PD-AAX-525

# Bolivia
# Action Plan FY 1989-1990

# Action Plan

## FY 1989 - 1990

# BOLIVIA

International Development
Washington, D.C. 20523

April 1988

Agency for International Development
Washington, D.C. 20523

BEST AVAILABLE

USAID/BOLIVIA

FY 1989-1990 ACTION PLAN

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FY 1989-90 ACTION PLAN

BOLIVIA

PART I - STRATEGY AND OVERVIEW OF PERFORMANCE

A. Strategy Summary

A Strategy Summary is not required because a Country Development Strategy Statement is being submitted concurrently with this Action Plan.

B. Overview of Progress

1. Increase Agricultural Production

The main agricultural problems in Bolivia do not revolve around production but around marketing, distribution, and productivity. The most urgent need is to increase rural incomes and create jobs, lower the cost of food to consumers, and expand non-traditional agricultural and agro-industrial exports. Much of AID's program over the planning period will focus on improving marketing systems and on better food distribution with a medium-term (five year) view towards increasing exports and raising rural incomes. It will also support advice on policy for the Ministry of Agriculture. This includes technical assistance, training and a variety of other types of assistance in improving marketing systems and overall agricultural productivity.

With respect to Country Development Trends Indicators, there were moderate to severe declines in most major food crops in 1987 due primarily to poor weather, crop diseases, lack of improved seed, and lack of production credit. The most important accomplishments under "Key Project Program Accomplishments" listed in last year's Action Plan for FY 1987 and early FY 1988 were that more than double the amount in agriculture loans were made over the $15 million projected, and twice the number of producer associations were strengthened, ten versus the five projected.

Based on a USAID-funded Agriculture Sector Assessment completed in late 1987, a major new project currently in design will address Bolivia's severe agricultural marketing and productivity constraints. A preliminary project description is included in this document. This activity, together with other efforts being made in the sector both by ourselves, other donors, and the GOB lead us to project modest increases in per capita rural incomes, agricultural output per capita, and agricultural productivity over the planning period despite a population growth rate of some 2.7 percent per year.

The policy dialogue will stress measures to ensure the restructuring of the Ministry of Agriculture, particularly with respect to organizing a new policy planning and analysis unit reporting directly

to the Minister; encourage the GOB to reorganize the Agricultural Bank to turn it into a full service bank for small and medium size farmers; and persuade them to provide funding for research and extension programs.

2. Strengthen the Private Sector

The objective of Strengthening the Private Sector is at the heart of USAID's and the GOB's strategy for economic growth. Since 1985, the Bolivian Government has demonstrated extraordinary courage backed by sound economic analysis in moving to correct distortions and remove barriers to private-sector led development. Progress against the private sector strengthening objective targets was quite good in 1987, as the following specifics demonstrate:

- Credit made available to the private sector in 1987 was four percent higher than projected.
- A privatization commission was established to supervise the divestiture of certain state-owned enterprises.
- A Superintendency of Banks was created in the Central Bank to improve bank regulation.
- The GOB published an Economic Reactivation Decree to clarify the rules of the game for foreign and domestic investors.
- Project accomplishments either met or exceeded targets in all cases except two: divestiture of state-owned enterprises has not yet started and the GOB decided to delay the establishment of a savings guarantee facility.

Over the Action Plan period, we expect the program to privatize or otherwise divest state-owned enterprises will proceed with a minimum of two companies divested. The Micro and Small Enterprise Development Project will begin making loans and a large volume of subproject lending will take place under the Market Town Capital Formation Project. We expect financial training courses will be offered under the auspices of the Institute for Entrepreneurial and Administrative Development (IDEA); a policy reform program will be formed to help the private sector lobby for legislation to improve the investment climate; and public and private sector export promotion activities will start in support of the GOB's reactivation program.

Main policy dialogue issues include: (1) GOB issuance of a formal decree authorizing the Industrial Transition Commission to assist in transferring certain state owned enterprises to the Private Sector; (2) revision of the Banking Law to modernize regulations designed to improve the performance of the national commercial banks, and (3) revision of the national investment law to strengthen investment incentives for both national and foreign entrepreneurs.

3. Stabilize Financial Structures

Stable financial structures are prerequisites to the investor confidence necessary for economic reactivation. The USAID program directed at this objective includes policy dialogue as part of the PL 480 and ESF program negotiations, the two resource transfers

themselves, training, and institutional strengthening. Behavior of price indices, the reduction of the budget deficit as a percentage of GDP, the rate of increase of credit expansion and money supply, and the stability of the exchange rate since 1985 have all reflected success in this area. The decline in the real GDP was stopped and reversed in 1987, but the recovery has been halting and inadequate so far.

Policy dialogue issues that the Mission will pursue include: (1) assurances from the Ministry of Planning that the GOB will continue to follow a responsible monetary-fiscal policy as reflected in a reduced ratio of fiscal deficit to GDP and a moderate rate of credit expansion to the public sector; (2) implementation of a flexible exchange rate designed to avoid overvaluation of the Boliviano and (3) pursuit of a number of essential reforms of the financial system.

4. Increase GDP

We are not including this objective in our Action Plan because the magnitude of resources at USAID's disposal is too small to have a measurable effect. Almost all projects in the USAID portfolio are designed to increase GDP in one way or another, but in all cases the GDP objective is secondary.

Following six years of negative real growth, Bolivia's real GDP increased by about two percent in 1987. While this moderate recovery is encouraging, there are still a number of obstacles to vigorous economic reactivation and long-term growth. These include acute shortages of working capital for most productive enterprises, the extreme shortage of credit for the productive sector, exorbitant interest rates, the extreme vulnerability of the financial system (three banks were forced to close this year), the sharp decline in real wages that has occurred since 1981 along with the strong pressure exercised by organized labor to secure substantial wage increases, and extremely high unemployment and under employment rates.

5. Promote Exports

The February 1988 USAID Conference on Future Directions concluded that exports of non-traditional agricultural and agroindustrial products provided the best hope for Bolivia's long-term economic growth. In accord with GOB medium-term economic growth strategy, an export orientation is being emphasized in all USAID production-directed projects. Since no Export Promotion objective was included in last year's Action Plan, benchmarks for performance are being established for the first time in this document.

In addition to the ongoing Handicraft Export Promotion Project and the new Export Promotion Project planned for FY 1989 (a shelf Project for FY 1988), the Market Town Project has an increasing number of export-oriented sub-activities. The Management Training Project, Private Agricultural Organizations Project, Policy Reform Project, Industrial Transition Project, and Micro/Small Enterprise Project (through handicraft development) will also contribute in varying degrees toward

increasing exports. Our performance indicators for 1988 and 1989 exports for selected non-traditional products are as follows:

| Product | Projected Percent Increase Over Previous Year | |
|---|---|---|
| | 1988 | 1989 |
| Handicraft Export Project Products | 43% | 67% |
| Wood Products | 8% | 15% |
| Timber | 10% | 8% |
| Coffee | 13% | 15% |

As an integral part of the policy dialogue component of our new Export Promotion Project, we will seek GOB strengthening of legislative incentives for exports, such as a reduction in required documentation and development of a national export promotion policy to increase incentives for non-traditional exports. These will include greater flexibility of the exchange rate to eliminate overvaluation of the currency, pre and post export credit for non-traditional exports, putting into force the Tariff Refund Certificate, development of an adequate information system on foreign markets, and conduct of pre-feasibility studies by the National Institute for Export Promotion.

6. Preserve and Manage Natural Resources

No natural resources objective matrix was included in last year's Action Plan.

A substantial proportion of USAID's effort in natural resources management is being funded with local currency. The Title III program earmarks $1 million annually for natural resources projects, with most of the money going to private voluntary agencies and research institutions for an assortment of studies and environmental lobbying and educational activities. An environmental team is scheduled to begin work in Bolivia in the third quarter of FY 1988 to put together an overview of current environmental needs. Some $2.5 million of Chapare project funds is budgeted for natural resources development studies in the high valleys of Cochabamba Department. The only quantifiable target not of a research, lobbying, or educational nature is reforestation to be carried out under PL 480 Title II Food for Work. We believe it will be possible to reforest about 5,000 hectares during the Action Plan period, 1,000 hectares in 1988 and 2,000 hectares per year in 1989 and 1990.

7. Expand and Improve the Infrastructure

USAID is not including Infrastructure Expansion and Improvement as a distinct objective because all USAID efforts in this area are primarily directed at other objectives. The scale of available resources does not permit USAID to pay for large infrastructure projects, but we actively encourage larger donors to do so especially in the transportation

sector. If much higher funding levels were made available, USAID would place infrastructure high on the list of priorities for their use.

8. Increase Access to Voluntary Family Planning Services

Modern family planning services remain available only to a minority of the Bolivian population. A pervasive belief that Bolivia's demographic problem is one of distribution rather than growth, and a powerful, conservative church hierarchy have meant that, family planning can only be justified on health grounds. Partly as a consequence of the lack of concern over population growth, updated statistics are not available for growth rates or contraceptive prevalence nationwide until the Demographic Health Survey data become available in 1989. The number of women receiving family planning services under AID-supported private sector programs increased eighteen percent from 1986 to 1987 and is projected to grow another twenty percent in 1988. Women receiving family planning services under AID-supported public sector programs in 1987 represented only twenty-three percent of projections due to delays in provision of family planning commodities to the Ministry of Health and also due to internal MOH personnel turnover. We expect that these problems will be resolved in 1988. USAID wishes to greatly increase support for family planning activities during the Action plan period and seeks an additional $800,000 in population funds for FY 1988, $900,000 for FY 1989, and $1,000,000 for FY 1990.

Given the strength of the political opposition (including that of the Catholic Church) to family planning and past history involving the Peace Corps efforts in this area, conditioning of USAID assistance is out of the question in this field. However, the Mission will step up its on-going dialogue with various interested GOB agencies, including the Social Security Institute and the Ministries of Health and Planning, to persuade these agencies of the need to adopt a comprehensive family planning program for both social and economic reasons. USAID is financing some in depth studies in this area to illustrate the economic consequences of unchecked population growth.

9. Improve Health and Health Services

USAID has not prepared a separate objective matrix for health because nearly all our health activities relate to Child Survival. The only exception is the proposed AIDS Prevention and Control Project, a brief description of which is included in this document. Since this activity is extremely modest, consisting of only $500,000 over three years for lab testing, public education and perhaps some free condom distribution to high-risk groups, we do not feel it warrants its own separate objective matrix.

Last year's Action Plan targets under the health objective were met or exceeded with the exception of the CARE nutrition activities, which fell about 50% short due to internal managerial problems leading to slow implementation.

10. Reduce Infant and Child Mortality

USAID's Child Survival strategy promotes oral rehydration, immunization, birth spacing, and nutrition activities through the public and private sectors for about 400,000 Bolivian children under age five with the expectation that it will reduce the infant mortality rate of that group by half by the year 2000. FY 1987 targets for ORT and immunizations were probably met, but reliable statistics are unavailable at this writing. The iodized salt and oil programs were seriously retarded by slow implementation of the CARE project. Now that CARE/Bolivia's managerial problems have been resolved, we are confident that we can increase ORT coverage by fifteen percent per year and immunizations by ten percent per year over the Action Plan period.

11. Improve Housing

The highlight of FY 1987 under this objective was the GOB's assumption of over $20 million in debt from the Bolivian Savings and Loan System, which saved the system from insolvency. The financial problems had resulted from the government's dedollarization in 1982 and the hyperinflation which followed. This rescue had been a major USAID policy dialogue target.

While new housing units built in FY 1987 through the Bolivian Savings and Loan System exceeded projections by twenty percent, housing units upgraded were over seventy percent below projections due to much-lower than expected Title I and III local currency availabilities. We expect new housing units built to remain between 580 and 660 per year during the planning period, while units upgraded will rise to 2,300 in 1988 and then remain steady at 1,600 per year in 1989 and 1990.

The GOB already has taken measures to replace some inefficient state institutions with a new Housing Fund. The operational capability of the Fund must now be strengthened through training and its administrative and loan procedures improved. USAID will reprogram some funds from an on-going technical assistance grant to help the Housing Fund carry out its functions.

12. Improve Education Opportunities

USAID/B has no education portfolio nor formal education sector objectives. Each education or training activity supports another primary objective. The Management Training (IDEA) Project contributes to private sector development. It provides nationwide (in seven cities), short term management courses for all levels of the private sector, from clerical personnel to top management. It also sponsors policy-level seminars on current topics. For example, in April 1988, it will jointly sponsor a discussion of industrial policy with the Chamber of Industrialists, leading to a presentation from the Chamber to the GOB on desired policy changes. In addition, during FY 1988 or early 1989, IDEA will add financial training courses for the banking community to its curriculum.

The Radio Learning Project, to begin in May 1988, will use in-class radio programs and coordinated lesson materials to improve the math and language skills of ten percent of all school children in grades 1-3, and support child survival objectives through the promotion of ORT. Informal drug awareness activities will support the Alternative Development objective.

In regard to USAID/B's policy not to participate in formal public education activities, it should be noted that the needs of the Bolivia's formal sector are so great, and the available resources so few, that modest USAID interventions would be unlikely to make a significant impact.

13. Increase Participant Training

Actual FY 1987 training figures are substantially below projections in last year's Action Plan because at the time the plan was prepared, USAID had only a preliminary idea of the likely volume and schedule of Andean Peace Scholarship (APSP) training. Targets were subsequently revised and scheduling rationalized. We have exceeded the revised targets by some twenty percent.

USAID expects to meet fifty percent of its APSP life-of-project short-term target by the end of FY 1989, and to be well on track toward the forty percent women and seventy percent disadvantaged requirements. Two APSP groups have been sent so far: 20 women artisans and 34 journalists including twelve female journalists. Scheduled to depart in the balance of FY 1988 are 40 mothers clubs members and 30 members of cooperatives and producers' associations. Long-term APSP candidates will also be recruited in FY 1988, particularly from the education sector. We expect FY 1989 short term training will be provided to 26 small-town mayors, 25 university professors and administrators and 10 young writers.

14. Strengthen Democratic Institutions

The FY 1989-90 Action Plan is the first time USAID is addressing this objective explicitly in a separate matrix. Through a $7 million project starting in FY 1988, USAID will provide assistance in three areas: the electoral system, the legislative process, and the judicial system. Of these three areas, activities over the next two years will focus on improvements in the functioning of the court system and Attorney General's office to speed up trials, and improvements in the electoral system to prepare it to handle the national elections in May 1989.

15. Promote Alternative Development

In seeking to provide Bolivian farmers in selected areas with alternatives to coca production and in carrying out narcotics awareness programs, USAID is assisting a major Embassy initiative to encourage coca eradication as part of an overall narcotics control program. Other Embassy units are engaged in interdiction and corollary efforts.

Most of the targets under this objective put forward in last year's Action Plan were not met:

- No production credit was delivered for fear it might be used for coca production and processing.
- Agribusiness credit was delivered to only the three target agroindustries found not to have links to narcotics trafficking.

Some progress was made on two targets, encouraging the collaboration of other donors: $20 million from the United Nations and $3 million from the United Kingdom may be forthcoming to help out with development and drug control activities, and two narcotics related TV programs were produced in the U.S. and broadcast throughout Bolivia.

Following a significant evaluation of the Chapare project discussed in last year's Action Plan, authorized life of project funding was increased by nearly $10 million and its design was fundamentally altered to focus resources on non-coca growing areas from which current coca growers came and to which they will return when interdiction progress makes coca production less attractive.

Overall country indicators under this objective are positive. Although Bolivia forfeited half of its ESF allocation for FY 1987 for failure to meet eradication targets set forth in the Bilateral Framework Agreement of August 1987, the pace of eradication has since accelerated sharply. As of this writing, over 1,200 hectares of coca have been destroyed.

Beginning in early FY 1988 the rules regarding farmer eligibility for production credit were changed so that farmers will qualify for credit when they have eradicated seventy percent of their coca production and their community is participating in the eradication effort.

## GOALS/OBJECTIVES/PROBLEM AREAS MATRIX

| | GOALS | | | | PROBLEM AREAS | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | STABILI-ZATION | REFORMS/ GROWTH | SPREADING BENEFITS | DEMO-CRACY | INCOME | HUNGER | HEALTH | EDUCA-TION | POPU-LATION |
| 1. Increase agricultural production | | x | x | | x | x | | | |
| 2. Strengthen the private sector | x | x | x | x | x | | | | |
| 3. Stabilize financial structures | x | | | | x | | | | |
| 4. Increase GDP | | x | x | | x | | | | |
| 5. Promote exports | | x | x | | x | | | | |
| 6. Preserve and manage natural resources | | x | | | x | | | | |
| 7. Expand and improve the infrastructure | | x | x | | x | | | | |
| 8. Increase access to voluntary family planning services | | | x | | | | | | x |
| 9. Improve health and health services | | | x | | | | x | | |
| 10. Reduce infant and child mortality | | | x | | | x | x | | |
| 11. Improve housing | | | x | | | | | | |
| 12. Improve educational opportunities | | x | x | x | | | | x | |
| 13. Increase participant training | | x | x | x | | | | x | |
| 14. Strengthen democratic institutions | x | | | x | | | | x | |
| 15. Promote Alternative Development | x | | x | x | | x | | | |

OBJECTIVE No. 1: Increase Agricultural Production

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual[3] | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Real Growth of Value Added in Ag.[1] (Rate of Growth) | 9.1% | - 4.7% | 3.0% | - 0.2% | 2.5% | 3.0% | 3.5% |
| B. Production of Selected Crops (MT)[2] | | | | | | | |
| Wheat | 67,000 | 68,400 | 72,000 | 50,000 | 60,000 | 72,000 | 86,000 |
| Rice | 184,500 | 184,360 | 190,000 | 132,700 | 152,000 | 191,000 | 229,000 |
| Corn | 553,000 | 554,000 | 620,000 | 484,000 | 525,000 | 630,000 | 690,000 |
| Potatoes | 720,728 | 760,000 | 790,000 | 604,000 | 700,000 | 810,000 | 850,000 |
| Coffee | 19,732 | 24,700 | 23,500 | 24,000 | 24,000 | 24,000 | 24,500 |
| Barley | 75,000 | 76,000 | 80,000 | 66,800 | 80,000 | 80,000 | 85,000 |
| Soybean | 83,300 | 100,000 | 110,000 | 93,500 | 119,000 | 120,000 | 150,000 |
| Quinoa | 21,200 | 21,200 | 21,250 | 16,000 | 22,000 | 21,000 | 22,000 |
| Cotton | 1,763 | 1,800 | 2,000 | 2,267 | 2,300 | 2,500 | 2,500 |
| C. Self Sufficiency in Basic Food Grains measured by production as a percent of estimated domestic demand | | | | | | | |
| Rice | 129% | 126% | 123% | 93.5% | 120% | 125% | 125% |
| Corn | 102 | 100 | 103 | 89.8 | 100 | 100 | 100 |
| Barley | 75 | 72 | 74 | 67 | 70 | 75 | 75 |
| Soy Bean | 98 | 111 | 122 | 65 | 90 | 100 | 105 |
| Quinoa | 118 | 118 | 118 | 82 | 95 | 100 | 105 |
| Wheat | 17 | 18 | 18 | 15.2 | 18 | 18 | 20 |

1/ Source: Central Bank, National Institute of Statistics, and USAID

2/ Ministries of Agriculture and Industry of Industry & Commerce, National Council for Coffee Production, and USAID

3/ The difference between what was projected for 1987 and the actual production figures is due, in large measure, to weather conditions, a lack of production credit, one crop disease outbreak and a lack of improved seeds.

Note: Reliable agricultural statistics are difficult to obtain because the Ministry of Agriculture does not systematically collect pertinent data on a regular basis. Also, past projections tended to be optmistic because they are, in essence, a self evaluation of GOB performance. USAID has initiated a program to improve statistical information under a PPC/CDIE program.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS[4] | 1985 Actual | 1986 Actual | 1987 Proj.[5] | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Ag. Productivity Index (Ag. GDP relative to Rural Labor Force) 1980 = 100 | 113.3 | 106.6 | - | 105.2 | 106.5 | 108.4 | 110.3 |
| B. Per Capita Rural Income/ annum (US$) | 275 | * | - | * | 362 | 373 | 384 |
| C. Ag. Output per Capita Index (Ag. GDP relative to Total Population) 1980 = 100 | 103.8 | 96.1 | - | 93.2 | 93.0 | 93.2 | 93.6 |

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| Target | Planned | Actual | Discussion |
|---|---|---|---|
| A. Agricultural Production/ Marketing Loans ($000) | 15,000 | 30,850 | Emergency Agricultural Credit and PL 480 funds were for short term credits ($13,8 million). Central Bank disbursements were for long term investments. ($17.0 million) |
| B. Producer Associations Strengthened (Number) | 5 | 10 | Development plans being implemented with initial emphasis on improving income generating capability of associations, including technology transfer as an integral part of each of the plans. |
| C. Wheat Production Marketing Loans approved | 300 | 1,100 | The need far exceeded the initial estimate. |

4/ Although these indices are clear indicators of performance in the sector, and are related to our sector goals, they are influenced by other donor programs and exogenous factors due to the relatively small USAID/Bolivia program. Their inclusion is warranted due to their relevance to what our program should be accomplishing. No other indicators between the country performance goals and specific outputs in part 3 were identified.
5/ No. projections were made last year.

* Unavailable.

Note: Remainder of Key Project/Program accomplishments in 1988/89 Action Plan are now incorporated in Objective 15 "Alternative Development".

| 4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Encourage continued GOB investments in rural infrastructure including activities that enhance export promotion opportunities and address overall marketing constraints. | 4Q FY 90 |
| B. Encourage the GOB to reorganize the Agricultural Bank and turn it into a full service bank for rural Bolivians and small and medium size farmers, with emphasis on savings mobilization. | 4Q FY 88 |
| C. Encourage the GOB to continue its effort to reorganize the Ministry of Campesino Affairs and Agriculture (MACA), with particular emphasis on decentralization and policy planning/analysis work. | 4 Q FY 90 |
| D. Encourage the GOB to reestablish and provide funding for an Agricultural Research and Extension Program which is decentralized and responsive to regional needs, to be implemented in cooperation with private agricultural producer associations. | 4Q FY 88 |
| E. Encourage and assist GOB in selling off or leasing parastatals or GOB-owned infrastructure to the private sector, especially agricultural producer associations. | 4Q FY 90 |
| F. Encourage the GOB to devote more emphasis to the proper management and use of its natural resources. | 4Q FY 90 |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Ten private sector agricultural producer associations or councils providing sustained services to their membership which includes technology transfer, inputs, and post harvest processing and marketing. | 3Q FY 90 |
| B. Private and public sector systems providing agricultural production and marketing information necessary for policy formulation and investment decisions. | 4Q FY 90 |
| C. Plan developed for selective strengthening of Bolivia's agricultural education which will include two secondary schools and two universities. | 4Q FY 90 |
| D. Technological and managerial package developed to improve credit delivery and efficacy, as well as savings mobilization. | 4Q FY 90 |

## 6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| PD&S | 511-0000.01 | O | DA | Cont. | G | 2,790 | 500 | 500 | 500 |
| Agricultural Marketing/ Productivity | 511-0586 | N | DA | 25,000 | G | - | - | 1,760 | 2,870 |
| Private Agricultural Organizations | 511-0589 | O | DA | 4,200 | G | 1,815 | 400 | - | 980 |
| PL 480 - Title I | - | O | PL 480 | - | LC | (8,500) | - | - | - |
| PL 480 - Title III[1/] | - | N | PL 480 | - | LC | - | (20,000) | (17,000) | (17,000) |
| ESF | 511-0595/75/76 | N | ESF | - | G | - | ( 7,320) | (23,000) | (24,000) |
| Special Dev. Activities | 511-0412 | O | DA | Cont. | G | 1,517 | 300 | 500 | 500 |
| Planning Assistance OPG | 511-0578 | N | DA | (600) | G | - | (200) | (200) | (200) |
| TOTAL ADD ITEMS | | | | | | 6,122 | 1,200 | 2,760 | 4,850 |
| (TOTAL NON-ADD ITEMS) | | | | | | ( 8,500) | (27,520) | (40,200) | (41,200) |

1/ Title III total for 1986 agreement = $60.0 million; 1989 through 1990 = $17.0 million per year.



## 7. NARRATIVE

The agricultural sector in Bolivia is a vital source of employment, foreign exchange and domestic income. Specific GOB macro-economic actions taken to date to improve investment in the sector have included elimination of controls on prices and interest rates, liberalized import and export policies and tariffs, and a more realistic exchange rate. Actions specific to agriculture include reorganization of the Ministry of Campesino Affairs and Agriculture (MACA) to achieve greater local private sector participation and technical impact, reorganization of the Agricultural Development Bank (BAB), and elaboration of a new Agricultural Development Law which, if enacted in 1988 as expected, will better define the legitimate role of the private and public sector institutions promoting agricultural development in Bolivia.

The private sector has also demonstrated a willingness to finance solutions to the major constraints affecting agricultural productivity and overall economic well-being. There is a consensus in both the private and public sectors that the GOB cannot, unilaterally, do all that is needed.

USAID/Bolivia's strategy for developing the sector is biased toward improvements in marketing and productivity in order to increase foreign exchange earnings from agriculture, improve rural incomes, and provide an adequate supply of food to consumers at affordable prices. Private sector institutions will receive the majority of our agricultural assistance; assistance to the public sector will be targeted to specific activities which strengthen MACA's role in the agricultural sector and which facilitate productive private sector initiatives.

USAID projects providing solutions to agricultural sector constraints during the Action Plan period are:

A. Agricultural Marketing/Productivity: This new project scheduled to begin in FY 1989 will have three major components: (a) improvement of marketing/productivity; (b) agricultural policy development; and (c) agricultural education/training. The Marketing component will modernize Bolivia's traditional market structure, including improved market information collection and dissemination so that better production and marketing investment decisions can be made, establishing collection and storage centers to bulk and grade produce, applying better post-harvest technologies. It will also include the following infrastructure activities: access roads that will expand opportunities for agricultural development, selected regional wholesale markets, silos and slaughterhouses, and irrigation systems. Infrastructure activities will be done to alleviate identified marketing/production constraints when it is evident that the particular infrastructure activity is the sole remaining constraint to improving a particular marketing/distribution system. This component envisions major private sector involvement, assisted by counterpart-funded credit. The agricultural policy component will establish a small policy analysis unit to provide advisory service in MACA responsible for developing and assessing alternative agricultural sector development strategies and policies. The unit will set a sense of direction for government policy on agriculture. A fundamental mandate of the unit will be to perpetuate both farm community as well private sector interests involved in agricutural production and marketing. It is also expected that the unit will provide recommendations to enhance credit availability for agricultural production and marketing purposes. This component is a major public sector initiative. The agricultural education/training component will establish a system to provide the trained human resource base upon which the long-term sustainable development of the sector depends. The project will work with two secondary schools to train agricultural technicians, possibly two universities to train agronomists, and develop a scholarship program with the Pan American Agricultural School. Additional specific short-term and M.S. level training will be included. This component envisions mostly private schools, but will broaden the accessibility to quality education.

B. Private Agricultural Organizations (PAOs): This project provides technical assistance, training, and limited amounts of loan and grant funds to Agricultural Chambers and Producer Associations which will strengthen these institutions and enable them to better serve their farmer members. Initial assistance consists of institutional analysis and action plans for 10 selected PAOs which will identify weaknesses that must be corrected if the PAO is to grow and be capable of providing services to its members. Initial TA will focus on improving the income generating capability of the PAO. As PAOs make progress, they become elegible for loan and limited grant assistance to develop projects of importance to their members in areas such as: technology transfer, input marketing, product marketing, and channeling of agricultural credit.

C. PL 480 Title I/III Program: The PL 480 Program supports the agriculture sector by providing funding for: agricultural and agroindustrial loans; research and extension assistance; producer associations, regional seed councils; development of a National Wheat Policy; reorganization of MACA; the Economic Policy Analysis Unit (UDAPE); rural infrastructure projects to be implemented by local PVOs; and scholarships for campesino children.

STANDARD FORMAT FOR REPORTING ON OBJECTIVES

Objective No. 2: Strengthen the Private Sector

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Fixed Private Capital Formation as a % of GDP | 1.2 | 4.7 | 5.1 | N.A. | 6.8 | 7.6 | 8.0 |
| B. Credit to the Private Sector in thousands of constant 1/ Bolivianos | 5,982 | 8,487 | N.A. | 15,933 | 18,323 | 20,155 | N.A. |
| C. Credit to the Private Sector in millions of current US dollars | 151.2 | 295.2 | N.A. | 603.0 | 675.4 | 709.1 | N.A. |
| D. Percentage of Gross Total Credit channeled to the Private Sector 2/ | 14.3 | 26.2 | N.A. | 30.5 | 33.0 | 33.0 | 35.0 |

1/ We converted data from current to constant 1980 bolivianos because trends expressed in current bolivianos are meaningless for a period that includes hyperinflation.

