

USAID/BOLIVIA
ACTION PLAN
FY 1991-1992

FEBRUARY 1990

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MEMORANDUM

TO: Mr. Bastiaan Schouten, Director, LAC/DP

FROM: F. Wayne Tate, Chief, Office of Development Planning

SUBJECT: FY 1991-1992 Action Plan

DATE: FEBRUARY 23, 1990

Attached is USAID/Bolivia's Action Plan. It represents a very serious effort on our part to begin the process of consolidating our program. Although the current CDSS is still generally valid, we have focused our strategy on six specific objectives, as described in the Action Plan. Our approach to narcotics reflects our Narcotics Strategy cable which was sent to you late last year. The Action Plan also takes into account overall U.S. efforts here in Bolivia. We would hope that this document will provide us with a pragmatic management tool for guiding our future efforts.

I am looking forward to seeing you during Program Week.

Regards,



F. Wayne Tate

Attachment: ACTION PLAN

FY 1991-1992 ACTION PLAN
BOLIVIA

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I. USAID STRATEGY AND PROGRAM PRIORITIES

A. Adjustments

Since last year's Action Plan, Bolivia has maintained its impressive commitment to democracy and prudent economic policy. At the same time U.S. commitment to resolving the cocaine problem in this hemisphere has dramatically intensified through the general outlines of the Bennett plan. The entire U.S. Mission in La Paz has been active in developing a concerted and integrated approach to meeting U.S. counter narcotics objectives in Bolivia. USAID/Bolivia has outlined its proposed approach to dealing with the role of coca in Bolivia in 89 La Paz 15322. USAID/Bolivia is now at a critical point where its program is being more tightly refocused to more clearly define its objectives as well as maximize its impact in the most important areas--maintaining sound economic policy, diversifying the economy and providing alternative development not based on coca, improving the worst child survival conditions in the continent, and strengthening the democratic process. The implementation of these intensified efforts will have to be pursued by the most cost effective means as OE supported resources are unlikely to be provided at a commensurate pace with program funding.

While USAID/Bolivia's program priorities, as presented in this Action Plan, are entirely consistent with the strategy contained in the Mission's current CDSS, this document represents a deliberate effort on our part to focus these priorities and concentrate our efforts. More specifically, while our global objectives continue to be economic growth with equity, drug eradication, and support for democratic institutions, this Action Plan reflects two important changes in approach. First, we have come to believe that our economic growth objectives for Bolivia are best seen in the context of the economic transformation necessary to move Bolivia to an economy less dependent on coca for its principal sources of export earnings and jobs. And secondly, we believe that as a Mission we are most likely to maximize our impact by narrowing the gauge of our strategy and focusing on a more limited number of discrete program-level objectives.

Both narcotics control and economic development are essential and complementary aspects of the narcotics reduction effort. Our enhanced economic support package is designed to spur economic growth, diversify the export base to increase foreign exchange earnings, create the legitimate jobs necessary to employ displaced coca producers and processors, and meet the basic needs of Bolivia's poorest population. Our strategy is designed to create conditions for sustained growth which will permit a peaceful transition from a coca-led economy to one with a stable, legitimate, and diversified economic base. Without effective interdiction, however, our alternative development and crop substitution program has no chance of success.

Economic growth is critical to improving the status of the great majority of the Bolivian population, many of whom have moved into coca production to extract themselves from the brutalization of poverty, albeit into another tyranny of narcotics production. We believe that with a strong demonstration of GOB political commitment to effective interdiction--essential to keep coca prices down below the costs of production--we can draw people away from coca production. The coca-producing Chapare region is a hostile environment; much of the land is poor, disease is rife, and the narcotics culture breeds anomie and the disintegration of family ties. The GOB interdiction program adds the risk of arrest and economic ruin in the hands of the authorities.

We have made significant progress in creating the foundation for alternative development and crop substitution in the Chapare region and are expanding our development efforts into the nearby high valleys, important sources of migration into the Chapare. To induce people out of coca production, and to keep them from returning, we propose the creation of alternate employment opportunities through expansion of the ongoing Export Promotion, Micro and Small Enterprise, and Market Town Capital Formation projects, and upgrading of the infrastructure base through initiation of the Rural Roads and Electrification projects. These projects will be aimed squarely at present and potential coca growers and processors. To replace a portion of the sizeable foreign exchange earnings the economy will forfeit with effective interdiction, we have proposed sharply increased cash transfers for balance of payments support. And to educate present and potential rural producers, as well as urban leaders and potential drug victims, we propose a major expansion of our ongoing Narcotics Awareness project.

Our proposed overall development strategy contains six program areas, each characterized by a single objective and several quantitative program performance indicators. While in each case we believe the objectives we have selected exceed our direct control, we believe we can have a substantial and verifiable effect on each of these objectives in the next several years. We have also identified a series of lower level, but nevertheless significant, intermediate performance indicators or ("program outputs") in each program area on which we would hope to assess impact over the shorter term.

The six program areas on which we propose to concentrate are presented in the following paragraphs along with a brief discussion of each area:

Program Area No. 1: Maintenance of Sound Economic Policy

Objective: Assist the GOB in maintaining economic stability, and support GOB ability to formulate and maintain sound macroeconomic policies.

Discussion: USAID proposes to assist Bolivia to sustain its politically sensitive but essential macroeconomic reform package by helping to provide a financial and emergency employment safety net and by continuing to strengthen the GOB's policy analysis capability.

Program Area No. 2. Alternative Development

Objective: Increase investment, productivity and employment in non-coca activities.

Discussion: This program aims to promote the economic growth and transformation needed to provide a legitimate alternative to coca farming and processing. The strategy focuses on infrastructure, export promotion, and marketing assistance in rural areas; interventions to promote micro, small, and medium sized industry and agricultural producers; and strengthening of critical intermediary producer and service organizations. Complementing these efforts is a major initiative intended to change attitudes toward drug production and consumption and an ESP program conditioned on narcotics crop reduction.

Program Area No. 3. Financial Market Development

Objective: Increase the efficiency and effectiveness of Bolivian financial markets to support economic reactivation and growth.

Discussion: Perhaps the greatest opportunities to support reactivation and growth in the Bolivian economy in the short run lie in the area of financial markets development. Structural and procedural improvements in financial markets are central to the Mission's efforts to promote alternative development and to encourage exports (program areas No. 2 and 4). In singling out financial market development as a separate objective, the Mission hopes to encourage a systematic and strategic approach to the issues involved and to provide a structure for rationalizing its various credit and financial market activities.

Program Area No. 4. Export Promotion and Diversification

Objective: Increase the volume, value, and range of non-coca exports.

Discussion:

While this program area obviously overlaps with program areas No. 2 and 3, we choose to list it separately both to emphasize its importance in the Mission's strategy and to draw special attention to the need to find substitute sources of foreign exchange as well as substitute sources of jobs. The Mission's strategy in this area is comprehensive in nature, includes both agricultural and non-agricultural elements, and emphasizes changes in the policy, institutional and bureaucratic environment, technical assistance to exporting organizations and firms, export finance and training.

Program Area No. 5: Maternal and Child Health

Objective:

Improve the health of mothers and of children under five.

Discussion:

Of all the social sectors in which USAID might intervene in Bolivia, we have identified maternal and child health as the area in which our involvement can make the greatest contribution. Bolivia's performance in this area continues to be the worst in South America, current opportunities for improvement are great, and USAID's comparative advantage is widely acknowledged. Our strategy in this area focuses on improving the quality and scope of service delivery, promoting needed policy review and encouraging greater use of private sector delivery mechanisms.

Program Area No. 6: Democratic Initiatives

Objective:

Improve the effectiveness and accessibility of key democratic institutions.

Discussion:

Bolivia's return to democracy although recent, is impressive. USAID has determined that its greatest potential contribution to this process is helping key institutions other than the executive branch to increase their efficiency and outreach, thereby balancing the executive branch's traditional monopoly on power. Specific measures include assistance in effecting numerous operational improvements in the judiciary and the legislature, automation of the electoral registry, participant training of current and potential leaders, and broadening participation in a range of private sector advocacy groups.

Although the definition of program objectives and indicators has only recently taken place, the process of focusing USAID's activities around these objectives and indicators has already begun. A principal consideration in acceptance of NPDs has been their congruence with, and importance for, advancing one or more of these program objectives, and a project-by-project review has been initiated to identify ways in which on-going projects can immediately increase their impact on program objectives. During the course of the next twelve months, we propose to undertake a detailed review of each of the six designated program areas to simplify and refine our program strategies, to identify projects of peripheral relevance to be phased out, to identify more fundamental changes in projects intended to increase their impact on program objectives, and to improve linkages among program elements.

In addition to the six program areas discussed above, the Mission has identified four cross-cutting issues which are of sufficient importance to warrant the adoption of a Mission strategy, the designation of a single locus of oversight within the Mission, and the maintenance of a Mission-wide monitoring system. In accordance with revised Action Plan guidance, only one of these issues, Policy Dialogue, is discussed in any depth in this document. Other major cross-cutting issues will be presented in detail as part of the SAR process. The brief statements that follow are therefore intended only to introduce the issues involved.

Women in Development: The Mission is placing increasing emphasis on gender issues in its program. We have developed a comprehensive WID Action Plan, setting out specific WID-related activities and targets within each of the six program areas. Consistent with development of appropriate program indicators and output measures, we have introduced extensive disaggregation of data by gender. In some cases, disaggregated data are not yet available, but will be collected and reported in the next Action Plan. In addition, both new and existing projects will be systematically monitored and evaluated with respect to their potential and actual impacts on women and men.

Environment: Environmental concerns cut across several areas of Mission activity. The Mission has accordingly decided to treat environmental concerns as a cross-cutting issue, to develop an environmental strategy, and to centralize responsibility for monitoring the environmental implications and effects of its activities. We will be taking advantage of recent changes in the FAA to hire an environmental specialist with program funds.

Private Sector Development: The Mission's overall strategy emphasizes private sector production and delivery mechanisms in all aspects of its portfolio--industry, agriculture, health, population, and public advocacy. A watching brief on the Mission's overall efforts to promote private sector solutions will be maintained by the Mission's Private Sector Office.

B. Policy Dialogue Agenda

The policy dialogue agenda for 1990 is presented below. It groups the issues under the following headings which correspond to our six program areas: Macroeconomic, Alternative Development, Financial Market Development, Export Promotion and Diversification, Maternal and Child Health, and Democratic Initiatives. We are also including a section on the PL 480 Title III policy agenda.

1) Macroeconomic

No other country in Latin America, and arguably among all the world's developing countries, has a more enviable economic track-record in recent years. The conservative and politically sensitive economic reform package, initiated by the Paz Estenssoro government and recently sustained by the Paz Zamora government, has led to virtual economic stabilization and has paved the way for real economic growth. With World Bank and IMF ESAF programs firmly in place, the macroeconomic policy environment is essentially favorable. For that reason, while USAID tracks GOB macroeconomic performance in complying with IMF targets, and supports, through our UDAPE project, the GOB's analytical capacity to pursue policy reform, we have concentrated our efforts on specific sectoral policies that should either facilitate economic reactivation or lead to the reduction of illicit drug production. We will also require that all outstanding local currency deposits on previous years' ESF programs be made prior to beginning disbursements under the FY 1990 program.

2) Alternative Development

- (a) The targets and performance criteria for the control of cocaine production have been outlined in detail in our FY 1990 PAAD. This document makes it clear that the Mission does not expect compliance with each and every target. Rather, it will be looking for substantial progress on eradication and interdiction prior to authorizing each disbursement. The approach is to evaluate the progress on a combination of indicators so as to permit a qualitative evaluation of the GOB's progress, cooperativeness and seriousness in meeting the objectives of the joint narcotics program.
- (b) In the area of agriculture other than coca, the key policy dialogue issue is:
 - . Passage of a comprehensive environmental protection law to protect the environment from degradation with emphasis on forestry and mining activities.

3) Financial Market Development

- (a) Continuing progress in the area of putting the financial system on a sound base as measured by the following indicators:

- . Increase the value (in real terms) of the equity base of the banking system (i.e. in the total amount of paid-in capital).
- . Reduction in the number of non-performing loans in the banks' portfolios.
- . Reduction of operating costs of banks or "spread" between cost of funds and cost of loans.
- . Reduction in the level of both passive and active interest rates.

(b) Congressional approval of the revised Investment Law.

(c) Enactment of the revised Banking Law, the law has been drafted and presented to Congress but has not yet received Congressional approval.

4) Export Promotion and Diversification Initiatives

Adoption of the following measures to promote non-traditional exports:

- (a) The authorities should put into effect a duty drawback scheme that would provide cash reimbursement to exporters of non-traditional products for the import duties and other taxes paid on imported inputs at the time the proceeds from non-traditional exports are surrendered to the authorities, and approve and publish all pertinent regulations to allow private enterprises to establish themselves and begin operating in a free zone.
- (b) The GOB agrees to remove by September 1990, all major bureaucratic obstacles to the development and expansion of exports, including the amount of paperwork and signatures by central bank officials required in connection with export transactions.
- (c) The government will agree to restructure INPEX to allow the private sector to assume the leading role in its management, and will fully adhere in its budget to the commitment made at the time INPEX was established to contribute its 50% share to the operating expenses of INPEX. This share is estimated at about Bs500,000 per annum, with the other 50% to be provided by the private sector.

5) Maternal and Child Health

The Ministry of Health should be persuaded to:

- (a) Undertake measures to improve its accounting and planning procedures, and to test a pilot project approach that would permit the partial recovery of the cost of services and medicines provided on the basis of patients' ability to pay.
- (b) Shift some of its resources from the provision of secondary/tertiary services to primary health care. (At present, some 80% of its resources go to large hospitals to cover treatment where they benefit, at most, only 20% of the population).
- (c) Allocate more resources into child survival and maternal care, including maternal education and nutrition, and expand its oral rehydration and immunization programs.
- (d) Initiate action to begin the process of decentralization of health care operations with respect to planning, financing and management.

6) Democratic Institutions

- (a) The GOB will increase the funding allocated to the judicial system at the earliest opportunity so as to permit at least a 50% increase in the salaries of all prosecutors and judges.
- (b) The judicial system will institute a case-tracking system to ensure adequate administrative control of all court cases to permit prompt resolution of all matters brought before the courts.
- (c) The GOB will provide equal opportunity of access to citizen documentation for voter registration purposes (this will allow for increased participation of women in particular).

7) PL-480 - Title III

- (a) The GOB will carry out a series of policies designed to stimulate agricultural development with emphasis on benefits to small and medium size farms. These include such measures as continuing the free market price policy for all agricultural products, supporting programs to increase domestic agricultural production, and especially those that lead to sustainable agriculture and natural resource management as laid out in the GOB Strategy for Economic and Social Development, 1989-2000.
- (b) The GOB will create a National Wheat Council to involve producers, millers, and policy makers in determining wheat policies and establishing targets for imports and national production.

- (c) The GOB will create a new mechanism for the sale of wheat and/or for wheat flour to ensure that all payments are made to the Special Account within nine months of the CCC disbursement of wheat. Payments will be made directly to the account based on contracts signed between the Joint Commission for Rural Development and the purchasers.

II. PAST PERFORMANCE AND FUTURE TARGETS

The Mission recently has adopted a set of program impact indicators for each of its six program areas and an associated set of intermediate, or program output indicators to measure USAID's specific accomplishments in each of these areas. In some cases these indicators correspond to readily accessible data sources or indicators we have used in the past and, in those cases, we have adequate baseline data, information on performance during the last action plan period, and a legitimate means for setting future targets. In other cases, we have made our best effort to develop retrospectively the information necessary for these purposes. Where such data was not yet available, however, we have chosen to acknowledge that deficiency and indicate how it will be addressed rather than to manufacture questionable data for purposes of this document.

Table I below presents data on Bolivia's economic, social, environmental, and democracy performance. Of particular note in this regard are our suggested upgraded ratings for contraceptive prevalence, environmental management, and democratic commitment. In all three areas, Bolivia has shown significant recent improvement:

- 1989 Demographic and Health Survey Data show contraceptive prevalence at 30% rather than 26% of women organized in unions;
- environmental concerns have gained much greater prominence as reflected in commitments made at the Paris Consultative Group and in a Presidential Decree in January 1990, and
- Bolivia now has eight years of continuous democracy, including two national and two municipal elections, all of which have been quite clean and fair.

Bolivia

A. Table I - USAID SUGGESTED PERFORMANCE INDICATORS

<u>Indicator</u>	<u>LAC Bureau Rating or Indicator</u>	<u>USAID Input Data</u>	<u>Comment</u>
Macro Reform Program	10*	10*	Agree
Domestic Financial Deficit	-1.9**	-1.9**	The IMF projects for 1990 domestic deficit financing of -1.9%. That is, the GOB would be expected to pay any outstanding internal and/or external obligations.
Exchange Rate	10*	10*	After a 93% devaluation in August 1985, Bolivia has adopted a flexible exchange rate system. Auctions are taking place every working day. The gap between official and parallel exchange rates quotations has been almost permanently below 1%.
Private Investment	4.3**	4.3**	Private investment is increasing with the consolidation of economic stability and growing confidence in the economy's future performance. Annual rates of increase (in real terms) estimated by the IMF for 1988 and 1989 are 3.6% and 5.0%, respectively, or an average of 4.3%
Trade Regime	10*	10*	The New Economic Policy implemented in August of 1985, liberalized the economy and initiated a free trade regime. Goods and services, as well as capital flows, are free of restrictions. The uniform tariff rate is expected to decline gradually from the present 17% for all goods other than capital to 10%. Capital goods imports will be taxed at only 5% for the next two years.
Market Pricing	10**	10**	Agree
Elementary School Enroll. (1970s)	85**	85**	Data for 1976. Sources: UNICEF and the Bolivian Ministry of Education, 1986.
Elementary School Enroll. (Recent)	91**	91**	Data for 1985. Source: World Development Report 1988, Table 30.
Infant Mortality (80-85)	124**	124**	Data for 1980. Source: National Institute of Statistics, Bolivia.
Infant Mortality (85-90)	110**	102**	Data for 1988. Source: United Nations and National Institute of Statistics.

* Rating

** Indicator

<u>Indicator</u>	<u>LAC Bureau Rating or Indicator</u>	<u>USAID Input Data</u>	<u>Comment</u>
Contraceptive Prevalence (1970)	1**	26**	This indicator was not measurable until 1983. Data for 1983. Source: Medicine Prevalence Survey, Westinghouse Inc., 1983.
Contraceptive Prevalence (Recent)	26**	30**	Data for 1989. Demographic and Health Survey, IRD/Macro Systems Inc. and the National Institute of Statistics.
Environment Mgmt.	3*	5 or 6	The score of "3" given to Bolivia is out of date. In addition to agreeing to undertake an environmental strategy as part of the Consultative Group process, the GOB has recognized explicitly the seriousness of the environmental problem in Decree 22407 promulgated January 11, 1990 (see Annex C - translation of three articles). This decree includes three articles designed to protect the environment. The GOB is funding the preparation of appropriate regulations designed to protect the environment, as well as a comprehensive study that will determine the areas of protection, conservation, production, and public interest, so that policies can be developed to promote more rational use of resources. The government has suspended the granting of new forestry exploration concessions, in spite of strong pressure from the special interests adversely affected. Finally, the GOB will develop a campaign to make the population aware of the ecological problem and the need for wider participation and cooperation. The Mission believes that in view of the GOB's serious effort to improve its environmental performance, the country deserves a higher score than "3" on environmental management.
Democratic Commitment	8*	9*	In view of the new eight-year history of Democratic government, we believe Bolivia deserves a nine for this indicator.

