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**UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523**

**BOLIVIA**

**PROJECT PAPER**

**COCHABAMBA REGIONAL DEVELOPMENT PROJECT**

**(CORDEP)**

**AMENDMENT NUMBER 1**

**AID/LAC/P-872  
CR-663**

**PROJECT NUMBER: 511-0617**

**UNCLASSIFIED**

<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b> <b>PROJECT DATA SHEET</b>		<b>1. TRANSACTION CODE</b> <input checked="" type="checkbox"/> C    A = Add C = Change D = Delete	Amendment Number _____	<b>DOCUMENT CODE</b> 3
<b>2. COUNTRY/ENTITY</b> USAID/Bolivia		<b>5. PROJECT NUMBER</b> <input type="checkbox"/> 511-0617 <input type="checkbox"/>		
<b>4. BUREAU/OFFICE</b> LATIN AMERICA AND THE CARIBBEAN		<b>5. PROJECT TITLE (maximum 40 characters)</b> <input type="checkbox"/> COCHABAMBA REGIONAL DEVELOPMENT <input type="checkbox"/>		
<b>6. PROJECT ASSISTANCE COMPLETION DATE (PACD)</b> MM DD YY 09 30 97		<b>7. ESTIMATED DATE OF OBLIGATION</b> (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 91 <input type="checkbox"/> B. Quarter <input type="checkbox"/> C. Final FY <input type="checkbox"/> 95		

**8. COSTS (\$000 OR EQUIVALENT \$1 = )**

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	4,290	2,990	7,280	28,366	51,634	80,000
(Grant)	( 4,290 )	( 2,990 )	( 7,280 )	( 28,366 )	( 51,634 )	( 80,000 )
(Loan)	( )	( )	( )	( )	( )	( )
Other U.S.						
1.						
2.						
Host Country	-.-	2,640	2,640		40,000	40,000
Other Donor(s)						
<b>TOTALS</b>	<b>4,290</b>	<b>5,630</b>	<b>9,920</b>	<b>28,366</b>	<b>91,634</b>	<b>120,000</b>

**9. SCHEDULE OF AID FUNDING (\$000)**

A. APPRO- PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
		(1)	263	230		-.-	-.-	62,000	-.-
(2)	253	210		-.-	-.-	18,000	-.-	18,000	-.-
(3)									
(4)									
<b>TOTALS</b>						<b>80,000</b>		<b>80,000</b>	

**10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)**  
 540      560      043      060      090      250

**11. SECONDARY PURPOSE CODE**  
 283

**12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)**

A. Code						
B. Amount						

**13. PROJECT PURPOSE (maximum 480 characters)**

To develop sustainable alternative sources of income and employment for people within the Department of Cochabamba and its area of influence.

**14. SCHEDULED EVALUATIONS**

Interim	MM	YY	MM	YY	Final	MM	YY
	06	94				06	96

**15. SOURCE/ORIGIN OF GOODS AND SERVICES**  
 000     941     Local     Other (Specify) \_\_\_\_\_

**16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment)**  
 This Project Paper Supplement has been prepared in response to an internal assessment and review of the CORDEP project, and to address implementation and other issues that should receive focus for the remaining LOP period. LOP funding is not effected by this PP Supplement.

The Mission Controller has reviewed and concurs with the methods of implementation and financing proposed herein.

Richard J. Goughnour  
 Controller

<b>17. APPROVED BY</b>	Signature		<b>18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION</b>
	Title	Mission Director USAID/Bolivia	
	Date Signed	MM DD YY 06 03 94	MM DD YY

**PROJECT PAPER SUPPLEMENT OF:  
THE COCHABAMBA REGIONAL DEVELOPMENT PROJECT (CORDEP)  
(511-0617)**

**April, 1994  
USAID/Bolivia**

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## I. EXECUTIVE SUMMARY

### A. HISTORY OF THE PROJECT TO DATE

#### 1. Background

The Cochabamba Regional Development Project (CORDEP) (511-0617) was authorized on July 2, 1991 at a level of \$120 million, of which \$80 million is to be provided over the six year life of project in U.S. Dollars, and the equivalent of \$40 million to be provided as a counterpart contribution by the Government of Bolivia.

CORDEP builds on the former Chapare Regional Development Project (CRDP) which was originally approved in 1983 and remained in effect until September, 1991. The CRDP project was designed to "improve the agricultural and forestry production system of the farmers in the Chapare to respond better to diverse, profitable marketing opportunities provided under sustained, environmentally compatible, medium technology production models."

The Chapare Regional Development Project (CRDP) project suffered delays due in large part to external political factors and the not insignificant fact that the Chapare was largely outside the control of the GOB and under the virtual domination of narcotraffickers. The Chapare in the late 80s was a booming frontier area whose economy was based exclusively on the production of coca leaf for processing into illegal products for export. Under this atmosphere of lawlessness and the virtual absence of licit economic activity, CRDP could not for all practical purposes operate in the Chapare. In essence, "profitable marketing opportunities" were confined to coca and its processing into cocaine.

Consequently, a major amendment of the CRDP was undertaken in 1987 to permit project activities to begin in the "Associated High Valleys" in the Department of Cochabamba, the source of at least some of the Chapare's coca growers and itinerant labor involved in coca production/processing, and the only related project zone where, given the lawlessness at that time in the Chapare, significant project activities could realistically be undertaken.

Under CRDP, a number of small, community-built irrigation and water systems were constructed in the High Valleys, increasing the hectareage under agricultural production in this semi-arid zone. Resource conservation and land management activities were initiated that helped increase both livestock and agricultural production in the High Valleys.

In the High Valleys and less in the Chapare itself, all weather roads, bridges and access roads were begun and completed under CRDP that increased farmers' access to farm inputs, as well as to local and regional markets. For the Chapare, infrastructure activities, particularly roads, were not begun until such time as GOB and other authorities could better assure that these improvements would not primarily benefit narcotraffickers. Given renewed GOB authority in the Chapare and successful interdiction efforts, road improvement in the Chapare under CRDP began in earnest in 1990-91. Because of successful coca interdiction programs in late 1989, the price of coca suffered a general collapse, thus permitting increased receptivity of people in the Chapare to an aggressive program of alternative crop promotion.

CRDP succeeded in increasing the productivity of two IBTA experiment stations and extension services in the Chapare, ascertaining which licit crops could actually be produced and beginning the process of producing improved planting materials of the more promising alternative crops for Chapare area farmers.

2. Original Project Design

CORDEP was envisioned to take advantage of the progress obtained under CRDP and the evolving, improved political and social conditions in the Chapare. CORDEP, as originally designed, was intended to develop alternative (other than coca) sources of income and employment for people within the Department of Cochabamba and its areas of influence. This implied that in both the Chapare and the High Valleys, CORDEP would focus its priorities on sustainable agricultural production, and capital resources.

2. a. Marketing

The AID-financed CORDEP activity in the project zone was to be "market led". The key activity of CORDEP would be the creation and sustaining of new markets and marketing firms identified and/or established for the new and traditional agricultural products being produced or to be produced during the course of the project. Decisions on crop research and extension, crop production, and location of farm-to-market roads, other market infrastructure, etc. were to be based on maximizing the ultimate benefits of sustainable market demand for crops or products that can be sustainably produced by small farmers. The new project continues to build the infrastructure that was necessary for sustainable increases in the production, assembly and sale of profitable alternative crops.

2. b. Sustainable Agricultural Production

Experience under the CRDP showed that Chapare products had to be of better and more consistent quality in order to compete in domestic and international markets. CORDEP gives priority to increasing the quality as well as the quantity of agricultural products, and gives priority to improving the assembly and packing of the products. In addition, CORDEP planners foresaw the need for private firms and individuals to carry out marketing.

Technical assistance in marketing, buyer financing, and other incentives are provided to private firms in the assembly, processing, and transport sectors. Finally, greater participation of non-governmental organizations (NGOs) and private firms are encouraged as an alternative to governmental organizations which, because they were usually reliant on CRDP and CORDEP for their funding, would likely disappear after completion of CORDEP.