2/ The gross credit concept is used here since net credit to the public sector is distorted by its revaluated foreign exchange deposits.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. AID-Supported Credit to the Private Sector (flow in US$ 000 at constant prices) | 11,200 | 23,100 | - | 14,300 | 29,400 | 25,100 | 25,700 |
| B. Number of Small Enterprises Receiving Credit | 20 | 4,600 | - | 4,000 | 2,600 | 3,200 | 6,100 |
| C. Direct Employment Created Under AID-Supported Projects and Programs* | 8,600 | 17,800 | - | 11,000 | 22,600 | 19,300 | 19,800 |
| D. Values of Assets Acquired by Private Sector under AID-Supported Divestiture Programs ($000) | - | - | - | - | 4,000 | 8,000 | 8,000 |



NOTE: The calculations include PL-480, Titles III (1978 & 1986 agreements) and I (1985 agreement), Regional Development Corporations Project, the Market Town Capital Formation Project, the Micro and Small Enterprise Development Project, and the Export Promotion Project. For all entries, small commercial farmers are included in the calculations.

* Because each program is characterized by a different investment/employment ratio and because the period covered is characterized by the same programs finishing and other starting, an average investment/employment ratio of $1,300 is used, subject to further study during Action Plan period.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988

KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES

Target: Establish and support an Industrial Transition Commission to carry out a program of privatizing/divesting non-strategic state-owned enterprises.

Accomplishment: The Commission was formed in September 1987, and the Mission is supporting the activities of the privatization program through a technical assistance contract with the Center for Privatization.

Target: Improve the regulatory system for the banking industry by creating an autonomous Superintendency of Banks, and by implementing a Savings Guarantee Program as part of the Strengthening Financial Markets Project.

Accomplishment: The Superintendency of Banks was established in July 1987. The GOB decided to establish a Financial Sector Management Division within the Central Bank instead of an autonomous Savings Guarantee Program.

Target: Commission a study to examine how the GOB might increase incentives for exporters. Specific issues which could be addressed in this study might include: increasing the availability of pre-export credits; reducing duties on raw materials; modifying the exchange rate; reducing red tape, etc.

Accomplishment: Several studies were undertaken in preparing the Mission's Export Promotion Project. GOB action has included instituting certificates for refunds for certain import duties and creating the National Institute for the Promotion of Exports (INPEX).

Target: Revise the National Investment Law and restructure public financial institutions to improve incentives and simplify procedures in order to increase both national and foreign investment.

Accomplishment: This issue has been discussed with the GOB, and the Mission is in the process of recruiting an expert through the International Executive Service Corps to analyze the problem and make recommendations for the revision.

Target: Support efforts of private sector institutions and individuals to participate more actively in the economy, increase investment, and take advantage of opportunities offered by the Economic Recovery Program.

Accomplishment: The Mission has supported a series of policy research seminars with public/private sector participation, which have considerably increased awareness of private sector opportunities available under the Economic Recovery Program.

Target: Encourage the Government to formulate and publish an Economic Reactivation Plan in order to clarify the rules of the game for domestic and foreign investors.

Accomplishment: The Plan was published in August 1987.

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KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED

Targets:
1. Completion of a private sector assessment.
2. Preparation and initiation of USAID's Private Sector Strategy.
3. Completion of an urban sector assessment focussing on employment.

Accomplishments: The documents were completed and incorporated into the Mission's Country Development Strategy Statement.

Targets:
4. Approval of at least 25 agroindustrial or artisanry projects by the Market Town Capital Formation Project.
5. Generation of at least 80 of the 250 new jobs planned under the Market Town Capital Formation subprojects.

Accomplishments: Twenty-six projects were approved during the period, creating approximately 550 new jobs.

Targets:
6. Establishment of a Credit and Finance Unit (CFU) revolving credit fund with assets of at least $2 million.
7. Provide on-the-job training to eight CFUs which will make them fully operational.

Accomplishments: The credit fund has been initially consolidated with assets estimated at $12.0 million. Four of the eight CFUs have received on-the-job training and are considered fully operational. Training is continuing in line with the project's revised implementation plan.

Targets:
8. Provide intensive technical assistance in the areas of portfolio management, bank marketing, and loan analysis to 12 private banks.
9. Complete three savings mobilization pilot projects with local banks.

Accomplishments: The institutional development assistance is to be provided under the Strengthening Financial Markets project, which has been delayed due to GOB inaction on the public sector component. Project implementation is expected to be initiated in May 1988.

Target: 10. Complete organizational analyses for 15 Private Agricultural Producer Organizations.

Accomplishment: Ten organizational analyses have been completed, and work is in progress on development the additional five.

Targets: 11. A total of 500 loans will be made by the Micro-Enterprise Development Pilot Project.
12. A total of 1,250 jobs will be created (or saved) by the Micro Development-Enterprise Pilot Project.

Accomplishments: 3,776 loans have been made under the pilot project, resulting in approximately 450 new jobs.

Target: 13. The Food for Work and ESF local currency programs will provide 100,000 temporary jobs of 2-6 months duration for people displaced by contractions in the mining and government sectors.

Accomplishment: The Food for Work Program, supported by both Title III and ESF local currencies, provided temporary employment to approximately 20,000 unemployed workers in seven cities and 15,000 laborers in rural areas throughout the country.

Target: 14. Approval of a contract to carry out a private sector training needs assessment for the Management Training Project.

Accomplishment: An assessment was completed for the small business sector in anticipation of new training programs for their entrepreneurial base.

Target: 15. Approval of two commodity studies to be prepared by technicians working for the Private Agricultural Organizations Project.

Accomplishment: Five commodity studies have been prepared and approved.

Target: 16. Completion of four financial sector seminars to be organized and funded by the Agribusiness and Artisanry Project.

Accomplishment: Two seminars have been completed, and the additional two are scheduled for completion during FY 1988 under the Strengthening Financial Markets project.

Target: 17. A total of $500,000 in loans to small agro-industries and artisans will be guaranteed by the Portfolio Recovery (Guaranty) Program.

Accomplishment: Implementation of the Loan Guaranty Facility has been delayed, pending the completion of audits of all commercial banks. The program is expected to commence by June 1988.

Target: 18. Privatization/Divestiture of four state owned enterprises.

Accomplishment: Implementation of the project was delayed due to GOB inaction in legally decreeing the operations of the Industrial Transition Commission; however, authorization is expected by May 1988 and long-term technical assistance has already been selected.

Target: 19. Legally establish a savings deposit guaranty program in the Bolivian Central Bank.

Accomplishment: The GOB decided to forego indefinitely the formal establishment of the program. The Central Bank will assume some of the oversight responsibilities originally designed for the deposit guaranty program.

Target: 20. A total of 1,500 private sector personnel will receive training from the Institute for Entrepreneurial and Administrative Development (IDEA) which was created as part of the Management Training Project.

Accomplishment: A total of 5,601 participants have received training.

Target: 21. Export through ADAM of 11,000 pieces of knitwear (sweaters, shawls, etc.) valued at $400,000.

Accomplishment: The objective was accomplished during the period.

| 4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. The Industrial Transition Commission: GOB issuance of formal decree authorizing the Commission to transfer certain assets of the State. | 3Q FY 88 |
| B. National Investment Law: Revise the law to improve incentives for local and foreign investments. | 2Q FY 89 |
| C. Banking Law: Revise the law to reflect regulatory operations consistent with a modernized financial sector. | 1Q FY 89 |
| D. Export Promotion Policy: Develop appropriate incentives for non-traditional exports. | 3Q FY 89 |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Approval of at least $8.0 million in sub-project lending under the Market Town Capital Formation Project, generating approximately 1,000 new jobs. | 4Q FY 89 |
| B. Establish the Financial Training Center as an operating division of the Institute for Entrepreneurial and Administrative Development (IDEA). | 2Q FY 89 |

| | QUARTER/YEAR |
|---|---|
| C. Establish a program to assist a representative private sector organization to formulate policies and recommend priority reforms to the GOB to improve the investment climate. | 2Q FY 89 |
| D. Approval of $1.8 million in loans to micro/small entrepreneurs under the Micro/Small Enterprise Development Project, creating approximately 1,000 new jobs. | 4Q FY 89 |
| E. Privatization/Divestiture of at least two state-owned enterprises. | 2Q FY 89 |
| F. Approval of $500,000 in industrial/agroindustrial loans under the new Loan Guaranty Program. | 2Q FY 89 |

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| PD&S | 511-0000.04 | O | DA | CONT | G | 1,650 | 500 | 500 | 500 |
| Stren.Financ.Markets | 511-0598 | N | DA | (6,200) | G | - | (1,000) | (1,100) | (1,105) |
| Market Town Capital | 511-0573 | O | DA | 3,500 | G | 3,157 | - | - | 343 |
| Formation | 511-T-071 | O | DA | 15,000 | L | 6,303 | 2,760 | 1,540 | 484 |
| Export Promotion | 511-0585 | N | DA | (10,500) | G | - | (0) | (2,100) | (2,070) |
| Handicraft Export Prom. | 511-0583 | O | DA | (3,000) | G | (2,375) | (625) | (0) | (0) |
| Private Ag Org | 511-0589 | O | DA | (4,200) | G | (1,815) | (400) | 0 | (980) |
| Management Training | 511-0580 | O | DA | 3,500 | G | 3,000 | - | - | 500 |
| Policy Reform | 511-0571 | O | DA | (5,000) | G | (3,812) | (700) | (488) | - |
| Industrial Transition | 511-0577 | O | DA | 10,000 | G | 1,869 | 3,000 | 1,950 | 2,181 |
| Small Enterprise | 511-0596 | N | DA | 10,000 | G | - | 1,980 | 2,200 | 1,464 |
| Loan Guaranty Program | | O | Guarantee | (2,000) | (1) | - | (500) | (1,000) | (500) |
| P.L. 480 Title III | - | O | PL-480 | - | LC | - | (20,000) | (17,000) | (17,000) |
| ESF | 511-0595/75/76 | O | ESF | | G | | (7,320) | (23,000) | (24,000) |
| TOTAL OF ADD ITEMS | | | | | | 14,177 | 8,240 | 6,190 | 5,472 |
| (TOTAL OF NON-ADD ITEMS) | | | | | | (8,002) | (30,545) | (44,688) | (45,655) |

(1) Credit Guaranty, AID/W funded.

## 7. NARRATIVE

The economic situation confronting Bolivia is serious, and the need for concerted action to achieve economic reactivation is urgent. Although the formal private sector is the country's most important source of national income and employment (accounting for 75% of GDP and 78% of the labor force), it is ill-prepared to play the decisive role assigned to it by GOB economic reactivation plans. To this must be added the informal sector of micro and small entrepreneurs in productive and commercial activities, which will require specifically-designed support for expansion and further development.

The Mission's strategy to strengthen the private sector is to support the development of the institutional and human resource bases necessary for sustained private sector growth. Additionally, the GOB explicitly adopted an export-led growth strategy in the July 10, 1987 Reactivating Decree, and the Mission is supporting this emphasis as part of its private sector development program. The program promotes the stimulation of private savings and investments in the economy, especially industry and agro-industry, which will increase opportunities for employment and increase foreign exchange earnings. The major policy objective of the program is to improve the investment climate through reform of the policy and regulatory environment. Concomitantly, there is a need to strengthen/reform the entrepreneurial spirit of businessmen, large and small, and to develop and enhance their institutional capacity to participate in the formulation of new, market-oriented economic policies. These two objectives are complementary, and may well determine if the Mission's technically-designed project portfolio will succeed. As identified by various studies undertaken by USAID, GOB, and international agencies, the principal constraints to private sector development include:

- Inadequate policy and regulatory framework.
- Inefficient financial markets.
- Insufficient credit.
- Low levels of investment, especially private investment.
- Lack of entrepreneurship and management capability.
- State control of the economy.
- Stagnant exports.
- Weak private sector organizations.

The Mission's strategy to ameliorate these constraints to private sector development will be accomplished through the implementation of three interrelated activity groups: Policy Reform and Entrepreneurial Development, Financial Sector Development, and Industrial Sector Development. Each of these portfolios contains specific credit, training, policy dialogue, and technical assistance components as required to address specific constraints. Admittedly, the obstacles to economic reactivation are formidable, and the complex interplay of attitudinal, institutional, behavioral, and policy changes required to develop a vigorous private sector will not occur overnight. Nevertheless, substantial progress toward private sector-led economic reactivation can be made as a result of USAID's resources, and an acceptance on the part of the private sector itself that it must commit to the long-term development of the country.

A mid-term evaluation of the Market Town Capital Formation (MTCF) Project will address several issues: 1) the progress to date with respect to the EOPS under the MTCF Project, 2) a reassessment of the medium and long run viability of the revolving credit fund, 3) definition of private sector alternatives for the institutionalization of the MTCF revolving credit fund (the PP schedules this definition for mid-project), and 4) the effectiveness of investment promoting activities of the Investment Promotion Units (IPUs) and of the Project Coordination Unit (UCP).

STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 3: Stabilize Financial Structures

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS 1/ | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Consolidated Public Sector Deficit (-) as a % of GDP | -12.4 | -6.4 | -6.1 | -9.2 | -7.0 | -5.5 | -4.5 |
| B. Current Account Deficit (-) in the Balance of Payments (in millions of dollars) | -282 | -401 | -375 | -411 | -500 | -511 | N.A. |
| C. Overall Balance of Payments Deficit (in millions of dollars) | -312 | -194 | -127 | -234 | -328 | -258 | N.A. |
| D. Rate of Inflation, Consumer Price Increase, Dic.to Dic. | 8,163 | 66 | 9.2 | 11.0 | 10.0 | 8.0 | 6.0 |
| E. Money Supply M1 (in millions of bolivianos) | 199 | 363 | 308 | 466 | 536 | 590 | 640 |
| F. Credit (gross) to the Non-Financial Public Sector (Annual % change) | 18,553 | 9.4 | 0 | 20.7 | 10 | 6 | N.A. |
| G. Credit (net) to Private Sector (Annual % change) | 15,514 | 131 | 49 | 59.7 | 25 | 20 | N.A. |

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS 2/ | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. U.S. Balance of Payments (ESF) Assistance Disbursed (in millions US$) | - | 7.18 | 14.66 | 7.16 | 7.32 | 23.0 | 24.0 |
| B. PL-480 Titles I and III Local Currency Disbursed (in millions US$) | 5.82 | 19.72 | 36.60 | 16.75 | 33.40 | 20.00 | 20.00 |
| C. Local Currency Generations Disbursed for Stabilization and Development Objectives under the PL-480 programs | 10.1 | 20.1 | 30.0 | 21.2 | 31.5 | 20.0 | 20.0 |
| D. Strengthening Financial Markets Project: Number of Bankers to be Trained | - | - | - | - | - | 475 | 475 |
| E. Number of Courses to be held | - | - | - | - | - | 25 | 25 |

1/ Sources: IMF, Bolivian Central Bank, National Institute of Statistics, and USAID.
2/ Source: USAID.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| Target | Planned | Actual | Discussion |
|---|---|---|---|
| A. Begin implementation of program to close or divest state-owned enterprises. Number divested: | No target set for specific years. | N/A | The Industrial Transition Project establishes a LOP target of up to 30 enterprises privatized |
| B. Improve tax collection procedures. Amount collected from internal revenue taxes (in millions of bolivianos): | No target set. | 1986: 137 / 1987: 275 | Increased by 100% owing mainly to the implementation of the value added tax, the personal income tax and stiffer controls on tax evasion. |
| C. Approval of UDAPE work program by GOB Council on Economic Policy. | Third Quarter of FY-87 | Did not occur | A number of crisis management priorities interfered. These include working with the IMF team, advising on impact of wage increases, and working out details of the reactivation program. Such tasks delayed agreement on a long-term work program. |

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

| | QUARTER/YEAR |
|---|---|
| In connection with the ESF balance of payments program, the Mission is in the process of seeking from the Ministry of Planning assurances that (1) a responsible monetary-fiscal policy will continue to be pursued--as reflected in the magnitude of the fiscal deficit and credit expansion to the public sector; (2) the GOB will continue to implement a flexible exchange rate policy in order to avoid any appreciation in the value of the boliviano in relation to the dollar, and (3) a number of essential reforms of the financial system will be pursued. In connection with the PL-480 program, the Mission is seeking the restructuring of the Ministry of Agriculture, particularly with respect to organizing a new Policy Planning and Analysis unit under the direction of a Subsecretary. | Third quarter of FY 1988 |

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD — QUARTER/YEAR

A. Complete PAAD for FY 1988 ESF balance of payments assistance ("Economic Recovery" Project) and obtain AID/W approval. — 2Q FY-88

B. Prepare Pro-Ag for above project and obtain GOB approval for targets listed in box 4 above. — 3Q FY 88

C. Sign Pro-Ag for Strengthening Financial Markets Project. — 3Q FY 88

D. Begin project implementation of the Strengthening Financial Markets Project. — 4Q FY 88

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| Economic Recovery Project (ESF balance of payments Support) | 511-0595 | N | ESF | 7,320 | G | - | 7,320 | - | - |
| Economic Recovery Project (ESF Balance of Payments Support) | 511-0575 | N | ESF | 23,000 | G | - | - | 23,000 | - |
| Economic Recovery Project (ESF Balance of Payments Support) | 511-0576 | N | ESF | 24,000 | G | - | - | - | 24,000 |
| Strengthening Financial Markets | 511-0598 | N | DA | 6,200 | G | - | 1,000 | 1,100 | 1,105 |
| Policy Reform | 511-0571 | O | DA | 5,000 | G | 3,812 | 700 | 488 | - |
| PL 480 Titles I/III | - | O | PL-480 | - | G | - | 20,000 | 17,000 | 17,000 |
| HG | 511-HG-007 | O | HG | (15,000) | L | (15,000) 1/ | - | - | - |
| Loan Guaranty Program | - | O | 1/ | 2,000 | L | - | 500 | 1,000 | 500 |
| TOTAL OF ADD ITEMS | | | | | | 3,812 | 29,520 | 42,588 | 42,605 |
| (TOTAL OF NON-ADD ITEMS) | | | | | | (15,000) | - | - | - |

1/ Loan Guaranty

7. NARRATIVE

Maintaining relative price stability - while reactivating the economy - is a continuing major goal of the USAID program. The major USAID tools for achieving the stabilization objective include the Economic Recovery Project (i.e. ESF balance of payments support), the PL-480 Program, the Strengthening Financial Markets Project, and the Policy Reform Project.

The ESF program provides foreign exchange directly to the central bank and serves the dual purpose of providing balance of payments support as well as resources for the private sector to enable it to import raw materials, intermediate and capital goods. It contributes to the GOB stabilization program both by raising the aggregate supply of goods and by facilitating maintenance of a stable exchange rate. The local currency generated through the sale of foreign exchange will meet the GOB counterpart financing requirements for both USAID projects and priority projects for other major donors, thus mobilizing substantial additional foreign exchange resources that would be paralyzed in the absence of counterpart financing.

The PL-480 program provides important policy leverage and supports the balance of payments indirectly by supplying agricultural commodities that the GOB otherwise would have to purchase with its own scarce foreign resources. It also provides a food for work program and thus both relieves the food shortage and helps reduce unemployment.

The policy reform project provides GOB policy makers with analysis of policy options, thus assisting the GOB with implementation of the stabilization program and with the development of structural reforms designed to promote economic growth. (USAID has helped establish and finances the operating expenses of UDAPE, a unit of well-trained Bolivian economists working in the Ministry of Planning).

Finally, USAID's "Strengthening Financial Markets" project is designed to upgrade the performance of national banking institutions by providing special training to the staffs of banks, conducting seminars and supplying technical assistance. AID works closely with the World Bank (which concentrates on the public sector while USAID focuses on the private sector) to upgrade the country's financial system.

The GOB economic stabilization program has been highly successful since its adoption in August 1985, as evidenced by the behavior of price indexes, the reduction of the budget deficit as a percentage of the GDP, the rate of increase of credit expansion and money supply, and the stability of the exchange rate. Stand-bys and Structural Adjustment Facility arrangements with the IMF have helped in the process. A new agreement with the IMF is currently (April 1988) being negotiated. The downward trend in the real GDP was arrested and reversed in 1988, though the recovery has been halting and inadequate so far. The improvement of the country's financial structures is considered essential to promote economic reactivation and set the basis for long-term growth.

An evaluation of the Policy Reform project will be conducted in June 1988 to assess the performance of UDAPE and the technical assistance contractor in terms of the number and quality of macro-economic analyses, the quality of the economic policy options derived from these analyses and, to the extent possible, the extent to which the GOB adopted these options and their impact on the economy.

OBJECTIVE No. 5: Promote Exports

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS (Millions of U.S. dollars) | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Value of Total Commodity Exports | 623.4 | 545.5 | 472.0 | 470.0 | 468.0 | 494.0 | 545.0 |
| B. Value of Non-traditional Exports - Total | 34.3 | 110.2 | 89.2 | 108.3 | 108.0 | 120.0 | 136.0 |

Sources: GOB and USAID



| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS (Value in thousands of U.S. dollars) | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Handicraft Export Development Project | - | 10 | 800 | 505 | 760 | 1,200 | 1,400 |
| B. Selected Non-Traditional Exports[1/] | | | | | | | |
| - Soybean subproducts[2/] | 5,300 | 19,400 | 20,000 | 18,200 | 20,000 | 21,000 | 23,000 |
| - Wood products | 1,400 | 7,600 | 9,000 | 8,300 | 10,000 | 11,000 | 14,000 |
| - Timber | 4,300 | 15,100 | 10,200 | 22,900 | 25,000 | 27,000 | 30,000 |
| - Coffee | 13,900 | 13,300 | 10,000 | 11,500 | 13,000 | 15,000 | 18,000 |

1/ The USAID Export Promotion Project will contribute to the growth of these and other selected non-traditional exports.

2/While we expect an improvement in the export value of this product, it still constitutes an insignificant percentage of U.S. exports of soybeans.

Source: USAID and ADAM.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988

Not included in last year's Action Plan.

| 4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. National Investment Law: Revise the law to improve incentives for local and foreign investments. | 2Q FY 89 |
| B. Export Promotion Policy: Develop appropriate incentives for non-traditional exports. | 3Q FY 89 |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Complete the final design/approval and implement the Export Promotion Project. The planned accomplishments for the project will be reviewed and refined during the preparation of the Project Paper. | 4Q FY 88 |
| B. Under the Market Town Capital Formation Project: assist private investors in the preparation of 15 export marketing plans; sponsor two national seminars on export marketing, and train and orient the eight Credit Finance Units in export matters. | 4Q FY 88 |
| C. Under the Handicraft Export Development Project: export 18,000 sweaters produced by ADAM associates (29% more than CY 1987). | 4Q FY 88 |
| D. Under the Management Training Project: IDEA will present, in cooperation with the Chamber of Exporters, a month-long course on various aspects of exporting and at least three other shorter courses on exporting. | 4Q FY 88 |
| E. Under the Private Agricultural Organizations Project: prepare a plan to improve slaughter facilities in Beni Department and prepare market and transportation studies for export of beef to Chile; support improvement in production, handling, packaging and storage of flowers to double exports to the United States to $400,000 annually; support improvements in production and marketing of garlic for export to Brazil to achieve a volume of $240,000 in CY 1988. | 4Q FY 88 |

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| PD&S | 511-0000.04 | O | DA | CONT | G | (1,650) | (500) | (500) | (500) |
| Export Promotion | 511-0585 | N | DA | 10,500 | G | - | - | 2,100 | 2,070 |
| Handicraft Export | 511-0583 | O | DA | 3,000 | G | 2,375 | 625 | - | - |
| Market Town Capital Formation | 511-0573<br>511-T-071 | O | DA | (3,500)<br>(15,000) | G<br>L | (3,157)<br>(6,303) | -<br>(2,760) | -<br>(1,540) | (343)<br>(484) |
| Private Ag Orgs | 511-0589 | O | DA | (4,200) | G | (1,815) | (400) | - | (980) |
| Stren.Financial Markets | 511-0598 | N | DA | (6,200) | G | - | (1,000) | (1,100) | (1,105) |
| Management Training | 511-0580 | O | DA | (3,500) | G | (3,000) | (1,000) | - | (500) |
| Policy Reform | 511-0571 | O | DA | (5,000) | G | (3,812) | (700) | (488) | - |
| Industrial Transition | 511-0577 | N | DA | (10,000) | G | (1,869) | (3,000) | (1,950) | (2,181) |
| Small Enterprise | 511-0596 | N | DA | (10,000) | G | - | (1,980) | (2,200) | (1,464) |
| Agric. Marketing/Prod. | 511-0586 | N | DA | (25,000) | G | - | - | (1,760) | (2,870) |
| Loan Guaranty Program | | 0 | DA | (2,000) | (1) | - | (500) | (1,000) | (500) |
| P.L. 480 Title III | - | O | PL-480 | - | LC | - | (20,000) | (17,000) | (17,000) |
| ESF | 511-0595/75/76 | O | ESF | - | G | - | (7,320) | (23,000) | (24,000) |
| TOTAL OF ADD ITEMS | | | | | | 2,375 | 625 | 2,100 | 2,070 |
| (TOTAL OF NON-ADD ITEMS) | | | | | | (21,606) | (39,160) | (50,538) | (51,927) |

(1) Credit Guaranty. (AID/W funded)

7. NARRATIVE

USAID/Bolivia has determined to promote exports through a number of its programs and projects became:

1. Bolivia suffers from a serious shortage of foreign exchange caused by significant drops in the value of tin and gas exports and the planned drop in the value of narcotics exports.
2. Because gas exports presently represent more than fifty percent of total export earnings, the expected continuing decline in gas prices will significantly further cut export earnings.

3. Opportunities for import substitution are very limited due to the small population and the very low per capita income.
4. Available studies indicate substantial potential for agro-industrial exports from the Santa Cruz region and mining exports other than tin.
5. Past experience in non-traditional exports ($147 million in 1980) would indicate there exists room for substantial improvement over present performance.
6. A number of the serious constraints to increasing exports do have solutions; inadequate institutions, lack of information systems, lack of knowledge of export markets and international finance opportunities, difficult access to export credit, and excessive bureaucratic paper work.
7. The GOB now places a major emphasis on export promotion.

USAID/Bolivia's strategy is to assist Bolivia achieve its non-traditional export potential through the private sector by supporting three principal activities through our Export Promotion Project: 1) foreign and local technical assistance to private sector institutions engaged in export promotion activities; 2) technical and operational support to the National Export Institute, and 3) short-term pre and post export credit. The intensive review of project design will be completed in the second quarter of 1988 and implementation will begin in the fourth quarter of 1988 or first quarter of 1989, depending on availability of funds.

Although the new Export Promotion Project will be the flagship of the Mission's support for the objective of promoting exports, a number of other projects, which are not exclusively directed at export promotion, contribute substantially to the objective; the Handicraft Export Development Project will continue to increase the number of handknit sweaters exported. The Market Town Capital Formation Project will work with a number of private investors in the development of export marketing plans and will provide training and guidance to investment promotion groups and banks in export promotion. Additionally, it will finance a number of export oriented subprojects. The Private Agricultural Producers Organizations Project will work with farmer groups to help them explore and analyze export opportunities. The Strengthening Financial Markets Project and the Management Training Project will provide short-term management training in export finance and other export related topics. The Strengthening Financial Markets project will also work to reestablish relationships with the international banking community. The Policy Reform Project will continue to analyze the policy environment in which each industry operates and to make recommendations for improvements. The Micro and Small Enterprise Development Project will attempt to seek out and develop export opportunities for the smaller enterprise. An objective of the Industrial Transition Project is to attract foreign investors, especially those with access to foreign markets. The P.L. 480 Trust Fund Program will continue to make loans to small productive enterprises, some of which may involve exports. The International Executive Service Corps will continue to assist exporters with short-term technical assistance. The Loan Guaranty Program will reduce the guarantees required by bankers for production loans, some of which may be export oriented. Finally, the Industrial Survey funded under the PL-480 program, will help export promotion in providing a basic description of industries and provide an ability to do follow-on survey work.

STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 6: Preserve and Manage Natural Resources

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Endangered Species Export Prohibition Law | -- | -- | -- | -- | Extended | -- | -- |
| B. Establishment of National Parks and Reserves | -- | 1 | 0 | | 1 | 0 | 1 |

Source: USAID

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Environmental Profile published | -- | -- | -- | -- | Published | -- | -- |
| B. LIDEMA Projects carried out | -- | -- | -- | -- | 2 | 3 | 3 |
| C. CUMAT Projects carried out | -- | -- | -- | -- | 4 | 5 | 5 |
| D. Agroforestry/Food for Work (reforestation) | -- | -- | -- | -- | 1000 Has. | 2000 Has. | 2000 Has. |
| E. Chapare Project Natural Resources Subprojects completed. | -- | -- | -- | -- | 2 | 4 | 5 |

Source: USAID

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| Target | Planned | Actual | Discussion |
|---|---|---|---|
| Not Applicable | | | |

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

Note: Activities represent what Mission will accomplish using local currency and some DA funds to finance all or part of proposed environmental activities.

| | QUARTER/YEAR |
|---|---|
| A. Pass and Implement Environmental Law | 2Q FY 89 |
| B. Strengthening of compliance with 1974 Forestry Law through restructuring of Ministry of Agriculture and through PVO efforts | 4Q FY 90 |
| C. GOB and private agencies collaborate with World Bank efforts in natural resources management | 4Q FY 90 |
| D. New Land Settlement Projects required to conclude Natural Resources Management Components | 4Q FY 90 |
| E. Support efforts to develop national environmental education program | 4Q FY 90 |
| F. Implementation of National Park forest reserve management plans to ensure effective resource conservation | 2Q FY 90 |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Publication of environmental profile | 2Q FY 88 |
| B. National Park Management Plan completed through LIDEMA (Noel Kempf Park, Eduardo Avaroa) | 4Q FY 88 |
| C. Forestry Management Pilot Project with CUMAT completed | 4Q FY 90 |
| D. Natural Resources/Watershed Management Plans developed for Chapare Project | 4Q FY 88 |
| E. Support for CUMAT activities in geographic mapping and land use planning | 4Q FY 90 |
| F. Agroforestry and Reforestation Projects for land rehabilitation in conjunction with local PVO efforts to reforest 4,000 hectares/year. | 4Q FY 90 |
| G. Bio-diversity assessment carried out | 3Q FY 88 |

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| PD&S | 511-0000.01 | N | DA | Cont. | G | (2,790) | (500) | (500) | (500) |
| Chapare Regional Development | 511-0543 | 0 | DA | 14.000 | G | (4,400) | (1,580) | (2,000) | (1,103) |
| | | 0 | DA | 12,500 | L | (12,500) | - | - | - |
| P.L. 480 Title II | - | 0 | PL480 | - | G | -- | (8,536) | (10,214) | (10,214) |
| P.L. 480 Title I/III | - | 0 | PL480 | - | G | -- | (20,000) | (17,000) | (17,000) |
| Total of Add Items | | | | | | 0 | 0 | 0 | 0 |
| (Total of Non-Adds) | | | | | | (19,690) | (30,616) | (29,714) | (28,817) |

7. NARRATIVE

A realistic approach to the problem of renewable natural resources in Bolivia is to develop programs that contain a strategy for protection and preservation combined with efforts to utilize resources in a sustainable manner. Part of this strategy involves the need to build up the capacity of private environmental groups to play a useful role in formulating enviromental policy and ensuring compliance with existing environmental laws. The three major problems that A.I.D. needs to address are:

1. The problem of population growth and continued pressures on traditional agricultural areas. Sustainable land use practices in forestry and agriculture will allow for the preservation of species as well as provide income and employment to needy sectors of the economy.

2. The need to establish areas of protection, such as biological reserves and parks that can be utilized for scientific research, tourism and overall species protection.

3. The establishment of mechanisms for the management, rational use, and conservation of natural resources through the participation of non-governmental organizations.

Current and proposed Mission actions are beginning to meet the needs of preserving tropical forest and biological diversity in Bolivia. The majority of Mission efforts in natural resources management are being met through disbursements of local currency. The Title III (1986) program earmarks $1.0 million annually for natural resources projects, the vast majority disbursed to private agencies. Program Development and Support funds will also be used to pay the costs of external technical assistance to support environmental activities.

The following is a list of current and proposed projects which AID/Bolivia is implementing in its effort to preserve biological diversity and tropical forests:

1. PL-480 funding is supporting the efforts of the Vice-Presidency in the formulation of an environmental law for Bolivia. This law will protect flora and fauna and conserve renewable resources. Once passed, the Mission will seek to support the initial stages of the law's implementation. Various private environmental organizations in the country are currently reviewing the law.

2. PL-480 is also providing institutional support to the League for the Defense of the Environment (LIDEMA). Institutional support is directed at the creation of a functional environmental federation of nine Bolivian environmental entities. Support will also be provided to LIDEMA to carry out park management studies in established reserve areas. LIDEMA is also receiving funds from PL-480 to develop a park management plan for the Beni Biological Reserve in conjunction with Conservation International.

3. PL-480 provides the following institutional support for the Center for Land Use Planning (CUMAT):

   a. Development of a national land use capacity map to assist planners and project development entities to gain access to information regarding soil types and their uses prior to project design.

   b. Creation of a geographic information system to allow for rapid computer access to information on natural resources in the country.

   c. Pilot project of forest management. The project will work with an indigenous cooperative in the rational use of forest resources. Forest harvesting in strips with 30 year natural regeneration periods will be promoted. The cooperative will also utilize the timber from the harvested strips for economic gain. The project is expected to serve as a model to demonstrate that conservation and economic gain can go hand in hand.

   d. A multi-disciplinary study of the Erquis watershed of the larger Rio Guadalquivir watershed (10,490 hectares). The study will be carried out in coordination with the Executive Program for the Rehabilitation of Lands in Tarija (PERTT).

4. PL-480 funds will support the publication and dissemination of the Bolivian Environmental Profile. The Profile will be sold by LIDEMA to raise funds for its operations.

5. PL-480 funds and Title II resources will be used to promote various agro-forestry projects in the country. The plan calls for the reforestation of about 2,000 hectares of land annually for the next four years.

6. The Mission is making a long-term commitment to natural resources development in the Valles Altos. USAID is contracting long-term services of specialists in soils, ecology, forestry, range management, small ruminants and irrigation. Studies will also be carried out to promote medium-range activities for rehabilitation of ecologically devastated lands and to manage small tracts of remaining natural forests.

Mission efforts in the environmental and natural resources field are nascent and are comprised mostly of local currency financed activities. In addition, the Mission is including natural resources programming in its agricultural strategy. However, at present, the majority of efforts are small scale and are undertaken to develop a base from which other programming can take place and to build up local capability to assist the Mission and other entities in their resource use planning.

In an effort to define its strategy for the future, the Mission will be contracting for a Bio Diversity assessment to be carried out in FY 88.

OBJECTIVE No. 8: Increase Access to Voluntary Family Planning Services

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Annual rate of pop growth | 2.6 | 2.7 | 2.7 | N/A | 2.8 | 2.8 | 2.8 |
| B. Percentage of couples using contraceptives (Includes traditional methods) | 33 | 33 | 34 | N/A | 35 | 38 | 42 |
| C. Contraceptive Prevalence | | | | | | | |
| "Traditional" methods 1/ | 16% | 15% | 14% | N/A | 10% | 10% | 10% |
| "Modern" methods 2/ | 17% | 18% | 20% | N/A | 25% | 28% | 35% |

1/ Rhythm, withdrawal, herbs.
2/ Oral contraceptive, condoms, IUDs, sterilization, injectables.

Source: Westinghouse Contraceptive Prevalence Study (CPS) of 1983-84, GOB's population projections 1970-2000, of January 1986. The more substantial projected increase in use of modern methods in 1988-90 reflects the anticipated impact of the new social marketing (SOMARC) and public sector projects being negotiated in FY-88. The Demographic Health Survey (DHS) planned to take place in 1988 will update prevalence data.



| 2. AID PROGRAM PERFORMANCE INDICATORS: | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Number of women receiving FP services under AID-supported programs - total | N/A | 10,056 | N/A | 12,330 | 15,400 | 22,500 | 31,000 |
| 1. Under private sector | N/A | 10,056 | N/A | 11,830 | 13,000 | 15,000 | 20,000 |
| 2. Under public sector | N/A | - | 2,150 | 500 1/ | 2,400 | 7,500 | 11,000 |

NOTE.- These are target populations as shown in project papers. Actual figures are not available.
1/ Failure to provide FP commodities and changes in personnel within the MOH account for the difference between projected and actual figures.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| | Target | Planned | Actual | Discussion |
|---|---|---|---|---|
| A. | Launch SOMARC Contraceptive Social Marketing project (AID/W - funded) | 4/87 | 2/88 | At the request of USAID/B, support for the project had to be obtained from the Bolivian OB/GYN Society, which delayed start-up of activities. |
| B. | Launch a Natural Family Planning (NFP) (AID/W funded). | 3/87 | 2/88 | Negotiations between a local PVO and Georgetown University (AID/W contractor for the project) took longer than expected. |
| C. | Establish Family Planning (FP) information and service availability in 12 Ministry of Health facilities in 1988. | 4/88 | - | Implementation delays at the MOH due to personnel changes, and delayed receipt of commodities (still pending). Only two facilities initiated as of 12/87. |
| D. | Introduce FP services into 200 PL-480 Title II supported mothers clubs sponsored by ADRA. | 2/88 | - | Completed training of 20 health and FP promoters who started information, education, and communication activities (IEC) work in the clubs. |
| E. | Introduce NFP into 600 mothers clubs sponsored by CARITAS | 4/88 | | Not feasible. CARITAS clubs are run by the Catholic Church. |



4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD

Dialogue with the GOB to increase access to Family Planning services will have to stress the importance of birth spacing for maternal-child health. That means focussing family planning within the health rather than the demographic context. This approach will also forestall any church-led backlash over the recent expansion of family planning information and services.

No overt "conditionality" can be exerted by USAID/B since what we are ultimately trying to do is to induce the GOB to provide extended family planning services to the population at their health posts. We will also try to provide information and materials through the National Population Council (CONAPO) to congressmen who are willing to introduce legislation to amend the current health code to include family planning.

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Promote an expansion of FP information and service in order to protect the health of mothers and children, and to enhance the economic security of the family | 4Q FY 90 |
| B. Reduce the incidence of abortion in populations served by AID assisted projects from 20 to 10% of all pregnancies. | 4Q FY 90 |
| C. Encourage the MOH and other public health institutions to engage in information, education, communication (IEC) activities and Family Planning (FP) service delivery | 4Q FY 90 |
| D. Two of eight U.S. PVOs currently working in Child Survival (CS) to provide IEC in FP and make FP service delivery referrals to local PVOs and MOH | 4Q FY 90 |
| E. Initiate coordination and personnel training of ten private and three public institutions in FP management through a series of local workshops and outside training (through the FP Management Training/Management Sciences for Health centrally-funded AID/W project) | 3Q FY 88 |
| F. Support demographic research such as the DHS planned for 1988 and Rapid III projections in health, child survival, agriculture and population resettlement. | 4Q FY 88 |

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| PD&S (POP) | 511-0000.05 | O | DA | CONT | - | 111 | 77 | 100 | 100 |
| FP Management Training | 936-3039 | N | DA | 250 | G | - | 100 | 100 | 50 |
| Contraceptive Social Marketing (SOMARC) | 936-3028 | O | DA | 450 | G | 100 | 200 | 150 | |
| Natural FP (PVO) | 936-3040 | O | DA | 19.2 | G | - | 19.2 | - | - |
| Populations Projections | 936-3027 | O | DA | 22.8 | | 20 | 2.8 | - | - |
| DHS Survey (INE) | 936-3023 | N | DA | 200 | G | - | 100 | 100 | |
| Rapid III Program | 936-3046 | N | DA | 185 | G | - | 50 | 70 | 65 |
| Pathfinder | 936-3042 | N | DA | 90 | G | - | 30 | 30 | 30 |
| Demographic Training FP Enterprise | 936-3034 | O | DA | 400 | G | - | 125 | 175 | 100 |
| A.V.S.C | 932-0968 | 0 | DA | 100 | G | - | 50 | 50 | - |
| Other AID/W funded FP service projects | AID/W | O | DA | 1400 | G | 800 | 200 | 200 | 200 |
| Total add items | | | | | | 111 | 77 | 100 | 100 |
| Total AID/W-funded | | | | | | 920 | 877 | 875 | 445 |

NOTE:

We are seeking a $800,000 increase in the Population Account for FY 1988 and additional amounts of $900,000 and $1.0 million for FY 1990.

Potential AID/W funded projects such as TIPPS, Population Council, FPIA, RTI, OPTIONS, RTI, OPTIONS, and JHPIEGO have not been listed above. However, as our population portfolio develops during the next three years, we will increase the number of buy-ins to additional projects.

7. NARRATIVE

For many years prior to 1984, the implicit GOB population policy was pro-natalist, encouraging continued growth through reproduction and immigration. The GOB's only announced position was that the basic demographic problem in Bolivia was the uneven spatial distribution of its population. More recently the GOB - and particularly the MOH - has become increasingly sensitive to the health implications of high and unwanted fertility. Public attention has been focussed on the results of two AID-supported studies on the incidence of abortion, which indicate that perhaps 20% of all pregnancies in Bolivia are terminated prior to term.

In 1984 the GOB endorsed the World Population Conference resolution stating that families have the right to determine the number and spacing of their children. In 1986, the MOH announced a new effort to provide child spacing information and FP services to high risk women in order to improve maternal and child health and survival. Subsequent discussions between USAID and the MOH have produced an agreement whereby USAID will assist the MOH to establish a FP service delivery program in 12 MOH hospitals over three years. This is the first bilateral agreement between the USG and the GOB in the area of FP service delivery. Actions within this project, although slow (to date services are operating in only 2 urban hospitals), provide the basis for further collaboration with the MOH in this area. However, continuity of key personnel at the MOH and at other public institutions, such as the Bolivian Social Security Institute (IBSS), remain critical issues for the success of the program.

Meanwhile, the AID/W-funded SOMARC group is planning to launch a contraceptive social marketing project in mid-FY 1988. The project will support the sale of contraceptive products (oral cycles and condoms) at subsidized prices through commercial channels in urban areas in phase one, and stores and rural fairs throughout the country in rural areas in phase two. The project will give low-income Bolivians the same access to modern contraceptives currently used only by middle and upper-income persons in urban areas. Public advertising and promotion of SOMARC products will be low-key and sensitive to the delicate nature of FP in Bolivia. The Bolivian OB/GYN Society will support this effort through an educational campaign in reproductive health and sex education, which will emphasize birth spacing and family planning topics in talks to formal and informal groups throughout the country. CONAPO, the National Population Council within the Ministry of Planning charged with promoting, coordinating and controlling the adoption and execution of population policies, will try to develop more realistic and coherent population projections with the help of a microcomputer-based modelling program in the health, child survival and agricultural sectors under the INPLAN and Rapid III centrally-funded projects. In 1988, the National Statistics Institute (INE) and Westinghouse will undertake a demographic health survey to update and quantify health and population demographic data in Bolivia.

Due to the slow pace with which the MOH FP program is moving, USAID has contacted other public and private institutions such as the Bolivian Social Security Institute, the Unidad Sanitaria/La Paz (a dependency of the MOH for the La Paz Department) and Fundación San Gabriel, an indigenous PVO. All have expressed interest in becoming involved in the provision of FP services and negotiations have started towards reaching agreements with these institutions.

In order to address the problems of coordination among PVOs, public sector institutions working in FP, and lack of human resources, a series of four training workshops under the FPMT AID/W project will be implemented starting in May 1988.

These key tasks over the 1988-90 period will help to ensure the consolidation and success of FP activities and to reinforce a strong public desire for FP information and service delivery. If these efforts are successful and if they are carried out in the absence of any major backlash on the part of Bolivia's very conservative Church, USAID may expect the MOH and the IBSS to introduce FP services thoroughout their health systems.

## STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 10: Reduce Infant and Child Mortality

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Infant Mortality Rates | | | | | | | |
| Infant mortality rate ( 0-1 years) | 200 | 193 | 167 | N/A | 160 | 155 | 150 |
| Under 5 mortality rate (0-5 years). | 223 | 216 | 190 | N/A | 183 | 175 | 165 |
| B. Percent of population with access to safe water | | | | | | | |
| - urban | N/A | 69 | 72 | N/A | 74 | 76 | 78 |
| - rural | N/A | 10 | 12 | N/A | 14 | 16 | 18 |

SOURCE A) Child Survival in Bolivia current status and priorities for action prepared by REACH for USAID/Bolivia, November 1987.
Ministry of Social Welfare and Public Health; National Directorate for Planning, 1987.
B) Las Condiciones de Salud en Las Américas, 1981-1984, PAHO/WHO 1986.
Ministry of Social Welfare and Public Health, National Directorate for the Environment, 1987.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. National Availability of ORT services. | - | - | 30% | 23% | 30% | 45% | 60% |
| B. Immunization of Infants Less Than 1 year of age | | | | | | | |
| polio | 30% | 35.7% | 40% | NA% | 50% | 60% | 70% |
| DPT | 33% | 38.3% | 40% | NA% | 50% | 60% | 70% |
| measles | 21% | 41.3% | 40% | NA% | 50% | 60% | 70% |
| TB | 24% | 24.0% | 40% | NA% | 50% | 60% | 70% |
| C. Pop. Coverage of Self-Financing Primary Health Care (SFPHC) | - | 10,000. | 20,000 | 41,850 | 65,000 | 77,000 | 99,000 |
| D. New Communities with Potable water (each year) | 48 | 70 | 100 | 110 | 100 | 250 | 250 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| E. Cumulative No. of Mothers Receiving Nutrition Educ. Under Health Projects | - | 9,800 | 52,100 | 28,500 | 52,100 | 98,000 | 150,000 |
| F. Cumulative No. of Children w/improved Nutrition Under Health Projects. | - | 16,000 | 87,000 | 35,370 | 87,000 | 162,000 | 240,000 |

SOURCE: Ministry of Social Welfare and Public Health - Encuesta de Cobertura de Vacunación: ENCUVA '87, November 1987.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| Target | Planned | Actual | Discussion |
|---|---|---|---|
| A. ORT services extended | 1,200 | 1,140 | |
| B. Immunization campaigns | 6 | 6 | |
| C. Pop. Coverage of Self Financing Primary Health Care Project | 20,000 | 41,850 | A recent emphasis on peri-urban health centers has increased the number of people covered during this year. The target population for future years has been adjusted accordingly. |
| D. Communities with potable water | 100 systems | 110 systems | |
| E. Complete training programs in operations and management of water systems | 5 courses | 5 courses. | |
| F. Mothers receiving nutrition | 52,110 | 28,500 | The slow implementation pace to date of CARE's Child Survival and other PVO CS projects, and the weak project link between the health, food, and nutrition (PL480 Title II) projects account for the shortfalls. |
| G. No. of children with improved nutritional status | 87,000 children | 35,370 children | Same as above. |
| H. Introduce nutrition education in mothers' clubs. | 2,000 clubs | 1,600 clubs | |

| 4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Increase GOB commitment to Child Survival (CS) activities, especially the Expanded Program of Immunization (EPI) and Oral Rehydration Therapy (ORT). | 4Q FY 89 |
| B. Improve cost effectiveness of MOH health expenditures through increased emphasis on primary health care in rural and peri-urban areas, fostering closer collaboration with private sector health agencies, and promotion of cost-recovery mechanisms. | 4Q FY 89 |
| C. Support decentralization of health services and increase community participation in design, implementation and evaluation of projects and in cost recovery for improved sustainability. | 4Q FY 89 |
| D. MOH support to expanded participation of private agencies (CARE, Project Concern, Save the the Children, Foster Parents, Esperanza, etc.) in the EPI Program and other MOH Primary Health Care programs through the Community and Child Health project (511-0594) and the PVO Child Survival Network OPG (511-0601). | 4Q FY 90 |
| E. Reorient MOH malaria program away from an emphasis on eradication, and towards control, promoting use of alternative insecticides/larvicides. | 4Q FY 89 |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Evaluate case studies of alternative health care cost financing. | 1Q FY 89 |
| B. Sign Community and Child Health (CCH) Project grant agreement with MOH and identify PVOs with comparative advantages for regional project implementation. | 4Q FY 88 |
| C. Support the implementation of at least six (6) national immunization campaigns during 1989-90 and encourage an improved, expanded fixed facility immunization program under the 1987-91 National Plan of Action with PL480 Title III and CCH project support. | 4Q FY 90 |
| D. Integrate mother/child nutrition education curriculum into food distribution/ORT/Child Growth Monitoring (CGM) programs at 2,200 MOH, CARITAS and other-agency mothers' clubs. | 4Q FY 88 |
| E. Hold child survival workshop/conferences for PVOs, MOH, USAID, UNICEF/PAHO to develop norms and standards for CS interventions and improve management capabilities of the PVOs. | 4Q FY 90 |
| F. Procure/deliver two-year supply of ORS packets (2,200,000 packets) for distribution through 3,000 public and private-sector outlets. | 4Q FY 88 |
| G. Complete training of 2,200 ORT/Child Growth Monitoring promoters at CARITAS mothers' clubs. | 3Q FY 88 |
| H. Sign OPG with Planning Assistance, Inc. (U.S. PVO) (511-0578). | 3Q FY 88 |
| I. Establish the administrative structure for the PVO Child Survival Network Project (511-0601). | 3Q FY 88 |
| J. Standardize training, norms and materials on ORT, and CGM, and immunization for private and public sector CS programs. | 4Q FY 88 |

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| PD&S | 511-0000.06 2/ | O | DA | CONT | G | 897 | 630 | 552 | 600 |
| Child Growth Monitoring | 511-0590 | O | DA | 1,236 | G | 836 | 400 | - | - |
| CARE Water and Health | 511-0599 | O | DA | 4,500 | G | 4,036 | - | - | - |
| ORS Packets | 511-0600 | N | DA | Cont. | G | 450 | - | - | - |
| Private Sector Potable Water and Sanitation Systems | - | O | DA | (250) | G | (250) | - | - | - |
| | | | | (2,000) | L | (2,000) | - | - | - |
| Self-Financing Primary Health Care | 511-0569 | O | DA | 2,100 | G | 2,100 | - | 200 1/ | - |
| Community and Child Health | 511-0594 | N | DA | 16,500 | G | - | 2,900 | 2,800 | 4,150 |
| PVO Child Survival | 511-0601 | N | DA | 1,700 | G | - | 1,000 | 700 | 0 |
| AIDS Prevention | 511-0608 | N | DA | 500 | G | - | 100 | 200 | 200 |
| Radio Learning | 511-0597 | N | DA | 803 | G | - | 803 2/ | - | - |
| Planning Assistance | 511-0578 | N | DA | 700 | G | - | 200 | 400 | 100 |
| P.L. 480 Title III | - | O | PL480 | - | LC | - | (20,000) | (17,000) | (17,000) |
| P.L. 480 Title II | - | O | PL480 | - | G | - | 8,536 | 10,214 | 10,214 |
| AID/W (FVA/PVC) | - | O | DA | 6,700 | G | 4,700 | 1,000 | 1,000 | 1,000 |
| TOTAL OF ADD ITEMS | | | | | | 8,319 | 14,569 | 15,066 | 15,264 |
| (Total of non-add items) | | | | | | (2,250) | (20,000) | (17,000) | (17,000) |
| Total AID/W. funded | | | | | | 4,700 | 1,000 | 1,000 | 1,000 |

1/ An amendment increasing LOP and funding is anticipated for early FY1989.
2/ De-ob/re-ob.

7. **NARRATIVE**

The USAID/Bolivia health assistance program stresses four basic objectives: 1) extension of the availability of primary health care (PHC), especially through private sector delivery mechanisms, 2) extended availability of potable water and related sanitation facilities in rural communities, 3) increased control over the transmission and incidence of communicable diseases, especially malaria and chagas, and 4) the intensification of the impact of all USAID-assisted health programs on urban and rural infants and children less than five years of age.

The Ministry of Social Welfare and Public Health is the principal health care institution in Bolivia. Nevertheless, its coverage is limited (40% of the population). Private practitioners account for only 5-7% of total health care. This limited coverage has permitted the establishment and acceptance of a large number of non-governmental organizations (NGOs) that, with USAID/Bolivia and other donors' assistance, work in health and account for 15-20% of urban and rural health care. The role of these NGOs is increasing and USAID/B expects they will have an even greater role in the future.

USAID/Bolivia's Child Survival (CS) Strategy was initially drafted during Oct.- Dec. 1987 and included in the Mission CDSS in March 1988. Briefly, the strategy promotes the availability of oral rehydration theraphy (ORT), immunizations and other child survival (e.g. birth spacing, child growth monitoring and promotion) interventions to approximately 400,000 children under five years of age, with a consequent reduction of 50% in the infant mortality rate among the beneficiary population (to 100/1000) by the year 2000. Major components of the CS program include a project to introduce ORT and Child Growth Monitoring services into 2,000 CARITAS mothers' clubs, (511-0590); extension of child health services and potable water to 500 rural communities (511-0599 and 511-0594); an emphasis on ORT and immunization outreach services under the Self-Financing Primary Health Care Project (511-0569); delivery of CS services through at least ten PVOs (511-0601); USAID provision of ORS packets for all MOH and private sector ORT programs (511-0600); and P.L. 480, Title III local currency support for the MOH activities, especially the Expanded Program of Immunization (EPI).



Implementation of this strategy has required, and will continue to require, a mix of resources from the Health and Population accounts and Child Survival allotments to USAID, CS grants administered by FVA/PVC, and local currencies under P.L. 480 Title III. In particular, the availability of AID/W funds for PVO programs, P.L. 480 local currencies and supplemental allotments of CS funds from the LAC Bureau have enabled USAID and collaborating agencies to mount an extensive CS program despite OYB constraints in other sectors. USAID will continue to combine these various, discrete activities into a coordinated CS program. Specific measures have included collective planning through working groups on ORT and EPI among USAID, UNICEF, PAHO and participating U.S. PVOs (CARE, Save the Children, Project Concern, Esperanza, Foster Parents, Catholic Relief Services, etc.); standardization of CS training and education materials, and pre-targetting of each agency's geographic project area to ensure the widest possible coverage of CS services.

During the FY 1988-89 period, USAID will continue to concentrate bilateral resources (and will direct AID/W resources) in support of public and private sector CS initiatives. The Self-Financing Primary Health Care (SFPHC) Project (511-0569) will be extended one more year (April 1989-1990) to give sufficient time and resources to test the cost and operational feasibility of establishing self-supporting PHC delivery systems in the private sector. If successful, the project will represent a practical alternative to the chronically inefficient and poorly utilized MOH health system and will serve as a model for later replication.

The Community and Child Health Program (511-594) will build on previous experiences both in the public and the private voluntary sectors, and add important resources to the MOH for the provision of health services, construction of water systems, promotion of health education and hygiene practices. This project will address unacceptably high infant and child mortality rates through a coordinated mix of child survival interventions, including diarrheal disease control, acute respiratory infections, immunization, nutrition, water and sanitation activities.

The Radio Learning Project (511-0597), to begin o/a May 1988, will use in-class radio programs and coordinated lesson materials to improve the math and language skills of 10% of all school children in grades 1-3. It will simultaneously support important health and child survival goals.

USAID has agreed to participate in a cross-cutting health care financing project evaluation with AID/W financial and technical support in view of the experience gained in our Self-financing Primary Health Care Project and the implications for our proposed Child Survival Community and Child Health Project. This evaluation will focus on resources mobilization and allocation, and costing and organization of health services.

STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 11: Improve Housing

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| Percentage of Households with Substandard Housing | 60% | 60% | 60% | 60% | 59% | 53% | 50% |

Source: Ministry of Urban Affairs, Bolivian Savings and Loan System.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. New Housing Units Built | 72 | 850 | 577 | 690 | 660 | 580 | 600 |
| B. Housing Units Upgraded | 130 | 251 | 1,766 | 511 | 2,300 | 1,600 | 1,600 |

Source: Bolivian Savings and Loan System

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988.

KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES

Target: The development of a National Housing Policy.

Accomplishment: On July 10, 1987, the GOB established a *de facto* National Housing Policy when it created the National Housing Fund (FONVI) with $50 million of capital and the Institute of Social Housing. These institutions replaced inefficient governmental housing institutions and their financing is directed to low cost shelter. Support for housing policies was provided through a Mission technical assistance grant and by RHUDO/SA staff.

Target: Encourage the Government to assume all of CACEN's debt to A.I.D. as a condition for considering activation of the Housing Guaranty Program.

Accomplishment: The Government of Bolivia assumed all of CACEN's dollar debt related to A.I.D. projects on July 10, 1987.

Target: CACEN should establish an acceptable (to the GOB) plan to repay its debt to the GOB.

Accomplishment: The Government of Bolivia assumed in full CACEN's debt to A.I.D. with no further obligation on the part of CACEN.

Target: Encourage CACEN and the S&Ls to mount a national savings mobilization campaign aimed at meeting or exceeding the benchmarks established in its Five Year Plan; the original target was 18% of national savings by 1990. The Five Year Plan, prepared in 1983, was superseded by new projections and estimates in 1987-1988.

Accomplishment: At present, only 4.1 percent of all savings deposits are held in the associations, which is below the target level of 6 percent stipulated in the HG007 Project Paper. Current projections by the S&L System envision recapturing 13 percent of all savings in the banking system by 1993.

Target: Encourage the GOB to either liquidate the Housing Bank (BANVI) or to make it an effective, financially viable housing bank.

Accomplishment: The BANVI was liquidated by the GOB, creating in its place the National Housing Fund (FONVI) and the Institute of Social Housing (IVS), which are expected to be much more effective institutions.

Target: Encourage the S&Ls to lower their interest rates both on savings and on loans in accordance with commercial market rates.

Accomplishment: During 1987, the S&L System had an interest rate policy on savings and on loans which reflected market conditions in Bolivia. This policy is expected to continue.

KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED

Target: Signature of Subrogation Agreement under which the GOB assumes the responsibility for all of CACEN'S dollar debt to A.I.D.

Accomplishment: The Subrogation Agreement was signed on March 30, 1987.

Target: Signature of Payment Agreement under which CACEN agrees to repay the GOB for assuming its existing USAID foreign dollar debt.

Accomplishment: The Government of Bolivia assumed all of CACEN's existing A.I.D. dollar debt on July 10, 1987 and CACEN no longer has any obligation to repay the GOB.

Target: First disbursement of HG-007 funds.

Accomplishment: A new Implementation Agreement for HG-007 was signed on November 23, 1987, superseding the September 8, 1983 Agreement. Currently, the borrower (the Central Bank of Bolivia) and the implementing agency (Caja Central de Ahorro y Préstamo para la Vivienda) are in the process of complying with Conditions Precedent to lender selection. Compliance, borrowing, and the first disbursement under the program are expected to be completed by the 4th quarter of FY 1988.