Table II and the following paragraphs discuss the past performance and future targets of the USAID program in Bolivia in terms of the Mission's newly selected program impact and output indicators. Included in this table are, where relevant and feasible, 1988 or 1989 baseline data, an assessment of performance during the last plan period, and targets for the next two years. Highlights include the following:

Program Area No. 1: Maintenance of Sound Economic Policy

The objective of this program area is to reinforce and support the GOB's ability to formulate and maintain sound macroeconomic policy. The key indicators of USAID's assistance towards GOB achievement of this objective include the following: (1) gap between official and free market exchange rates, (2) increase in net international reserves, (3) significant improvements in the economic policy environment, and (4) provision of a "safety net" through the creation of temporary employment.

Regarding the first indicator, the spread between the official and parallel market exchange rates has been less than 1% and is expected to continue at about that level. USAID supports the GOB's continued maintenance of a free foreign exchange market.

The Central Bank's net international reserves declined by \$78 million in 1987, \$44 million in 1988, and an estimated \$92 million in 1989. The Mission projects them to increase by about \$17 million in 1990.

The third indicator encompasses measures the GOB might take, as part of or in addition to the IMF program, which contribute to the economic well-being of Bolivia. The politically difficult measures adopted by the GOB to ensure economic stabilization and growth have led to a loss of jobs for a large number of Bolivians. Increasing the availability of short-term employment is our fourth progress indicator.

The USAID program outputs which support the achievement of this objective include the following: (1) magnitude of U.S. balance of payments support, (2) short term jobs created under PL 480, and (3) other economic policy and regulatory changes directly affected by USAID-supported activities.

In 1989, U.S. balance of payments support to GOB was \$11.75 million, about half of the amount available. (The other half was not provided to GOB due to lack of meeting targets on cocaine eradication.) USAID has requested \$30 million for BOP support in 1990, in addition to provision of a portion of the remaining \$11.75 million still available under the FY 1989 program.

Short term jobs created under PL 480 Title II help the GOB deal with some of the social costs of adjustment (unemployment), at least temporarily. Approximately 32,000 people per month participate in the Food for Work program. Of these, 15,800 are in rural areas and 16,000 in urban areas. An estimated 75 percent of those employed in urban FFW are women, and 35 percent of those in rural FFW are women. USAID/B expects the numbers of Bolivians participating in this program to remain at these levels for the next several years. Another 15,000 man years of employment on an annual basis are provided through the GOB's Social Emergency Fund, supported by USAID, the World Bank, and other donors.

B. Table II - AID PROGRAM IMPACT
1. Program Area No. 1

	Baseline (1989)	Performance since Baseline	Future Targets
Maintenance of Sound Economic Policy			
A. <u>Objective:</u> Reinforce and support GOB ability to formulate and main- tain sound macroeconomic policy.			
B. <u>Indicators:</u>	< 1%	< 1%	
(1) Gap between official and free market exchange rates.			Maintain free foreign exchange market.
(2) Change in net international reserves.	Loss \$92 million in 1989	-	\$17 million increase in 1990.
(3) Significant improvements in economic policy environment list.	-	-	Continued compliance with IMF structural adjustment program, other economic libera- lization measures. Creation of 4,000 to 5,000 jobs over 1990- 91.
(4) Temporary employment generated to address short-term disloca- tion of Chapare coca growers			
C. <u>Outputs</u>			
(1) Magnitude of US Balance of payments support.	US\$ 11.75 m	-	USAID/B requesting \$30 million for 1990, plus remainder under FY 89 program. To be maintained at same level over next two years
(2) Short term jobs created under P.L. 480.	Rural: 15,813 per month (65% men, 35% women) Urban: 16,090 per month (75% women, 25% men)	-	
Maintenance of Sound Economic Policy			
(3) List of other economic policy and regulatory changes directly affected by USAID supported activities.			GOB action on UDAPE recommendations (UDAPE currently addressing energy, informal sector, privatization).

One important program output is the establishment of a GOB macro-economic policy formulation capability and a list of economic policy and regulatory changes directly affected by USAID-supported activities. In particular, USAID/B is interested in GOB actions taken on policy recommendations made by UDAPE, a USAID-supported government policy institute. Issues on which UDAPE is working include macroeconomics, energy policies and pricing, privatization, and strengthening the informal sector.

Program Area No. 2: Alternative Development

The strategic objective of the Alternative Development program area is to increase investment, productivity, and employment in non-coca activities. The objective reflects a reorientation in emphasis from a program focusing primarily on drug eradication and deterrence in coca producing regions to one which aims at more widely promoting economic growth and transformation needed to provide a legitimate alternative to coca farming.

The indicators we have chosen to measure our impact are ambitious. We will continue to measure reduction in number of hectares under coca production. As a reflection of the program's emphasis on economic development, we have also added two new indicators: increase in both on-farm and off-farm non-coca related employment and increased rural incomes from non-coca sources. The limited availability of data makes it difficult to measure progress in increasing employment and income at this time. Surveys of rural household incomes and employment sources have not been conducted since 1978. In order to create a baseline of information to measure our achievement against these indicators in the future, we will use data from the National Rural Household survey to be conducted by INE in 1991.

Program outputs which we believe will directly contribute to achieving the objectives of this new focus include profitable alternative crops produced, infrastructure development encompassing rural electrification and a continued emphasis on the rehabilitation and improvement of roads connecting producing regions to markets, the number of firms and individuals receiving financial, technical, or marketing assistance from USAID-assisted intermediary organizations, increases in employment in firms receiving USAID supported services and increases in the percent of the population with negative opinions about drug production and use.

Real advances have been made in increasing the number of kilometers of improved roads from 1988 to 1990, with 315 kilometers constructed or significantly improved over that period. Agricultural research and extension institutions have established production packages for a wide variety of promising alternative crops. Measuring public perception about drug production and use is a newer undertaking. A survey of urban perceptions was conducted by USIA in 1988, and this population will be resurveyed in the latter half of 1990 to measure progress in our Narcotics Awareness project and other economic activities promoted by the Alternative Development Program area. USAID has begun to finance a national Epidemiological Survey to better define prevalence. The Narcotics Awareness project will begin to cover rural areas in FY 1991, and in the future, progress in affecting drug perceptions in rural regions can also be tracked.

(continued)

B. Table II - AID PROGRAM IMPACT
2. Program Area No. 2

	Baseline	Performance since last Action Plan	1990 Targets	1991 Targets
Alternative Development				
A. <u>Objective:</u> to increase investment, productivity and employment from non-coca activities.				
B. <u>Indicators:</u>				
(1) Reduction in number of hectares under coca production (in the Chapare region only).	48,757 ha under coca production (1987)	1988 46,239.3 ha. 1989 43,800 ha.	37,800 ha.	31,800 ha.
(2) Increases in private sector employment outside of agriculture.	female: 407,800 male: 698,500 (1988)	- 419,200 - 718,000	430,950 738,000	443,000 758,800
(3) Increased rural incomes from non-coca sources in selected geographic areas.	Data to be collected in FY 91	- -	- -	- -
C. <u>Program Outputs:</u>				
(1) Increases in kms. of new and rehabilitated feeder roads connecting rural producing regions to markets.	20,265 km. (1988)	245 kms. (1989)	70 kms.	125 kms.
(2) Increases in new rural electrical distribution and mini-hydroelectric generation.	Data to be collected in FY 90	Project to begin in FY 91	-	30 towns
(3) Numbers of firms and individuals receiving financial, technical or marketing assistance from USAID assisted intermediary organizations.	Data to be collected in FY 90	-	to be determined	to be determined
(4) Increases in employment for firms and individuals receiving USAID supported services.	Data to be collected in FY 90	-	to be determined	to be determined
(5) Increases in the percent of population with negative opinions about drug production and use.	60% of urban population surveyed in 1988	Not measured	70% of urban population	80% of urban population

Notes for No.2

- 1/ Projections for future coca eradication targets are based on Bolivian Law 1008.
- 2/ Baseline figures refer to economically active population. Source: Instituto Nacional de Estadística, Encuesta Nacional de Población y Vivienda, 1988.
- 3/ Rural income data will be available from 1991 National Rural Household Survey.
- 4/ Baseline figure is the estimated total kms. of improved roads in Bolivia. Source, Servicio Nacional de Caminos. Figures on performance measure Kms. of feeder roads financed by A.I.D. for a given year from Title II FFW and Chapare project. Rural Roads III begins FY 91 and will build a projected total of 500 kms. of roads within 5 years.
- 5/ Project to undertake rural electrification systems will begin in FY 1991. The total goal is to provide 300 towns with electric systems by the end of the fifth year.
- 6/ The urban regions surveyed in 1988 by U.S.I.A. will be resurveyed the latter half of 1990.

Our other program outputs constitute new areas of performance measurement. As such, we have no concrete data to report at this time. Plans have been made to collect baseline data in 1990 and 1991 for the program outputs measuring achievement in rural electrification, firms and individuals receiving assistance from USAID assisted intermediary organizations, and increases in employment in firms receiving USAID supported services. Activities to collect performance data against both program indicators and outputs will, for the most part, be conducted under the auspices of the appropriate corresponding projects. These data will be disaggregated by gender, except where inappropriate (i.e., towns connected to electrical systems and kilometers of roads constructed or improved).

Program Area No. 3: Financial Markets Development

While USAID/Bolivia has only recently undertaken overall financial market development as a major area of program concentration, it has several projects and policy dialogue actions that seek to improve specific aspects of financial market operation. Beginning in the current action plan period, however, USAID intends to increase the scope of its activities in this area, increasing the efficiency, effectiveness as well as the depth and breadth of Bolivian financial markets. The establishment of a financially viable and sustainable banking system is an obvious, necessary condition for increased investments, both foreign and domestic, as well as for effective use of credit.

Principal indicators of the impact of USAID's efforts in financial market development include increases in the ratio of M_3 to GDP (a measure of financial depth), an increased proportion of credit directed towards agriculture and towards medium, small and microenterprises, and a reduction in the spread between deposit and lending rates (a measure of efficiency).

We will soon initiate the sector study that will analyze the systematic problems with financial intermediation, and the policies, administrative procedures and accounting practices that hinder investments in medium, small, and micro enterprises by gender.

Major outputs of the USAID financial markets development program include reforms, in such areas as interest rate, loan recovery, and savings mobilization policies, equity market expansion, training of bankers, the expansion of the capital base available for lending to micro and small enterprises, and the introduction and expansion of term lending. Performance during the last action plan period concentrated on the latter two of these outputs and resulted in a 50% increase in credit available for formal lending to micro and small enterprises.

Program output targets for 1990 represent a major intensification of USAID's financial market efforts. In addition to the analysis of the systematic problems of Bolivian financial markets in general and the financial markets affecting agricultural and smaller industrial enterprises in particular, these targets include authorization for the first five firms to issue securities through the newly created Stock Exchange, training of 350

(continued)

B. Table II - AID Program Impact
3. Program Area No. 3

	Baseline	Performance since Action Line	1990 Targets	1991 Target
3. Financial Markets Development				
A. Objective: Increase the efficiency, effectiveness, and depth of Bolivian financial markets in supporting economic reactivation and growth.				
B. Indicators:				
(1) Increase in ratio of M ₃ + Stock Exchange to GDP.	18.6% (1989)	-	Unchanged	19.6%
(2) Increase in credit availability to agricultural producers and to medium, small and micro enterprises in industry and agriculture.	Disaggregation of data by size of borrowers not yet available. USAID will work with ASOBAN during 1990 to develop means of monitoring lending activity on a disaggregated basis. Once baseline is established, specific target will be set in consultation with ASOBAN and the Superintendencia.			
(3) Reduction in spread between deposit and lending rates (banks and Stock Exchange).	12.81 (1989)	-	Unchanged	12.3 (end of 1991)
C. Program Outputs:				
(1) Overall analysis of systemic problems in Bolivian financial markets.	N/A	N/A	To be carried out in 1990	to be determined
(2) Analysis of policies, administrative procedures and practices that constrain or bias investment in medium, small, and micro enterprises in industry and agriculture.	N/A	N/A	To be carried out in 1990	to be determined

(continued)

Table II

Baseline	Performance since Action Line	1990 Targets	1991 Target
(3) Specific improvements to financial intermediation resulting from USAID financial market interventions and policy dialogue.	N/A	.increase equity base of banking system. .reduce operating costs of banks as % of loans .continued reduction of interest rates .enactment of new investment issue and banking law.	Not yet known
(4) Number of firms authorized to issue securities through the Stock Exchange (cumulative).	0 (end of 1989)	5	10
(5) Number of bankers and financial sector personnel trained with USAID assistance (cumulative).	N/A	350	800
(6) Capital base of PRODEM and FENACRE available for lending to small and micro enterprises.	\$21.5 m (end of 1989)	Increase of \$ 7 m	\$29.3 m
(7) Number and value of new term investment loans made through USAID projects	273 (\$ 17 m) (end of 1989)	+ 80 (\$ 6 m)	not estimated

Notes: B1 and B3 - Baseline data from Banco Central de Bolivia.

bankers and other financial sector personnel, a further 15% increase in formal credit available to micro and small enterprises and an additional 80 term loans valued at \$6 million. Policy changes targeted during the period include:

- an increase in equity base of banking system,
- a reduction in the proportion of non-performing loans,
- a reduction in operating costs of banks as percent of loans,
- continued reduction in active and passive interest rates, and
- enactment of a new investment law and amended banking law.

Targets for 1991 are very preliminary and will be heavily influenced by performance in 1990 and by the results of the analysis to be conducted during 1990.

USAID performance monitoring systems in the financial markets area will be strengthened during 1990. In particular, an effort will be made with the Banking Association (ASOBAN) and the Superintendency of Banks to require disaggregation of credit data by sector, location, size of enterprise, and gender of enterprise owner.

Program Area No. 4: Export Promotion and Diversification

As is the case with its Financial Markets Development strategy, this Action Plan represents the first time USAID/Bolivia has an overall programmatic approach, and associated program objectives, for our efforts in the area of export promotion and diversification. Our objective in this area is to increase the volume, value and range of non-coca exports as part of our overall strategy of diversifying the Bolivian economy and especially its export base, away from its current dependence on coca production and marketing. Given the small size of the market in Bolivia, principal indicators of the impact of USAID's export promotion and diversification efforts include increases in the value of non-traditional exports, addition of new items exported from Bolivia, and new foreign investment in Bolivian export industries.

Major expected outputs of USAID's export-related activities include analyses of the policy, institutional and bureaucratic constraints to export promotion that forms the basis of our policy dialogue, as well as studies of the production, processing, marketing, export potential of specific products, identification and investigation of potential new export items, provision of export credit, installation and use of export marketing information systems, additional export by USAID-assisted firms and organizations, and foreign investments directly facilitated by USAID projects. Most notable among accomplishments during the previous Action Plan period is the provision of \$4.0 million in credit under the FOCAS Market Town Capital Formation project, which was associated with a \$24 million increase in exports by the beneficiary firms.

Targets for FY 1991-92 are relatively ambitious and include further increases of 10% to 15% per annum in dollar terms, and three new items added to Bolivia exports each year. At the program output level, USAID expects to conduct analyses of Bolivian export opportunities and constraints, to

(continued)

B. Table II - AID PROGRAM IMPACT
4. Program Area No. 4

	Baseline (1989)	Performance since last Action Plan	1990 Targets	1991 Targets
Export Promotion and Diversification				
A. Objective: Increase the volume, value, and range of non-coca exports.				
B. Indicators:				
(1) Increase in total value of non-traditional exports (excluding all minerals and hydrocarbons) (in \$).	\$150 m (estimate)	Increase of 37% in real terms	Increase of 10-15% in dollar terms	Increase of 10-15% in dollar terms
(2) List of new items exported from Bolivia (cumulative).	N/A	N/A	3	10
(3) New foreign investments in Bolivian export industries (cumulative).	N/A	N/A	3	10
C. Program Outputs				
(1) Analysis of policies, administrative procedures, and practices that constrain exports.	N/A	N/A	To be carried out during 1990	N/A
(2) Potential new export items identified and investigated through USAID assisted activities (cumulative).	N/A	N/A	15	35
(3) Increases in exports by USAID assisted organizations and firms.	\$28m	\$24m	\$35m	\$50m
(4) Magnitude of export credit provides through USAID assisted projects.	\$5.6m	\$4.0m	\$8.6m	\$10.6m
Export Promotion and Diversification				
(5) Improvement in export policy environment resulting from USAID policy dialogue.	N/A	-	.stable or depreciating Boliviano .duty drawback scheme .simplification or export procedures. -restructuring of IMPEX	Not yet known

(continued)

Table II

	Baseline (1989)	Performance since last Action Plan	1990 Targets	1991 Targets
(6) Number of uses of export market- ing information systems esta- blished in intermediary organi- zations with USAID assistance.	N/A	N/A	100	500
(7) Number of foreign investments facilitated directly by USAID	N/A	N/A	1	5

investigate the market possibilities for 15 potentially new export items; to provide an additional \$3.0 million per annum in export credit; export marketing information systems installed with USAID assistance; to have been used at least 100 times per annum; to promote at least one foreign investment per annum in a Bolivian export industry, and to witness an increase of \$25 million in non-traditional exports of USAID-assisted organizations and firms over the FY 1990-92 period as a whole. Policy areas targeted for attention include:

- introducing a duty drawback scheme or other duty improvement measures, and
- simplification of export procedures, and restructuring of INPEX.

Targets for 1991 continue to be preliminary but reflect an intention on the part of the Mission to significantly intensify and expand its export promotion and diversification activities during that period.

USAID performance monitoring systems in the export area are relatively satisfactory and are being substantially improved as part of the Mission's project-level activity. The employment generated under the export-related activities in this program area will benefit the Alternative Development program area objectives. Employment data, disaggregated by gender, will be collected in a common monitoring system between the Private Sector and Agriculture offices.

Program Area No. 5: Maternal and Child Health

Bolivia's extremely high rates of maternal and child mortality, high fertility levels and short birth intervals indicate the pressing need for expanded child survival and reproductive health activities. Our objective is to improve the health of mothers and of children under five.

Child and maternal mortality are taken as useful (if imperfect) indicators of the health status of mothers and children, while contraceptive prevalence is taken as an indicator of service coverage. These indicators are intended only as estimates, and must be viewed in light of high levels of underreporting in vital registration systems.

We have had a long-standing involvement in health activities through our support of PVOs working locally. Such activities include distribution of ORS, immunization campaigns, health education, supplementary feeding of mothers and children, and rural potable water and sanitation.

