



USAID/BOLIVIA
ACTION PLAN
FY 1996-1997

FEBRUARY 27, 1995

**FY 1996-1997 ACTION PLAN
USAID/BOLIVIA**

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LIST OF ACRONYMS

| | |
|-----------|--|
| AA/LAC | Assistant Administrator Latin American Bureau |
| ADR | Alternative Dispute Resolution |
| ARD | USAID/Bolivia Agriculture and Rural Development Office |
| BAOJ | Bolivian Administration of Justice Project |
| BOLINVEST | Export and Investment Promotion Project |
| BNP | Bolivian National Police |
| BOLFOR | Sustainable Management Project |
| CAF | Andean Development Corporation |
| CICON | Center for Research of the National Congress |
| CDC | Capacitación y Derechos Ciudadanos |
| CDF | Forestry Development Corporation |
| CIES | Center for Research, Education and Services |
| CSM | Contraceptive Social Marketing |
| CORDEP | Cochabamba Regional Development Project |
| DA | Development Assistance |
| DID | Democratic Initiatives Division |
| DDCP | Democratic Dev. and Citizen Participation Project |
| DOJ/OPDAT | Department of Justice Office of Professional Development and Training |
| EAI | Enterprise for the Americas Initiative Environmental Account |
| ESF | Economic Support Fund |
| ESD | Electrification for Sustainable Development |
| FAN | Friends of Nature Fundation |
| FAO | Food and Agriculture Organization |
| FOCAS | Financiación de Capital en Areas Secundarias |
| FONAMA | National Environmental Fund |
| FONPLATA | Fund for the Development of the Plata River Basin |
| FSN | Foreign Service National |
| FTE | Full Time Equivalent |
| FY | Fiscal Year |
| GDP | Gross Domestic Product |
| GEF | Global Environmental Facility |
| GOB | Government of Bolivia |
| GTZ | Cooperación Técnica Alemana |
| HHR | Health and Human Resources Office |
| IABF | Interamerican Bar Foundation |
| ICC | Intern Agency Coordinating Committee |
| ICITAP | International Criminal Investigation Training Assistance Program |
| IDB | Interamerican Development Bank |
| IDEA | Instituto para el Desarrollo de Empresarios y Adm. |
| IMF | International Monetary Fund |
| INE | Natioanal Institute of Statistics |
| INM | International Narcotics Matters |
| IPPF | International Plan Paternhood Federation |
| IRL | Interactive Radio Learning Program |
| LAC | Latin American Bureau |
| LASER | Latin American Strategies for Educational Reform |
| LIDEMA | Liga de Defensa del Medio Ambiente |
| LOA | Life of Activity |

| | |
|----------|---|
| LOP | Life of Project |
| MOJ | Ministry of Justice |
| MPP | Mission Program Plan |
| MSD | Management Sciences for Development |
| MEDP | Micro-Enterprise Development Program |
| NAD | New Activity Description |
| NAFTA | North American Free Trade Agreement |
| NEC | National Electoral Court |
| NGO | Non-governmental Organization |
| NRECA | National Rural Electrification Cooperative Assoc. |
| OE | Operating Expenses |
| ODI | Office of Democratic Initiatives |
| OIT | Office of International Training |
| OMNI | Opportunities for Micronutrients Interventions |
| ORT | Oral Rehydration Therapy |
| PACD | Project Activity Completion Date |
| PD&I | USAID/Bolivia Office of Project Development and Implementation |
| PID | Parts in Peril Project |
| PD&S | Program Development & Support Funds |
| P.L.480 | Public Law 480 |
| PPL | Popular Participation Law |
| PROCOSI | Child Survival PVO Network |
| PRODEM | Foundation for the Promotion and Development of Micro-Enterprises |
| PROSALUD | Self-Financing Primary Health Care Project |
| PROMETA | Protección del Medio Ambiente Tarija |
| PSC | Personal Services Contract |
| PTJ | Policia Técnica Judicial |
| PVO | Private Voluntary Organization |
| RHSP | Reproductive Health Services Project |
| RSSC | Regional Support Service Center |
| SAFCO | Administrative System for Financial and Governmental Control |
| SNE | Natioanl Secretary of Education |
| SNC | National Roads Service |
| SOC | Strategic Objective Committees |
| SUNY | State University of New York |
| UDAPE | Economic Analysis Unit |
| UDAPSO | Social Analysis Unit |
| UNICEF | United Nations Children's Fund |
| UNDP | United Nations Development Programme |
| UPP | Population Policy Unit |
| UPSA | Universidad Privada de Santa Cruz |
| USDH | U.S. Direct Hire |
| VOCA | Volunteers in Overseas Cooperative Assistance |
| WOCCU | Work Council of Credit Unions |

USAID/BOLIVIA**FY 1996-1997 ACTION PLAN****I. STRATEGY OVERVIEW**

The USAID program in Bolivia has achieved considerable success over the past several years, having made important strides toward meeting Agency and GOB objectives in the four key areas of: broad-based growth; environment; population, health and nutrition; and democracy. This success is tangibly demonstrated in all facets of Bolivian life. It is evident:

- in the macroeconomic policy framework and structural adjustment efforts undertaken since 1985 and embraced by successive GOB administrations;
- in the ever freer, more transparent, and democratic elections at both national and local levels that have ensured more than a dozen years of democratic leadership;
- in helping reduce the country's unacceptably high infant (75 deaths per 1,000 births) and maternal mortality rates (390 deaths per 100,000 live births);
- in the creation of a new super Ministry of Sustainable Development and the Environment and in the Summit of the Americas decision for elevating Bolivia to host of the 1996 Hemispheric Summit Conference on Sustainable Development;
- in the dramatic increase by 36% in hectares devoted to legal crop alternatives over the past ten years (more than 10,000 hectares annually) in an economy once dominated by coca cultivation and production; and
- in the reforms now being undertaken by a government committed to change and improving the lot of Bolivia's citizens through popular participation, education reform, reform of the state, capitalization of state-owned industries, and judicial sector reform.

In the FY 1995-1996 Action Plan, USAID/Bolivia highlighted the two key development challenges facing Bolivia: severe poverty that impedes economic growth and sustainable development, undermines health and human resources, and strains the environment; and Bolivia's position as the world's second largest producer of coca/cocaine. Both of these problems have serious implications on the United States and the world, and warrant USAID's continued support and attention. For the FY 1996-1997 Action Plan, we will demonstrate that while the conditions described previously have undergone modest improvements, in part through the efforts of USAID, the manifestation of Bolivia's

chronic problems in terms of malnutrition, on the one hand, and the continued illegal activities and corrupting influence of narcotraffickers, on the other, coalesce to threaten its fragile democracy and economic institutions.

Bolivia is located in the heart of the South American Andes mountains. Landlocked and rugged, Bolivia has only recently emerged from years of political and economic instability. Bolivia remains one of the most impoverished nations in the hemisphere with a per capita GNP of \$774 in 1994. One of the clearest manifestations of that poverty is the extensive prevalence of malnutrition. Thirty eight percent (38%) of the children under five years of age suffered some degree of malnutrition (according to weight for age) in 1992 -- up from 35% in 1990 -- and 12% suffered moderate or severe malnutrition.

According to the UNDP "Human Development Index", Bolivia is ranked 122 out of 160 developing and developed countries in the world and is classified as having a "low" level of human development. Only Haiti is rated lower in terms of human development in the LAC region.

Poverty affects, among other factors, high mortality rates which at 74 per 1,000 births in 1994 remain unacceptably high, and the ability to acquire and assimilate food. Food represents 63% of the expenses of low income urban family and a staggering 72% of the expenses of an average altiplano family. Malnutrition is associated with four out of every five deaths of children under five. Starving people find democracy and protection of the environment a luxury and equal economic opportunity and family health meaningless when they and their children are dying of hunger or suffer high rates of infant and maternal mortality.

The 1994 *Poverty Map* (See UDAPSO, INE, UPP, UDAPE, Mapa de Pobreza, 1994) indicates that in 1992 about 70 percent of all Bolivian households and approximately 94 percent of rural households were classified as poor. The income gap between rich and poor Bolivians is large and continues to widen.

On a more positive note, the economic reforms adopted in the mid-1980s continue to show results: inflation during the twelve month period ending December 1994 was 8.5 percent, among the lowest in Latin America; and GDP growth in 1994 exceeded 4 percent. Bolivia's economy, however, is extremely fragile and heavily dependent on outside assistance, which has averaged around 10 percent of GDP in recent years. Major constraints continue to impede necessary economic growth. These include: inadequate institutions; modest technological capability; limited financial services; poor infrastructure making access to outside markets difficult; and shortage of human capital and experience.

The administration of President Sanchez de Lozada introduced an ambitious and innovative economic reform program for the 1994-1997 period (the "Plan de Todos" or "Plan for All") aimed at reducing poverty by accelerating economic growth, developing human capital, and addressing the needs of the most vulnerable groups. The program includes privatization/capitalization, education reform, popular participation, reform of the state, and judicial reform. USAID, through its integrated program and concentrated focus on its four strategic objectives, is assisting the GOB realize many aspects of its reform program. USAID also is providing critical support in areas still undeserved by government programs, such as microfinance, while encouraging sustainable private sector-led initiatives in the areas of rural and urban health care, democratic development and citizen participation, sustainable energy use, and concern for the environment and biodiversity.

An objective of the GOB's economic and structural reform program is to reduce poverty. This is to be achieved by:

- accelerating economic growth;
- improving the efficiency of the state;
- developing human capital;
- addressing the needs of the most vulnerable poor; and
- implementing a national policy for sustainable development.

According to the World Bank, these reforms need to be appropriately sequenced in ways that ensure both growth and maintenance of a feasible fiscal program. Clearly, in light of the ambitious nature of the complete reform program, there will be high costs associated with its implementation.

USAID supports these reforms both directly and indirectly along with other donors (see figure 1).