Target: Completion of a National Housing Policy.

Accomplishments: The National Housing Policy is completed given the following actions taken by the GOB:

1. Dissolution of ineffective housing institutions, i.e. Housing Councils and the National Housing Bank (BANVI).
2. Creation of FONVI and IVS.
3. Delegation by GOB to the private sector for all housing construction.

Target: Approval of three S&L potable water projects.

Accomplishment: Four water projects were approved in 1987 under the Private Sector Potable Water and Sanitation Systems project.

| 4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. National Housing Policy: USAID will continue working with the Ministry of Urban Affairs to consolidate the institutions which have been created (FONVI and IVS). | 4Q FY 88 |
| B. CACEN should make the necessary administrative changes to be eligible to have access to FONVI resources. | 4Q FY 88 |
| C. CACEN should devise a financial mechanism to serve the low income area of El Alto and should promote very low cost solution types, such as water connections and home improvements, throughout the S&L System. | 2Q FY 89 |
| D. Support public and private sector partnerships to address urban development and shelter problems. | 4Q FY 89 |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Compliance by GOB and CACEN with the conditions precedent for the Private Sector Low Cost Shelter Program. | 4Q FY 88 |
| B. Signing of Loan and Guaranty Agreements under Project No. 511-HG-007, and process first disbursement. | 4Q FY 88 |
| C. Revised Technical Assistance Plan in place for all S&Ls. | 3Q FY 88 |
| D. Identification and approval of two water and sanitation subprojects to obligate remaining loan funds for the Private Sector Potable Water and Sanitation Project (511-W-068). | 2Q FY 88 |
| E. Amend the Private Sector Low Cost Shelter Grant Program (511-0567) to provide additional support for National Housing Policy Initiatives. | 4Q FY 88 |

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| Private Sector Low Cost Shelter Program | 511-HG-007 | 0 | HG | (15,000) | L | (15,000)1 | - | - | - |
| Private Sector Low Cost Shelter Program | 511-0567 | 0 | DA | 2,100 | G | 1,450 | 200 | 150 | 150 |
| ESF | 511-0595/75/76 | 0 | ESF | - | LC | - | (7,320) | (23,000) | (24,000) |
| Disaster Recovery Project -(Reflow Subprojects) | - | 0 | L/C | (5,000) | LC | (5,000) | - | - | - |
| Private Sector Potable Water & Sanitation Systems | | 0 | DA | 250 | G | 250 | - | - | - |
| | | | | 2,000 | L | 2,000 | - | - | - |
| Total of add items | | | | | | 1,450 | 200 | 150 | 150 |
| (Total of non-add items) | | | | | | (20,000) | (7,320) | (23,000) | (24,000) |
| Total AID/W. funded | | | | | | 2,250 | - | - | - |

1/ Shown as a non-add item owing to its nature as a guaranty rather than a fund transfer.



7. NARRATIVE

After slow population growth through the 1950s, Bolivia has begun to experience accelerated growth in general, and very rapid urbanization. Since the middle 1970s, the country has had urban growth on the same scale as Brazil, Peru and Colombia during the 1960s. This accelerated urbanization has exacerbated an already difficult situation in terms of shelter and infrastructure coverage. Fully 60% of all existing houses are substandard, i.e., lack basic services such as water, sewerage, and electricity or are poorly constructed. The Ministry of Urban Affairs (MUA) estimates that the situation will become worse by the end of the century, when Bolivia's population will be approximately 10 million people as compared with the current population of 6.5 million. By the year 2000, about 42,000 new housing units will be required each year which far exceeds the current production by the formal sector.

The Bolivian Government has assigned high priority to the housing sector in its plans for economic reactivation. An estimated US$50 million in resources have been earmarked for housing finance for 1988-1989, $40 million of which were budgeted from the Economic Recovery Fund to be expended through the new Housing Fund (FONVI). Additional resources of about $10 million per year are projected from workers' contributions, also to be channeled through FONVI. Also, US$15 million will be available for low-cost housing from A.I.D.'s Housing Guaranty Program, channeled through the Bolivian Savings and Loan System. In addition to supporting the housing sector, these resources will stimulate employment generations through the construction industry that will evolve from the Program.

The GOB took the extraordinary step of assuming more than $20 million in debt from the Savings and Loan System in order to ensure its survival and viability. The Savings and Loan System, the only private sector housing institution in Bolivia, had become insolvent as a result of the government's dedollarization of 1982 and the hyperinflation which followed. Between 1982 and 1985, the Savings and Loan System's assets shrank to a few hundred thousand dollars and CACEN was compelled to default on its dollar repayment commitments. The intercession of the GOB on behalf of the private Savings and Loan System reflects the importance that the GOB places on the role of the private sector in shelter production in its National Housing Policy.

A.I.D. played an important role in the survival of the Savings and Loan System, by pressing the GOB to assume the System's debt and by providing technical assistance and interim financial resources (PL 480) to CACEN and the System. According to a recent evaluation, the technical assistance helped the S&L System to regain its position in the financial and shelter sectors and to ensure that the private sector will continue to play a major role in those sectors. This accomplishment is especially noteworthy given that the Bolivian S&L System is non-profit, has a strong presence in rural areas, and has a strong commitment to serving low income families.

USAID/Bolivia's strategy for overcoming housing constraints is to target its housing resources toward urban areas experiencing the greatest socio-political problems. Over the medium term, this will mean focussing on El Alto near La Paz and the outer environs of Cochabamba and Santa Cruz. Therefore, the loan resources provided through the HG Program and the remaining grant resources available under the technical assistance program are expected to help the System to complete its recovery process and to gain enough strength so that it will weather any future crisis on its own. Along with strengthening the administrative and financial viability of the System, technical assistance will be aimed at getting more S&L associations involved in very low cost shelter solutions, e.g., water systems and home improvement loans, so that many more families can be served with available resources.

STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 13: Increase Participant Training

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| NONE | | | | | | | |

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS CLASP | | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|---|
| A. Short-term | TOTAL | --- | --- | --1/ | 20 | 94 | 60 | 32 |
| i) Men | | --- | --- | --- | (0) | (57) | (50) | (20) |
| ii) Women | | --- | --- | --- | (20) | (37) | (10) | (12) |
| B. Long-term | TOTAL | --- | --- | --1/ | 0 | 0 | 45 | 42 |
| i) Men | | --- | --- | --- | (0) | (0) | (29) | (26) |
| ii) Women | | --- | --- | --- | (0) | (0) | (16) | (16) |

| - A.I.D. PROGRAM PERFORMANCE INDICATORS NON - CLASP | | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|---|
| A. Short-term | Total | 38 | 40 | 160 | 66 | 108 | 86 | 104 |
| i) Men | | (34) | (36) | (144) | (46) | (76) | (70) | (84) |
| ii) Women | | (4) | (4) | (16) | (20) | (32) | (16) | (20) |
| B. Long-term | Total | 9 | 9 | 25 | 15 | 4 | 5 | 5 |
| i) Men | | (9) | (9) | (19) | (14) | (3) | (3) | (3) |
| ii) Women | | (0) | (0) | (6) | (1) | (1) | (2) | (2) |

1/ APSP projections were not broken out separately in last years' Action Plan.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| Target | Planned | Actual | Discussion |
|---|---|---|---|
| A. Urge GOB to seek ways to encourage well-trained public employees to remain on the job. | | | Target dropped as inapropriate for this objective. |
| B. Encourage formal channels of cooperation and communications between Public Institutions and Labor Unions. | | | Ongoing element of AIFLD program. |
| C. Expand USAID/B training staff. | - | 6 | USAID/B has expanded its training staff from 1 in FY 1986 to 6 in FY 1988. One part-time staff member for follow-up activities remains to be hired. |
| D. Clearly define AIFLD Project. | | | Accomplished. |
| E. Establish recruitment methodology for APSP trainees. | | | Established |
| F. Seek effective English language training in Bolivia. | | | Bolivian English language training facilities have shown to be inadequate for AID's training requirements. |
| G. Expand IDEA training programs for small scale entrepreneurs and bankers. | | | The project of expanding the range of IDEA programs for small scale entrepreneurs has been accomplished. A series of 12 courses with six subjects each will start by the third quarter of FY 1988. |

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD — QUARTER/YEAR

None planned. Policy dialogue not an element of the participant training portafolio.

5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD — QUARTER/YEAR

A. USAID/B will meet 50% of APSP short-term target. — 4Q FY 89

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/LC | OBLIGATIONS ($000) Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| LAC Training Initiatives II | 598-0640 | O | Regional DA | - | G | 758 | - | - | - |
| Training for Development | 511-0584 | O | DA | 2,500 1/ | G | 2,500 | - | - | 500 |
| APSP - Regionally funded | 598-0640.01 | O | DA | 2,900 | G | 2,900 | - | - | - |
| APSP - Bi-laterally funded | 511-0603 | N | DA | 3,750 | G | - | 1,000 | 1,330 | 1,000 |
| Total Add Items | | | | | | 2,500 | 1,000 | 1,330 | 1,500 |
| Total AID/W Funding | | | | | | 3,658 | - | - | - |

1/ Project amendment planned for FY 1988.

7. NARRATIVE

A limited human resource base has been a pervasive constraint in Bolivia's development efforts in past years and an important element affecting sustained economic recovery. Since the late 1970s, Bolivia's economic crisis and constant political unrest have caused the emigration of many of its most skilled policy makers and private sector managers and technicians. In addition, a sharp decline in the quality of the nation's educational system has limited the possibilities of good education within the country. Also, bilateral and multilateral donor training programs have diminished in recent years, thus further reducing adequate training options for all sectors of the Bolivian productive labor force.

USAID/B's training resources aim at alleviating this constraint on further economic progress through long- and short-term training under the Training for Development and LAC Training II projects, geared to address both public and private sector training needs. To date, the Mission has fulfilled its training target under LAC II and completed 58% of TFD's U.S. based training goals. This percentage excludes TFD's in-country seminar component, which has yet to be implemented. The Mission is considering shifting funds from TFD's in-country seminar component to the long- and short-term training components in order to expand USAID/B's development- and private sector-oriented training.

Under the Andean Peace Scholarship Program, the Mission anticipates reaching leaders and potential leaders throughout the broad spectrum of social, economic and political sectors of Bolivian society, especially those candidates who already influence opinion or are most likely to influence opinion and policies in the future. Through APSP, USAID/B also grants scholarships to the socially and economically underprivileged, who otherwise may not benefit from training in the U.S., and/or who may be prime candidates for Soviet Bloc training. To date, the Mission has sent two groups of Peace Scholars to the U.S., 20 women artisans and 34 journalists. Scheduled to depart in FY 1988 are: 40 mothers clubs' members (May 88) and 30 members of cooperatives and producers associations (June - July 88). For FY 1988, the Mission will concentrate on recruiting long-term APSP candidates, particularly in the field of education. Target groups include: urban public school teachers of English as a Second Language, physical education and history; vocational school teachers; 3rd and 4th year student leaders at public universities; student leaders from public high schools, and young film makers. For short-term training, USAID/B plans to program the following groups for FY 1989: 26 town mayors (October 88); 25 full-time public university professors and administrators (Jan. 89), and 10 young writers (March 89).



Delays in increasing USAID's Training Division staff caused setbacks in meeting the projected targets for FY 87. In addition, FY 87 projected figures roughly included Peace Scholarship trainees. Subsequently, APSP figures were adjusted between the LAC Bureau, and the Mission. In fact, USAID anticipates exceeding the adjusted FY 1988 target by 10 percent.

The evaluation of TFD planned for FY 1988 has been postponed until the first quarter of FY 1989 in order to coordinate efforts with Aguirre International's evaluation of the APSP. TFD's evaluation is intended to assess the impact of short-term training while APSP's evaluation will assess the program's first year of implementation.

STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 14: Strengthen Democratic Institutions

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | | 1990 Proj. |
|---|---|---|---|---|---|---|---|---|
| A. Electoral System 1/ | | | | | | | | |
| Type of Election: | General + Municipal (May) | no elec. | | Municipal (Dec) | no elec. | General (May) | Municipal (Dec) | |
| 1) % voting age population casting ballot. | 60 | no elec. | - | 45 | no elec. | 63 | 47 | no elec. |
| 2) % registered voters casting ballot. | 82 | no elec. | - | 75 | no elec. | 88 | 77 | no elec. |
| B. Legislative Process 2/ | | | | | | | | |
| 1) No. of oversight actions initiated. | 424 | 455 | - | 317 | 200 | 500 | | 450 |
| 2) No. of laws passed. | 10 | 15 | - | 16 | 5 | 10 | | 10 |
| C. Judicial System 3/ | | | | | | | | |
| 1) % new incoming cases in the 3 largest districts. | n/a | n/a | - | 61 | 63 | 65 | | 68 |
| 2) % completed cases in the 3 largest districts. | n/a | n/a | - | 41 | 43 | 46 | | 50 |

1/ General Elections: 1985, 1989. Municipal Elections: 1987, 1989. Non-election years: 1986, 1988, 1990. Municipal election turnouts are generally lower than general election turnouts. Sources: National Electoral Court official results; voting population projections based on last census conducted in 1976 by National Institute of Statistics.

2/ "Oversight actions" include: minutas de comunicación, peticiones de informe and interpelaciones. "Laws" include all passed bills, regardless of importance or urgency. Included figures are rough estimates because no official figures are available. Campaign year(1988)/new Congress year(1989) account for respectively lower/higher projections.

3/ Only 1987 data available for the 3 largest districts (La Paz, Cochabamba and Santa Cruz), accounting for over 65% of the case-load. (New Cases) + (Holdover Cases) = (Total Cases) - (Completed Cases) = (Pending Cases). Source: Lic. Macedonio Delgado, Director of the Judicial Treasury of the Nation.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Electoral System Consolidation | | | | | | | |
| 1) % registered voters receiving proposed secure electoral ID. | 0 | no elec. | - | 0 | no elec. | 50 | no elec. |
| 2) % ballots annulled by political party challenges at Electoral Court. 4/ | 15 | no elec. | - | 15 | no elec. | 5 | no elec. |
| B. Legislative Process Upgrading | | | | | | | |
| 1) Ratio of laws passed to oversight actions. 5/ | - | - | - | 2 | 2.5 | 3.0 | 4 |
| 2) No. of 10 most important bills of the year passed. 6/ | 1 | 2 | - | 2 | 3 | 4 | 5 |



4/ Although the National Electoral Court does not compute it, this is an important AID/PP indicator. Spoiled ballots annulled at polling place vote count levels regularly approach 5%. On the other hand, politically motivated party challenges at the Departmental Electoral Courts' level additionally lead to an average of 15% annulled ballots every election, according to estimates of Dr. Mauro Cuellar, President of the NEC.

5/ 1988 presidential campaign year and 1989 new Congress year account for lower projections these two years.

6/ 1) Annual budget. 2) Ratification of Int'l Agreements affecting the economic recovery program. 3) Administrative Descentralization. 4) Municipal Territorial Jurisdiction. 5) Elections. 6) Political Parties. 7) Prosecutorial System. 8) Dangerous Substances (Narcotics). 9) General Code Revisions. 10) Congressional Rules of Order.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS (cont.) | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| C. Judicial System Improvement | | | | | | | |
| 1) % of the total No. of judges/prosecutors receiving regular performance evaluations. | 0 | 0 | - | 5 | 15 | 60 | 85 |
| 2) % increase in fully-operating newly-created courts. | 0 | 0 | - | 2 | 10 | 15 | 20 |

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| Target | Planned | Actual | Discussion |
|---|---|---|---|
| PP development & approval | Jan-May 87 | underway (PP Team in La Paz April-May 88) | PP review by AID/W June 88 |

4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD — QUARTER/YEAR

Conditionalities

A. National Offices of Identification and Civil Registry freely interchange voter information with National Electoral Court either by instruction of Ministry of the Interior, Migration and Justice, or by special legislation. — 1Q FY 89

B. The three current administrative offices in Congress are enjoined by Congressional Resolution to coordinate their work with the new Administrative Improvement Unit. — 2Q FY 90

C. Supreme Court issues Judicial Career Regulations. Until and unless Congress approves Prosecutorial System Law, the Ministry of the Interior, Migration and Justice issues provisional Prosecutorial Career Regulations. Merit-based pay increase system established by Supreme Court and Ministry of the Interior, Migration and Justice. The Supreme Court agrees to computerized financial management of the Judicial Branch. — 3Q FY 90

Dialogue Actions

Negotiations of Bilateral Agreement with GOB on Judicial System Improvement, Legislative Process Upgrading and Electoral System Consolidation. — 4Q FY 88

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5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD — QUARTER/YEAR

A. Electoral System Consolidation

1) Data processing system installed and functioning. — 1Q FY 89
2) National Electoral Roll established. — 2Q FY 89
3) Trainer's Training program for 3,000 electoral notaries and 100,000 polling table authorities functioning. — 3Q FY 89

B. Legislative Process Upgrading

1) Training and Research Center established. — 3Q FY 90
2) Information Management Center established. — 2Q FY 90
3) Administrative Improvement Unit functioning. — 1Q FY 90

C. Judicial System Improvement.

1) Career System established. — 2Q FY 90
2) Training Center established. — 2Q FY 90
3) Resource Center established. — 2Q FY 90
4) Information System for Court Management established. — 3Q FY 90
5) Administrative Improvement Unit established under Supreme Court. — 1Q FY 90
6) Bar Associations strengthened (15% increase in registered lawyers). — 3Q Fy 90
7) Building Renovation, Construction and Equipment 25% completed (one quarter of planned 10 million investment from non-AID donors executed). — 4Q FY 90

6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| Strengthening Democratic Inst. | 511-0587 | N | ESF | 7,000 | G | - | 1,000 | 2,000 | 1,000 |
| Andean Peace Scholarships | 511-0603 | N | DA | 7,330 | G | - | (1,000) | (1,330) | (1,000) |
| Training for Development | 511-0584 | O | DA | 2,500[1/] | G | (2,500) | - | - | (500) |
| Policy Reform | 511-0571 | O | PA | (5,000) | G | (3,812) | (700) | (488) | - |
| Total Add Items | | | | | | 0 | 1,000 | 2,000 | 1,000 |
| (Total Non-Adds) | | | | | | (6,312) | (1,700) | (1,818) | (1,500) |

1/ Project Amendment planned for FY 1988.

7. NARRATIVE

The executive branch of the Government appears to be firmly established and exercising its powers well - - within the context of Bolivia. The legislative branch is organized and active, but has produced little in the way of the many urgently required legislative actions. It has concentrated its attention largely on parochial issues and an intensive scrutiny of the Executive's actions. The electoral process is functioning as exemplified by the December 1987 municipal elections - - the first in 38 years - - but the process is neither well organized nor is its permanence guaranteed. Finally, the judicial system, although reinvigorated after twenty years of military rule, is badly disorganized, understaffed and underfunded, and subject to the most severe political and economic pressures, all of which inspire anything but confidence in its ability to deal with its constitutionally mandated responsibilities and the legal aspects of the growing narcotics problem.

The Mission's strategy addresses the broad issue of strengthening and making democracy permanent in Bolivia. To accomplish this objective, a series of actions and initiatives with all three branches of the Bolivian Government and the National Electoral Court will be carried out over a five year period (FY-88 to FY-92). Given the political history of Bolivia, there is no doubt that a long term commitment is called for if there is to be any chance of assisting Bolivia to make permanent the democratic process after more than 160 years of independence and many more de facto governments. However, initially in FY-88 (due to legislative restrictions on the available funding imposed by the U.S. Congress) the Mission will focus its attention on only two of the areas of concern. The first will be strengthening and upgrading the administration of justice in Bolivia. Improvement of the administration of justice is considered a priority task by all facets of Bolivian society. This will involve working with both the judicial branch of government with regard to the functioning of the court system, as well as the executive branch with regard to the functioning of the attorney general's offices and the judicial functions of the current Ministry of Migration, Interior and Justice and the proposed new Ministry of Justice.

Secondly, particular attention will be paid in FY-88 to strengthening the electoral process with AID funded assistance through CAPEL, a part of the InterAmerican Institute for Human Rights (OAS), to the Bolivian National Electoral Court. General elections will be held in May 1989 and municipal elections will be held in December 1989. In order to improve the functioning of the electoral system assistance must begin by mid FY-88.

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STANDARD FORMAT FOR REPORTING ON OBJECTIVES

OBJECTIVE No. 15: Promote Alternative Development

| 1. COUNTRY DEVELOPMENT TRENDS INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Average price of coca ($US) per 100 lbs. | 350 | 125 | 125 1/ | 40 | 30 1/ | 30 1/ | 30 1/ |
| B. No. of hectares under coca production. | 55,000 1/ | 50,000 1/ | 60,000 1/ | 40,300 1/ | 36,300 1/ | 29,300 1/ | 22,300 1/ |
| C. No. of farmers adopting alternative development production systems. 2/ | - | - | - | - | 4,500 | 8,000 | 8,000 |
| D. No. of traditional coca users | 400,000 | 380,000 | 350,000 | 350,000 | 300,000 | 300,000 | 300,000 |
| E. No. of drug abusers | 80,000 | 210,000 | 200,000 | 200,000 | 160,000 | 120,000 | 100,000 |

1/ Targets and/or data supplied by INM/NAU

2/ New target for this action plan - No data available prior to 1988.

| 2. A.I.D. PROGRAM PERFORMANCE INDICATORS | 1985 Actual | 1986 Actual | 1987 Proj. | 1987 Actual | 1988 Proj. | 1989 Proj. | 1990 Proj. |
|---|---|---|---|---|---|---|---|
| A. Rehabilitation of rural access roads in the Associated High Valleys | N/A | N/A | 52[1/] | 43[1/] | 103 | 104 | 105 |
| B. Funding for agricultural and small-scale rural industry projects. | 0 | 0 | 3 | 3 | 1 | 5 | 5 |
| C. Training of farmer para-technicians for Agricultural Research and Extension Technology Transfer. | 8 | 10 | 15 | 12 | 15 | 25 | 25 |
| D. Long term training of IBTA professionals in tropical agriculture. | 2 | 2 | 2 | 2 | 2 | 0 | 0 |
| E. Drug awareness articles, advertisements and programs appear on television and radio and in periodicals. Involve influential national organizations in anti-narcotics trafficking and drug abuse programs. | 0 | 30 TV programs, 50 spots, 30 national organizations; involved 2 major drug use studies. | - | - | Subject to evaluation. | 0 | 0 |

1/ Work did not begin until June 1987 when Rural Roads II Project was officially modified to work in the Associated high valleys.

3. ACTUAL VS. PLANNED ACCOMPLISHMENTS IN FY 1987 AND EARLY 1988, AS IDENTIFIED IN BLOCKS 5 AND 6 OF LAST YEAR'S ACTION PLAN (Briefly explain any significant departures -- in either direction -- from targets)

| | Target | Planned | Actual | Discussion |
|---|---|---|---|---|
| A. | Production and capital investment credit to Chapare farmers through public and private banking institutions monitored by IBTA/Chapare. | - | - | No production credit was delivered in FY 1987 because of the previous USAID position that credit would be fungible and could be used for coca and/or narcotics production. Beginning in early FY 1988, that position changed so that individual farmers will be eligible for production credit when they eradicate 70% of their coca production and their community is actively participating in the eradication program. |
| B. | Funding for agroindustrial and small-scale agribusiness projects. | 1 large scale, 1 medium scale, and 1 small scale agribusiness project. | - | In FY 1986, USAID/B continued to restrict credit disbursements to three agroindustries which were determined to be linked to narcotics trafficking.<br><br>Difficulties remain in the lack of interest on the part of banks and investors because of the risk involved in the area. |
| C. | Bolivian opinion makers to the U.S. to observe U.S. drug rehabilitation programs. | 1 Production team from most important T.V. channel to U.S. | 2 | 2 excellent and hard-hitting T.V. programs produced and broadcast based on footage filmed in the U.S. |
| D. | Control and development programs supported by other donors in affected areas. | $20.4 million from UNFDAC for programs in the Chapare. | - | UNFDAC funded the Agro Yungas project which was initiated in May 1986 as a coca control and substitution project with 53 communities participating. USAID/B has been coordinating closely with UNFDAC personnel in Bolivia on their plans for work in the Chapare. USAID is also coordinating with the United Kigdom, which intends to contribute about $3 million for potable water systems in the Chapare, to be implemented through UNFDAC. |

| 4. KEY POLICY DIALOGUE ACTIONS AND CONDITIONALITIES PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Provide assistance in narcotics-producing areas only to individuals and communities which meet existing conditionality. | Ongoing |
| B. Promote the expansion of other donor participation in GOB coca control, eradication, substitution, regional development, and narcotics awareness programs in the Yungas, Beni, and other key areas. | Ongoing |
| C. Establish the link in the perceptions of the Bolivian public between narcotics trafficking and consumption through narcotics awareness activities, using institutions interested in interrelating those topics. | Ongoing |
| D. Encourage private organizations and community groups to take an open an open and active role in fighting drug abuse initially and production subsequently. | Ongoing |

| 5. KEY PROJECT/PROGRAM ACCOMPLISHMENTS PLANNED FOR BALANCE OF CURRENT FY AND ACTION PLAN PERIOD | QUARTER/YEAR |
|---|---|
| A. Carry out pre-investment studies for activities in the associated high valley subregion of the Cochabamba Department. | 3 Q FY 88 |
| B. Implement project activities in the associated high valley subregion of the Cochabamba Department, including technical assistance, small and medium-scale irrigation construction and rehabilitation, on-farm water management extension, improved seed multiplication and distribution, rural access road construction and rehabilitation, and other community development infrastructure activities. | 4 Q FY 88 |
| C. Train 77 additional farmer paratechnicians for agricultural research and extension technology transfer. | 4 Q FY 88 |
| D. Disburse up to $5.5 million of agricultural production credit in the associated high valley subregions and up to $12 million of agricultural production credit in the Chapare. In the latter area only eligible farmers (those who meet eradication target) will receive this credit. | 4 Q FY 88 |
| E. The confederation of Private Businessmen to continue to implement its narcotics awareness campaign. | 4 Q FY 89 |
| F. Continue the participation of at least 15 private organizations in narcotics awareness activities. | 4 Q FY 89 |
| G. Design and implement rural focused narcotics awareness activities in the two major coca producing zones. | 4 Q FY 89 |

## 6. PROJECTS SUPPORTING OBJECTIVE

| Title | Number | New (N) or Ongoing(O) | Type of Funding | LOP ($000) | L/G/ LC | OBLIGATIONS Cum. thru FY 87 | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|---|---|---|---|---|---|
| Chapare Regional Development Project | 511-0543 | 0 | DA | 14,000 | G | 4,400 | 1,580 | 2,000 | 1,103 |
| | | | | 12,500 | L | 12,500 | - | - | - |
| Narcotics Awareness | 511-0592 | 0 | DA | 2,650 | G | 1,150 | 750 | 750 | - |
| Economic Stabilization Program | 511-0570 | 0 | ESF | - | LC | -1/ | - | - | - |
| Private Agricultural Organizations | 511-0589 | 0 | DA | (4,200) | G | (1,815) | (400) | (0) | (980) |
| Market Town Capital Formation | 511-0573 | 0 | DA | (3,500) | G | (3,157) | - | - | (343) |
| | | | | (15,000) | L | (6,303) | (2,760) | (1,540) | (484) |
| PL-480 Title I/III | | 0 | PL-480 | | LC | | (20,000) | (17,000) | (17,000) |
| TOTAL OF ADD ITEMS | | | | | | 18,050 | 2,330 | 2,750 | 1,103 |
| (TOTAL OF NON-ADD ITEMS) | | | | | | (11,275) | (23,160) | (18,540) | (18,807) |



## 7. NARRATIVE

The Mission's strategy for alternative development includes four components: (1) to use the resources and the leverage of USAID projects to support effective Government narcotics eradication and control programs, (2) to carry out social and economic development programs in the Chapare and the Upper Valley areas of Cochabamba that will facilitate the transition away from coca production; (3) to conduct a nationwide narcotics awareness program, and (4) to involve other bilateral and multilateral donors in Bolivia's coca control and eradication programs.

AID's narcotics related development program has continued to evolve in relation to the changing situation of GOB narcotics policies and programs. The Bilateral Framework Agreement signed in February 1987 broadly defined the goals of the GOB and USG cooperation in the areas of narcotics interdiction and development. The details of activities were to be identified in two annexes, one for interdiction and the other for development. These annexes were completed and signed in August 1987.

1/ Approximately $2.3 million in ESF supported narcotics development activities.

In the intervening period, the GOB participated in multilateral meetings in Vienna at UNFDAC's headquarters and seemed to be building momentum towards garnering support from other donors and international organizations for their narcotics-related program. However, the results eventually amounted to little more than rhetoric except for potentially important contributions from the Italian Government ($20 million) and a less significant commitment from the United Kingdom ($3 million). Further, recent negotiations in Vienna have resulted in possible additional funding from other donors of $12.8 million. These amounts are to be programmed in the coming months for support of GOB narcotics development activities in the Chapare and in narcotics awareness and education. At this point, the Mission is in close communication with the most important organizations in order to maximize the complementarity of their future activities with our on-going program.