Of the several Mission projects designed to improve maternal and child health, two stand out. PROSALUD, a self-financing primary health care demonstration project, has received a very favorable evaluation with respect to sustainability, service quality, and affordability and is steadily expanding its network of clinics. The Community and Child Health (CCH) project, initiated in July 1988, will strengthen and integrate existing child survival services in 11 districts of the most populous rural areas, with an emphasis on both training of MOH personnel and encouraging community participation in health activities. The CCH project is seen as a

B. Table II - AID PROGRAM IMPACT
5. Program Area No. 5

	Baseline (1980)	Performance since Baseline (% Improvement)	1990 Targets	1991 Targets
Maternal and Child Health				
A. Objective: Improved health of mothers and of children under 5 years.				
B. Indicators				
1. Child mortality rate (by gender).	207/1000	172/1000 (17%)	164/1000	155/1000
2. Contraceptive prevalence (by gender).	Female: 26% Male: N/A	30% (15%) 0.3%	32% 0.5%	34% 1%
3. Maternal mortality rate.	500/100,000	480/100,000 (4%)	470/100,000	460/100,000
C. Program Output Measures				
(1) Percent of diarrheal disease episodes appropriately treated (with ORT).	N/A	26.2%	28%	29%
(2) Percent of 1 year old children immunized against				
Polio	15%	40% (167%)	42%	44%
DPT	13%	39% (200%)	41%	43%
Measles	17%	44% (159%)	46%	49%
TB	30%	27% (-10%)	30%	32%
and percent pregnant women immunized against TT	N/A	25%	27%	30%
(3) Number of communities served w/USAID-supported potable water and sanitation systems.	N/A	220	255	330
(4) Number of mothers and children receiving supplemental food and training, supported by USAID	189,000	286,055 (51%)	290,000	290,000
(5) Coverage of USAID-self-financed primary health care (by gender).	female: 0 male: 0	(+27,000) 50,000 50,000	70,000 70,000	80,000 80,000

(continued)

Table II

	Baseline (1980)	Performance since Baseline (% Improvement)	1990 Targets	1991 Targets
(6) Number of people receiving family planning services under USAID-assisted activities (by gender).	female: 27,000 male: 0	38,500 (42%) 0	40,000 0	45,000 0
(7) Establishment of a national system for collection and analysis of demographic, child survival and contraceptive pre- valence data.	non-existent	initiated	in progress	in progress

- Notes: 1. Source for Indicators 1 and 3 and Program Outputs 1 and 2 is UNICEF, State of the World's Children 1989 data on child mortality not yet disaggregated by gender, will be possible to obtain those data by arrangement with UNICEF.
2. Source for Indicator 2, is Demographic and Health survey, distribution of condoms in AIDS prevention programs.

demonstration activity, incorporating operations research, and will serve as the basis for expansion to other districts. Simultaneously, maternal health is addressed by improving prenatal care, nutritional support, tetanus toxoid immunization, and family planning for child spacing in these and other, smaller Mission activities.

The most significant future targets of our program will be expansion of self-financed primary health care coverage, and increased coverage of the integrated package of child survival interventions. These interventions should result in a decrease in maternal and child mortality, in the absence of intervening factors, such as drought, or worsening economic conditions.

Program outputs are primarily those related to service coverage (percent of appropriately treated diarrheal disease cases, number of communities using USAID-supported potable water, etc.) Much of the information is assembled for reports on individual projects, and therefore may not be comprehensive. Implementation of the CCH project, and the establishment of national systems for collection and analysis of demographic, health, and contraceptive prevalence data will advance the Mission's ability to track its progress in maternal and child health. In addition, the Demographic and Health Survey (1989) provides sound current information for future comparisons.

The continuing USAID health policy dialogue with the GOB has brought major, tangible results in the past two years. First, and most strikingly, the Ministry of Health has included a comprehensive reproductive health agenda within its 1989-93 National Plan for Child Survival Development and Maternal Health. This agenda, which represents a substantial departure from previous health sector planning, explicitly calls for reproductive health services to be offered in all MOH health care clinics by 1992. USAID is advancing this goal by establishing a national coordinating mechanism for provision of reproductive health services within a new bilateral family planning project. The \$7.5 million project will bring together representatives of the public, private and PVO sectors, and international health and development organizations and firms to coordinate provision of reproductive health services; information, education and communication; training; research and evaluation and policy reform. Most importantly, it will create institutional capacity for expansion of reproductive health services.

Program Area No. 6: Democratic Initiatives

To support the continuing process of democratization in Bolivia, the Mission has adopted as one of its major objectives, improvement in the independence, accountability, efficiency, and accessibility of key democratic institutions. The problem of political instability and lack of government accountability in Bolivia is closely related to the ineffectiveness of the non-executive branches. Therefore, progress toward our democratization objective will be reflected in changes in three major democratic institutions: the judiciary, the electoral system, and the legislature. The indicators of progress in these institutions will measure improvements in the proportion of cases considered by the courts that are resolved each year; increases in the number of valid registered voters (men and women); and the passage of laws from the benchmark legislative agenda for democratic

development. In addition, our program will work at the output level to strengthen membership organizations which give an increased voice to Bolivia's citizens.

Intermediate progress indicators supporting this objective include increased government budgetary allocations to the judiciary system, which we hope to accomplish through policy dialogue. USAID/Bolivia will also support specific technical and management improvements in the judicial system and the legislature, and automation of the voter registry and citizen identification system. The latter output will have the effect of reducing requirements for registration and expanding the franchise to a greater proportion of Bolivia's citizens, especially rural inhabitants and women who disproportionately lack the necessary documents now required for registration. Further outputs of our program directed toward this objective are assistance to established professional interest groups to enable them to expand their membership and effectiveness and training to promote leadership and technical capabilities for development, including training through the Andean Peace Scholarship Program.

Although a similar objective was reported on in the last Action Plan, the major project supporting this objective has not yet begun. Therefore, our reporting information is not complete, and some indicators are only approximate. In the program output area in particular, indicators are rough estimates, mainly provided by the Strengthening Democratic Institutions project design team. We expect these indicators to be refined during the course of FY 1990.

Between 1978 and 1988, nine of the 24 actions on the legislative agenda for democratization (including laws and amendments) were passed and during 1989 only one additional item was passed. Our targets are six additional actions for 1990 and six more in 1991. With regard to the judicial system, the current ratio of cases completed to total cases considered is approximately 41 percent; we hope to improve this ratio over the next years but are not yet able to provide quantitative targets. The effect of our program on the electoral system will not be felt until all the automated systems are installed in 1993.

At present, less than one percent of the government budget is devoted to the judicial system; our target is to raise this percentage to at least 1.5% by the end of FY 1991. Lists of specific improvements in the judicial and legislative branches are provided below, with the dates of expected accomplishment. We expect to provide training in support of this objective to at least 180 people (68 women) in 1990, and 31,192 (14,483 women) in 1991, including for the first time, training of 1000 trainers for voting table procedures and 30,000 citizen jurors for the voting tables for the 1991 elections (with a target of 50% women). We will also train officials from the judicial system and the electoral courts and legislators and their staff. In FY 1988 we provided training for 119 people (41 women) under the Andean Peace training project. Under the LAC II and the Training for Development projects, 135 persons (35 women) were trained in 1989.

PAGES 27-28 MISSING

B. Table II - AID PROGRAM IMPACT
6. Program Area No. 6

	Baseline (1988)	Past Performance (1989)	Future Targets 1990 1991
Democratic Initiatives			
A. Objective: Improve the independence, accountability, efficiency, and accessibility of key democratic institutions. <u>1/</u>			
B. Indicators:			
(1) <u>Judiciary:</u> Ratio of completed cases to total cases considered in the year. <u>2/</u>	41% (1987)	35%	40 45
(2) <u>Electoral System:</u> number of valid registered votes for the 1993 general elections (by gender). <u>3/</u>	2,372.91	-	N/A 22
(3) <u>Legislative Process:</u> cumulative number of law as passed from basic legislative agenda for democratization. <u>4/</u>	9	10	16 N/A
C. Program Output Measures <u>5/</u>			
(1) Proportion of government budget allocated to judiciary system.	under 1%	under 1%	under 1% 1.5%
(2) List of specific judicial sector improvements implemented with USAID assistance.	N/A	-	see list C.2
(3) Automation of voter registry and citizen identification system.	N/A	-	system installed
(4) Establishment of juror training programs and voter education/registration campaign capabilities.	N/A	2 training programs 2 registration campaigns (May and December)	Pilot tested
(5) List of specific legislative improvements implemented with USAID assistance. <u>6/</u>	N/A	N/A-	see list C.5

(continued)

Table II

	Baseline	Past	Future Targets	
	(1988)	Performance	1990	1991
(6) Membership of farmers and business people in established professional interest groups assisted by USAID (by gender).	baseline to be collected in 1990	-	-	-
(7) Number of people receiving training in support of democratization by gender (e.g. Andean Peace Scholarships, Training for Development and training under Strengthening Democratic Institutions Project. <u>6/</u>	78 41 119 total	100 35 135 total	112 68 180 total	16,709 men 14,483 women 31,192 total

Notes:

N/A Not applicable.

- 1/ Values of baseline indicators and output measures are for the year 1988 unless otherwise noted; Values of past performance indicators and output measures are for the year 1989 unless otherwise noted; future Targets are for the years 1990 and 1991 unless otherwise noted. In many cases, gender-disaggregated data does not exist at present; future data collection will disaggregate by gender where indicated.
- 2/ Estimated data supplied by Judicial Treasury for 3 largest districts (La Paz, Cochabamba and Santa Cruz) only; these districts account for approximately 65% of national case load.
- 3/ Not possible at present to determine registered voters as % of total eligible population because of inaccuracies in age profiles and regional distribution of demographic statistics. If data is improved in future, indicator will be revised as a relative measure. Next national elections scheduled for 1993. Municipal elections scheduled for 1991. Registration generally lower for Municipal elections.
- 4/ Indicator based on list of key legislation required to consolidate democratic structure. Numbers reported each year may include amendments to laws on this list and yearly action for budgetary legislation.
- 5/ Indicators are rough estimates, mainly provided by project design team for Strengthening Democratic Institutions project. Since the Project Paper has not yet been completed, indicators will be refined during the course of the year and adjusted benchmarks will be provided in next Action Plan.
- 6/ USAID assistance to Congress will not begin until mid-1990.
- 7/ Includes estimated 30,000 voting table jurors and 1,000 trainees to be trained for Municipal Elections voting tables

III. RESOURCE REQUIREMENTS

While we believe the funding levels shown in the summary table (following page) are adequate, recent budget precedents lead us to caution that any cuts in these levels would undermine USAID's strategy. Our FY 1990 DA has been cut 15 percent from planned levels and our ESF has already been cut by one-third. There are even doubts expressed about our Title III program. Given recent developments in Eastern Europe and Panama, we suspect there will be considerable temptation to reprogram from the NSD-18 levels in FY 1991 and the out years. We wish to emphasize the need for a steadfast U.S. commitment to buttress the will of the GOB to stay the course on both the economic side and on narcotics. With a current account gap of some \$300 million, we believe that an annual cash transfer sufficient to make up one-quarter to one-third of the gap, or \$75 to \$100 million, will be required to convince the GOB to make the necessary hard policy choices in the sensitive areas of continued sound economic policy and narcotics eradication and interdiction. The balance of the proposed levels are minimum needs for alternative development project activities.

USAID/Bolivia's bid for \$15 million of the Performance Fund is contained in the NPD for an amendment to the Strengthening Financial Markets Project (511-0598).

A. Pipeline and Mortgage Analysis

In the Development Assistance account, we are projecting continuing declines in both pipeline and mortgage as our large private sector portfolio matures. As of the end of FY 1988 our D.A. mortgage totalled over \$60 million, nearly three times annual obligations, because of a large number of new starts primarily in the private sector. This surge was justified by the need to take advantage of a particularly hospitable climate for the private sector in the face of uncertain outcomes in the then upcoming election. That mortgage is being paid off rapidly, and we expect it to be down below \$35 million by the end of FY 1991. The pipeline will also decline as implementation of the large Community and Child Health Project and the Chapare Regional Development Project accelerates.

Historically, we have not had much of any mortgage or pipeline in the ESF account, as it has consisted primarily of cash transfers. We expect this to change radically as several new projects are initiated with NDS-18 funds. By the end of FY 1991 we expect the mortgage to reach \$95 million, a large amount but still well within agency guidelines. The ESF pipeline is also likely to rise considerably with the new project starts, but not to an excessive degree because we intend to keep a major proportion of the account as cash transfer.

B. OE and Workforce

Previous sections of this Action Plan have discussed how the Mission plans to implement a more focussed approach to our program, including the new Narcotics Strategy presented to AID/W in November 1989, that responds to a large infusion of NSD-18 funds. Appendix A presents the

NPDs required over the next eighteen months to implement that strategy and the formidable project design and management task facing the USAID/Bolivia staff. As a result, addressing the issue of resource requirements, especially operating expense and staffing, takes on a much greater significance for USAID/Bolivia than in prior years.

In order to address this issue, however, we feel it important to look historically at the profile of this Mission over the last three years. In 1987, USAID/Bolivia consisted of 17 USDHs, an OE budget of 3.3 million and small program levels that were mainly carry-over activities from the post García Meza government and Disaster Relief. Since then our DA budget has more than doubled, our ESF program began, and our Title III program expanded appreciably. At the beginning of FY 1990, we had 22 USDH positions, and an OE level requirement of \$4.7 million. Together with these large increases in funding levels, new Agency guidance has required a higher level of management input over these programs.

The Mission has constantly reassessed its staffing requirements and monitoring responsibilities in light of the increased funding levels and the potential for increased activity in the narcotics area. We have been judicious in our requests for additional staff. To support the management of the expanding program, we requested in last year's Action Plan four new critical support positions--an RLA, Deputy Controller, Deputy Executive Officer, and Contracts Officer. All these positions have been approved, and incumbents identified. In addition, we used our part-time slot for a Population Officer.

In the May 1989 ABS, the Mission requested an FY 1990 OE budget of \$4.7 million to accommodate 22 USDHs, eight OE funded USPSCs, 34 FNDHs and 100 OE funded FNPSCs. It is important to note that a large part of the budget increase from 1987 to this budget was due to having to shift several USPSCs previously funded under PD&S accounts to OE. (USPSC's cost the Mission \$135,000 in 1987, but have increased in our 1990 budget to \$545,000.) The ABS budget request of \$4.7 million is still valid.

In October 1989, before beginning the Mission's narcotics strategy, the Mission very carefully completed the Management Profile exercise requested by PPC. As of September 30, 1989, Mission's staffing consisted of 182 positions, split between OE and program funding. However, as the narcotics strategy began to unfold in November and December, the Mission completed a new staffing exercise, based on the Profile Concept and arrived at a new staffing level of 195. The following is a comparison of both staffing configurations:

	<u>9/30/89</u>	<u>Nov.</u>
<u>1989</u>		
USDH	22	23
FNDH	34	34
USPSC	14	11
FNPSC	112	127
Total	182	195
	===	===

As we developed our Narcotics Strategy to absorb an additional \$500 million in new funds for FY 1991-94, the Mission consciously attempted to limit new project starts, while emphasizing expansion of those ongoing activities that both addressed our narcotics objective but did not require additional staff. We are mindful of OE constraints and have shifted as many contractors as possible to program funding and shifted to FNPSCs in lieu of more costly USPSCs.

Nevertheless, given the evolving complexity of the portfolio with attendant accountability and implementation responsibilities, we have tentatively identified several additional USDH positions beyond the November 1989 revision. We will intensively review staffing requirements in the immediate future in order to formally request staffing adjustments during Program Week. Accordingly, we will need OE funding flexibility, especially in the use of our Trust Fund.

We have previously pointed out that this Mission currently has the lowest ratio of USDH personnel to numbers of program and project management units in the Bureau. Because of this, we have had to turn to the use of USPSC's to fill in the gap--with its obvious cost implications--and most of these PSCs have to be OE funded because of various funding rules mentioned before. These USPSCs are critical to the effective management of our program. It should also be mentioned that State 041704, which provides AID/W guidance to the proposed narcotics strategy, notes the Acting AA's concern with regard to staffing by stating "that compared to other missions, current staffing levels in Bolivia are quite modest."

The complexities involved in managing the USAID/Bolivia portfolio are illustrated by the following:

- Our portfolio contains projects in many major sectors, dispersed throughout eight geographic regions in Bolivia. As a result, project monitoring requires constant (and expensive) field trips to effectively review project implementation and assure proper utilization of AID resources. This requires staff resources and travel funds.
- USAID/Bolivia will face a very demanding workload in the implementation of the new Alternative Development project an effort that reaches \$200 million in DA and local currency resources. We have begun to address the problem, first, through a reorganization of staff, and second, through the establishment of a regional office in Cochabamba to ensure more effective supervision of the expanded Alternative Development program. We have similarly begun a staff reorganization, merging our Agriculture and Rural Development (ARD) and Special Projects (SP) offices to both avoid a large increase in staff to manage our coca-reduction activities and better utilize existing staff.
- In addition to a consolidation of our program objectives, we are making a concerted effort to reduce the number of management units, and make better use of existing staff resources. We have begun this consolidation with our PL 480 Title III program, and we will attempt to further reduce our portfolio over time.

- Our large PL 480 program is extremely management intensive. We have also begun a merger of our PL 480 Title II and III programs under one Office (ARD). The \$20 million annual Title III program provides counterpart funding for USAID projects, in addition to hundreds of other rural development and health activities. Our Title II program, implemented by three volags and two GOB agencies, runs the gamut from urban and rural food for work, and maternal child health to school feeding and integrated rural development activities. If we are to meet Agency guidelines for managing these programs, staff is needed that must be OE funded. We are requesting a USDH Food for Peace officer (FFPO) to coordinate all Mission food activities.

The Action Plan guidance requests the Mission to identify cost savings in both the short and long term and the effect on FY 1991 and FY 1992 budgets. In FY 1990, cost savings in the amount of \$50,000 have already been generated due to the early termination of a USPSC system analyst in the Controller's Office. Additional savings will be generated in late FY 1990 and FY 1991 when the USPSC contract officer and his staff will be moved off the OE roles to project funding. The Bureau's cooperation in assuring the arrival of the USDH contract officer has helped. Additional savings will be generated as we continue to refine our OE cost allocation to project funded contracts.

With regard to dollar OE savings, it is important to note the recent projections we have provided the Bureau for OE trust fund generations which project an estimated \$11 million balance of trust funds by the end of FY 1991, given current ESF program levels. We advised the Bureau that we did not feel such a build up of trust funds was appropriate and that strong consideration should be given to providing the Mission more flexibility than what is currently given for the use of this resource. The Mission can operate this FY and over the next two FYs with a dollar level of \$2.5 million with the balance of the requirements coming from the TF. Using these levels, we would still meet the Agency's basic policy of maintaining a two year TF reserve and at the same time provide us the budget flexibility mentioned above.

As the security situation in La Paz worsens and our program requires additional staff and hence office space, USAID must explore options to purchase or build an office building that would serve our needs exclusively, thereby reducing our security vulnerability. We cannot minimize the importance of this action. We have held preliminary discussions with the Ministry of Planning about allocating Trust Fund money to build a new office. We need AID AA/LAC, IG/SEC, M/SER approval as soon as possible to proceed with our plans. This would have the additional advantage of saving future OE that would be used for rent.

