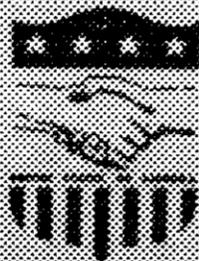


Annual Budget Submission

FY 1984

BOLIVIA



June 1982

Agency for International Development
Washington, D.C. 20523

A.I.D. MISSION TO BOLIVIA
FY 1984 ANNUAL BUDGET SUBMISSION

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TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office BOLIVIA

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
<u>Agriculture, Rural Development & Nutrition</u>						
Grants	1,480	750	1,370	1,270	1,175	2,525
Loans	-	-	-	5,000	7,000	-
<u>Population</u>						
Grants	10	25	10	10	10	10
Loans	-	-	-	-	-	-
<u>Health</u>						
Grants	49	450	520	580	70	20
Loans	-	-	5,000	-	-	3,000
<u>Education</u>						
Grants	1,104	1,025	25	450	320	300
Loans	-	-	-	-	5,200	-
<u>Selected Dev. Act.</u>						
Grants	50	750	1,075	1,690	1,225	1,145
Loans	-	-	5,000	6,000	-	8,000
Sub-total Functional Accounts						
Grants	2,639	3,000	3,000	4,000	2,800	4,000
Loans	-	-	10,000	11,000	12,200	11,000
Total D.A. Accounts	2,639	3,000	13,000	15,000	15,000	15,000
P.L. 480 (Non-add)						
Title I (of which						
Title III)	(10,000)	(15,000)	(10,000)	-	-	-
Title II	(9,024)	(8,514)	(8,963)	(11,400) ^{1/}	(11,970)	(12,569)
Title I	-	-	-	(22,000) ^{2/}	(10,000)	(10,000)
Housing Guarant. (non-add)						
	(10,000)	-	-	(10,000)	-	-
Total Personnel						
USDH (work-years)	15.8	17.0	18.0 ^{2/}	18.0	18.0	18.0
FNDH (work-years)	56.8	49.0 ^{3/}	41.0 ^{3/}	41.0 ^{3/}	41.0 ^{3/}	41.0 ^{3/}

1/ Planning level as per State 129224.

2/ Data requested for the Minimum, Current and Proposed Personnel Levels is provided in Table VIII.

3/ Includes 1 FNDH RIG/II.

TABLE I NARRATIVEI. Background

Efforts to maintain political and administrative stability in Bolivia suffered a major setback with the July 17, 1980 coup d'etat of General García Meza, which interrupted progress towards democracy begun in 1977 by President Gen. Hugo Banzer. As a result of the coup, which ousted the civilian government of Interim President Lydia Gueiler, the U. S. Government sharply reduced its presence in Bolivia, and approximately \$26.6 million in A.I.D. development assistance was terminated and \$51.1 million was temporarily suspended. These actions allowed the U. S. to express its disapproval, yet retain the flexibility to resume assistance in response to favorable political developments.

The country's stability continued to deteriorate under the García Meza regime. Specifically, the military government was responsible for increased human rights violations, was widely accused of being directly and indirectly involved in narcotics trafficking, and was responsible for bringing democratic progress to a standstill with the suspension of constitutional guaranties. These actions, in turn, contributed to a deterioration of the economy reflected, in part, by a decline in the growth rate to 0.8% and a 1980 balance-of-payments deficit of \$144 million.

In August 1981, a military uprising forced García Meza to resign in favor of a three man junta, and in September 1981, one of the Junta members, Gen. Celso Torrelio Villa, was designated president. Upon assuming power, the new government announced its intention to concentrate on a series of priorities over the next three years including: the restoration of democracy and constitutional guaranties, the eradication of narcotics trafficking, the elimination of human rights abuses, and the adoption of tough economic measures. The U. S. position at that time was that normalization of relations would be conditioned on satisfactory progress by the Government of Bolivia (GOB) in these areas, and that a renewed development assistance program would not be considered without the adoption of effective narcotics control and eradication measures.

II. USAID/Bolivia FY 1982-1983 Short Term Strategy

In view of the positive attitudes expressed by the Torrelio government towards narcotics control, as well as initial concrete steps

taken by October 1981, including the enactment of a new anti-narcotics law, the Embassy and USAID/Bolivia concluded that a short-term development strategy was needed which would relate U. S. long-term interest in Bolivian development more closely with its short and mid-term interest in the eradication of the flow of narcotics. To this effect, the USAID/Bolivia FY 1982-1983 Short-Term Strategy was prepared and submitted to A.I.D./W in November 1981. This document recognized that the initial focus of a reactivated A.I.D. program would be the Chapare, the geographic region identified as the major illegal coca producing area in Bolivia. The Short-Term Strategy proposed A.I.D. assistance to support coca substitution activities in the Chapare by identifying alternative markets for small farmer produce, and by applying capital and technical expertise to improve the functioning of private sector agricultural production, processing, and marketing systems, thus helping to offset the negative effects of coca control on small farm income.

It was anticipated that the Chapare activities, however would also form a key element in the Mission's longer term development strategy to accelerate socio-economic growth and development in a specific geographic region -- the La Paz-Cochabamba-Santa Cruz corridor, which includes the Chapare.

The Mission's Short-Term Strategy gives highest priority to the design and implementation of a \$46.9 million Chapare Integrated Rural Development (IRD) project, which will require \$15.3 million in new DA funding. The purpose of the project is to advance the development and adoption of diversified farming systems, to promote the establishment of agribusinesses and cooperatives to expand market outlets for Chapare agricultural produce, to improve social and economic infrastructure, and to strengthen GOB development entities and campesino organizations in the Chapare. The project recognizes that economic development and coca control activities must be carried out simultaneously in order to mount an effective program for reducing the production of coca in the Chapare and its conversion into cocaine, as well as to develop the region's agricultural potential. To this effect, the Chapare IRD project calls for an initial Immediate Action Program (IAP) starting in July 1982 to initiate development activities concurrently with narcotics control actions, and to pave the way for the implementation of the full project beginning in FY 1983. The IAP will utilize up to \$4.4 million in existing P. L. 480 Title III and project resources (Rural Roads II, Rural Sanitation, Village Development, Agribusiness and Artisanry) to strengthen the development of social and economic infrastructure and agricultural production and marketing activities throughout the Chapare.

At the same time, the remaining A.I.D. projects and the Title III program, which were suspended following the July 1980 coup, will be reprogrammed to ensure their consistency with current A.I.D. development priorities and GOB economic and fiscal realities. Current plans call for full disbursement of all reactivated projects by mid FY 1985.

In addition to the Chapare IAP, and the reactivation of the "frozen" projects and the Title III program, the Mission's Short-Term Strategy includes other essential low-cost activities required to prepare for USAID/Bolivia's FY 1984-1988 Long-Term Strategy efforts in the La Paz-Cochabamba-Santa Cruz corridor. The first activity will be to undertake a macro-economic analysis and a corridor specific assessment in FY 1982/1983 which would define principal policy and development constraints and form the basis of the USAID/Bolivia FY 1984 CDSS and activities to be carried out therein. A second activity will be to conduct a private sector assessment during FY 1982 in order to identify priority areas for future program interventions in this area. A third activity, based on the macro-economic analysis and corridor assessment, will be the initiation of a policy reform project in FY 1983, which will create a unit within the GOB whose functions will be to analyze economic, monetary, employment, industrial and agricultural constraints identified by the IMF and other international donors, as well as to recommend policy alternatives which can stabilize the economy and provide the conditions necessary to effectively carry out activities under the GOB's 1982-1984 Triennial Plan. This modest project will reinforce the GOB's efforts to follow the IMF's recommendations despite political and social pressures, as well as to support President Torrelio's September 1981 pledge to adopt tough economic measures including: monetary and fiscal policy reforms necessary to insure economic stability and a net increase of monetary reserves; the reform and expansion of the tax system; a renewed effort to attract foreign investment; the establishment of realistic exchange and pricing policies; the reduction of the state role in the economy; and the expansion of development efforts in agriculture, energy and mining. The concept of the project has been endorsed by the local IMF and other international donor representatives. The project itself calls for the continued participation of the international donor coordinating consultancy group established in January 1982 with the Ministry of Planning and Coordination, which has already played an important role in influencing the GOB to take initial economic and institutional policy reform measures including: the adoption of rationalized interest rates; the passage of the new export development and investment laws; the approval of a reorganization plan for the Ministry of Agriculture and Campesino Affairs; and

the formulation of a viable alternative institutional and financial structure for the Bolivia Agricultural Bank and the Bolivian National Savings and Loan System.

Other new activities to be carried out during the Short-Term Strategy period include the provision of a HG in FY 1982 to strengthen the private sector savings and loan system, as well as the development of two self-financing private sector rural primary health care models in FY 1983 which would reinforce the Chapare effort in the near-term, and contribute to USAID, Bolivia's integrated development efforts in the La Paz-Cochabamba-Santa Cruz corridor over the longer-term.

III. USAID/Bolivia FY 1984-1988 Long-Term Strategy

A. Introduction

The USAID/Bolivia FY 1984 CDSS will be submitted in late FY 1982. Although the fundamental goal over the 1984-1988 planning period will remain the same as that stated in the FY 1983 CDSS, viz., to promote economic growth with equity in order to achieve an improved standard of living for Bolivia's poor, the strategy will represent a significant change in direction from the Mission's previous all-encompassing nationwide approach, to a more focussed effort designed to accelerate socio-economic growth and development in a specific, geographic region--the La Paz-Cochabamba-Santa Cruz corridor, which includes the Chapare. Notwithstanding the fact that project activities will be concentrated in the corridor, the Long-Term Strategy will give particular attention to policy reforms, particularly those necessary to establish the required conditions to strengthen the economy, and to permit the public and private sectors to successfully carry out productive development efforts in the corridor as well as in the rest of the country. The Long-Term Strategy will complement the Torrelío government's stated intention of relying more heavily upon the private sector as the principal engine of economic growth and recovery. The recent promulgation of new export promotion and investment laws are an indication of the GOB's intent, and USAID/Bolivia's future program will encourage the GOB to adopt additional measures which will further promote sector productivity.

B. La Paz-Cochabamba-Santa Cruz Emphasis

The La Paz-Cochabamba-Santa Cruz region was selected, in part, for its growth pole and high value agricultural and agro-industrial production potential, which compared to other regions in Bolivia,

can be more easily developed due to the existence of a limited marketing, transportation, and infrastructure base, as well as other favorable factors such as available land, adequate soils and climate conditions, positive rates of population growth and immigration, a growing skilled labor force, and an investment base. These combined factors offer promising investment opportunities to the private sector, the principal focus of the Mission's Long-Term Strategy.

C. Constraints to be Addressed by the Long-Term Strategy

The Long-Term Strategy, which will be formally proposed in the FY 1984 CDSS, will build upon initial Chapare integrated rural development efforts, expanding the area of emphasis to the La Paz-Cochabamba-Santa Cruz corridor--an area comprising approximately 64 percent of Bolivia's 3.5 million rural inhabitants. It will focus on a series of constraints described below, which will be further defined in the ongoing IMF negotiations as well as A.I.D.'s macro-economic analysis and corridor assessment to be carried out in FY 1982/1983.

1. Private Sector.

The Long-Term Strategy will seek to expand the participation of the private sector in the economy, which has historically been constrained by the existence of monopolistic state-run enterprises, and which in 1982 represented only 20 percent of Bolivia's gross domestic product. The Long-Term Strategy will seek ways to strengthen private sector institutions, and to promote investment as a means of increasing small and medium commercial farm production, improving the balance of trade through promotion of non-traditional export commodities, providing employment opportunities, and increasing farm incomes through the exploitation of the corridor's rich agricultural potential. In this regard, the Chapare IRD project initiated in FY 1982 will be followed by A.I.D. funded agribusiness, marketing, and export promotion activities in identified growth pole centers within the La Paz-Cochabamba-Santa Cruz corridor. Specific project activities will be reinforced by policy measures encouraging the GOB to move away from a high level of dependence on external financing and imports, and to create an atmosphere of economic growth conducive to greater domestic savings and investment including, but not limited to, the removal of production and marketing constraints as well as the provision of trade and development investment and export promotion incentives.

In seeking to expand the private sector's participation in the economy, the Long-Term Strategy will also make use of non-AID mechanisms which can serve to strengthen U. S. and Bolivian

economic cooperation. Examples of activities which will be pursued include the formalization of an OPIC-GOB agreement, the encouragement of joint investment ventures and use of TDF resources, the full application of the GOB's new Export Development and Investment Laws, and the increased involvement of the local chambers of commerce and industry in U. S. Commercial Section functions.

2. Rural Development Activities

In order to succeed, the Long-Term Strategy's emphasis on agro-industry, marketing services and export promotion must rely upon an increased level of necessary production inputs and infrastructure. Past and ongoing Mission programs have partially addressed a number of these requirements, such as agricultural research, improved seed production, integral cooperative development and credit delivery systems. These efforts, however, have led to less than optimal results because the resources directed towards these activities have often been insufficient or have neglected to take into account marketing constraints and opportunities. In addition, the Mission has relied heavily on GOB public sector institutions for the implementation of these programs, and chronic GOB budgetary problems and poor management have limited the replicability as well as the effectiveness of programs in this area. Thus, Long-Term Strategy activities will pursue new approaches to providing required production inputs and infrastructure, relying to a greater extent, however, on private sector institutions.

One such initiative will be to expand the agricultural research and extension model which has been successfully developed by the Tropical Agricultural Investigation Center (CIAT) for the Department of Santa Cruz. This model relies to a large degree on the support and participation of various private agricultural associations and producer groups, thus assuring that the research performed and the extension services provided are relevant and adaptive to the area and farmers' needs. A second initiative, already underway, will transfer the production of improved, certified seed (e.g. wheat, corn, soy, rice) from public sector institutions to the private sector.

Input supply and marketing cooperatives will also be promoted under the Mission's program. A great need exists to improve small to medium size farmers' access to improved seeds, farm implements, fertilizers and facilities for collecting, bulking and storing farm produce. The coops, which new project efforts will establish and/or support, will assure access to these inputs and marketing services at a reduced cost by eliminating middlemen mark-ups, reducing transportation costs, and working in greater

volumes than the system which presently exists for most of rural Bolivia.

The Mission's emphasis on improving productivity will be complemented by planned future efforts in health and nutrition. Self-financing rural health care systems, channeled through multi-purpose coops or other private mechanisms will be created, in order to improve small farmers's productive capacity and general well-being. Practical nutrition research, such as wheat fortification and soy utilization studies conducted under the Nutrition Improvement grant, (511-0468) along with their subsequent application, not only can lead to improved diets for Bolivia's poor, but also represent attractive areas for agricultural and agroindustrial investments. The Long-Term Strategy will support such efforts as a means to better exploit Bolivia's rich agricultural base in order to improve productivity in areas which will at the same time improve Bolivia's nutritional intake and well-being.

3. Policy Reform

The Mission's Long-Term Strategy will place special emphasis on policy and institutional reform as a means of addressing a series of existing macro-economic and other developmental constraints which have historically plagued Bolivia. Specifically, the formulation of sound economic measures by the GOB are required to reduce the present high degree of government intervention in the economy to one which relies more upon market forces and calls for considerably more participation by the private sector. Such measures include the adoption of monetary and pricing reforms, investment promotion actions to stimulate increased local investments, the formulation of incentives to attract foreign investments and co-ventures, and the introduction of new investment techniques such as production sharing. This approach will contribute to the recovery of the economy, which is currently suffering from an estimated 1982 GOB foreign exchange cash flow deficit of \$225-300 million, and an external debt of \$1.2 billion.

The corridor and private sector assessment to be conducted during FY 1982 will provide the framework for the priority policy issues to be addressed. Utilizing the leverage of the already established international donor consultancy mechanism, the P. L. 480 Title I/III programs and the policy reform project initiated in FY 1983, required short and medium-term policy reform measures affecting growth and development activities will be promoted early in the planning period. It is expected that these policy and institutional reform measures will provide the framework for increased coordination of international donor and A.I.D. activities in the La Paz-

Cochabamba-Santa Cruz corridor, as well as for the coordination of GOB, international donor and private sector resources in addressing other key development constraints. In addition, coordination efforts will insure that adequate emphasis is given by the GOB and the international donors to geographic and sectorial areas not addressed by the Mission's Long-Term Strategy, such as the Altiplano and the small to medium mining sector.

4. Institution Building

The Mission's Long-Term Strategy will seek to strengthen the capacity of key private sector as well as government institutions to provide needed services required by productive enterprises. In particular, emphasis will be placed on 1) improving local financial institutions' capability to channel investment and operating capital to small and medium scale entrepreneurs, 2) mobilizing savings, especially in rural areas, 3) making up-to-date and reliable market information readily available to the producers and local chambers of commerce and industry, 4) developing an indigenous Bolivian capacity to assist export firms to test for and meet quality control requirements for export crops, and 5) expanding storage and warehouse facilities for exporting and input supplies. Various institutional alternatives which presently exist will be explored in greater detail, including: the establishment of a private sector foreign trade institute, expansion of the "warrant" credit program to warehouse products destined for export markets, promotion of trading companies, the creation of industrial parks, the strengthening of chambers of industries and producer associations, and development of an export development bank.

5. Technology Transfer

The Long-Term Strategy will seek to develop and strengthen productive technology and energy information systems, particularly as they relate to private and agroindustrial efforts targeted toward both local and export markets. Building on NTIS's work in Bolivia since 1979 with the Ministry of Industry and Commerce, efforts to be carried out jointly with the Ministry and the chambers of commerce and industry will make appropriate production technology readily available to local Bolivian firms, as well as improve private businessmen's access to marketing and export information and technical assistance.

6. Management and Human Resources

In program management and human resources development, the Long-Term Strategy will seek to train qualified managers to facilitate the imple-

mentation of A.I.D., international donor and GOB development related projects, as well as to upgrade labor skills. In the management area, technical assistance and training activities will provide a core of qualified trainers in middle-level management (project identification, design, implementation, evaluation) within existing Bolivian training institutions, an effort which would be supported by the IAC Training Initiatives Project. These training institutions, in turn, would then assist in training the personnel required to develop and efficiently manage public development programs, as well as increase private sector business capacity in production related areas (marketing, export promotion, quality control). In the human resources development area, skilled labor training programs (machinery operation and maintenance, vocational skills) would be carried out later in the planning period to support agroindustrial activities. These activities, in turn, will be complemented by regionally funded activities to strengthen the free labor development as a means of contributing to the broader U. S. objective of restoration and strengthening of a democratic government.

IV. Short and Long-Term Strategy Activity Chronology

A. FY 1982-1983

The principal activity for the period is the implementation of the Chapare IRD project which will complement activities concurrently being carried out under the Bolivian Plan for Coca Control. Other priority activities are the carrying out of studies necessary for developing the FY 1984-1988 Long-Term Strategy focussing on the La Paz-Cochabamba-Santa Cruz corridor; and the initiation of a Policy Reform project which will address macro policy issues related to IMF recommendations and future development constraints to increased private sector involvement. Other activities which will be initiated during the period include: the implementation of the six projects which were suspended following the July 1980 coup (Rural Roads II, Rural Sanitation, Village Development, Departmental Development Corporations, Rural Education II, Agriculture Sector II); the reactivation of the Title III program; the development of two replicable self-financing, private sector health service models; a follow-on HG; and the continuation of the Title II program, part of which would be redirected to Food-for-Work efforts. Studies necessary to develop the FY 1984 CDSS include: a macro-economic analysis and an assessment of the La Paz-Cochabamba-Santa Cruz corridor, and a private sector assessment. The Policy Reform project to be initiated in FY 1983 would be based on the findings of these studies.

B. FY 1984

The principal activities for FY 1984 will be the initiation of

private sector and related rural development corridor initiatives, the continuation of ongoing Chapare integrated development activities, and the expansion of the Policy Reform project.