In May 1987, the GOB faced a tremendously difficult situation as coca producer federations, backed by money from narcotics traffickers, mobilized farmers, laborers, and other people to block roads and disrupt transport and other activities. The violence and upheaval led to negotiations between the GOB and the federations, and the signing of an agreement in which representatives of the coca growers, for the first time in history, admitted to producing coca in excess of that which satisfies traditional demand and the representatives agreed that this excess coca should be reduced. Very little detail or specific commitments were mentioned, but the negotiations were considered a watershed in the public discussion of the coca issue.

With the signing of the detailed annexes to the Bilateral Framework Agreement in August 1987, the GOB took actions indicated in those annexes. They established a new Sub-Secretariat for Alternative Development and Coca Crop Substitution in the Ministry of Rural Affairs and Agriculture to concentrate GOB policy formulation in one entity. They also started a voluntary eradication program in September 1987 which produced approximately 200 eradicated hectares by the last day of FY 1987. However, this hectarage was not eradicated in time to allow obligation of the second half of the FY 1987 ESF. Despite this disappointment, the pace of eradication increased to the point that as of March 1, 1988, over 1,100 hectares have been eradicated since September 1987.



The USAID activities related to narcotics development and awareness are moving forward. Regarding the former, Amendment No. 7 to the Chapare Regional Development Project was signed in November 1987 and actions related to activities, contracting, procurement and financial and technical reviews of proposed activities are moving forward. At this time, we are about ready to certify the first community to have eradicated the requisite amount of its coca production in the Chapare. We are also putting into place the institutional structure to implement Chapare Project activities in the Chapare and the associated high valleys. By May 1988, the modified project will enter full implementation.

The Narcotics Awareness activities continued weekly TV programs and daily radio broadcasts, completing the first major phase of education and prevention. The Confederation of Private Businessmen continued to play the key management role in a nationwide drug education and promotion campaign.

A complete evaluation of US Government-supported narcotics awareness and education activities will be carried out in April and May 1988. The programming of new activities will be based on analysis of evaluation results to be jointly carried out with Bolivian private and public entities.

B. Program Summary

1. Summary Program Funding Table

Dollar Program by Functional Account

($000)

| | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|
| AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION | | | |
| TOTAL | 8440 | 9150 | 8280 |
| GRANTS | 5680 | 7610 | 7796 |
| LOANS | 2760 | 1540 | 484 |
| POPULATION PLANNING | | | |
| TOTAL | 77 | 100 | 500 |
| GRANTS | 77 | 100 | 500 |
| LOANS | 0 | 0 | 0 |
| CENTRALLY PROCURED COMMODITIES | 103 | 85 | 125 |
| HEALTH | | | |
| TOTAL | 490 | 402 | 1150 |
| GRANTS | 490 | 402 | 1150 |
| LOANS | 0 | 0 | 0 |
| CHILD SURVIVAL INITIATIVE | | | |
| TOTAL | 4740 | 4250 | 3900 |
| GRANTS | 4740 | 4250 | 3900 |
| LOANS | 0 | 0 | 0 |
| EDUCATION | | | |
| TOTAL | 1835 | 2280 | 2270 |
| GRANTS | 1835 | 2280 | 2270 |
| LOANS | 0 | 0 | 0 |
| SELECTED DEVELOPMENT ACTIVITIES | | | |
| TOTAL | 5305 | 6088 | 6170 |
| GRANTS | 5305 | 6088 | 6170 |
| LOANS | 0 | 0 | 0 |
| SUBTOTAL FUNCTIONAL ACCOUNTS | | | |
| TOTAL | 20887 | 22270 | 22270 |
| GRANTS | 18127 | 20730 | 21786 |
| LOANS | 2760 | 1540 | 484 |
| INTERNATIONAL DISASTER ASSISTANCE | | | |
| TOTAL | 0 | 0 | 0 |
| GRANTS | 0 | 0 | 0 |
| LOANS | 0 | 0 | 0 |
| TOTAL DA ACCOUNT | | | |
| TOTAL | 20887 | 22270 | 22270 |
| GRANTS | 18127 | 20730 | 21786 |
| LOANS | 2760 | 1540 | 484 |
| ECONOMIC SUPPORT FUND | | | |
| TOTAL | 8320 | 25000 | 25000 |
| GRANTS | 8320 | 25000 | 25000 |
| LOANS | 0 | 0 | 0 |

| | FY 1988 | FY 1989 | FY 1990 |
|---|---|---|---|
| DA AND ESF TOTAL | | | |
| TOTAL | 29207 | 47270 | 47270 |
| GRANTS | 26447 | 45730 | 46786 |
| LOANS | 2760 | 1540 | 484 |
| PL480 | | | |
| TITLE I | 0 | 0 | 0 |
| TITLE II | 8536 | 10214 | 10214 |
| TITLE III | 20000 | 17000 | 17000 |
| HOUSING GUARANTEES | 0 | 0 | 0 |
| TOTAL | 57743 | 74484 | 74484 |

2. Summary Project List, by Objective

| Project Name | Number | OBJECTIVES 1 | 2 | 3 | 5 | 6 | 8 | 10 | 11 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PD&S | 511-0000 | S | P | | S | S | S | S | | | | |
| Special Dev. Activities | 511-0412 | P | | | | | | | | | | |
| Chapare Regional Development | 511-0543 | | | | | S | | | | | | P |
| Low Cost Shelter Pr.Sect | 511-0567 | | | | | | | | P | | | |
| Self-Fin.Prim.Health | 511-0569 | | | | | | | P | | | | |
| Policy Reform | 511-0571 | | S | P | S | | | | | | S | |
| Market Town Capital Formation | 511-0573 | | P | | S | | | | | | | S |
| Industrial Transition | 511-0577 | | P | | S | | | | | | | |
| Planning Assistance OPS | 511-0578 | S | | | | | | P | | | | |
| Management Training | 511-0580 | | P | | S | | | | | | | |
| Handicraft Export | 511-0583 | | S | | P | | | | | | | |
| Training for Dev. | 511-0584 | | | | | | | | | P | S | |
| Export Promotion | 511-0585 | | S | | P | | | | | | | |
| Agric. Marketing/Productivity | 511-0586 | P | | | S | | | | | | | |
| Democratic Institutions | 511-0587 | | | | | | | | | | P | |
| Private Agricultural Orgs. | 511-0589 | P | S | | S | | | | | | | S |
| ORT Growth Monitoring | 511-0590 | | | | | | | P | | | | |
| Narcotics Awareness | 511-0592 | | | | | | | | | | | P |
| Comm. & Child Health | 511-0594 | | | | | | | P | | | | |
| Small Enterprise Dev. | 511-0596 | | P | | S | | | | | | | |
| Radio Learning | 511-0597 | | | | | | | P | | | | |
| Strengthening Fin.Markts. | 511-0598 | | S | P | S | | | | | | | |
| CARE Water and Health | 511-0599 | | | | | | | P | | | | |
| ORS Packets | 511-0600 | | | | | | | P | | | | |
| PVO Child Survival | 511-0601 | | | | | | | P | | | | |

| Project Name | Number | 1 | 2 | 3 | 5 | 6 | 8 | 10 | 11 | 13 | 14 | 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Recovery Program | 511-0595 | S | S | P | S | | | | S | | | |
| Economic Recovery Program | 511-0575 | S | S | P | S | | | | S | | | |
| Economic Recovery Program | 511-0576 | S | S | P | S | | | | S | | | |
| PRE Potable Water & Sanitation | 999 | | | | | | | S | P | | | |
| LAC Training II | 598-0640 | | | | | | | | | P | | |
| Andean Peace Scholarship | 511-0603 | | | | | | | | | P | S | |
| AIDS Prevention | 511-0608 | | | | | | | P | | | | |
| PL 480 Title II | 999 | | | | | S | | P | | | | |
| PL 480 Titles I/III | 999 | S | S | P | S | S | | S | S | | | S |
| HIG | 999 | | S | S | | | | | P | | | |
| Loan Guaranty | 999 | | S | P | S | | | | | | | |

## NEW PROJECT DESCRIPTION

GOAL: Economic growth and a wider sharing of the benefits of that growth.

OBJECTIVE: To increase rural incomes, improve the availability of high quality food at affordable prices, sustain the natural resource base upon which development of the sector depends, increase agricultural productivity and facilitate the sale of the increased production.

PROJECT TITLE: Agricultural Marketing/Productivity

PROJECT NUMBER: 511-0586

PROJECT FUNDING: FY 89: $ 1,760,000 (G) LOP $ 25,000,000 (G)

FUNCTIONAL ACCOUNT: ARDN

A. Relationship to A.I.D. Country Strategy/Objectives: This seven year project is consistent with USAID/Bolivia's strategy to promote basic structural and policy reforms necessary for long-term sustainable economic growth, a broad-based sharing of the benefits of development through increased productivity, employment opportunities, improved nutritional status and real income achieved through policy reform, private and public sector institutional development and technology transfer.

B. Relationship to Host Country and Other Donors: This project reflects GOB interest in agricultural revitalization through broad private and public sector participation, and major reorganizations of the Ministry of Agriculture (MACA) and the Agricultural Development Bank to improve their technical capability. There are nine multilateral and seven bilateral donors, including the U.S., with current agricultural-related programs in Bolivia. This project is consistent with the other donor programs in irrigation, watershed management, public agricultural sector reorientation, technical training, highland and interandean valley development, reforestation, seed production, and agricultural credit. Coordination is enhanced by monthly international donors meetings hosted by USAID/Bolivia, and the agricultural sector donors meetings hosted by the MACA.

C. Conformance with Agency and Bureau Policies: The project is consistent with the LAC Bureau Agricultural and Rural Development Strategy. It will promote policy dialogue, agricultural productivity and exports and will further the A.I.D. goals of policy reform, institutional strengthening, and human resource development.

D. Project Background and Rationale: The GOB's economic recovery program recognizes agriculture as a vital contributor to overall sustainable economic growth. An estimated 47% of all Bolivians are employed in the agricultural sector. The potential exists for production

increases, but only through productivity and marketing improvements as well as policy changes. With the collapse of the international tin market and the dramatic decline in hydrocarbon prices, the GOB is relying on the production of non-traditional exports and an increase in overall productivity as the primary engines of future growth.

The recently completed Agricultural Sector Assessment identified as principal constraints to agricultural development in Bolivia: a weak marketing structure, absence of a defined sector policy, underdeveloped infrastructure, ineffective support institutions, and a fragile financial system. Interventions that were identified as priorities for USAID/Bolivia, and which this project includes, are: increasing Bolivia's supply of agriculture export and domestic food products through marketing and productivity improvements, strengthening the agricultural sector's institutional base, including improved agricultural policy analysis capabilities, and upgrading Bolivia's human resource base in the sector.

Through these actions, the project will affect both the supply of and demand for agricultural products destined for export as well as for domestic consumption. Although the Sector Assessment gives special attention to promoting agricultural export opportunities in the Bolivian lowland region, this project focuses on opportunities for improving agricultural marketing and productivity in the highland and valley regions of the country. Other USAID projects, such as the Market Town Capital Formation and the Export Promotion Projects, as well as on-going and planned IDB and World Bank initiatives will emphasize developing the export potential of the lowland region.

Bolivia will continue to rely on the highland and valley areas for the production of much of the country's food needs. The increasing urbanization of Bolivia will place higher demands for food productivity on these areas which are located closest to the major consumption centers, and also have the highest concentration of rural farm families per unit of arable land, rural poverty, and malnutrition in Bolivia. Criteria will be developed to select specific regions within the target area, based upon economic importance, composition of producers, susceptibility to improvement, and the potential spread effect of benefits. Also, since agricultural products destined for either domestic consumption or export flow from production centers to major consumption or export centers through the same channels, improvements in the domestic consumption production/marketing system will redound to the export system. The number of beneficiaries will include consumers in the major consumption centers, as well as producers and market intermediaries.

E. Preliminary Project Description: The project, which takes a sector approach to addressing the identified constraints, will have three major components: (a) Improving Marketing/Productivity, (b) Agricultural Policy Development, and (c) Agricultural Education/Training.

The marketing of most agricultural commodities in Bolivia is chaotic and disorganized, resulting in frequent market gluts and shortages, as

well as high post-harvest losses. Farmers rely on past experience to make marketing plans. This experience is incomplete, out of date, and may be inappropriate for current conditions, especially if their market area is not closely connected to the major, more stable regional markets. The Marketing/ Productivity Component will help to modernize Bolivia's traditional market structure. It will include a market information system to provide crop and livestock reporting of price and demand information, as well as crop forecasting, so that better production and marketing investment decisions can be made. Attention will be given to improving quality control in marketing data collection, making data transmission and processing more efficient, and rapid publishing and distribution of information obtained. It will also establish or improve collection, storage, and processing faci- lities to bulk and grade produce, and promote better post-harvest technologies in storage, handling, and transportation to reduce losses. These could provide an excellent income generation activity for various types of associations, while providing a service to their members, and add value close to the source of production. Farmer organizations will be strengthened to provide marketing technical assistance on a regular basis. Finally, this component will include some financial assistance to address infrastructure bottlenecks which are seriously affecting the overall development of Bolivia's marketing system for its agricultural sector. This assistance could entail maintenance, rehabilitation, and some construction of rural access roads that will expand opportunities for agricultural development, support for the construction of selected regional wholesale markets, silos, slaughterhouses, and irrigation systems. These activities will be financed only to the extent that they will alleviate identified marketing or productivity constraints and are carried out in areas with proven agricultural potential. Careful analyses will be carried out to determine whether a particular activity is the sole remaining constraint to improving a regional or local marketing system. This component will include major private sector involvement, assisted by counterpart-funded credit.

Government of Bolivia efforts to develop a policy for agricultural sector development have been erratic and inconsistent, and consequently, in response to these policies, farmers responded by employing traditional, low yielding technologies. Existing project and action programs are extremely fragmented with no clear priorities or objectives. Similarly, there is a total lack of a well-defined agricultural policy to promote increased production as well as a clear policy regarding public/private investment in agriculture. The Ministry of Rural Affairs and Agriculture (MACA) needs to develop policies which provide a consistent conceptual foundation for overall agricultural development. The Agricultural Policy Component will establish a small policy analysis unit to provide advisory service in MACA directly to the Minister, which will be responsible for developing and assessing alternative agricultural sector development strategies and policies, particularly those that will promote the private sector role in the development of the sector, and to manage implementation of these policies effectively. It will, in part, serve to strengthen agricultural services involving marketing, credit, research, extension and training. Specific policy issues to be addressed include: import duties on agricultural inputs, incentives for increases or decreases in the

production of any particular crop or livestock, areas for requesting external donor grants or loans, and incentives for marketing improvements. A fundamental mandate of the unit will be to present the farm community interest as well as that of the private sector in general involved in agricultural production and marketing. It is also expected that the unit will provide recommendations to enhance credit availability for agricultural production and marketing purposes.

The Agricultural Education/Training Component will establish a system to provide the trained human resources which the long term sustainable development of the sector requires. The project will work with two secondary schools to train agricultural technicians who will have the technical skills needed to develop the sector. Assistance will emphasize curricula development identified through an analysis of the needs of the sector, so that graduates possess the requisite skills which the country needs and which will lead to productive employment in the sector. Also envisioned is the possibility of working with two universities to train agronomists who also meet the needs of the sector. Examples of this are in the specialties of irrigation, soil conservation, marketing, economics, and statistics.

A scholarship program will be established to send qualified students to the Pan American Agricultural School (El Zamorano) for thorough training in the practical agricultural sciences. Specific short-term and M.S. level training will be included. The M.S. level training will focus on specific skill areas, e.g., extension, agricultural engineering, and agricultural economics, where a clear demand for these skills exists, but where Bolivia lacks both the trained personnel and the ability to train in these specialties. This training will be in the U.S. Short-term training will comprise U.S., third-country, and in-country courses in marketing and production directed at commercial intermediaries and producers to improve their efficiency, as well as MACA research and extension personnel. This component will broaden accessibility to quality education, make the educational process more relevant to Bolivian needs, and provide direct support to improve the food production/marketing system.

| Major Outputs (Preliminary Estimations): | Life of Project |
|---|---|
| Inter-regional Marketing Systems Improved (Includes: Rural Roads Improved/Upgraded/ Constructed, Wholesale Markets Upgraded/ Established, Storage Facilities Constructed, and Slaughterhouses Improved/Established) | 4 |
| Market Information System Established | 1 |
| Irrigation Systems Rehabilitated/Constructed | 4 |
| Policy Unit Established | 1 |
| Policy Studies Carried Out | 16 |
| Policy Objectives/Strategies Formulated | 16 |
| Participants Trained | |
| (In-Country) | 200 |
| (External) | 125 |

| A.I.D. Financial Inputs: | Life of Project ($000) |
|---|---|
| Technical Assistance | 5,000 |
| Training | 3,000 |
| Other Costs (Storage facilities, irrigation systems, slaughterhouses, farming implements, access roads, etc.) | 17,000 |

F. Implementing Agencies: The project will work with two GOB institutions, MACA and the National Road Service (SNC); several private sector institutions, and the PL 480 Executive Secretariat. The activities to be carried out in collaboration with the private sector will be coordinated by the respective Departmental Development Corporations, while the Ministry of Agriculture will coordinate the public sector activities. The Mission will contract with one or more institutional contractors to provide technical assistance, training, and procurement services. It is recognized that the administrative arrangements to implement this project are complex, and therefore an in-depth examination of this will be done during the PID design process.

G. Method of Obligation: A bilateral grant agreement in accordance with procedures outlined in Handbook 3.

H. Mission Management: An Agricultural and Rural Development Office USDH employee will have overall responsibility for project monitoring. This officer will supervise a U.S. personal services contractor (PSC) and Chief of Party, who will, in turn, supervise contract advisors.

I. PID and PP Approval: USAID/Bolivia requests delegation of authority for the Mission Director to approve the PP, once the PID is reviewed and approved in AID/Washington.

J. Potential Issues: As pointed out above, the major issue identified by the Mission is the administrative and institutional arrangements to implement this project.

K. A.I.D./W TDY Support for Project Development: Assistance will be requested.

L. Estimated PID Approval: September 1988; PP Approval: December 1988.

NEW PROJECT DESCRIPTION

GOAL: Spreading the Benefits of Growth.

OBJECTIVE: Prevent AIDS virus transmission and establish epidemiological control of the disease.

PROJECT TITLE: AIDS Prevention and Control

PROJECT NUMBER: 511-0608

PROJECT FUNDING: FY 88: $100,000 (G)
LOP $500,000 (G)

FUNCTIONAL ACCOUNT: HEALTH

A. Relationship to A.I.D. Country Strategy/Objectives:

The World Health Organization (WHO) "Global Strategy" for AIDS Prevention and Control was promulgated in May 1987 at the Fortieth World Health Assembly and endorsed by the U.S. Government. A.I.D. provides worldwide technical and financial support to the "WHO Special Program on AIDS".

For FY 1987, A.I.D. awarded its AIDS technical field support projects to Family Health International (FHI) and the Academy for Educational Development (AED) (support for developing countries' programs in preventing and controlling AIDS) to complement WHO programs in the field. This project consists of two major components. The first, referred to as AIDSTECH, is a technical support activity. The second, AIDSCOM, is a public health communications activity (see State 328831/01) which can provide communications technical assistance to persuade people to avoid high-risk behaviour.

B. Relationship to Host Country and Other Donors:

The GOB Health Triennial Plan 1987-89 of the Ministry of Health (MOH) lists the following as its objectives in the chapter about prevention and control of communicable diseases:

AIDS

- Establish a surveillance system in 100 per cent of the 11 regional health units in the country.
- Produce and distribute 500 "popular" educational booklets about AIDS.
- Establish diagnosis and treatment norms for future AIDS cases in 100 per cent of the public health service facilities.
- Coordinate legal studies with scientific societies to regulate blood banks and the utilization of blood by-products.
- Annually perform 800 serologic tests in high-risk population groups.

As noted in "A" above, this project is closely related to the WHO worldwide Special Program on AIDS. The local PAHO office will provide the MOH with technical assistance and training on the subject, as needed.

C. Conformance with Agency and Bureau Policies

The project is a direct result of A.I.D.'s policy on AIDS.

D. Project Description:

The project purpose is to improve the capacity of the MOH to effectively control and prevent the spread of AIDS in Bolivia. The three year program includes the following:

Specific Objectives:

1) Quick diagnosis of AIDS infected persons through serologic tests in high-risk groups, with follow on investigation and contact of detected cases.
2) Coordination with GOB and three PVOs to ensure the best utilization of resources.
3) Establish an AIDS laboratory network within the MOH.
4) Train staff to conduct lab tests.
5) Implement preventive measures in high-risk groups such as the free distribution of condoms.
6) Educate the general population to strengthen community participation.

Goals:

1) To establish a national-level information system.
2) Perform ELISA serologic surveys in high-risk groups, totalling 10,000 tests during 1988-90.
3) Obtain 100 per cent reporting of information from the health centers participating in the program.
4) During 1988, set up the INLASA laboratory in La Paz and the CENETROP in Santa Cruz; during 1989 set up the Escuela de Salud Pública laboratories in Cochabamba and Sucre. All laboratories will be staffed with qualified personnel to undertake the ELISA serologic tests.
5) Diffusion of 100 per cent educational material, both popular and scientific.
6) Backstopping of all Sanitary Units undertaking AIDS education in their regions.
7) Free condom distribution for 70-80 per cent of the high risk groups.

Activities:

- National level dissemination of the information guidelines for the program.
- Quick diagnoses of AIDS in high-risk populations through specific serologic tests.
- Establish AIDS detection laboratories equipped with the necessary equipment and materials to take and process the tests at four of the 11 MOH Sanitary Units (La Paz, Cochabamba, Santa Cruz and Sucre.).
- Production and dissemination of AIDS sexual education mass media program materials.

- Create a national AIDS reference laboratory with all needed resources.
- Conduct serologic census for 10,000 AIDS tests in high-risk populations.
- Production and dissemination of educational materials at all Sanitary Units in Bolivia.
- Prepare the technical/administrative norms manual for the AIDS prevention and control program.

E. Implementing Agencies:

The executing agency will be the Sexually Communicable Diseases Division of the MOH with which USAID will sign the Pro Ag. Permanent technical assistance will be provided by the PAHO/WHO local office, and specific technical assistance has been requested from the AIDSCOM or AIDSTECH, AID/W centrally-funded projects. (See A above).

F. Mission Management:

The Deputy Chief, HHR and a FSN employee in the HHR Division will monitor the project. These officers will coordinate technical assistance with both PAHO and AID/W funded support projects, and will supervise compliance with the terms of the agreement and project objectives.

G. Project Agreement Approval:

USAID will not prepare a PID for this effort. Since the LOP funding level falls within the $500,000 limit, a detailed Action Memorandum will be prepared as the principal project document, which will be reviewed and approved by USAID in July or August 1988. A Project Grant Agreement will then be signed with the Ministry of Health in accordance with procedures outlined in Handbook 3.

H. Potential issues: None

I. AID/TDY Support for Project Development:

USAID has requested TDY support (La Paz 3194) for assistance in the final development of the Action Memorandum described above.

J. Estimated Agreement Approval:
August 31, 1988.

PROJECT AMENDMENT

| | |
|---|---|
| Goal: | Economic Growth |
| Objective: | To improve the effectiveness of Bolivia's private sector financial institutions, and to increase private sector participation in financial sector policy analysis. |
| PROJECT TITLE: | Strengthening Financial Markets |
| PROJECT NUMBER: | 511-0598 |
| PROJECT FUNDING: | ($000) Authorized: $5,000<br>Additional:$1,200<br>LOP: $6,200 |
| FUNCTIONAL ACCOUNT: | Selected Development Activities (SDA) |

A. Relationship to AID Country Strategy/Objectives:

The proposed amendment conforms with USAID/Bolivia's program emphasis on economic recovery, employment creation, and long-term growth through support for the private sector. It will address serious constraints being faced by the private sector and support the GOB's economic recovery program.

B. Relationship to Host Country and Other Donors:

The amendment will be in full conformance with Bolivian priorities. There is general recognition within the Bolivian private sector and by the Paz Estenssoro Government that market-based, private-sector-led recovery cannot occur in a timely fashion without a better functioning financial sector. Additionally, the GOB sees the strengthening of the private sector as one of the highest priorities in contributing to economic reactivation. The program is also consistent with other donor activities, especially the World Bank's initiative in implementing a private enterprise development project.

C. Conformance with Agency and Bureau Policies:

The amendment will also be in full conformance with AID policy directives, specifically those contained in the AID Policy Paper on Private Enterprise Development and Financial Markets Development. The Amendment components will be high visibility and high impact programs which will support the LAC objective of strengthening the private sector.

D. Project Description:

The purpose of the Amendment will be to increase private sector participation in policy formulation affecting private sector development,

and to improve the effectiveness of Bolivia's private sector associations.

The originally authorized project had three components: improvement of financial sector regulations through the creation of a deposit insurance fund, improvement of private sector intermediate credit institutions (ICI) operations, and improvement of financial sector policy research and analysis. However, during the last round of negotiations of the Project Agreement, in January 1988, the GOB decided to postpone the implementation of the Bolivian deposit insurance fund (BDIF) project component, which was to support the mobilization of deposits and the rehabilitation of ailing banks. The Central Bank has developed other mechanisms to deal with the rehabilitation of ailing banks, and, therefore, USAID will focus its resources and efforts on the remaining two components of the project, which support financial strengthening activities in the private sector.

Implementation of the private sector components in the approved Project Paper will proceed immediately. However, the Mission proposes to amend the project to add components that would provide support for policy formulation capability in the private sector and organizational support to strengthen selected private sector associations.

(i) Policy Reform Technical Assistance: This assistance under the proposed amendment will complement that already approved for the private financial sector under the project, and it is consistent with the Mission's strategy to assist in long-term development of the private sector. The purpose is to develop a capacity within the formal private sector to analyze and formulate national economic policies in the areas of investment, export promotion, and small business development. One of the principal constraints to investment and exports is lack of confidence in the national policy framework. Therefore, broader participation by the private sector in the formulation of economic policies should have a very positive impact on the business climate.

The private sector remains cautious with regard to the GOB's economic policies, resulting in a slower than anticipated economic recovery. A primary reason for this reaction on the part of private investors is the very limited role formal private sector organizations have played in the formulation of new policies and regulations governing economic activity. This component of the project would provide the Confederation of Private Entrepreneurs (CEPB) with a grant of about $500,000 over a two year period in support of policy analysis, formulation and communications. Funds would be directed toward the creation of a policy analysis unit at CEPB, the preparation and distribution of policy analyses, the establishment of a data bank on the economy, and a carefully structured series of meetings with high level public/private participation to address the constraints to local and foreign investments in Bolivia.

(ii) Private Sector Association Technical Assistance: The policy reform technical assistance described above would be complemented by the second component under the proposed amendment, private sector organizational support, to strengthen the capability of selected private

sector associations to improve the quality and scope of services to current and prospective members and to professionalize their operations. It is in our best interests to encourage private firms and private sector organizations to assume their appropriate roles in order to contribute more efficient and complete services to private sector producers. The private sector organizational component will expedite the development of support activities expected to have a significant impact on private sector growth.

Final design of this component would include a survey and diagnostic of the most active private sector associations to select those most qualified to receive technical assistance. Implementation of this program would then include technical assistance and training to improve the organizational capabilities in such areas as organizational development and administration, production, and marketing systems, information systems concerning new technologies and techniques, credit use and availability, as well as technical assistance in the key areas of identifying operating constraints to productive activity and to carrying out activities to promote investment and to increase employment. Short-term training would also be available for private sector leaders and administrative/technical personnel from the associations. A two year grant of about $700,000 is envisioned to implement this activity.

Implementing Agency: A direct technical assistance contract will be signed to provide assistance to selected private sector associations in the above two areas. It is anticipated that the CEPB will act as the coordinating intermediary for these interventions.

E. Mission Management:

A USDH employee in the Private Sector Office will assume overall responsibility for project monitoring. This officer will supervise a personal services contractor (PSC), who will in turn coordinate the activities under the project.

F. Amendment Approval:

USAID/Bolivia requests Bureau concurrence with Mission Director delegation of authority to approve and authorize the project amendment.

G. Potential Issues:

No potential issues of political sensitivity or other high risk problems are foreseen.

H. AID/W TDY Support for Project Amendment Development:

None needed.

I. Estimated Amendment Approval:

June 1, 1988.

## PROJECT AMENDMENT

| | |
|---|---|
| GOAL: | Spread the benefits of growth |
| OBJECTIVE: | Expand the private sector's capacity to address shelter related needs of low income families. |
| Project Title: | Private Sector Low Cost Shelter Program |
| Project Number: | 511-0567 |
| Project Funding: | ($000) Authorized: $1,650<br>Additional Funds: $450<br>LOP: $2,100 (G) |
| Functional Account: | Selected Development Activities (SDA) |

A. Relationship to AID Country Strategy/Objectives:

The proposed amendment to the grant component of the Private Sector Low Cost Shelter Program will provide additional resources to finance technical assistance and training activities to facilitate implementation of the $15 million Housing Guaranty Implementation Agreement signed in November 1987. The goal and purpose of the project remain unchanged. The project goal is to improve the shelter conditions of Bolivia's low-income families. The project's purpose is to expand the private sector Savings and Loans System's capacity to address the shelter-related needs of Bolivia's low income families. These objectives conform with USAID/Bolivia's program emphasis on economic recovery, employment creation, the provision of basic services to low-income groups, and long-term growth through support of the private sector.