C. Local Currency

USAID/Bolivia generates local currency from its Title II and III programs as well as from ESF sources. We envision that roughly \$30 million equivalent/annually from enhanced ESF levels beginning in FY 1991 will

result in approximately \$9.5 million local currency in addition to an average of \$20 million per year in Title III local currency generations.

In order to adequately manage this program, the Mission has established a Local Currency Management Committee to review, track and recommend approval of the uses of the ESF local currency for counterpart to AID and multilateral development organizations' projects. It is this Committee's responsibility to recommend approval to the Director of the proposed uses of the local currency, monitor the use of the local currency on a regular basis, and review these uses and the GOB's compliance with the agreed upon uses.

The Committee includes representatives of various Mission Offices, including: the Development Planning Office, which will chair the local currency committee for overall programming, the Controller's Office, which has the responsibility for reporting on the uses of these resources, the Agriculture and Rural Development office, which has responsibility for monitoring the use of PL 480 Title III local currency funds, and the Project Development and Implementation Office, which has overall responsibility for monitoring the use of ESF funds. The Controller's Office will continue to maintain the normal accounting records for the OE Trust Fund. A unit within the Ministry of Planning that we established and have strengthened has the responsibility for the disbursement and use of ESF local currency, while the Executive Secretariat performs the same role for PL 480 local currency.

1. ESF Program

The ESF program will potentially begin to generate increasing amounts of ESF LC starting in FY-1991 and continuing through FY-1994. The Mission will try to ensure an absolutely minimum inflationary effect of these funds while at the same time meeting counterpart funding requirements and trust fund needs.

To accomplish this, we will propose that the GOB continue to provide an equivalent in local currency of 10 percent of the total program value for the OE Trust Fund. However, the FY-1991 PAAD will propose that only approximately \$30 million in local currency be generated under the program, allowing the GOB to "sterilize" the remainder.

We will resolve the arrearages problem for the FY-1986, 1987, 1988, and 1989 programs through reprogramming of the funds to make deposits for the cash-short Treasury easier. We will also propose a change in the FY-90 ESF program to require deposit of the local currency prior to disbursement of the dollars. Under the FY-1991 ESF program, we will further propose that only \$30 million in local currency be provided. These dollars will be used to reimburse the Central Bank for eligible imports and the local currency will be deposited prior to disbursement of the dollars. The remainder of the dollars will be provided to the Treasury for payment of official U.S. and multilateral debt and will not carry a local currency requirement. We believe that these measures should resolve the arrearages problems.

2. PL 480 - Title II Program

PL 480 Title II program resource requirements in commodities is approximately \$13.1 million in FY 1990 and \$13.7 in FYs 1991 and 1992. The program primarily supports the USAID's country strategy of creating short term jobs for the unemployed in eight major cities and depressed rural areas under the Food for Work Program. This supports the Mission's objective of reinforcing and supporting the GOB's ability to maintain social macroeconomic policies by providing a safety net for the chronically unemployed and underemployed populations in Bolivia. Concomitantly, the Title II Maternal and Child Health Program is linked to USAID's strategy of improving the health of mothers and children under five.

During FYs 1990, 1991, and 1992, approximately the equivalent of \$3.4 million of local currency will be generated each year from the monetization of wheat flour managed by an Inter-Agency Monetization Committee of the Title II PVO Cooperating Sponsors. The monies will be invested in child survival interventions linked to the maternal and child health program, agricultural production and rural infrastructure linked to the food for work program, and the purchase of local commodities which are being introduced into the supplementary feeding programs in accordance with GOB policy and USAID's and AID/Washington's approval.

3. PL 480 - Title III Program

The requirements for the PL-480 Title III program are \$20.0 million for each of the next three fiscal years, FY-1990-92. These resources are assuming an ever expanding role for the PL 480 LC in achieving our alternative development and MCH programmatic objectives. This will be accomplished by, first, providing counterpart to DA-funded projects whose focus is being increasingly oriented toward alternative development and health, and, second, by increasing the development role of the Title II program by providing complementary assistance, particularly with regard to the supplementary feeding program.

The management of Title III local currency has improved significantly. Last year, the Mission contracted Price Waterhouse to perform a management audit of the PL 480 Executive Secretariat (ES), our counterpart agency, to strengthen its management and implementation, as well as audit capability. We believe that the ES is now one of the most professional institutions in this country. At the same time, the Mission decided to effect a major restructuring of the new Title III program, beginning this fiscal year. The result is a major consolidation of program objectives and a dramatic reduction in the number of projects we will finance with PL 480 local currency. This will not only help to ensure improved management of the program by the ES, but, equally important, the restructuring will permit us to better demonstrate the program's impact over time.

The future of this critical program is being jeopardized on two fronts. First, the unresolved issue of the correct exchange rate to be applied for deposits into and disbursements from the special account. The DCC has arrived at one position on this issue while the IG has a different position as set forth in its 1989 audit on the program. Since no agreement between the two points of view has been reached, resolution at the AID/W level, IG/Washington, and AA/PFM is required. Immediate resolution is necessary so that the GOB can be informed of the exact amount of its arrearages. In light of the continuing liquidity crisis in the GOB, it is legitimately reluctant to deposit more than is required, particularly in light of other priority demands we are putting on the GOB, such as making available sufficient funds for eradication compensation payments and the local currency deposits under previous ESF programs. The GOB is encountering severe problems in maintaining its agreed upon schedule of deposits for the amounts which are delinquent from previous years' programs.

The second issue, and one we believe to be inexcusable, is the never-ending series of questions which the Mission must answer in order to satisfy selected member(s) of the DCC. This interminable process requires tremendous staff time, often merely repeats information which has been provided previously, and is detrimental not only to efficient programming of the arrival and use of the wheat, but also causes problems with the availability of local currency deposits. The Mission has and will continue to be fully cooperative in answering any and all questions which the DCC members may have. What we expect from the DCC is that all pertinent questions be asked at the outset, and that any additional questions be limited to clarifications, if any, of the Mission's answers.

511 BOLIVIA
1992
4. LOCAL CURRENCY UTILIZED FUN
(\$000)

USES	SOURCES					TOTAL
	ESF	PL400 I	PL400 II	FF:R.R. 416	OTHER	
HG BUDGET GENERAL						0
HG BUDGET ATTRIBUTED:						0
HG CONTRIBUTION TO AID PROJECTS	10250					10250
HG CONTRIBUTION TO OTHER DONOR PROJ	10250					10250
HG MANAGED L/C PROJ						0
AID MANAGED L/C PROJ						0
AID DE TRUST FUND	9500					9500
AID PROJ TRUST FUND						0
SECTION 108						0
OTHER *						4500
TOTAL	30000					54500
CHANNEL FOR ASSISTANCE						
PUBLIC SECTOR	27000					27000
PRIVATE SECTOR	3000					3000
TOTAL	30000					30000

511 BOLIVIA
1991
4. LOCAL CURRENCY UTILIZATION
(\$000)

		SOURCES						
USES	ESF	PL480 I	PL480 II	PL480 III	SEC. 416	OTHER	TOTAL	
HG BUDGET GENERAL	:	:	:	:	:	:	0	
HG BUDGET ATTRIBUTED:	:	:	:	:	:	:	0	
HG CONTRIBUTION TO AID PROJECTS	11750	:	5000	:	:	:	ERR	
HG CONTRIBUTION TO OTHER DONOR PROJ	11750	:	:	:	:	:	11750	
HG MANAGED L/C PROJ	:	:	15000	:	:	:	15000	
AID MANAGED L/C PROJ	:	:	:	:	:	:	0	
AID OE TRUST FUND	6500	:	:	:	:	:	6500	
AID PROJ TRUST FUND	:	:	:	:	:	:	0	
SECTION 108	:	:	:	:	:	:	0	
OTHER *	:	4000	:	:	:	:	4000	
TOTAL	30000	4000	20000	:	:	:	54000	
CHANNEL FOR ASSISTANCE	:	:	:	:	:	:	:	
PUBLIC SECTOR	27000	:	5000	:	:	:	32000	
PRIVATE SECTOR	3000	4000	15000	:	:	:	22000	
TOTAL	30000	4000	20000	:	:	:	54000	

* Title II monetization

511 FOR 1974
1974

4. LOCAL CURRENCY IN UTILIZATION
(\$000)

USES	SOURCES						
	ESF	PL400 I	PL400 II	PL400 III	SEC. 416	OTHER	TOTAL
MG BUDGET GENERAL	:	:	:	:	:	:	0
MG BUDGET ATTRIBUTED:	:	:	:	:	:	:	0
MG CONTRIBUTION TO AID PROJECTS	11057	:	:	50000	:	:	ERR
MG CONTRIBUTION TO OTHER DONOR PROJ	11056	:	:	:	:	:	0
MG MANAGED L/C PROJ	:	:	:	15000	:	:	15000
AID MANAGED L/C PROJ:	:	:	:	:	:	:	0
AID OE TRUST FUND	1800	:	:	:	:	:	1800
AID PROJ TRUST FUND	:	:	:	:	:	:	0
SECTION 100	:	:	:	:	:	:	0
OTHER #	:	:	50000	:	:	:	50000
TOTAL	23913	:	50000	50000	:	:	47413
CHANNEL FOR ASSISTANCE	:	:	:	:	:	:	:
PUBLIC SECTOR	21913	:	:	50000	:	:	27913
PRIVATE SECTOR	2000	:	50000	:	:	:	17500
TOTAL	23913	:	50000	50000	:	:	47413

511 POLYVIA 4. LOCAL CURRENCY UTILIZATION
1909 (\$000)

USES	SOURCES					TOTAL
	ESF	PL400 I	PL400 II	PL400 III	REC. 414	
HG BUDGET GENERAL	:	:	:	:	:	:
HG BUDGET ATTRIBUTED:	:	:	:	:	:	:
HG CONTRIBUTION TO AID PROJECTS	1200	:	7000	:	:	8200
HG CONTRIBUTION TO OTHER DONOR PROJ	8050	:	:	:	:	8050
HG MANAGED L/C PROJ	:	:	:	:	:	:
AID MANAGED L/C PROJ	:	:	10000	:	:	10000
AID OE TRUST FUND	2500	:	:	:	:	2500
AID PROJ TRUST FUND	:	:	:	:	:	:
SECTION 108	:	:	:	:	:	:
OTHER *	:	3146	:	:	:	3146
TOTAL	11750	3146	17000	:	:	31896
CHANNEL FOR ASSISTANCE	:	:	:	:	:	:
PUBLIC SECTOR	11250	:	5000	:	:	16250
PRIVATE SECTOR	500	3146	10000	:	:	15646
TOTAL	11750	3146	17000	:	:	31896

* Title II monetization

511 BOLIVIA

SUMMARY PROGRAM FUNDING TABLE

	FY 1990	MORTGAGE	FY 1991	MORTGAGE	FY 1992	MORTGAGE
AGRICULTURE, RURAL DEVELOPMENT AND NUTRITION						
TOTAL	9081	8938	9175	163	9000	16663
GRANTS	9081	8938	9175	163	9000	16663
LOANS	0	0	0	0	0	0
POPULATION PLANNING						
TOTAL	1500	5850	1150	4700	1900	2920
GRANTS	1500	5850	1150	4700	1000	2920
LOANS	0	0	0	0	0	0
CENTRALLY PROCURED COMMODIT	50	0	55	0	65	0
HEALTH						
TOTAL	1355	1320	407	313	463	0
GRANTS	1355	1320	407	313	463	0
LOANS	0	0	0	0	0	0
CHILD SURVIVAL INITIATIVE						
TOTAL	3811	16930	4541	12389	4500	14829
GRANTS	3811	16930	4541	12389	4500	14829
LOANS	0	0	0	0	0	0
EDUCATION						
TOTAL	1954	7861	2770	8431	3101	5530
GRANTS	1954	7861	2770	8431	3101	5530
LOANS	0	0	0	0	0	0
SELECTED DEVELOPMENT ACTIVITIES						
TOTAL	3174	14080	5348	8032	4936	3796
GRANTS	3174	14080	5348	8032	4936	3796
LOANS	0	0	0	0	0	0
SUBTOTAL FUNCTIONAL ACCOUNTS						
TOTAL	20875	54999	23391	38028	23000	43768
GRANTS	20875	54999	23391	38028	23000	43768
LOANS	0	0	0	0	0	0
INTERNATIONAL DISASTER ASSISTANCE						
TOTAL	0	0	0	0	0	0
GRANTS	0	0	0	0	0	0
LOANS	0	0	0	0	0	0
TOTAL DA ACCOUNT						
TOTAL	20875	54999	23391	38028	23000	43768
GRANTS	20875	54999	23391	38028	23000	43768
LOANS	0	0	0	0	0	0
ECONOMIC SUPPORT FUND						
TOTAL	33413	14850	95000	74700	130000	63200
GRANTS	33413	14850	95000	74700	130000	63200
LOANS	0	0	0	0	0	0

SUMMARY PROGRAM FUNDING TABLE (Cont.)

-44-

PL480						
TITLE I	0	0	0	0	0	0
TITLE II	13172	0	13771	0	13389	0
TITLE III	20000	0	20000	0	20000	0
HOUSING GUARANTEES	0	0	0	0		
COUNTRY TOTAL	87460	69849	152162	112728	186389	106998

IV. MISSION ISSUES

1. Will we have adequate staff to manage our expanded program?

We are not requesting, at this time, a major increase in USDH or PSC staff. In fact, a major criterion in developing the anti-narcotics strategy was the need to limit new management units, in recognition of both future tight OE and staff resources. We are requesting a USDH Food for Peace Officer to supervise, and reduce potential vulnerabilities, in our large and complex food aid program. We are seeking qualified local hires for critical positions, e.g. engineers, to manage our new infrastructure projects. There is, however, a bottom line. Quality attention to project, program, and financial detail--the essence of good management--requires not only quality staff, but also staff size commensurate with management responsibilities. High quality USDH, PSC, and FSN resources are especially critical to the success of our new policy efforts. Policy dialogue can be effective only when the USAID has done its "analytical homework," has a full understanding of the GOB's development problems, the implications of any particular policy course, and the empirical evidence to buttress our arguments. We ask for flexibility over the next two years to permit us to reassess our USDH and PSC requirements, especially in the private sector and project design areas, where we may be particularly vulnerable. Delays and second-guessing in the contracting of USPSCs, especially in such critical areas as evaluation and food aid, are not helpful. We have made judicious use of highly talented PSCs to augment our staff. We cannot run our program without them.

2. Will the Bureau lift the arbitrary Trust Fund spending limit to accommodate any new staff increases?

As noted in Section III, the Mission will be able to operate during FY 1990 and FY 1991 with a dollar OE level of \$2.5 million. However, the Bureau must permit greater flexibility in the use of our trust fund resources. We presently have a balance in the Trust Fund of \$1.8 million with an additional \$3.0 potential deposit before the end of this fiscal year. FY 1991 could produce another \$8 million depending on final ESP levels, thus greatly exceeding FM's and the Bureau's policy of retaining a reserve of 24 months. In addition, the Mission will require an increase in our travel limitations if we are to comply with monitoring responsibilities.

3. Will we obtain the required approvals for us to begin construction of a new office building?

We discussed in Section III the urgent need to reduce our security vulnerability and provide adequate space by building our own office, using Trust Fund money. We now need to obtain the necessary approvals.

4. Will the NSD-18 (Bennett) funds materialize, especially in the amount that formed the basis of our strategy, given emerging competing demands elsewhere?

Obviously no strategy can be successful without the full anticipated amount of funds made available on a timely basis. Project design actions and especially political commitments cannot be made on a strictly tentative basis. As the GOB demonstrates increased responsiveness in our joint narcotics efforts, we simply must have funds on hand. The dilemma faced by the Mission is that we must start the design of several new projects and amendments before the NSD-18 funds are available, without discussing whether and when they will be.

5. How can the Mission deal with the major project design effort we face in the near term?

The Mission will require a great deal of design assistance for the new projects and amendments proposed in the Action Plan and NPDs, many of which are part of the narcotics strategy. Most of the design activity will take place during the next 18 months. We will need a significant additional amount of PD&S funds immediately to contract project design teams. We would also appreciate consideration of a PSC to assist in the project design effort. In the future, when Bennett funds come on stream, we would like to allocate a small portion of ESF for PD&S activities.

6. How can we best deal with the GOB local currency generations problem?

The GOB is confronting a general liquidity crisis that has resulted in a shortfall in local currency deposits for such critical programs as coca eradication payments, agricultural credit for farmers who are reducing production of coca, and Title III local currency deposits into the PL 480 Special Account. While the GOB has made some progress in making deposits, it is concerned that IMF monetary supply targets could be undermined if forced to meet its local currency commitments for these programs.

The ESF balance of payments program permits use of dollars to repay USG and multilateral debt, thus not "generating" local currency. We propose to earmark a portion (+ \$30 million) of future NSD-18 ESF for private sector imports that will generate sufficient local currency to ensure timely deposit of Bolivianos from the GOB Treasury for these programs, especially the politically sensitive eradication payments. The remainder will be provided to the Treasury for debt repayment. No local currency would be generated from these funds. In addition, beginning under the FY-1990 ESF program, we will propose that the eradication payments be an eligible use of the local currency.

APPENDIX A: New Program Initiatives

New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: RURAL ELECTRIFICATION III
PROJECT NUMBER: 511-0615
PROJECT FUNDING: FY 1991 \$ 5 million LOP Funding \$ 20 million
FUNCTIONAL ACCOUNT: ESF (NSD-18)

PROJECT PURPOSE: To improve the economic and social conditions of the rural population in the areas to be served by providing them with electrical generation (micro-hydroelectric and other micro-systems), transmission, distribution and connection services, on a self-supporting basis, and by doing so, to encourage the increased participation of the rural population in the development process.

PROJECT DESCRIPTION: Rural Electrification has a powerful immediate, visible, and catalytic effect on economic development by stimulating agricultural and industrial growth, and on the quality of life by providing electricity through self-sustaining rural cooperatives. In addition to increasing access to social services such as family planning, health, and education, electricity in rural areas will primarily stimulate economic and commercial activity. Businesses, industries, and irrigation pumps would consume most of the energy supplied by rural electrification cooperatives, generating new sources of productive employment in Bolivia's rural areas. Rural women will benefit directly from increased access to social services, as well as the availability of new economic opportunities.

The project will provide technical assistance to strengthen cooperatives in administration, financial management, and engineering technology for the construction of micro-hydro and other types of micro-energy generation or distribution systems, and distribution systems. Systems will be provided for towns with approximately 250 inhabitants, located in the departments of La Paz, Cochabamba, Oruro, Chuquisaca, Tarija, Santa Cruz, and Potosi. The average cost of micro-hydro and other systems, not including distribution, is \$50,000. The average cost of an electrical distribution system is \$40,000. Systems maintenance will be provided by the electrical cooperatives and, with smaller municipal systems, the municipal electric cooperatives. It will be financed by cost recovery plans through appropriate domestic and industrial tariff structures.