FIGURE 1
U.S. AND DONOR SUPPORT FOR GOB REFORM PROGRAM

| GOB Reform | USAID Activity | Donor Involvement |
|--|---|--|
| Education Reform | - Interactive Radio Learning - Technical Support for Policy Reform | World Bank, IDB, IDA, Switzerland, Germany, Netherlands. |
| Popular Participation, Justice Sector and Electoral Reform | - Democratic Development and Citizen Participation - Administration of Justice | World Bank, IDB, OAS |
| Privatization/ Capitalization, Pension Reform | - Industrial Transition | World Bank, IDB, Germany, Sweden, Canada, Netherlands |
| Health Reform | - Community and Child Health - Reproductive Health Services | UNICEF, World Bank, WHO/PAHO, UNFPA, Canada |

The key to Bolivia's sustained **broad-based economic growth** is increased economic opportunity and access through increased employment. This is achieved by (i) the development of a variety of nontraditional export products with value added components in which Bolivia has competitive or comparative advantage, (ii) expanded microenterprise services, and (iii) legal agricultural activities in the Chapare. Bolivia can rightfully boast of its relatively low import duties, market-based exchange rate, free movement of international capital, liberalized financial markets, modest export incentives, and sound, nondiscriminatory investment law. The growth and diversity in nontraditional exports from the three principal regions of the country are promising. Indeed, nontraditional exports now make up half of all exports with handmade gold jewelry topping the list. Most important of all is the hope that expanded export opportunities gives to the medium, small, and micro businesses. USAID assistance in this area has helped improve the lives of thousands of Bolivians by providing the means for quality, permanent jobs. This effort places Bolivia in an excellent position to honor its pledge -- along with 33 other nations at the Miami Summit of the Americas -- to move towards a "Free Trade Area of the Americas" by 2005.

In the area of **environment**, the local political context for sustainable resource use has never been stronger. In 1993, the GOB created a new and powerful super-Ministry of Sustainable Development and the Environment based on the recommendations of an environmental team from Vice President Gore's office as a blueprint. President Sanchez de Lozada has expressed the GOB's strong commitment to the 1992 Rio agreements on biological diversity and global warming. In 1996 Bolivia will host Chiefs-of-State from nations throughout the hemisphere at a Summit on Sustainable Development and the Environment, another direct result of the Summit of the Americas.

In **population, health and nutrition**, USAID and other donor assistance has helped improve family health for many Bolivians. Immunization coverage increased 35% in the last 10 years, in 1994 reaching 78% for DPT and measles, 82% for polio and 90% for tuberculosis according to GOB reports. No new cases of polio have been confirmed since 1989. Infant mortality was reduced from 164/1,000 live births in the early 1960s to 75/1,000 in 1994. Maternal mortality has been reduced over the last ten years from 416/100,000 live births to 390/100,000. However, both infant and maternal mortality rates remain unacceptably high.

Bolivia's articulate support for the recommendations coming out of the Cairo Conference on Population and Development in 1994 underscore the fact that there has never before been a more positive environment for Bolivia's family planning program. In 1993, for the first time, the Government of Bolivia adopted a contraceptive prevalence target in its national plan. With USAID support, the private and NGO sectors have strengthened their

roles in service provision, expanding their networks to reach more clients. As a result, Bolivia expects an increase in modern contraceptive prevalence from 12.2% in 1989 to 24.0% in 1997. The current rate is 18%. USAID provides almost 80% of donor assistance to the national family planning program, as well as nearly all contraceptives. USAID has also assisted the launching of a national communication campaign on family planning, which is expected to increase contraceptive use and demand for services.

Democracy and democratic institutions are being strengthened. For the first time Bolivia has established an independent Ministry of Justice and budget resources for public defense. Judicial reform is being pursued along with efforts to create a "State of Law" which guarantees and defends the fundamental rights of citizens. Evidence of this reform moving forward was demonstrated by the recent prosecution and conviction of a former chief-of-state and several government officials for human rights abuses and narcotrafficking, the investigation of allegations of narcotrafficking charges against a previous administration's officials, and the impeachment of two members of the Supreme Court. USAID is furthering human rights in Bolivian through its support to the Office of the Public Defenders, as well as its support of pilot activities through the Inter-American Bar Foundation to establish neighborhood conciliation centers.

Significant advances also have been made in recent years to strengthen the Bolivian legislature, through USAID support provided by the State University of New York (SUNY). In addition to directly assisting the Vice President in planning for carrying out his responsibilities as President of Congress, bicameral, non-partisan, legislative support services have been established.

Participation: Development depends on an intricate mix of factors, but the factor common to all development successes is beneficiary participation throughout the process. The Popular Participation law, promulgated in April 1994, is seen as the most important redistribution of political and economic power since the 1952 revolution. It promotes municipal government effectiveness and grassroots organizations by establishing new municipal boundaries which will encompass the entire country. Municipal budgets are allocated according to population, thereby assuring an equitable distribution of resources. Legal status and an enhanced role in local decision making has been made available to grassroots organizations.

USAID's new Democratic Development and Citizen Participation (DDCP) project, authorized in January 1995, is the most comprehensive donor effort to date in assisting this ambitious and worthy reform. Development of the DDCP initiative was the result of months of collaborative discussions involving the executive, judicial, and legislative branches of the Bolivian government, NGOs, and concerned citizen organizations throughout

the country. An important component of the new DDCP project will be to assist the GOB in enfranchising an estimated one million people (over 30% of the electorate) that are not registered to vote. The majority of unregistered citizens that are potentially eligible voters are poor, indigenous females from rural areas. Enfranchisement of this population is a key step in ensuring this marginal majority's access to the democratic process.

Participation has been a key to the successful efforts of PROMUJER, the USAID-supported Bolivian branch of a U.S. PVO that has been working in Bolivia since 1990. PROMUJER has trained over 3,000 women in empowerment, health and family planning, business skills, and communal banking. As a result, nearly 1,800 disadvantaged women presently receive credit in 57 communal banks in the Bolivian cities of El Alto, Cochabamba, Sucre and Tarija.

Other examples of participation involving USAID's support for NGOs abound. NGO involvement has been instrumental in extending health care services into rural areas of Bolivia. Whereas urban areas have almost complete access to some form of health services, only 45% of rural areas have such access. From 1990 to 1993, USAID supported Save the Children of Bolivia's implementation of a demonstration maternal/neonatal health project in Inquisivi, a rural province four hours outside of La Paz. The innovative community participation approach of the project resulted in reduction of infant mortality from 75/1,000 live births in 1990 to 31/1,000 in 1993 and increased the use of modern methods of family planning from zero to 27%. This successful model is now being replicated by U.S. and Bolivian NGOs under the auspices of a USAID-assisted NGO network (PROCOSI) for expansion in rural areas throughout Bolivia.

USAID continues its cooperation with, and reliance on, the PVO/NGO community in the design and implementation of most activities. In 1994 approximately 43% of all USAID resources flowed through PVO/NGOs. We anticipate this important relationship to continue. Of note, the four PVOs currently implementing the P.L.480 Title II program: Project Concern International (PCI), Adventist Development and Relief Agency (ADRA), Food for the Hungry International (FHI), and Caritas Boliviana; are critical players promoting empowerment and participation, demonstrating that it is possible to improve conditions of life and achieve greater levels of development by responding to local priorities and encouraging local solutions.

Participation is also evident in the heart of Bolivia's coca-growing Chapare region, where USAID has made tremendous strides in increasing legal agricultural enterprises by directly involving farmers from the earliest stages of these endeavors. Although profits don't match those of drug trafficking, new ventures increasingly attract farmers looking for stable, sustainable legal livelihoods. Bolivian farmers in the Chapare

and elsewhere have a tradition of cooperative ventures to improve their community. USAID brings to this tradition technical advice, disseminated primarily through producer associations in collaboration with private, public, and nongovernmental organizations.

This strategy encompasses the entire farm-to-market chain: producer associations, transporters, processors, packers, and exporters. As a result, the Chapare is experiencing tangible change. In 1986, alternative crops accounted for 32,463 hectares valued at \$6.5 million. By 1994, alternative crops had increased to 44,215 hectares and brought in \$14.2 million. Without doubling the amount of land used, farmers more than doubled their incomes. With new production methods, new or improved infrastructure, and most of all with new resolve on the part of farmers to achieve, legal livelihoods, the Chapare is producing success stories to counter its reputation as the outcast of Bolivia.

Managing for Results: USAID continues its consistent tracking and management of Agency resources and evolving policy changes, while monitoring Bolivian development needs. USAID/Bolivia has been able to address Bolivia's most pressing sustainable development requirements and overarching foreign policy interest in fighting narcotics while consolidating its Strategic Objectives from 15 in 1989 to the current 4. At the same time, the number of appropriations-funded projects have been reduced over the same period from 37 in 1989 to 31 at the end of 1994, a 16% reduction.

The number of USAID employees has decreased from a high of 226 in 1992 to the current 208, an 8% reduction. In accordance with the U.S. Embassy/La Paz Mission Program Plan (MPP) for FY 1997 - 2000, submitted in January 1995, USAID believes it will have the personnel and financial resources required to manage and implement USG sustainable development activities throughout the 1996-1997 Action Plan period and through the MPP planning period. We anticipate further workforce reductions by the year 2000 to between 190 and 200 employees.

Meanwhile, USAID's internal organization continues to evolve to better address Mission and Agency needs. This has included reducing duplication of financial, procurement, legal and administrative services by providing support in these areas from USAID/Bolivia's Regional Service Center for Brazil, Chile, Paraguay, Perú, Uruguay, Argentina, and Ecuador.

USAID/Bolivia's support for neighboring missions, especially in the areas of democratic initiatives and project development, is expected for regional initiatives and close out programs. The Office of the Inspector General is proposing to establish a regional office in Bolivia to cover South America, taking

advantage of USAID/Bolivia's administrative and financial management services.

The creation of a new Office of Democratic Initiatives has strengthened USAID/Bolivia's ability to more directly manage the rapidly evolving democracy portfolio which includes justice sector reform, support for democratic institutions, democratic development and citizen participation, and human rights.

Finally, the Mission has had to make a major adjustment to its portfolio in the last few months to compensate and adjust to the loss of ESF cash transfer generated local currency. This resource amounting to about \$20 million annually for the past five years, was used to meet GOB counterpart requirements on 14 USAID projects as well as cofinance 11 IFI and GOB projects which directly supported our Strategic Objectives. For CY 1995 alone, we have had to compensate for this loss by using up to \$4.5 million in dollar grant funds and reprogramming about \$3.5 million in P.L.480 local currency. In some cases, this will mean that LOP dollar funding for certain projects such as AOJ and CORDEP will have to be increased in order to achieve planned results.