Proposed development activities include: Agro-Industry Development, Private Sector Health Care Systems, and Food and Nutrition Policies and Interventions projects. The Agro-Industry Development loan will promote increased productivity within the La Paz-Cochabamba-Santa Cruz corridor, concentrating on selected growth poles conducive to agroindustrial development. The Chapare region will be an area of specific concern, in that project resources will finance follow-on production activities to complement those initiated by the Chapare IRD project. The Private Sector Health Care Systems loan will improve the health status of productive agricultural workers and their families by establishing self-financing health delivery systems within multi-purpose coops or other private mechanisms. The project will be developed based on the findings of the two primary health care models developed in FY 1983. The Food and Nutrition Policies and Interventions grant will develop a policy formulation and coordination mechanism for food and nutrition activities based on the institutional framework created under the recently completed Nutrition Improvement Grant (511-0468).

In addition, the project will design and implement critical nutrition interventions utilizing Title III and private sector resources, including those which represent attractive areas for agricultural and agroindustrial investments, e. g. soybean production, wheat fortification, salt iodization. Continuing support activities to both the corridor and the Chapare include: the final tranche under the \$75.0 million P. L. 480 Title III Agreement, new DA funding resources to be provided for the Chapare IRD and the Policy Reform project, and a continuation of the P. L. 480 Title II program.

The Title III program will continue to provide funding to ongoing Chapare and corridor integrated development activities, as well as balance of payments relief for Bolivia's wheat requirements. The Policy Reform project will continue to conduct policy analysis studies and to formulate recommendations necessary for addressing macro-economic and development constraints. The Chapare IRD project will continue activities under its full program initiated in FY 1983.

C. FY 1985-1988

Activities proposed for this period will build on the initial private sector Agro-Industry Development project and related development corridor efforts initiated in FY 1984, placing

emphasis on the identified constraints to be addressed in the Long-Term Strategy, particularly those related to the private sector's and the potentially productive small and medium farmers' participation in the market economy.

For the private sector, the Long-Term Strategy calls for the implementation of follow-on activities to the FY 1984 Agro-Industry Development project which will strengthen private sector institutions, promote investment, and build the capability necessary to carry out more complete agroindustrial and export promotion projects, as a means of expanding the participation of the private sector in the economy. To this effect, activities envisioned for the planning period include: agribusiness development and marketing and export promotion efforts, and the initiation of a rural savings mobilization program. These activities in turn, would be supported by complementary efforts in research and development, technology transfer, management improvement and job skills training.

In the rural sector, the Long-Term Strategy calls for the provision of the production inputs and infrastructure necessary for the private sector's agroindustrial, marketing services and export promotion efforts to succeed. To the extent possible, the strategy will seek to provide the inputs and infrastructure required by utilizing private sector mechanisms and initiatives. To this effect, activities envisioned for the planning period include: the establishment input supply and marketing cooperatives which will provide services to farmers at reduced costs; the expansion of agricultural research and extension services through cooperatives, producer groups, and private sector agribusinesses, and the expansion of private sector improved seed production and marketing.

As in the FY 1982-1984 period, the Mission's emphasis in improving productivity will be reinforced with complementary health and nutrition efforts carried out, inasmuch as possible, through self-financing private sector mechanisms. Title II commodities will support the Mission's Long-Term Strategy in that the program will conduct activities aimed at reducing the impact of malnutrition in the most economically vulnerable groups and will continue the improvement of the complementary nutrition programs. Of importance is the fact that the Title II program will be utilized, inasmuch as possible, to carry-out productive self-help Food-for-Work projects which serve to reinforce the agricultural production and agroindustrial emphasis of the Mission's long-term development strategy.

In addition, the Long-Term Strategy includes a follow-on Title I

program building on the previous Title III effort. This program will be instrumental in promoting policy reforms in the agriculture and related sectors; increasing the participation of private sector and decentralized institutions such as the Departmental Development Corporations in economic development; and assisting Bolivia to meet its wheat requirements.

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FY 1984 ANNUAL BUDGET SUBMISSION

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	C/P	OBLIGATION DATE		LIFE OF PROJECT COST	ESTIMATED U.S. DOLLAR COST (\$000)	Country/Office										TOTAL #
			BOLIVIA														
			INITIAL	FINAL			FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	1984 APPL	FUNDED TO NO/YR	1985	1986	1987	FUTURE YEAR	
0000.01	Agriculture, Rural Development & Nutrition	G	55	Cont.	10.2	20	140	100	270	245	170	9/85	270	175	225	Cont.	
0050	Program Development & Support	L	74	77	9.7	638	-	638	-	-	-	-	-	-	-	-	
0053	Sub-Tropical Lands Development	L	75	77	9.2	370	-	370	-	-	-	-	-	-	-	-	
0056	Agriculture Sector I	L	76	77	8.5	74	-	74	-	-	-	-	-	-	-	-	
0451	Rural Access Roads I	L	75	82*	6.9	328	474	802	-	-	-	-	-	-	-	-	
0452	Basic Foods Prod. & Marketing	G	76	81	4.1	245	-	200	-	45	-	-	-	-	-	-	
0452	Small Farmers Organizations I	G	76	76	7.5	2,764	-	1,700	-	1,064	-	-	-	-	-	-	
0465	Small Farmers Organizations II	L	78	78	11.3	5,372	-	1,000	-	2,000	-	-	-	-	-	-	
0466	Agriculture Sector II	L	78	78	13.0	12,958	-	250	-	4,000	-	-	-	-	-	-	
0466	Rural Access Roads II	L	78	78	0.3	284	-	30	-	200	-	-	-	-	-	-	
0468	Rural Access Roads II	G	78	79	1.6	420	-	420	-	-	-	-	-	-	-	-	
0472	Nutrition Improvement - APD	G	77	79	0.4	283	-	150	-	33	-	-	-	-	-	-	
0472	Agribusiness & Artisanry	L	77	77	6.2	3,236	-	1,100	-	2,236	-	-	-	-	-	-	
0481	Small Farm Production	G	78	83*	2.2	328	560	500	480	600	-	-	-	-	-	-	
0485	Farm Policy Study	G	78	80	1.1	293	-	270	-	23	-	-	-	-	-	-	
0499	Village Development	G	78	79	0.3	101	-	30	-	71	-	-	-	-	-	-	
0499	Village Development	L	78	78	15.3	8,612	-	1,000	-	2,500	-	-	-	-	-	-	
0511	Departmental Develop. Corporations	L	79	79	7.0	7,000	-	158	-	1,500	-	-	-	-	-	-	
0514	Consolid. of Coloniz. Prog. - FIDES	L	79	82	1.5	423	215	300	-	437	-	-	-	-	-	-	
0533	La Merced Coop. (PVO, U.S. R)	G	79	82	0.5	91	91	91	-	-	-	-	-	-	-	-	
0566	Chapare Integrated Rural Develop.	G	82	84	-	-	(1,000)	-	(1,000)	(500)	1,000	3/86	-	-	-	-	
0566	Chapare Integrated Rural Develop.	L	82	83	-	-	(4,000)	-	(8,300)	(1,500)	-	-	-	-	-	-	
0567	Food & Nutrition Policies & Interventions	G	84	86	-	-	-	-	-	-	200	3/85	400	200	-	-	
	Appropriation Sub-Total				116.8	43,749	1,480	9,183	750	14,954	1,370	-	670	375	225	-	
	Grants				29.1	2,725	1,480	2,893	750	1,654	1,370	-	670	375	225	-	
	Loans				87.7	41,024	-	6,290	-	13,300	-	-	-	-	-	-	
	1/ Obligation of additional \$99,000 is planned for FY 1982 pending AID/W processing of OYR Functional Category change requested in La Paz 2258. If change not made, additional amount will be required in FY 1983.																

FY 1986 ANNUAL BUDGET SUBMISSION

PROJECT	OFFICIAL DATE		TYPE OF PROJECT	ESTIMATED U.S. DOLLAR COST (\$000)		FY 1982		FY 1983		1984 APL	FUNDED TO MO/YR	FY OBLIGATIONS			ITEM #	
	YR	MM		OBL	EXP	OBL	EXP	OBL	EXP			1985	1986	1987		FUTURE YEAR
<u>Population</u>																
0000.05	G	74	Cont.	-	-	10	4	25	22	10	9/85	10	10	10	10	Cont.
Program Development & Support																
Appropriation Sub-Total																
Grants																
Loans																
<u>Health</u>																
0000.02	G	74	Cont.	0.2	0.3	49	30	100	108	20	9/85	80	70	20	20	Cont.
Program Development & Support																
0458 Rural Sanitation	G	77	80	0.3	0.3	-	105	-	122	-	-	-	-	-	-	-
0459 Rural Sanitation	L	77	77	4.0	4.0	-	165	-	1,788	-	-	-	-	-	-	-
0495 Rural Potable Water (PVO, U.B. R)	G	79	80	0.3	0.3	-	54	-	-	-	-	-	-	-	-	-
0536 San Gabriel Health Project (P.V.O. - I - N)	G	83	83	-	0.2	-	-	150	110	-	-	-	-	-	-	-
0568 Private Sector Health Care System	G	84	85	-	1.0	-	-	-	-	500	12/86	500	-	-	-	-
0568 Private Sector Health Care System	L	84	84	-	5.0	-	-	-	-	5,000	9/87	-	-	-	-	-
0569 Self Financing Primary Health Care	G	83	83	-	0.2	-	-	200	130	-	-	-	-	-	-	-
Appropriation Sub-Total				4.8	11.3	49	394	450	2,258	5,500	-	580	70	20	20	-
Grants				0.8	2.3	-	229	450	470	500	-	580	70	20	20	-
Loans				4.0	9.0	49	165	-	1,788	5,000	-	-	-	-	-	-

Country/Office

BOLIVIA

Country/Office

BOLIVIA

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	C/F	OBLIGATION DATE		LIFE OF PROJECT COST	CUM PIPELINE AS OF 9/30/81	FY 1982		FY 1983		1984 APPL TO MO/YM	FY OBLIGATIONS			FUTURE YEAR	ITEM #
			INITIAL	FINAL			OBL	EXP	OBL	EXP		1985	1986	1987		
0000.03	Education															
0450	Program Development & Support	G	74	Cont.	0.6	0.8	50	30	25	35	25	50	20	-	Cont.	
0450	Educ. Manag. & Instruct. Dev.	G	75	79	2.2	2.2	-	19	-	-	-	-	-	-	-	-
0460	Educ. Manag. & Instruct. Dev.	L	75	75	9.6	9.6	-	1,206	-	1,780	-	-	-	-	-	-
0471	Summer Inst. of Linguistics (FVO, U.S. R)	G	78	78	0.3	0.3	-	34	-	-	-	-	-	-	-	-
0477	Rural Development Planning	G	78	83	3.3	3.9	600	600	600	660	-	-	-	-	-	-
0477	Rural Education I	G	76	80*	1.6	1.6	-	144	-	-	-	-	-	-	-	-
0482	Rural Education II	L	76	76	4.9	4.9	-	1,345	-	-	-	-	-	-	-	-
0482	Rural Education II	G	77	83*	1.7	2.1	454	797	400	778	-	-	-	-	-	-
0511	Rural Education II	L	77	77	10.0	10.0	-	402	-	2,000	-	-	-	-	-	-
0511	Departmental Develop. Corporations	L	79	79	3.0	3.0	-	50	-	500	-	-	-	-	-	-
	Appropriation Sub Total				37.2	38.4	1,104	4,477	1,025	5,753	25	50	20	-	-	-
	Grants				9.7	10.9	1,104	1,474	1,025	1,473	-	50	20	-	-	-
	Loans				27.5	27.5	-	3,003	-	4,280	25	-	-	-	-	-
	Selected Development Activities															
0000.04	Program Development & Support	G	74	Cont.	-	0.2	50	45	175	130	100	215	150	70	Cont.	
0412	Special Development Activities	G	64	Cont.	0.9	1.0	-	4	75	60	75	75	75	75	Cont.	
0510	HIG - Shelter Program I	G	79	80	0.2	0.2	-	46	-	-	-	-	-	-	-	-
0567	Strength. of the S & L System	G	83	83	-	0.1	-	-	100	80	-	-	-	-	-	-
0571	Policy Reform	G	83	85	-	1.2	-	-	400	50	400	400	-	-	-	-
0572	Agro Industry Development	G	84	86	-	2.0	-	-	-	-	500	1,000	500	-	-	-
0572	Agro Industry Development	L	84	85	-	11.0	-	-	-	-	5,000	6,000	-	-	-	-
	Appropriation Sub-Total				1.1	15.7	50	95	750	320	6,075	7,690	725	145	-	-
	Grants				1.1	4.7	50	95	750	320	1,075	1,690	725	145	-	-
	Loans				-	11.0	-	-	-	-	5,000	6,000	-	-	-	-
	To be deobligated															

1/ To be deobligated

FY 1984 ANNUAL BUDGET SUBMISSION

Country/Office
HOLLIVIA

TABLE IV PROJECT BUDGET DATA

NUMBER	PROJECT TITLE	OBLIGATION DATE		LIFE OF PROJECT COST	CUM. PIPING AS OF 9/30/81	FY 1982		FY 1983		1984 AAPT TO 80/79	FY OBLIGATIONS			FISCAL YEAR	
		INITIAL	FINAL			OBL	EXP	OBL	EXP		1985	1986	1987		
	Other														
	Title II	55	Cont.	N/A	-	9,024	(8,514)	(8,514)	(8,963)	3/	(11,400)	(11,970)	(12,569)		
	Title III	78	84	(75.0)	-	10,000	(15,000)	(15,000)	(10,000)	-	-	-	-		
	HIC - Strength. of the S & I System	82	82	(10.0)	-	10,000	(5,000)	(5,000)	-	-	(10,000)	-	-		
	TOTAL ALL DA ACCOUNTS				159.9	193.8	64,591	2,693	14,153	-	9,000	1,200	400		
	Grants				40.7	51.3	4,477	2,693	4,695	-	3,000	1,200	400		
	Loans				119.2	142.5	60,114	-	9,458	-	6,000	-	-		
	1/ Increase above \$7.54 million FY 1983 Congressional Presentation level represents start-up of SAMS program.														
	2/ The \$7.2 million level provided in State 129224 will fully fund C&C/Carter and partially Fund SAMS. An additional \$.53 and \$.48 will be required for the SAMS and Government-to-Government programs, respectively.														
	3/ \$9.5 million level provided in State 129224.														

ACTIVITY DATA SHEET - NEW PROJECTTitle and No.: Food and Nutrition Policies and Interventions (511-0569)Proposed Funding: (\$000)

	<u>Grant</u>	<u>Title III</u>	<u>Total</u>
FY 1984	200	1,500	200
FY 1985	400	-	1,900
LOP	800	1,500	2,300

Functional Account: Agriculture, Rural Development and Nutrition.

Purpose: To develop a policy formulation and coordination mechanism for food and nutrition activities, and to design and implement critical nutrition interventions that will impact directly in the disadvantaged segments of the population in the La Paz-Cochabamba-Santa Cruz corridor.

Description: The nutritional status of the Bolivian population is among the worst in Latin America, where serious deficits in both caloric (15 percent) and protein (40 percent) intake seriously affect the country's expanding population (2.4 percent per annum). Anemia, endemic goiter and cretinism levels among the rural poor are also alarmingly high, particularly in the upper valley areas surrounding Cochabamba. In the rural areas, the segment of the population which is most affected with nutritional deficiencies is the infant-pre-school group, where it is estimated that 47 percent of all pre-school age children suffer from some degree of malnutrition and over 50 percent of all infant deaths are directly attributable to malnourishment.

The recently completed Nutrition Improvement Grant (511-0468) created the National Food and Nutrition System, an institutional framework for attacking nutritional problems. Specifically, the system established the Department of Food and Nutrition (DAN) to develop nutrition policies, and the National Institute of Food and Nutrition (INAN) to conduct research and pilot nutrition interventions on the causes, types and location of malnutrition. While DAN and INAN are within the Ministry of Planning and enjoy a multisectorial approach to research and policy formulation, nutritional interventions are oftentimes carried out independently by line Ministries and private service organizations. This project will build on the established system by developing a policy and coordination mechanism to facilitate the implementation of food and nutrition programs, as well as to carry out critical nutrition interventions within the framework.

The project includes the following three components:

1) Policy Formulation -- The Nutrition Improvement Grant concentrated on developing data on nutrition conditions in Bolivia, and as such did not address areas of policy formulation. Taking advantage of the data obtained to date, this project will provide assistance to strengthen the policy formulation unit (DAN) under the direction of the Ministry of Planning and Coordination, and improve its ability to develop policies to facilitate the implementation of food and nutrition programs. Specific policies to be addressed will include: pricing issues related to the production and marketing of agricultural commodities; the utilization of donated complementary foods including P. L. 480 Title II, and the World Food Program; the production of iodized salt; and the production and promotion of fortified foods, such as soybean and wheat fortification mixes developed in coordination with the Agricultural Sector II project (511-0465).

2) Institution Building -- In order for food programs and nutrition interventions to have a maximum impact on intended beneficiaries, they must be carried out in an integrated manner with both productive and other basic social services. While the Nutrition Improvement project left in place a capability to carry out nutrition research, it did not provide a mechanism to translate the research into concrete action programs. This project will assist in the creation of a unit within DAN to help design, implement and evaluate nutrition interventions to be carried out by existing GOB executing entities (Ministries of Health, Education, Agriculture, and Commerce), as well as support the establishment of mechanism(s) necessary to bring about the integrated delivery of services. The principal organizations among which linkages will be created are DAN, INAN, the National Community Development Service (NCDS), the Proyecto de Desarrollo Chapare-Yungas (PRODES), the Departmental Development Corporations (DDCs), and line Ministries within the La Paz-Cochabamba-Santa Cruz corridor. A corollary activity will be the strengthening of DAN and INAN's human resource capabilities. To accomplish these objectives, the project will provide short-term technical assistance and in-country training in selected fields dealing with the formulation of food and nutrition policy and techniques for designing and evaluating related interventions.

3) Food and Nutrition Interventions -- Data produced by the Nutrition Improvement Grant have identified caloric and protein deficiencies as the most critical nutritional problems affecting infant and pre-school age malnutrition, anemia, and endemic goiter. By the end of the project a program will be in place to deal with each of these problems, as well as to support other interventions including an infant-pre-school age growth monitoring and surveillance system, and simple educational packages for improved nutrition. The interventions to be carried out under the project will complement the FY 1983

Private Sector Health Care Systems project (511-0568) and P. L. 480 Title II activities, all of which will support the integrated development approach of USAID/Bolivia's FY 1984-1989 Long-Term Strategy concentrating on the rural and private sectors within the corridor.

While grant funds provided by the project will make available technical assistance and training support, the specific nutrition interventions will be funded by Title III. In this regard, the P. L. 480 Title III Executive Secretariat will receive intervention proposals from DAN, which will act as the coordinator for all nutrition activities to be carried out under the project. Illustrative interventions include: the marketing of iodized salt to combat endemic goiter, the distribution of iron supplements to reduce anemias, the development of modular educational materials for primary schools, and the fortification of wheat flour. Many of the interventions which will be carried out under the project, will provide incentives for increased agricultural production (e.g. wheat, soybeans), as well as provide the private sector with specific agroindustrial investment opportunities (e.g. salt iodization, composite flour mixing, processing machinery sales) in support of the Long-Term Strategy.

Beneficiaries: The beneficiaries of this project will be the inhabitants, especially the rural poor, of the La Paz-Cochabamba-Santa Cruz corridor. While many of the interventions to be financed by this project will be diffused throughout the corridor, some will concentrate on limited geographic areas and population segments affected by specific food and nutritional problems.

ACTIVITY DATA SHEET - NEW PROJECT - OPG

Title and No.: San Gabriel Rural Health Project (511-0536)

Proposed Funding: (\$000)

	<u>Grant</u>
FY 1983	150
LOP	150

Functional Account: Health

Purpose: To assist in carrying-out a radiophonic supported rural health delivery system in the Department of La Paz, as a means of developing an alternative self-financing private sector model with replicability potential for the middle-upper valley and altiplano regions in Bolivia.