### 2. c. Capital Resources

The new project also provides credit and/or grants for financially sound agricultural production, assembly, packing, agroprocessing, and marketing activities.

### 3. CORDEP Accomplishments

To date, CORDEP has achieved measurable successes in marketing alternative crops with substantial and growing markets being opened for these products. Export quality bananas have been introduced into Cochabamba and Santa Cruz markets and successful shipments have been made to newly opened Chilean and Argentine markets. These domestic and international markets for Chapare bananas are expected to continue to increase dramatically. Improvement of the quality of bananas and the marketing of them have resulted in a 40% increase in farm gate prices since 1986. Similar achievements have been made in pineapple despite the appearance of a potentially damaging but manageable fungal disease.

CORDEP and predecessor CRDP have improved over 500 kms of roads to year-round standards and constructed 10 major bridges in the Chapare which permit alternative crops to reach marketing and processing sites. This construction, coupled with other donor investment, has resulted in dramatic increases in alternative crop production. This production, coupled with the establishment of the rule of law, has generated considerable new private sector investment and interest in, for example, fruit packing and fruit juice processing and canning. Prospects are good that this new private sector investment will continue and increase as new crop plantings increase.

CORDEP has identified priority alternative crops for the Chapare, and is actively assisting farmers in expanding the plantings of these crops. An aggressive program of provision of (mainly imported) improved planting material for rapid distribution has been in effect for the past two years and will continue as required. CORDEP also provides technical help in on-farm management, post-harvest handling, packing and other assistance to enhance the marketability and value of the crops. The crops, in addition to bananas and pineapple, include passion fruit, black pepper, hearts of palm, citrus, and improved pasture.

Significantly, there has been a profound transition in land use under cultivation in the Chapare. Coca, which enjoyed almost universal dominance of land use, according to a recent survey now occupies less than 40% of the cultivated land area of the Chapare.

CORDEP has approved 406 loans for a total value of \$3.6 million for production and processing of Chapare and associated areas' products. These loans include activities to support farmers, agrobusiness, and NGOs.

In 1993-94 CORDEP provided funding to some twenty NGOs in the High Valleys and the Chapare. Sixteen agricultural production projects and four agricultural support projects have been funded, impacting on over 8,552 families in over 222 communities. The NGO activity recently received a positive evaluation and this project component will be continued while further enhancing beneficiary participation in production sub-projects.

Some \$38.5 million of the ESF and DA U.S. Dollar portion of CORDEP have been obligated. The Dollar mortgage is \$41.5 million. Seventeen point eight million dollars of the LOP planned \$40 million equivalent in local currency has been contributed to CORDEP as the GOB's counterpart contribution.

## **B. RELATION TO COUNTERNARCOTICS ACTIVITIES**

CORDEP has been the centerpiece of USAID's contribution to the USG counternarcotics effort in Bolivia. "Alternative Development" has been one leg of a major US-GOB effort to reduce and ultimately eliminate the processing and production of illegal coca in Bolivia. The other legs of the USG's counternarcotics strategy in Bolivia include effective interdiction, which must take place in order to drive down prices paid to the primary producers of coca leaf, and eradication of excess coca.

The overall objective of the Alternative Development program is the progressive transformation of the Bolivian economy from reliance on illegal coca and cocaine production (the terms of which were defined in the controlled substances Law 1008 passed in 1988) and its evolution to a diversified and sustainable economy not dependent on coca.

Presidential Decision Document (PDD)-14 reflects a reevaluation and readjustment of U.S. drug policy. U.S. policy shifted to reduce emphasis on costly and ineffective interdiction along the US borders, and increased its emphasis on attacking the drug problem in the source countries. CORDEP remains consistent with both USG counternarcotic efforts as a whole, and with U.S. policy in Bolivia. U.S. policy in Bolivia remains centered on three primary goals: strengthening democracy, promoting sustainable economic growth, and the elimination of illicit narcotics production and related activities.

PDD-14 also reemphasizes the importance of longer-term sustainable development as a key underpinning to success in the struggle against illegal drugs. While the emphasis of CORDEP has always been on the sustainable economic development portion of an overall GOB-US counternarcotics strategy, this new articulation of "sustainable" development supports and strengthens CORDEP's underlying development integrity and rationale. Indications are that beginning in FY95, former ESF, IMET, FMF accounts will be combined into one CN account under the overall management of INM. It is clear that the aims of CORDEP are consistent with the a clearly defined policy, and continued funding for CORDEP will be provided, with budget prospects in FY 95 somewhat improved over FY 94.

### **C. SUMMARY OF MAJOR PROJECT ADJUSTMENTS**

USAID/Bolivia is undertaking this Project Paper Supplement in order to record a number of relatively minor adjustments to the project. The project goal of "increasing investment, productivity and employment in licit activities as Bolivia transforms its coca-based economy" remains unchanged. The project purpose "to develop alternative sources of income and employment for people within the Department of Cochabamba and its area of influence" remains valid except that the qualifier word "sustainable" should be added to describe income and employment.

USAID/Bolivia's sense is that after two and one-half years of implementation the project is making acceptable progress and is on track. The adjustments summarized below are described in more detail in Sections III and IV of this project paper supplement. They are the response to evolving conditions in the Chapare and elsewhere, to what works and doesn't work and why. The adjustments more clearly define how to "create new markets" for alternative products in the next phase of the project. The adjustments provide greater project focus as we take implementation experience into account.

The following general conclusions have been reached for the next phase of CORDEP.

1. Greater attention must be given to insuring that increases in income are sustainable. The sustainability of the increases in income is the yardstick by which project activities will be measured.

2. The project area in the Chapare will be limited to the approximately 400,000 hectares of the Chapare and the associated high valleys in which the project now works. CORDEP does not have the funding to expand beyond this area.

3. Priority in the Chapare will be given to eight agricultural products: bananas, pineapple, hearts of palm, black pepper, maracuya, citrus, pasture improvement, and agroforestry. Highest priority will be given to developing or expanding regional agricultural industries in the first six products.

4. Sub-projects in the Valleys will be fewer in number and be limited to those activities which have proven successful in increasing the sustainable income of poor people: construction of small scale irrigation systems, agricultural extension which helps farmers take full advantage of the irrigation systems, introduction of higher-value crops, and assistance in marketing high-value crops such as garlic, fava beans, and peaches.

5. Project activity in each of the seven sub-areas (defined in A.3. of Section II) of the Chapare will depend upon the agricultural potential of the sub-area and the interest of the population of the sub-area in achieving the goal and purpose of CORDEP.

6. The Fondo Nacional de Desarrollo Alternativo (FONADAL) of Bolivia's Ministry of Government has been accorded funding to implement immediate impact projects which it negotiates in return for reductions in hectares of coca. CORDEP will make clear to all parties that FONADAL has both the responsibility and resources for implementing 'coca for development' projects, with the exception of pre-selected roads.

7. Roads and immediate impact projects are the only CORDEP activities subject to conditionality. Only communities to be directly benefitted by the road must be certified by the Dirección de Reconversión Agrícola (DIRECO) of Bolivia's Ministry of Government prior to construction of the road.

8. Identifying markets and buyers and linking farmers to buyers will be given even greater emphasis.

9. The role of the private sector in achieving the project purpose will also be given greater emphasis. Several alternatives will be used to establish sustainable assembly and packing intermediaries in bananas and pineapple. Assemblers/packers/processors and canners of hearts of palm, maracuyá and other products will be given incentives to take over promotion and extension work in these crops. The project will move ahead with original project plans to establish an incentive fund to reduce risks to businesses that might become engaged in the assembly, transport, processing and/or marketing of alternative crops produced in the project area. In addition, the project will go beyond this incentive fund, by providing support to meet more substantial needs of private firms locating tropical fruit and vegetable processing facilities in the Chapare.

10. USAID/Bolivia will take the initiative in setting the output targets for each project year. The output targets will then be reviewed and revised with the implementing agencies

prior to assigning responsibility for achieving each output to an implementing agency.

11. Duplication of effort, lack of coordination, and controversies among implementing organizations will be reduced by assigning only one agency to achieving each project output.