Donor Coordination: The United States is the largest bilateral donor in Bolivia, providing about 40% of all bilateral assistance. The World Bank, the Inter-American Development Bank, the United Nations, the Andean Development Corporation (CAF), and the Fund for the Development of the Plata River Basin (FONPLATA) are the largest multilateral donors. Through collaboration with both multilateral and bilateral donors, USAID is able to influence support for the GOB's dynamic reform programs. In addition, USAID projects are well positioned to leverage other donor resources to help advance Summit of the Americas initiatives in Bolivia.

Throughout 1994, USAID/Bolivia increased coordination with the IDB and World Bank (via the Fundación Bolivia Exporta) in promoting export activities in Bolivia. In addition, USAID collaborated closely with the Dutch and Swedish governments on the promotion of sector specific exports. USAID supported along with the Camara Argentina/Bolivia, a series of round table discussions to promote increased regional trade. In 1995, USAID expects to work more closely with the IDB and the CAF in strengthening the export sector.

Through close coordination with the World Bank and the GOB, USAID has provided the policy and technical assistance necessary to reform the pension system. USAID and World Bank joint efforts will not only create a safety net for retired Bolivians, but provide much needed capital for domestic investments. USAID continues to work closely with bilateral and multilateral donors in strengthening the financial markets in Bolivia. USAID is the

recognized leader in the microfinance sector and has worked closely with the World Bank in developing the proposed \$16.3 million Financial Markets Loan. USAID organized and led a delegation of representatives from the World Bank and the IDB in discussions with the Superintendency of Banks regarding supervision of microfinance intermediaries.

Field level coordination between USAID, UNDCP, GTZ and other USG and GOB entities involved in counternarcotics is carried out very effectively by USAID's Regional Coordinator in Cochabamba with substantive contact on a daily basis. USAID recently gave critical technical support and input for an international seminar sponsored by the UN on agroindustrial development in the Chapare, widely attended by all major and potential donors in Bolivia, and one of the first activities advancing point 6 of the Summit of the Americas Action Plan.

Donor coordination also continues strong in the environment. This is well reflected in the NAD for a new "buffer-zone" management project in the Chaco, designed in close coordination with the World Bank, Holland, Germany and Switzerland. It builds on the resources these donors have committed to a new Chaco Park, while filling an important gap in their own programs. It is expected that this close relationship will continue throughout project design and implementation, as we continue to seek ways to increase the effectiveness of our activities.

USAID directly coordinates family health activities with UNICEF, the Pan American Health Organization, World Bank, Inter-American Development Bank, and bilateral donor programs. The Interagency Coordinating Committee for the Expanded Program of Immunization is one of the first and most successful examples of donor coordination in the health sector in Bolivia. In addition, USAID participates in a similar coordinating committee for the GOB's overall plan to reduce infant, child, and maternal mortality ("Plan de Vida").

USAID has the largest program and longest history of support for judicial reform in Bolivia of any donor and is collaborating with other donors in this key aspect of strengthening democratic institutions. USAID has maintained close consultation with the World Bank, the Inter-American Development Bank, and bilateral donors to assure complementarity of our programs.

Summit of the Americas: As indicated by the summaries above, Figure 2 demonstrates that USAID/Bolivia is well positioned to assist Bolivia meet its commitments to the Summit of the Americas "Miami Process Initiatives".

The GOB is looking to USAID for support with the 1996 summit on Sustainable Development agreed to at the Summit of the Americas. USAID's grant to the World Resources Institute is already helping

the GOB to meet this important challenge, with technical assistance from a team originally sent to Bolivia by Vice President Gore. This program will give the USG an important seat at the summit planning table.

The innovative work in renewable energy (e.g., solar and biomass) being carried out by the Electrification for Sustainable Development Project will help Bolivia meet its commitments to the Partnership for Sustainable Energy Use. USAID assistance is a key part of the GOB's programs in support of the Partnership for Biodiversity, with the Sustainable Forestry Management Project breaking new ground with low-impact methods of forest product harvesting that protect biodiversity. A new project planned for the Chaco also will support this Partnership.

President Sanchez de Lozada wants Bolivia to be one of the hemisphere's leaders in promoting free trade, and has charged his cabinet with developing a strategy. Under the Export Promotion project, USAID will support the GOB's initiative with the provision of technical and possibly other forms of assistance leading to the proposed Free Trade Area of the Americas by 2005.

On gender issues, USAID continues efforts to enhance the role of and participation by women throughout Bolivian society, and particularly, in areas characterized by discrimination and subordination. With WID office support, two Bolivian NGOs -- La Coordinadora de la Mujer and La Plataforma de la Mujer -- were selected as Regional Focal Field Institutions (RFFI) responsible for coordinating regional preparatory activities for the 1995 Beijing Fourth Conference on Women. La Coordinadora de la Mujer consists of 23 institutions working with women in the Department of La Paz and concentrates on the analysis and coordination of professional experiences related to women issues. La Plataforma de la Mujer is working to change actual structures to allow more women participation in several layers of the society. Both organizations are very interested in playing a key role in the reforms the Bolivian Government is implementing, particularly popular participation. Of note, Bolivia was the first nation to ratify the Inter-American Convention on the Prevention, Punishment and Eradication of Violence Against Women which enters into effect on March 14, 1995.

FIGURE 2
SUMMIT OF THE AMERICAS
PLAN OF ACTION

| I. Preserving and Strengthening the Community of Democracies of the Americas | |
|---|---|
| Miami Process Initiative | Principal USAID Activities |
| 1. Strengthening Democracy | Democratic Development and Citizen Participation; Human Resources for Development; Bolivian Peace Scholarship; Adm. of Justice |
| 2. Promoting and Protecting Human Rights | Administration of Justice |
| 3. Invigorating Society/Community Participation | Democratic Development and Citizen Participation; Adm. of Justice |
| 4. Promoting cultural Values | |
| 5. Combatting Corruption | Administration of Justice; SAFCO; HRD |
| 6. Combatting the Problem of Illegal Drugs and Related Crimes | Cochabamba Regional Development; Drug Awareness and Prevention |
| 7. Eliminating the Threat of National and International Terrorism | |
| 8. Building Mutual Confidence | Technical Support for Policy Reform |
| II. Promoting Prosperity Through Economic Integration and Free Trade | |
| Miami Process Initiative | Principal USAID Activity |
| 9. Free Trade in the Americas | Export Promotion |
| 10. Capital Markets Development and Liberalization | Microfinance |
| 11. Hemispheric Infrastructure | CORDEP |
| 12. Energy Cooperation | Electrification for Sustainable Development |
| 13. Telecommunications and Information Infrastructure | Interactive Radio Learning |
| 14. Cooperation in Science and Technology | Global Learning and Observations to Benefit the Environment (GLOBE); Sustainable Forestry Management |
| 15. Tourism | |
| III. Eradicating Poverty and Discrimination in Our Hemisphere | |
| Miami Process Initiative | Principal USAID Activities |
| 16. Universal Access to Education | Bolivian Peace Scholarships; Human Resources for Development; Interactive Radio Learning; PL 480 Title II |
| 17. Equitable Access to Basic Health Services | Community and Child Health; Child Survival PVO Network; Self-Financing Primary Health Care; Reproductive Health Services; AIDS/STD Prevention and Control |
| 18. Strengthening the Role of Women in Society | Reproductive Health Services |
| 19. Encouraging Microenterprises and Small Businesses | Microfinance; Micro and Small Business Development; Export Promotion |
| 20. White Helmets--Emergency and Development Corps | |
| IV. Guaranteeing Sustainable Development and Conserving Our Natural Environment for Future Generations | |
| Miami Process Initiative | Principal USAID Activity |
| 21. Partnership for Sustainable Energy Use | Electrification for Sustainable Development; CORDEP |
| 22. Partnership for Biodiversity | Indigenous Resource Management and Biodiversity Protection in the South American Chaco; Sustainable Forestry Management |
| 23. Partnership for Pollution Prevention | Enterprise for the Americas Environmental Account |

Reengineering: USAID continues to ready itself for the Agency reengineering scheduled to be in place by October 1995. In particular, we look forward to more efficient information, accounting, and procurement systems. We also look forward to reviewing other aspects of USAID reengineering as it becomes more defined at the operational level. Customer focus has long been and will continue to be an important underpinning of USAID project and program design, as evidenced by the recent efforts to exact widespread participation and streamline the design process in developing three of USAID's most recent activities: Democratic Development and Citizen Participation, Microfinance, and Indigenous Resource Management and Biodiversity Protection.

With fewer, more focused project interventions, USAID is able to be more results oriented. Examples in the family health area (e.g., immunization coverage, acceptance of modern contraceptive methods, etc.) and in export promotion (e.g., jobs created, foreign exchange earnings from nontraditional products, etc.) are the most dramatic. The general results orientation of all our activities point increasingly to a successful, cost-effective program.

Evolving USAID/Bolivia relations with the G Bureau require increased attention. In 1995, a projected 23% of overall Agency DA assistance to Bolivia will flow through Global Bureau activities. In the area of Population alone, projected Global Field Support to Bolivia will amount to over \$6 million in addition to an anticipated transfer of \$3.5 million from IAC funds to G Bureau in support of family planning and population activities in Bolivia. USAID/Bolivia will also call upon G Bureau field support in the areas of Child Survival, Basic Education and the Environment.

USAID met the January 31, 1995 deadline (per State 341233) to put in place memoranda of understanding with the G Bureau Centers for on Human Capacity Development (HCD) and Population, Health, and Nutrition (PHN). Unfortunately, changing budget levels threaten to undermine the spirit of these memoranda. The additional paperwork now required to revise and amend these memoranda, a seemingly redundant exercise given the simultaneous annual budget exercises, will continue to vex USAID and G Bureau planners and programmers alike.

It should be noted that USAID has a long and solid relationship with most G Field Support Activities in the HCD and PHN areas. This is not so in the emerging areas of democracy, and to an extent, those of environment and economic growth. For example, the G Bureau has included Field Support funding in FY 1995 and FY 1996 for democracy activities in Bolivia when in fact, no appropriate field support activity currently exists. Similarly, we are perplexed by the seemingly large pots of environmental,

microenterprise, and energy resources available in G Bureau and/or LAC Bureau budgets, yet are frustrated by our seeming inability to access these funds. We urge the Washington Bureaus to keep the Mission informed of the availability of both resources and programs to help us better manage and monitor all Agency activities in Bolivia.

To prepare ourselves for upcoming reengineering exercises, USAID has designated a Mission Reengineering Officer to lead the effort internally in finding ways to reduce internal regulations and procedures as well as ensure that current interim guidance, such as that for project development, is applied wherever possible.