Description: The San Gabriel Rural Health Project was originally scheduled to commence in FY 1980. As originally conceived, the project's main components included: 1) the establishment of a health education program; 2) the creation of a training center for community nurse aides and health promoters; 3) the construction and refurbishing of 30 health posts; 4) the organization of a radiophonic health education program; and 5) the creation of a community health insurance system. The project was to be implemented by Radio San Gabriel, a Bolivian voluntary non-profit organization with 25 years of broadcasting experience in the altiplano and which carries out activities including: education and promotion programs, literacy centers, women promotion and agricultural extension activities, all of which function with the cooperation of promoters trained by the PVO. The original project was to be financed by Radio San Gabriel (\$220,000 or 19.4%), communities (\$193,000 or 16.9%), IAF (\$225,000 or 22.5%) and A.I.D. (\$472,000 or 41.5%).

Despite AID/W approval of project and processing of Congressional Notification for the original project (80 State 179064), the political situation prevented USAID/Bolivia's participation in the project. Since that time, Radio San Gabriel and the IAF have initiated the project, albeit at a reduced scale, creating the training center, constructing and refurbishing 15 of the 30 initially planned health posts, and initiating a limited health education program.

The purpose of the proposed reduced project is to build on those activities initiated to date, particularly supporting the originally proposed experimental elements of the project which may have replicability potential for the valley and limited altiplano regions included in the La Paz-Cochabamba-Santa Cruz corridor to be addressed in USAID/Bolivia FY 1984-1988 Long-Term Strategy. Specifically, the proposed project would expand and strengthen the already initiated community based health education program, create a community health insurance

system capable of self-financing the operation of the project's existing and proposed community (non-government) health posts, and the expansion of the health education radio programs. In conjunction with these experimental activities, the proposed project would construct and refurbish up to 10 additional health posts expanding Radio San Gabriel's current services and outreach capability.

Although more reduced in scope, the revised San Gabriel Rural Health project, as the Self-Financing Primary Health Care project proposed for FY 1983, will also concentrate on developing replicable self-financing private sector mechanisms to deliver health care to the La Paz and high Cochabamba portion of the USAID/Bolivia FY 1984-1988 Long-Term Strategy's corridor.

Beneficiaries: In the short-term, the direct beneficiaries of the project will be an estimated population of 17,500 living in 30 small rural communities receiving initial preventive/curative services for prevalent diseases, as well as preparation to participate in the care and improvement of their health through an established self-financed community health service system. In the longer-term, the direct beneficiaries will be those communities in the La Paz-Cochabamba-Santa Cruz corridor which will benefit from the applicable components of the project to be replicated through the Private Sector Health Care Systems loan (511-0568) to be initiated in FY 1984.

ACTIVITY DATA SHEET - NEW PROJECTTitle and No: Private Sector Health Care Systems (511-0568)Proposed Funding: (\$000)

	<u>Grant</u>	<u>Loan</u>
FY 1983	200 ^{1/}	-
FY 1984	500	5,000
LOP	1,200 ^{1/}	5,000

Functional Account: Health.

Purpose: To improve the health status of productive agricultural workers and their families in the Departments of La Paz, Cochabamba and Santa Cruz by establishing self-financing health delivery systems within the existing private sector organizations.

Description: The productive agricultural worker and his/her family is continuously plagued by poor health resulting, in part, from the hostile environment and the absence of curative and preventive health services. Poor health is a known cause of low productivity and led to the abandonment of already settled lands, a situation commonly affecting farmers who have migrated to the agriculturally productive lowlands in the Departments of Cochabamba and Santa Cruz. In this regard, Bolivia's lowlands have exacerbated certain diseases such as endemic tuberculosis, as well as introduced migrant farmers to malaria, respiratory diseases, parasites and other infectious diseases.

Although the farm worker and his/her family must be in good health to remain productive, public health services in the more isolated rural areas are either poorly staffed and equipped, or altogether non-existent. When able, the farmer will travel to the closest rural or urban center for care from private or public facilities.

In sum, accessibility to adequate rural health care is an important contributing factor to agricultural productivity, and the establishment of these services is the principal objective of the project.

Nevertheless, one of the greatest constraints to the delivery of

^{1/} USAID/Bolivia funds for the Self-Financing Primary Health Care project (511-0569) to be carried out in conjunction with centrally funded grant to Primary Health Care Operations Research (PRICOR)

public health care is inadequate funding, evidenced by the Ministry of Health's (MOH) traditional inability to cover costs other than salaries, such as medicine supplies, equipment, maintenance, or even gasoline to transport patients and staff. In view of the need for health care services to complement and reinforce the productive agriculture related activities to be carried out in the USAID/Bolivia FY 1984-1988 Long-Term Strategy's integrated development effort, the second objective of the project is the identification of alternative self-financing health care model(s) with replicability potential.

In FY 1982 USAID/Bolivia will utilize PD & S funds to design an experimental project to test the feasibility of delivering health services through private institutions. The experimental project will be carried out with the \$200,000 FY 1983 Self-Financing Primary Health Care grant (511-0569) and the centrally funded grant with PRICOR. If proven feasible, the model would be replicated in the La Paz-Cochabamba-Santa Cruz corridor with a proposed \$5.0 million FY 1984 follow-on loan. The institutional mechanism selected to provide the health care services in the experimental phase is the Cooperative Multiactiva La Merced, an established integrated agricultural cooperative currently providing credit, technical assistance, consumer products and S & L services to small and medium farmers in the Department of Santa Cruz. The integrated agricultural coop mechanism was selected because it is an institution that exists in many parts of the corridor, and one which currently serves the target population to be addressed in the Long-Term Strategy. The Cooperativa La Merced was selected for the experimental project because of its proven capability of delivering services to the rural area as evidenced by the ongoing Small Farm Credit project (511-0533), as well as its present commitment to deliver limited health care to its membership in the urban areas. While the Cooperativa La Merced is primarily urban based and offers curative services of urban physicians, the experimental project will be carried out in relation to the 6,000 small to medium farmers participating in its rural credit program.

For USAID/Bolivia, the merger of health services with integrated coops is advantageous in that (1) coops are investor-owned and represent an acceptable form of capital generation, particularly where social programs are involved; (2) coops have a strong service orientation toward their membership; (3) individual coops have access to technical assistance and

training from the National Federation of Cooperatives (FENACRE); (4) coops have historically had greater stability than public health delivery institutions; (5) coops, as private institutions, offer flexibility in project design, staffing, implementation and financing; and (6) coops must offer self-financing services paid by a fee-for-service and/or by a general fee levied on its membership.

In addition to working with coops, USAID/Bolivia will support a second private sector health care delivery model through the \$150,000 FY 1983 Radio San Gabriel Health Project (511-0536). Specifically, the project will develop and test a self-financing campesino health insurance system and an experimental radiophonic health education program serving rural villages of the altiplano in the Department of La Paz. The project is expected to complement the findings of the \$200,000 experimental Self-Financing Primary Health Care grant and to contribute to the design the proposed follow-on Private Sector Health Delivery Systems project.

Project implementation includes the following three concepts:

1) **Emphasis on Primary Health Care Delivery** -- Health services to be offered will stress preventive services and the use of community based health workers supervised by a professional staff. The services in themselves will reinforce the ongoing Rural Sanitation project (511-0458) providing potable water systems in the Department of Cochabamba, as well as the Food and Nutrition Policies and Interventions (511-0567) project proposed for FY 1984 to provide specific interventions in the corridor.

2) **Minimum Infrastructure Requirements** -- The infrastructure to be constructed for diagnostic services (laboratory and x-ray facilities) and hospitalization will be limited, making use of those facilities and institutions which exist in the areas, whenever possible.

3) **Self-Financing Mechanism** -- Because the proposed health services must be fully integrated into the sponsoring coops, health services to be offered will address major health problems faced by coop members, and which can be financed by the membership. This approach will necessitate the initiation of the experimental phase and follow-on programs to deal initially with the most basic services, which would be expanded over time in proportion to the coops' ability to finance more extensive services.

Beneficiaries:

The direct beneficiaries of the experimental Self-Financing Primary

Health Care grant will be the coop members and families in the rural areas serviced by the Cooperativa La Merced. The direct beneficiaries of the follow-on Private Sector Health Delivery Systems project, which would utilize both the lessons learned under the experimental grant and the San Gabriel Rural Health Project will be the membership of coops and/or rural associations throughout the La Paz-Cochabamba-Santa Cruz corridor. As noted above, the project will also serve to strengthen the participating coops' membership and financial viability by offering health care services.

ACTIVITY DATA SHEET - NEW PROJECT

Title and No.: Strengthening of Savings and Loan System (511-0567)

Proposed Funding: (\$000)

	<u>HG</u>	<u>Grant</u>	<u>Total</u>
FY 1982	10,000	-	10,000
FY 1983		100	100
LOF	10,000	100	10,100

Functional Account: Housing Guaranty (HG)
Selected Development Activities (Grant)

Purpose: To assist the Bolivian Savings and Loan (S&L) System to overcome short-term financial difficulties and assure long-run growth and self-sufficiency.

Description: As a result of the current Bolivian economic crisis, with its high inflation rates, acute shortage of foreign exchange and devaluation of the peso, the private sector S&L system confronts the possibility of massive defaults and an ultimate collapse. Since its initiation in 1964, the system has tied both its savings accounts and mortgage loan portfolio to the U. S. dollar exchange rate. The past devaluation which occurred in 1972 and 1979 were weathered successfully, but on February 5, 1982, the Bolivian peso was devaluated by 76 percent, followed shortly thereafter by a floating exchange rate, further lowering the value of the peso by nearly 150 percent. A continuing decline over the short-run is expected.

Significant social pressure is being brought to bear on the system not to pass on the effects of this devaluation to existing borrowers by readjusting mortgage loan balances. Salaries have not risen in proportion to the value of the dollar, and thus a full readjustment of mortgage balances to reflect the current U. S. dollar exchange rate is seriously jeopardizing the borrowers' ability to make repayments.

Based on negotiations between the S&L system, the Ministry of Finance and the Bolivian Central Bank (BCB), an agreement was reached whereby the system would make only a partial adjustment on its mortgage loan portfolio, reflecting the February 5, 1982 devaluation of 76 percent. At the same time, the S&L system has agreed to shift to a peso-denominated portfolio for all new credit operations, with the understanding that the BCB will assume the foreign exchange risk for the \$10.0 million in new loan fund to be provided under this project. The current borrowers will be given the option of converting their mortgage loans from a U. S. dollar readjustment system to a variable mortgage rate

denominated in pesos. The project assumes that the majority of borrowers will make this conversion to avoid having mortgage balances further adjusted to reflect the true dollar exchange rate. All peso mortgage rates will be tied to an interest rate index system, now that the GOB has freed interest rates to respond directly to market forces.

The key to survival of the S&L system is the development of a positive relationship with the BCB. The willingness of the BCB to assume the foreign exchange risk on the new HG resources to be made available by this project is essential to permit the system's conversion to a peso-denominated portfolio and recovery of losses on its current dollar liabilities. Over the short-run and until the Bolivian economy can withdraw from the highly inflationary tailspin it currently finds itself in, the S&L system will diversify its portfolio to include short-term operations for consumer lending. The recovery plan outlined herein will permit the system to weather its sizeable short-term losses, regain its overall economic stability, and rely on future capitalization from internal savings mobilization rather than external sources.

The S&L system will expand its financial forecasting capability under this project in order to assure sufficient flexibility to react to a rapidly changing economy and future decapitalization. Grant resources provided under this project will fund short-term technical assistance to the system and the BCB, supporting the system's conversion to a radically different form of operation than that followed since its initiation 18 years ago.

Beneficiaries: The Bolivian Savings and Loan System and the individual S&Ls will be the principal beneficiaries of this project. The system's current and future borrowers will also benefit from access to housing credit which will help alleviate the demand for rural and semi-urban shelter solutions in Bolivia.

ACTIVITY DATE SHEET - NEW PROJECTTitle and No.: Policy Reform (511-0571)Proposed Funding: (\$000)

	<u>Grant</u>	<u>Title III</u>
FY 1983	400	500
LOP	1,200	1,000

Functional Account: Selected Development Activities.

Purpose: To create a policy analysis and reform unit within the National Economic Planning Council (CONEPLAN) having the analytical, design and evaluative capability to conduct policy analysis studies and to formulate policy recommendations necessary for CONEPLAN and the Presidency of the Republic to address macro-economic and development constraints.

Description: Bolivia is currently being asked to change or modify a number of its monetary, fiscal, employment, investment and development policies by the IMF, commercial and development banks, and several of the international donors. Bolivia's economy is at a virtual standstill and the GOB has reluctantly recognized the importance of undertaking a major restructuring of the economy, especially with respect to reducing the role of public sector enterprises, attracting greater private sector involvement in productive activities, and moving towards a greater reliance on free market forces.

During the past year, the GOB, with IMF encouragement, has initiated a number of policy and institutional changes to strengthen the economy by encouraging greater investment in the productive sectors, especially agriculture, and streamlining GOB entities in charge of policy development and implementation. High inflation, a major devaluation, a shift to a floating exchange system, and other economic factors have limited the GOB's success in making these changes. Many of these changes require further analyses in order to minimize disruptions caused by the transition from a relatively high order of government intervention in the economy to one with considerably more latitude for encouragement of private sector activities. In this respect, the GOB does not have a cadre of highly trained and experienced professionals who can provide sound advice on how to carry out policy reforms or of the expected effects which alternate policy modifications may have on the economy. Consequently, many of the changes being made today are changes which the IMF or the development banks are urging the country to make, but without a clear understanding on the part of Bolivian decision makers.

As a result, while the GOB has shown a willingness to accept suggested policy changes because they are needed to secure support from international agencies, they have moved slowly to adopt and implement them. In some cases, the GOB's slowness in adopting new policies has resulted in a further deterioration of the economic situation.

This project proposes to create a policy analysis and reform unit to assist the GOB in making needed policy changes. Given Bolivia's current economic crisis, it is anticipated that the policy analysis and reform unit will initially concentrate efforts on macro-economic fiscal and monetary policies. Other key issues, such as capital market formation, agricultural development, marketing and export promotion, and industrial development must also be addressed on a priority basis so as to establish a basis for Bolivia's economic recovery. Once the economic situation begins to recover, the policy analysis and reform unit will turn its attention to other important policy issues including: GOB geographic and sectorial concentration, provision of trade and investment incentives to private sector development, development of realistic pricing policies, and institutional coordination of GOB and international donor efforts and resources. Regarding A.I.D. goals and objectives, the initial macro-economic and multi-sectorial policy reforms to be addressed by the project in FY 1983 and FY 1984 are considered necessary prerequisites for the initiation and successful implementation of USAID/Bolivia FY 1984-1988 Long-Term Strategy activities concentrating in the rural and private sectors in the La Paz-Cochabamba-Santa Cruz corridor.

The leverage of the already established international donor consultancy group with the Ministry of Planning and Coordination, as well as the GOB's P. L. 480 Title II Executive Secretariat's policy unit, would be utilized to reinforce the work to be carried out by the project's policy analysis and reform unit.

To address this serious problem, the project proposes the creation of a policy analysis and reform unit within CONEPLAN, a concept supported by the local IMF and major international donor representatives. Preliminary plans call for the initial provision of technical assistance by IMF, UNDP, and OAS in creating the unit. Although limited project funding would be provided for this phase, overall project assistance would be focussed on strengthening the institutional capacity of the unit itself, as well as on the carrying out of specific policy studies, including those affecting the proposed Long-Term Strategy projects in the La Paz-Cochabamba-Santa Cruz or other international donor projects supporting A.I.D. goals and objectives.

Over the three year life-of-project a continuation of AID grant and Title III funds will be utilized to support a pool of short-term technical assistance advisors to carry out specific policy analyses as well as to hire three long-term advisors in macro-economics, agricultural economics and private sector investment. The project would also finance short and long-term training for Bolivian professionals assigned to the unit; finance a portion of the policy analysis and reform unit's operating costs; and fund the cost of publishing selected policy analyses to be carried out under the project.

Beneficiaries: The initial beneficiary of the project will be CONEPLAN as the program analysis and reform unit will be established within that GOB dependency. The Presidency of the Republic, the banking system, and international donors will also benefit initially as the unit prepares sound economic and development analyses and policies related to their activities in Bolivia. The ultimate beneficiary will be the Bolivian population who, through policy reforms resulting from the project to stimulate growth, development and investment, will be able to experience a faster growing and more productive economy.

ACTIVITY DATA SHEET - NEW PROJECTTitle and No.: Agro-Industry Development (511-0572)Proposed Funding: (\$000)

	<u>Loan</u>	<u>Grant</u>	<u>Total</u>
FY 1984	5.0	.5	5.5
LOP	11.0	2.0	13.0

Functional Account: Selected Development Activities.

Purpose: To provide additional employment opportunities, increased incomes, increased production and productivity, expanded marketing outlets and increased foreign exchange earnings through the promotion of new and expanded agroindustrial investments.

Description: Bolivia's rich natural resources base and diversified climate and soil conditions form the base of a so far largely untapped agroindustrial potential. Numerous constraints have tended to discourage new investments including: the small internal market, a limited economic infrastructure, inaccessible marketing information, lack of skilled human resource base, stagnant technology and a weak scientific base, and a generally negative policy framework. These constraints have also served to limit the modernization of the agricultural sector. In recent months, the GOB has enacted a number of measures which indicate a significant shift in priorities, favoring greater private sector investment, especially in the agricultural sector. Specifically, the GOB has promulgated new Export Development and Investment laws establishing incentives conducive to increased agroindustrial development, and has revised local pricing policies and foreign exchange and domestic interest rate structures as a measure of directing the economy towards a greater reliance on free market forces. While the immediate effect of these measures is temporarily overshadowed by the economic crisis gripping the country, this project will provide capital and technical assistance to those entrepreneurs interested in taking advantage of the various incentives which these measures provide. High interest rates and lack of foreign exchange are serious limiting factors to economic growth now and most likely over the short-run, but once the GOB negotiates a standby agreement with the IMF and implements the various structural reforms required for such an agreement, the investment climate for private enterprise initiatives will be considerably improved.

The project will support USAID/Bolivia's FY 1984-1988 Long-Term Strategy by promoting increased productivity within the La Paz-Cochabamba-

Santa Cruz corridor, concentrating on selected growth poles conducive to agroindustrial development. The Chapare region will be an area of specific concern, in that project resources will provide follow-on and complementary production activities to those initiated by the Chapare IRD project. As part of USAID/Bolivia's efforts to encourage coca crop substitution, agroindustrial development is a key element in the creation and expansion of profitable markets for Chapare farmers' produce, which are needed to help offset the negative effects of coca control on farm income.

The project will apply capital and complementary services (marketing information, technology transfer, quality control, management assistance) to improve the functioning of private sector agricultural production, processing, distribution and marketing systems. Specifically, the project will include a refinancing line, administered by the Bolivian Central Bank (BCB) and channeled through the national banking system. The line will be capitalized by a \$8.0 million contribution of A.I.D. loan funds and \$4.0 million in GOB counterpart. These resources will refinance 60 percent of the value of selected subprojects, with the remaining 40 percent to be financed by participating banking institutions. Total capital for subprojects will thus be \$19.2 million. This agroindustrial refinancing line will complement a series of previously financed A.I.D. projects in agriculture and agribusiness, focussing more specifically on agricultural processing opportunities with export potential.

In order to encourage Bolivian entrepreneur investments in export oriented ventures for non-traditional agricultural products, a wide range of services, presently non-existent or inadequate, must be made readily available. Thus an additional \$3.0 million in A.I.D. loan funds and the \$2.0 million grant-funded technical assistance will be used to complement the BCB's Technical Assistance Fund (TAF) in supporting private sector and selected BCB institutions to strengthen and expand the provision of services required by agroindustrial investors. The TAF will finance subproject pre-investment and feasibility studies as well as channel resources to key support institutions, such as the Chamber of Industry and Exporters, the Center for International Marketing and Export Promotion (CACIPEX), and the 'warrant' program's warehouse system for international trade. CACIPEX's training program, for example, will be expanded to include seminars on agroindustrial investment opportunities, taking into consideration both internal and export market information. In addition, managerial advise and individual business interventions will be made available to firms entering into Bolivia's relatively unknown realm of export trade for non-traditional products; and documentation, storage, quality control and input supply services

will be addressed so as to make them more readily available and affordable to potential investors.