12. The implementing organizations will be restructured to more effectively achieve the targets. USAID funding for the Instituto Boliviano de Tecnología Agropecuaria (IBTA) will be limited to producing planting material and providing technical expertise from the IBTA research station. IBTA's extension agents funded by USAID will be discharged and encouraged to find jobs among the non-governmental organizations or enterprises which receive funding or incentives to carry out agricultural extension to Chapare farmers. Development Alternatives (DAI) will reduce the variety of its activities and focus on achieving the marketing output targets set for 1994. AgroCapital's role in CORDEP will be focussed on agribusiness development to include buyer and agribusiness financing and providing support to EMCOFRUT, the pineapple assembly and packing enterprise in Mariposas; service of its current portfolio and seeking non project sources of funding. An expanded role is seen for NGOs and private businesses in the provision of technical assistance to farmers.

13. USAID/ARD/Cochabamba will review progress in achieving each output target each month, detect problems, find solutions, and put them into operation. Problems requiring the attention of the managers of USAID/ARD will be brought to their attention for immediate solution.

## II. GEOGRAPHIC SCOPE OF PROJECT

### A. THE PROJECT AREA

CORDEP now serves two geographic areas or groups of beneficiaries:

-- the approximately 100,000 to 112,000 people living in the 400,000 hectares which comprise the tropical portions of the Provinces of the Chapare, Tiraque, and Carrasco of the Department of Cochabamba

-- the approximately 160,000 people living in rural areas of the highland portions of the Provinces of the Chapare, Tiraque, and Carrasco, and the Provinces of Mizque, Campero, Punata, Arani, Esteban Arce, and Capinota of the Department of Cochabamba.

The first area is commonly referred to as the Chapare, the second is referred to as the Valleys. The feasibility of generating jobs and sustainable income in each area was assessed.

An assessment of the Chapare component of the project indicated that CORDEP can effectively serve the population living in the approximately 400,000 hectares of the Chapare where CORDEP now works. Sustainable licit incomes appear feasible through production and sale of bananas, pineapple, hearts of palm, black pepper, maracuya, citrus, and pasture for multi-purpose cattle. Considerable additional effort is needed, however, to reap the full increases in income. More effort is needed in the production and sale of export-quality bananas. Production and sale of hearts of palm and black pepper is just beginning. In addition, areas not suitable for extended commercial farming need to be planted in pasture or mixes of crops and trees generally referred to as agroforestry.

An assessment of the Valleys component of the project indicated that CORDEP is effectively serving a substantial portion of the rural population of the Valleys. CORDEP has been successful in increasing the income of poor people through major improvements in year round roads, the construction of small scale irrigation systems, extension in on-farm water management, improved seeds, and agricultural practices, and the promotion of higher-value crops such as garlic and beans. It was noted, however, that CORDEP has already achieved considerable increases in income in many areas of the Valleys, and that the marginal return of additional investments in these areas is diminishing.

CORDEP managers took the following decisions regarding the geographic scope of the project. These decisions were reviewed and confirmed by USAID management.

1. The Chapare and the Valleys will continue to be CORDEP project area.

2. The Chapare will be the first priority of CORDEP. The Valleys will be the second priority.

### THE CHAPARE

3. CORDEP activities in the Chapare will continue to be restricted to the approximately 400,000 hectares now served by the project. The majority of the population of the Chapare lives within this area. Serving the small, scattered populations living outside of this area is not feasible. The cost would be prohibitive. CORDEP could do little to increase the licit income of these scattered settlements in a cost-effective manner, given their lack of infrastructure and access to markets.

4. In particular, CORDEP will not expand into the area to the north and northwest of the Isinuta River, nor will CORDEP support the building of a bridge across the Isinuta River or reduction of the current size of the Isiboro-Securé Park. The Isiboro-Securé Park comprises the area to the north and northwest of the Isinuta River. Expanding into the Park, without major efforts in park protection and management, would unacceptably endanger both the environment and the Park. Licit commercial agriculture activities in the Park area are not likely to be feasible nor sustainable due to the remoteness of the area and the heavy infrastructure investment required to provide access to markets. Also, expanding into the Park would reward the behaviour of those who have moved to the Park to illegally plant coca. In addition, moving into the Park, without major investments in park protection and management, would alter the life of the ethnic minorities who now live there and who it is believed oppose any further expansion into the Park.

5. CORDEP will provide funding to the PDAR for delineating and training guards for the Isiboro-Securé Park.

### THE VALLEYS

6. CORDEP has been successful in increasing the licit income of poor people living in the Valleys. Some further efforts are needed to take full advantage of the investments that have been made and assure sustainability of the increases in income.

7. Work in the Valleys will consist of four types of projects. Some additional small-scale irrigation systems will be constructed. Emphasis will be given to agricultural extension which helps farmers take full advantage of the irrigation systems which have already been constructed and those to be constructed, as well as continued NGO extension of improved soil management/conservation. Some limited help will be given in marketing garlic, onions, beans, and peaches.

## **B. GEOGRAPHIC PRIORITIES IN THE CHAPARE**

The priorities for the seven areas of the Chapare are based on the receptivity of the population of the area to alternative development and the feasibility of increasing farmer income form alternative crops.

### **III. PROJECT ACHIEVEMENTS AND ACTIVITIES**

#### **A. ASSESSMENT OF THE PROJECT GOAL AND PURPOSE**

The goal of CORDEP is to transform the Bolivian economy from its dependence on coca. CORDEP managers and USAID directors confirmed this goal without additions or amendment.

The aim of CORDEP is to generate jobs and income in licit activities in Cochabamba and its areas of influence. The addition of "sustainability" to the statement of purpose makes sustainability the criteria for the increases that CORDEP achieves but is not a substantive modification of the official statement of the project's purpose so a congressional notification is not required. Stating "the Chapare and the associated Valleys" as the geographic scope of the project gives greater precision to its location. It still may be necessary to support agribusiness/processing activities outside those areas.

#### **B. THE ADDITION OF SUB-PURPOSES, A THREE-LEVEL HIERARCHY**

There is now considerable experience as to those activities which most increase farmer income. CORDEP managers assessed the various projects carried out by CORDEP during its first two and one-half years of operation to determine which activities have been successful in increasing farmer income, which have not, and which represent sustainable increases.

In the Chapare, the activities that achieve sustainable increases in income are the production and sale of bananas, pineapple, hearts of palm, black pepper, maracuya, and citrus. Improving pastures and agroforestry are complementary activities which protect and maintain soils not suitable for extended crop production. They provide some income through the sale of meat or milk and the food crops planted together with trees on the agroforestry plots. Road construction and maintenance is crucial for linking farmers with markets.

In the Valleys, the successful and sustainable activities are the construction of small scale irrigation systems, extension in on-farm water management, improved seeds, and farming practices, the production and marketing of higher-value crops and the construction of farm-to-market roads.

These 10 activities for the Chapare and 4 for the Valleys were added as sub-purposes to the logical framework for CORDEP.

The addition of these sub-purposes gives CORDEP a standard, three-level hierarchy of desired results, similar in form and structure to those of any other project. CORDEP addresses the goal of transforming the Bolivian economy from dependence on coca to licit activities through increasing farmer income and associated employment from licit activities. Increasing farm family income is the 'operational goal' of CORDEP. CORDEP managers have now defined sub-purposes which specify how these increases in income will be achieved-- for example, from the production and sale of export-quality bananas, pineapple, or black pepper. Each of these sub-purposes can then be defined in terms of the outputs which represent their achievement-- for example, the production of export-quality bananas, the assembly and packing of the bananas, the sale of the bananas in domestic and foreign markets.

The definition of the three-level 'operational logical framework'-- purpose, sub-purposes, outputs-- permits CORDEP managers to take full advantage of the managerial tools designed for project planning, implementation, and supervision. They can now use the three levels of the hierarchy of desired results to test the logic between each level. Are the production and sale of bananas, pineapple, hearts of palm, and so forth sufficient to achieve sustainable increases in licit income in the Chapare? Are the production of export-quality bananas, the assembly and packing of bananas, and the sale of the bananas in domestic markets and in Argentina sufficient to achieve increases in income from the production and sale of bananas?