USAID was the pioneer in rural electrification in Bolivia, working in the yungas, lowlands, and altiplano regions in the late 1970's and early 1980's. A recent evaluation conducted by the World Bank confirms that the program was highly successful. Many cooperatives established over a decade ago not only sustained their activities without outside resources, but expanded distribution primarily for productive uses.

The project will work closely with new and existing rural electrification cooperatives in furthering electrification progress. These cooperatives are: CORELPAZ in La Paz, CESSA in Chuquisaca, SEPSA in Potosi, SETAR in Tarija, ELPEO in Oruro, and CRE in Santa Cruz. Many of the cooperatives have had experience with small rural electrification projects in the past. Based on this experience, in order to significantly increase their activities, we expect that they will require additional technical assistance in administration, financial management, and consulting engineering. With such assistance, the Mission believes that the cooperatives can be expected to adequately implement these projects.

Relationship to A.I.D. Country Strategy/Objectives: The proposed project supports the overall goal of sustained economic development and reduced coca production in Bolivia and in providing alternative economic opportunities for farmers and workers displaced by coca eradication and interdiction efforts.

Relationship to Host Country and Other Donors: USAID would provide the technical assistance for the entire program as well as capital funding for the proposed systems. The IDB and World Bank have expressed interest in participating in the capital funding of additional systems for the program. Bolivian counterpart organizations will contribute an additional 25% of the budget, or \$6,500,000 in local currency. Other donor interest will be explored during PID development.

Beneficiaries: The principal beneficiaries will be farmers, women, and rural inhabitants in five departments from which there has traditionally been migration to coca growing areas.

<u>MAJOR OUTPUTS:</u>	<u>ALL YEARS</u>
- Electrical distribution systems	300
- Micro-hydro and other systems	80

<u>AID FINANCED INPUTS:</u>	<u>LIFE OF PROJECT</u>
	<u>(\$ 000)</u>
- Technical Assistance	4,000
- Construction	<u>16,000</u>
Total	20,000

PD&S Requirement: 120

PID and Approval Sites: USAID/Bolivia

Estimated PID Approval Date: July 1990

Potential issues: The Mission intends to have NRECA develop a proposal and be the primary implementing entity of the project, based on its unique qualifications in electrical cooperative development, and its overall exclusive and predominant capability. This is the third in a series of rural electrification projects which the Mission would fund. These types of systems are well-known, as are the implementing institutions. One issue, the feasibility of micro-hydroelectric projects in Bolivia, will be resolved in the design development stage of the Project Paper. Another issue concerns the electrical cooperatives and their ability to adequately set electricity rates to provide for system service and maintenance.

New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: RURAL ROADS III
PROJECT NUMBER: 511-0616
PROJECT FUNDING: FY 1991 \$ 3 million LOP Funding \$ 20 million
FUNCTIONAL ACCOUNT: ESF (NSD-18)

PROJECT PURPOSE: To provide adequate rural roads and associated infrastructure in order to increase agriculture production, productivity, and marketing.

PROJECT DESCRIPTION: The absence of rural road systems is arguably the Country's most intractable constraint to reaching its agricultural production, productivity, and marketing potential. High marketing costs impact on Bolivia's competitiveness in exporting traditional and non-traditional products. Critical marketing infrastructure must be improved, especially rural farm-to-market roads (including bridge construction, drainage facilities, erosion control systems, etc.), if Bolivia is to develop levels of food production and marketing sufficient to support local consumption, let alone to develop its export potential.

This project will address the insufficient marketing conditions through the provision of all weather rural roads as a means of alleviating the marketing and transportation constraint to agricultural marketing. These measures will increase agricultural productivity and income in the following four ways: 1) reliable access will encourage the marketing of larger volumes of production; 2) production composition would shift to higher value, perhaps perishable, commodities; 3) improved market access will reduce transportation costs; and 4) convenient and continued year-round access to centers where agricultural and community services exist will be permitted.

Project Implementation for the majority of the work proposed under this program is to be performed by private voluntary organizations with extensive rural road development experience, in conjunction with the Government of Bolivia's National Road Service and Departmental (State) Corporations. CARE/Bolivia is an illustrative example of a PVO that is capable of, and highly interested in, managing this type of development program in Bolivia.

Funding mechanisms will consist of cooperative agreements or OPG's with selected PVO's and a Bilateral Agreement with the Bolivian Government for disbursement to the National Road Service (SNC) and Departmental Development Corporations. Rural road development and maintenance is proposed for the Departments of La Paz, Oruro, Chuquisaca, Potosi, Santa Cruz, and Tarija. The upgraded or new roads will be maintained by the National Road Service, the Departmental Corporations, or by a PVO such as CARE, which has an excellent record in achieving community mobilization to assist in road maintenance.

The PVO's will provide technical assistance to, and work with, communities, SNC, and regional corporations to ensure that labor intensive construction and maintenance procedures are used and that an adequate maintenance capability is established. The average per kilometer cost of construction for these types of roads, including associated infrastructure, is projected at \$32,000.

Relationship to A.I.D. Country Strategy/Objectives: The project supports the overall goal of promoting self-sustaining economic growth through increasing agricultural production and marketing for domestic and external markets. It will also reduce coca production by initiating alternative economic opportunities in source population regions of Bolivia for rural inhabitants, especially farmers, women, and workers displaced by coca eradication efforts. Jobs will also be created in proposed relocation zones, areas with greater long-term agricultural potential for export cropping. The project emphasizes road development activities beyond the geographic areas of the Alternative Development Program of Cochabamba which is covered under the current Chapare project.

Relationship to Host Country and Other Donors: The UNDP and the World Bank have expressed interest in participating in the program. The IDB and World Bank currently have large scale highway projects under consideration which complement this project. Interest in the project will be solicited from other principal donors (West Germany, Italy, Great Britain, and Japan) as well as the IDB who have expressed interest in assisting these types of activities. These donors may contribute an additional twenty (20) million dollars to expand this activity, although this program is not dependent on other donor assistance. Additionally, Japan is presently contributing extensive heavy road building equipment to various Bolivian Departmental Corporations. We have discussed anticipate the availability of this equipment to support and enhance the project with Japanese Embassy in La Paz and have tentative agreement as to their cooperation in the project. Bolivian counterpart organizations will contribute an additional 25% of the budget, or \$6,500,000 in local currency. This resource will be used to provide operational costs for maintenance and all road building equipment, for the life of the project.

Beneficiaries: The principal beneficiaries will be farmers, women, and rural inhabitants in five departments. These are areas where rural road infrastructure is a critical requirement for increased agricultural activity. In addition, they are areas where migration to coca growing areas is now considered a viable alternative. Primary consideration for jobs created to build and maintain roads will be accorded to those engaged in coca production, who have decided to eradicate all or part of their coca crop.

<u>MAJOR OUTPUTS:</u>	<u>ALL YEARS</u>
- Rural Roads Constructed	500 KM

<u>AID FINANCED INPUTS:</u>	<u>LIFE OF PROJECT</u> (\$ 000)
- Technical Assistance	4,000
- Rural Roads Construction	<u>16,000</u>
Total	20,000

PD&S Requirement: \$120,000

PID and PP Approval Sites: USAID/Bolivia

Estimated PID Approval Date: July, 1990

Potential Issues: This is the third in a series of rural roads projects which the Mission would fund. The road construction techniques to be used are well-known, and we have good working relationships with Bolivian implementing institutions to assist in the resolution of project maintenance and sustainability concerns. One issue, that of the use of Japanese road building equipment, will need to be coordinated and formalized, as will the possibility of IDB and any other donor participation. Otherwise, we do not believe that there are major design or implementation issues to be resolved.

**APPENDIX B: Follow-on Projects, PACD Extensions
and Amendments**

New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: FY 1991 AND 1992 BALANCE OF PAYMENTS
ASSISTANCE

PROJECT NUMBER: 511-0602 and 511-0604

FUNCTIONAL ACCOUNTS: ESF (Base and NSD-18)

PROJECT PURPOSE: To provide Balance-of-Payments assistance in support of the Government of Bolivia's Economic Stabilization and Reactivation Program.

PROJECT DESCRIPTION: From 1982 to 1985, economic conditions in Bolivia worsened considerably. By 1985, when the Government of Paz Estenssoro took office, inflation exceeded 11,000 percent per annum, the price of the country's major export, tin, collapsed, debt servicing was a growing problem, the budget deficit was increasing, and real GDP had declined every year since 1981. Soon after he assumed power, President Paz Estenssoro issued a New Economic Policy (NEP) Decree announcing drastic stabilization measures which were effective in arresting hyperinflation and ending economic chaos.

In 1987, the Paz Estenssoro Government issued the Economic Reactivation Decree aimed at ending the country's prolonged recession. The major components of the decree were: increased resource availability, sectoral restructuring in the area of housing and exports, banking system reforms, and fiscal and monetary reforms.

On August 6, 1989, the new government of Jaime Paz Zamora took office among rumors of an impending devaluation, foreign exchange controls, and a return to government management of the economy and abandonment of the previous government's NEP. The exchange rate increased substantially within a matter of hours of the announcement of the agreement which would bring Paz Zamora to office. Bank reserves fell drastically as a result of large scale capital flight, and there was extreme unease in financial sectors and the business community in general. These rumors proved unfounded and the new government spent the next several months rebuilding public confidence and developing support for the its program. The exchange rate is again stable and bank deposits are now in excess of their pre-crisis level.

On January 11, 1990, Paz Zamora went before the nation to outline a series of measures designed to strengthen the economy, provide for economic growth, stability, and employment, deal with the social problems which have resulted from the stabilization measures, and modernize state administration. These were outlined in four decrees:

The first of these measures reaffirms the basic provisions of the NEP including free determination of prices, maintenance of an exchange rate policy consistent with adequate net international reserves, and direct negotiations between employers and employees to determine salaries.

The second provides for a new law on "Banks and Financial Institutions" to improve the efficiency and competitiveness of the banking, financial, and insurance systems; defines interest rate policy; creates a credit guarantee fund for small farmers and small businessmen; and promulgates a series of measures to guarantee domestic as well as foreign investments.

The third decree creates the "Social Investment Fund" which will function with domestic and external financing to improve health and education through the implementation of infrastructure and service projects in the areas of health, education, and potable water. Operation of the Social Emergency Fund is also extended for nine months.

Finally, the fourth decree on modernization presents a draft law on administrative decentralization which initiates the establishment of departmental (state) governments and provides the legal basis for privatization activities to begin. It also authorizes the establishment of private customs storage facilities and other related infrastructure and the reorganization of the customs service.

A.I.D.'s economic analysis indicates that the measures of the previous government have succeeded in stabilizing Bolivia's economy and have induced a modest recovery. Real GDP grew by 2.2 percent in 1987, and 2.8 percent in 1988, and 2.4 percent in 1989. This is still too low to permit recovery of per capita GDP, which is still about 25 percent below the 1981 level. Much remains to be done to reactivate the economy and achieve the GOB's 4-5 percent annual GDP growth target. The decline in net international reserves was dols 44 million in 1988 and is projected at dols 92 million for 1989. The measures announced by the Paz Zamora government in January 1990 should reinforce this recovery and strengthen the basis for a sound private sector led economy.

The ESF program will provide urgently needed support for this program in the form of a cash transfer. The dollar funds will be provided for two basic uses. In order to balance our requirements for counterpart and our concern for avoiding inflationary impact, approximately \$30 million will be provided to the Central Bank of Bolivia (BCB) to reimburse eligible imports from the US. These funds will generate immediate counterpart to fund the local currency requirements of AID and other multilateral donor projects and eradication payments. The remainder of the cash transfer will be provided directly to the GOB to supply scarce foreign exchange resources to service eligible U.S. and multilateral debt, thus freeing GOB resources for economic reactivation efforts. It is tentatively contemplated that counterpart deposits will not be required for this portion of the cash transfer. Release of funds under the program will be tied in part to meeting coca interdiction, eradication, and substitution targets. The 1991 and 1992 eradication targets will be in the range of 5,000 to 8,000 hectares per year, interdiction and substitution targets will be negotiated with the GOB.

The GOB will deposit the equivalent amount of \$30 million in local currency (Bolivianos) into a special account in the Central Bank. These funds will be jointly programmed by USAID and the GOB for the counterpart requirements of the development activities of A.I.D. and other multilateral donors, to fund eradication payments, and to further support implementation of the GOB's Stabilization and Recovery Program.

Relationship to A.I.D. Country Strategy/Objectives: The program supports the overall U.S. objectives of: (1) support for a stable and democratic Government and institutionalization of the democratic process; (2) promotion of self-sustaining, diversified economic growth; and (3) narcotics control eradication, and interdiction.

Relationship to Host Country and Other Donors: The GOB negotiated a three-year enhanced structural adjustment facility (ESAF) with the IMF which was approved in mid 1988 and is currently under implementation. A new agreement for the second year of the ESAF has just been negotiated with the Paz Zamora Government, and was presented to the IMF Board in December of 1989. Approval is expected. Debt rescheduling took place under Paris I, in 1986, and Paris II during November 1988. A Paris III rescheduling is expected for 1990 with the introduction of "Toronto" terms.

Beneficiaries: The population as a whole benefits from an improved economy. Local currencies programmed under this project directly benefit the target populations of AID's and other donors' development projects in high priority sectors.

MAJOR OUTPUTS

ALL YEARS

- Economic Recovery
- Economic Policy Reforms
- Eradication of Coca Acreage

X
X
X

AID FINANCED INPUTS

LIFE OF PROJECT

(\$ 000)

Balance of Payments Support

FY 1991

66,000

FY 1992

89,000

PD&S Requirement: None

PAAD Approval Site: The PAADs will be reviewed in AID/W in January 1991 and January 1992.

Potential Issues: None

**New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia**

PROJECT NAME: ALTERNATIVE DEVELOPMENT
PROJECT NUMBER: 511-0617
PROJECT FUNDING: FY 1991 \$ 15 million LOP Funding \$ 60 million
FUNCTIONAL ACCOUNTS: ARDN and ESF (NSD-18)

PROJECT PURPOSE: To develop alternative sources of income and employment for people actually or potentially engaged in the production, processing, or marketing of coca.

PROJECT DESCRIPTION: This NPD is for a five year project to follow the Chapare Regional Development Project beginning in FY 1991. The LOP funding level is \$60 million, from the additional funds to be made available from NSD 18.

The project will provide incentives for farmers presently cultivating coca to pursue alternative employment opportunities in the Chapare, to return to the areas from which many of the current Chapare residents originated, or to migrate to other areas where suitable economic opportunities can be generated. The project will provide technical assistance, limited amounts of planting material, and limited institution building support in the Chapare. The Bolivian Institute for Tropical Agriculture (IBTA/Chapare) will continue to provide extension assistance to farmers who have eradicated part or all of their coca. IBTA and credit distribution organizations will be strengthened so as to be able to accept a greater workload and extend and recover increasing amounts of credit. Care will be taken to ensure that both women and men have access to these services. IBTA will also support the local, privately based nursery industry in providing planting materials. Alternatives to purely agricultural land use in the Chapare will also be explored.

Outside the Chapare, the project will fund activities such as irrigation, watershed management, reforestation, extension, integrated pest management, and community projects to encourage residents there not to migrate to the Chapare and to entice some who have migrated to return.

Many of the project field activities will focus on improved land use practices and land rehabilitation in highly degraded areas of the adjacent or source areas for Chapare migrants. These efforts will address an equitable sharing of benefits with women, who are and will continue to be the primary natural resource managers.

A key component of the project in all areas will be road construction and maintenance, under the direction of the National Roads Service (SNC). Both women and men will be employed in road construction. The project will purchase the minimum necessary heavy equipment and pay all costs associated with SNC's road building and maintenance activities. Plans are underway to utilize to the extent possible, heavy equipment supplied to the Regional Development Corporation by the Government of Japan. Operational costs of IBTA and the program for Regional Alternative Development (PADR), which coordinates all alternative development activity, will be funded by the project. In addition, several OPGs will be executed with PVOs for implementing programs outside the Chapare. For example, CARE is likely to implement reforestation and potable water activities in the AHVS.

To implement this expanded Alternative Development project, the USAID office or institutional contract in Cochabamba will be increased in size with the addition of an additional engineer and administrative/financial staff to monitor field activities and additional marketing specialists. An institutional contractor will assist IBTA in the Chapare and PADR in coordinating the programs.

As incentives increase for coca farmers to leave the Chapare, the project will initiate development activities in areas beyond the AHVs, initially the departments of Chuquisaca, Potosi, and Santa Cruz. Institutions which can implement a range of rural development and agricultural activities will be strengthened early in the project's life. It must be stressed, however, that all project progress in the Chapare is contingent on continued success in interdiction and eradication efforts by the GOB, and with support from other elements of the Embassy.

Relationship to A.I.D. Country Strategy/Objectives: This five-year project is consistent with USAID/Bolivia's strategy to promote basic structural and policy reforms necessary for long-term sustainable alternative economic growth.

Relationship to Host Country and Other Donors: The project is consistent with the GOB's strategy of providing a safety net of alternatives for campesinos who agree to abandon coca cultivation, and also to develop macro economic alternatives for Bolivia to replace the foreign exchange earnings it might lose as the importance of coca cultivation and trafficking is gradually reduced. This program also closely parallels

those of UNFDAC (with support from UK and Italy) and of the Federal Republic of Germany and will leverage funding for much of the infrastructure through the IDB and World Bank. Close collaboration with Japan on road construction and maintenance is envisioned. The project will complement the World Bank's agricultural sector development loans. Local and international PVOs will also be involved in this project.

Beneficiaries: Principal beneficiaries will be farmers engaged in coca production who have decided to eradicate their coca crop and farmers in other areas who have chosen to remain there instead of moving to the Chapare.

MAJOR OUTPUTS

ALL YEARS

	<u>CHAPARE</u>	<u>AHVs, ETC.</u>
- Credit Delivery Institutions strengthened	2	4
- Irrigation projects completed	0	150
- Other Community Level projects	50	250
- Hectares planted to Alternative Crops (5 years)	50,000*	0
- Marketing Arrangements (Joint Ventures) made for alternative products	3	2
- Export Marketing Program established	3	3
- Service Roads constructed or upgraded	250	450
- Service Roads maintained annually	300	300

* Includes up to 20,000 hectares previously planted with coca (as well as approximately 30,000 additional hectares in the Chapare that have been not used for coca).

AID FINANCED INPUTS

LIFE OF PROJECT

	<u>(\$ 000)</u>
- Technical Assistance	15,000
- Road Construction (Civil Works)	8,000
- Infrastructure Projects	5,000
- Equipment	5,000
- Commodities	7,000
- Training	5,000
- Operational Support	15,000
Total	60,000

Project Approval and Presentation Dates: This is an amplification and modification of the Mission's current Chapare Regional Development Project. The Mission proposes submission of the PP in October 1990.

New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: EXPORT PROMOTION (AMENDMENT 1)

PROJECT NUMBER: 511-0585

PROJECT FUNDING: Authorized in FY 1989 with an LOP of \$11.5 million in DA
Proposed: FY 1991: \$5 million, Total LOP \$28.9 million.