B. Relationship to Host Country and Other Donors:

The amendment will be in full conformance with Bolivian priorities established in the Reactivation Decree of July 10, 1987, whereby the GOB assigned high priority to the goals of housing sector recovery and private sector growth. The proposed amendment is also consistent with other donor activities, particularly the World Bank's proposed initiative for a comprehensive municipal strengthening project in the city of La Paz.

C. Conformance with Agency and Bureau Policies:

The amendment will also be in full conformance with AID policy directives, specifically those contained in the General Criteria Under HG Statutory Authority. The amendment will be a continuation of the original technical assistance grant under the Housing Guaranty Program for Bolivia.

D. Project Description:

The purpose of the Shelter Program is to revitalize Bolivia's Savings and Loan System and to strengthen its capacity to provide financing for low-cost shelter in Bolivia, thereby increasing capital resources devoted to meeting the demand for adequate shelter affordable to low-income families and generating new employment opportunities in the housing industry. In addition to the grant component for technical assistance and training activities, the Shelter Program also consists of a $15 million Housing Guaranty Program for which an Implementation Agreement has been signed, and which will get underway in 1988.

An evaluation of the technical assistance component of the project was completed on February 5, 1988. The evaluation concluded that the principal issues to be resolved are the need to continue a progressive GOB housing policy and to strengthen the Bolivian Savings and Loan System. Following related recommendations, the Mission reprogrammed the level of effort of the technical assistance and concluded that additional grant resources are needed for the successful completion of the $15 million Housing Guaranty Program and the attainment of the project's institutional strengthening objectives.

Under the project, progress has been made on developing a progressive national housing policy. To further that objective, the project amendment will continue to support efforts to forge a public and private sector partnership in Bolivia, to mobilize investment resources for housing and urban development, and to strengthen the private sector's participation in and market orientation towards urban development and shelter. Urban poverty is growing along with the populations of the large urban centers, and is manifested in poor social and economic indicators, as well as inadequate infrastructure and physical services. While urban living offers improved conditions when compared with rural areas, conditions in cities have been deteriorating as a result of the cities' inability to generate sufficient levels of employment and basic services. Given current trends, unless something is done to increase the capacity of cities to deal with the requirements of their populations, unemployment will continue to increase and living conditions in urban areas will continue to deteriorate. Poor environmental conditions and shortages of housing and basic infrastructure will contribute to the worsening of health conditions among the urban poor. Infant and maternal mortality rates in low income urban areas could become as high as in rural areas.

The additional grant resources to be provided under the amendment will cover continued short-term assistance to the GOB for the development and implementation of a national housing policy, which is oriented towards the private sector and which allocates resources to poor families. These activities were included in the original technical assistance project, but not enough resources were earmarked for it.

Given the great strides made in the GOB housing policies, additional technical assistance will help solidify the newly created institutions by the GOB catering to the housing needs of the poor in Bolivia.

The amendment will also provide resources to the implementing agency of the Housing Program (i.e., the Bolivian Savings and Loan System) to strengthen its capacity to address housing and infrastructure needs in newly urbanized centers created by the massive migration into these areas, such as the El Alto suburb of the city of La Paz.

E. Mission Management:

A USDH employee in the Private Sector Office will assume overall responsibility for project monitoring. This officer will supervise a personal services contractor (PSC), who will in turn coordinate the activities under the project.

F. Amendment Approval:

USAID/Bolivia requests Bureau concurrence for delegation of authority to the Mission Director to approve and authorize the project amendment, which will be obligated through a grant agreement with the Savings & Loan System.

G. Potential Issues:

No potential issues of political sensitivity or other high risk problems are foreseen.

H. AID/W TDY Support for Project Amendment Development:

None needed.

I. Estimated Amendment Approval:

June 1, 1988.

PROJECT AMENDMENT

| | |
|---|---|
| GOAL: | Spread the Benefits of Growth |
| OBJECTIVE: | Improve the health status and, thereby, the productivity of rural and peri-urban workers and their families. |
| Project Title: | Self Financing Primary Health Care Project |
| Project Number: | 511-0569 |
| Project Funding: 1/ | Authorized: $ 2,100,000<br>Additional Funding: $200,000<br>LOP: $2,300,000 |
| Functional Account: | Child Survival (CS) |

A. Relationship to A.I.D. Country Strategy/Objectives:

The proposed amendment conforms with USAID/Bolivia's program emphasis on the extension of the availability of primary health care, especially through private sector delivery mechanisms. This project is trying to demonstrate cost-effective alternatives to the MOH which is experiencing serious economic and technical constraints in the provision of these and other health services throughout the country.

B. Relationship to Host Country and Other Donors:

The amendment will be in full conformance with Bolivian priorities in regard to both the extension of primary health care services and the decentralization of health and education activities to local and regional authorities. PVOs and other non-governmental institutions currently provide between 15 to 20 per cent of all health services, especially in peri-urban and rural areas distant from the regional centers.

The program is also consistent with other donor activities, especially the World Bank's initiative in implementing urban health care delivery systems in four major urban/peri-urban areas based on the self-financing model developed by this project.

C. Conformance with Agency and Bureau Policies:

The amendment will also be in full compliance with AID policy directives, especially those related to private sector involvement contained in the AID Policy Paper on Health.

1/ Funding tables will be adjusted to reflect this amendment.

D. Project Description:

The purpose of the amendment will be to further demonstrate the feasibility of establishing self-financing and cost effective private sector alternatives in the provision of primary health care services. The institutional development activities carried out during the current phase of the project will be completed before the amendment is signed and will be tested by the independent performance of the local implementing institution during the project extension period.

The originally authorized project contemplates the creation of a) Health Care Delivery System and b) a Management Support Unit (MSU). The project has achieved to date the design and implementation of cost/effective primary health care delivery service modules. The project has also created a management support unit (PROSALUD) as an independent and legally recognized non-profit institution. During the current phase, the project has attained self-financing levels in most of the health service delivery modules. Nevertheless, it is anticipated that full financial self-sufficiency (including recovery of costs incurred by the management support unit) will be attained only by 1992. Because of that, and considering the potential impact this project has for the health sector, the Mission proposes to amend the project to allow sufficient time to attain self-financing levels and to add components that will provide effective cost-recovery mechanisms for the management support unit of the project. The proposed amendment would include the pilot testing (replication) in other areas of the country of the organizational, cost and demand analysis and the service delivery models developed by the project, as well as the development of additional support activities that can contribute to the full cost recovery of the administrative and technical support costs of the management support unit.

E. Implementing Agency:

The Cooperative Agreement approved under the project with Management Sciences for Health (MSH) will be amended to include additional funds and up to 2 years of additional time. PROSALUD will continue to be the MSU counterpart during this amendment period.

F. Mission Management:

The Deputy Chief of the Health and Human Resources Division and a FSN project coordinator will assume overall responsibility for project monitoring.

G. Amendment Approval:

USAID/Bolivia requests Bureau concurrence with delegation of authority to authorize the project paper amendment in the Mission.

H. Potential Issues:

None

I. A.I.D./W TDY Support for Project Amendment Development:

None needed.

J. Estimated Amendment Approval:

December 1, 1988.

PROJECT AMENDMENT

| | |
|---|---|
| GOAL: | Spreading the Benefits of Growth |
| OBJECTIVE: | Reduce infant and child mortality by introducing oral rehydration therapy, child growth monitoring and control of acute respiratory diseases in 2,200 Caritas Mothers' Clubs throughout Bolivia. |
| PROJECT TITLE: | ORT Child Growth Monitoring |
| PROJECT NUMBER: | 511-0590 |
| PROJECT FUNDING: | Authorized: $836,000<br>Additional: $400,000<br>LOP: $1,236,000 |
| FUNCTIONAL ACCOUNT: | Child Survival (CS) |

A. Relationship to A.I.D. Country Strategy/Objectives:

The project objectives attack the main causes of death for children under five as identified in the Child Survival Country Strategy for Bolivia:

1) Acute diahrreal diseases
2) Acute respiratory infections
3) Perinatal disorders
4) Immunizable diseases, and
5) Malnutrition

The strategy devised to address the above is "to assist in development of sustainable capacity to delivery selected CS interventions to target groups". It also mentions that nutrition interventions will be targetted to areas participating in Title II supplemental food programs.

B. Relationship to Host Country and Other Donors:

The GOB health strategy places emphasis on the extension of primary health care services coverage. The triennial MOH Health Plan for 1987-89 gives highest priority attention to mothers, children and workers sharing responsibilities between health institutions and the community.
Other donors such as PAHO, UNICEF, the IDB, the World Bank and the WFP, as well as bilateral governments, are actively contributing in the health sector within the strategies and objectives set forth by the MOH.

C. Conformance with Agency and Bureau Policies:

This project directly responds to the A.I.D. Child Survival Strategy.

D. Project Description:

The specific objectives of the project reformulation are:

- To continue the training system for CS interventions at the 2,200 Caritas Mothers' Clubs.

- Stimulate research on available food and its better use in proper diets in the households.

- Follow-up on the use of the oral rehydration therapy with all the mothers already trained and complete training in eight locations (See Area III below).

- Implement a child growth monitoring control system with the adequate use of the growth chart.

- Implement a system for the treatment of acute respiratory infections (ARI).

- Continue to improve the information system of the target population for evaluation and follow up.

Strategies:

The outreach of project activities in the 2,200 Mothers' Clubs covers three geographical areas:

Area I: La Paz, Oruro, Corocoro and Coroico
Area II: Cochabamba, Chuquisaca, Potosí and Aiquile
Area III: Santa Cruz, Beni, Pando, Tarija, Cuevo, Chiquitos, Ñuflo de Chavez and Reyes (to be initiated under the project amendment).

- Main strategies of the project will continue to be training and follow-up on the main themes of CS.

In each of the 16 participating Caritas Diocesan offices, the responsible persons will be an Area Coordinator with the help of the community health promoters.

The National CARITAS Coordination office will provide the necessary technical and administrative support to regional offices. This reformulation contemplates strengthening this central level with additional human resources to allow it to meet its technical assistance role for Area III. A new Coordination Committee has been created by the participating institutions (CRS, CARITAS, USAID, PL-480 and PRITECH) which will have monthly monitoring responsibilities for project activities.

E. Implementing Agency:

The executing agency is CARITAS Boliviana, the social work branch of the Catholic Church. The OPG was signed between USAID and CRS with CRS as an intermediary organization.

F. Mission Management:

The Deputy Chief of the office of Health and Human Resources (HHR) and a FSN employee in the HHR Division will assume responsibility for project monitoring. A Coordination Committee consisting of all participating institutions (CRS, USAID, CARITAS, PL-480 and PRITECH) has monitoring responsibilities for the life of the project.

G. Amendment Approval:
USAID/Bolivia will amend the OPG with CRS.

H. Potential Issues:
None

I. AID/W TDY Support for Project Amendment Development:
None needed.

J. Estimated Amendment Approval.
August 31, 1988.

## NEW PROJECT DESCRIPTION

| | |
|---|---|
| GOAL: | Spreading the Benefits of Growth |
| OBJECTIVE: | To provide training opportunities to the economically and socially disadvantaged, who otherwise would not have access to training abroad. |
| Project Title: | Andean Peace Scholarship Program |
| Project Number: | 511-0603 |
| Project Funding: | FY 88: $1,000,000 (G)<br>LOP $6,650,000 (G)1/ |
| Functional Account: | Education and Human Resources (EHR) |

This Project was originally a regional project, with the PP having been approved and the Project authorized by AID/W. It is now being made a USAID/Bolivia project and funding will be provided through an addition to the Mission's OYB. As such, the Mission will not prepare any additional Project documentation (except an amended PP facesheet, if required) and will obligate the funds through a bilateral ProAg.

The Project will continue to be implemented by the Mission's Development Planning Office, Training Division.

1/ Includes $2.9 million provided under the regional LAC Training II project.

3. Food Aid

P.L. 480 Program

Title II

a. Relationship to Mission Strategy

The P.L. 480 Title II Program is playing an increasingly significant role in the Mission's urban and rural development strategies. The urban food for work program, which is being carried out in seven major cities, not only contributes to the USG's effort to support the GOB economic stabilization program by mitigating the effect of increasing unemployment, but also is a major instrument to improve the health and living conditions of poor neighborhoods. During FY 1987 and 1988, over 500 projects involving an average of 25,000 workers in each city have been carried out in basic sanitation and housing improvement directly benefitting poor neighborhoods.

In the rural area, the food for work program supports the Mission's strategy of improving infrastructure. Currently, over 600 projects involving 22,000 workers are being undertaken in micro irrigation, road construction and maintenance, soil conservation and the building of schools, health posts and community buildings. During FY 1989 and 1990, the Mission plans to integrate this activity with its agricultural development and natural resources management objectives by emphasizing integrated development activities in the fields of improving family farm management, greenhouse production, micro irrigation, soil conservation and agroforestry.

The Title II program also contributes to the Mission's medium-term child survival objectives. Mothers clubs, supported under the Title II Maternal Child Health category, are potentially effective vehicles for reducing rates of infant mortality and morbidity in a country where such rates are the highest in Latin America. Since FY 1986, the Mission has sought to integrate this supplementary feeding activity with oral rehydration therapy (ORT), child growth monitoring and nutrition education services to increase its effectiveness. By FY 1990, this integration with child survival activities will have been extended to approximately 2,000 mothers clubs throughout Bolivia, including about 385,000 people.

b. Special Programs

(1.) Structural Adjustment

Beginning in FY 1988 and through FY 1989, a Structural Adjustment Food for Work Program will be undertaken by the GOB's Social Emergency Fund to provide temporary employment for 13,400 unemployed relocated miners in four regions of Bolivia. This activity complements the urban food for work program and is an important component of the Mission's Strategy to bolster the GOB's economic stabilization/recovery program by alleviating social tensions provoked by the fall in tin prices and the massive layoffs in the mining sector.

(2.) Section 416 Program

In FY 1986, a Sugar Quota Offset Section 416 program was approved and the commodities were received in late FY 1987 for a Government to Government food for work program for teachers. This program will be implemented in FY 1988.

In FY 1987, the second Sugar Quota Offset Section 416 program was approved for the GOB's Social Emergency Fund to monetize commodities and invest proceeds in employment generation projects. This program will be completed in FY 1988 and no future Section 416 program is contemplated for FY 1989 and FY 1990.

c. Capacity of Cooperating Sponsors

The institutions involved in the implementation of the Title II program in Bolivia are Catholic Relief Services/CARITAS (CRS/CARITAS), Food for the Hungry International (FHI), Adventist Development and Relief Agency (ADRA) and the National Community Development Services (NCDS- Government to Government). The Social Emergency Fund's Structural Adjustment program of the GOB is temporary in nature and will end in FY 1989. The capacity of these institutions vary depending upon their size and geographical concentration. FHI, the smallest organization with a specific geographical focus, has developed into the strongest agency with a clear, well defined agricultural and health strategy. CRS and ADRA are nationwide agencies whose performance is mixed and require extensive technical and managerial assistance. NCDS's performance is hindered by constant changes in personnel and political pressures. USAID is helping these agencies to improve their capacity to undertake programs consistent with USAID's development strategy. This assistance will be expanded during the FY 1988 thru FY 1991 timeframe with a grant for management and technical services to Planning Assistance, Inc., a U.S. PVO, to assist these agencies in the fields of child survival and agricultural natural resource management. In addition, beginning in FY 1988, USAID plans a series of evaluations to adjust program levels and incorporate improvements in accordance with the findings of these assessments.

d. Management

Overall direction and conceptualization of the Bolivia Title II program is exercised by the USAID Mission Director with the advice of the Chief of the USAID Health and Human Resources Division and the US PSC Food for Peace Program Coordinator. USAID management responsibility for the P.L. 480 Title II program is exercised by a Food for Peace Division (FFPD) located within the USAID Health and Human Resources (HHR) Office. The FFPD staff includes one Program Coordinator (U.S. PSC), two senior Bolivian administrative and logistics officers (two PSCs FSNs) and one accountant/bookkeeper. Although lacking a USDH FFPO, the USAID Food for Peace Office is staffed by highly experienced professionals whose skills cut across the several financial, logistic, planning and development disciplines necessary to successfully manage an extensive FFP program. Moreover, the USAID FFP Division is characterized by a high degree of stability which increases its effectiveness.

Title III

a. Relationship to Mission Strategy.

The Title III program plays a significant supporting role in the economic reactivation element of the USAID/Bolivia strategy. The wheat imported under the program meets approximately 55 percent of the total national demand for wheat. The donation of this quantity of wheat to the GOB represents a considerable savings to the GOB's limited foreign currency account and prevents what would otherwise be a politically sensitive food shortfall.

In 1987 the Title III program generated approximately $20 million in local currency to support economic development projects that are extremely important to the GOB's economic reactivation program. The funds from Title III are one of the few sources of funds for loans to small producers in the country. Also, given the budgetary problems now facing the GOB, the Title III program represents an extremely important source of development funds in general. The program supports two general areas of development: stengthening the private sector and improving GOB policies, institutional capabilities, and service functions.

Under the first general category, the program supports USAID's efforts to revitalize the economy by providing funds for agricultural production and marketing, wheat production and marketing, public and private health interventions, privatization, radio learning, community infrastructure, peasant education programs and pre-investment studies. Under the second category, support is provided to strengthen macro-economic policy analyses and to assist in the reorganization of key public institutions such as the Ministry of Agriculture and Rural Affairs (MACA). Funds also are allocated to child survival activities, natural resource planning and management, and support to development alternatives to coca production.

The critical nature of the Title III program to USAID's development strategy and to the achievement of economic activation in Bolivia cannot be understated. The program makes a substantial contribution to covering the wheat deficit and provides needed funds for essential development projects. It is one of the most effective elements of USAID's portfolio in both policy and monetary terms. The program has been recognized by outside evaluators for its exceptional effectiveness.

b. Country Food Situation

The CY 1988 agricultural food crop season in Bolivia is expected to be normal, no serious shortages are expected. The country is basically self-sufficient in all major food crops, with the exception of wheat and milk products. This situation is expected to continue into the foreseeable future.

Bolivia still has high agricultural production costs as compared with other countries in the region, rendering it at a comparative disadvantage. The high costs are attributable, in large part, to farmers' use of very basic and traditional production techniques. These techniques, compared to modern practices, result in low yields and limited returns on investments. With the exception of the Santa Cruz region, the trend toward modernization is weak. As a result, food prices continue to be high in relation to current average wages.

c. Proposed Levels and Justification

A $20 million Title III wheat program was carried out in FY 1987. This amount financed the importation of 185,000 metric tons of wheat. The same level of financing to support wheat imports in FY 1988 is required. The quantity of wheat requested was arrived at through discussions with the GOB and the Millers' Association and took into account local production levels, legal imports of wheat from Argentina, legal flour imports and levels of contraband flour entering from Argentina. USAID has calculated that the country could not absorb more than $20 million in wheat imports in CY 1988 through the P.L. 480 program without creating an oversupply situation that would be detrimental to local production. Inasmuch as Bolivia is largely self-sufficient in basic foods, apart from wheat, there is no need to import other commodities under the program.

For FY 1989/1990, USAID is calculating a requirement of approximately 150,000 - 160,000 metric tons of wheat imports per year under the Title III program. The value of the program in these years will be approximately $17 million annually. These figures are based on a wheat demand estimate of 300,000 -330,000 metric tons per year. Domestic production will supply about 18% of the requirement, with the remainder coming from commerical purchases by the GOB, concessional imports by other donors, and contraband from Argentina.

d. Potential Disincentive Effects on Local Production

Since Bolivia only produces 18 percent of its wheat requirements, the proposed levels of Title III program imports will not cause disincentives to local production.

e. Current Host-Country Food Policies and Key Reforms Sought in Association with Food Aid

The P.L. 480 Program has been the Mission's single most important policy dialogue instrument because of its size and the GOB's urgent need for financing imported wheat requirements. The Title III Program has been particularly useful as a policy instrument due to its concessional nature and its important impact on the balance of payments. The program has been used successfully to achieve a number of policy objectives, ranging from macroeconomic policy changes such as the lifting of consumer food subsidies and farm product price controls and the rationalization of bank interest rates, and agreement on the reorganization of the Ministry of Agriculture. With changes already

made in the GOB's food subsidy and price control policies, the most significant policy issue that USAID expects to continue to address under the Title III Program is agricultural credit. Our goal is to alter current policies in order to permit a more expeditious flow of credit to small farmers.

The GOB will continue to observe and comply with self-help measures included in the April 9, 1986 P.L. 480 Title III Agreement involving commitments to improve production, storage and distribution of agriculutral commodities. Under these terms, the Government will: 1) encourage increased small and medium scale farm productivity by continuing its policy of free market prices for all agricultural products; 2) continue its policy of allowing interest and savings rates to be determined by forces of supply and demand; 3) channel increasing amounts of agricultural credit through Bolivia's private banks; 4) actively seek to promote agricultural exports by simplifying export regulations and putting into effect a system to refund import duties on inputs used to produce agricultural products for export, and 5) continue to support and encourage programs which are designed to increase the production of domestic wheat.

f. Conformance with Guidance on Local Currency Management.

After review of the guidance on local currency management, the Mission has determined that the managment of the PL-480 Program is in conformance and that the Mission is playing a very active role in the management of PL-480 generated local currency. Recently the Mission hired a U.S. PSC as the full-time project coordinator who is responsible for the overall management of the program. This addition to the staff has contributed to an increase in the capabilities of the Mission to carry out and monitor local currency disbursed by the P.L. 480 Executive Secretariat.

The Mission is also carrying out various recommendations included in the 1987 evaluation of the P.L. 480 program. Currently the Mission is working to improve the accounting system of the Executive Secretariat; is working on a plan to restructure the Executive Secretariat to improve its administrative capacity; and is developing a consolidation plan to reduce the number of projects for which the Secretariat is responsible. Once concluded, these efforts should increase the effectiveness of the Secretariat and allow AID to more easily monitor these local currency funds.

511 BOLIVIA
1987

LOCAL CURRENCY UTILIZATION
($000)

| USES | SOURCES: ESF | PL480 I | PL480 II | PL480 III | SEC. 416 | | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| HG BUDGET GENERAL | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG BUDGET ATTRIBUTED | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| AID PROJECTS | 1300 | | 460 | 8600 | | | | 10360 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| OTHER DONOR PROJ | 5144 | | | | 1400 | | | 6544 |
| | | | | | | | | 0 |
| HG MANAGED L/C PROJ | | | | | | | | 0 |
| | | | | | | | | 0 |
| AID MANAGED L/C PROJ | | | | 10600 | | | | 10600 |
| | | | | | | | | 0 |
| AID OE TRUST FUND | 716 | | | | | | | 716 |
| | | | | | | | | 0 |
| AID PROJ TRUST FUND | | | | | | | | 0 |
| | | | | | | | | 0 |
| SECTION 108 | | | | | | | | 0 |
| | | | | | | | | 0 |
| OTHER | | | | | | | | 0 |
| TOTAL | 7160 | | 460 | 19200 | 1400 | | | 28220 |
| | | | | | | | | 0 |
| CHANNEL FOR | | | | | | | | 0 |
| ASSISTANCE | | | | | | | | 0 |
| PUBLIC SECTOR | 7160 | | | 4150 | 1400 | | | 12710 |
| | | | | | | | | 0 |
| PRIVATE SECTOR | | | 460 | 15050 | | | | 15510 |
| TOTAL | 7160 | | 460 | 19200 | 1400 | | | 28220 |

511 BOLIVIA
1988

LOCAL CURRENCY UTILIZATION
($000)

| USES | SOURCES: ESF | PL480 I | PL480 II | PL480 III | SEC. 416 | | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| HG BUDGET GENERAL | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG BUDGET ATTRIBUTED | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| AID PROJECTS | 2688 | | 822 | 6790 | | | | 10300 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| OTHER DONOR PROJ | 3900 | | | | | | | 3900 |
| | | | | | | | | 0 |
| HG MANAGED L/C PROJ | | | | | | | | 0 |
| | | | | | | | | 0 |
| AID MANAGED L/C PROJ | | | | 15260 | | | | 15260 |
| | | | | | | | | 0 |
| AID OE TRUST FUND | 732 | | | | | | | 732 |
| | | | | | | | | 0 |
| AID PROJ TRUST FUND | | | | | | | | 0 |
| | | | | | | | | 0 |
| SECTION 108 | | | | | | | | 0 |
| | | | | | | | | 0 |
| OTHER | | | | | | | | 0 |
| TOTAL | 7320 | | 822 | 22050 | | | | 30192 |
| CHANNEL FOR ASSISTANCE | | | | | | | | |
| PUBLIC SECTOR | 7320 | | | 7150 | | | | 14470 |
| | | | | | | | | 0 |
| PRIVATE SECTOR | | | 822 | 14900 | | | | 15722 |
| TOTAL | 7320 | | 822 | 22050 | | | | 30192 |

511 BOLIVIA
1989

LOCAL CURRENCY UTILIZATION
($000)

| USES | SOURCES: ESF | PL480 I | PL480 II | PL480 III | SEC. 416 | | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| HG BUDGET GENERAL | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG BUDGET ATTRIBUTED | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| AID PROJECTS | 9850 | | 980 | 5000 | | | | 15830 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| OTHER DONOR PROJ | 11750 | | | | | | | 11750 |
| | | | | | | | | 0 |
| HG MANAGED L/C PROJ | | | | | | | | 0 |
| | | | | | | | | 0 |
| AID MANAGED L/C PROJ | | | | 12000 | | | | 12000 |
| | | | | | | | | 0 |
| AID DE TRUST FUND | 2400 | | | | | | | 2400 |
| | | | | | | | | 0 |
| AID PROJ TRUST FUND | | | | | | | | 0 |
| | | | | | | | | 0 |
| SECTION 108 | | | | | | | | 0 |
| | | | | | | | | 0 |
| OTHER | | | | | | | | 0 |
| TOTAL | 24000 | | 980 | 17000 | | | | 41980 |
| CHANNEL FOR ASSISTANCE | | | | | | | | |
| PUBLIC SECTOR | 24000 | | | 5000 | | | | 29000 |
| | | | | | | | | 0 |
| PRIVATE SECTOR | | | 980 | 12000 | | | | 12980 |
| TOTAL | 24000 | | 980 | 17000 | | | | 41980 |

511 BOLIVIA
1990

LOCAL CURRENCY UTILIZATION
($000)

| USES | SOURCES: ESF | PL480 I | PL480 II | PL480 III | SEC. 416 | | OTHER | TOTAL |
|---|---|---|---|---|---|---|---|---|
| HG BUDGET GENERAL | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG BUDGET ATTRIBUTED | | | | | | | | 0 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| AID PROJECTS | 9850 | | 980 | 5000 | | | | 15830 |
| | | | | | | | | 0 |
| HG CONTRIBUTION TO | | | | | | | | 0 |
| OTHER DONOR PROJ | 11750 | | | | | | | 11750 |
| | | | | | | | | 0 |
| HG MANAGED L/C PROJ | | | | | | | | 0 |
| | | | | | | | | 0 |
| AID MANAGED L/C PROJ | | | | 12000 | | | | 12000 |
| | | | | | | | | 0 |
| AID OE TRUST FUND | 2400 | | | | | | | 2400 |
| | | | | | | | | 0 |
| AID PROJ TRUST FUND | | | | | | | | 0 |
| | | | | | | | | 0 |
| SECTION 108 | | | | | | | | 0 |
| | | | | | | | | 0 |
| OTHER | | | | | | | | 0 |
| TOTAL | 24000 | | 980 | 17000 | | | | 41980 |
| CHANNEL FOR ASSISTANCE | | | | | | | | |
| PUBLIC SECTOR | 24000 | | | 5000 | | | | 29000 |
| | | | | | | | | 0 |
| PRIVATE SECTOR | | | 980 | 12000 | | | | 12980 |
| TOTAL | 24000 | | 980 | 17000 | | | | 41980 |

5. Women in Development

As indicated in previous reports, Bolivia's recent economic crisis has actually increased women's role in development, particularly in business. In the face of decreasing formal sector employment, the informal sector has grown to meet the needs of the urban and semi-urban poor. Women have moved rapidly into this sector to supplement their family's low formal sector wages or to compensate for the loss of employment by the male head of the family.

In response to this situation, USAID/Bolivia has approved several projects specifically directed toward increasing women's participation in the Bolivian economy through increased access to credit, technical assistance, training and higher education. The Handicraft Export Promotion Project is providing 3,650 low income women with training and technical assistance in the production and marketing of alpaca and cotton sweaters. Under the project, high quality items with an estimated value of $500,000 per year are currently being exported to the U.S., Canada, Europe and Japan. It is expected that by the end of FY 1989, 4,000 women will be producing high quality sweaters and other fashion items for export. The project may expand its activities to include improved animal and forage production units. These units will have a significant impact on rural women who are traditionally responsible for herding and grazing activities at the community level.

Women involved in small agricultural production will also benefit from additional training, technical assistance, and access to agricultural inputs and credit through the Private Agricultural Organizations (PAO) Project initiated in FY 1986. Although not specifically targeted at women, they will benefit from the project because of their central role in Bolivian agriculture.