Annex 1 to this Project Paper Supplement lists CORDEP's goal, amended statement of purpose, the new sub-purposes, and the output targets for 1994. Future year output targets will be established in the annual operational plans.

### C. ANNUAL OUTPUTS

CORDEP managers tentatively set outputs for 1994 for each of the 14 sub-purposes. The outputs were set as precisely and as measurably as possible. For example, the tentative outputs for banana production and sales for 1994 are:

- Provide planting material and extension back-up in the production of bananas.
- Produce 700 Has. of "technified" bananas located within 10 Kms. of the UNABANA packing plant at San Luis.
- Pack 5,000 boxes of bananas per week in the San Luis packing plant from May 1, 1994 onward.
- Assure purchase of at least 5,000 boxes of bananas per week from UNABANA.
- Lease the Chimoré packing and cooling plant, perhaps through public tender based on criteria developed in consultation with UNABANA leadership, to a

commercial enterprise based on criteria such as the number of bananas to be sold, the distribution network, and services to farmers.

- Provide technical assistance, an extension agent in bananas, and other incentives to the lessee of the Chimore plant.
- Find and help establish a sustainable assembly and packing intermediary in San Carlos that will also take the initiative in getting "technified" bananas produced in the San Carlos area.
- Provide technical assistance, an extension agent in bananas, and other incentives to the San Carlos intermediary.

The outputs for the eight income-earning alternatives are divided into planting material and extension backup, production, assembly and packing, and sales. CORDEP managers can now ask the crucial questions as to how to assure the availability of planting material, how to get the crop produced, how to get it assembled and packed, and how to get it purchased. Also, they can ask "Are these output targets enough to achieve the sub-purpose of increasing income through the production and sale of export-quality bananas?"

In addition, targets can be set to solve special problems. UNABANA, the banana packing plant in San Luis, is not yet a viable commercial entity. A target has been set to determine whether or not it can be made into a viable business. Conversely, private investors have set up a banana packing and assembly plant in the Chimore Area. A target has been set to determine if the project can help establish similar enterprises, if they indeed need help.

The 1994 outputs are based on an assessment of the progress to date in achieving each of the sub-purposes. The achievement of the annual outputs, in turn, serve as benchmarks for assessing progress in achieving the sub-purpose.

## **D. MARKETING**

Marketing is crucial to increasing income from licit activities. CORDEP managers spent considerable time assessing current marketing activities and analyzing how they could be improved. Each crop presents unique problems and opportunities for marketing.

The sale of bananas from the Chapare in Chile (Arica) is losing out to bananas from Ecuador. Sales have begun to Argentina, but they are hampered by excessive administrative requirements at the border, a significant import tax, increasing competition from Ecuador and a myriad of transport problems.

Pineapple sells well. Growers have expanded production, and can produce an export-quality or 'carriage-trade' quality pineapple. How large is the market for a higher quality and

grade of pineapple? Where? and How can it be exploited?

Three canners appear to be ready to buy hearts of palm from the Chapare. How much will they buy? At what price? What are their requirements? What are the critical missing links needed to establish a routine assembly/purchasing network? Black pepper buyers appear to be ready to buy from the Chapare rather than from Indonesia. How much will they buy? What are their requirements?

CORDEP managers discussed three types of strategies for marketing crops

-- identify buyers and providing them with required technical assistance or incentives such that they increase their purchases

-- reducing the risks to current or potential purchasers by improving roads, reducing administrative costs, or lobbying for reduced import taxes when sold in other countries

-- assisting buyers to expand or develop new markets.

Each strategy has its utility. Orange buyers have asked for technical assistance in storage which will extend the citrus season. Exporters of bananas to Argentina need help in reducing the cost of meeting Argentina's import restrictions, and they are receiving it. DAI staff have promoted the consumption of maracuyá juice in Santa Cruz and purchases of maracuyá in Santa Cruz have increased.

CORDEP will employ a variety of strategies to market products from the Chapare. The effectiveness of each strategy will be carefully monitored and evaluated.

## IV. PROJECT IMPLEMENTATION

### A. THE IMPLEMENTING AGENCIES

CORDEP is implemented through six agencies. These agencies carry out the approximately one hundred sub-projects activities which CORDEP undertakes each year. The six agencies are: Planning Assistance, the Instituto Boliviano de Tecnología Agropecuaria/Chapare (IBTA/Chapare), Servicio Nacional de Caminos (SNC), the Programa de Desarrollo Alternativo Regional (PDAR), AgroCapital/ACDI, and Development Alternatives, Inc. (DAI). This Project Paper Supplement makes no major changes to the approved and operational CORDEP project methods of implementation and financing. However, this PP Supplement does reflect project management decisions slightly modifying certain aspects of the implementation strategies and activities of these entities. These modifications are described below.

Planning Assistance does not directly administer projects. It funds approximately 20 non-governmental organizations (NGOs) which work directly with farmers in the Chapare and the Valleys, helping them increase their agricultural productivity and/or production of income-earning crops. IBTA/Chapare is a research arm of the Secretariat of Agriculture of the Ministry of Finance and Economic Development. IBTA/Chapare operates two agricultural research stations in the Chapare (Chipiriri and La Jota), and IBTA/Chapare's extension agents have worked with farmers in increasing production of bananas, pineapple, and other crops.

SNC is the road-improvement and maintenance agency of the Bolivian government. It improves roads and maintains roads in the Chapare and the Valleys which are needed to get the farmers' produce to markets. Road construction is contracted out to commercial construction companies, under the supervision of SNC.

PDAR is the Government of Bolivia's administrative agency for alternative development in the Department of Cochabamba. PDAR plays a monitoring and coordinating role for the CORDEP as a whole and represents CORDEP in discussions with farmers' unions (sindicatos) and other Bolivian institutions. PDAR also implements some projects such as the construction of small scale irrigation systems in the Valleys and other areas where the mechanics for private sector implementation have yet to be determined. AgroCapital/ACDI provides credit to farmers in the Chapare and the Valleys and to businesses which process or purchase their products.

DAI provides technical assistance to all components of CORDEP, with particular emphasis on the marketing of agricultural products.

The work of the six agencies is monitored and supported by USAID/ARD/Cochabamba, a division of USAID/Bolivia's Agriculture and Rural Development Office established exclusively for this purpose. All six implementing agencies are fully funded by CORDEP, either by USAID/Bolivia or Bolivian government counterpart funds.

CORDEP managers assessed the roles of the implementing institutions and took the following decisions on their future roles. These decisions were reviewed and confirmed by USAID management.

1. There is a need for commodity specific sub-projects to work directly with farmers in the Chapare, helping them increase their production of pineapple, bananas, hearts of palm, black pepper, maracuyá, pastures, and agroforestry. NGOs generally are funded for only one year. Successful NGOs generally must win their refunding each year.

2. IBTA is the research branch of the Secretariat of Agriculture of the Ministry of Economic Development. IBTA consists of research stations, located throughout the country, conducting field trials and general agricultural research on the crops grown in the regional in which they are located. The focus is on research, not extension. IBTA/Chapare has over 100 staff persons in its research stations in Chipiriri, La Jota and administrative offices in Cochabamba. Only a few of these employees have worked directly with farmers, helping them increase or improve the quality of their production. CORDEP funded IBTA/Chapare's staff at Chipiriri and La Jota will be pared down to those who produce planting material and provide technical expertise to extension agents working for NGOs, producers' associations, and agrobusinesses. CORDEP funded IBTA/Chapare's administration in Cochabamba will be pared down proportionately. CORDEP managers will commission a study of IBTA/Chapare to help point them toward a reasonable, workable future after the close of CORDEP in 1997.

3. SNC's record in designing, improving, and maintaining roads has been spotty. ARD/Cochabamba will with DAI assistance regularly monitor CORDEP funded SNC road maintenance projects and document the work done or not done in terms of SNC's approved CORDEP work plan.