FUNCTIONAL ACCOUNTS: Existing: ARDN and SDA
New: ESF (NSD-18)

PROJECT PURPOSE: To support private sector and GOB efforts to expand and diversify Bolivia's export of non-traditional products.

PROJECT DESCRIPTION: The Mission is in the process of consolidating its program into six program areas. Export Promotion is one of the six areas. The Mission plans to strengthen its program in this area by possibly redirecting several existing projects and by broadening and extending (through FY 1994) the activities encompassed by the existing Export Promotion Project. Because of the importance given to this area, the Mission plans to dedicate considerable effort to the reformulation of the Export Promotion Project, beginning with a review of the successes and failures of similar projects in other countries.

The Government of Bolivia (GOB) places a major emphasis on the development of the export sector to reactivate the economy and create employment. The GOB's reactivation decree of July 1987 established the basis for the design of programs and policies to attain this objective. However, the export sector is hampered by institutional, technological, financial, and economic constraints which hinder efforts to develop Bolivia's export potential. The project amendment will focus on diversifying Bolivia's economic base and promoting Bolivia's economic recovery by addressing these constraints. In addition to existing efforts under the Export Promotion project, AID will extend and expand its technical assistance, provide support to investment promotion efforts, increase the amount of pre- and post-embarkation credits, and offer medium-, and possibly long-term, credits to exporters seeking to break into the export market and expand production. The project will seek to include women-owned enterprises among participants through outreach and promotion.

The amended project will have three or four components:

- 1) Technical assistance: Additional technical assistance will be provided to exporters for purposes of product identification, design and development, and market development. Support will be given to exporters to become involved in trade fairs abroad. Institutional strengthening efforts will be concentrated on that institution which proves to be the most effective during the first stage of the project. The USAID contractor will perform studies of the production processing marketing and export potential of specific products, including the relative employment impact.
- 2) Investment promotion: An office in Bolivia will be established to centralize foreign investment inquiries, to help guide foreign investors while they are in Bolivia, and to launch carefully targetted investment promotion efforts abroad. One institution under consideration to manage this activity is the nascent "Chamber of Chambers," an umbrella group of existing binational chambers. The possibility of starting a specialized private sector entity from scratch will also be considered so that A.I.D. would have adequate control and so that the bias of existing exporters against creating competition does not squelch efforts to start new people exporting.
- 3) Credit: The project will continue to provide credit to exporters for working capital purposes and will add credit for medium-, and possibly long-term, capital investments.
- 4) Performance based policy regulation reform: During the design of the amendment policies and regulations which require reform will be identified and analyzed. A schedule of disbursements based on performance in achieving the reforms will be proposed. Whether the disbursements in question are released to a credit fund or to the GOB Treasury with no strings attached will be analyzed during the design phase.

Relationship to A.I.D. Country Strategy/Objectives: The project will continue to support certain Mission objectives which have been newly enunciated in this Action Plan, namely those objectives associates with Program Areas 2 and 4: Alternative Development (by developing markets for products which substitute for coca) and Export Promotion (by serving as the principal instrument in achieving this objective).

Relationship to Host-Country and Other Donors: The Dutch government has given US\$ 3 million for an extensive study of agricultural export possibilities from the Santa Cruz department which they expect will lead to extensive world bank funding. The World Bank is funding improvements in transportation in their Export Corridors Project. The Bolivian government's contribution to this project will consist of credit for exporters through GOB owned local currency generated from PL-480 sales and ESF counterpart contributions.

We expect additional contributions from the development banks to the short-term export credit fund, once it is operating. Currently the only amounts of short-term credit available are the \$20 million line from CAF/SAFICO (the Andean Development Fund) plus another \$5 million granted by Venezuela through the IDB. Previous credit demand analysis have established a range of \$40 to \$60 million as the appropriate size of a credit fund. The Dutch team mentioned above may propose that the World Bank loan up to \$35 million for export credit. USAID will ensure, in consultation with the other donors, that the terms of all the credit lines are complementary so that they meet the needs of the sector.

Beneficiaries: The direct beneficiaries will be exporters and Bolivian producers who expand their domestic or export markets. Indirectly, the project will benefit the entire Bolivian population through an increase in private sector employment and increased export earnings. Attempts will be made to ensure that women are fully represented among beneficiaries.

MAJOR OUTPUTS

ALL YEARS

- Annual increase in non-traditional export products	10%
-- Foreign investments attributable to project	5
- New products exported attributable to project	8
-- New jobs attributable to project	3,000

<u>AID FINANCED INPUTS</u>	FROM		
	<u>AUTHORIZED DA</u> (\$ 000)	<u>NEW ESF</u> (\$ 000)	<u>TOTAL LOP</u> (\$ 000)
- Technical assistance	5,400	3,000	8,400
- Training	100	400	500
- Commodities	200	600	800
- Operating costs	400	4,000	4,400
- Credit funds (performance fund)	2,439	10,000	12,439
- Contingency	400	2,000	2,400
- Total	8,939*	20,000	28,939

* Reflects reprogramming of the existing budget.

An additional \$10 million in credit will be provided from ESF local currency.

PD&S Requirements: Design costs will be covered by the current project.

PP Amendment Approval Site: AID/W

Estimated PP Amendment Approval Date: First Quarter of FY 1991.

Potential Issues: The principal issues will be those related to 1) the flexibility which can be built into the project to allow the project to respond to changing situations and opportunities, 2) the selection of the institutions with which the project will work, and 3) the ability of AID to field a TA team which has demonstrated experience in export and investment promotion.

**New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia**

PROJECT NAME: **MICRO AND SMALL ENTERPRISE DEVELOPMENT
(Amendment 1)**

PROJECT NUMBER: **511-0596**

PROJECT FUNDING: **Authorized in FY 1988 with LOP \$ 10.0 million
Proposed: FY 1992 \$ 5 million,
Total LOP of \$ 22 million.**

FUNCTIONAL ACCOUNTS: **Existing: ARDN and SDA
New: ESF (NSD-18)**

PROJECT PURPOSE: To promote the long-term stable growth and development of the small and micro enterprise sector.

PROJECT DESCRIPTION: Studies in various developing countries indicate that micro and, especially, small enterprises generate a relatively large number of jobs with relatively little capital, where women are particularly active. The informal sector is estimated to employ 48% of the non-domestic-service workforce, at least 90% of these establishments employ less than five people.

While strengthening the sector could help generate employment and thus contribute to Bolivia's fight against the incursion of narcotics related activities in the economy, the growth of the sector is hindered by, a lack of appropriate business training, limited access to sources of credit, an inability to establish ongoing relationships with formal financial institutions, and government regulations which discourage the establishment and growth of enterprises.

The amendment would: 1) contribute to the improvement of support services, including credit, training, technical assistance, and representational services to small and micro-enterprises and, 2) contribute to the expansion of the project to the cities of Cochabamba, Tarija, Sucre, Potosi, Oruro, and Trinidad, with the intention, in part, of providing alternative employment to persons abandoning coca cultivation. The Federación Boliviana de Pequeñas Industrias (FEBOPI) will continue to expand its membership, to offer improved training and technical assistance to its members, and to represent the sector in policy dialogue. The Fundación para la Promoción y Desarrollo de la Microempresa (PRODEM) will create local subsidiaries in the cities mentioned above.

The work with the national system of credit unions would also be expanded to provide more competent financial services required by the sector and to support project activities in the above mentioned cities. The contracts for technical assistance with Acción Internacional (AITEC) and World Council of Credit Unions, Inc. (WOCCU) would be extended for the new life of the project. During the design of the amendment, other organizations providing services to the sector will be evaluated to determine their suitability for inclusion in the project. The intent of the amendment is simply to improve and expand the services presently being provided to the sector. An increased emphasis, however, will be placed on more effectively working for policy reform benefiting the sector. Participating institutions will seek to involve women actively in the project by encouraging participation of both spouse partners for family-run businesses, and advertising and promoting their services to the less visible women-owned manufacturing businesses.

Relationship to A.I.D. Country Strategy/Objectives: The project will continue to support certain Mission objectives which have been newly enunciated in this Action Plan, namely those objectives associated with Program Areas 2, 3, 4, and 6: Alternative Development (by offering alternative employment), Financial Market Development (by providing access to formal sector financial services), Export Promotion and Diversification (by assisting small and micro enterprises to produce for export markets), and Democratic Initiatives (by providing the sector with more effective representation).

Relationship to Host Country and Other Donors: In late 1988, the Mission hosted a meeting of the donors to coordinate efforts. Partly as a result of that meeting the Interamerican Development Bank and the Federal Republic of Germany are working with local organizations other than those supported by AID, to ensure that our efforts are complementary and to avoid over burdening new credit institutions. The market is too large for a small number of organizations to cover it. The World Bank and ILO have recently held exploratory conversations about the possibilities of undertaking programs in this sector. PRODEM itself has received additional funds from the Bolivian Emergency Social Fund. The Mission and representatives of the organizations associated with the project regularly participate in inter-institutional coordination meetings.

Beneficiaries: The direct beneficiaries will be small and micro-enterprises, and those individuals whose activities have backward and forward linkages with these enterprises. Indirectly, the project will benefit the entire Bolivian population through an increase in private sector non-coca-related employment.

MAJOR OUTPUTS

ALL YEARS

- Improved services to the sector by FEBOPI, PRODEM, and Credit Unions.	6 cities
- Small and micro enterprises strengthened and loans granted	15,000
- Jobs created	2,000

<u>AID FINANCED INPUTS</u>	<u>FROM AUTHORIZED DA (\$ 000)</u>	<u>NEW ESP (\$ 000)</u>	<u>TOTAL LOP (\$ 000)</u>
- Technical assistance	2,339	2,000	4,339
- Commodities	327	300	627
- Credit to micro enterprises	1,800	3,000	4,800
- Credit to small enterprises	881	7,500	8,381
- Training	395	500	895
- Operating support	570	800	1,370
- Policy research	161	700	861
- Contingency/evaluation	208	200	408
- Total	6,681 *	15,000	21,681

* Reflects reprogramming of the existing budget.

PD&S Requirements: Design activities will be funded with existing project funds.

PP Amendment Approval Site: USAID/Bolivia.

Estimated PP Amendment Approval Date: Third quarter FY 1992.

Potential Issues: Among the issues which will be considered are the following: 1) the ability of the presently collaborating institutions to absorb additional funds and other assistance, 2) the possibility of including additional institutions, 3) the most effective way to bring about policy and regulatory reforms, and 4) Graduation: should PRODEM be allowed to continue to deal with the same small groups of clients.

Performance Fund Bid
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: STRENGTHENING FINANCIAL MARKETS (Amendment 3)
PROJECT NUMBER: 511-0598
PROJECT FUNDING: Existing: FY 1988 \$1.0 million, LOP \$6.2 million
Proposed FY 1991 \$2.58 million, LOP \$28.6 million
FUNCTIONAL ACCOUNTS: SDA and ESF (Performance Fund)

PROJECT PURPOSE: To improve the effectiveness of Bolivian public and private sector institutions, especially the financial institutions, and to increase private sector participation in policy formulation.

PROJECT DESCRIPTION: The Mission is in the process of consolidating its activities into six program areas. Financial Market Development is one of the six areas. The Mission plans to strengthen this program by redirecting several existing projects and by broadening and extending the activities encompassed by the Strengthening Financial Markets (SFM) Project. The Mission plans to undertake a financial markets assessment in August 1990 as the basis for the reorientation of its program and for the preparation of the PP Amendment.

In comparison with other countries at a similar level of development, Bolivia has very weak financial markets and institutions. The cost of financial intermediation (i.e. the spread between banks' cost of funds and their onlending rate) approximates 13%, which is double or triple the cost of such services elsewhere. This extraordinary burden on the Bolivian economy stems principally from the operating inefficiency and flawed portfolios of the local banks.

Addressing this challenge was the original focus of the SFM Project, although it was recently broadened to address strengthening of private sector organizations and their participation in the policy process. Operations began in mid-1989: Nathan Associates (NA) began work on establishing an active securities market, establishing a training program for bankers and other financial sector personnel (in IDEA), establishing a capability within the private sector to analyze and formulate economic policy reform within the GOB, and strengthening seven private sector associations by strategic planning, improving services, and broadening membership. The project is working with ten private implementing agencies, and the Comisión Nacional de Valores.

After about seven months of implementation, there has been some substantial progress on the financial sector front. A complete overhaul of Bolivia's obsolete banking law is well advanced. The securities exchange has begun trading operations. However, three serious problems have emerged in the financial system effort. The first is that the principal local counterpart with respect to banking issues has been ASOBAN, the local bankers' association; ASOBAN has been slow to respond in organizing to take advantage of the resources of the project (although recently interest has increased significantly) and the limitations on what can actually be accomplished with ASOBAN have become clearer. Second, the SFM project was originally conceived as complementary to the World Bank project in support of the Superintendency of Banks. However, this project is winding down before the Superintendency has been able to accomplish many of the more important tasks which have been identified. Third, it is fairly clear in hindsight that the two-year period of technical assistance (through July 1991) financed under the original project was unrealistically short.

The proposed amendment would affect the financial sector component of the project; there would probably be relatively less impact on the other two components (private sector associations and private sector participation in policy reform), beyond the possible extension of the period of activities. However, the scope of financial sector assistance would be broadened beyond ASOBAN and the securities exchange, so the project's technicians could also work directly with the public entities who control regulatory policy (the Central Bank and the Superintendency of Banks). Those agencies could implement policy reforms which would substantially strengthen the banking system, including for example requirements of higher levels of bank capitalization, more realistic accounting of bad loans, and reporting systems to discourage money laundering.

A \$15.0 million performance fund will also be established to support policy reform and regulations which will contribute to improved effectiveness and efficiency of the financial system. These performance funds would be awarded as predetermined targets are met. During the design of the amendment several policy areas will be analyzed, including the following:

- To induce the commercial banking system to establish controls on money laundering, USAID/B would advance funds to ASOBAN when a computer system (Center of Information) can track all deposits of cash in excess of, say, \$10,000. Further, funds would be advanced when the Center of Information (ASOBAN) established a system of monitoring suspected drug traffickers as they requested loans and/or other bank services.

- As banks made progress on reducing intermediation costs, funds would be advanced through the Central Bank of Bolivia in the form of capital notes at a favored rate. These funds would be re-loaned at market rates, enabling the banks to repay their capital notes to the Central Bank from the interest rate spread, and immediately increase their capital base. Subsequent tranches would follow based on targeted goals being achieved.

- As inducement to improving the quality of the banks' loan portfolio, funds would be advanced through a "collecting" bank and the Central Bank to "buy" non-performing loans. One of the qualification requirements for Banks to participate in this program, would be that the loan officers of a particular bank had satisfactorily completed the PROCAF (IDEA) financial training course. Additional funds would be advanced when the ratio of non-performing loans was further reduced.

Thus, the performance funds can be both a strong motivator and facilitator of needed reform and increased efficiency in the financial sector.

The resources set aside for this Amendment of the project would be increased to cover an additional three years. It must be emphasized that the Mission obligates this increased funding only if implementation experience during the next year or so indicates solid possibilities for progress in financial reform. The project activities are too young to allow much assurance on that score yet. On the other hand, given the long lead time necessary to obligate further funding and contract TA, the Mission should be in a position to respond fairly quickly if next year's activities yield promising results. While the additional funding will be applied principally to financial sector assistance, the amendment would leave a modest degree of flexibility to follow up on successes under other project components.

The amendment will extend the present level of technical assistance, but will not expand it. The present level is four expatriate and four Bolivian long-term advisors and 25 person/months of short term advisors per year. This level of effort would be extended over three additional years. Similarly, the project manager position in the Private Sector Office would be continued for this period. Short-term participant training will also continue to be funded.

Relationship to A.I.D. Country Strategy/Objectives: The project will continue to support certain Mission objectives which have been newly enunciated in this Action Plan, namely those objectives associated with Program Areas 1, 3, and 6: Maintenance of Sound Economic Policy, by supporting the development in the private sector of the ability to analyze policy issues and to engage the decision makers in

well-informed dialog concerning policy reform favoring economic growth, Financial Market Development, by working directly with private and government financial institutions, and Democratic Initiatives, by broadening the base of private sector associations and making them more effective representatives of their members.

Relationship to Host Country and Other Donors: The GOB is channeling significant volumes of resources through the private banking system to the private sector with the expectation of reactivating the economy. The government is keenly interested in fostering a more efficient and effective financial system so that these resources have the intended impact. Furthermore, by reestablishing the Superintendency of Banks, the GOB now has an effective tool for reforming the financial system. The IBRD has supported the work of the Superintendency, but the project life has proven too short. Other donor institutions have shown interest only in certain segments of the financial system.

Beneficiaries: Reduction of financial-system costs and inefficiencies will inevitably increase the amount, accessibility and productiveness of investment. The principal direct beneficiaries of this increased investment would be the investing firms and the additional workers they are able to employ. Additional beneficiaries would include savers and other depositors, who would have access to better financial services. Policy reform affecting the private sector will increase the productivity of the sector and entice additional investors, resulting in increased employment and income. Increasing the effectiveness of the associations will provide access to the benefits of development to a broader group of entrepreneurs.

<u>MAJOR OUTPUTS:</u>	<u>LOP</u>			
- Reduction of the costs of intermediation.	40%			
- Decrease in the bad loan ratio of the banks portfolio.	50%			
- Additional financial instruments used.	-			
- Policy reforms benefiting the private sector and facilitating economic growth.	5			
- More effective and democratic private sector associations.	10			

<u>AID FINANCED INPUTS:</u>	<u>EXISTING DA</u>	<u>NEW DA</u>	<u>NEW ESP</u>	<u>TOTAL</u>
	(\$ 000)	(\$ 000)	(\$ 000)	(\$ 000)
Technical Assistance	4,900	5,400	0	10,300
Policy Performance Fund	0	0	15,000	15,000
Training	300	600	0	900
Project Management	460	400	0	840
Evaluations	200	200	0	400
Contingencies	<u>340</u>	<u>800</u>	<u>0</u>	<u>1,140</u>
Total	6,200	7,400	15,000	28,600

PD& S Requirement: Redesign will be funded by existing project.

PP Amendment Approval Site: The Mission seeks authority to amend the project in the Mission.

Estimated PP Amendment Approval Date: Second quarter of FY 1991.

Potential Issues: The project has just initiated operations, but because amendment of projects and of contracts require considerable lead time, it is necessary to start planning these amendments now. The Mission will closely monitor the early implementation of this project to determine what is working and what is not. The next six months will witness extensive discussions in the Mission concerning modifications in the Program.

**New Project Description
FY 1991-92 Action Plan
(Amendment)**

PROJECT NAME: POLICY REFORM (Support to UDAPE)
PROJECT NUMBER: 511-0571
PROJECT FUNDING: Authorized LOP: \$5 million
Proposed: FY 1991 - \$888,000, LOP \$6.4 million
FUNCTIONAL ACCOUNT: PSEE

PROJECT PURPOSE: To implement GOB macroeconomic and sectoral policy reforms aimed at reactivating productive economic activity.