Food Security: General malnutrition among Bolivia's children is increasing. From 1989 to 1994, general malnutrition among children under three years increased from 16 to 20 percent of the population in rural areas and from 11 to 12 percent in urban areas. This increase was particularly marked among children aged 6-11 months, the critical weaning period. Continuation of the USAID food assistance program is therefore essential (see Section VI B below). Abandonment or curtailment of that assistance -- Title III has been zeroed out for the Action plan period; and Title II was reduced by 10 per cent in 1996 -- will greatly harm USAID's ability to advance the Agency's sustainable development mandate in Bolivia and to implement a comprehensive strategy to improve the nutrition of school children.

II. PERFORMANCE REPORT: ACHIEVEMENT OF AGENCY SUSTAINABLE DEVELOPMENT GOALS

A. BROAD-BASE ECONOMIC GROWTH

Goal: Encouraging Broad-Based Economic Growth

Strategic Objective: Expanded Economic Opportunity and Access

Linkages Between Goal and Strategic Objective: Bolivia's primary hope for sustainable and equitable increases in incomes is to increase the Bolivian citizens' opportunity for and access to legal employment opportunities. USAID is assisting Bolivia to accomplish this by supporting national programs for the expansion of microfinancial services, promotion of nontraditional exports, strengthening of the financial sector, training and policy reform, as well as licit agricultural production coupled with infrastructure investment and marketing activities in the principal area of illegal coca production and employment.

Accomplishments

Expanded Economic Opportunity and Access

-- Over 86,000 poor households received financial services through USAID-supported institutions in 1994.

-- 18,420 permanent jobs were created under USAID's microcredit and export promotion activities in 1994.

-- Over \$43 million in nontraditional exports were generated by USAID-supported projects in 1994.

-- As a result of the USAID-supported 1993 Bolivian Banking Law, 12 credit unions are presently reporting to the Superintendency of Banks and three credit unions have obtained licenses.

-- The USAID sponsored Instituto para el Desarrollo de Empresarios y Administradores (IDEA) has reached complete self-sufficiency and is providing management training courses to 10,013 participants annually in three major Bolivian cities.

-- Satellite imagery of the Chapare shows increases in licit crops amounting to over 60% of the total land under cultivation with twice as much hectarage dedicated to alternative crops as to coca.

-- PL-480 Title II, Food for Work Program provided 315,000 person-months of employment in 1994.

Performance: Results across the board have been positive.

The most dynamic results occurred in the microfinancial sector. The number of poor households receiving financial services through five USAID supported institutions in 1994 jumped to over 86,000. This represents about 15% of the estimated 600,000 poor Bolivian households with no access to traditional financial services. One USAID-assisted microfinancial institution in particular, Banco Solidario, serves more clients than all the other Bolivian commercial banks combined. USAID's 1995 new start in microfinance will work to further expand access to microfinancial services to poor households in a sustainable manner by: (1) licensing microfinancial service providers; (2) strengthening equity positions and; (3) providing technical assistance. As a prerequisite for equity investments and technical assistance, microfinancial institutions must be operating in a self-sufficient manner, using interest income to cover all operating expenses. The Microfinance Project, working in partnership with the GOB, other donors and several NGOs, should saturate over half the informal sector market for financial services by the end of the century.

The creation of permanent jobs attributable to USAID's microcredit and export promotion activities in 1994 was 18,420, over three times the target for the year. Nontraditional exports attributable to the work of the implementing unit of USAID's export promotion project, BOLINVEST, grew 51% over 1993 levels and exceeded the planned target by 26%, reaching \$43 million. The BOLINVEST-supported wood and jewelry sectors led the list of Bolivia's nontraditional exports in terms of monetary value and percentage growth over 1993 export levels. Value added products such as these are critical for the diversification and expansion of Bolivia's economy. In addition, support and expansion of these types of industries promoted increased employment, investment in human capital in the area of training, and technology transfer.

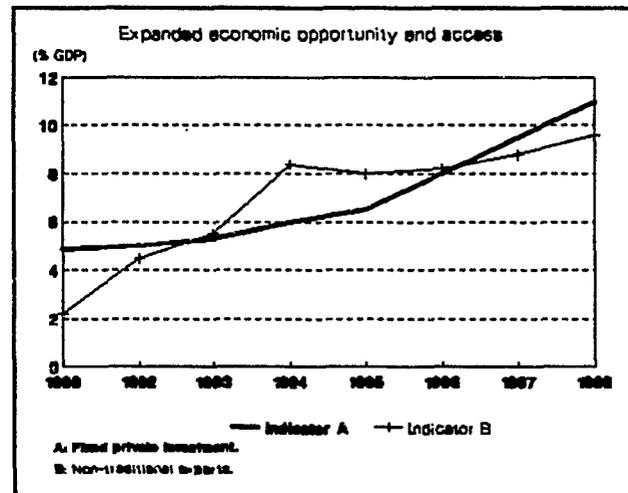


Figure 3

Almost without exception, people involved with Bolivia's economic development hold the view that Bolivia cannot hope to provide productive and secure employment for its people unless it can increase and diversify its exports. It is also generally agreed

that USAID's Export Promotion Project is the only program making a significant impact in the sector. With eight months left to the PACD and \$3.0 million less than the original LOP funding, BOLINVEST has exceeded its goal of \$100 million in nontraditional exports and will soon surpass its target of 10,000 newly created jobs. The results of this program, which are independently audited by USAID annually, are making an impact at the macro economic level.

Recognizing budget constraints and the need to use resources efficiently, USAID proposes to extend the project for an additional two years through September 1997. This extension of the project will require \$3.0 million within the currently authorized LOP amount, and would be funded with ESF resources in FY 1996. This extension will build on results to date by creating another \$100 million in exports and 8,000 permanent jobs over the original targets. It will also contribute directly to Bolivia's goal of joining in hemispheric free trade as outlined in the Summit of the Americas Action Plan. Consistent with Agency and Administration policy regarding Sections 599 and 547, assistance under the Export Promotion Project does not result in the loss of U.S. jobs. The extension will emphasize improvements in Bolivian productivity and increases in domestic and regional investment, which will prepare Bolivia for an active participation in regional trade schemes and in the Free Trade Area of the Americas. It also will increase Bolivian imports from the U.S. Bolivia currently imports more from the U.S. than from any other country, but suffers from an overall trade deficit. The project will help to reduce this deficit by the PACD, while increasing both imports and exports in real terms.

In addition, the implementing unit of USAID's export promotion program plans to initiate and manage a minimum one year effort to encourage private sector investment in the Chapare to complete the marketing and transportation chain for alternative development crops. These new marketing efforts will build upon the successful established export network of BOLINVEST, and serve as a natural complement to the efforts of the USAID alternative development program in Chapare.

To date, private investment and nontraditional exports have recorded some growth in the Chapare, the principal source of illicit coca. Recent satellite imagery of the Chapare shows continuing increases in licit crops amounting to over 60% of the total land under cultivation. The Cochabamba high valleys, the source of much of the labor for the illicit coca industry, are now well served with all weather roads with good bridges and drainage, giving most communities reasonable access to regional centers.

Marketing efforts in the Chapare (including improved infrastructure) have resulted in an increase of farm gate prices

for domestic bananas from \$18.55 per ton in 1986 to about \$28 per ton in 1994. Export quality bananas, which did not exist in Bolivia in 1986, brought about \$30.00 per ton in 1994.

In past years, the lack of willing private investors to carry out necessary marketing functions limited the acceptance of alternative crops. To overcome this obstacle and improve the bargaining position of farmers vis-a-vis itinerant truckers, nascent producers' groups were provided direct technical and organizational assistance and given access to key marketing facilities. Although not yet self-sufficient as agribusinesses, these groups provide a focus for project assistance and a buffer between farmers and potential monopolistic buyers. Farmer bargaining power has been further improved throughout the region by daily USAID-financed indigenous language radio broadcasts of commodity prices.

In order to increase economic opportunities in the Chapare and associated valleys, crops with clearly identified markets and proven production capability have been identified. Special effort is being concentrated on the development of stable industries based on the sustainable production of bananas, pineapple, palm hearts, black pepper, passion fruit, citrus and improved pastures in the Chapare; and onions, beans, garlic and peaches in the Cochabamba high valleys.

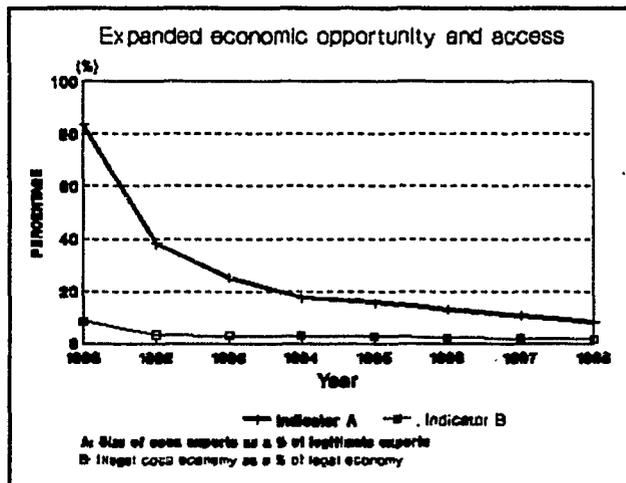


Figure 4

The improvements to access roads, bridges, and marketing facilities plus the rapidly expanding production of quality products over extended seasons have prompted interest from local companies in establishing themselves in the Chapare. Seventy-nine Chapare communities now benefit from water and/or sanitation projects and seven from health posts. Forty-one communities have improved educational facilities, and twenty have received urban improvements. Social infrastructure works include some 77 potable water systems, three sewage systems, four hospitals (one built and three refurbished), twelve educational centers (six new and six remodeled), and 22 recreational areas. A microenterprise loan program to licit business has been initiated in the tropical areas. Installation of a basic electrical distribution network by the UNDCP and its expansion by the National Rural Electrification Cooperative Association (NRECA) under the Electrification for Sustainable Development Project have made it

possible for firms to establish assembly, packing and/or processing operations in the region. From a situation of virtually no interest on the part of the formal business sector, now not a week passes without another serious investor presenting him/herself in pursuit of a Chapare-based business opportunity.