4. CORDEP road construction projects are carried out by construction companies under contracts awarded on the basis of public tenders. The road construction projects are supervised by a commercial engineering firm (Prudencio Claros Asociados) which is contracted for the purpose of supervising the projects. There is a tendency for these projects to run behind schedule and to over-run their budgets. USAID/Cochabamba will increase external review and site inspections of these projects. Non-performance or slow performance will be penalized in accordance with the sanctions specified in the construction contracts.

5. PDAR has a complex role. It implements projects. It monitors the work of the

two agencies of the Bolivian government which implement projects, IBTA/Chapare and SNC. It represents CORDEP with groups of citizens and other Bolivian agencies. It monitors, to some extent, the work of all CORDEP implementing agencies. PDAR staff have duplicated the roles of the other implementing agencies. These multiple responsibilities have divided PDAR's attention and focus and made them less effective. PDAR's role in implementing projects will be reduced to monitoring park support and protection in the Chapare and construction of small scale irrigations systems in the Valleys in 1994. For 1995 every effort will be made to involve other entities in these activities, allowing PDAR to concentrate on financial administration, monitoring, reporting and representation.

6. There is believed to be considerable financial liquidity in the Chapare, and the need for a farm credit component for CORDEP is not as great as originally envisioned. CORDEP support for AgroCapital/ACDI's role will concentrate on financing buyers and processors of products from the Chapare supporting EMCOFRUT, a pineapple producers' association in Mariposas; managing the existing portfolio (including service to performing borrowers); sound farmer financing to selected borrowers. AgroCapital will be encouraged to seek loanable funds at acceptable terms from sources outside the project to finance sound projects in the region.

7. DAI now provides technical assistance in 17 different crops or agricultural activities. Their unique and crucial contribution, however, is the marketing of bananas, pineapple, hearts of palm, black pepper, maracuya, and citrus. The great majority of their assignments and workload will be directed to these activities. Their only additional activities will be guidance on environmental protection; assistance to PDAR in park protection; assuring that soil conservation is part of the extension projects in the Valleys; some work in 1994 on marketing garlic, beans, and peaches in the Valleys, and assistance on quality control in the transport infrastructure sector.

## **B. ASSIGNMENTS BY OUTPUT**

CORDEP managers assigned responsibility for achieving the 1994 outputs to the implementing agency with the competence to achieve them. For example, IBTA/Chapare will be responsible for producing black pepper plants, IVS, an NGO funded through Planning Assistance, will be responsible for assisting farmers in producing black pepper, DAI will be responsible for assuring purchase of black pepper. The assignments by output force the implementing agencies to be responsible for the results that are necessary for project success. Implementing agencies will have some latitude in selecting the activities for achieving these results. CORDEP's focus is on achieving the output, that's the criteria for success, and that's what the agency is held accountable for.

In addition, assignments by outputs will help eliminate some of the costly duplication of effort. Four agencies were helping farmers grow and market pineapple in Mariposas, a section of the Chimore Area. Assigning responsibility to one agency will eliminate duplication and considerable confusion to the farmers.

Assignments of outputs also has one further advantage. The workload of each of the agencies is the total number of assignments that they have received. Their workload is no longer the list of things they think they should do or they would like to do; it's the list of outputs that CORDEP managers want them to achieve.

## **C. MARKETING**

### **1. Incentive Fund**

The original design of the CORDEP included a modest amount of \$100,000 per year of funding to provide incentives for businesses that might become engaged in the assembly, transport, processing and/or marketing of alternative crops produced in the project area. The initial idea was to provide a post-hoc premium based upon evidence that the products had, in fact, been purchased and transformed in form or space. Much emphasis was given to incentivating exports as the domestic market was perceived as being extremely limited and not quality conscious.

Mechanisms to implement this program were provided in the Cooperative Agreement with ACDI. At the initiation of that agreement it was felt that ample funding would be available through DIFEM from local currency generations of the ESF balance of payments support program. Prospective uses for this funding expanded while the amounts allocated to the balance of payments portion of the ESF diminished. Failure on the part of the GOB to meet their eradication targets further exacerbated the funding problems. Funding made available to AGROCAPITAL, the Bolivian foundation established to implement (with assistance from ACDI) the Capital Resources component of CORDEP, was a constant restriction on AGROCAPITAL's activities. Faced with a chronic shortage of funds and pressure to support an increasing portion of its operating costs from earnings, AGROCAPITAL chose to allocate the lion's share of its resources to interest earning loans. The limited use that was made of the fund was primarily for highly focussed technical assistance to borrowers. In short, the fund was never really used for its intended purpose.

This last fact was highlighted in two evaluations carried out in the operating days of 1994. The first was an activity-specific evaluation of AGROCAPITAL conducted by two outside farm and agribusiness specialists. The second was an internal evaluation of the CORDEP involving, in addition to the project management team the Directors of the ARD, PD&I and DP Offices and the Mission Director. Relative to the Capital Resources

component of the project, these two exercises served to highlight the necessity of really activating the fund and supplementing it with additional means of support to the private sector. In assessing the several sub-components of the project against the activities necessary for making its contribution to the Mission's Strategic Objective of transforming Bolivia's coca based economy an important gap was identified. It became obvious that much heavier involvement of private investors in the key role of assembling, packing, processing, transporting and marketing of products from the Chapare was required. A means had to be found to help ameliorate the perceived high levels of risk that apparently were restricting the entry of agribusinesses into the area.

Following the evaluations and during the preparation of this Project Paper Supplement it was recognized that there was a need to attract investors to the area and special funding should be provided to support private agribusiness investment. Funding for the so called incentive fund remained intact.

Among the appropriate uses for this funding one must include the sort of after-the-fact performance premiums envisioned in the original project design. In addition, small grants to private businesses for such needs as the hiring of field level technicians to support outgrowers, operating capital, mobilization of field transport, etc. In all such cases, care must be exercised to ensure that CORDEP is not putting someone into business with the taxpayers' money. In other words, the investor should have a lot more at risk (some multiple) in the form of tangible assets located in the region, than the small grant from the project. Support for the hiring of technicians should be phased out in two years or less. After-the-fact premiums should be similarly limited in time. Finally, funds may be used for

Funding for the incentive fund will come from DIFEM or dollar resources of the project and will be specifically identified in PILs or Administrative Letters.

Requests for this type of support may come through a variety of sources but all should be channeled to the Regional Coordinator (RC) for action. Upon receipt of a request, the RC will distribute copies and promptly convene a meeting of the Executive Committee comprised of the Executive Director of PDAR; as chairman; the COP of the DAI team, the COP of ACDI, the RC acting as secretary; and if appropriate, the COP of Planning Assistance and Director of IBTA. The results of the review of the proposal will then be transmitted by the RC to USAID\ARD\LPB for approval or disapproval. The Administrative Letter granting approval will also instruct AGROCAPITAL to begin disbursement in line with the recommendations flowing from the review by the executive committee or as specified in the approval letter.

## **2. Support to Agribusiness**

It is expected that there are needs for more substantial amounts to assist private firms

in facing the daunting task of locating tropical fruit and vegetable processing facilities in the Chapare as the needs for quick processing to preserve quality and the cost of transporting raw products to existing facilities dictate that processing take place near the production sites. Such costs as electrical and natural gas service, access roads, waste water treatment lagoons, etc. are good candidates for this type of support but are beyond the scope of the incentive fund.

Procedures for the receipt and review of requests for this type of support will be as outlined above but, as the amounts involved may be more substantial, a more rigorous review will be conducted in La Paz. Relevant members of the Executive Committee and/or members of their staffs, including consultants may be summoned to La Paz to facilitate the final review there. The results of the review and any implementation guidance will be communicated promptly by means of a PIL.

### **3. Marketing Tasks of TA Contractor**

DAI will require special consideration and supervision throughout 1994. They have been given first priority marketing assignments for bananas and maracuya. They also have marketing assignments in palm hearts, black pepper, pineapple, and citrus. These six marketing assignments will comprise the majority of DAI's work for 1994. Marketing work in garlic, beans, and peaches in the Valleys will be phased out. The marketing assignments, however, are still illustrative, the marketing plans and budgets for each assignment have yet to be drafted, and DAI and CORDEP still have a lot to learn about what works and what doesn't work in marketing the six crops.