PROJECT DESCRIPTION: This project has two elements: support to the operation of a GOB Economic Policy Analysis Unit (UDAPE) and a separate fund outside of UDAPE, known as Track II, which provides direct specialized short-term technical assistance to GOB ministries and other entities on sectoral policy issues. The project is being amended in two parts, by element, in order to allow continuity of our support to the GOB. Track II requires additional funding in the amount of \$888,000, while UDAPE will require to increase its funding by \$1.4 million beginning in FY 1991. This will require one Project Paper and authorization amendment.

Poorly paid, highly politicized and largely demoralized staffs within key GOB economic institutions (e.g. the Ministry of Finance, the Central Bank, the Office of the Controller General) have made the implementation of effective policy changes extremely difficult. The new socio-economic plan recently announced by President Paz Zamora calls for basic structural changes in the Bolivian economy (e.g. greater reliance on market forces, decentralization of investment, less involvement by the public sector in productive activities, more emphasis on social sectors) and significant improvements in governmental efficiency (e.g. better budget preparation and control, enforcement of the tax reform, cuts in public sector employment and decentralization of Bolivia's largest public enterprises). To assist this effort, the focus of the Policy Reform Project is being expanded slightly, and additional funding is being provided through this Amendment to assist the GOB to meet this requirement.

Project evaluations conducted to date indicate that the project has been successful. The evaluation reports also indicate that there is clear evidence that the policy analysis capacity of the GOB has been enhanced substantially and that, as a result of the project, there is a much better data base now

available for policy analysis. In addition, techniques and models have been developed which allow policymakers to assess the effects of their programs and there is a growing set of studies, particularly short-term, which can provide the analytical basis for policymaking. In addition, this project is essential to our program as it is the only project that gives direct support to the GOB enabling it to develop and implement a coherent and well thought out Government program.

During the first few months of the Paz Zamora administration, it has become clear that GOB plans will call for emphasized attention to the social sectors, especially health and education. A new Subsecretary for Social Policy is now part of the Ministry of Planning and Coordination. It is clear that these political changes may affect the functioning of the project and the assurance of continued support from AID to this project may reinforce GOB support for continued appropriate economic policies.

This amendment proposes that the project continue without major changes, except for the allocation of some limited resources to conduct studies to analyze social issues that have a direct impact on appropriate macro-economic policies. For this purpose, the project contemplates a slight reorganization of the UDAPE's analysis division to allow for selected social analyses and policy recommendations. In order to avoid political influence on social issues, the project will continue to be implemented with the participation of a Mission Project Committee, which will coordinate activities with the Ministry of Planning. Through this mechanism, requests submitted by GOB agencies will be analyzed and approved by the Project Committee so that the plan will be focused on studies with direct macroeconomic policy implications.

The Track II component of the project will continue to be implemented with the participation of a Board of Directors with representatives from the economic ministries, under the direction of the Ministry of Planning. Through this mechanism, periodic work plans developed by UDAPE will be analyzed and approved by the Board of Directors so that the plan will be focused on studies with direct macroeconomic policy implications.

Relationship to A.I.D. Country Strategy Objectives: The USAID/Bolivia strategy contained in the FY 1990-92 strategy supports the fundamental goal of AID assistance to promote economic growth with equity. This will be done through efforts to reinforce and support GOB ability to formulate and maintain sound macroeconomic policies, which is one of the main Mission objectives in the Action Plan.

The Policy Reform project is one of USAID/Bolivia's highest priority projects in that it is instrumental in assisting the GOB to adopt short and medium term policy reforms necessary to strengthen the economy, and in establishing the

conditions required to permit the public and private sectors to successfully carry out productive development efforts. The project directly supports AID's overall policy goals of using its program to engage in policy dialogue with Bolivia.

Relationship to Country and Other Donors: The Policy Reform project will continue to respond to the GOB's economic stabilization and reactivation priorities. UDAPE will continue to be used by the GOB in the implementation of its economic and social plan. UDAPE also will continue to be used as the technical arm of the GOB in its negotiations with the World Bank and the IMF, including the Consultive Group and the Paris Club on economic plans.

Beneficiaries: The entire population of Bolivia will benefit from an improved Government administration with efficient institutions able to address the main constraints that hinder socio-economic development. In addition, the staff working at UDAPE and participating Ministries will benefit from outside technical training as well as from practical training through their direct relationship with outside specialized technicians.

MAJOR OUTPUTS

THIS AMENDMENT

- | | |
|---|----|
| - A strong UDAPE capable of conducting sophisticated macro-economic, social and sectoral analyses that, in turn, has the capacity to develop economic social policy options | 12 |
| - Analyses and studies leading to macro economic, social and sectoral reforms produced by UDAPE | 25 |
| - Non-UDAPE produced economic and administrative reform analyses that GOB policymakers and administrators can use for policy reform | 12 |

A.I.D. FINANCED INPUTS

ORIGINAL
(\$ 000)

THIS AMENDMENT
(\$ 000)

TOTAL LOP
(\$ 000)

- Technical assistance	4,480	900	5,380
- Commodities	357	200	557
- Training	120	100	220
- Evaluations/Audit	15	100	115
- Contingencies	28	100	128
Total	<u>5,000</u>	<u>1,400</u>	<u>6,400</u>

PP Amendment Approval Site: USAID/Bolivia.

Estimated PP Amendment Approval Date: November 1990

Potential Issues: None.

New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: DEMOCRATIC INSTITUTIONS PROJECT AMENDMENT

PROJECT NUMBER: 511-0610

FUNCTIONAL ACCOUNTS: SDA FY 1988 \$450,000, ESF FY 1990 \$350,000 LOP:
\$800,000

PROJECT PURPOSE: To improve the functioning of the electoral system and broaden participation in the electoral process; improve the administration and bill drafting functions of Congress; and explore the feasibility of establishing a non-governmental, non-partisan, non-profit organization to promote democracy in Bolivia.

PROJECT DESCRIPTION: This is an amendment to the current project, the purpose of which is to increase the LOP funding by \$350,000 to a new total of \$800,000. The current PACD is 12/31/90, which the Mission is considering extending to 12/31/91 in order to coordinate better with the soon to be presented long-term project. This extension is within the Mission Director's authority.

The new government of Bolivia (GOB), which took office in August 1989, has committed itself to modernize and reform the electoral system before the next municipal elections in 1991. This commitment was formalized in an agreement signed among the principal political parties and was contained in the Presidential message delivered to the Nation in early January 1990. The GOB and the main parties are also concerned about the quality and promptness of congressional actions. Thus the activities of USAID/Bolivia's Democratic Initiatives Program in the electoral and legislative areas have acquired greater urgency in the light of major new program initiatives in these areas begun by the new government.

The selection of offers for the acquisition of an automated electoral system designed with Democratic Institutions (DI) project funds is currently underway. Originally, it was anticipated that equipment would initially be purchased only for the national electoral court and the three major departmental electoral courts. Additional equipment was to be funded under the larger, long-term Strengthening Democratic Initiatives Project. However, since the GOB is now close to completing the award process for this initial equipment, it would appear more efficient to fund all of the remaining equipment immediately. This will not only speed-up the procurement process, but will also allow the GOB to lock-in current prices for the purchase. The additional funds requested are primarily for this purpose.

Shortly after taking office in 1989, the new president of Congress asked for USAID assistance to improve the current incipient congressional data base, which consists principally of a manual search system of congressional files and texts of laws. This activity is contemplated under the current program, however, the costs of the automated equipment and programs to improve access to congressional files and to the full texts of laws were underbudgeted. Thus, this activity will require additional funding to provide the initial hardware and software to start-up the minimal, integrated system required to provide an effective system for the congressional leadership.

The project amendment will focus on the consolidation of the electoral system and the improvement of the legislative process by addressing these constraints. In addition to existing efforts under the democratic institutions project, AID is funding an assessment of the Bolivian Justice Sector and the writing a public prosecutor draft law under the Justice Sector Project (511-0609). The results of the assessment, the draft law, the electoral registry system, and the file/law access systems mentioned above will provide the bases for a broad spectrum of activities in support of democratic institutions proposed in the long-term Strengthening Democratic Institutions Project (511-0587), currently under design.

Relationship to A.I.D. Country Strategy/Objectives: United States Government (USG) policy seeks three basic goals in Bolivia: the consolidation of the democratic system, economic stabilization and recovery, and control of illegal drug production and trafficking. The project will provide assistance to consolidate the electoral system and to upgrade the legislative process. The proposed improvements of the legislative process will enhance economic objectives by expediting the consideration of the required investment, privatization, control of state management, and other economy-related laws. By helping control fraudulent voter registration, the electoral registry system will reduce opportunities for drug-financed candidates and parties to dilute the value of the valid vote and to distort the electoral system to their own purposes.

Relationship to Host Country and Other Donors: A new building for the National Electoral Court will be acquired with GOB counterpart funds. Congress is completing the construction of an annex building with its own funds. The Executive is committed to implement a 1989 agreement among the major political parties to bring about reforms in electoral legislation and administration. In January 1990, it sent a package of draft economic legislation for its consideration and approval by Congress.

Beneficiaries: Eligible voters, estimated at over two million, will directly benefit from an automated electoral registry. Illegal multiple registrants will be screened out, thus giving full value to valid votes cast. The automated voter registry and citizen identification systems will particularly benefit rural women who are less likely to register to vote than men because they do not have the required documents. Congressmen (27 senators and 130 deputies) will benefit from improved access to legislative files and to the body of past legislation, as well as from orientation seminars and workshops on subjects of current legislative interest. The improved legislative support systems will facilitate approval of economic legislation which will benefit the entire Bolivian population through increased investment opportunities and better control of state management.

MAJOR OUTPUTS

ALL YEARS

Electoral System

- Automated Electoral Registries
Functioning in all Districts 10 districts
- Electoral Training Program 20,000 jurors
3,000 notaries
150 personnel
- Voter Participation Campaigns 5 TV spots
Designed, Produced and Broadcast 5 radio spots
on Nation-Wide Media 5 graphic publications

Legislative Process

- Design, acquisition, installation of software and hardware to access files and texts of laws by computer Access software acquired
- Broad access to reorganized computerized and texts of law by members of Congress Access system in place

AID FINANCED INPUTS:

ORIGINAL
(\$ 000)

AMENDMENT
(\$ 000)

LIFE OF PROJECT
(\$ 000)

- Commodities	244	331	575
- Technical Assistance	121	4	125
- Training	44	6	50
- Operating Costs	41	9	50
	<hr/>	<hr/>	<hr/>
Total	450	350	800

PD&S Requirement: None

PP Amendment Approval Site: The Mission proposes that the amendment be approved at the Mission, as there is no significant change in activities.

PP Amendment Approval Date: The amended PP will be approved in April 1990. Funds will be obligated as soon as the CN expires.

Potential Issues: None

New Project Description
FY 1991-92 Action Plan
USAID/Bolivia

PROJECT NAME: CARIBBEAN AND LATIN AMERICAN
SCHOLARSHIP PROGRAM (CLASP II)

PROJECT NUMBER: 511-0611

PROJECT FUNDING: FY 1991 - \$386,000, LOP \$ 3.5 million

FUNCTIONAL ACCOUNT: EHR

PROJECT PURPOSE: The project provides training to rural and urban leaders who have traditionally had limited access to training opportunities.

PROJECT DESCRIPTION: CLASP II is a regional program consisting of 13 mission projects and an AID/W regional project. The AID/W regional project, a sub-project of the CLASP II program, will consist of training activities established by Congress and directly managed by AID/W, program support, and program monitoring and evaluation services. The country projects will consist of short and long-term Peace Scholar training of host country nationals in U.S. educational and training institutions.

The basic structure and intent of the CLASP (APSP) program will remain unchanged in the transition to CLASP II.

A basic premise of CLASP which will not change is that opportunities must be provided to those people in LAC countries who have traditionally lacked access to economic and social advancement. The objective of strengthening democratic processes can only be achieved by encouraging economic and political participation of such groups.

The CLASP II program has as its primary objective the training of current and potential leaders from fields judged as critical to the successful social and economic development of each country. Therefore, the recruitment and selection of appropriate individuals for training is of the highest priority. For this purpose, a Social Institutional Framework analysis will be conducted in order to identify socio-political conditions, training requirements and recommended target groups.

Consistent with the intent of the program to provide opportunities for and develop leadership capability in less advantaged members of society, a minimum of 70 percent of the CLASP II Peace Scholars will be from socially or economically disadvantaged groups. At least 40 percent of the Peace Scholars must be female.

All CLASP II training programs will include exposure to American life and values, particularly as they relate to democratic institutions, free enterprise, and the development of personal and institutional relationships between Peace Scholars and Americans.

BENEFICIARIES: Beneficiaries of CLASP II are socially and economically disadvantaged leaders throughout the country community. It is estimated that approximately 200 leaders will directly benefit from this project.

MAJOR OUTPUTS

Community leaders from rural and urban areas
fully trained and working in their places of origin 200

<u>AID FINANCED INPUTS</u>	<u>TOTAL LOP*</u> (\$ 000)
- Scholarships granted	\$2,450
- Technical Assistance	600
- Logistical Support	350
- Commodities	50
- Contingencies	50
Total	\$3,500

* This is a Mission-based continuation of a LAC-funded project (CLASP I). Therefore, information on AID-financed inputs for CLASP I is not provided.

PP Approval Site: USAID/Bolivia

PP Approval Date: June 1990

Potential Issues: None

**New Project Description
FY 1991-92 Action Plan**

PROJECT NAME: Training for Development (Amendment No. 3)
PROJECT NUMBER: 511-0584
PROJECT FUNDING: FY 1990 - \$ 255,000, LOP:\$ 6.5 million
FUNCTIONAL ACCOUNT: EHR

PROJECT PURPOSE: The purpose of the project is to expand the country's human resource base by increasing the number of U.S. trained government officials at policy design level, and private sector individuals that influence on the design of public policy.

Market oriented policy formulation will contribute to the development of private enterprise.

PROJECT DESCRIPTION: The project provides academic training at graduate level in American universities in business management, marketing, finance, agricultural economics, economics and public administration.

The length of training in this component may vary from 12 to 24 months.

A second component is the short term-technical training which covers such areas as development banking, export promotion, international trade, business management and finance. The length of training in this component may vary from 12 to 20 weeks.

RELATIONSHIP TO AID COUNTRY STRATEGY: The Training for Development project is consistent with USAID/Bolivia's strategy to promote the development of the private sector, the formulation of market oriented policy and strengthening democracy.

RELATIONSHIP TO COUNTRY AND OTHER DONORS: The project will contribute to the fulfillment of Country Training needs at graduate level. The project will channel the training of individuals that have a major role in the design and formulation of public policy.

BENEFICIARIES: The project beneficiaries are government officials involved in the design and formulation of public policy. These beneficiaries must be of the upper level bracket of GOB structure.

A second group of beneficiaries are private sector managers that influence on the formulation of policy through their associations.

MAJOR OUTPUTS: The Training for Development project will be amended in FY 1990 and US\$ 4 million will be added.

Project targets are as follows:

<u>BENEFICIARIES</u>	<u>LONG TERM ACADEMIC</u>	<u>SHORT TERM TECHNICAL</u>
Private and/or public sector decision makers	48 participants with M.S. degrees	40 participants of U.S. technical training

<u>AID FINANCED INPUTS</u>	<u>AUTHOR. TO DATE (\$ 000)</u>	<u>THIS AMEND (\$ 000)</u>	<u>TOTAL LOP* (\$ 000)</u>
- Scholarships: Long Term	828	2,908	3,736
Short Term	1,102	431	1,533
- Technical Assistance	280	315	595
- Logistical Support	210	264	474
- Commodities	14	15	29
- Contingencies	66	67	133
Total	2,500	4,000	6,500

PP APPROVAL SITE: USAID/Bolivia

PP APPROVAL DATE: June 1990

POTENTIAL ISSUES: None

RELATIONSHIP TO AID COUNTRY STRATEGY: The Training for Development project is consistent with USAID/Bolivia's strategy to promote the development of the private sector and the formulation of market oriented policy.

**New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia**

PROJECT NAME: CHILD SURVIVAL PVO NETWORK OPERATIONAL PROGRAM
GRANT AMENDMENT

PROJECT NUMBER: 511-0601

PROJECT FUNDING: This amendment will provide an additional
FY 1991 \$3,323,000 for a total LOP of \$5,000,000

FUNCTIONAL ACCOUNT: Child Survival

PROJECT PURPOSE: To promote child survival in Bolivia through enhanced
coordination among private and voluntary organizations (PVOS).

PROJECT DESCRIPTION: Basic child survival (CS) services are being provided to
low income Bolivians by PVOS, e.g. immunizations, control of diarrheal
diseases, nutrition, child growth monitoring, birth spacing, acute respiratory
infections, woman's roles in health promotion, and maternal and child health.
However, the PVOS need to continue to coordinate and improve quality of their
CS interventions.

PROCOSI (Programa de Coordinación en Supervivencia Infantil) is a network of
PVOS which provides: coordination among its members, USAID, other donors, and
the Ministry of Health; technical assistance; training; and subgrants for
operational research and CS activities. These activities strengthen the
member PVOs' capacities to provide Child Survival services.

The current Operational Program Grant expires January 26, 1991. A workshop
was held in January 1990, by the member PVOs to determine the future of
PROCOSI. They decided to immediately request a seven month no cost extension
to allow more subgrants to be awarded. Following the external evaluation,
scheduled for July of 1990, PROCOSI will be requesting additional funding to
be provided through this amendment.

Relationship to A.I.D. Country Strategy/Objectives: The project addresses the
Action Plan's new Maternal and Child Health objective 5 of strengthening
service delivery organizations, including training of health care personnel
and promoting community organization and involvement in health and
sanitation. PROCOSI also acts as a mechanism for the PVOs to jointly discuss
policy issues relating to Child Survival with the Bolivian Government.

Relationship to Host Country and Other Donors: PROCOSI works closely with the Bolivian Ministries of Health and Planning in coordinating member PVO activities and facilitates policy dialogue between PVOs and the Ministry of Health. PROCOSI is actively pursuing financing from other donors including the World Bank, IBD, and UNICEF.

Beneficiaries: Member PVOS and through them, the communities they serve, especially infants, children under five years of age and women. The current ten PVOs are working in all areas of the country, providing services to millions of low income Bolivians.

MAJOR OUTPUTS:

ALL YEARS

Subgrants	10 to 15
Technical Assistance	as required
Training	as required
Monitoring and Evaluations	as required

AID FINANCED INPUTS:

ORIGINAL

AMENDMENT

TOTAL LOP

	<u>(\$ 000)</u>	<u>(\$ 000)</u>	<u>(\$ 000)</u>
Subgrants	553	1,447	2,000
Technical Assistance & Training	353	513	866
Equipment, Materials and Supplies	103	189	292
Project Monitoring and Evaluation	91	406	497
Project Administration	482	613	1,095
Administrative Recovery	95	155	250
Total	1,677	3,323	5,000

OPG Approval Site: USAID/Bolivia

Estimated Amendment Date: First Quarter, FY 1991

Potential Issues: Can the PROCOSI system support the addition of other PVOs and programs such as The Radio Health activity?