Three firms bought Chapare pineapples for canning purposes during the 1994 harvest season while a dozen or so bought fresh fruit, some of which went as far as Chile and Argentina. Other firms have established their own packing facilities for bananas and pineapple. Bananas are being exported to Buenos Aires, despite difficult transportation arrangements and stringent phytosanitary requirements at the Argentine border. Three firms already have established themselves with substantial investment in the passion fruit business with others on the horizon. Three canners stand ready to buy hearts of palm as plantations of that product begin to mature. A similar situation exists in black pepper. A UNDCP supported dairy plant has nearly doubled its output in 1994 thereby demonstrating a secure marketing mechanism for Chapare milk producers.

Technology transfer activities in the Cochabamba valleys are carried out by local NGOs. This implementing mechanism will be continued and expanded to include most irrigation activities in the high valleys and agricultural extension in the Chapare. Although much success has been achieved in small and micro irrigation improvements in the valleys, many people still cite better access to irrigation as their priority need. USAID will continue to assist high valley communities to improve their irrigation systems and, with improved crops and water management technologies, to help user groups realize the sustainable potential of these investments.

Under the Technical Support for Policy Reform Project, USAID has worked in partnership with the GOB and Harvard University to provide technical assistance to the Social Policy Analysis Unit (UDAPSO) and the Economic Policy Analysis Unit (UDAPE). These advisory organizations provided the GOB with essential technical assistance for major policy reforms in 1994. Through concept papers, analyses, and studies in support of several major reforms, the GOB has received the assistance necessary to advance its reforms of the education and pension systems as well as capitalization and popular participation reforms. In addition, both UDAPSO and UDAPE have been providing assistance in the preparation of the documentation for World Bank-coordinated Consultative Group Meetings, the Paris Club debt rescheduling, the Social Summit, and negotiations with the IMF, World Bank and other international organizations.

The reform of the pension system, which will help assure future security for poor annuitants and mobilize savings for investments, has progressed. In close coordination with the

World Bank and the GOB, USAID provided the policy and technical assistance necessary to enable pension system reform. The draft Law for Pension Reform, although delayed by the heavy load of other major structural reforms being pursued by the Sanchez de Lozada Administration, is now ready for Presidential approval and should be promulgated by Congress by the end of 1995.

USAID's support of the new Bolivian Banking Law in 1993 produced positive results in the financial sector. The new law brought the nation's credit unions under supervision of the Superintendency of Banks and Financial Institutions. Presently, 12 credit unions are reporting to the Superintendency and three credit unions have obtained licenses. Credit unions, comprising an important component of the financial system, have been considerably strengthened by Superintendency recognition and regulation. Increased public confidence in these institutions helped credit unions double their market share of the financial system. Technical assistance and capital stabilization loans provided by the World Council of Credit Unions (WOCCU) under USAID's Micro and Small Enterprise Development Project have further fortified these institutions. These achievements are especially important, as credit unions focus on the financial needs of micro, small and medium businesses in Bolivia.

With USAID support, Instituto para el Desarrollo de Empresarios y Administradores (IDEA) has reached complete self-sufficiency and is presently providing management training courses to 10,013 participants annually in three major Bolivian cities. USAID will close out all support of this successful project in July 1995.

A strong and effective element of the Mission's broad-based economic growth strategic objective is our P.L.480 Title II Food for Work Program. This program provided a "safety net" for the poor by supporting 315,000 person-months of employment in 1994. In addition to providing food access to a significant proportion of Bolivia's nutritionally at risk population, the Title II Food for Work Program directly enabled the construction of vital infrastructure in the poorest peri-urban and rural areas. This construction including the expansion of potable water systems, expansion of sewer systems, street/road improvements and storm drainage.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

| |
|---|
| Bolivia |
| AGENCY GOAL: Encouraging Broad-Based Economic Growth |
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access |

| | | | |
|--|---|--|--|
| PROGRAM OUTCOME: Increased employment opportunities in non-coca industries | PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare and associated areas. | PROGRAM OUTCOME: Increased competitiveness of non-coca export sector | PROGRAM OUTCOME: Broadened access to financial markets |
|--|---|--|--|

| Projects (Number/Title) | Projects (Number/Title) | Projects (Number/Title) | Projects (Number/Title) |
|--|--|-------------------------|---|
| 0580 Management Training | 0605/30/39 Economic Recovery Programs 1993, 1995, 1996 | 0585 Export Promotion | 0577 Industrial Transition (Pension Reform) |
| 0584 Training for Development | 0613 Drug Awareness and Prevention | | 0596 Micro and Small Enterprise Development |
| 0618 Technical Support for Policy Reform | 0614 Electrification for Sustainable Development | | 0598 Strengthening Financial Markets |
| P.L.480 TITLE II Program 1992-1994 1995-1997 | 0617 Cochabamba Regional Development | | 0607 Microfinance |
| P.L.480 TITLE III Program 1992-1994 | P.L.480 TITLE III Program 1992-1994 | | 0584 Training for Development |
| 0577 Industrial Transition | | | |
| 0585 Export Promotion Project | | | |
| 0596 Community and Child Health | | | |
| 0598 Micro and Small Enterprise Development | | | |
| 0614 Electrification for Sustainable Development | | | |
| 0617 Cochabamba Regional Development | | | |
| 0618 CAPK Community Development | | | |

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

| | | | | |
|---|----------|--------|---------|--------|
| Bolivia | | | | |
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| Indicator: Size of coca exports as a percent of legitimate exports. | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: Government of Bolivia | Baseline | 1988 | ----- | 83.7 |
| Comments: Exports only include commodity and merchandise exports, not services. Planned figures changed to reflect an annual average net coca reduction of 2,500 hectares and accelerated growth path of non-coca exports. | | 1994 | 24.9 | 17.6 |
| | | 1995 | 15.8 | |
| | | 1996 | 13.2 | |
| | | 1997 | 10.7 | |
| | | 1998 | 8.3 | |
| | | Target | 1999 | 7.0 |
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| Indicator: Illegal coca economy as a percent of legal economy. | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: Government of Bolivia | Baseline | 1988 | ----- | 8.5 |
| Comments: Adjusted to reflect base year 1990 GDP series. Previous estimates used base year 1980 series. Beginning with 1993, improved methodology used to estimate value added from illicit coca activities. Projections assume an annual average net coca reduction of 2,500 hectares. | | 1994 | 2.3 | 3.0 |
| | | 1995 | 2.6 | |
| | | 1996 | 2.2 | |
| | | 1997 | 1.9 | |
| | | 1998 | 1.6 | |
| | | Target | 1999 | 1.3 |

| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
|---|----------|--------|---------|---------|
| Indicator: Nontraditional exports-total value. | | | | |
| Unit: Thousands of U.S. dollars (nominal FOB) | | Year | Planned | Actual |
| Source: Government of Bolivia | Baseline | 1991 | ----- | 262,114 |
| Comments: Includes re-exports (imported components of assembly operations). Planned exports adjusted to reflect higher growth path. | | 1994 | 295,220 | 486,600 |
| | | 1995 | 500,000 | |
| | | 1996 | 550,000 | |
| | | 1997 | 640,000 | |
| | | 1998 | 760,000 | |
| | | Target | 1999 | 850,000 |
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| Indicator: GDP growth rate. | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: Government of Bolivia | Baseline | 1988 | ----- | 3.0 |
| Comments: For 1993 and after, actuals adjusted to reflect base year 1990 GDP series. Previous estimates used base year 1980 and 1988 series. Change in planned for 1997 assumes accelerated progress on GOB reform program. | | 1994 | 3.8 | 4.2 |
| | | 1995 | 4.6 | |
| | | 1996 | 4.9 | |
| | | 1997 | 5.6 | |
| | | 1998 | 5.8 | |
| | | Target | 1999 | 6.0 |

| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
|--|-----------------|---------------|----------------|---------------|
| Indicator: Number of poor households, not served by traditional financial institutions, receiving financial services under USAID-assisted programs. | | | | |
| Unit: Number of Bolivian Households | | Year | Planned | Actual |
| Source: MSED, Microfinance | Baseline | 1993 | N/A | 62,433 |
| Comments: Results attributable to Microfinance project begin in 1996. Planned PACD for MSED project is September 1997. | | 1994 | 80,000 | 86,477 |
| | | 1995 | 100,000 | |
| | | 1996 | 125,000 | |
| | | 1997 | 160,000 | |
| | | 1998 | 180,000 | |
| | | Target | 1999 | 200,000 |
| PROGRAM OUTCOME: Increased employment opportunities in non-coca industries. | | | | |
| Indicator: Permanent jobs created by firms/individuals receiving USAID-supported services - total. | | | | |
| Unit: Number | | Year | Planned | Actual |
| Source: Export promotion | Baseline | 1991 | ----- | 3,422 |
| Comments: Planned figures adjusted after 1995 to reflect continuation of Export Promotion Project. | | 1994 | 5,983 | 18,420 |
| | | 1995 | 5,140 | |
| | | 1996 | 7,741 | |
| | | 1997 | 8,599 | |
| | | 1998 | N/A | |
| | | Target | 1999 | N/A |

| PROGRAM OUTCOME: Increased employment opportunities in non-coca industries. | | | | |
|--|----------|--------|---------|---------|
| Indicator: Temporary jobs generated with USAID resources outside the Department of Cochabamba - total. | | | | |
| Unit: Person/months | | Year | Planned | Actual |
| Source: P.L.480 Tit. II | Baseline | 1991 | ----- | 342,630 |
| Comments: Person months equivalent to 9 days of work per month. Annual totals. The amount of food allocations from AID/W has decreased steadily since 1991, with further cuts anticipated in 1996. | | 1994 | 232,260 | 314,888 |
| | | 1995 | 232,260 | |
| | | 1996 | 232,260 | |
| | | 1997 | 232,260 | |
| | | 1998 | 232,260 | |
| | | 1999 | 232,260 | |
| | | Target | 1999 | 232,260 |
| PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare. | | | | |
| Indicator: Temporary jobs generated with USAID resources in the Department of Cochabamba - total. | | | | |
| Unit: Person/months | | Year | Planned | Actual |
| Source: CORDEP, P.L.480 Tit. II, SNC | Baseline | 1991 | ----- | 16,917 |
| Comments: Beginning in 1993, P.L.480 Tit. II figures are actual person-months. For this reason, subsequent years should not be compared with actual 1991. CORDEP PACD in FY 97. Title II planned only for 1998 and 1999, possibly at reduced food allocation levels. | | 1994 | 42,911 | 50,368 |
| | | 1995 | 36,611 | |
| | | 1996 | 33,911 | |
| | | 1997 | 21,011 | |
| | | 1998 | 19,000 | |
| | | 1999 | 17,000 | |
| | | Target | 1999 | 17,000 |