DAI is preparing marketing plans for each of the six marketing assignments. The marketing plans will be reviewed and approved by USAID. Promoting sales, identifying clients, finding clients in related businesses, reducing the risk to the purchaser all become strategies for getting the target amount of the crop purchased-- for example, 5,000 boxes of bananas/week. DAI will not buy or sell the produce, it will focus on getting clients to buy it. DAI will investigate incentives that potential purchasers request, and DAI or someone to be determined will provide limited incentives with USAID consent.

1994 is the year for focussing on marketing and dramatically increasing the number of purchasers of products from the Chapare and the amount of product they purchase.

## **D. COORDINATION WITH COMPLEMENTARY AGENCIES**

### **1. Fondo Nacional de Desarrollo Alternativo (FONADAL)**

FONADAL is a branch of Bolivia's Ministry of Government with responsibility for providing incentives to farmers for voluntarily reducing their cultivation of coca. In the past, CORDEP coordinated voluntary coca eradication efforts with the Subsecretario de Desarrollo Alternativo (SUBDESAL). Due to the recent GOB executive branch reorganization, SUBDESAL no longer coordinates with the CORDEP. Therefore, as reduced coca cultivation continues to be important to the success of CORDEP, project management will coordinate directly with FONADAL. To help FONADAL realize its coca reduction objectives, the CORDEP will provide the institution with counterpart funding from host country owned local currency.

CORDEP managers assessed the division of labor between CORDEP and FONADAL and concluded that FONADAL needed to have control of its own resources in order to effectively negotiate reduction in coca cultivation in return for incentives.

Farmers are given 500 dollars for the purchase of planting materials and other inputs for licit crops from the Agricultural Development Fund for each hectare of coca they eliminate, not to exceed 1,000 dollars per farmer. Responsibility for managing this fund will be transferred to FONADAL as soon as they are capable of handling this task. As host country owned local currency will be used to support FONADAL, it is the responsibility of DIFEM to carry out the appropriate institutional and other analyses to ascertain FONADAL's ability to properly manage these funds.

The first tranche of \$700,000 in host country owned local currency is currently available for this purpose for 1994. Communities or groups of farmers acting together may also receive immediate impact projects in return for the elimination of hectares of coca. These projects may be "off the shelf" items which FONADAL can quickly purchase such as outboard motors, boats, or trucks. They may suggest roads which CORDEP/SNC may consider to improve. FONADAL will be given a major tranche of \$1,100,000 in host country owned local currency for immediate impact project and purchasing "off the shelf" items for 1994. It will be encouraged to negotiate reductions in coca for these items which it can quickly provide. FONADAL will closely coordinate any negotiation for projects which CORDEP must construct, prior to making any promises. FONADAL is also allocated \$250,000 in host country owned local currency for administrative costs for 1994.

### **2. Dirección Nacional de Reconversión Agrícola (DIRECO)**

DIRECO must certify that a community has not planted new coca plots or coca seedbeds prior to a road being improved for their use. SNC and CORDEP have planned a

series of road projects for 1994 based upon the requirements for getting crops to market and thereby achieving the desired increases in income from alternative crops. If communities are slow in requesting certification from DIRECO, the road projects will be delayed and targets may not be achieved, as planned, in 1994.

Staff of USAID/Cochabamba, together with DIRECO staff, will make contact with communities scheduled to receive upgraded roads in 1994, explain the conditions for work to start, and ask them if they want to request certification from DIRECO. This work will be coordinated with FONADAL, since communities may be asking FONADAL for roads in return for sizeable reductions in coca plantings. This process will be repeated before or during the start of each succeeding project year. DIRECO also has a demonstrated capacity for constructing socially-oriented small scale immediate impact works. FONADAL may also utilize DIRECO's services for off the shelf purchasing and constructing any such works they negotiate.

#### **E. AUDITS AND EVALUATIONS**

Project management will ensure that at least five recipient contracted audits for the appropriate local project implementation institutions receiving USAID dollar financing are conducted before the LOP has expired. The budget included in this PP supplement includes funds to finance these audits. Project management will ensure that a final project evaluation is conducted before the PACD, September 30, 1997.

### **V. PROJECT ADMINISTRATION**

#### **A. THE ADMINISTRATIVE PROCESS**

CORDEP is referred to as a project but it is, in fact, a program system. Six implementing agencies have been assigned responsibility for implementing selected portions of the program. Each of these agencies prepares annual work plans and budgets consisting of a list of projects or activities that they propose for funding for the new project year. For example, Planning Assistance proposed nearly 25 NGO projects for funding for the 1993-94 year. IBTA proposed 10 large projects. SNC proposed 71 road and bridge improvement and maintenance projects. PDAR proposed 24 projects to be carried out directly by PDAR, through contract with private firms, or through other governmental agencies. AgroCapital proposed 7 different types of loan programs, and DAI proposed carrying out technical assistance in 17 different areas.

CORDEP managers must review the projects and their budgets and approve or disapprove them for the new program year. The projects fall into five categories. Some are

clearly outside the scope or interest of CORDEP; others make marginal contributions to CORDEP. Of those that might make good contributions to increases in income, some have questionable feasibility, others are feasible but are poorly planned, and finally some are both feasible and well-planned.

The projects which are proposed are the result of ongoing discussions about opportunities for increasing income. The majority are continuations in one form or another of ongoing activities. Nonetheless, it takes considerable effort and analysis to review all projects, reject the projects which fall outside the scope of CORDEP or are marginal or unfeasible, and then discuss the replanning of those which are worthy but poorly planned. For example, for 1994 CORDEP managers approved 19 of the 25 NGO projects; the majority of the SNC road projects; 22 of the 24 projects proposed by PDAR. The number of projects to be undertaken by IBTA/Chapare and DAI is still under discussion, and the AgroCapital/ACDI loan programs will have to be reduced if additional funding cannot be found.

Once the projects are approved and funded, the implementing agencies either carry them out directly or fund an NGO or contractor to carry them out. In either case, the implementing agency is directly responsible for supervising the execution of the project, assuring its success, and reporting its progress to USAID/Cochabamba and La Paz on a quarterly basis. CORDEP managers must then intervene when projects perform poorly, working with the implementing agency to reformulate the project or eliminate it.

## **B. IMPROVING PROJECT PLANNING AND IMPLEMENTATION**

CORDEP managers reviewed the problems of administering CORDEP and took the following decisions to streamline and improve project management. These decisions were reviewed and approved by USAID managers.

1. The role of each implementing agency will be restructured based upon the contributions that the agency has proved it can make in helping carry out and achieve the target outputs of CORDEP. Agencies which have made modest contributions to CORDEP will be scaled down to the work that they have proven they can do.

2. Projects which make marginal contributions to increasing farmer income, or whose contributions are longer-term or less likely to be sustained, will be eliminated. For example, funding for fish production or livestock research in the Chapare will be eliminated.

3. Projects must be designed to meet measurable output targets. For example, DAI's 1994 workplan currently proposes 223,000 dollars of technical assistance in marketing bananas. DAI will be asked to develop a project to meet the output of selling at least 5,000

boxes of export-quality bananas a week. This will greatly facilitate the review and approval of project plans and budgets.

4. CORDEP has now been operating for two and one-half years. CORDEP managers have a considerable body of knowledge and experience as to which projects and activities contribute to sustainable increases in income and which do not. CORDEP managers will take the initiative in setting outputs for each project year. These outputs will then be assigned to the implementing agencies prior to the start of the project year. The agencies will then prepare annual project plans and budgets for how they propose to achieve the outputs assigned to them. This "proactive" rather than "reactive" approach will greatly reduce the time required to review and approve or disapprove projects. The receipt of marginal projects will be eliminated. Project plans and proposals will be written to meet specific targets and outputs.

5. CORDEP managers will review the outputs proposed for the new project year with the implementing agencies prior to finalizing and assigning responsibility for them. USAID will therefore have the wisdom and agreement of the implementing agencies in setting the annual outputs. This review of outputs for the new year will include an assessment of the previous year's achievements. Achievement of sub-purposes will also be reviewed, and sub-purposes, and their respective outputs, may be added or eliminated for the new year.

