some \$12.2 million in local currency assistance had been provided. From the inception of the program until FY 1967 emphasis had been primarily on building of institutions, such as the Extension Service, experiment stations, and other ministerial entities. Beginning in FY 1967, the program was recast and, in its present form, is now directed toward material goals, commodity or otherwise (as in the case of land titling). To date, two projects have materialized as vertical structures incorporating both institutions created and personnel trained under the previous program emphasis. These projects, Sheep, Llama and Alpaca Production and Cereals Development, incorporate functional segments of existing Ministerial institutions in a chain which extends from the policy level to the ultimate client. Clients include not only campesinos and their organizations but industrial users and other handlers in the marketing system. Other U.S. - supported projects - Agricultural Credit, Credit Unions, Community Development, and Agrarian Reform - are coordinated in such a way as to direct their resources in support of the main commodity-goal projects.

In its framework, the Production and Marketing of Agricultural Products Project recognizes the existing institutional and resource limitations in the Bolivian rural sector and seeks the coordinated functioning of the institutions and allocation of the resources (through the unit-of-management projects) to achieve quantifiable, time-related increments of the basic objective.

Other external donors supporting these projects mainly with technical assistance, include the Peace Corps, the British Tropical Agricultural Mission, and the FAO and ILO of the U.N.

C. STRATEGY

It is the general strategy of this project to assist the Ministers of Agriculture and Rural Affairs in realizing plans for the development of the rural sector as mutually agreed upon by the GOB and the USAID. For the foreseeable future, this assistance will be in the form of continuing evaluation and relating of development plans to institutional capabilities and available funds. As plans are tailored to the institutional and budgetary realities, the short-term strategy becomes one of management assistance in coordinating the activities leading to the achievement of short-term quantifiable goals. In the long run, assistance is provided in relating the short-term quantifiable goals to the long-term objectives of this and related projects. In the process, senior career Ministry staff are acquiring competence and experience in the management techniques necessary to convert desires into ~~measurable~~ measurable results.

The PL 480 agreements of January 1963 and March 1969 provide the principal leverage for the allocation of an adequate portion of the GOB budget to the implementation of rural sector projects agreed upon by the GOB and the USAID. The proposed \$5 million fertilizer loan now in preparation, and other future possible loans will incorporate similar provisions.

The Agricultural Sector Study, recently contracted for under the Feasibility Studies Loan (Project 511-26-250-646) is now approaching the mobilization stage. This study will define the priorities and direction of rural sector development activities for the future.

D. PLANNED TARGETS

1. This project will be considered to have reached a successful conclusion upon the achievement of quantifiable, time-related goals in the unit-of-management projects mentioned in the Summary section of this document. Continuation of this project through its planned funding conclusion in FY 1973 will depend on adequate levels of GOB funding for the unit-of-management projects. A related target is the development by FY 1973 of a reservoir of experience in management techniques by senior career Ministry staff in development planning and the carrying through of plans to successful, quantifiable conclusions.
2. The successful conclusion of the Agricultural Sector Study by the end of CY 1971, and completed preparation by the same time of a long-term "macro" plan for the development of the Bolivian rural sector.

E. COURSE OF ACTION

1. The Ministry of Rural Affairs in the case of the Agrarian Reform project, and the Ministry of Agriculture in the case of the other unit-of-management projects, coordinated and supported by the Production and Marketing of Agricultural Products project, will assure:
 - a. that adequate budgetary support is provided the unit-of-management projects in accordance with project agreements;
 - b. that adequate plans are developed, maintained, evaluated and revised as necessary in the carrying out of the unit-of-management projects;
 - c. that Ministerial entities participating in the unit-of-management projects function in a coordinated, timely and effective manner and that available budgetary resources are suitably allocated to these entities.

2. The USAID Mission will, through its Rural Development Division direct-hire staff provided for in this project:
 - a. Assist the Ministers of Agriculture and Rural Affairs and their senior career staffs in the development, evaluation and revision of rural sector development plans, and in the coordinated management of Ministerial entities in the achievement of quantifiable targets set forth in the mutually agreed-upon GOB-US unit-of-management projects:
 - b. Provide internal Mission management and ~~not~~ monitoring supervision for all Mission-supported rural sector projects other than Community Development, which is administered separately in the Community Development Division of the Mission.

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