Beneficiaries: The direct beneficiaries will be entrepreneurs receiving access to capital and technical assistance to undertake new or expanded agroindustrial enterprises, as well as individuals to be employed by the new ventures. Other beneficiaries will be those small and medium-size farmers having access to improved markets and receiving increased incomes for their produce. In addition, the country's deteriorated economy will profit from the increased productivity and foreign exchange earnings generated by the project.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE V - FY 1984 PROPOSED PROGRAM RANKING

RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)		Country/Office BOLIVIA
					INCR	CUM	
	<u>New and Continuing Projects</u>						
1	0566 Chapare Integrated Rural Develop.	O	G	ARDN	1,000	1,000	
2	0522 PL 480 Title III	O	N/A	N/A	(10,000)	1,000	
3	0571 Policy Reform	O	G	SD	400	1,400	
4	0572 Agro-Industry Development	N	G	SD	500	1,900	
5	0572 Agro-Industry Development	N	L	SD	5,000	6,900	
6	0568 Private Sector Health Del.Systems	N	G	HE	500	7,400	
7	0568 Private Sector Health Del.Systems	N	L	HE	5,000	12,400	
8	0523 PL 480 Title II - CRS/CARITAS	O	N/A	N/A	(7,268)	12,400	
9	0523 PL 480 Title II - SAWS/OPASA and Gov. to Gov.	O	N/A	N/A	(1,695)	12,400	
10	0567 Food & Nutrition Policies and Interventions	O	N	ARDN	200	12,600	
11	0000.01 Program Development & Support	O	G	ARDN	170	12,770	
12	0000.04 Program Development & Support	O	G	SD	100	12,870	
13	0000.02 Program Development & Support	O	G	HE	20	12,890	
14	0000.03 Program Development & Support	O	G	EHR	25	12,915	
15	0000.04 Program Development & Support	O	G	POP	10	12,925	
16	0412 Special Development Activities	O	G	SD	75	13,000	

PROPOSED PROGRAM BANKING NARRATIVE

Following the July 1980 coup, the U.S. Government curtailed its economic assistance to Bolivia, terminating \$26.6 million and suspending \$51.1^{1/} million in development assistance. The USAID/Bolivia staff was also reduced from a ceiling of 31 to an on board strength of 17^{2/} in FY 1982. Since the coup, personnel and funding levels have remained in this "frozen" status except for limited financing provided for ongoing activities.

Based on the positive actions taken by the Torrelio government in recent months in the areas of narcotics control and eradication, human rights, restoration of democracy, and economic reform, USAID/Bolivia anticipates receiving AID/W approval to initiate its FY 1982-1983 Short-Term Strategy, which in FY 1982 calls for the initiation of the Chapare Integrated Rural Development (IRD) project, and the reactivation of the currently suspended projects (Rural Roads II, Rural Sanitation, Village Development, Agribusiness and Artisanry, Rural Education II, Departmental Development Corporations). In addition, a FY 1982 P.L. 480 Title III tranche of \$10.0 million, a \$10.0 million Housing Guaranty, and additional funding for ongoing projects and the P.L. 480 Title II activities are planned. For FY 1983, the Short-Term Strategy contemplates the expansion of its effort in the Chapare by providing additional funding for the Chapare IRD project and the P.L. 480 Title III program. Also in FY 1983 three new starts are proposed: the Policy Reform, the Self-Financing Primary Health Care and the San Gabriel Health Grant projects. The Policy Reform project will address macro-constraints requiring attention prior to the initiation of the USAID/Bolivia FY 1984-1988 Long-Term Strategy, and the two health projects will develop service delivery models to be replicated in a corridor-wide project in FY 1983.

AID/Washington has provided USAID/Bolivia with an FY 1984 AAPL of \$13.0 million, an adequate level to initiate the USAID/Bolivia FY 1984-1988 Long-Term Strategy. For FY 1984, three new projects are proposed: the Food and Nutrition Policies and Interventions grant under the Agriculture Rural Development and Nutrition (ARDN) functional account; the Private Sector Health Care Systems loan/grant in the Health (HE) account; and the Agro-Industry Development loan/grant in the Selected Development Activities (SDA) account. The new activities account for \$11.2 million or 86.2 percent of the program, while the remaining \$1.8 million, or 13.8 percent, will support ongoing activities. In addition, the FY 1984 program proposes \$10.0 million in P.L. 480 Title III assistance and \$8.96 million in Title II commodities.

In support of the Mission's Long-Term Strategy, \$5.9 million or 45.8 percent of the FY 1984 budget will go for private sector activities, with the remaining \$7.1 million or 54.2 percent going to complementary rural development efforts and project support activities.

The Mission's priorities include the implementation of the Chapare IRD and the Title III programs. The FY 1982 Chapare IRD project will continue to finance

^{1/} April 30, 1982 pipeline \$48.7 million.

^{2/} 16 USDHs, 1 IDI.

activities to develop the region's agricultural potential, recognizing that development and control activities must be carried out concurrently in order to effectively reduce the production of coca in the Chapare. The success of the Chapare IRD project is essential in that this sub-region is the first one being addressed in the FY 1984-1988 Long-Term Strategy's efforts to realize the economic development potential of the La Paz-Cochabamba-Santa Cruz corridor.

The Title III program is closely integrated with the Chapare IRD project, whereby a series of subprojects throughout the La Paz-Cochabamba-Santa Cruz corridor will support agricultural diversification, marketing, and cooperative development efforts of the Chapare IRD. Specifically, Title III subprojects will provide funds for road construction, production credit, cooperative development, contagious disease control, and nutrition improvement programs in the Chapare. Equally important is the fact that funds generated from Title III wheat sales will allow the GOB to carry out development activities despite its economic difficulties and the IMF's recommendations for reduced public institution expenditures in the near-term.

The next four projects in the Mission's ranking are Policy Reform, Agro-Industry Development, Private Sector Health Care Systems, and Food and Nutrition Policies and Interventions. These activities, along with the Title III program, will be instrumental in making the transition from the Mission's short to its long-term development strategy.

The Policy Reform project, initiated in FY 1983, will continue to address macro policy issues related to the IMF recommendations, and will seek to establish a future development environment conducive to increased private sector involvement. In FY 1984, the policy and reform unit established within the National Economic Planning Council (CONEPLAN) will turn its attention to other important policy issues relating to capital market formation, incentives to private sector development, and export trade promotion.

The new Agro-Industry Development project will advance the Mission's Long-Term Strategy by promoting increased productivity within the La Paz-Cochabamba-Santa Cruz corridor, concentrating on growth poles conducive to agro-industrial development. As such, the project will complement the crop diversification and production activities initiated under the Chapare IRD project. In addition, the Agro-Industry Development project will provide increased employment opportunities, stimulate increased farmer production and productivity, and expand marketing outlets and higher foreign exchange earnings through the promotion of new and expanded agro-industrial investments.

The new Private Sector Health Care System project will contribute directly to increased small farmer productivity. Specifically, the project will establish self-financing rural health delivery systems in the La Paz-Cochabamba-Santa Cruz corridor, an important factor in improving the small farmers' productive capacity and general well-being. Preventive and curative health services will be provided through multi-purpose cooperatives or other private organizations; these services will be financed by a fee-for-service, an insurance program, or by a general fee levied on the members. The Food and

Nutrition Policies and Interventions grant will design and implement critical nutrition interventions that will impact directly in the disadvantaged segments of the corridor's population. The project will carry out interventions, which on the one hand will address caloric and protein deficiencies identified in the corridor, and on the other hand, provide new agricultural production and agroindustrial investment opportunities (e.g. soybean production, wheat fortification, salt iodization).

The requested Title II level of \$8.96 million will support Catholic Relief Service (CRS), Seventh Day Adventist World Service (SAWS) and Government-to-Government programs. Although not as closely tied to the Long-Term Strategy as the other projects, these programs will be utilized, wherever possible, to reinforce productive and service activities in the corridor. Specifically, the program will support self-help infrastructure construction projects, health and nutrition education and surveillance, cooperative formation, and the creation of small cottage industries. In addition, the CRS, SAWS and Government-to-Government programs will continue to provide support to School Child Feeding and Maternal and Child Health activities countrywide.

For FY 1984, \$300,000 is being requested in Project Development and Support. The majority of these funds will be utilized for the preparation of follow-on activities to be carried out later in the planning period including: cooperative development, rural savings and loans, research and extension, and productive technology and energy information transfer efforts. In addition, a limited amount of funds will be utilized in carrying out impact evaluations, particularly related to the Chapare integrated rural development effort.

The Mission's FY 1982 workyear ceiling is 17 USDHs (16 USDHs, 1 IDI). For FY 1983 the Mission proposes a minor increase in its ceiling from 17.5 to 18 (17.5 USDHs, .5 IDI). This increase is necessary to permit the Office of Rural Development to properly implement the Chapare IRD project, as well as four of the six reactivated loans suspended after the July 1980 coup (Rural Roads II, Village Development, Agriculture Sector II, Departmental Development Corporations). At the same time, the Mission plans to significantly reduce its FY 1983 FNDH level from 57 to 49. For FY 1984, the Mission proposes to maintain the FY 1983 level of 18 USDHs (17 USDHs, 1 IDI), which is one larger than the guidance provided in STATE 137651. However, in FY 1984, the Mission also proposes a corresponding decrease in its FY 1983 FNDH level from 49 to 41 $\frac{1}{2}$, which is three lower than the workyear planning level provided in STATE 137651. These "proposed" levels are considered the minimum necessary to implement an estimated \$44.1 million development assistance portfolio, plus Title II/III and HG programs worth \$34.7 million.

1/ 40 FNDS, 1 FNDH RIG/II.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982			FY 1983				
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1,075.8	-	886.6	16.8 ^{1/}	1,019.6	-	869.3	17.5 ^{2/}
F.N. DIRECT HIRE	766.8	-	-	56.8	669.8	-	-	49.0
CONTRACT PERSONNEL	32.9	-	-	XXXXX	60.4	-	-	XXXXX
HOUSING EXPENSES	372.3	-	-	21.0	361.7	-	-	19.0
OFFICE OPERATIONS	845.0	9.4	183.2	XXXXX	963.3	11.7	183.2	XXXXX
TOTAL	3,092.8	9.4	1,069.8	XXXXX	3,074.8	11.7	1,052.5	XXXXX
RECONCILIATION	1,079.2	-	-	XXXXX	1,064.2	-	-	XXXXX
MISSION ALLOWANCE	2,013.6	-	-	XXXXX	2,010.6 ^{3/}	-	-	XXXXX

^{1/} 15.8 DH
1.0 IDI

^{2/} 16.0 DH
1.5 IDI

^{3/} For FY-1983, the total amount of dollar funded local currency costs is dols. 1,400, at the exchange rate of pesos 65.00 per dollar.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1,026.0	-	885.3	17.0 ^{1/}	1,026.0	-	885.3	17.0 ^{1/}
F.N. DIRECT HIRE	549.8	-	-	41.0	549.8	-	-	41.0
CONTRACT PERSONNEL	72.6	-	-	XXXXX	72.6	-	-	XXXXX
HOUSING EXPENSES	429.0	-	-	18.0	429.0	-	-	18.0
OFFICE OPERATIONS	793.2	10.4	183.2	XXXXX	925.2	10.4	183.2	XXXXX
TOTAL	2,870.6	10.4	1,068.5	XXXXX	3,002.6	10.4	1,068.5	XXXXX
RECONCILIATION	1,078.9	-	-	XXXXX	1,078.9	-	-	XXXXX
MISSION ALLOWANCE	1,791.7	-	-	XXXXX	1,923.7	-	-	XXXXX

^{1/} 16 DH
1 IDI

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 PROPOSED			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1,046.0	-	885.3	19 1/2
F.N. DIRECT HIRE	549.8	-	-	41
CONTRACT PERSONNEL	72.6	-	-	XXXXX
HOUSING EXPENSES	442.0	-	-	20
OFFICE OPERATIONS	951.2	10.4	183.2	XXXXX
TOTAL	3,061.6	10.4	1,068.5	XXXXX
RECONCILIATION	1,078.9	XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE	1,982.7	XXXXX	XXXXX	XXXXX

1/ 16 US DH
2 US IDI

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

RIG/II

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	-	-	-	-	-	-	-	-
F.N. DIRECT HIRE	16.1	-	-	1	13.5	-	-	1
CONTRACT PERSONNEL	-	-	-	XXXXX	-	-	-	XXXXX
HOUSING EXPENSES	-	-	-	-	-	-	-	-
OFFICE OPERATIONS	29.5	-	-	XXXXX	33.3	-	-	XXXXX
TOTAL	45.6	-	-	XXXXX	46.8	-	-	XXXXX
RECONCILIATION	-	-	-	XXXXX	-	-	-	XXXXX
MISSION ALLOWANCE	45.6	-	-	XXXXX	46.8	-	-	XXXXX

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

RIG/II

	FY 1984 MINIMUM			FY 1984 CURRENT				
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	-	-	-	-	-	-	-	-
F.N. DIRECT HIRE	-	-	-	-	14.1	-	-	1
CONTRACT PERSONNEL	-	-	-	XXXXX	-	-	-	XXXXX
HOUSING EXPENSES	-	-	-	-	-	-	-	-
OFFICE OPERATIONS	-	-	-	XXXXX	36.7	-	-	XXXXX
TOTAL	-	-	-	XXXXX	50.8	-	-	XXXXX
RECONCILIATION	-	-	-	XXXXX	-	-	-	XXXXX
MISSION ALLOWANCE	-	-	-	XXXXX	50.8	-	-	XXXXX

TRENDS OF COST FOR EACH SUMMARY LEVEL
SIGNIFICANT CHANGES
(\$000)

	<u>FY - 1982</u>	<u>FY - 1983</u>	<u>FY - 1984</u>
F. N. Direct Hire	766.8	669.8 ^{1/}	549.8 ^{3/}
Housing Expenses	372.3	361.7	429.0 ^{4/}
Office Operations	845.0	963.3 ^{2/}	925.2

^{1/} The 97.0 difference between FY-1982 and FY-1983 is explained by the reduction in the number of units from 56.8 in FY-1982 to 49.0 in FY-1983.

^{2/} The 118.3 difference between FY-1982 and FY-1983 is due to an increase in the budget in the amount of 100.0 for the purchase of a Wang Word Processing System in FY-1983.

^{3/} The 120.0 difference between FY-1983 and FY-1983 is explained by the reduction in the number of units from 49.0 in FY-1983 to 41.0 in FY-1983.

^{4/} The difference of 67.3 between FY-1983 and FY-1984 is due to a budgetary increase to permit the purchase of 2 carry alls, 4 sets of furniture, and other residential furnishings not budgeted in FY-1983

OBLIGATIONS FOR WP SYSTEMS
(\$000)

	F I S C A L Y E A R		
	1982	1983	1984
A. Capital Investment in W/P Equipment	-	92.0	-
B. W/P Equipment Rental and Supplies	-	3.0	-
C. Other W/P Cost	-	5.0	-
TOTAL	-	100.0	-

Narrative Statement - W/P

USAID/Bolivia had planned to purchase two terminals and printers in FY-1982 for use with the Embassy's Model Wang 25-III word processing system, as well as two additional sets (terminal and printer) in FY-1983, in order to install a set in each one of the four floors of the USAID/Bolivia offices.

It has now been determined that it will not be possible to connect into the Embassy word processor because of the distance from the Embassy building. Therefore, the Mission must establish its system separately.

To this effect, the Mission desires to proceed with procurement as soon as possible in FY-1983, and install the system as soon as the equipment is available.

I. P. L. 480 - GENERAL NARRATIVE

A. P. L. 480 and Mission Development Strategy

Given the particularly special situation that has prevailed in Bolivia since the July 1980 coup, which prompted the termination and/or suspension of a number of A.I.D. projects, the P. L. 480 program has been a key element in the Mission's efforts to advance the goal of promoting growth with equity in order to obtain an improved standard of living for Bolivia's poor. The P. L. 480 program has been fully integrated with the Mission's Short and Long-Term Strategy to be implemented during the period from 1982 to 1988. Through Title II, the program will conduct activities aimed at reducing the impact of malnutrition in the most economically vulnerable groups and will continue the improvement of the complementary nutrition education programs. The Title III program will play an important role in promoting needed policy reforms in the agriculture sector, increasing participation of the private sector and decentralized institutions in economic development, and assisting to meet the country's wheat requirements.

B. The Title II Program

1. Summary and Description

The Title II program in Bolivia, since its inception, has been directed at relieving the impact of malnutrition on the most economically vulnerable groups, particularly through the distribution of high protein foods. The program has been reinforced with complementary DA and Title III development programs aimed mainly at improving the health and nutrition standard of living of the beneficiaries. One such program was the recently completed National Nutrition Improvement Grant (511-0468) which funded a series of baseline studies that have provided reliable data on the magnitude and nature of malnutrition in Bolivia. The findings of the grant's principal study conducted by the National Institute of Food and Nutrition of the Ministry of Planning and Coordination, the "Nutrition Status of the Bolivian Population", indicated that 56.3% and 45.8% of the rural and urban population, respectively, show chronic malnutrition levels. Furthermore, the study ascertained that malnutrition was a major contributing factor to the high incidence of infant mortality, estimated at 190/1,000 in rural areas and 120-200/1,000 in urban areas.

Based on the above information and in an effort to improve the

nutritional impact of the Title II program, the participating voluntary agencies have strengthened program coordination with related divisions within the Ministry of Health (MOH). As a result, the MOH Maternal-Child Health Division's program objectives and operational mechanisms are currently being modified. Specific modifications include: increased concentration on those regions most in need of nutritional supplements; greater support to activities contributing directly to promote better health conditions (installation of potable water systems, latrines, vaccination campaigns); utilization of food commodities to reinforce literacy training, home economics skills and income generating projects; and the revision of membership eligibility criteria of the Mother-Child category to increase the effect of the program's main implementation modality. In line with USAID/Bolivia's effort to improve the program, and building on the findings of FY 1982 Title II evaluation, a review of specific program components was conducted in FY 1983 which resulted in recommendations to further strengthen administrative systems and improve program content.

The largest ongoing Title II program in FY 1984 is with CRS/Cáritas. The second is with the Seventh Day Adventist World Services (SAWS), a program developed in FY 1982 to be implemented through its Bolivian counterpart, the Obra Filantrópica y Asistencia Social Adventista (OFASA). The third and smallest program is the Government-to-Government project with the Bolivian National Community Development Service (NCDS). In view of the past successful operation of the project, the program will be expanded in the Cochabamba and Chuquisaca regions, an effort which will reinforce other USAID/Bolivia Long-Term integrated development activities in the Department of Cochabamba.

The following table lists the actual and proposed levels of beneficiaries, food tonnage, and dollar value by cooperating sponsor for FY 1982, FY 1983 and FY 1984:

Cooperating Sponsor	FY 1982			FY 1983			FY 1984		
	No. of Recipients	Food M/T	CCC Value (\$000)	No. of Recipients	Food M/T	CCC Value (\$000)	No. of Recipients	Food M/T	CCC Value (\$000)
CRS/Cáritas	385,000	19,584	8,511	406,000	22,946	6,872	446,700	25,244	7,268
SAWS/OFASA	25,000	960	385	50,000	4,095	1,260	55,000	4,504	1,333
Govt-to-Govt	11,000	368	128	11,000	1,100	382 ^{4/}	11,000	1,100	362 ^{4/}
Totals	421,000	20,912	9,024 ^{2/}	467,000	28,141	8,514 ^{1/2/}	512,700	30,848	8,963 ^{2/3/}

2. Outreach Grants

Both CRS and SAWS have requested Outreach Grants to assist in the implementation of their Title II programs.

CRS requested an Outreach Grant in FY 1980 which has not been approved to date. The grant would enable CRS/Cáritas to increase its capacity to effectively carry out and supervise the program in geographic areas having the greatest incidences of malnutrition. While beneficiary contributions have increased and a larger portion of contributions currently support program administration costs, the Outreach Grant is still needed to effect several one-time capital expenditures, such as vehicles, which cannot be purchased from local funds.