| | | | | |
|---|-----------------|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare. | | | | |
| Indicator: Hectares of non-coca crops planted in the Chapare. | | | | |
| Unit: Number (Annual) | | Year | Planned | Actual |
| Source: CORDEP | Baseline | 1990 | ----- | 917 |
| Comments: Planned figures for 1994 - 1996 are based on availability, expected local reproduction, and importation of planting material; crops marketed; expanding marketing possibilities; improved access by all weather roads and expected increase in access to credit. Actual figure for 1994 estimated from sample survey. CORDEP PACD is September 1997. | | 1994 | 10,000 | 10,500 |
| | | 1995 | 10,500 | |
| | | 1996 | 5,000 | |
| | | 1997 | N/A | |
| | | 1998 | N/A | |
| | Target | 1999 | N/A | |
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| PROGRAM OUTCOME: Increased non-coca economic opportunities in the Chapare. | | | | |
| Indicator: People who believe drug production and trafficking constitute a problem for Bolivia. | | | | |
| Unit: Percent of Bolivian population | | Year | Planned | Actual |
| Source: Drug Awareness | Baseline | 1992 | ----- | 39% |
| Comments: The National Prevalence Survey will be repeated in 1995. This was delayed due to local currency restrictions in 1994. In 1994, SEAMOS conducted a national urban tracking poll which reported the number in the 1994 actual box. Drugs Awareness PACD is October 1996. | | 1994 | 38% | 77% |
| | | 1995 | 41% | |
| | | 1996 | 45% | |
| | | 1997 | N/A | |
| | | 1998 | N/A | |
| | Target | 1999 | N/A | |

| | | | | |
|---|-----------------|---------------|----------------------|-------------------|
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| PROGRAM OUTCOME: Increased competitiveness of the non-coca export sector. | | | | |
| Indicator: Nontraditional export sales by USAID-assisted businesses. | | | | |
| Unit: Thousands of dollars | | Year | Planned | Actual |
| Source: Export Promotion, CORDEP | Baseline | 1991 | ----- | 11,547 |
| Comments: Planned PACDs for Export Promotion is FY 98 and CORDEP is FY 97. | | 1994 | 34,100 | 42,966 |
| | | 1995 | 26,660 | |
| | | 1996 | 52,466 | |
| | | 1997 | 52,000 | |
| | | 1998 | 50,000 | |
| | | Target | 1999 | N/A |
| STRATEGIC OBJECTIVE: Expanded Economic Opportunity and Access. | | | | |
| PROGRAM OUTCOME: Broadened Financial Markets. | | | | |
| Indicator: Pass and implement pension reform. | | | | |
| Unit: | | Year | Planned | Actual |
| Source: Government of Bolivia | Baseline | 1991 | | |
| Comments: As of the end of January 1995, the <u>Secretaria Nacional de Pensiones</u> had resolved all pending issues of the draft law, and was preparing the final draft to be presented to the President in early February. The signed law should be presented to Congress for approval by August. PACD for Industrial Transition Project, which tracks progress on pension reform, is FY 95. | | 1994 | Pass law | Not passed |
| | | 1995 | Pass law | |
| | | 1996 | Implement law | |
| | | 1997 | N/A | |
| | | 1998 | N/A | |
| | | Target | 1999 | N/A |

| PROGRAM OUTCOME: Broadened Financial Markets | | | | |
|--|----------|------|---------------|---------------------------|
| Indicator: Pass and implement credit union reform. | | | | |
| Unit: | | Year | Planned | Actual |
| Source: Government of Bolivia | Baseline | 1991 | | |
| Comments: Law passed in 1993 being implemented by the Superintendency of Banks. 12 credit unions were officially reporting to the Superintendency and 3 credit unions were licensed and under the supervision of the Superintendency at calendar year end. Given achievement of this indicator, it will not be tracked or reported upon in the future. | | 1994 | Implement law | Law now in implementation |
| | | 1995 | N/A | |
| | | 1996 | | |
| | | 1997 | | |
| | | 1998 | | |
| | Target | | 1999 | |

B. ENVIRONMENT

Goal: Protecting the Environment

Strategic Objective: Reduced Degradation of Forest, Soil and Water Resources and Biological Diversity Protected.

Linkages between Goal and Strategic Objective: USAID/Bolivia's Strategic Objective focuses on protecting forests and their vital ecological functions. It directly addresses biological diversity and global warming, two of the Agency's global priorities for the environment. This is especially important in Bolivia, a country with more forest cover than the states of California, Oregon, Washington, Montana, and Idaho combined¹. In addition to their immense biological diversity, these forests safely store an estimated 8 billion metric tons of carbon². Conversion of just half this area to other uses would contribute importantly to accelerated global climate change. Unquestionably, protection of these resources merits USG attention.

Accomplishments

Reduced Degradation of Forest, Soil, and Water Resources
and Biological Diversity Protected

-- Targets for total area under improved forest management (with biological diversity protected), improved soil management, and increased public awareness in environmental protected exceeded by more than 100%.

-- A national "Green Seal" Committee organized under BOLFOR's leadership, to lay the groundwork for ecocertification of forest products; this will provide strong incentives for improved forest management and conservation of biological diversity.

-- In the wake of the Summit of the Americas, Bolivia was chosen to host a hemispheric presidential sustainable development summit in 1996; the USG will help shape this important initiative through its grant to the World Resources Institute.

-- Two Bolivian national parks were among the first four worldwide to "graduate" from USG assistance through the Parks in Peril Program and are on the road to self-sufficiency. These parks (Noel Kempff Mercado and Amboró) are among the most important in the hemisphere and protect a wealth of endangered species.

-- The Electrification for Sustainable Development project expanded its pioneering renewable energy activities, providing hundreds of solar panels for isolated rural schools and park guard stations, and initiating innovative work on biomass energy using discarded Brazil nut shells for Riberalta's 43,400 inhabitants.

-- 15 additional NGO grant activities got underway through the Enterprise for the Americas Environmental Account, bringing the total to 37; thus reinforcing the program's leading role in increasing public participation in environmental action.

-- The World Resources Institute team originally sent to Bolivia by Vice President Gore intensified its program of technical assistance to the Ministry of Sustainable Development and Environment.

¹Calculated from the 1994 World Almanac and Book of Facts, Funk & Wagnalls (1 acre = .405 hectares).

²Calculated from figures in "Reducing the Impacts of Logging as a Carbon-Offset Method," by Francis E. Putz and Michelle A. Pinard, unpublished draft.

Performance Summary: Overall progress this reporting period has been excellent. Targets for total area under improved forest management (with biodiversity protected) were exceeded by more than 100%, and 1995 could show even greater accomplishments against goals. Development of sustainable forest products is on track, with real progress in laying the foundations for ecocertification; this is basic to increasing forest value to discourage forest conversion. The Electrification for Sustainable Development Project supports the nation in the introduction of clean and cost-effective forms of renewable energy, and the Enterprise for the Americas Initiative is increasing civil participation in improved environmental management. Bolivia's Ministry of Sustainable Development and Environment (the first such Ministry in the hemisphere) continues to grow in power and influence, and to receive technical assistance from a team originally sent to Bolivia by Vice President Gore. In the wake of the Summit of the Americas, Bolivia was named to host a hemispheric summit on sustainable development in 1996. This underscores the continuing international interest in Bolivian environmental affairs, and the clear opportunities for mutually beneficial collaborative initiatives between the USG and GOB.

Along with the World Bank, Holland, and others, USAID is helping Bolivians craft laws and regulations to support sustainable development. For example, the USAID-supported Sustainable Forestry Management (BOLFOP) Project has been tasked by the GOB to lead development of forestry regulations to accompany the new Forestry Law, and work in this area has begun. P.L.480 Title III generated resources continue to play an important role in financing new environmental legislation, and have been key to drafting regulations for the General Environmental Law (e.g., on environmental impact assessment and environmental quality). USAID grants to the World Resources Institute and Environmental Law Institute also contribute in this area, with highly visible workshops on environmental legislation. These are helping the GOB to better incorporate stakeholder in developing new laws and regulations.

Nevertheless, progress in approving new environmental legislation including the Forestry and Biodiversity laws, as well as regulations for the General Environmental Law, has been disappointingly slow. It must be acknowledged that the country's legislative agenda (with revolutionary initiatives like capitalization and popular participation) has been exceptionally busy this year, and restructuring of the Executive branch earlier in the Sanchez de Lozada administration has meant further delays with legislation.

The GOB's ambitious new Forestry law was the subject of intense national debate in 1994, as plans for improved resource protection went head-to-head with local realities of power and influence in the forestry sector. Anxious to forge ahead, the GOB now plans to call for external arbitration to resolve differences with respect to the draft law, and has asked for

assistance from the Sustainable Forestry Management (BOLFOR) Project. It also continues to look to BOLFOR assistance in developing national standards for sustainable forest use.

The GOB's reliance on BOLFOR is appropriate, for the project was designed to ensure collaborative management for results; key project targets are carefully quantified, and when achieved will bring a new era to Bolivia's forestry sector. In addition, BOLFOR has demonstrated an outstanding ability to bring together often conflictive stakeholder groups -- ranging from environmental NGOs and indigenous peoples federations, to producers associations and local universities -- and get these groups to focus on areas of common interest, rather than conflict. The recent BOLFOR-supported workshop on ecocertification is a case in point, where groups who rarely speak with one another worked together to plan for sustainable forest management (with the NGOs focusing on biological diversity and the loggers on increased access to high-value "green" markets with ecocertification). Under BOLFOR's technical leadership, a National "Green Seal" Committee was organized with representation carefully balanced between different interests. This kind of astute stakeholder management will be required for real progress in the forestry sector. In addition, these experiences can usefully inform the new "Lessons Without Borders" program, as many of these same challenges are being faced in the United States.

The USG's presence at the policy dialogue "table" extends well beyond the forestry sector, thanks to a program of continuing technical assistance from an environmental team put together by Vice President Gore. USAID-supported experts from the World Resources Institute (WRI) and Environmental Law Institute (ELI) enjoy access to the highest levels of both governments. Their recent workshop on "MegaTrends in International Development" attracted several Ministers, Secretaries of State, leading Bolivian businessmen and NGOs for frank discussions on how the country can better position itself for sustainable development in the 21st century. The GOB is looking to the "Gore team" for advice on the planned hemispheric Sustainable Development Summit in 1996, and this will be a critical part of USAID support to GOB post-Miami commitment. USAID's grant to WRI has proven an exceptionally cost-effective way to influence high-level decision-making on sustainable development.