The Mission has provided significant assistance to women through its Micro Enterprise Development Pilot Project. Despite the importance of small businesses in the economy, this sector has received very little assistance from the GOB and has suffered from a lack of access to credit, information services, training and new technologies. In FY 1986, a sub-activity was initiated under the Agribusiness and Artisanry Project which established a revolving credit facility for micro-entrepreneurs, as well as training in the areas of accounting, marketing, cost control, labor relations, and investment strategies. As of December 1987, approximately 3,300 women micro entrepreneurs and micro producers received working capital loans and training under the pilot project. The program also created more than 300 jobs for women and strengthened approximately 600 businesses operated by women. Beginning in FY 1988, a five-year $10.0 million follow-on project entitled Small Enterprise Development, will expand the coverage of this pilot activity.

Lack of education and training have historically limited the participation of women in Bolivia's development efforts. During FY 1987, Mission and centrally funded projects provided training to 41 women coming from urban and rural areas. Under the Andean Peace Scholarship Program (APSP) 20 rural women knitters visited the U.S. for five weeks. During their stay in the U.S., they received short-term training in elementary marketing techniques, product design, fashion trends, pattern making and quality control. Also under the APSP, in early FY 1988, 11 women journalists (out of a group of 34 radio, T.V. and newspaper professionals) received short-term training in the U.S.

Under the Training for Development Project, one woman from a total of four participants has been selected for U.S. long-term training in the field of economics. Additionally, 55 women participated in various short-term training courses in FYs 1987 and 1988, including education, family planning, health/nutrition and labor statistics.

In an effort to help USAID/Bolivia project managers and technicians better understand women's issues and concerns and to effectively address them in the Mission's portfolio, an AID/Washington-sponsored workshop was conducted in La Paz in early FY 1988 by the International Center for Research on Women. The workshop was attended by approximately 40 U.S. and Bolivian staff members and representatives from selected GOB implementing agencies, contractors and PVOs. Based on funding availability, similar activities will be carried out in other cities of Bolivia in FY 1988 with the participation of private sector representatives (i.e. PVOs, banking system).

The P.L. 480 Title I/III and II programs combine resources to help integrate women into the development process. Through Title II food for work activities and the use of Title I/III local currency funding, mothers' clubs and community organizations are participating in basic infrastructure projects. In FY 1987, approximately 14,000 women per month implemented approximately 360 food-for-work projects, such as potable water and sanitation systems.

USAID's child survival projects are directly focused on rural women with young children. A reduction in maternal mortality is built in as an indicator of the project along with reductions in child mortality. The key audience in USAID's planned Child Survival interventions is the rural woman.

One important step taken in FY 1987 was the approval of the first bilateral family planning program in Bolivia. USAID/Bolivia provided $ 31,500 from DA bilateral funds and centrally funded commodities to the Ministry of Health and Social Welfare (MOH) to initiate family planning services in hospitals on a pilot basis. This three-year program will benefit approximately 20,000 women in seven cities. The MOH also agreed to permit A.I.D. to establish a centrally funded contraceptive social marketing effort through the private sector in FY 1988. In its first stage, the $200,000 grant project will support the subsidized sale of contraceptive products in all urban areas through established pharmacies.

It is anticipated that the project will benefit about 100,000 women throughout the country. These two important family planning activities, together with other activities planned for late FY 1988 or early FY 1989, will provide lower income women with greater means to decide family size and thereby the distribution of family resources. This, in turn, will lead to an enhanced status and quality of life for women in Bolivia.

## PART III - OVERVIEW OF MANAGEMENT STRATEGY

### A. MANAGEMENT STRATEGY

#### 1. Summary Section

The best general plan of management action for USAID/Bolivia and for any productive organization is to deploy the right balance of human, physical and financial resources into the implementation of projects with heavy emphasis on timeliness and problem solving. This requires solid plans as well as good procedural and policy systems. More importantly, the men and women who dare to attain these lofty goals need to be energetic, enthusiastic, motivated, skilled and constantly updating their training and knowledge. Sharp concentration on three objectives, narcotics reduction, economic recovery and strengthening Bolivian democracy enables USAID/B to maintain low personnel and expenditure levels while managing a relatively large project portfolio. A fourth objective, an emerging consensus from all officers here, is that the only hope for this nation to enter the 21st century with strength and hope is to enact swift, effective family planning programs. The management actions listed in the past two submissions of the Action Plan and ABSs have led to effective implementation of targets.

The critical issues for AID/W decision during and following the program week are listed in paragraph H.

#### 2. Potential to Manage the Proposed Program without Additional Staff or Operating Expenses

USAID/B proposes to implement 26 active projects and oversee 13 residual projects by using 12 of the 19 direct hires as project managers (ratio of 1 officer to 2 projects) and 18 project funded coordinators* (11 are U.S. personal services contractors and 7 are FSN PSCs). The 19 men and women foreign service officers here will have to be seasoned, mature managers. The three IDIs (on-board by FY-1989) will be given as much exposure and responsibility as they can handle. At this submission only one of the three IDI placements can be funded and more money is required to support these assignments (See H.a). Two other factors beyond our control will elevate our FY-1989 OE budget markedly. By a recent State legal decision, we are obliged to pay indemnity payments to 29 direct hires (dating back to 1977), and twice that number of Bolivian PSCs (dating to 1984). This total will exceed $1,000,000 for FYs 1988 and 1989. Moreover, in forbidding us to use PD&S to fund certain essential long-term contractors, we will be forced to put them under OE funded arrangements. This could cost upwards of $300,000 per FY. A third factor is that additional operating expenses (FY-1989 and 1990) will enable us to replace worn equipment and furniture as well as improve existing Mission automation

*Project coordinators provide the same range and level of services as project managers but are not delegated identical authorities with regard to policy and financial decisions.

capabilities. The increases will be mainly in the categories of vehicles (OC-312), furniture, equipment, vehicle repair and maintenance (OC 259) supplies and materials (OC-260). This part of the total increase in costs actually reflects replacement purchases which have been postponed over the past 36 months more than any real growth (H.b).

3. Portfolio Consolidation

USAID plans 12 projects starts for the period 1987-90, eight of which are planned for the current year. The primary reason for this bunching of planned starts is to take advantage of the unusual receptivity of the sitting Bolivian Government to private sector initiatives.

During the same four-year period, 17 projects are scheduled to terminate. Included in this list are the $53 million Disaster Recovery project and $12 million Rural Education II Project which ended last year and the $10 million Emergency Agricultural Credit Project whose final funding was in FY 1987. USAID is currently planning to wind up the Action Plan period with 22 active projects, down from 27 in the current year and 32 in 1987.

In truth, we have taken portfolio consolidation about as far as it can reasonably go. To do more in this direction would, in our judgement, compromise such factors as span of control, vulnerability, adherence to regulations and reporting requirements. Since 1985, this USAID has had to work with a limited direct hire staff and has learned how to implement programs through a strategy of optimum consolidation of the project portfolio. USAID/B uses seasoned project managers (US DH) and professional/technical project coordinators (US PSCs/FSN DH) to monitor and execute project development.

4. Additional Trust Funds

As in the past two years, ten percent of all ESF cash transfers has been earmarked for use as OE trust funds for the 1988 PAAD. This percentage is one of the highest in the Bureau. There are no plans to increase the percentage used for overhead, but the USAID hopes for and needs increases in the total amount of ESF awarded. ESF represents the best potehtial source of help to a subpar OE budget.

5. Reorganizing/Streamlining Mission Management

a. The Director recently completed an office by office staffing review of all elements of the USAID Mission. The review led to some cutbacks and to more consistent and effective use of human resources.

b. USAID is establishing a small Office of Special Projects (SP) to give emphasis, high visibility and quick response to narcotics programming initiatives. This action should enable the Offices of Health and Human Resources (HHR) and Agriculture and Rural Development (ARD) to focus more on their main sectoral goals. AID/W (LAC/EMS, SER/IRM, PM/Classification) should speed this reorganization (H.c.)

c. USAID will continue to use computer tools to process information, report, and analyze. In-house staff training sessions will stress labor-saving software programs.

d. Full administrative and logistical support is given to US personal services contractors hired from the U.S. This policy has paid off handsomely in terms of productivity as it minimizes the time PSCs spend on administrative "settling in" problems. However, the number of these contractors has grown from four to ten in the past year and this policy will strain the EXO/GSO and the OE budget.

e. The USAID Controller and Executive Officer plan to review administrative management systems with a view toward elimination of redundant, time and paper wasting functions. Campaigns already exist to reduce long distance phone use and travel. Overtime for FSNs has virtually been eliminated.

6. Most Critical Vulnerabilities

On November 17, 1987 the USAID Director certified to the AA/LAC that the systems of internal accounting and administrative control used by USAID/Bolivia were in general compliance with the Federal Managers Financial Integrity Act. The 1987 Internal Control Assessment is on file and available for review in connection with this Action Plan. Specific areas which need oversight and attention are highlighted as follows:

(a) Procurement personnel need more training.

-- An expert commodity manager will evaluate and critique the operation in March 1988.
-- Patricia Bullock of SER/P will provide some training here in March 1988.
-- One FSN will get FAR training in June 1988.

(b) Written trip reports are strongly encouraged but are not required for all operational travel. USAID/B is reviewing whether this should be made an absolute "requirement" rather than giving our travellers the option to submit such reports.

(c) Control techniques did not adequately provide financial reports which compared projected with actual expenditures by line item. The Mission is in the process of incorporating this procedure into the MACS system.

(d) The USAID Mission was unable to ascertain whether contract costs have been satisfactorily audited by the IG or cognizant U.S. Agency. This is an AID/W action because neither control nor enforcement are within our purview (G.6).

7. Use of Program Development and Support Funds (PD&S)

Based on LAC guidance, USAID/B will phase out all PD&S funded long-term PSCs, both Bolivian and U.S., by 10/1/88. Of the 11 PSCs still funded through PD&S, seven essential employees working with PL 480 Title II and III programs will be very difficult to maintain, particularly the two Americans paid in dollars (the PL 480 programs generate local currency only). We have requested approval to fund PSCs working directly with PL 480 III under a Title III Trust Fund, but it appears that this approval will be turned down. Unfortunately, the termination of PD&S funded contracts will force us to use OE funding. This will put an additional strain on a budget that by any objective analysis is barely adequate to support a program of this size and nature.

8. AID/W Policy Procedural and Administrative Improvements Needed

Four salient suggestions that come to mind are:

(a) AID/W should coordinate among offices so that forms submitted by the field can be used for multiple purposes, e.g. for Gray Amendment reports. The central system should enable preparation of these reports in AID/W.

(b) Consider combining the annual ABS and Action Plan exercises to save paper, money and precious time we could be using to implement projects.

(c) Correct payroll problems and thereby reduce the volume of cables to AID/W and raise morale. At one time or another, nearly everyone here has had a pay problem. Many problems still linger.

(d) SER/Procurement should ascertain whether contract costs have been satisfactorily audited.

9. Summary of Critical Management Issues for Decision

(a) Provide funding for two additional IDI slots for FYs 1989 and 1990.

(b) Increase OE budget in FY-1988-89-90 to fund items such as indemnity pay, former PD&S funded contractors, furniture, vehicles, supplies and training - items which were the first cut over the past two FYs.

(c) In order to buttress our anti-narcotics programs, LAC/EMS should help accelerate our proposed organizational changes to formalize USAID/B's Office of Special Projects (SP).

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

| | USDH | FNDH | IDI | Res.H | USPSC | FNPSC | MANPOWER PROF. | MANPOWER CLER. | CONT. D/C | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | | | |
| Director | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 4 |
| PD&I | 3 | 1 | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 9 |
| DP | 2 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 5 |
| HHR | 2 | 2 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 7 |
| ARD | 3 | 3 | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 9 |
| PS | 2 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 5 |
| ECON | 1 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| CONT | 1 | 11 | 0 | 0 | 1 | 9 | 0 | 0 | 0 | 22 |
| EXO | 1 | 11 | 0 | 0 | 1 | 58 | 0 | 0 | 0 | 71 |
| TOTAL | 17 | 33 | 0 | 0 | 3 | 82 | 0 | 0 | 0 | 135 |

PD&S
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER CONT. PROF. | MANPOWER CONT. CLER. | TOTAL |
|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| HHR | 0 | 0 | 2 | 5 | 0 | 0 | 7 |
| ARD | 0 | 0 | 1 | 0 | 0 | 0 | 1 |
| PS | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECON. | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 0 | 0 | 0 | 2 | 0 | 0 | 2 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 3 | 8 | 0 | 0 | 11 |

FY 87

PROGRAM/PROJECT
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER CONT. PROF. | MANPOWER CONT. CLER. | TOTAL |
|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 2 | 0 | 0 | 2 |
| DP | 0 | 0 | 1 | 2 | 0 | 0 | 3 |
| HHR | 0 | 0 | 0 | 6 | 0 | 0 | 6 |
| ARD | 0 | 0 | 0 | 16 | 0 | 0 | 16 |
| PS | 0 | 0 | 1 | 5 | 0 | 0 | 6 |
| CONT | 0 | 0 | 0 | 4 | 0 | 0 | 4 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 2 | 35 | 0 | 0 | 37 |

Annex 9
Page 3 of 8
FY 88

## OPERATING EXPENSE
## DOLLAR AND TRUST FUND
## STAFFING LEVEL

| | USDH | FNDH | IDI | Res.H | USPSC | FNPSC | MANPOWER PROF. | MANPOWER CLER. | CONT. D/C | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | | | |
| Director | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 4 |
| PD&I | 3 | 1 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 8 |
| DP | 2 | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 6 |
| HHR | 2 | 3 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 7 |
| ARD | 2 | 3 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 7 |
| PS | 3 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 6 |
| ECON | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| SP | 1 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 |
| CONT | 1 | 11 | 0 | 0 | 1 | 13 | 0 | 0 | 0 | 26 |
| EXO | 1 | 11 | 0 | 0+ | 1 | 53 | 0 | 0 | 12 Scty. Guards | 78 |
| TOTAL | 18 | 34 | 1 | 0 | 3 | 78 | 0 | 0 | 12 | 146 |

Annex 9
Page 4 of 8
FY 88

PD&S
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER | CONT. PROF. | TOTAL CLER. | TOTAL |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HHR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FY 88

PROGRAM/PROJECT
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER | CONT. PROF | TOTAL CLER. | TOTAL |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 3 |
| HHR | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 5 |
| ARD | 0 | 0 | 3 | 10 | 0 | 0 | 0 | 13 |
| PS | 0 | 0 | 1 | 4 | 0 | 0 | 0 | 5 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 3 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 5 | 24 | 0 | 0 | 0 | 29 |

# OPERATING EXPENSE
# DOLLAR AND TRUST FUND
# STAFFING LEVEL

| | USDH | FNDH | IDI | Res.H | USPSC | FNPSC | MANPOWER PROF. | MANPOWER CLER. | CONT. D/C | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | | | |
| Director | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 4 |
| PD&I | 3 | 0 | 1 | 0 | 0 | 5 | 0 | 0 | 0 | 9 |
| DP | 2 | 2 | 1 | 0 | 1 | 2 | 0 | 0 | 0 | 8 |
| HHR | 2 | 3 | 0 | 0 | 1 | 5 | 0 | 0 | 0 | 11 |
| ARD | 2 | 3 | 1 | 0 | 1 | 4 | 0 | 0 | 0 | 11 |
| PS | 3 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 6 |
| ECON. | 1 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| SP | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| CONT | 1 | 11 | 0 | 0 | 1 | 17 | 0 | 0 | 0 | 30 |
| EXO | 1 | 11 | 0 | 0 | 1 | 56 | 0 | 12* | 0 | 81 |
| TOTAL | 18 | 34 | 3 | 0 | 6 | 93 | 0 | 12 | 0 | 166 |

*Security Guards

PD&S
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER | CONT. PROF. | TOTAL CLER. | TOTAL |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HHR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FY 89

PROGRAM/PROJECT
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER | CONT. PROF. | TOTAL CLER. | TOTAL |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 3 |
| HHR | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 5 |
| ARD | 0 | 0 | 3 | 10 | 0 | 0 | 0 | 13 |
| PS | 0 | 0 | 1 | 4 | 0 | 0 | 0 | 5 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 3 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 5 | 24 | 0 | 0 | 0 | 29 |

FY 90

OPERATING EXPENSE
DOLLAR AND TRUST FUND
STAFFING LEVEL

| | USDH | FNDH | IDI | Res.H | USPSC | FNPSC | MANPOWER PROF. | MANPOWER CLER. | CONT. D/C | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | | | |
| Director | 2 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 4 |
| PD&I | 3 | 0 | 1 | 0 | 0 | 5 | 0 | 0 | 0 | 9 |
| DP | 2 | 2 | 1 | 0 | 1 | 2 | 0 | 0 | 0 | 8 |
| HHR | 2 | 3 | 0 | 0 | 1 | 5 | 0 | 0 | 0 | 11 |
| ARD | 2 | 3 | 1 | 0 | 1 | 4 | 0 | 0 | 0 | 11 |
| PS | 3 | 2 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 6 |
| ECON | 1 | 0 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| SP | 1 | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 3 |
| CONT | 1 | 11 | 0 | 0 | 1 | 17 | 0 | 0 | 0 | 30 |
| EXO | 1 | 11 | 0 | 0 | 1 | 56 | 0 | 12* | 0 | 81 |
| TOTAL | 18 | 34 | 3 | 0 | 6 | 93 | 0 | 12 | 0 | 166 |

*Security Guards

PD&S
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER | CONT. PROF. | TOTAL CLER. | TOTAL |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HHR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ARD | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

FY 90

PROGRAM/PROJECT
STAFFING LEVEL

| | FNDH | RES HIRE | USPSC | FNPSC | MANPOWER | CONT. PROF. | TOTAL CLER. | TOTAL |
|---|---|---|---|---|---|---|---|---|
| OFFICE | | | | | | | | |
| Director | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PD&I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DP | 0 | 0 | 1 | 2 | 0 | 0 | 0 | 3 |
| HHR | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 5 |
| ARD | 0 | 0 | 3 | 10 | 0 | 0 | 0 | 13 |
| PS | 0 | 0 | 1 | 4 | 0 | 0 | 0 | 5 |
| ECON | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CONT | 0 | 0 | 0 | 3 | 0 | 0 | 0 | 3 |
| EXO | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 5 | 24 | 0 | 0 | 0 | 29 |

## C. Operating Expenses

FY 1989-1990 ACTION PLAN
BOLIVIA (2551)

| EXPENSE CATEGORY | FUNC TION | OBJ CLASS | FY 1987 ACT. ($ 000) DOLLARS | TRUST FUNDS | TOTAL | UNITS | UNIT COST | FY 1988 EST. ($ 000) DOLLARS | TRUST FUNDS | TOTAL | UNITS | UNIT COST | FY 1989 REQUEST ($ 000) DOLLARS | TRUST FUNDS | TOTAL BUD | UNITS | UNIT COST | FY 1990 REQUEST ($ 000) DOLLARS | TRUST FUNDS | TOTAL BUD | UNITS | UNIT COST |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. DIRECT HIRE | U100 | | 1631.2 | 0 | 1631.2 | | | 1978.2 | 0 | 1978.2 | | | 2209.5 | 0 | 2209.5 | | | 2245.6 | 0 | 2245.6 | | |
| U.S. CITIZENS BASIC PAY | U101* | 110 | 926.5 | 0.0 | 926.5 | 15.2 | 61.0 | 1157.0 | | 1157.0 | 19.0 | 60.9 | 1233.0 | | 1233.0 | 21.0 | 58.8 | 1235.0 | | 1235.0 | 21.0 | 58.8 |
| PT/TEMP U.S. BASIC PAY | U102* | 112 | 0.0 | 0.0 | 0.0 | | | 0.0 | | 0.0 | | | 0.0 | | 0.0 | | | 0.0 | | 0.0 | | |
| DIFFERENTIAL PAY | U103* | 116 | 207.7 | 0.0 | 207.7 | | | 280.0 | | 280.0 | | | 308.0 | | 308.0 | | | 308.0 | | 308.0 | | |
| OTHER AID/W FUNDED CODE 11 | U104* | 119 | 17.4 | 0.0 | 17.4 | | | 20.0 | | 20.0 | | | 20.0 | | 20.0 | | | 20.0 | | 20.0 | | |
| OTHER MISSION FUNDED CODE 11 | U105 | 119 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| EDUCATION ALLOWANCES | U106 | 126 | 74.6 | 0.0 | 74.6 | 31.0 | 2.4 | 83.6 | 0.0 | 83.6 | 26.0 | 3.2 | 96.7 | 0.0 | 96.7 | 24.0 | 4.0 | 117.0 | 0.0 | 117.0 | 27.0 | 4.3 |
| RETIREMENT-U.S. DIRECT HIRE | U107* | 120 | 65.6 | 0.0 | 65.6 | | | 163.8 | | 163.8 | | | 171.6 | | 171.6 | | | 171.6 | | 171.6 | | |
| LIVING ALLOWANCES | U108 | 128 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| OTHER AID/W FUNDED CODE 12 | U109* | 129 | 29.5 | 0.0 | 29.5 | | | 31.2 | | 31.2 | | | 36.4 | | 36.4 | | | 36.4 | | 36.4 | | |
| OTHER MISSION FUNDED CODE 12 | U110 | 129 | 26.3 | 0.0 | 26.3 | | | 12.0 | 0.0 | 12.0 | | | 3.9 | 0.0 | 3.9 | | | 3.5 | 0.0 | 3.5 | | |
| POST ASSIGNMENT - TRAVEL | U111 | 212 | 37.6 | 0.0 | 37.6 | 9.0 | 4.2 | 15.0 | 0.0 | 15.0 | 6.0 | 2.5 | 19.8 | 0.0 | 19.8 | 6.0 | 3.3 | 22.7 | 0.0 | 22.7 | 6.0 | 3.8 |
| POST ASSIGNMENT - FREIGHT | U112 | 220 | 179.5 | 0.0 | 179.5 | 9.0 | 19.9 | 135.0 | 0.0 | 135.0 | 6.0 | 22.5 | 159.5 | 0.0 | 159.5 | 6.0 | 26.6 | 180.0 | 0.0 | 180.0 | 6.0 | 30.0 |
| HOME LEAVE - TRAVEL | U113 | 212 | 25.9 | 0.0 | 25.9 | 7.0 | 3.7 | 23.4 | 0.0 | 23.4 | 5.0 | 4.7 | 41.1 | 0.0 | 41.1 | 10.0 | 4.1 | 43.2 | 0.0 | 43.2 | 9.0 | 4.8 |
| HOME LEAVE - FREIGHT | U114 | 220 | 11.9 | 0.0 | 11.9 | 7.0 | 1.7 | 15.0 | 0.0 | 15.0 | 5.0 | 3.0 | 63.8 | 0.0 | 63.8 | 10.0 | 6.4 | 42.0 | 0.0 | 42.0 | 9.0 | 4.7 |
| EDUCATION TRAVEL | U115 | 215 | 0.8 | 0.0 | 0.8 | 1.0 | 0.8 | 3.6 | 0.0 | 3.6 | 3.0 | 1.2 | 4.0 | 0.0 | 4.0 | 3.0 | 1.3 | 4.0 | 0.0 | 4.0 | 2.0 | 2.0 |
| R AND R TRAVEL | U116 | 215 | 23.3 | 0.0 | 23.3 | 28.0 | 0.8 | 28.6 | 0.0 | 28.6 | 26.0 | 1.1 | 29.7 | 0.0 | 29.7 | 23.5 | 1.3 | 42.2 | 0.0 | 42.2 | 32.0 | 1.3 |
| OTHER CODE 215 TRAVEL | U117 | 215 | 4.6 | 0.0 | 4.6 | 3.0 | 1.5 | 10.0 | 0.0 | 10.0 | 5.0 | 2.0 | 20.0 | 0.0 | 20.0 | 10.0 | 2.0 | 20.0 | 0.0 | 20.0 | 10.0 | 2.0 |
| F. N. DIRECT HIRE | U200 | | 692.8 | 0.0 | 692.8 | | | 961.1 | 716.0 | 1677.1 | | | 527.1 | 700.0 | 1227.1 | | | 90.0 | 1194.8 | 1269.8 | | |
| BASIC PAY | U201 | 114 | 596.9 | 0.0 | 596.9 | 32.8 | 18.2 | 96.7 | 716.0 | 812.7 | 34.0 | 23.9 | 220.4 | 700.0 | 920.4 | 34.0 | 27.1 | 0.0 | 1004.1 | 1004.1 | 34.0 | 29.5 |
| OVERTIME, HOLIDAY PAY | U202 | 115 | 12.1 | 0.0 | 12.1 | 0.4 | 30.3 | 3.0 | 0.0 | 3.0 | 0.5 | 6.0 | 15.0 | 0.0 | 15.0 | 0.5 | 30.0 | 0.0 | 15.0 | 0.0 | 0.5 | 0.0 |
| ALL OTHER CODE 11 - FN | U203 | 119 | 32.4 | 0.0 | 32.4 | | | 58.6 | 0.0 | 58.6 | | 1.0 | 93.7 | 0.0 | 93.7 | | | 0.0 | 100.7 | 100.7 | | |
| ALL OTHER CODE 12 - FN | U204 | 129 | 51.4 | 0.0 | 51.4 | | | 62.8 | 0.0 | 62.8 | | | 80.0 | 0.0 | 80.0 | | | 90.0 | 0.0 | 90.0 | | |
| BENEFITS FORMER FN PERSONNEL | U205 | 130 | 0.0 | 0.0 | 0.0 | | | 740.0 | 0.0 | 740.0 | | | 118.0 | 0.0 | 118.0 | | | 0.0 | 75.0 | 75.0 | | |
| CONTRACT PERSONNEL | U300 | | 1312.7 | 1.8 | 1314.5 | | | 1325.7 | 0.0 | 1325.7 | | | 2429.4 | 0.0 | 2629.4 | | | 1327.3 | 1305.2 | 2632.5 | | |
| PASA TECHNICANS | U301 | 258 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| U.S. PSC - SALARY/BENEFITS | U302 | 113 | 126.2 | 0.0 | 126.2 | 3.0 | 42.1 | 113.0 | 0.0 | 113.0 | 3.0 | 37.7 | 431.5 | 0.0 | 431.5 | 6.0 | 71.9 | 450.0 | 0.0 | 450.0 | 6.0 | 75.0 |
| ALL OTHER U.S. PSC COSTS | U303 | 255 | 3.8 | 0.0 | 3.8 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| F.N. PSC - SALARY/BENEFITS | U304 | 113 | 1182.7 | 1.8 | 1184.5 | 82.0 | 14.4 | 1212.7 | 0.0 | 1212.7 | 77.0 | 15.7 | 2197.9 | 0.0 | 2197.9 | 93.0 | 23.6 | 877.3 | 1305.2 | 2182.5 | 93.0 | 23.5 |
| ALL OTHER F.N. PSC COSTS | U305 | 255 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| MANPOWER CONTRACTS | U306 | 259 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| JCC COSTS PAID BY AID/W | U307* | 113 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| HOUSING | U400 | | 230.8 | 24.2 | 255.0 | | | 426.8 | 0.0 | 426.8 | | | 491.5 | 0.0 | 491.5 | | | 512.7 | 0.0 | 512.7 | | |
| RESIDENTIAL RENT | U401 | 235 | 162.4 | 19.8 | 182.2 | | | 245.1 | 0.0 | 245.1 | | | 310.3 | 0.0 | 310.3 | | | 324.7 | 0.0 | 324.7 | | |
| RESIDENTIAL UTILITIES | U402 | 235 | 16.0 | 4.3 | 20.3 | | | 23.0 | 0.0 | 23.0 | | | 28.9 | 0.0 | 28.9 | | | 31.8 | 0.0 | 31.8 | | |
| MAINTENANCE AND RESERVATION | U403 | 259 | 0.0 | 0.0 | 0.0 | | | 15.0 | 0.0 | 15.0 | | | 39.7 | 0.0 | 39.7 | | | 43.6 | 0.0 | 43.6 | | |
| QUARTERS ALLOWANCE | U404 | 127 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | 0.0 | ERR | 0.0 | 0.0 | 0.0 | 0.0 | ERR | 0.0 | 0.0 | 0.0 | | ERR |
| RESIDENTIAL FURNITURE/EQUIP | U405 | 311 | 51.3 | 0.0 | 51.3 | | | 107.1 | 0.0 | 107.1 | | | 91.0 | 0.0 | 91.0 | | | 91.0 | 0.0 | 91.0 | | |
| TRANS./FREIGHT - CODE 311 | U406 | 220 | 0.0 | 0.0 | 0.0 | | | 35.0 | 0.0 | 35.0 | | | 20.0 | 0.0 | 20.0 | | | 20.0 | 0.0 | 20.0 | | |
| SECURITY GUARD SERVICES | U407 | 259 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| OFFICIAL RESIDENCE ALLOWANCE | U408 | 254 | 0.0 | 0.0 | 0.0 | | | 0.5 | 0.0 | 0.5 | | | 0.5 | 0.0 | 0.5 | | | 0.5 | 0.0 | 0.5 | | |
| REPRESENTATION ALLOWANCES | U409 | 252 | 1.1 | 0.1 | 1.2 | | | 1.1 | 0.0 | 1.1 | | | 1.1 | 0.0 | 1.1 | | | 1.1 | 0.0 | 1.1 | | |