The SAWS/OFASA Outreach Grant will be used to facilitate the initiation of its program. USAID/Bolivia supports SAWS' request as it will be

1/ The \$7.2 million level provided in State 129224 will fully fund CRS/Cáritas and partially fund SAWS. An additional \$.93 and \$.38 will be required for the SAWS and Govt-to-Govt programs, respectively.

2/ Does not include transportation costs.

3/ The \$9.5 million level provided in State 129224 will fully fund the three Title II programs.

4/ PID to be submitted in accordance with "FY 1984 ABS Guidance", (page 29, para 2).

utilized to attract local funding in support of the program, an important factor within the context of the current economic situation. The GOB's support to SAWS includes funding to cover 25 and 40 percent of its operating costs for the first two years, respectively. SAWS is taking the necessary actions to increase the GOB's contribution beyond the second year of operations.

The Government-to-Government (NCDS) program is requesting financial support under the P. L. 480, Section 206, to expand its infrastructure to other regions of the country, especially the Department of Cochabamba. To date, this program has operated from a single warehouse in La Paz which has proven to be inefficient and uneconomical due to deficient facilities and high costs required to distribute commodities.

USAID/Bolivia will officially submit a PID requesting the approval of a new Transfer Authorization and financial requirements under P. L. 480, Section 206, as soon as pending matters related to commodity mix wheat prices and new warehouse plans are formalized.

3. Government Participation

GOB participation and contribution to the Title II program has increased. As mentioned above, each voluntary agency is operating programs that have become more integrated with GOB program objectives. The MOH's Divisions of Nutrition and Maternal Child Health jointly establish voluntary agency program objectives and provide staff and logistical support to each activity. To this effect, the GOB financial contribution to the CRS/Cáritas program increased by 48 percent during the latter part of FY 1982. While a portion of this increase reflects salary adjustments due to inflation, it nevertheless represents an increased GOB commitment to the program despite present budgetary constraints.

In terms of policy, the Department of Food and Nutrition of the Ministry of Planning and Coordination has initiated a project to develop national policies for all complementary food programs which operate in Bolivia, including the World Food Program. The National Complementary Food Program will assist voluntary agencies to identify areas of malnutrition, assist with logistic support and conduct impact evaluations.

4. Food Commodity Prices and Rations

The tight budget situation for FY 1983 and FY 1984 has forced CRS/Cáritas to eliminate WSB, CSM and rolled oats from its program, therefore, only five commodities are being proposed in the FY 1983 Annual Estimate of Requirements (AER) with cornmeal replacing the higher priced CSM. These changes will result in an increase of the CRS recipient levels by 5.5% for FY 1983 over FY 1982 while decreasing the total food value by 23.8% and increasing the food tonnage by 17.2%

(AER line 8 figures). Under the Government-to-Government program, the higher priced CSM will be replaced by the more readily acceptable cornmeal. In addition, WSB and rolled oats are being eliminated and rice is being requested. This change is necessary because Bolivian rice production was severely affected by recent floods.

C. Title III Program Description

The \$75.0 million Title III Food-for-Development (FFD) Program was signed on May 31, 1978 for a period of five years. To date, it has provided financing for thirteen rural development, agricultural and health projects which have a total of 79 subprojects that are being implemented throughout Bolivia.

The successful implementation of the thirteen projects is attributable, in part, to the efficiency and capability of the P.L. 480 Title III Executive Secretariat, a small GOB management unit created to administer the program. Notwithstanding this fact, while the program has been underway for approximately 48 months, actual implementation time for most subprojects has been only a little over 18 months due to initial start-up delays and the suspension of wheat shipments following the July 1980 coup.

A major program evaluation was conducted in February and March of 1982. The evaluation report findings stated that the program had been highly effective in developing and administering specific subprojects having a positive impact on the lives of rural people participating in the various subprojects. The evaluation recommended that the previously disrupted wheat shipments be resumed as soon as possible so that ongoing program activities would not be jeopardized, that the life of the program be extended for an additional two years to provide time for the outstanding wheat allocations to be imported and used to support program objectives, and that the program be used as a model for P. L. 480 Title III programs in other countries.

Current plans call for the reactivation of the Title III program and a modest Agreement amendment to be signed as early as possible in FY 1982. Although, no major changes to the Title III program will be made in this amendment at this time, a major amendment will be negotiated with the GOB before the \$15.0 million FY 1983 wheat allocation is made.

The FY 1982 reactivation will call for an immediate wheat allocation of \$10.0 million with only minor changes in the Agreement, such as

the extension of the Title III program for at least two more years, as well as the inclusion of a new project addressing policy analysis issues. The FY 1983 amendment will propose a series of new activities including the reorganization of the GOB's agricultural sector program, the carrying out of food and nutrition interventions, and the improvement of the agricultural marketing system. The new projects will reinforce the Title III program's objective of supporting projects which impact directly upon the lives of rural people, and will address specific agriculture related institutional constraints presently limiting the effectiveness of other GOB and USAID/Bolivia development programs. In keeping with USAID/Bolivia's Long-Term Strategy to focus development assistance on the La Paz-Cochabamba-Santa Cruz corridor, ongoing and new projects, where feasible, will give increased emphasis to development efforts in this region. The amendment will also include provisions encouraging the use of private sector firms and/or organizations as vehicles for carrying out program objectives, while continuing to work closely with the Departmental Development Corporations (DDCs) and other GOB institutions.

1. Relation Between P. L. 480 Commodities and Local Food Production

Wheat is the only commodity being imported under the Title III Agreement, substituting for commercial inputs and thereby assisting the GOB to reduce foreign exchange resource outflows. Bolivia's domestic consumption of wheat is currently 360,000 MT per year, greatly exceeding its domestic commercial production of 60,140 MT. Of the 60,140 MT, 19,700 MT are absorbed by seed requirements and losses leaving 40,440 MT available to meet consumption requirements. Current plans for FY 1982 call for importation of approximately 65,800 MT of wheat under the Title III program which will reduce commercial wheat imports to approximately 253,760 MT during 1982.

Title III imports have not served as a disincentive to local wheat production in the past and will not serve as a disincentive in the foreseeable future given the existing imbalance between production and consumption as well as the corresponding need to import sizeable quantities of wheat each year.

In 1980, the GOB attempted to stimulate local wheat production by raising wheat prices for the first time since 1974 and by approving a project to bring 80,000 hectares of land under wheat production. At present, the GOB is studying an IMF recommendation to make a second increase in wheat prices, a recommendation expected to be adopted in June or early July 1982. Notwithstanding these demonstrated GOB efforts to increase wheat production, Bolivia continues to import approximately 94 percent of its wheat requirements and enjoys

a comparable disadvantage in wheat production. In this respect, the recently conducted Kansas State University evaluation recommended that Bolivia should not continue to seek self sufficiency in wheat production, but should limit its effort to research and production activities to increase yields in already established wheat growing areas. In addition, the evaluation suggested that the P. L. 480 Title III Agreement's GOB policy commitment to increase wheat production, including the additional construction of facilities under the Wheat Collection Center project, is not relevant to Bolivia at this time.

2. Policy Commitment

Three major changes were called for in the original Project Agreement for the Title III program. The first called for an increase by 100% in real terms in the agriculture sector budget during the period 1978-1982 as compared to the period 1973-1977; the second called for the restructuring of the GOB's Ministry of Agriculture; and the third required that health sector expenditures not decrease over the life of the Agreement. GOB compliance with these three policy commitments has been mixed due to a variety of factors, chief among which has been the political instability and economic crisis that Bolivia has experienced since the Agreement was signed in 1978.

Public investment in the agriculture sector has increased 40% during the 1978-1980 period, falling short of the 100% increase stipulated in the Agreement. In this regard, USAID/Bolivia concurs with the recommendation in the 1982 Rural Development Services (RDS) evaluation in that this policy commitment is unrealistic and impractical given the current economic crisis and the IMF recommendation that the GOB reduce public institution expenditures during the 1982-1984 period. USAID/Bolivia also agrees with the evaluation's recommendations that the budgetary levels should be based on the functions which the Ministry of Agriculture will be carrying out as a result of its reorganization, not on an arbitrary doubling as suggested in the original policy change suggested by the Agreement. To this effect, this policy issue is being taken into consideration in the reorganization effort of the Ministry of Agriculture, particularly regarding the budgetary support which will be required to permit existing and/or new decentralized Ministry dependencies to effectively provide services to the small to medium Bolivian farmers.

The GOB has made a concerted effort to comply with the policy commitment to reorganize the Ministry of Agriculture, an effort scheduled for completion in calendar year 1982. To date, USAID/Bolivia and the GOB have established a high level work group to deal with the

task of reorganizing the Ministry. The work group has defined the key changes to be included in the reorganization and is taking the actions necessary to begin to implement these changes. The key changes have the full support of USAID/Bolivia, the Minister and Sub-Secretary of Agriculture, as well as the written endorsement of President Torrelio. At the same time, the GOB has taken significant steps toward the formulation of a viable alternative structure for the Bolivian Agricultural Bank (BAB), one of the Ministry of Agriculture's most important dependencies. The alternative structure being considered is the creation of two financial institutions, one for large farm enterprises and the other for small to medium size farming operations. Each of these financial institutions would be decentralized to best meet the needs of their respective clients, and would be organized in such a way as to assure increased private sector participation in the allocation of agricultural credits, an approach consistent with the changes being incorporated in the reorganization of the Ministry of Agriculture.

The third policy constraint, for the GOB to maintain the value in real terms of expenditures in the health sector, has been met. In fact, it has been exceeded. The 1980 budget for the health sector is 20% higher in real terms than it was in 1977, a level of support which USAID/Bolivia expects will be maintained in the future.

3. Project Changes in Program Levels

USAID/Bolivia recommends that wheat shipments be resumed following the modest amendment of the Agreement scheduled for FY 1982. In order to accomplish the objectives set forth in the Agreement itself, the wheat allocations required include \$10 million for 1982, \$15 million for FY 1983, and \$10 million for FY 1984. This would bring project funding up to the original \$75 million specified in the Agreement.

The timely approval of these wheat allocations are important in that the wheat sale generations will provide the financing necessary to carry out complementary Title III projects both to the Short-Term Strategy Chapare Integrated Rural Development project, as well as to long-term development activities in the La Paz-Cochabamba-Santa Cruz corridor.

D. Storage and Distribution of P. L. 480 Foods

1. Title II

a) Storage

CRS/Cáritas -- Storage facilities at La Paz are provided on a rental basis by the GOB's National Housing Council (NHC) for CRS/Cáritas commodities. Present indications are that NHC is planning to demolish these adequate but old facilities. If and when these plans are formalized, USAID/Bolivia will work closely with the GOB to assure the provision of adequate replacement facilities in accordance with the terms of the CRS/Cáritas-GOB agreement. Warehouse facilities in other points of the country are rented by CRS/Cáritas with funds provided by the GOB and are adequate.

Government-to-Government (NCDS) -- The NCDS program operates from a central warehouse located in La Paz. This centralized method of operation has resulted in the carrying out of program activities primarily in the Department of La Paz. However, the GOB has recognized the need to better service other regional areas with the Food-for-Work program, and is planning to construct and/or rent additional storage facilities in Cochabamba and Sucre.

SAWS/OFASA -- The SAWS/OFASA warehouse located in La Paz is adequate. Its regional offices in Cochabamba and Santa Cruz have identified good storage facilities for which corresponding lease contracts will be signed once final AID/Washington approval for the FY 1982 program is received.

b) Food Distribution

CRS/Cáritas -- The CRS/Cáritas food distribution network in Bolivia is carried out through 30 regional, diocesan and district warehouses located throughout the country. The distribution network's efficiency results, in part, from the uniform inventory control system utilized in the program. No major problems exist related to inland transportation except for its high cost, a factor which prevents the program to reach a greater number of isolated rural communities.

Government-to-Government (NCDS) -- The NCDS program relies on the

1/ Storage facilities also utilized for SAWS/OFASA and NCDS.

ability of the recipient communities to cover transportation costs from the central warehouse at La Paz. Project control is conducted adequately through NCDS regional technical offices throughout the country.

SAWS/OFASA -- The program plan includes an adequate food distribution system with sufficient personnel in its regional offices. The operation of the system will be closely monitored and supervised by USAID/Bolivia, particularly during the early stages of the program.

2. Title III

a) Storage and Food Distribution

The Title III port facilities (Chile) and the GOB's transportation system remain adequate to assure the prompt distribution of the requested FY 1982 \$ 10.0 million wheat allocation.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1982 ^{1/}		Estimated FY 1983 ^{1/}		Projected FY 1984 ^{1/}		Carry into FY 1985 \$ MT
	Agreement \$ MT	Shipments \$ MT	Agreement \$ MT	Shipments \$ MT	Agreement \$ MT	Shipments \$ MT	
<u>Title I</u>							
Wheat	10.0 65.8	10.0 65.8 ^{2/}	15.0 98.7	15.0 98.7 ^{2/}	10.0 65.8	10.0 65.8 ^{2/}	- -
Total							
<u>Of which</u>							
<u>Title III</u>							
Wheat	10.0 65.8	10.0 65.8	15.0 98.7	15.0 98.7	10.0 65.8	10.0 65.8	- -
Total							

COMMENT: ^{1/} Balance needed to complete \$75 million total program

^{2/} Price at \$152/MT in FY-1982, FY-1983 and FY-1984

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XII

Country/Office Bolivia

PL 480 TITLE I/III

Supply and Distribution
(000 Metric Ton)

<u>STOCK SITUATION</u>	<u>cy 1982</u>	<u>Estimated CY 1983</u>
Commodity - <u>Wheat</u>		
Beginning Stocks	70.5 ^{1/}	17.1
Production	60.0	65.0
Imports		
Concessional	146.6 ^{2/3/}	64.3 ^{2/4/}
Non-Concessional	100.0	225.0
Consumption	360.0	360.0
Ending Stocks	17.1	11.4

Commodity - _____

Beginning Stocks

Production

Imports

 Concessional

 Non-Concessional

Consumption

Ending Stocks

Commodity - _____

Beginning Stocks

Production

Imports

 Concessional

 Non-Concessional

Consumption

Ending Stocks

Comments:

- 1/ Actual GOB figure (Source: POLECON, American Embassy, La Paz)
- 2/ Includes 15,000 M.T. Argentine donation
- 3/ Assumes availability of 65,800 M. T. in FY 1982 and 65,800 M. T. during first quarter of FY 1983.
- 4/ Assumes availability of 32,900 M. T. in FY 1983 and an additional 16,400 M.T. during first quarter of FY 1984.

FY 1984 ANNUAL BUDGET SUBMISSION
TABLE XIII

P.L. 480 TITLE II FY-1982

Country: Bolivia

Sponsor's Name: Catholic Relief Services (CRS)

A. MATERNAL AND CHILD HEALTH TOTAL RECIPIENTS 200.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>(thousands)</u>	<u>Dollars</u>
200.0	NFD Milk	2,160		905
	AP Wheat Flour	2,880		904
	SF Rolled Oats	1,440		661
	CSM	2,400		1,073
	Bulgur	1,440		418
	Cornmeal	-		-
	Vegetable Oil	1,080		1,114
TOTAL MCH		<u>11,400</u>		<u>5,075</u>

B. PRESCHOOL CHILD FEEDING TOTAL RECIPIENTS 3.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>(thousands)</u>	<u>Dollars</u>
3.0	NFD Milk	27		11
	AP Wheat Flour	36		11
	SF Rolled Oats	15		7
	CSM	23		10
	Bulgur	-		-
	Cornmeal	-		-
	Vegetable Oil	7		7
TOTAL PSF		<u>108</u>		<u>46</u>

C. OTHER CHILD FEEDING TOTAL RECIPIENTS 15.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>(thousands)</u>	<u>Dollars</u>
15.0	NFD Milk	162		68
	AP Wheat Flour	270		85
	SF Rolled Oats	135		62
	CSM	216		97
	Bulgur	108		31
	Cornmeal	-		-
	Vegetable Oil	81		84
TOTAL OCF		<u>972</u>		<u>427</u>

D. SCHOOL FEEDING TOTAL RECIPIENTS 110.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	792		332
	AP Wheat Flour	1,056		332
	SF Rolled Oats	-		-
110.0	CSM	440		197
	Bulgur	264		77
	Cornmeal	-		-
	Vegetable Oil	194		200
	TOTAL SF	<u>2,746</u>		<u>1,138</u>

E. FOOD FOR WORK TOTAL RECIPIENTS 50.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	-		-
	AP Wheat Flour	1,440		452
	SF Rolled Oats	720		330
50.0	CSM	720		322
	Bulgur	720		209
	Cornmeal	-		-
	Vegetable Oil	300		309
	TOTAL FFW	<u>3,900</u>		<u>1,622</u>

F. HEALTH CASES TOTAL RECIPIENTS 3.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	32		13
	AP Wheat Flour	54		17
	SF Rolled Oats	27		12
3.0	CSM	43		19
	Bulgur	22		6
	Cornmeal	-		-
	Vegetable Oil	18		19
	TOTAL HC	<u>196</u>		<u>86</u>

G. ADULT INSTITUTIONS TOTAL RECIPIENTS 4.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	43		18
	AP Wheat Flour	72		23
	SF Rolled Oats	36		17
4.0	CSM	58		26
	Bulgur	29		8
	Cornmeal	-		-
	Vegetable Oil	24		25
TOTAL AI		<u>262</u>		<u>117</u>

FY 1984 ANNUAL BUDGET SUBMISSION
TABLE XIII

P.L. 480 TITLE II FY-1983

Country: Bolivia

Sponsor's Name: Catholic Relief Services (CRS)

A. MATERNAL AND CHILD HEALTH TOTAL RECIPIENTS 224.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	2,419		266
	AP Wheat Flour	4,032		1,193
	SF Rolled Oats	-		-
224.0	CSM	-		-
	Bulgur	1,613		434
	Cornmeal	5,376		1,382
	Vegetable Oil	1,210		1,085
	TOTAL MCH	<u>14,650</u>		<u>4,360</u>

B. PRESCHOOL CHILD FEEDING TOTAL RECIPIENTS 3.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	27		3
	AP Wheat Flour	45		13
	SF Rolled Oats	-		-
3.0	CSM	-		-
	Bulgur	-		-
	Cornmeal	45		12
	Vegetable Oil	7		6
	TOTAL PSF	<u>124</u>		<u>34</u>

C. OTHER CHILD FEEDING TOTAL RECIPIENTS 15.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	162		18
	AP Wheat Flour	270		80
	SF Rolled Oats	-		-
15.0	CSM	-		-
	Bulgur	108		29
	Cornmeal	360		93
	Vegetable Oil	81		73
	TOTAL OCF	<u>981</u>		<u>293</u>

D. SCHOOL FEEDING TOTAL RECIPIENTS 108.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
108.0	NFD Milk	778		86
	AP Wheat Flour	1,296		384
	SF Rolled Oats	-		-
	CSM	-		-
	Bulgur	259		70
	Cornmeal	648		167
	Vegetable Oil	190		170
	TOTAL SF	<u>3,171</u>		<u>877</u>

E. FOOD FOR WORK TOTAL RECIPIENTS 50.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
50.0	NFD Milk	-		-
	AP Wheat Flour	1,440		426
	SF Rolled Oats	-		-
	CSM	-		-
	Bulgur	720		194
	Cornmeal	1,200		308
	Vegetable Oil	300		269
	TOTAL FFW	<u>3,660</u>		<u>1,197</u>

F. HEALTH CASES TOTAL RECIPIENTS 2.5

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
2.5	NFD Milk	27		3
	AP Wheat Flour	45		13
	SF Rolled Oats	-		-
	CSM	-		-
	Bulgur	18		5
	Cornmeal	45		12
	Vegetable Oil	15		13
	TOTAL HC	<u>150</u>		<u>46</u>

G. ADULT INSTITUTIONS TOTAL RECIPIENTS 3.5

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands) <u>Dollars</u>
	NFD Milk	38	4
	AP Wheat Flour	63	19
	SF Rolled Oats	-	-
3.5	CSM	-	-
	Bulgur	25	7
	Cornmeal	63	16
	Vegetable Oil	21	19
TOTAL AI		<u>210</u>	<u>65</u>