6. The role, work, and budget of each agency will be that necessary for the achievement of the outputs which have been assigned to them, the costs of achieving these outputs, plus necessary administrative costs.

### **C. IMPROVING PROJECT MONITORING AND EVALUATION**

CORDEP managers took the following decisions to improve project monitoring and evaluation. The following actions supplement the monitoring and evaluation system already in place.

1. Staff of USAID/Cochabamba review the progress of many of the CORDEP projects during their weekly staff meetings. The work of these staff meetings will be expanded to review the progress in achieving all outputs. Special problems will be flagged, solutions proposed, and put into practice. Problems requiring the attention of the managers of USAID/ARD in La Paz will be brought to their immediate attention for solution.

2. Outputs with unclear targets such as "Resolve the future of UNABANA" or "Determine how to help establish independent assemblers and packers of bananas" will receive special attention and supervision. Staff in USAID/Cochabamba and USAID/La Paz will work with the agency which has been assigned such outputs to track progress, review

strategies, and refine and adjust the project throughout the year.

3. Additional, short studies and evaluations will be commissioned throughout the year. Several such studies and evaluations have already been conducted, and they have proven extremely useful in changing or adjusting projects and activities. For example, a recent study of the banana market indicates that there is a growing market for export-quality bananas in Cochabamba, La Paz, and Santa Cruz. This change in market behavior affects the production, packing, and sale of export-quality bananas. A study of the economic impact of roads constructed by CORDEP will be underway shortly. Short studies and assessments will be increasingly used to determine the effectiveness of project strategies. These studies and assessments will complement the monitoring and evaluation system operated by CORDEP.

DOC. CORDEP\EVAL\EXECSUM.II

## VI. PROJECT FUNDING

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PROJECT COMPONENTS	Expenditures			1994	1995	1996	1997	Total 1994 to 1,997	TOTAL ALL YEARS	---- AID	1994 to 1997 COUNTERPART	--- TOTAL
	-- 7/5/91 AID	to 12/31/93 GOB	TOT									
I. USAID/D PROJECT SUPPORT	1,645		1,645	750	750	750	334	2,584	4,229	2,584	0	2,584
II. IMPLEMENTATION ASSISTANCE	6,463		6,463	2,800	2,700	2,600	1,300	9,400	15,863	9,400	0	9,400
Marketing Assistance				2,400	2,400	2,400	1,200	8,400		8,400	0	8,400
Capital Resources-WGO Cooperative Agreement				400	300	200	100	1,000		1,000	0	1,000
III. SUB-PROJECTS	12,828	9,061	21,889	17,200	17,600	14,600	6,750	56,150	78,039	41,150	15,000	56,150
PDAR/PONADAL		376		2,000	2,000	2,000	1,000	7,000		0	7,000	7,000
IPTA				2,100	2,000	1,000	750	5,850		5,850	0	5,850
Chapare				2,000	2,000	1,000	750	5,750		5,750	0	5,750
Valles Altos				100				100		100	0	100
Government Organiz.				1,500	1,000	1,000	500	4,000		4,000	0	4,000
Non-Government Organiz.				2,600	2,600	2,600	1,500	9,300		9,300	0	9,300
Private Agroindustrial Development				1,000	2,000	2,000	1,000	6,000		6,000	0	6,000
Road Construction		8,685		8,000	8,000	6,000	2,000	24,000		16,000	8,000	24,000
IV. SUBDESAL/PDAR-Oper-Costs	91	3,982	4,073	1,750	1,550	1,450	950	5,700	9,773	3,996	1,704	5,700
PDAR	91	2,858	2,949	1,500	1,300	1,200	800	4,800		3,996	804	4,800
SUBDESAL/PONADAL		1,124	1,124	250	250	250	150	900		0	900	900
V. AGRICULTURE GRANT PROGRAM & PRIVATE SECTOR INCENT. FUND		4,753	4,753	1,700	1,700	1,600	1,000	6,000	10,753	500	5,500	6,000
Agro-business Loans				500	500	500	500	2,000		0	2,000	2,000
Grants				1,000	1,000	1,000	500	3,500		0	3,500	3,500
Incentive Fund				200	200	100		500		500	0	500
VI. AUDITS/EVALUATIONS	93		93	250	250	250	500	1,250	1,343	1,250	0	1,250
Audits				100	100	100	100	400		400	0	400
Evaluations				150	150	150	400	850		850	0	850
Total	21,120	17,796	38,916	24,450	24,550	21,250	10,834	81,084	120,000	58,880	22,204	81,084

**Cuadro I / Table I**  
**Presupuesto de CORDEP / CORDEP Budget**  
**Vida del Proyecto / Life of Project**  
**(\$000)**

<u>Componentes del Proyecto / Project Components</u>	<u>AID</u>	<u>GOB</u>	<u>TOTAL</u>
I. <u>Apoyo de USAID/B a los Proyectos /</u> <u>USAID/B Project Support</u>	4,229 ===	0 ===	4,229 ===
II. <u>Asistencia en la Implementación /</u> <u>Implementation Assistance</u>	15,863 ===	0 ===	15,863 ===
- <u>Contratista Principal /</u> <u>Prime Contractor</u>	4,386	0	4,386
- <u>Mercadeo / Marketing</u>	5,867	0	5,867
- <u>Proyectos de Inversión-Coop.ONG /</u> <u>Capital Resources-NGO Cooperatives</u>	3,358	0	3,358
- <u>Producción Agrícola / Small Farm Production</u>	2,252	0	2,252
III. <u>Subproyectos / Subprojects</u>	53,978 ===	24,061 ===	78,039 ===
- <u>FONADAL/PDAR/OIPC/Trabajos de</u> <u>Impacto Inmediato /</u> <u>FONADAL/PDAR/CPIO/Immediate</u> <u>Impact Works</u>	2,557	7,000	9,557
- <u>IBTA</u>	10,792	0	10,792
- <u>Organizaciones Gubernamentales /</u> <u>Government Organization</u>	7,000	0	7,000
- <u>Organizaciones No Gubernamentales /</u> <u>Non-Government Organization</u>	11,629	0	11,629
- <u>Desarrollo Agroindustrial Privado /</u> <u>Private Agroindustrial Development</u>	6,000	0	6,000
- <u>Construcción de Carreteras /</u> <u>Road Construction</u>	16,000	17,061	33,061
IV. <u>FONADAL/PDAR/CPIO -</u> <u>Costos Operativos /</u> <u>FONADAL/PDAR/CPIO -</u> <u>Operating Costs</u>	4,087 ===	5,686 ===	9,773 ===
- <u>PDAR/CPIO</u>	4,087	3,662	7,749
- <u>FONADAL</u>	0	2,024	2,024
V. <u>Programa Agrícola de Donación y</u> <u>Fondo de Incentivo al Sector Privado /</u> <u>Agricultural Grant Program and Private</u> <u>Sector Incentive Fund</u>	500 ===	10,253 ===	10,753 ===
- <u>Donaciones / Grants</u>	0	10,253	10,253
- <u>Fondo de Incentivos / Incentive Fund</u>	500	0	500
VI. <u>Auditorías/Evaluaciones/</u> <u>Audits/Evaluations</u>	1,343 ===	0 ===	1,343 ===
<b>TOTAL</b>	<b>80,000</b>	<b>40,000</b>	<b>120,000</b>

REVISED LOGICAL FRAMEWORK WITH 1994 OUTPUT TARGETS

**GOAL:** Transform the Bolivian economy from its dependence on coca to alternative economic activity.

**PURPOSE:** Generate jobs and sustainable income in licit activities in Cochabamba and its areas of influence.

**SUB-PURPOSES:**

In the Chapare

1. Increase income of farmers through the production and sale of bananas.
2. Increase income of farmers through the production and sale of pineapple.
3. Increase income of farmers through the production and sale of hearts of palm.
4. Increase income of farmers through the production and sale of black pepper.
5. Increase income of farmers through the production and sale of maracuya.
6. Increase income of farmers through the sale of citrus.
7. Increase income of farmers through the establishment, improvement and/or rehabilitation of pastures suitable for multipurpose cattle.
8. Increase income of farmers through the application of agroforestry on land not suitable for extended commercial farming and/or support of commercial crops.
9. Improve and maintain roads which are required for getting crops to markets.
10. Assist in the protection, supervision, and maintenance of national parks.