FY 1989-1990 ACTION PLAN
BOLIVIA (25511)

| EXPENSE CATEGORY | FUNC TION | OBJ CLASS | FY 1987 ACT. ($ 000) DOLLARS | TRUST FUNDS | TOTAL | UNITS | UNIT COST | FY 1988 EST. ($ 000) DOLLARS | TRUST FUNDS | TOTAL | UNITS | UNIT COST | FY 1989 REQUEST ($ 000) DOLLARS | TRUST FUNDS | TOTAL BUD | UNITS | UNIT COST | FY 1990 REQUEST ($ 000) DOLLARS | TRUST FUNDS | TOTAL BUD | UNITS | UNIT COST |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OFFICE OPERATIONS | 0500 | | 354.2 | 91.7 | 445.9 | | | 962.6 | 0.0 | 962.6 | | | 1045.2 | 0.0 | 1045.2 | | | 1093.4 | 0.0 | 1093.4 | | |
| OFFICE RENT | 0501 | 234 | 11.0 | 0.7 | 11.7 | | | 209.4 | 0.0 | 209.4 | | | 203.6 | 0.0 | 203.6 | | | 223.9 | 0.0 | 223.9 | | |
| OFFICE UTILITIES | 0502 | 234 | 23.0 | 17.8 | 40.8 | | | 35.1 | 0.0 | 35.1 | | | 38.0 | 0.0 | 38.0 | | | 41.8 | 0.0 | 41.8 | | |
| BUILDING MAINT./RENOVATION | 0503 | 259 | 0.0 | 0.0 | 0.0 | | | 15.0 | 0.0 | 15.0 | | | 11.3 | 0.0 | 11.3 | | | 12.5 | 0.0 | 12.5 | | |
| OFFICE FURNITURE/EQUIPMENT | 0504 | 310 | 40.2 | 12.0 | 52.2 | | | 65.3 | 0.0 | 65.3 | | | 63.4 | 0.0 | 65.4 | | | 65.0 | 0.0 | 65.4 | | |
| VEHICLES | 0505 | 312 | 47.2 | 0.0 | 47.2 | | | 66.0 | 0.0 | 66.0 | 4.0 | 16.5 | 79.0 | 0.0 | 79.0 | 4.0 | 19.8 | 79.0 | 0.0 | 79.0 | 4.0 | 19.8 |
| OTHER EQUIPMENT | 0506 | 319 | 0.0 | 0.0 | 0.0 | | | 22.0 | 0.0 | 22.0 | | | 34.5 | 0.0 | 34.5 | | | 34.5 | 0.0 | 34.5 | | |
| TRANSPORTATION / FREIGHT | 0507 | 220 | 14.5 | 0.0 | 14.5 | | | 30.5 | 0.0 | 30.5 | | | 44.5 | 0.0 | 44.5 | | | 44.5 | 0.0 | 44.5 | | |
| FURN/EQUIP/VEH REPAIR/MAINT. | 0508 | 259 | 7.3 | 9.9 | 17.2 | | | 15.0 | 0.0 | 15.0 | | | 15.0 | 0.0 | 15.0 | | | 16.5 | 0.0 | 16.5 | | |
| COMMUNICATIONS | 0509 | 230 | 80.0 | 7.0 | 87.0 | | | 85.0 | 0.0 | 85.0 | | | 76.5 | 0.0 | 76.5 | | | 84.2 | 0.0 | 84.2 | | |
| SECURITY GUARD SERVICES | 0510 | 259 | 42.9 | 0.0 | 42.9 | | | 17.2 | 0.0 | 17.2 | | | 27.5 | 0.0 | 27.5 | | | 30.3 | 0.0 | 30.3 | | |
| PRINTING | 0511 | 240 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| SITE VISIT-MISSION PERSONNEL | 0513 | 210 | 26.3 | 0.0 | 26.3 | 120.0 | 0.2 | 30.0 | 0.0 | 30.0 | 125.0 | 0.2 | 50.0 | 0.0 | 50.0 | 330.0 | 0.2 | 55.0 | 0.0 | 55.0 | 330.0 | 0.2 |
| SITE VISIT-AID/ PERSONNEL | 0514 | 210 | 2.2 | 0.0 | 2.2 | 1.0 | 2.2 | 4.0 | 0.0 | 4.0 | 2.0 | 2.0 | 8.0 | 0.0 | 8.0 | 4.0 | 2.0 | 9.0 | 0.0 | 9.0 | 4.0 | 2.3 |
| INFORMATION MEETINGS | 0515 | 210 | 4.4 | 0.0 | 4.4 | 2.0 | 2.2 | 5.0 | 0.0 | 5.0 | 2.0 | 2.5 | 5.0 | 0.0 | 5.0 | 2.0 | 2.5 | 5.5 | 0.0 | 5.5 | 2.0 | 2.8 |
| TRAINING ATTENDANCE | 0516 | 210 | 10.2 | 1.1 | 11.3 | 5.0 | 2.3 | 35.0 | 0.0 | 35.0 | 10.0 | 3.5 | 15.0 | 0.0 | 15.0 | 6.0 | 2.5 | 16.5 | 0.0 | 16.5 | 6.0 | 2.8 |
| CONFERENCE ATTENDANCE | 0517 | 210 | 16.9 | 2.1 | 19.0 | 11.0 | 1.7 | 11.0 | 0.0 | 11.0 | 8.0 | 1.4 | 15.0 | 0.0 | 15.0 | 6.0 | 2.5 | 16.5 | 0.0 | 16.5 | 6.0 | 2.8 |
| OTHER OPERATIONAL TRAVEL | 0518 | 210 | 13.1 | 0.0 | 13.1 | 11.0 | 1.2 | 5.0 | 0.0 | 5.0 | 4.0 | 1.3 | 5.0 | 0.0 | 5.0 | 4.0 | 1.3 | 5.5 | 0.0 | 5.5 | 4.0 | 1.4 |
| SUPPLIES AND MATERIALS | 0519 | 260 | 91.7 | 30.8 | 122.5 | | | 91.0 | 0.0 | 91.0 | | | 133.5 | 0.0 | 133.5 | | | 146.8 | 0.0 | 146.8 | | |
| FAAS | 0520* | 257 | 92.0 | 0.0 | 92.0 | | | 100.0 | 0.0 | 100.0 | | | 100.0 | | 100.0 | | | 100.0 | | 100.0 | | |
| CONSULTING SVCS. - CONTRACTS | 0521 | 259 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| MGT./PROF. SVCS. - CONTRACTS | 0522 | 259 | 0.0 | 0.0 | 0.0 | | | 25.0 | 0.0 | 25.0 | | | 40.0 | 0.0 | 40.0 | | | 20.0 | 0.0 | 20.0 | | |
| SPEC STUDIES/ANALYSES - CONT. | 0523 | 259 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| ALL OTHER CODE 25 | 0524 | 259 | 31.3 | 10.3 | 41.6 | | | 96.1 | 0.0 | 96.1 | | | 76.4 | 0.0 | 76.4 | | | 84.0 | 0.0 | 84.0 | | |
| TOTAL U.E. EXPENSE BUDGET | | | 4421.7 | 117.7 | 4539.4 | | | 5654.4 | 716.0 | 6370.4 | | | 6902.7 | 700.0 | 7602.7 | | | 5269.0 | 2500.0 | 7754.0 | | |
| RECONCILIATION | | | 1338.7 | 0.0 | 1338.7 | | | 1752.0 | 0.0 | 1752.0 | | | 1871.0 | 0.0 | 1871.0 | | | 1971.0 | 0.0 | 1871.0 | | |
| SECTION 636(c) (Non-add) | 0600 | 320 | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | 0.0 | | |
| OPERATING EXPENSE REQUIREMENTS | 0000 | | 3083.0 | 117.7 | 3200.7 | | | 3902.4 | 716.0 | 4618.4 | | | 5031.7 | 700.0 | 5731.7 | | | 3298.0 | 2500.0 | 5083.0 | | |
| | | | STOTAL NO. ADP WORK STATIONS | | | | 10 | STOTAL NO. ADP WORK STATIONS | | | | 21 | STOTAL NO. ADP WORK STATIONS | | | | 24 | STOTAL NO. ADP WORK STATIONS | | | | 24 |
| | | | STOTAL NUMBER OF PC'S | | | | 11 | STOTAL NUMBER OF PC'S | | | | 11 | STOTAL NUMBER OF PC'S | | | | 11 | STOTAL NUMBER OF PC'S | | | | 11 |
| OBJECT CLASS 210 TRAVEL | | | 73.1 | 3.2 | 76.3 | | | 90 | 0 | 90 | | | 90 | 0 | 90 | | | 100 | 0 | 100 | | |
| Dollars Required for Local Currency Expenses | | | 690.4 | | | | | 3109.6 | | | | | 2930.9 | | | | | 1316.9 | | | | |
| Exchange Rate Used (November 2, 1987) | | | 982.116 | | | | | | | | | | | | | | | | | | | |

FOOTNOTES TO BUDGET PRESENTATION

FY 1988 Budget

The OE budget presented in this action plan includes the payment of $ 740,000 of indemnity payments that will have to be made to 29 FNDH's in accordance with State 006247. At the beginning of the fiscal year, the Mission had no knowledge of this major contingent liability and began 1988 operations assuming that we would be able to operate this Mission staying within the preliminary budget level of $ 3,400,000 provided by LAC/CONT. Thus, early in the year some non-expendable procurement funds were used for residential furniture to support the USDH ceiling increase, from 14 to 18. The Bureau should take note that the Mission was never provided the necessary resources to accommodate these increases.

The Mission, therefore, is presenting in this action plan a budget in the total amount of $ 4,618,400, or approximately $ 449,400 in excess of the combined Bureau dollar level and trust fund availabilities. We believe that this level is the minimum amount the Mission needs to make all indemnity payments due this FY, continue a minimal non-expendable procurement plan (to maintain our vehicle fleet at the required standards and enhance our office automation capabilities), perform our project monitoring requirements with limited travel funds and provide the necessary logistic support to implement our programs. To arrive at the above level, the Mission has cut several important discretionary costs to the bare minimum. All training has been 100 per cent cut and AID/W should not expect the Mission to send representatives to priority courses such as the PIC and DSP. We have completely cut our incentive award program and have now begun to charge project funded contractors for OE support costs, previously provided by OE.

In short, the Mission is making every attempt to stay within allocated budget levels and also meet the legal obligation of the indemnity payments. To accomplish this, the Mission requires assistance from both the Bureau and Central FM.

FY 1989 and 1990 Budgets

In addition to the indemnity payments that come due in both FYs ($403,000 in 1989 and $ 175,000 in 1990), the Mission has budgeted for another substantial increase in resources needed to maintain our normal operations. These increases are applicable to the necessity to fund our PL 480 Titles II and III contractor personnel from O.E. In 1987, the Mission proposed funding Title III monitors from a local currency trust fund, but this proposal was denied. LAC Bureau policy, as currently structured, will not permit funding of long-term contractors under PD&S after 09/30/88. The only remaining funding source is OE and the cost of those services have been included in the budgets.

As in previous years, any reduction of ESF resources (from which the Mission obtains its O.E. Trust Fund) will limit our ability to operate the Mission. Whenever resources are not forthcoming, certain types of discretionary funding must be luminated to fit within allocated budget levels.

D. Evaluation Plan

Evaluation Report

| PROJECT NO. & TITLE | FY 86 START (QTR.) | FY 86 TO AID/W (QTR.) | FY 87 START (QTR.) | FY 87 TO AID/W (QTR.) | FY 88 START (QTR.) | FY 88 TO AID/W (QTR.) | REASONS/ISSUES |
|---|---|---|---|---|---|---|---|
| 0536 Tiwanacu Rural Health | 2 | 2 | | | | | Final evaluation |
| 0543 Chapare Reg. Dev. | 4 | 1 | | | | | Evaluation provided analytical framework for CRDP redesign |
| 0482 Rural Education II | | | 4 | | | 2 | End of project report |
| 0569 Self-Financing PHC | | | 1 | 4 | | | Mid-term evaluation |
| 0590 ORT Growth Monitoring | | | 4 | | | | Mid-term evaluation |
| 0458 Rural Sanitation | | | 4 | | | 2 | Final evaluation |
| 0472 Agribusiness and Artisanry | | | | | 2 | 3 | Final Evaluation |
| 0567 Low Cost Shelter | | | | | 1 | 2 | Mid-term evaluation |
| 0592 Narcotics Awareness | | | | | 2 | 3 | Evaluation of all activities for recommendations for future programming |

Evaluation Report (Cont.)

| PROJECT NO. & TITLE | FY 86 START (QTR.) | FY 86 TO AID/W (QTR.) | FY 87 START (QTR.) | FY 87 TO AID/W (QTR.) | FY 88 START (QTR.) | FY 88 TO AID/W (QTR.) | REASONS/ISSUES |
|---|---|---|---|---|---|---|---|
| 0466 Rural Roads II | | | | | 3 | 4 | Technical evaluation and financial review |
| PL-480 Title I/III | | | 4 | 2(88) | 3 | 4 | Yearly impact evaluation |
| PL-480 Title II Food for Work | | | | | 4 | 4 | Improve program performance |

## Evaluation Plan

| PROJECT NO. & TITLE | DATE LAST EVALUATION FY 86 | FY 89 START (QTR.) | FY 89 TO AID/W (QTR.) | FY 90 START (QTR.) | FY 90 TO AID/W (QTR.) | REASONS/ISSUES |
|---|---|---|---|---|---|---|
| 0589 Private Ag. Org. | | 2 | 2 | | | Mid-term evaluation to assess progress in achieving project outputs and purpose |
| 0567 Private Sector Low Cost Shelter Program | 3/88 | 2 | 2 | | | Final evaluation of technical assistance component |
| 0571 Policy Reform | 6/85 | 3 | 4 | | | Final evaluation |
| 0590 ORT Growth Monitoring | 9/87 | 4 | | | | Final evaluation |
| 0601 CS PVO Network | none | 4 | | | | Mid-term evaluation |
| 0573 Market Town Capital Formation (MTCF) | none | 4/88 | | | | Mid-Project Evaluation |
| 0592 Narcotics Awareness | To be completed 6/88 | | | 1 | | Evaluation will focus on impact of activities at or after PACD |
| 0412 Special Dev. Activities | none | | | 2 | 3 | Impact evaluation |
| 0569 Self-Financing Prim. Health | 10/86 | | | 2 | | 2nd mid-term eval. |

Evaluation Plan (Cont.)

| PROJECT NO. & TITLE | DATE LAST EVALUATION FY 86 | FY 89 START (QTR.) | FY 89 TO AID/W (QTR.) | FY 90 START (QTR.) | FY 90 TO AID/W (QTR.) | REASONS/ISSUES |
|---|---|---|---|---|---|---|
| 0594 Community & Child Health | none | | | 3 | | Mid-term eval. |
| 0599 CARE Care Water and Health | 10/87 | | | 4 | | Final evaluation |

Health Sector Evaluation

USAID/Bolivia has agreed to participate in a FY 1988 LAC Region cross-cutting Health Care Financing evaluation which will include impact evaluations for Self-Financing PHC (0569), Tiwanacu (0536), Disaster Recovery (0581) and Montero Health (0453).

## E. Country Training Plan

### 1. Restatement of Mission Training Objectives

The Mission's general training strategy is intended to assist Bolivia build its managerial and technical expertise, primarily in the areas of business management, public administration, macroeconomics, finance and export promotion. This will be accomplished through expanding the number of U.S. trained individuals exposed to free-market and democratic ideals, institutions and operational technology.

The Andean Peace Scholarship Program (APSP) has two parallel objectives: (a) to improve Bolivia's human resource base as a means of strengthening the country's ability to develop, establish and maintain democratic institutions and processes, and (b) to provide opportunities for the economically and socially disadvantaged who would otherwise not have the opportunity to be exposed to democratic institutions and processes in the United States.

Under the APSP project, the Mission anticipates reaching a broad spectrum of socio-economic and political leaders and potential leaders throughout the country, especially those who are in a position to influence public opinion, or who may have the opportunity to influence opinion in the future. The program will emphasize scholarship access to socio-economic sectors of the country that are prime candidates for Soviet Bloc training efforts.

### 2. Summary of the Andean Peace Scholarship Program (APSP)

The APSP is a four-year regional program involving Perú, Ecuador, Colombia and Bolivia. Funding for the Bolivian portion of the program totals $ 6.7 million, the activities of which were initiated in FY 1987. USAID/B anticipates that 430 Bolivian Peace scholars will benefit from long- and short-term training in the United States throughout the life of the project.

The APSP program includes two basic components: Experience America and skills training. Training varies from a minimum of one month to a maximum of 30 months. Long-term training, defined as a period in excess of nine months, may be degree or non-degree oriented. Because APSP has no English language proficiency requirements, some long-term candidates may enroll in English as a Second Language program (ESL) prior to beginning formal training. In addition, since it is essential that Peace Scholars become involved in community and family activities in the United States, ESL programs are closely tied to the Experience America component through quality contact with trainees' U.S. counterparts and, in some instances, home stays with U.S. families.

Program emphasis for FY 1989 will be the education sector, an area ill-addressed by the Bolivian Government and western donors in recent years. This sector, together with the arts and humanities, has been identified as an important target for Soviet Bloc training programs.

3. Groups to be Targetted in FY 1989 under the Andean Peace Scholarship Program and Type of Training Planned

For short and long-term training, USAID/B has identified the following groups as potential Peace Scholarship candidates. Target figures may vary depending on the number and quality of the applications received from each group:

Short-Term Training

- 26 small town mayors. Purpose: training in the development and administration of municipal government services and in leadership.

- 24 university professors and administrators. Purpose: information exchange with counterpart professionals at U.S. universities, particularly with respect to curricula development, school administration and student-faculty relations.

- 10 young writers. Purpose: upgrading of professional skills and exchanging views on writing styles, themes, etc.

Long-Term Training

- 15 urban public school teachers of English, physical education, history and counseling. Purpose: upgrade skills in teaching methodologies.

- 10 third and forth year student leaders at public universities. Purpose: English language acquisition and participation of appropriate academic programs.

- 10 young film-makers and video producers. Purpose: language acquisition and upgrading of skills. *

- 10 student leaders from public high schools. Purpose: English language training and participation in appropriate H.S. programs.

4. Progress to Date, Andean Peace Scholarship Program

a. Of the fifty-four participants sent to date, thirty-one have been classified by the Mission as socially and economically underprivileged (this amounts to fifty-seven per cent of the total sent, against an APSP target of seventy per cent for the total program). As indicated in the previous CTP, however, the Mission is having difficulty making socio-economic distinctions with respect to participant selection in the absence of meaningful socio-economic data. Following discussions with Aguirre International, the Mission has narrowed the range somewhat,

* At present, this area has been a key target of Soviet Bloc countries.

but our decisions are still largely subjective. More LAC/W guidance is required on this matter. Further on progress to date, it is worthwhile noting that thirty-one of the fifty-four APSP participants, or fifty-seven per cent, were women (APSP target for the program is forty per cent). All fifty-four participants came from the private sector.

b. We have instructed our APSP U.S. contractor to consider home stays with American families in order to enhance the Experience America (EA) component of the U.S. program. In addition, the Mission will jointly develop other meaningful EA programs pertinent to the individual needs of Peace Scholars with the APSP contractor. All PIO/Ps for APSP participants include, when appropriate, arrangements to meet the Mission's home stay requirements.

c. USAID/B is prepared to hire a part-time person funded under the APSP who would be exclusively responsible for APSP follow-up activities. However, the Mission is still awaiting official authorization from the LAC/W to use Peace Scholarship funds to cover follow-on activities.

d. The Mission consistently encourages APSP placement contractors to observe cost containment practices. It must be noted, however, that current contractual arrangements do not permit close scrutiny of the contractors' programming and accounting practices. As such, USAID does not have direct control over significant elements of overall training costs.

e. Concerning HBCU requirements, the Mission encourages contractors to look into these institutions as alternative training sites. USAID would appreciate guidance on what else might be done to enhance this component of the program. The Mission also awaits LAC/W guidance on the availability of HBCU's offerings in the areas of non-degree technical training.

5. Major Changes in Training Plan from Approved CTP

a. For the Andean Peace Scholarship Program: None
b. For non-CLASP training activities: Discussed below.

Training for Development (FY 1987)

Current progress:

| | Target | Cumulative | To be Completed |
|---|---|---|---|
| Long-term participants in training or approved | 16 | 12 | 4 |
| Short-term technical training | 44 | 21 | 23 |
| Democracy awareness (youth program) | 100 | 60 | 40 |
| TOTALS | 160 | 93 | 67 |
| In-country seminars | 272 | 0 | 272 |

USAID has completed fifty-nine per cent of the U.S. training component of the project, but has yet to address the target under the in-country seminar component. The Mission contracted with the USDA's Office of International Training to develop a training needs assessment and a timetable for the seminars. On the basis of USDA's work, the Mission is now in a position to launch this component of the project. However, consideration is being given to amending the project. Since USAID/B anticipates reaching the project target for U.S. long- and short-term training by the end of FY 1988 and does not anticipate the availability of funds until after FY 1989 for expansion of the project, we are currently considering shifting funds from the in-country seminar component to the long- and short-term training component, as we believe this type of training may be of higher priority. A decision on this will be made shortly.

6. LAC Bureau/W Support of Mission Program

Mission experience with the APSP effort has demonstrated a serious area of deficiency with respect to LAC/W support of the field program. As indicated in section 4 above, LAC/W guidance is lacking in several important areas and LAC/W supervision of the U.S.-based placement contractors, at least in regard to the APSP, is insufficient. Our sense of the situation is that LAC/DR/EST is overwhelmed by the magnitude of the many training programs that they supervise, particularly in Central America, and as such is unable to give the APSP the kind of attention it requires. Serious consideration should be given to strengthening the office.

6. NON CLASP TRAINING FY 1989 COUNTRY TRAINING PLAN : NEW STARTS

a. TRAINING IN UNITED STATES

| TECHNICAL 30 days or less | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 7 | 7 | 5 | 6 | 3 | 4 | 32 |
| Male | 19 | 10 | 9 | 15 | 14 | 17 | 84 |

| TECHNICAL 31-180 days | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 4 | 0 | 9 | 6 | 3 | 4 | 26 |
| Male | 8 | 5 | 24 | 15 | 14 | 17 | 83 |

TOTAL TRAINING IN UNITED STATES TECHNICAL - : 225

| ACADEMIC Graduate level-1 | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| Male | 5 | 1 | 3 | 1 | 0 | 0 | 10 |

| ACADEMIC Graduate level-2 | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 0 | 1 | 1 | 2 | 2 | 6 |
| Male | 0 | 4 | 8 | 2 | 3 | 3 | 20 |

TOTAL TRAINING IN UNITED STATES ACADEMIC - : 37

b. THIRD COUNTRY TRAINING

| TECHNICAL 30 days or less | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 3 | 0 | 6 | 10 | 5 | 6 | 30 |
| Male | 9 | 11 | 9 | 23 | 21 | 25 | 98 |

| TECHNICAL 31-180 days | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 1 | 0 | 0 | 10 | 5 | 6 | 22 |
| Male | 7 | 10 | 6 | 23 | 21 | 25 | 92 |

TOTAL THIRD COUNTRY TRAINING TECHNICAL - : 242

| ACADEMIC Under 9 months | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Male | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

| ACADEMIC Graduate level-1 | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 1 | 0 | 0 | 0 | 1 |

| ACADEMIC Graduate level-2 | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 2 | 0 | 0 | 0 | 0 | 2 |

TOTAL THIRD COUNTRY TRAINING ACADEMIC - : 5

c. SUMMARY of TOTAL TRAINEES

| | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP TOTALS |
|---|---|---|---|---|---|---|---|
| ACADEMIC | | | | | | | |
| Female | 1 | 1 | 1 | 1 | 2 | 2 | 8 |
| Male | 5 | 8 | 12 | 3 | 3 | 3 | 34 |
| TECHNICAL | | | | | | | |
| Female | 15 | 7 | 20 | 32 | 16 | 20 | 110 |
| Male | 43 | 36 | 48 | 76 | 70 | 84 | 357 |
| LONG-TERM | | | | | | | |
| Female | 1 | 1 | 1 | 1 | 2 | 2 | 8 |
| Male | 9 | 8 | 14 | 3 | 3 | 3 | 40 |
| SHORT-TERM | | | | | | | |
| Female | 15 | 7 | 20 | 32 | 16 | 20 | 110 |
| Male | 39 | 36 | 46 | 76 | 70 | 84 | 351 |
| HISPANIC COLL. | | | | | | | |
| Female | 0 | 0 | 0 | 21 | 0 | 0 | 21 |
| Male | 0 | 2 | 2 | 11 | 0 | 0 | 15 |
| TOTAL TRAINEES | 64 | 52 | 81 | 112 | 91 | 109 | 509 |

7. CLASP TRAINING FY 1989 COUNTRY TRAINING PLAN : NEW STARTS

a. TRAINING IN UNITED STATES

| TECHNICAL 31-180 days | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 0 | 20 | 37 | 10 | 12 | 79 |
| Male | 0 | 0 | 0 | 57 | 50 | 20 | 127 |

| TECHNICAL 9 months or more | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 13 | 13 | 26 |
| Male | 0 | 0 | 0 | 0 | 23 | 21 | 44 |

TOTAL TRAINING IN UNITED STATES TECHNICAL - : 276

| ACADEMIC Undergraduate (aprox. 2 yrs.) | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP Total |
|---|---|---|---|---|---|---|---|
| Female | 0 | 0 | 0 | 0 | 3 | 3 | 6 |
| Male | 0 | 0 | 0 | 0 | 6 | 5 | 11 |

TOTAL TRAINING IN UNITED STATES ACADEMIC - : 17

b. SUMMARY

| TOTAL TRAINEES | FY-85 | FY-86 | FY-87 | FY-88 | FY-89 | FY-90 | LOP TOTALS |
|---|---|---|---|---|---|---|---|
| ACADEMIC | | | | | | | |
| Female | 0 | 0 | 0 | 0 | 3 | 3 | 6 |
| Male | 0 | 0 | 0 | 0 | 6 | 5 | 11 |
| TECHNICAL | | | | | | | |
| Female | 0 | 0 | 20 | 37 | 23 | 25 | 105 |
| Male | 0 | 0 | 0 | 57 | 73 | 41 | 171 |
| LONG-TERM | | | | | | | |
| Female | 0 | 0 | 0 | 0 | 16 | 16 | 32 |
| Male | 0 | 0 | 0 | 0 | 29 | 26 | 55 |
| SHORT-TERM | | | | | | | |
| Female | 0 | 0 | 20 | 37 | 10 | 12 | 79 |
| Male | 0 | 0 | 0 | 57 | 50 | 20 | 127 |
| HISPANIC COLL. | | | | | | | |
| Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL TRAINEES | 0 | 0 | 20 | 94 | 105 | 74 | 293 |

F. GRAY AMENDMENT

1. Gray Amendment Table for FYs 1987 (Actual) and FY 1988 (Estimate)

| FY | Total Development Assistance (D.A.) | Total D.A. Available for U.S. Procurement | Amount of Funds Awarded to Gray Amendment Firms | Percentage of of Funds Awarded to Gray Amendment Firms |
|---|---|---|---|---|
| FY-87 | 20,500,000 | 9,000,000 | 5,712,444.73 | 63.5% |
| FY-88 Est. | 20,787,000 Est. | 4,750,000 Est. | 865,000.00Est. | 18.2% Est. |

2. List of FY87 direct AID contracts over $1,000.00 that qualify under the Gray Amendment

| | NAME OF CONTRACTOR PROJECT TITLE | CONTRACT NUMBER | AMOUNT OF CONTRACT | DATE OF CONTRACT |
|---|---|---|---|---|
| 1. | RONCO (Private Organization (PAO) | 511-0589-C-00-7151 | $3,746.879.00 | 05/10/87 |
| 2. | DEVELOPMENT ASSOCIATES (MARKET TOWN) | 511-0573-C-00-7152 | $1,454,649.00 | 05/01/87 |
| 3. | PEXI, INC. (MARKET TOWN) | 511-0573-C-00-7289 | $ 110,574.00 | 06/16/87 |
| 4. | OBRA EXPORT, INC. (DISASTER RECOVERY) | 511-0581-C-00-7230 | $ 89,571.10 | 06/15/87 |
| 5. | TROPICAL RESEARCH & DEVELOPMENT (PD&S:ARDN) | 511-0000-C-00-7203 | $ 83,500.00 | 05/22/87 |
| 6. | OPPENHEIMER EXPORTS (CHAPARE) | 511-0543-C-00-7148 | $ 80,132.69 | 04/06/87 |
| 7. | HORIZON TRADING (PAO) | 511-0589-C-00-7216 | $ 66,324.00 | 06/05/87 |
| 8. | HORIZON TRADING (MARKET TOWN) | 511-0573-C-00-7217 | $ 39,794.94 | 06/05/87 |
| 9. | HORIZON TRADING (POLICY REFORM) | 511-0571-0-00-7218 | $ 13,265.00 | 05/12/87 |
| 10. | HORIZON TRADING (LOW COST SHELTER) | 511-0567-0-00-7219 | $ 13,265.00 | 05/12/87 |
| 11. | OBRA EXPORT, INC. (HANDICRAFT EXPORT) | 511-0583-0-00-7187 | $ 12,200.00 | 05/06/87 |
| 12. | OBRA EXPORT, INC. DISASTER RECOVERY) | 511-0581-0-00-7229 | $ 2,290.00 | 05/20/87 |
| | | | $5,712,444.73 | |