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

P.L. 480 TITLE II FY-1984

Country: Bolivia

Sponsor's Name: Catholic Relief Services (CRS)

A. MATERNAL AND CHILD HEALTH TOTAL RECIPIENTS 246.4

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	2,661		293
	AP Wheat Flour	4,435		1,282
	SF Rolled Oats	-		-
246.4	CSM	-		-
	Bulgur	1,774		465
	Cornmeal	5,914		1,473
	Vegetable Oil	1,331		1,098
	TOTAL MCH	<u>16,115</u>		<u>4,611</u>

B. PRESCHOOL CHILD FEEDING TOTAL RECIPIENTS 3.3

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	30		3
	AP Wheat Flour	50		14
	SF Rolled Oats	-		-
3.3	CSM	-		-
	Bulgur	-		-
	Cornmeal	50		12
	Vegetable Oil	7		6
	TOTAL PSF	<u>137</u>		<u>35</u>

C. OTHER CHILD FEEDING TOTAL RECIPIENTS 16.5

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	178		20
	AP Wheat Flour	297		86
	SF Rolled Oats	-		-
16.5	CSM	-		-
	Bulgur	119		31
	Cornmeal	396		99
	Vegetable Oil	89		73
	TOTAL OCF	<u>1,079</u>		<u>309</u>

D. SCHOOL FEEDING TOTAL RECIPIENTS 118.8

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
118.8	NFD Milk	855		94
	AP Wheat Flour	1,425		412
	SF Rolled Oats	-		-
	CSM	-		-
	Bulgur	285		75
	Cornmeal	713		178
	Vegetable Oil	209		172
	TOTAL SF	<u>3,487</u>		<u>931</u>

E. FOOD FOR WORK TOTAL RECIPIENTS 55.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
55.0	NFD Milk	-		-
	AP Wheat Flour	1,584		458
	SF Rolled Oats	-		-
	CSM	-		-
	Bulgur	792		208
	Cornmeal	1,320		328
	Vegetable Oil	330		272
	TOTAL FFW	<u>4,026</u>		<u>1,266</u>

F. HEALTH CASES TOTAL RECIPIENTS 2.8

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
2.8	NFD Milk	30		3
	AP Wheat Flour	50		14
	SF Rolled Oats	-		-
	CSM	-		-
	Bulgur	20		5
	Cornmeal	50		12
	Vegetable Oil	17		14
TOTAL HC	<u>167</u>		<u>48</u>	

G. <u>ADULT INSTITUTIONS</u>		TOTAL RECIPIENTS	3.9
<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands) <u>Dollars</u>
	NFD Milk	42	5
	AP Wheat Flour	70	20
3.9	SF Rolled Oats	-	-
	CSM	-	-
	Bulgur	28	7
	Cornmeal	70	17
	Vegetable Oil	23	19
TOTAL AI		<u>233</u>	<u>68</u>

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FY 1984 ANNUAL BUDGET SUBMISSIONTABLE XIIIP.L. 480 TITLE II FY-1982

(Four Months)

Country: Bolivia

Sponsor's Name: National Community Development Service (NCDS)

A. <u>FOOD FOR WORK</u>		TOTAL RECIPIENTS	11.0
<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands) <u>Dollars</u>
	NFD Milk	37	4
	AP Wheat Flour	183	54
11.0	Bulgur	37	10
	Cornmeal	37	10
	Vegetable Oil	37	33
	Rice	37	17
TOTAL FFW		<u>368</u>	<u>128</u>

FY 1984 ANNUAL BUDGET SUBMISSION
TABLE XIII

P.L. 480 TITLE II FY-1982
(Six Months)

Country: Bolivia

Sponsor's Name: Seventh-Day Adventist World Service Inc. (SAWS)

A. MATERNAL AND CHILD HEALTH TOTAL RECIPIENTS 7.5

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	41		17
	AP Wheat Flour	45		14
	SF Rolled Oats	27		13
7.5	Bulgur	72		23
	Cornmeal	-		-
	Vegetable Oil	18		19
	TOTAL MCH	<u>203</u>		<u>86</u>

B. OTHER CHILD FEEDING TOTAL RECIPIENTS 2.5

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	14		6
	AP Wheat Flour	23		7
	SF Rolled Oats	12		6
2.5	Bulgur	27		9
	Cornmeal	-		-
	Vegetable Oil	6		6
	TOTAL OCF	<u>82</u>		<u>34</u>

C. FOOD FOR WORK TOTAL RECIPIENTS 15.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	(thousands)	<u>Dollars</u>
	NFD Milk	-		-
	AP Wheat Flour	225		71
	SF Rolled Oats	135		62
15.0	Bulgur	270		85
	Cornmeal	-		-
	Vegetable Oil	45		47
	TOTAL FFW	<u>675</u>		<u>265</u>

FY 1984 ANNUAL BUDGET SUBMISSIONTABLE XIIIP.L. 480 TITLE II FY-1983

Country: Bolivia

Sponsor's Name: Seventh-Day Adventist World Service Inc. (SAWS)

A. MATERNAL AND CHILD HEALTH TOTAL RECIPIENTS 15.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>(thousands)</u>	<u>Dollars</u>
	NFD Milk	162		18
	AP Wheat Flour	180		53
	SF Rolled Oats	-		-
15.0	Bulgur	288		77
	Cornmeal	180		46
	Vegetable Oil	72		65
	TOTAL MCH	<u>882</u>		<u>259</u>

B. OTHER CHILD FEEDING TOTAL RECIPIENTS 5.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>(thousands)</u>	<u>Dollars</u>
	NFD Milk	54		6
	AP Wheat Flour	90		27
	SF Rolled Oats	-		-
5.0	Bulgur	105		28
	Cornmeal	60		15
	Vegetable Oil	24		22
	TOTAL OCF	<u>333</u>		<u>98</u>

C. FOOD FOR WORK TOTAL RECIPIENTS 30.0

<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>(thousands)</u>	<u>Dollars</u>
	NFD Milk	-		-
	AP Wheat Flour	900		266
	SF Rolled Oats	-		-
30.0	Bulgur	1,080		291
	Cornmeal	720		185
	Vegetable Oil	180		161
	TOTAL FFW	<u>2,880</u>		<u>903</u>

FY 1984 ANNUAL BUDGET SUBMISSION
TABLE XIII

P.L. 480 TITLE II FY-1984

Country: Bolivia

Sponsor's Name: Seventh-Day Adventist World Service Inc. (SAWS)

A. <u>MATERNAL AND CHILD HEALTH</u>		TOTAL RECIPIENTS	16.5
<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>Dollars</u> (thousands)
	NFD Milk	178	20
	AP Wheat Flour	198	57
	SF Rolled Oats	-	-
16.5	Bulgur	317	83
	Cornmeal	198	49
	Vegetable Oil	79	65
	TOTAL MCH	<u>970</u>	<u>274</u>
B. <u>OTHER CHILD FEEDING</u>		TOTAL RECIPIENTS	5.5
<u>N° of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>KGS.</u>	<u>Dollars</u> (thousands)
	NFD Milk	59	6
	AP Wheat Flour	99	29
	SF Rolled Oats	-	-
5.5	Bulgur	116	30
	Cornmeal	66	16
	Vegetable Oil	26	21
	TOTAL OCF	<u>366</u>	<u>102</u>
C. <u>FOOD FOR WORK</u>		TOTAL RECIPIENTS	33.0
	NFD Milk	-	-
	AP Wheat Flour	990	286
	SF Rolled Oats	-	-
33.0	Bulgur	1,188	311
	Cornmeal	792	197
	Vegetable Oil	198	163
	TOTAL FFW	<u>3,168</u>	<u>957</u>

FY 1984 ANNUAL BUDGET SUBMISSION
TABLE XIII

P.L. 480 TITLE II FY-1982
(Four Months)

Country: Bolivia

Sponsor's Name: National Community Development Service (NCDS)

A.	<u>FOOD FOR WORK</u>	TOTAL RECIPIENTS	11.0
	<u>N° of Recipients</u>		
	<u>by Commodity</u>		
		<u>Name of Commodity</u>	
		<u>KGS.</u>	<u>(thousands)</u>
			<u>Dollars</u>
		NFD Milk	4
		AP Wheat Flour	54
		Bulgur	10
	11.0	Cornmeal	10
		Vegetable Oil	33
		Rice	17
	TOTAL FFW	<u>368</u>	<u>128</u>

FY 1984 ANNUAL BUDGET SUBMISSION
TABLE XIII

P.L. 480 TITLE II FY-1983 ^{1/}

Country: Bolivia

Sponsor's Name: National Community Development Service (NCDS)

A. <u>FOOD FOR WORK</u>		TOTAL RECIPIENTS	11.0
<u>N° of Recipients</u>	<u>Name of</u>		
<u>by Commodity</u>	<u>Commodity</u>	<u>KGS.</u>	<u>(Thousands)</u> <u>Dollars</u>
	NFD Milk	110	12
	AP Wheat Flour	550	163
	Bulgur	110	30
11.0	Cornmeal	110	28
	Vegetable Oil	110	99
	Rice	110	50
TOTAL FFW		<u>1,100</u>	<u>382</u>

^{1/} PID to be submitted in accordance with "FY 1984 AFS Guidance" (page 29, para 2)

FY 1984 ANNUAL BUDGET SUBMISSIONTABLE XIIIP.L. 480 TITLE II FY-1984 ^{1/}

Country: Bolivia

Sponsor's Name: National Community Development Service (NCDS)

A.	<u>FOOD FOR WORK</u>	TOTAL RECIPIENTS	11.0
	<u>N° of Recipients</u>	<u>Name of</u>	(thousands)
	<u>by Commodity</u>	<u>Commodity</u>	<u>KGS.</u>
			<u>Dollars</u>
	11.0	NFD Milk	110
		AP Wheat Flour	550
		Bulgur	110
		Cornmeal	110
		Vegetable Oil	110
		Rice	110
	TOTAL FFW	<u>1,100</u>	<u>362</u>

^{1/} PID to be submitted in accordance with "FY 1984 ABS Guidance"
(page 29, para 2).

II. P.L. 480 TITLE II, DETAILED NARRATIVE

A. Voluntary Agency Program Proposals

Bolivia's Title II Volag program is implemented by two organizations: Catholic Relief Services (CRS) and the Seventh-Day Adventist World Service (SAWS). The CRS and SAWS counterparts are *Cáritas Boliviana* and *Obra Filantrópica y Asistencia Social Adventista (OFASA)*, respectively.

Catholic Relief Services (CRS)

Operational Plan for FY 1983

The CRS/*Cáritas* Operational Plan for FY 1983 is similar to that submitted in the FY 1983 ABS, except for minor modifications which in no way affect its basic content. To this effect, in accordance with the "FY 1984 Annual Budget Submission Guidance" (page 28, para 1.A), USAID/Bolivia has opted to highlight the modifications rather than reproducing the entire Operational Plan.

The new CRS American citizen representative directly responsible for Title II program supervision is Ms. Angela Johnson, Program Assistant, who will dedicate 10% of her time to the Title II program.

The FY 1982 Operational Plan identified nutrition improvement as the primary objective of the CRS/*Cáritas* food program. To this effect, CRS/*Cáritas* has begun to quantify the malnutrition problem in Bolivia using the results of the recent studies conducted under USAID/Bolivia's National Nutrition Improvement Grant Project (511-0468). Based on this data, CRS/*Cáritas* intends to improve the implementation of the following program categories: "Maternal Child Health", "Pre-School Child Feeding", "School Feeding", and "Food-for-Work".

The FY 1983 Operational Plan also includes a strong recommendation for the continuation of the "Adult Institutions" and "Health Cases" recipient categories in view of the effects of the recent peso devaluations on the Bolivian population. On February 5, 1982, the peso was devaluated by 76 percent, followed shortly thereafter by a floating exchange rate, further lowering its value by nearly 150 percent. This has caused increased unemployment, drastic reductions in services provided by GOB social institutions, and higher inflation rates, all of which have had a detrimental effect on the program's traditional beneficiaries because of their low socio-economic status. In this regard, CRS/*Cáritas* considers that the provision of Title II commodities under these two recipient categories can mean the difference between life and death for many of its beneficiaries.

The "Maternal Child Health" recipient category has been revised and strengthened. CRS/Cáritas has entered into a new agreement with the MOH as a means of improving and strengthening health services provided to beneficiaries. In addition, the distribution of beneficiary cash contributions has been revised so that a larger amount of funds will be provided to CRS/Cáritas for operational expenses, as well as for specific health and development projects at the community level.

To further assist CRS/Cáritas in operating its programs, the cash contributions by beneficiaries participating in "School Feeding" and "Food-for-Work" programs have been increased by 50 and 100 percent, respectively.

Narrative Mission Review

CRS Operational Plan for FY 1983

General Comments

Except for minor changes, the CRS/Cáritas FY 1983 Operational Plan follows the same format established for the FY 1982 program. The most significant change is the renewed participation of the MOH's Nutrition Division after four years of inactivity. In this respect, the Division now acts as the GOB counterpart for the CRS/Cáritas program and as a member of the Volag Coordinating Committee.

The FY 1982 Operational Plan proposed a series of actions to improve the program, many of which were included in the recommendations contained in USAID/Bolivia's 1980 P.L. 480 Title II Evaluation. To date approximately 30 percent of the recommendations have been addressed. USAID/Bolivia will continue to work with CRS/Cáritas in addressing the uncompleted recommendations which remain valid within the current economic situation.

Specific Comments

1. While the local staff employed by CRS has increased its competence in the management of the program, USAID/Bolivia is nevertheless very disappointed with CRS's plans to have its American representative spend only 10 percent of her time on Title II program activities. This is not acceptable in light of the amount of work that needs to be done to strengthen the program.

The Mission will request that CRS increase the time the American coordinator will spend on the program to at least 25 percent with the understanding that the CRS Bolivian staff who work approximately 100 percent with the Title II program continue to do so.

2. Compared to the FY 1982 Operational Plan, the FY 1983 Plan was prepared with less attention to detail. In many cases, last year's Operational Plan was simply recopied. According to information provided to USAID/Bolivia, the CRS American staff members assigned to the Title II program spent very little time in the preparation of the document. On the other hand, USAID/Bolivia recognizes that CRS was given a very short period of time to prepare the document as a result of the lateness in receiving AID/W guidelines and planning levels.

3. CRS/Bolivia has changed its American counterpart to the project each year for the past three years, and expects a new change in the near future. USAID/Bolivia strongly feels that this lack of continuity in leadership has had an overall negative effect on the progress of the program. Of all of the American counterpart managers since 1980, only one was fully trained and possessed the necessary managerial skills to adequately plan and implement program activities. The present American counterpart received little or no formal training in Title II operations. The future American counterpart is believed to have had more training.

USAID/Bolivia recommends that the FVA/FFP office require of all Volags that their field personnel have formal training in Title II regulations and operations prior to their field assignment. While USAID/Bolivia is usually able to assist inexperienced Volag personnel with an orientation to their job, the Volag's credibility with its implementing organization--Cáritas in the case of CRS in Bolivia--clearly suffers, and the relevancy of the Volag's overall contribution to project management is seriously questioned.

4. While considerable progress has been made over the last year to strengthen the "Mother Child Health" recipient category, additional work needs to be done or USAID/Bolivia will recommend a substantial reduction of this aspect of the Title II program.

For FY 1983, the "Mother Child Health" category represents 55.17% of the total CRS AER in terms of number of beneficiaries. USAID/Bolivia believes that this category of beneficiaries can make the greatest contribution to nutrition improvement and to development. The need to improve this program was highlighted in the Mission's 1980 evaluation of the CRS/Cáritas Title II program. Since then, USAID/Bolivia has worked extensively with the Volag to take concrete steps to substantially strengthen the project along the lines set forth in State 134910 "Guidance for Title II Programs".

Nevertheless, the steps proposed in the FY 1983 Operational Plan are not sufficient to cause the improvements USAID/Bolivia knows are necessary. For example, CRS/Cáritas does not have sufficient field staff to improve the functioning of the mothers clubs. In fact, Cáritas has a 1:100 ratio between promoters and the number of clubs served by them.

Since CRS has not been able to provide sufficient assistance to Cáritas to improve the management of the mothers clubs program, and because USAID/Bolivia believes that the more than 1,400 clubs represent a substantial vehicle for development, the Mission plans to use PD&S funds to provide technical assistance to Cáritas to carry out the following specific tasks:

- a) Identify the location of the most malnourished population using the results of the recently completed National Nutrition Survey under the Mission funded National Nutrition Improvement Grant Project;
- b) Develop appropriate ration levels to combat the malnutrition encountered, which take into account the cost of commodities available, their nutritional value, dietary habits, and locally available foods;
- c) Develop and implement a "Nutrition Package" of a minimum number of interventions that a club must carry out, to include growth monitoring, nutrition education, and basic home sanitation, preparation of weaning foods, education on breast feeding and diarrhea control and treatment;
- d) Develop and implement a "Health Package" of minimum activities, including construction of potable water systems and latrines, immunization campaigns, prevention of communicable diseases and referral to MOH health services; and
- e) Develop and implement a series of community development activities, including projects that promote income generation, consumer and production cooperative organization, and planting of home or school gardens.

To implement this new program in support of the mothers clubs, Cáritas will be asked to hire new field staff with skills in nutrition, health and community development. The beneficiary cash contributions to the project have been reallocated so that a greater proportion of those funds can be used in health and development activities. USAID/Bolivia will assist CRS/Cáritas to identify additional funding sources from the Departmental Development Corporations, line Ministries, and Title III program for this purpose.

Moreover, USAID/Bolivia will supply the Volag with specific information on the resources available through private sector organizations to stimulate the development of small craft industries.

The CRS Outreach Grant is essential to the successful implementation of this improved program. It will be used to finance, among other things, vehicles which are needed by the Cáritas regional offices to supervise the activities of the mothers clubs.

In April 1983, an evaluation will be conducted by USAID/Bolivia to assess the progress made by CRS/Cáritas in the implementation of the improved program. If satisfactory progress has not been obtained, USAID/Bolivia will recommend in FY 1984 a substantial reduction of support to the "Mother Child Health" category of beneficiaries.

5. USAID/Bolivia is currently working with the Ministry of Planning and Coordination, as well as the MOH, on the establishment of an impact evaluation system which builds upon the capability of the National Institute of Food and Nutrition. As envisioned, the system would be used to conduct impact evaluations for the CRS and other Title II programs at the national level.

In addition to work in establishing the impact evaluation system, USAID/Bolivia will continue to work with CRS/Cáritas in its effort to conduct periodic evaluations of key aspects of the program, an effort which it has not done adequately.

6. USAID/Bolivia recommends that AID/W approve the CRS Outreach Grant which would provide the necessary resources to improve the CRS/Cáritas program.

7. Progress has been made by CRS/Cáritas and the MOH towards the institutionalization of nutrition surveillance and growth monitoring program components to be implemented with the mothers clubs. Current plans are to initiate these components in FY 1983.

8. Improvement has been made by CRS in complying with the reporting requirements of the Title II program during the last fiscal year.

9. Summary

USAID/Bolivia feels that while the CRS/Cáritas program has, for the most part, corrected previously identified administrative deficiencies, much remains to be done to improve the quality of the program content. However, proposed USAID/Bolivia actions are expected to significantly improve the development impact of the program, and as such USAID/Bolivia recommends that it be continued, and that CRS's Outreach Grant request be approved.

Seventh-Day Adventist World Service (SAWS)

Operational Plan for FY 1982 and FY 1983

The Operational Plan submitted by SAWS covers both FY 1982 and FY 1983. The Operational Plan and Outreach Grant request for which AID/W approval is pending are presented in their entirety.

I. Elements of Operations

A. Identification

Since the founding of the Seventh-Day Adventist Church over 120 years ago, the principles of healthful living which builds sound minds and bodies to all who follow simple rules of nutrition have been taught with successful results in many countries of the world. From this small beginning 120 years ago, has sprung a worldwide philanthropic program bringing relief to hundreds of thousands of the world's oppressed in the form of food, clothing and medical assistance.