New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia

PROJECT NAME: CARE RURAL WATER AND SANITATION II OPERATIONAL PROGRAM GRANT

PROJECT NUMBER: 511-0618

PROJECT FUNDING: FY 1990 \$ 500,000 LOP Funding \$ 5 million

FUNCTIONAL ACCOUNT: CHILD SURVIVAL

PROJECT PURPOSE: To promote child survival in Bolivia through rural community health activities integrated with provision of rural water systems and latrines.

PROJECT DESCRIPTION: Bolivia's rural infant mortality rates are estimated as high as 250 per thousand live births. The rural areas are characterized as having a lack of or inappropriate health services, and lack of available potable water and sanitation facilities, and low levels of education, especially women's education. The resulting cycle of low birth weights, poor nutrition and weaning practices, and high incidences of immunopreventable diseases, acute respiratory diseases, and diarrhea episodes lead to high infant death rates.

CARE/Bolivia has had a successful Operational Program Grant since 1986 which has fully integrated health promotion, construction of potable water, and provision of sanitary facilities in 200 small, rural communities in five departments. Initial administrative problems with the original Rural Health and Sanitation Project management have been largely overcome. The synergistic effects of these three interventions have been shown to have significant impact on child survival indicators in the communities.

The initial Grant will be externally evaluated in March 1990, to recommend any adjustments which may be required for the follow-on project. Depending on the results of this evaluation, it is anticipated that CARE will select additional rural communities and will expand its training of local health promoters in child survival and health interventions such as immunizations, oral rehydration therapies, nutrition counseling, appropriate use of water, hygiene practices, and establishing community pharmacies. These activities will be coordinated with the construction and training for operation and maintenance of water systems and latrines, with participation of the communities and selected Regional Development Corporations.

Development of community pharmacies and additional support for local Ministry of Health (MOH) institutions to increase their capacity for

training and supervision of the health promoters and maintenance of water systems may also be added as new components of the follow-on project. Cold chain equipment and other local MOH Child Survival equipment needs will be provided.

Relationship to A.I.D. Country Strategy/Objectives: The Rural Water and Sanitation II Project addresses the new Mission Maternal and Child Health Objectives contained in section 5. C. of this Action Plan Strategy. Specifically, it will promote community organization and involvement in health and sanitation, including health-related education; it will strengthen Ministry of Health institutions providing service delivery; and it will provide some commodities and the basis for policy dialogue with the Bolivian government.

Relationship to Host Country and Other Donors: CARE will work closely with the Bolivian Ministry of Health and selected Regional Development Corporations. It coordinates activities with other PVOs through PROCOSI, the Child Survival umbrella organization.

Beneficiaries: Members of the communities, especially infants and children under five years of age will benefit from reduced episodes and improved treatment of diarrheal diseases, acute respiratory infections, and improved nutrition. Women in particular will benefit from access to potable water in a variety of ways. The Ministry of Health institutions and personnel participating in the project will benefit from the improvements CARE will make in their Child Survival Programs.

MAJOR OUTPUTS:

ALL YEARS

Water Systems Constructed	200-250
Latrines Installed	10,000 - 15,000
Promoters Trained	400 - 500
Village Pharmacies	200 -250
MOH Institutions Supported	50 - 60

AID FINANCED INPUTS:

LIFE OF PROJECT
(\$ 000)

Water Systems	2,200
Latrines	600
Community Health Activities	1,000
Project Administration	800
Administrative Recovery	400
Total	5,000

OPG Approval Site: USAID/Bolivia

Estimated Approval Date: Third Quarter, FY 1990

Potential Issues: None

**New Project Description
FY 1991-1992 Action Plan
USAID/Bolivia**

PROJECT NAME: RADIO HEALTH OPERATIONAL PROGRAM GRANT

PROJECT NUMBER: 511-0619

PROJECT FUNDING: Child Survival FY 1992 \$ 5 million,
LOP Funding \$ 3 million

FUNCTIONAL ACCOUNT: Child Survival

PROJECT PURPOSE: To support development of an integrated practical science program which will strengthen the primary school science curriculum for grades three-five and secondary curriculum for grade six in three A.I.D. priority sector program areas: child survival, reproductive health, and the environment.

PROJECT DESCRIPTION: Recent research has demonstrated that education has strong impact on social and economic development. Even more striking is the significant impact that the education of girls (four to six years of primary education) has on reducing fertility, malnutrition, and infant, child, and maternal mortality; on increasing educational attainment of children, and on increasing employment, productivity, health, and nutrition.

The program would be very applied in its focus, developing principles into specific applications in the health, nutrition, population, and environmental areas. A number of modules will be developed for each of these substantive areas, along with teacher guides, and of course, the audio transmission tapes.

The project would build upon the marked success of the Radio Education project (511-0597). The technology to develop the individual lessons is in place; Bolivians currently providing technical assistance through the Educational Development Center (EDC)/Boston possess the skills necessary to develop and disseminate the materials. The modulized lessons will buttress our current USAID maternal and child health investments without changing the shape of the Mission portfolio.

The programs will have an equal impact on urban and rural areas, private and public schools, and males and females. Broadcast several times throughout the day, the project's programs will also reach, and hopefully influence, the attitudes and behavior of the adult population as well. Although boys and girls will have equal access to broadcasts, the results of the programs will be most beneficial to girls and young women who are the critical actors in the health, nutrition, and population areas.

Special emphasis will be placed upon (a) research efforts that yield evidence on why young females leave primary school and/or do not perform well and (b) pilot projects linked to country-specific knowledge and conditions, that encourage greater female participation and persistence within basic education institutions.

The project will be implemented through a new PVO, Programa Teleducativo para Niños (PTN), which is currently managing similar Radio Education project activities in the Departments of Santa Cruz, Cochabamba, the Beni, Chuquisaca, and Tarija. In addition to overall project management and program development, PTN will coordinate efforts with the Ministries of Health and Education in content identification, site selection, and field implementation. To facilitate easy Mission management of the new project, technical assistance in training and developmental activities will be provided through a separate buy-in to an existing AID/W contract.

Relationship to A.I.D. Country Strategy/Objectives: The Radio Health Project directly addresses and complements the Mission's new Maternal and Child Health Objective 5.C.3 by promoting community involvement in health and health-related education.

Relationship to Host Country and Other Donors: Support for basic education by major donors has waned over the past decade in Bolivia. However, recently the World Bank has been attempting to initiate discussions about a loan for the primary school sub-sector focusing on management and administrative issues and UNICEF is also contemplating a renewal of effort focused on primary education, especially as it relates to child survival initiatives. Our efforts will be coordinated with both institutions.

Beneficiaries: An estimated 200,000 students will benefit from improved knowledge of basic and reproductive health, child survival and environmental themes. Schoolgirls particularly will be able to take advantage of this information, as many will not have other opportunities to learn about reproductive health and child survival issues before they reach adulthood. The project will also benefit an unknown number of adults (mainly women) who will listen to the programs. The Bolivian educational system will be provided with additional technologies and resources which should lead to further, sustainable improvements in its services.

MAJOR OUTPUTS:

ALL YEARS

- Students trained	200,000
- Teachers trained	5,000
- School leavers & adults trained	30,000
- Curriculum modules developed	12
- Radio lessons developed	192
- Teachers' guides developed (1/module)	12
- Bolivian technicians trained	20
- Supplementary AV materials (video/slide tape)	3

AID FINANCED INPUTS:

LIFE OF PROJECT
(\$ 000)

- Technical Assistance	1,250
- Commodities	1,000
- Training	250
- Contingency/other costs	500
Total	3,000

OPG and Buy-In Approval Site: USAID/Bolivia

Estimated OPG and Buy-In Approval Date: May 1991

Potential Issues: Prompt registration of Programa Teleducativo Para Niños as a registered PVO with A.I.D. and whether this project should be subsumed into the Child Survival PVO REC Project.

APPENDIX C

COUNTRY TRAINING PLAN - FY 1991

The following Country Training Plan has been prepared in accordance with the Country Development Strategy Statement and the specific requirements of the project papers for the Andean Peace Scholarship Program and the Training for Development Project, as well as the overall program objectives. The Mission has a number of project-funded training activities, and two free-standing general participant training programs. The sum of the two free-standing projects' is \$13 million and covers the costs of an estimated 800 participants for short and long term training. Over a ten year period. Of this amount, almost 300 participants have already completed or are in training in FY 1990. Approximately an additional 80 participants per year are either project or centrally funded, primarily for short-term training.

The Mission has taken a number of steps to develop and implement a coherent and strategically planned training program that is integrated both geographically and by specialty.

Additional work will be done during the ActionPlan period to adjust our training program and comply with the new orientation of our strategy, which seeks to maximize the program impact in the most important areas -- maintaining sound economic policy, diversifying the economy, providing alternative development not based on coca, improving child survival conditions and strengthening the democratic process. We particularly expect to place, greater attention to training in the fields of agribusiness, economics, export development, democratic institutions, banking, health and population.

Some of Bolivia's geographic regions have been traditionally isolated and consequently have had limited access to training opportunities. We are developing ties with institutions in those geographic areas which otherwise would not learn of training opportunities. These institutions will become the contact points through which networks of trainees will share and spread the training received, as well as identify new requirements. In addition, we are compiling an inventory of professionals trained by the Mission in various specialties. This inventory will be the basis for determining which fields or specialties require additional training, and identifying goals and purposes for such training.

APSP SHORT-TERM AND LONG TERM TRAINING

SHORT TERM

	<u>Course Title</u>	<u>No.</u> <u>Participants</u>
FY 87	Hand Knitters	20
FY 88	Journalists	34
	Mother's Clubs	23
	Ag. Producers I	20
FY 89	Mayors	20
	Agricultural Producers II	19
	Video Producers	14
	Medical Technicians	19
FY 90 (Projected)	Forestry Technicians/Env.Conserv.	20
	Community Health Practitioners	20
	Agricultural leaders	20
	Labor Leaders	<u>16</u>
	Total to date - Short Term	245

LONG TERM

	<u>Course Title</u>	<u>No.Participants</u>
FY 89	English Teachers Certificate Program	25
	English Teachers M.A.	2
FY 90	M.A. Public Adm.	15
	M.A. Economics	5
	English Teachers Certificate Program	<u>20</u>
	TOTAL	67

The training programs for FY 1991 follow the priorities established in Bolivia's Country Development Strategy Statement (CDSS) 1989 - 1993 which emphasized strengthening the private sector and developing the agricultural exports as top priorities. Other priorities are Bolivia's social problems and strengthening democratic institutions. Implementation of the following programs will help meet these goals. Also, it will complete Bolivia's APSP target number of 430 participants in training by September 30, 1991.

Short Term Training

<u>Course Title</u>	<u>Number of Participants</u>	<u>Length of Program</u>	<u>CDSS Goal</u>
1. Management Strategies for Small Business	20	5 weeks Sector	Private
2. Elementary & Secondary School Administrators	20	5 weeks	Social Development
3. Public Administration for mid-level ministry administrators	20	5 weeks	Democracy
4. Agricultural Production for rural leaders	20	5 weeks Sector	Private
5. U.S. Court Administration for public defenders	<u>20</u>	5 weeks	Democracy
Total	100		

Long Term Training FY 1991

<u>Course Title</u>	<u>No. of Participants</u>	<u>Length of Training</u>	<u>Goal</u>
- Health Educators	10	10 months certificate	Social Development
- Comparative study of U.S. administrative law for recent law school grads.	8	10 months non degree	Administration of Justice
	—		
Total	18		
Grand Total	430		

Training for Development Project

The Training for Development Project was originally designed with three components: 1) long term and short term training, 2) in-country seminars, and 3) democracy awareness program. The long term component

offers training in business management, marketing, finance, public administration, economics, agricultural economics and international trade. The training is at the masters degree level as an objective for all its participants. The short-term component offers training in business management, finance, export promotion and international trade, and the length of training varies from two to 20 weeks in duration.

The second component was designed to cover topics such as approaches to penetrating new domestic and international markets, the role of rural communities in economic development, export regulations and their impact on production for export markets.

The third component allowed young Bolivians to visit the U.S. for a month under the Democracy Awareness Program. There were two visits per year and depending on the background of the group, it allowed the groups to visit farm communities, local associations, and unions.

The in-country seminars and Democracy Awareness Program components of the project were dropped in 1989 with the emergence of the APSP which had similar goals. The funds allocated to these two components have been reprogrammed to the long and short term training component as this has proven to be most successful in addressing country training needs.

The need for long term academic training has been addressed in part, but the demand exceeds by far the availability of funds. The Training for Development Project currently has a \$2.5 million life of project with a PACD of June 30, 1991. An amendment, scheduled for June 1990, will increase the total budget to \$6.5 million with a PACD of June 30, 1994.

The Training for Development Project contributes to the private and public sectors by providing training for managers in areas such as economics, marketing, business administration, finance and public administration. Through its Training for Development Project, USAID has concentrated its efforts in the training of members of key policy-making institutions. It is a primary objective of the Mission to provide more support in the development of professionals at the graduate level, and provide technical skills upgrading through its short term programs.

Long term training has been offered in fields such as business administration, marketing, finance and economics. Short term training has been offered in export promotion, international trade, marketing, export strategies and agricultural management techniques. From 1986 to 1989 a total of 19 young Bolivians have received scholarships for Masters Programs. Six of them have already completed their training. Within the short term programs, 123 professionals have taken 4-6 week technical courses in fields such as export promotion, joint ventures, management skills, agriculture and marketing. Projections for 1990-1994 are to offer Master's degree scholarships to an average of 12-16 Bolivians per year, and an average of 30 short-term technical courses per year.

Over the next five years, the Training for Development Project will concentrate its attention on three objectives:

- Policy Formulation: Training of public sector professionals will be emphasized by providing training opportunities to those individuals with significant involvement in the policy formulation processes.
- Private Sector: Training will expose the participants to a market oriented economy in the U.S. by providing training in American universities in business management, marketing and finance.
- Export Sector: The agricultural sector needs to be more competitive in the international market. The sector operates at a disadvantage due to the lack of information on international marketing.

Technical Divisions

USAID/Bolivia has four offices which require technical training: Private Sector, Agriculture and Rural Development, Health and Human Resources and Project Development and Implementation. Most of the courses taken or seminars attended by these participants are short-term and the cost is paid from ongoing Mission or centrally funded projects. Training is primarily in agriculture, management and health.

In FY 1988, 26 participants from technical divisions have been trained in the agricultural and administrative fields and 17 participants have been trained from unfunded or centrally funded projects.

In FY 1989, 75 participants from technical offices were trained in the agricultural and administrative fields. In FY 1990 and 1991 approximately 170 participants will receive training.

In 1992 and the outyears, participant numbers are likely to rise with increased Bennett plan funding levels.

APPENDIX D
TEXT OF ENVIRONMENTAL DECREE

TRANSLATION OF THREE ARTICLES OF DECREE 22407
IN REFERENCE TO THE PROTECTION OF THE ENVIRONMENT 1/

Article 62.- As of this date, a five year Historic Ecological Pause is established during which no further forestry concessions will be issued. Measures will be adopted so that the current concessionaries comply with the requirements included in the Development Forestry Law under penalties of reversion of the concession to the State in case of non-fulfilment. The Ministry of Agriculture and Rural Affairs will, within 60 days, develop the corresponding regulations to ensure appropriate compliance with this environmental protection measure.

Article 63.- The Ministry of Agriculture and Rural Affairs will prepare a National Ecological Map for the purpose of determining the areas of protection, conservation, production and public interest to establish a policy in accordance with the principle of rational use of the forestry and animal national resources.

Article 64.- The Government of National Unity will develop an ecological awareness policy so that the population becomes a participant in the care and preservation of the environment.

1/ Promulgated January 11, 1990.

0890P

APPENDIX E
LEGISLATIVE AGENDA

Democratic Initiatives

B.3

Benchmark legislative agenda for democratization process, 1978-1996:
with actual and projected dates for accomplishment (projected dates in
bold)

Economic

1. Budget Law (yearly): 1986, 1987, 1988, 1989, 1990, 1991
2. Foreign Investment Law: 1991
3. Control of State Management Law (SAFCO): 1991
4. Privatization Law: 1991

Electoral

5. Electoral Law: 1980, 1985 (amended), 1990 (amended)
6. Municipal Election Law: 1985, 1990
7. Political Party Law: 1990
8. *Municipal Territorial Jurisdiction Law: 1990

Local/Municipal Government

9. Municipal Organization Law: 1995
10. *Administrative Decentralization Law: 1991

Justice System

11. *Public Prosecutor Law: 1992
12. Judicial Organization Law: 1991
13. **Revision and Approval of Banzer Codes: 1996

Other

14. Dangerous Substances Law: 1985, 1988 (amended)

Legislature (In-house)

15. Rules of Order - Upper House: 1990
Lower House: 1990

Notes:

- * Laws required by the Constitution and not yet passed
- ** Banzer codes are de facto laws, never approved by Congress, which require updating and revisions and then must be approved by the Congress.

C.2. List of specific judicial sector improvements implemented with USAID assistance with target dates

	<u>Year End</u>
1. Strengthening of Personnel Office	1992
2. Establishment of Training Unit Supreme Court	1991
3. Improvement in Court Administration, including recording of testimony, caseload management, Standardization of forms, and records management	1993
4. Establishment of judicial statistics office in the Supreme Court	1991
5. Development and installation of jurisprudence data base	1993
6. Establishment of legal libraries and supply of resource materials for the courts (large library in Supreme Court, 3 small basic libraries in largest Superior Courts, sets of legal materials supplied to lower courts)	1992
7. Improve cost-effectiveness of Real Estate Registry	1991
8. Reorganize Public prosecute system	1992
9. Design new public defender system	1991

C.5. List of specific legislative sector improvements implemented with USAID assistance

	<u>Year Ready</u>
1. Develop a bill drafting capability in Congress	1992
2. Develop a fiscal and budgetary analysis capability in Congress	1992
3. Establish a congressional research service	1991
4. Improve and expand legislative data base and reference system	1993
5. Establish system of orientation training for new legislators	1994

C.7. Training by type and preliminary LOP targets for persons trained under the Strengthening Democratic Institutions Project

Judicial

1. Type of Training: 2 week modules for judges, prosecutors, and public defender staff
Target: 2000 (target is 20% women)
2. Type of Training: Study trips to US and Latin American countries
Target: 40 (target is 20% women)
3. Type of Training: Long-term degree training
Target: 10 (target is 40% women)

Electoral

1. Type of Training: Citizen jurors for voting tables--training of trainers
Target: 1000 per election (target is 50% women, actual percentage likely to be less in initial years)
2. Type of Training: Citizen jurors for voting tables
Target: 30,000 per election (target is 50% women, actual percentage likely to be less in initial years)
3. Type of Training: 2 week modules and study trips for electoral court staff
Target: 30 for modules, 8 for study trips (target is 20% women)

Legislative

1. Type of Training: New Legislator orientation
Target: 50 in 1993 (estimated 90% men, depending on legislators elected)
2. Type of Training: Congressional staff training--2 week modules and study trips
Target: 12 for modules, 6 for study trips (target is 20% women)