Through the Electrification for Sustainable Development Project

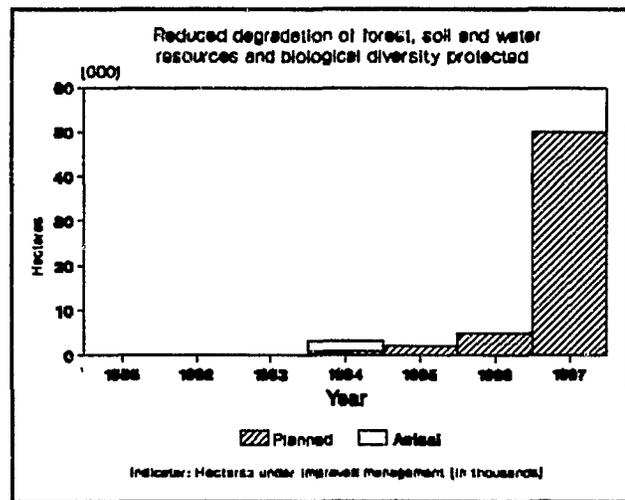


Figure 5

(ESD), USAID is taking the lead in introducing renewable energy technologies to Bolivia. Using biomass energy, for example, 43,400 inhabitants of the Amazon town of Riberalta will soon switch from inefficient diesel generators to the far cleaner energy that can be generated from Brazil nut husks (90%) and sawmill wastes (10%). ESD's work with solar energy is similarly innovative, providing reliable and clean energy to hundreds of isolated rural households, schools, and national park guard stations, and powering everything from potable water systems to interactive radio learning programs. In this way ESD supports USAID's strategic objective of improved family health as well as the environment. These kinds of activities provide Bolivia with outstanding opportunities to meet its commitments to the Summit of the Americas Partnership for Sustainable Energy Use.

In addition to activities under BOLFOR, a key part of USAID's support for biodiversity conservation is its collaborative program with the centrally-funded Parks in Peril (PIP) project (with The Nature Conservancy). Thanks to close collaboration with a local NGO (the Santa-Cruz based Friends of Nature Foundation, or FAN), two Bolivian National Parks -- Noel Kempff Mercado and Amboró -- were among the first four worldwide to "graduate" from PIP. Both are vital repositories for biological diversity; help mitigate the impacts of global climate change; and protect economically important watersheds. The Yellowstone-sized Noel Kempff Mercado National Park is home to one-fourth of all known neotropical bird species, more than the U.S. and Canada combined. Amboró's forests shelter a range of endangered species, including the spectacled bear, giant armadillo, and military macaw. They also protect the upper watersheds for three of the Department of Santa Cruz's most important rivers. With these successes behind them, USAID and the PIP Project will now turn increased attention towards the Tariquia reserve in the South, working closely with another young NGO (PROMETA).

Other activities in biodiversity conservation include a grant to the NGO Wetlands for the Americas, to assess wetlands biodiversity in South America and develop policy guidance for host-country governments, NGOs, and other donors. Conservation International's new cooperative agreement with the Global Environmental Center for Excellence (for the Rapid Assessment Program) will also have an important Bolivian component. Finally, P.L.480 Title III generated resources were the first to contribute to the Endowment Fund for the GOB's National System of Protected Areas. This support was carefully structured to leverage other donor contributions. The Swiss and Canadian governments have both formally matched the \$1 million in P.L.480 Title III generated local currency assistance (with the Dutch expected to make an even larger contribution). These activities all support Bolivia's commitment to the Summit of the Americas Partnership for Biodiversity.

The Enterprise for the Americas Initiative Environmental Account (EAI) continues to be the country's most important means of expanding public participation in environmental action. At the

initiative of the USG, the EAI's NGO-dominated Council voted unanimously to give even greater attention to this issue, and developed a plan for institutional strengthening of local community groups. This will substantially improve grassroots access to EAI funds.

Demand for funds from local NGOs, academic and scientific institutions, and community groups continues to be extremely strong, with more than ten times as many applicants as grants (to date 37 activities have been funded, with 14 more tentatively approved). Ongoing activities range from studies of urban waste water treatment, to sanitary education, to a program to better involve indigenous women in environmental management. Other important proposals now being considered include development of microenterprises to recycle trash in poor urban areas.

In addition, Bolivia's National Environmental Fund (FONAMA) and the EAI Account continue to provide models for innovative environmental financing. At the request of the World Conservation Union, Bolivia hosted the first global forum on environmental funds, and eight other USAID-assisted countries have requested information on environmental funds from USAID. Nevertheless, the restructuring of FONAMA has been a slow and painful process, and the role of the institution in the new administration remains unclear.

The Bolivian Peace Scholarship program is also empowering local groups through training, with particular emphasis on women and the rural poor. These activities have included post graduate training in environmental quality (to support effective implementation of the country's pending environmental regulations), and environmental education for community leaders. Similarly, both the Community and Child Health and CARE Community Development projects provide training in sanitary education to accompany construction of potable water systems and latrines.

The Cochabamba Regional Development Project (CORDEP) focuses on developing sustainable agricultural systems for the humid tropics as alternatives to illegal coca cultivation in the Chapare. This work includes training farmers in environmentally sound production practices, including integrated pest management.

P.L.480 Title III local currency generations have funded the Volunteers in Overseas Cooperative Assistance (VOCA) program; this has provided important technical assistance in improved soil management, tillage, and agroforestry, and has helped NGOs assess the environmental impacts of agricultural production.

Bolivia's dynamic institutional and legislative context offers important new opportunities for collaborative initiatives for sustainable development. The Popular Participation legislation, for example, opens the door for more effective links between democracy and environment. USAID will approve a "buffer-zone" management project in the Bolivian Chaco in FY 1996, which will work with Guarani Indian groups. This will complement a planned

new national park supported by the Global Environment Facility (GEF), Swiss and German governments. The project will focus on increasing the Guarani's role in environmental decision-making, while conserving this area's biodiversity. Using a "customer focus" perspective, USAID will work to develop a direct relationship with these indigenous beneficiaries to better incorporate them in project development, implementation and evaluation, and build the capacity to effectively administer conservation programs on their own. The NAD for this project (approved in last year's Action Plan review) was developed in close collaboration with other donors and local NGOs, and was shared with these groups prior to submission to Washington.

USAID also is exploring ways to develop Bolivian participation in Vice President Gore's GLOBE initiative. This offers an excellent opportunity to focus increased attention on environmental education, and to help the Ministry of Sustainable Development and Environment work more effectively with the Secretary of State for Education on curriculum development. Importantly, this initiative also will enhance popular participation in improved environmental management.

The Environment Strategic Objective is exploiting synergies with other Mission Strategic Objectives. In the case of Improved Family Health, for example, the responsible Mission offices for Environment (Agriculture and Rural Development) and Family Health (Health and Human Resources) jointly requested a University of Michigan Population/Environment Fellow to focus on these issues. That position was filled in September 1994 and will help the Strategic Objective Committees (SOCs) better coordinate activities. Similarly, representatives from the Democracy SOC reviewed the NAD for the new Chaco project, and it is anticipated that they will coordinate closely with the Environment SOC during project design and implementation. These kinds of relationships anticipate the team-work approach emphasized in the reengineered USAID, and will contribute to a stronger USG program in Bolivia.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

| Bolivia | | |
|--|---|--|
| AGENCY GOAL: Protecting the Environment | | |
| STRATEGIC OBJECTIVE: Reduced Degradation of Forest, Soil and Water Resources and Protected Biological Diversity. | | |
| PROGRAM OUTCOME: Increased forest value to discourage forest conversion | PROGRAM OUTCOME: Improved public and private institutional capacity for sustainable use and environmental protection | PROGRAM OUTCOME: Increased public awareness of environmental protection and sustainable natural resources management issues |
| Projects (Number\Title) | Projects (Number\Title) | Projects (Number\Title) |
| 0621 Sustainable Forestry Management | 0614 Electrification for Sustainable Dev. | Enterprise for the Americas Initiative |
| 598-0782 Parks in Peril | 0638 Indigenous Resource Management and Biodiversity Protection | P.L.480 Title III |
| P.L.480 Title III | 0517 Cochabamba Regional Development | 0638 Indigenous Resource Management and Biodiversity Protection |
| Enterprise for the Americas Initiative | 0611 Bolivian Scholarship Program | 0504 Community and Child Health |
| | Enterprise for the Americas Initiative | 0517 Cochabamba Regional Development |
| | 0621 Sustainable Forest Management | 0618 CARE Community Development |
| | P.L.480 Title III | 0621 Sustainable Forestry Management |
| | 0600 PD&S WRI/P&I Technical Assistance to Ministry of Sustainable Development and Environment | 598-0780 Environmental Support Project, Wetlands for the Americas |
| | 598-0782 Parks in Peril | |