Seventh-Day Adventists now work in 190 of the 218 countries of the world and operate 345 medical institutions and 441 schools above elementary level in 70 countries outside of North America. Our University of Medicine at Loma Linda, California, is world reknown for its contribution to the world in the fields of medicine, health, nursing and tropical and preventive medicines.

The Seventh-Day Adventist World Service was established in 1954 and operates as the philanthropical arm of the Church. SAWS is a registered Voluntary Agency for the U.S. Government and recognized as such in countries where it has programs.

The Seventh-Day Adventist Church and the Government of Bolivia entered into an agreement signed by the Minister of Foreign Relations dated November 4, 1930 and the representatives of the Church in Bolivia. This agreement gave the Church's overseas personnel and all such items such as food, medicine, hospital supplies and clothing which are pertinent to the operation of a humanitarian program, duty free entry into Bolivia. This agreement was included into the Supreme Law No. 0885-7-31-69 signed by Joaquin Zenteno Anaya, Minister of Foreign Relations, and SAWS

representatives. SAWS wishes to put into reality the program as set forth in the following pages of this Operational Plan, to be complemented with the funds solicited in the attached Outreach Grant request. The overall responsibility for overseeing that the program is carried out in accordance with AID regulations is the SAWS/Bolivia Board of Directors, presently composed as follows:

President:	Henrique Berg (Brazilian)
Vice-President:	Gonzalo Monroy (Bolivian)
Secretary:	William H. Jenson (U.S. citizen)
Treasurer:	Federico Chuquimia (Bolivian)
Medical Advisor:	Dr. Juan Barrientos (Bolivian)
Members:	Hugo Jorgensen (Bolivian)
	José Pios (Bolivian)
	Genaro Tuesta (Peruvian)
	Benjamin Beltrán (Bolivian)
	Richard O'Brien (U.S. citizen)
	Wladimiro Silva (Peruvian)

B. Goals and Objectives

The goals and objectives SAWS hopes to attain in Bolivia are many and varied. The need for more work, better nutrition, health education, disease prevention, are but a few of the urgent needs of Bolivia.

Acquired data from research reveals the following information:

Bolivia is a small land-locked country approximately the size of Oregon and California combined. Seventy percent of its population are Indian who live in many cases on unproductive land whose lives are continually plagued by crop failures, sickness, lack of medical attention and the ever present malnutrition in their children. The suffering of these people increases constantly because of the lack of even the basic needs for survival. Measles is second in causes of death among children. Many diseases can be directly traced to lack of good body building nutrition.

SAWS will make every effort to not only teach the people better ways to improve their own diet of products they themselves produce, but also by the use of P.L. 480 foods to bring them to a higher level of health and thereby make them more capable to produce more of the necessities of life without the aid of the program.

C. Area, Scope and Conditions of Operation

1. Food-for-Work
2. Mother Child Feeding
3. Other Child Feeding
4. Family Vocational Education Centers
5. Medical and Health Education

1. Food-for-Work

This program will utilize the greatest percentage of SAWS food allotment. Our goal will be to encourage the less favored communities in Bolivia to elevate their social, economic and cultural level, to relieve the ever present problem of nutrition deficiency and to give work opportunities which may be transmitted from parents to children. These projects will do much toward easing unemployment problems. SAWS is deeply grateful for the trust that has been placed on it and for the programs it now operates in several countries of the world and it is our expressed hope that many of the "Urbanas Marginales" of Bolivia may be uplifted as a result of the combined efforts and working together of the U.S., the Bolivian Government, and SAWS.

The Food-for-Work program has the advantage of offering help in a form other than the "dole system". By having the people work for their food ration, the worker is not led to depend on charity as a way of life but is able to feel a sense of pride and accomplishment as he sees the benefits to his community that the work project has brought.

Food-for-Work projects are selected and operated in the following manner:

Forms (Exhibit A) are given to any community having need for a project. On completion of form request, it is studied by an inspector and if it is in accord with certain regulations of AID and the host government, it may be approved by the SAWS Board. SAWS personnel then meet with village leaders and populace who elect from their own ranks the governing board for the project. This board consists of President, Secretary, Treasurer and two other members. This five member board is responsible for the success of the project. They must see that the project proceeds as planned, distribute the food to participants and send to SAWS headquarters monthly progress and inventory reports (Exhibit B); accompanying lists signed by name or fingerprint must be forwarded after each distribution. Food allotments for a worker and his family will be 45 kilos for 20 days of work in a given month. End Use Checkers will also make regular visits to inspect and evaluate the project. (Exhibit C).

Projects will range from road building, potable water systems for the community, reforestation projects, construction of recreational areas, schools, medical posts, irrigation projects also including family gardens and small animal production.

Evaluation. Appropriate evaluation procedures will be built into the program. Spot checking will be done by End Use Checkers to ensure that P.L. 480 foods are being used to best advantage by the family and to encourage mothers to use P.L. 480 foods as a nutritional supplement to regularize the diet and not to use heretofore food money for material items; otherwise, calorie intake will not change.

Food-for-Work Ration:

	<u>Kilogram/Family/Month</u>
Instant Fortified Corn Soy Milk	1.25
Soy Bean Oil	0.50
Wheat Soy Blend	1.25
Soy Fortified Wheat Flour	2.00
Soy Fortified Bulgur	2.00
Soy Fortified Rolled Oats	<u>2.00</u>
Total Ration	9.00 x 5 = 45 kilos

2. Mother Child Health

With mortality rates of children under the age of five running at 21 percent, the needs for nutritional aid and health education become quite evident.

SAWS feels the most important battle to wage in Bolivia against malnutrition must begin at the earliest stage of pregnancy. A special educational training program outlined in this plan for End Use Checkers will be used. These specially trained workers will search out those women with early pregnancies and place them on eligible lists as recipients for food rations.

Rations to these women will be given only to those who attend meetings where talks and educational material, such as "flip charts", will be presented. The End Use Checkers trained under SAWS Medical and Health Education Plan, herein described, will present many of these timely talks. These meetings will consist of approximately 50 mothers in each area and each located in the most needy areas where SAWS will function. SAWS will cooperate with other Volags in the area to avoid duplications.

Ration levels for MCH will be according to those prescribed by AID.

Mother-Child Rations:

	<u>Kilogram/Mother or Child</u>
Non Fat Dried Milk	1.00
Soy Bean Oil	0.40
Wheat Soy Blend	1.00
Soy Fortified Wheat Flour	0.50
Soy Fortified Bulgur	1.00
Soy Fortified Rolled Oats	<u>0.50</u>
Total Ration	4.40

Evaluation. In MCH projects, evaluation procedures will consist of the use of charts which will establish the nutritional status of the children by age and weight. Children will be weighed and tested by qualified End Use Checkers. Data from these tests should indicate within a reasonable time whether the SAWS program is having its desired impact.

3. Other Child Feeding

As noted in another area of this program proposal, malnutrition is rampant in some areas of Bolivia and there are many children under the age of 14 that fall into the extreme category of malnutrition. For this reason, SAWS is requesting a small number of rations in this category to be distributed to orphanages, boys homes, boarding schools for needy children and child care centers.

4. Family Vocational Education Centers

Under the Food-for-Work category, SAWS will develop a program that has brought gratifying results in Peru and other countries. Under this plan, Vocational Training Centers are established in areas of greatest need and groups organized. Elections: A governing committee is elected from among their own people. Governing group consists of President, Vice-President, Secretary, Treasurer and two other members. The entire group under the guidance of its officers and SAWS End Use Checkers decide the type of classes they prefer. Classes may be cooking, sewing, knitting, radio repair, learning reading and writing. SAWS wishes to teach those trades that can lead to increased income for the family. Family gardens will be promoted giving seeds and technical help.

The students are committed to spend six to eight hours per week in class. No absence will be permitted excepting as the appointed social workers from their own ranks visits the home to determine the reason for the absence. Instructors will be found from the community or close by who

will teach the group in their respective field. These instructors have been found very capable and willing to donate their time or may receive food rations with the student participants. End Use Checkers trained under the program herein described under the Medical and Health Education Plan will periodically visit each group checking mothers and children and giving timely lectures on family planning, pre-natal care, etc. They will also be trained in early detection of certain communicable diseases, such as tuberculosis and venereal diseases.

5. Medical and Health Education Plan

Heretofore SAWS has used an inspector to inspect and assure the proper use of P.L. 480 foods. This worker must be furnished with a very expensive mode of transportation with costly operating expenses and maintenance. His time at any one project is limited because of the large scope of work. SAWS began in its P.L. 480 program in Haiti with the use of End Use Checkers. These are young people of an educated class who need work and have proven themselves most capable. In the cases of Rwanda, Africa and Haiti, these workers were trained to inspect programs for irregularities, storage conditions, assist in the training for preparing P.L. 480 foods, taking inventory and making a general evaluation of the project. These workers receive a fair wage and per diem allowance when in the field. They use public transportation very successfully. The cost of these End Use Checkers is a fraction of the cost of an inspector using costly equipment.

Approximately three End Use Checkers can be used for the same cost of a heretofore used inspector and can spend a great deal more time at projects to ensure greater success of the program. These checkers make out reports of project progress which are signed by the responsible person at project level and checker as well. A copy of this report is placed in the hands of the Chief Inspector and SAWS Director.

In the case of Bolivia, SAWS plans to introduce an even greater plan of assistance whose cost will be small in comparison to the impact it will make on the wellbeing of the Bolivian people.

Under the planned program, eight End Use Checkers will be acquired. At our college at Cochabamba we will begin a three month intensive course in such timely areas as nutrition, child care, prenatal care, family planning and early detection of certain communicable diseases, such as measles, tuberculosis, etc. With this preparation, the End Use Checkers while they have a captive audience during the food distribution cannot only make their regular inspection but perform a ten times greater service to the people of the community. Each year, a 30 day intensive refresher course of 8-10 hours per day (six days a week) will be given to prepare these workers for greater service. These courses are to be taught by qualified medical and nutrition personnel. If permitted by the Ministry of Health, inoculations will be administered by these workers as well.

D. Control and Receipt, Records, Procedures and Audits

SAWS plans to maintain four rodent and insect free warehouses located at strategic locations in Bolivia. These are as follows:

1. Central warehouse - La Paz
2. Cochabamba
3. Trinidad
4. Potosi (second year)

Upon receipt of original shipping invoices, the SAWS Director will forward them to Inspection and Customs and Clearing agent for processing. A copy will also be forwarded to SAWS independent surveyor at port of Matarani. Survey reports will be forwarded to SAWS headquarters in Washington, D.C. for adjustments and claims of losses. Inland loss reports or reports of damage due to infestation will be filed by SAWS central office in La Paz. Any foods damaged in transport or through infestation will be reported to the AID office in La Paz and will be disposed of according to that office's instructions. All commodity records will be kept at SAWS central office and will be available for inspection and audit at all times.

Worksheets will be utilized to maintain daily inventories. Foodstocks will be marked with placards to indicate arrivals in order that rotation of foods may be made to ensure oldest foods are used first.

All P.L. 480 food that is to be warehoused in government **facilities** at La Paz will be carefully controlled by this agency. Each withdrawal will be made by order of SAWS Food Controller, signed by warehouse dispatcher as well as the transportation agency or SAWS drivers and again signed by those receiving food at project level.

All food will be distributed by ration levels set forth by AID and signed by recipients. In cases where recipient cannot write, a fingerprint will be required. Records of distribution will be maintained at project level and at Central Office in La Paz. These records will be available for inspection at all times.

All possible precaution shall be taken to ensure third party losses are kept to an absolute minimum from the warehouse to project level. This may be done by use of guards on trucks and SAWS approved security of foods at project level.

Distribution of food at project level will be done by a five-person governing committee chosen by recipients at project level. These officers will constitute the governing leadership of the project and are subject to control of the End Use Checkers or the Chief Inspector. All informing is done by this committee monthly and sent to central office in La Paz.

Distribution of food for Food-for-Work projects will be in crude form to use in the home. Food will be given on the basis of a five member family.

Distribution of food for MCH category will be done in both crude form and in some cases in prepared form.

Ration levels for FFW and MCH are found in Sections C.1 and C.2, respectively.

E. Warehousing, Inland Transportation

As heretofore mentioned in this proposal, SAWS will maintain three warehouses besides the principal warehouse in La Paz. These three smaller warehouses will be located at strategic locations, such as Trinidad, Cochabamba and Potosí.

Trinidad warehouse will be constructed as insect and rodent proof as possible and will consist of approximately 800 square feet to accommodate 100 tons. Small quarters for security personnel will be incorporated into this construction.

Cochabamba warehouse will be 2,500 square feet to accommodate 600 tons, also with quarters for security personnel.

Delivery of some portions of foods will be done by SAWS truck from central warehouse in La Paz. As much as possible deliveries of foods to project level at other warehouses will be the responsibility of governing committee of project and community where project is located.

Bellmon Amendment/Storage Capacity. The storage and distributing system herein described meets requirements of the Bellmon Amendment. These facilities will prove adequate to store and protect P.L. 480 Title II foods in the amounts planned for import and distribution by SAWS through FY 1984.

F. Port Facilities, Practices

All P.L. 480 foods as well as clothing, hospital and medical supplies will enter the port of Matarani. Off-loading facilities at Matarani are adequate to handle foods for FY 1982 and FY 1983 under Title II program.

International inspection service will provide the port survey.

Alejandro Zavala Ch. S.C. de R. Ltda. will be used to supervise off loading and transport of all commodities to Bolivia. Condition of cargo reports and inland transportation reports will be sent to SAWS Washington Central Office for processing. Any inland losses occurring between Matarani and any of four warehouses in Bolivia will be presented to the AID office in La Paz for processing.

G. Processing, Reprocessing and Repackaging

SAWS will not enter into a program of processing, reprocessing or repackaging of P.L. 480 foods.

H. Acceptability of Available Foods

The P.L. 480 foods chosen by this institution has been chosen to supply the nutritional needs of the recipients.

A strong nutrition education program is being designed to instruct the people in the use of the foods being made available to them. They will be shown how to incorporate the food into locally known and acceptable preparations, not only will the nutritionists instruct the people but SAWS, through its specially trained End Use Checkers, will train lay nutrition instructors who will in turn work directly with Title II projects. This has been successful in other countries where this system has been implanted.

Size of rations in all categories will be computed from P.L. 480 Title II Commodity Reference Guide.

I. Projected Number of Recipients (FY 1982 - 1983)

	<u>FY 1982</u>	<u>FY 1983</u>
1. Food-for-Work	15,000	30,000
2. Mother Child Program	7,500	15,000
3. Other Child Feeding	<u>2,500</u>	<u>5,000</u>
Total	25,000	50,000

J. Program Publicity

SAWS will utilize every opportunity to inform recipients that these P.L. 480 foods are a gift of love from the people of the United States of America. Posters to this effect will be posted at each project site of distribution (Exhibit D). End Use Checkers will be taught to use every opportunity to inform recipients of source of P.L. 480 foods.

K. Bellmon Amendment - Possible Disincentives

Current and proposed SAWS Title II foods to be used under this plan are not grown in Bolivia or will be distributed to a portion of the population which lives by subsistence farming, is undernourished, poor and not normally actually engaged in the market economy.

Since the food program is designed to provide a supplement to recipients who would not, even in the absence of P.L. 480 foods, be able, or be inclined to purchase locally marketed foods, there is little possibility that Title II foods will serve as any disincentive to local production or marketing.

Data informs that 75 percent of Bolivia's 5.5 million people are undernourished. The gap between those receiving P.L. 480 foods and the needy is so great that this relatively small amount of food cannot be a major disincentive factor to Bolivian agriculture production or commercial markets. If there are factors that prevent increased marketing of agriculture goods in Bolivia, these may be attributed to the cycle of poverty and ignorance which SAWS, through its resources and the resources of this grant to create a better way of life for those assisted under the aforementioned Plan of Operation, will try to eliminate.

II. Contributions to the Program

A. SAWS per Outreach Grant requirements will provide financial assistance to the program equal to at least 10 percent of Outreach Grant outlays and will continue providing support in the following manners:

1. Administrative personnel (Director) \$15,000 per year
2. Medicines and hospital supplies (approx.) \$75,000 for 3 years
3. Clothing, shoes, baby foodstuffs \$50,000 for 3 years
4. Garden seeds, technical agriculture personnel.

B. Contributions of the Bolivian Government. Due to some measure the political situation in Bolivia at the writing of this Operational Plan makes it difficult to give an accurate account of the contribution to be made by the host government. However, SAWS is assured of a central warehouse in La Paz and of medical assistance by use of host government doctors and other medical personnel. Value placed on known assistance will reach an excess of \$15,000 per year. SAWS will use every effort to obtain all possible assistance from host government.

Note: SAWS/Bolivia will begin its program using the following qualified personnel: Mr. Hugo C. Jorgensen who has had experience in SAWS programs and has had many years experience in administration will function as Program Director and Educator and act as temporary in-country Director until Mr. Richard O'Brien arrives from the Far East. Mr. O'Brien is fully qualified to direct P.L. 480 SAWS programs.

The treasurer will be an accountant and will handle all funds and give monthly statements of procedures.

The food controller will also be an accountant capable of receiving, dispatching, and controlling all movements of Title II P.L. 480 foods. He will be responsible for all reports of recipients and inventories.

Eight End Use Checkers and two Chief Inspectors, as a result of the three month education program conducted in their behalf at our college in Cochabamba, will be highly qualified to carry on the field responsibilities.

SAWS Bolivia program, like SAWS program in Ecuador and Peru, will be under the direction of Mr. William Jenson, Director General of the Tri-Country SAWS program. Mr. Jenson will spend several weeks in Bolivia to assure that the program gets off to proper beginning and will make periodic visits to inspect and evaluate program.

Outreach Grant Request for SAWS/Bolivia (FY 1982-1983)

I. Introductory and Background Statement

A. Country Situation

Bolivia is one of the poorest countries in the Western Hemisphere. The average yearly income per capita was less than \$100 in rural areas and less than \$200 per capita nationwide in 1976. Eighty-three percent of the population live in the Altiplano region of the country, 60 percent of the population is Indian and almost 33 percent are unable to read and write.

This poverty situation is reflected on those most vulnerable which are the young children and babies. According to recent publications, the infant mortality rate is higher in Bolivia than any other country of the hemisphere with the possible exception of Haiti. Twenty-one percent of the babies born in Bolivia will probably die before reaching two years of age and 30 percent before the age of 4. Undernourishment is a contributing factor in 50 percent of these deaths and is directly responsible in 34 percent of the cases of infant mortality and also contributes to permanent disability and underdevelopment physically and mentally in many who survive. The Government of Bolivia is taking an increased interest in improving these sad conditions and is welcoming any assistance in overcoming this situation. The Seventh-Day Adventist Church has been active in Bolivia since 1906. In 1922, its educational program was begun in the Altiplano region and has since extended to most of the country through over 200 primary schools. In 1930, an agreement was signed with the Government of Bolivia recognizing the social work of the Seventh-Day Adventists and giving duty-free entry of food, medicines and other items used in their welfare programs. This agreement was renewed in 1969 by Decree No. 08 885-7-31-69 and signed by Joaquin Zenteno Anaya, Minister of Foreign Relations and SAWS representatives. Based on this decree, a resolution, No. 861/72, was signed by the Minister of Finance, Edwin Rodriguez Aguirre, authorizing SAWS/OFASA to import free of duty 9,899,000 lbs. of Food for Peace along with medicines and other equipment for a value of \$1,390,300. Unfortunately, this consideration was not accepted because of internal decisions which postponed the beginning of the SAWS/OFASA Title II program.

Note: Operational Plan for SAWS-Bolivia (FY 1982-1983) including Exhibits A-D previously forwarded to AID/W-FVC/FFP.

B. Title II Program Information

While Title II programs have been carried on in Bolivia during the past 20 years, a need has been felt to increase assistance through programs that will remain aloof from the political struggles that have reduced stability in the application of these essential aids to health improvement. SAWS/OFASA has had very effective programs in the neighboring countries of Chile and Peru, and it is felt that by beginning similar programs in Bolivia, considerable impact can be made in areas not yet reached by current Title II programs.