In the valleys

11. Increase income of farmers in selected areas of the valleys through increasing agricultural productivity.
12. Increase the income of farmers through the production and sale of higher-value crops such as onions, beans, peaches and garlic.

**OUTPUTS:****1. BANANAS**

- 1.1 Provide planting material and extension back-up in the production of bananas. (IBTA) \*

San Luis

- 1.2 Produce 700 Has. of 'technified' bananas located within 10 Kms. of the UNABANA packing plant at San Luis. \*\* (DAI)
- 1.3 Pack 5,000 boxes of bananas per week in the San Luis packing plant from June 1, 1994 onward. (UNABANA)
- 1.4 Assure purchase of 5,000 boxes of bananas per week from UNABANA. (DAI, AgroCapital)

Chimore Federation

- 1.5 Lease the Chimore packing and cooling plant based on criteria developed in consultation with the leadership of UNABANA, perhaps through public tender, to a commercial enterprise based on criteria such as the number of bananas to be sold, the distribution network, services to farmers, and others. (PDAR, USAID/Cbba)
- 1.6 Provide technical assistance, an extension agent in bananas, and other incentives to the lessee of the Chimore plant. (DAI) \*\*\*

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\* Responsibility for achieving each output is assigned to an implementing agency which is listed in parentheses after the statement of the output.

\*\* 'Technified' bananas are those bananas produced from improved planting material, with adequate pest control, weeding, and use of insecticides and fertilizer where required.

\*\*\* CORDEP will pay the salary of the extension agent who works for the banana assembly and packing intermediaries (Chimore, San Carlos), pineapple producers' associations (German Busch, Eteramazama), hearts of palm canners (SEASA and other interested canners), and major processors of maracuya (SEASA). The extension agent will improve the volume and quality of production. DAI will pay the full salary of the extension agent the first year and half the salary the second year. The enterprise to whom the extension agent is assigned will sign off on the extension agent's time report prior to payment of salary and pay a nominal fee of, say, 100 bolivianos per month to DAI for this assistance. The enterprise will be responsible for all costs associated with the extension

agent's work.

San Carlos

- 1.7 Find and help establish a sustainable assembly and packing intermediary in San Carlos that will also take the initiative in getting 'technified' bananas produced in the San Carlos area. Begin by preparing a list of viable candidates. The packing shed, to be built, will belong to the intermediary. (DAI, agrocapital)
- 1.8 Provide technical assistance, one or more extension agents in bananas, and other incentives to the intermediary. (DAI)

2. PINEAPPLE

- 2.1 Provide planting material and extension back-up in pineapple. (IBTA)

Mariposas (Chimore Federation)

- 2.2 Produce 30 Has. of 'technified' pineapple; control plant disease and pests; spread the production peak and extend the market period to six months; and pack and sell 500,000 pineapples. (INPOFRUT, AgroCapital)

German Busch (Chimore Federation)

- 2.3 Produce 15 Has. of 'technified' pineapple; control plant disease and pests; spread the production peak and extend the market period to six months; pack and sell 250,000 pineapples. (German Busch Producer's Association)
- 2.4 Pay the salary of an extension agent in pineapple who work for the producers' association. (DAI)

Eterazama

- 2.5 Produce 16 Has. of 'technified' pineapple; control plant disease and pests; spread the production peak and extend the market period to six months; pack and sell 265,000 pineapples. (Eteramazama Producer's Association)
- 2.6 Pay the salary of an extension agent in pineapple who works for the producers' association. (DAI)
- 2.7 Assure purchase of pineapple by identifying buyers and their requirements and giving this information to INPOFRUT and the producers' associations in German Busch and Eteramazama. (DAI)

### 3. HEARTS OF PALM

- 3.1 Produce planting material and provide extension back-up in hearts of palm. (IBTA)
- 3.2 Begin competitive purchasing of 2,000,000 hearts of palm seed by April 30, 1994. (IBTA)

#### Chimore Federation

- 3.3 Produce 100 Has. of hearts of palm, preferably in conjunction with existing agroforestry projects. (NGO)
- 3.4 Provide extension in production and quality control through SEASA and other interested canners by paying the salary of the extension agent who works for the canner. (DAI)

#### Ivirgarzama - Bulo Bulu

- 3.5 Produce 100 Has. of hearts of palm, with emphasis on seed production, preferably in conjunction with existing agroforestry projects. (NGO)
- 3.6 Provide extension in quality control during the months of June through September, 1994. (DAI)
- 3.7 Assess the likely purchases of maturing hearts of palm by SEASA, ICHILO, the Japanese, Dillman, LAS, and others. (DAI)
- 3.8 Provide technical and/or financial assistance as appropriate (DAI, Agrocapital)

### 4. BLACK PEPPER

- 4.1 Produce 120,000 black pepper cuttings. (IBTA)

#### Chipiriri - Eteramazama

- 4.2 Produce 67 Has. of black pepper. (NGO)

#### San Luis, Chimore Federation, Villa Nueva

- 4.3 Continue identifying and selling black pepper from previously abandoned plots. (DAI)

## 5. MARACUYA

- 5.1 Establish an integrated pest management program for maracuya. (IBTA)

### Chimore Federation

- 5.2 Provide extension in increasing production to SEASA and SEASA's outgrowers by sharing in the support of extension agent(s) who works for SEASA. (DAI)

### Ivirgarzama - Bulo Bulu

- 5.3 Buy UNAPEGA a separator and a bigger cooker for their production of maracuya concentrate near Ivirgarzama. (DAI)
- 5.4 Help LAS and other purchasers to buy directly from the producers. (DAI)
- 5.5 Promote more uses of maracuya. (DAI)

## 6. CITRUS

- 6.1 Continue investigation of improvements in citrus varieties and make improvements available to citrus farmers. (IBTA)
- 6.2 Investigate markets in La Paz, Oruro, Sucre, and Potosi for citrus from the Chapare. (DAI)
- 6.3 Provide technical assistance to citrus businesses in methods for storing citrus which prolong the market life of the citrus. (DAI)
- 6.4 Find out if juice-makers, other than SEASA, will buy Chapare oranges and, if so, under what conditions. (DAI)

## 7. PASTURES

### Ivirgarzama - Bulu Bulu

- 7.1 Improve 400 Has of pasture or silvo-pasture. (UNAPEGA)

## 8. AGROFORESTRY

### Ivirgarzama - Bulo Bulo

- 8.1 Produce 200 Has of agroforestry. (INDASA, SERVIAGRO)

### Villa Nueva

- 8.2 Establish an agroforestry project. (NGO)

## 9. ROADS

- 9.1 Construct the 30 road projects designed and listed for construction in 1994. (SNC, Prudencio Claros)
- 9.2 Supervise the construction of road projects to insure quality of production and optimum use of funds. (USAID/Cbba)

## 10. NATIONAL PARKS

- 10.1 Assist in the protection, supervision, and maintenance of the Isiboro-Securé and Serranía Machía Parks. (PDAR)
- 10.2 Assist in the establishment of a surveillance system for the Carrasco Park. (PDAR)

## 11. INCREASES IN PRODUCTIVITY IN THE VALLEYS

- 11.1 Construct the Uyuchama irrigation system and the other irrigation construction projects specified in PDAR's 1994 work plan. (PDAR)
- 11.2 Provide extension in watershed management, soil conservation, on-farm water management, and improved farming practices in areas where irrigation systems have been constructed. (NGOs)

## 12. HIGHER VALUE CROPS IN THE VALLEYS

- 12.1 Provide extension in growing higher value crops such as seed potatoes, corn on the cob, onions, beans, garlic, and others. (NGOs)
- 12.2 Complete assistance to improve the marketing of garlic, onions, beans, and peaches. (DAI)