C. Constraints Affecting Program Implementation

Due to past experiences and present problems, it is felt that SAWS/OFASA should begin its program in Bolivia through an Outreach Grant which would apply to the first two years of its program. At least 10-15 percent of the cost of the program will be financed by the contributions of the GOB agencies through which it will work. Contracts are being studied and signed with CORDEPAZ (Corporación Regional de Desarrollo de La Paz) an agency for development of rural roads and water development, whereby Food for Peace will contribute in the poorer rural areas to increase interest in self-help projects and better nutrition. Also a contract is being studied by Materno-Infantil Division of Ministry of Health for contribution to its Mother-Child nourishment program.

D. How an Outreach Grant Can Alleviate These Conditions

An Outreach Grant will make it possible to extend the SAWS/OFASA nutritional program into areas where governmental contributions will not be sufficient to finance a feeding program. The rural and jungle areas are virtually untouched by Title II programs.

II. Target Group

A. Socio-Economic Description of Project Area

According to statistics, the rural areas in both the Altiplano and plains areas are most affected by poverty and malnutrition. In the "plains area", tropical infestations are abundant contributing to the undernourishment problem. It is therefore necessary that any feeding program be related to medical control and education in health and hygiene accompany the dietary assistance. The rural areas are not being reached by present Title II programs as much as might be desired.

B. Locations and Number of Beneficiaries to be Reached

In relating to the Ministry of Health program as outlined by its Maternal-Child Division, SAWS/OFASA will contribute commodities to a target group of 10,000 the first year and will increase the number of beneficiaries as the program gets underway. The Food-for-Work program will reach 15,000 beneficiaries in FY 1982.

C. Degree of Vulnerability/Malnutrition

As has been pointed out above, undernourishment and infestation are the principal causes of the high infant mortality rate in Bolivia. Literally thousands of lives may be saved by a well run program in Mother-Child feeding and education.

III. Objectives to be Served

A. Developmental Objectives

The improved diet as well as improved living conditions brought about by the Title II program will not only contribute to the health of the poorer classes, but the access roads and family gardens will increase the general income of those living in rural areas where poverty is greatest.

B. Community Development Goals

Irrigation and reforestation programs will improve the financial picture through the years. Sanitation and health outposts will improve conditions where at present witch doctors or curanderas now subject the sick to questionable and superstitious cures.

C. Disaster Prevention Goals

Natural disasters are not as abundant in Bolivia as in some countries; however, the population exists on the verge of starvation to such an extent that any variation in climate which may result in drought or flood immediately extinguishes the life of many who under more favorable conditions generally might survive. The irrigation and flood control planned through CORDEPAZ will greatly aid in prevention of natural disasters. This agency also participates un forestation programs.

IV. Implementation Plan

The Outreach Grant funds will make it possible for SAWS/OFASA to implement a second ongoing program in Bolivia. The training of personnel, the equipping of offices and the erection of warehouses in strategic locations is indispensable for a smooth-running, effective program. The budget as previously presented not only includes salaries and expenses of technical personnel, but also the purchasing of office equipment, vehicles and supplies necessary to make delivery of the plan. There is also included two warehouses to be constructed on property already owned by the Bolivian Mission of S.D.A.S. These will obviate high rental costs, and being near SAWS/OFASA institutions, will facilitate custodian care.

At present there are three contracts being studied by three different government agencies. First, and ready for signing, is the above mentioned CORDEPAZ. This organization previously worked with WFP so successfully that WFP extended its support for two more years, ending in July 1981.

The express purpose of CORDEPAZ is to build access roads and roads of penetration into rural areas where at present it is possible to reach only by horse or mule back. Small irrigation or water development projects as well as forestation projects are also programmed by CORDEPAZ. Inasmuch as the program is approved by government agencies and the suggested contribution to OFASA administration must be approved by the controller of the Bolivian Government, the contract will be signed by the Contralor General of the Government as well as by directors of CORDEPAZ and SAWS/OFASA.

The second contract ready for signing is between the Division of Materno-Infantil of the Ministry of Health and SAWS/OFASA. This program aims to reach the pregnant women and young children under five who are in precarious conditions due to undernourishment. These programs would be directed by the Health department who will determine who needs the food and they will also be responsible for dispensing it. OFASA will check on the delivery and use of the food by the beneficiary. Together instruction will be given in preparing the food as well as other health instruction as agreed upon.

The third contract pending is with the Universidad Técnica del Beni, which is a government institution specializing in agriculture. This institution is desirous of training the small land-owner in family gardening. Many cases more food will be cultivated than can be consumed by the family and, as it is commercialized, an increase in income will be realized. SAWS/OFASA will contribute with Food for Work as an incentive until the first crops are harvested. This program is designed to reach the poor in the Beni-- the large section of Bolivia which is tropical and very isolated and rather undeveloped.

Conversations are being sustained between SAWS/OFASA and the Mayor of La Paz to initiate a pilot program of open dining rooms in poor sections of La Paz where pre-school aged children can enroll for two meals a day. These will be simple nourishing meals; a morning cup of milk and a piece of bread and butter, or a similar snack in the afternoon with a substantial midday meal consisting of soup, salad, and a nourishing plate with a simple dessert and bread with a cup of milk will complete the daily menu five days a week. The Alcalde would finance the cooks and equipment. OFASA would supply Food for Peace to reinforce the meals as well as to offer volunteers to assist in supervising the dining rooms.

V. Phase-Over Plan

Inasmuch as the second year of operation will not need these basic elements for initiating a program, the operating budget has been reduced by almost 45 percent for the second year. By the time the third year of operation begins, it is felt that the Government of Bolivia will be able to carry the operating expenses of the internal distribution and administration of the SAWS/OFASA program. Already a request is being made for an item to be included in the national budget for OFASA/FFP distribution and each

year an increase will be requested as the program effectivity can be demonstrated. Previous requests for such assistance have met with favorable response. In 1969 an item was approved for \$b.770,000 and in 1976 \$b.1,200,000 was approved. Each case, SAWS/OFASA had to refuse the offered funds because of internal delays in putting the program in operation. It is hoped that there will be no further delays and that we can now request GOB funds for an ongoing program.

VI. Volag and Host Government Budgets

	<u>FY 1982</u> <u>(\$)</u>	<u>FY 1983</u> <u>(\$)</u>
1. Volag and Other Donations	20,000	25,000
2. Host Government Duty Free Entry		
Warehousing	12,000	12,000
Transportation, Administration Costs	20,000	40,000
3. Outreach Grant Request	<u>294,000</u>	<u>163,000</u>
Total	\$ 346,000	\$ 240,000

VII. Outreach Grant Request Budget

	<u>FY 1982</u>	(US\$)	<u>FY 1983</u>
1. Salaries and personnel expenses (permanent and temporary employees-- salaries, benefits, taxes, travel, per diem, inspection and evaluation travel by SAWS regional advisor)	110,000		113,000
2. Inland transportation costs	13,000		14,000
3. Customs related expenses (e.g. dispatcher, legal)	5,000		6,000
4. Vehicles for SAWS/OFASA field project supervisors	22,000		--
5. Commodities transportation vehicle	35,000		--
6. Nutrition and health/medical services (personnel training, teaching aids, audio visual equipment, medical supplies)	8,000		3,000
7. Warehouse construction in Cochabamba and Trinidad	60,000		--
8. Warehouse rental and other expenses (rebagging, pest control)	5,000		5,000
9. Vehicle maintenance (insurance, operational, fuel, repair, parts)	10,000		12,000
10. Office expenses (rental, utilities, equipment, supplies)	26,000		10,000
Total	\$294,000		\$163,000

Up to 20 percent of the original total of any given line item may be transferred to another line item by SAWS at any time during the life of this grant.

Note: "Outreach Grant Request for SAWS-Bolivia (FY 1982-1983)" previously forwarded to AID/W-FVC/FFP.

Narrative Mission ReviewSAWS Operational Plan for FY 1982-1983General Comments

The Operational Plan and Outreach Grant request presented above are the latest formal documents received by USAID/Bolivia from SAWS. However, since submission to AID/W, certain elements of the proposal have been revised in order to expand the description of specific activities and establish mechanisms to assure proper program implementation. These actions have also been supplemented with cables responding to specific AID/W questions on the program, such as GOB contributions.

Specific Comments

1. USAID/Bolivia's initial reaction to the documents was that they were too vague. SAWS was the first organization to submit a request to initiate a Title II program after the AID Administrator had issued guidance to the field on the need to make Title II programs more development oriented. Unfortunately, a similar guidance was not simultaneously issued to the headquarters of the Volags which would have alerted them to the new programmatic emphasis.

SAWS generally followed the guidelines for the preparation of Title II Operational Plans which are contained in Handbook 9, Chapter 6, Exhibit D. Compared to the rigorous planning and documentation requirements for the preparation of a routine DA funded project, USAID/Bolivia considers the Title II guidelines contained in Handbook 9 for the preparation of Operational Plans to be inadequate and require revision.

Rather than requesting SAWS to substantially revise its Operational Plan, USAID/Bolivia has insisted that specific program agreements with the various implementing agencies be detailed and supported by budgets clearly specifying each of the party's contributions to the program. This request was made in an effort to ensure that SAWS, the implementing groups, and USAID/Bolivia were fully aware of the purpose of the program, the type and location of the beneficiaries, the kind of services to be offered, the logistic support to be provided by each party, the cost of the program and payment procedures. Finally, an implementation schedule was also requested from SAWS as an indispensable element for the evaluation of the program.

2. With regard to the Outreach Grant, USAID/Bolivia initially informed SAWS that the use of grant funds to initiate a Title II program was not possible, as it understood that those funds were intended for the expansion of established programs. After considerable discussion on the

matter, AID/W informally advised USAID/Bolivia that grant approval was imminent provided that SAWS could assure a GOB counterpart contribution equivalent to 25% and 40% for the first and second years, respectively. In this regard, SAWS was able to obtain documentation from the GOB (Ministry of Finance) that substantiates these required contributions. USAID/Bolivia will monitor the program in order to verify GOB's compliance with the contribution requirements.

USAID/Bolivia wishes to point out that SAWS requested the Outreach Grant to initiate its program on the grounds that it could not fund its operational costs, and that once the program was in operation GOB support could more easily be obtained. In this regard, SAWS understands that once the two-year Outreach Grant has terminated, all program costs must be covered by the program and GOB contributions.

3. SAWS has developed specific Operational Agreements with the following local institutions:

- a) The Maternal Child Health Division of the MOH to develop clinic and community based health services aimed at the Mother Child category of beneficiaries;
- b) The La Paz Departmental Development Corporation (CORDEPAZ) to use Title II commodities in support of Food-for-Work activities; and
- c) The University of the Beni to implement a family garden program under the Food-for-Work recipient category.

4. Summary

USAID/Bolivia welcomes SAWS/OFASA as a new Volag in the Title II program in Bolivia. SAWS has an extensive network of institutions and services in Bolivia which will complement its Title II activities. To date, the organization has exhibited great willingness to work in close coordination with USAID/Bolivia to present quality programs.

USAID/Bolivia recommends prompt approval of the SAWS Title II AER as well as the Outreach Grant request.

B. Government-to-Government Programs

The National Community Development Service (NCDS) continues to be the only P.L. 480 Title II Government-to-Government program sponsor in Bolivia since 1965, utilizing the "Food-for-Work" recipient category.

The program has been implemented through the following Transfer Authorizations during the period 1965-1978:

Transfer Authorization Number	Period of Implementation	Approved M.T.	Distributed M.T.	Actual Number of Recipients
TA-5639	2/65 - 3/70	1,200	694	75,057
TA-0643	5/70 - 12/73	1,123	1,094	104,229
TA-5644	1/74 - 12/76	1,100	994	88,784
TA-7645	4/77 - 5/79	1,200	1,163	87,560
TA-9646	7/79 - 4/82	2,200	2,014	129,701

Until late 1970, the USAID/Bolivia Food for Peace office staff operated the food distribution program in La Paz. NCDS received the requests for commodities from the communities, made the appropriate selection and requested the food assistance from the Mission. Beginning with the implementation of TA-0643 in 1970 and in view that enough experience and administrative capability existed in NCDS, the entire responsibility of the program operation was turned over to the sponsor. Nevertheless, USAID/Bolivia continues to closely monitor program implementation.

Under the ongoing program being implemented by Transfer Authorization No. 9646 which will exhaust food stocks by June 1982, Title II food assistance has been provided to self-help, rural infrastructure and conservation work projects, as well as community development training activities have been carried out by NCDS technical staff in its four training centers located throughout the country.

A list of projects and training courses conducted under the ongoing program follows.

<u>No. of Projects</u>	<u>Activity</u>	<u>Work Performed</u>	<u>No. of Participant Workers</u>	<u>No. of Benefic.</u>	<u>Kgs. of Food Distributed</u>
163	Road construction	850 Kms.	13,841	51,483	923,396
46	School construction	86 units	2,347	9,497	78,590
42	Irrigation canals	6,570 Has.	4,466	16,231	301,407
38	Flood control dams	38 units	2,001	9,316	142,369
4	Athletic fields	4 units	189	756	11,887
8	Streets and parks	8 units	661	2,670	42,476
12	Communal centers	12 units	467	1,816	23,383
3	Rural housing const.	87 houses	87	348	9,411
11	Water tanks	11 units	491	1,964	15,884
5	Health centers	5 posts	259	1,032	7,345
40	Latrines	2,878 units	2,878	11,332	103,480
7	Sheep folds	234 units	234	907	54,603
15	Forestation project	15 sites	845	2,213	17,975
10	Sheep dips	10 units	389	1,586	7,594
6	Bridge construct.	6 units	430	1,716	15,567
8	Chicken farms	417 units	449	1,696	37,679
4	Silo construction	4 silos	205	812	2,321

<u>No. of Projects</u>	<u>Activity</u>	<u>Work Performed</u>	<u>No. of Participant Workers</u>	<u>No. of Benefic.</u>	<u>Kgs. of Food Distributed</u>
1	Sewage systems	1 unit	19	76	1,531
22	Cattle water fountains	291 units	975	3,549	126,626
1	Filtration galleries for water systems	1 unit	34	136	8,130
1	Communal kitchens	84 units	84	336	5,247
2	Market construct.	2 units	111	444	6,285
1	Public showers	23 units	8	32	1,061
1	Wire fence const.	1 unit	6	24	317
Total			31,476	119,972	1,944,564
Training Courses:					
76	Community Development Leadership		8,480		35,309
8	Cooperative Organization		719		1,871
6	Artisanry		492		1,569
1	Nutrition Education		38		100
Total			9,729		38,849
Food commodity transfer to regional projects ^{1/}					30,521
Grand Total			41,205	119,972	2,013,934

Up to FY 1982, NCDS Title II program food commodities have been distributed from one central warehouse located in La Paz, which has caused an overconcentration of work projects in the Department of La Paz. NCDS unsuccessfully tried to obtain financial assistance from the GOB and USAID/Bolivia in the past to build or rent regional warehouses in other Departments of Bolivia in order to distribute program resources more equitably and reduce transportation costs which are currently paid by the recipients.

^{1/} Commodities delivered to project sites for future project implementation.

National Community Development Service (NCDS)

Government-to-Government New Transfer Authorization (July 1982-June 1984)

1. New Transfer Authorization

NCDS has recently requested a new Transfer Authorization to cover the period July 1, 1982 to June 30, 1984 with the following preliminary recipient and food tonnage levels:

<u>Commodity</u>	<u>No. of Workers</u>	<u>Workdays</u>	<u>Gms. per Cap./Workday</u>	<u>Total Requirements (M.T.)</u> ^{1/}
NFD Milk	2,200	400	50	220
AP Flour	2,200	400	250	1,100
Bulgur	2,200	400	50	220
Cornmeal	2,200	400	50	220
Vegetable Oil	2,200	400	50	220
Rice	2,200	400	50	220
Total				2,200

^{1/} Based on an average of five members per family.

In accordance with the "FY 1984 Annual Budget Submission Guidance" (pg.29, para B.2.), a PID formalizing NCDS's request for a new Transfer Authorization and Financial Support will be submitted as soon as decisions are reached on (1) the mix of commodities to be included which is dependent upon GOB establishment of new wheat flour prices, and (2) formalization of plans regarding construction and/or rental of warehouse facilities in Cochabamba and Sucre.

The general purpose of the new NCDS Title II program will be aimed at achieving the improvement of needy community conditions by providing food commodities as compensation for voluntary work.

The following specific areas will be included in the program:

a) Agricultural/Economic Development Projects

Construction of water systems and irrigation control projects (wells, dams, reservoirs, ponds, drainage ditches); road, small bridge and fence construction; improvement of land conditions through soil preparation, drainage and reforestation; construction and remodeling of food commodity storage facilities; and provision of food supplements to resettlement or land reform project participants.

b) Community Development Projects

School construction and remodeling, emergency shelters, child feeding centers and recreational areas; and clearing of debris, and street construction in villages and towns.

c) Educational Development Projects

Literacy classes and vocational training and retraining courses, particularly in agriculture and fishing; and training of the handicapped.

d) Health and Sanitation Projects

Construction and remodeling of health posts; nutrition education, child health care, personal hygiene, home sanitation, family health and food handling; environmental sanitation; control of rodents and insects; and disease control and eradication.

2. Food Storage and Distribution

Three central warehouses located in La Paz, Cochabamba and Sucre will be used for food storage and distribution under the proposed program. The existing warehouse in La Paz is adequate and has a capacity for 1,000 M.T. The proposed warehouse for Cochabamba requires remodeling and equipping and will be located at the NCDS Paracaya center with a total surface of 487 square meters and a capacity for 600 M.T. The proposed warehouse in Sucre, a new point of entry requiring formal approval from AID/W, is to be constructed at the NCDS Totakoa training center with a total surface of 242 square meters and a capacity for 350 M.T.

In addition to the request for a new Transfer Authorization, NCDS has also requested financial support in the amount of \$250,000 under Section 206 of P.L. 480. The requested financial support funds, if approved, would be used to cover warehouse construction and equipment procurement costs.

3. Inland Transportation

The port of disembarkation of Matarani, Peru, will be used for all shipments, which will be called forward in two tranches. From Matarani, Peru, the food will be transported via trucks to the authorized points of entry under transportation contracts which allow for discounting the values of any food loss from the transporters' invoices. This procedure was initially introduced by the NCDS Government-to-Government program in early 1978 and subsequently has been adopted by CRS/Cáritas.

From the three central warehouses, the food will be transported by the NCDS vehicles to be purchased with funds obtained under Section 206 of P.L. 480.

4. Geographic Coverage

With the program operating through three storage centers located at three authorized points of entry, NCDS proposes to eliminate the overconcentration of community development projects around the previously used central single warehouse in La Paz, as well as to improve control of the program through the use of NCDS's regional offices located at those points of entry. The La Paz-Cochabamba-Sucre axis will also facilitate program expansion to the Department of Santa Cruz.

5. Relationship Between the New and the Ongoing Transfer Authorizations

With the exception of the addition of two new points of entry with their corresponding storage facilities, all other program conditions already established in the ongoing Transfer Authorization will remain unchanged. Ocean and inland transportation costs to the authorized points of entry shall be covered by the U.S. Government while transportation from the authorized points of entry to project sites will be paid by the GOB.

Narrative Mission Review

NCDS New Transfer Authorization (July 1982 - June 1984)

General Comments

USAID/Bolivia considers the NCDS Title II program to be one of the most successful Food for Peace endeavors in Bolivia. Although partially due to the small size of the program, its success is attributable, to a great extent, to the management capability of the NCDS staff. As an indication of the effective management provided to the program, the September 1981 AAG Audit of the Title II program did not contain any negative observation regarding NCDS Food-for-Work program. Given its performance record, USAID/Bolivia will submit a PID in order to officially request and recommend the issuance of a new Transfer Authorization for two years with food distribution to begin on July 1, 1982.

Because the NCDS program operates through the Food-for-Work beneficiary category, it is best suited to complement other USAID/Bolivia development efforts in the Chapare. For this reason, USAID/Bolivia supports the use of Section 206 funds to allow the NCDS to remodel its warehouse facilities in the Cochabamba area.