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

| | | | | |
|--|----------|--------|---------|---------|
| Bolivia | | | | |
| STRATEGIC OBJECTIVE: Reduced degradation of forest, soil and water resources and protected biological diversity. | | | | |
| Indicator: Deforestation-rate declines, with increase in area under improved management practices. | | | | |
| Unit: Hectares under improved management | | Year | Planned | Actual |
| Source: ARD/USAID, FONAMA | Baseline | 1993 | 0 | 0 |
| Comments: The BOLFOR project initiated field activities in May 1994. | | 1994 | 1,000 | 2,100 |
| | | 1995 | 3,500 | |
| | | 1996 | 5,000 | |
| | | 1997 | 50,000 | |
| | | 1998 | 150,000 | |
| | | Target | 1999 | 300,000 |
| STRATEGIC OBJECTIVE: Reduce degradation of forest, soil and water resources and protected biological diversity. | | | | |
| Indicator: Biodiversity protected, with increase in area under wildlife management plans. | | | | |
| Unit: Hectares under improved management | | Year | Planned | Actual |
| Source: ARD/USAID, FONAMA | Baseline | 1994 | 0 | 0 |
| Comments: The BOLFOR project initiated field activities in May 1994. | | 1994 | 1,000 | 2,100 |
| | | 1995 | 3,500 | |
| | | 1996 | 5,000 | |
| | | 1997 | 50,000 | |
| | | 1998 | 150,000 | |
| | | Target | 1999 | 300,000 |

| | | | | |
|---|---|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Reduced degradation of forest, soil and water resources and protected biological diversity. | | | | |
| Indicator: Losses in soil, water quality/quantity decline with increase in area under improved management. | | | | |
| Unit: Hectares under improved management | | Year | Planned | Actual |
| Source: ARD/USAID, FONAMA | Baseline | 1993 | 0 | 0 |
| Comments: 1994 target was greatly exceeded with widespread adoption of VOCA recommendation for soil conservation. | | 1994 | 1,000 | 6,000 |
| | | 1995 | 3,500 | |
| | | 1996 | 5,000 | |
| | | 1997 | 50,000 | |
| | | 1998 | 150,000 | |
| | Target | 1999 | 300,000 | |
| | PROGRAM OUTCOME: Increased forest value to discourage forest conversion. | | | |
| Indicator: New, sustainable sources of forest income identified. | | | | |
| Unit: # products | | Year | Planned | Actual |
| Source: ARD/USAID, FONAMA | Baseline | 1993 | 0 | 0 |
| Comments: 1993 Environmental Assessment for BOLFOR estimated 2 years of research and additional, site-specific EAs prior to commercial applications. Research into new product development has begun, exploring both timber and non-timber forest products, and the foundations are being laid for ecocertification. | | 1994 | N/A | N/A |
| | | 1995 | N/A | |
| | | 1996 | 2 | |
| | | 1997 | 4 | |
| | | 1998 | 6 | |
| | Target | 1999 | 8 | |

| | | | | | |
|--|---|---------------|---------------------------------------|--|--|
| PROGRAM OUTCOME: Increased forest value to discourage forest conversion. | | | | | |
| Indicator: Total value of forest products sustainably harvested increases. | | | | | |
| Unit: U.S. Dollars | | Year | Planned | Actual | |
| Source: ARD/USAID, FONAMA | Baseline | 1993 | 0 | 0 | |
| Comments: 1993 Environmental Assessment for BOLFOR estimated 2 years of research and additional, site-specific EAs prior to commercial applications. Research into new product development has begun, exploring both timber and non-timber forest products, and the foundations are being laid for ecocertification. | | 1994 | N/A | N/A | |
| | | 1995 | N/A | | |
| | | 1996 | 10,000 | | |
| | | 1997 | 50,000 | | |
| | | 1998 | 300,000 | | |
| | | Target | 1999 | 500,000 | |
| | PROGRAM OUTCOME: Increased forest value to discourage forest conversion. | | | | |
| Indicator: Recommendations developed for new regulations on forestry concessions. | | | | | |
| Unit: | | Year | Planned | Actual | |
| Source: PL-480, BOLFOR | Baseline | 1992 | ----- | ----- | |
| Comments: New Forestry Law governing forestry concessions has been passed by one house of Congress, and is under debate in the other; in addition, BOLFOR will finance the technical assistance to develop regulations to accompany the new law. Although work on the regulations has begun, significant progress will require passage of the new Forestry Law. | | 1994 | Completed and presented to Government | Delayed pending passage of Forestry Law. | |
| | | 1995 | Completed and presented to Government | | |
| | | 1996 | | | |
| | | 1997 | | | |
| | | 1998 | | | |
| | | Target | 1999 | | |
| | | | | | |

| | | | | |
|--|-----------------|-------------|----------------------|-----------------------------------|
| PROGRAM OUTCOME: Improved public and private institutional capacity for sustainable resource use and environmental protection. | | | | |
| Indicator: Regulations developed for components of General Environmental law. | | | | |
| Unit: | | Year | Planned | Actual |
| Source: P.L.480, Government of Bolivia | Baseline | 1991 | ----- | Law approved by one house |
| Comments: Regulations were presented in 1993, and are currently being revised to meet GOB's new institutional context. Regulations still under revision; GOB anticipates final approval in 1995. | | 1994 | | Regulations under revision by GOB |
| | | 1995 | Regulations approved | |
| | | 1996 | | |
| | | 1997 | | |
| | | 1998 | | |
| | Target | 1999 | | |
| PROGRAM OUTCOME: Increased public awareness of environmental protection and sustainable natural resources management issues. | | | | |
| Indicator: Improved public knowledge of environmental protection. | | | | |
| Unit: People (resource users; annual) | | Year | Planned | Actual |
| Source: FONAMA, CORDEP, BOLFOR, Interactive Radio Learning project | Baseline | 1992 | ----- | 0 |
| Comments: The 1994 planned has been substantially exceeded, thanks to FONAMA/EAI and other project activities (BOLFOR, CORDEP, Bolivian Peace Scholarship Program, CARE Community Development, etc). Planned figures for future years have been adjusted accordingly. | | 1994 | 1,000 | 6,000 |
| | | 1995 | 15,000 | 12,000 |
| | | 1996 | 20,000 | |
| | | 1997 | 25,000 | |
| | | 1998 | 25,000 | |
| | Target | 1999 | 25,000 | |

C. POPULATION, HEALTH AND NUTRITION

Goal: Stabilizing Population Growth and Protecting Health

Strategic Objective: Improved Family Health Throughout Bolivia

Linkage between Goal and Strategic Objective: USAID/Bolivia's strategic objective to improve family health is closely linked to the Agency's goal of stabilizing population growth and protecting health. To improve family health, USAID targets mothers and children, since Bolivia has the highest rates of maternal and infant mortality and fertility in the LAC region outside of Haiti. USAID supports Bolivian efforts to lower fertility and space births since these affect the health status of mothers and children and lower the population growth rate -- key factors in increasing productivity and economic growth.

Accomplishments

Improved Family Health Throughout Bolivia

-- The 1994 Demographic and Health Survey (DHS) documented a 50% increase in the use of modern contraceptive methods among fertile-age Bolivian women in union. Bolivia progressed from 12% use in 1989 to 18% in 1994.

-- The 1994 DHS reports an infant mortality rate at 75 per 1,000 live births, a 22% drop between 1989 and 1994, but still unacceptably high.

-- The reproductive health program ran a national mass media campaign that boosted clinic attendance by 66% in the first three months.

-- Since 1989, USAID has provided 50% of total donor support to Bolivia's immunization program, which has increased coverage from 50% to 80%.

-- USAID is working with UNICEF to fortify commercially available sugar with vitamin A and to produce oral rehydration salts locally and distribute them commercially.

-- The interactive radio learning program improved students math scores by 34%, increased understanding of health concepts 34% greater than control groups, and created a national infrastructure of over 11,000 trained school teachers, directors, and supervisors.

-- USAID is replicating among PVOs and the GOB a MotherCare-Save the Children project that reduced infant mortality by 50% and achieved a 27% use of modern contraceptive methods in Inquisivi, a rural district in a remote area of altiplano.

Performance: The 1994 Demographic and Health Survey (DHS) documented a 50% increase in the use of modern contraceptive methods from 12% to 18% among fertile-age Bolivian women in union since 1989. Infant mortality, while still high at 75 per 1000 live births, dropped by 22% in the period between 1989 and 1994. These and other strategic objective level indicators continue to show improvements in the health of Bolivians. USAID-supported projects have made a significant contribution to this progress.

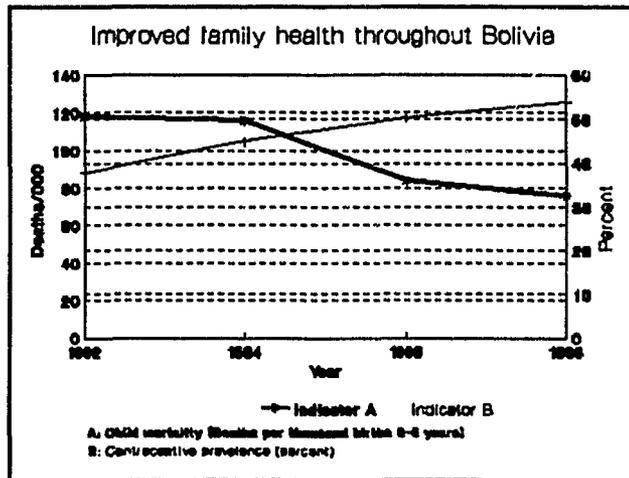


Figure 6

The Reproductive Health Services Project (RHSP) is responsible for the expansion and improvement of family planning services and contraceptive social marketing, while the Community and Child Health (CCH) project continues to support the government's national immunization, oral rehydration therapy (ORT), and diarrheal disease/cholera prevention programs. The P.L.480 Title II and III programs provide substantial support to child survival, maternal and child health, and food security of the poorest in the country, including feeding 400,000 people per year.

USAID's work in support of health policy reform at the national level is being reinforced by decentralization occurring under the Popular Participation Law supported directly under USAID's democracy strategic objective. Bolivia's 305 newly-formed municipalities, receiving per capita transfers from the central government that can be used for health care, have begun to opt for the improved quality of care available through private sector providers. USAID will continue to support the National Secretariat of Health's (SNS) move toward a policy and normative role with technical assistance on decentralization, new financing mechanisms, and organizational development. USAID will also support expansion of services through the private sector at the municipal level through direct grants to Private Voluntary Organizations (PVOs) such as PROSALUD and PROCOSI that have been strengthened by operational program grants, a debt swap, technical assistance, and other USAID support.

To further assist the National Secretariat of Health to implement the Summit of the Americas' Health Action Plan recommendations, the CCH project has been redesigned and will be extended to 1998 to provide technical assistance in developing alternative health delivery models for rural municipalities. While continuing to provide technical assistance and training in child survival interventions, CCH also will work on decentralization,

privatization, quality assurance, and cost-recovery and sustainability of programs. Alternative ways of financing, managing, and delivering health services -- including family planning -- developed in CCH districts will be made available to the National Secretariat of Health and municipalities.

Specific achievements in the reproductive health program include a successful national mass media campaign that boosted clinic attendance by 66% in the first three months. Bolivia's social security health service has expanded reproductive health services throughout its national system of hospitals and clinics, as has the National Secretariat of Health, which provides services to an estimated 30% of Bolivia's poor. The private sector's family planning services continue to grow with USAID support. USAID will provide reproductive health support to rural GOB structures through the CCH project.

Building on these efforts, USAID plans continued support to the public sector and major grants to the private sector to expand family planning services to rural areas, strengthen and expand urban and peri-urban clinics, and create an International Planned Parenthood Federation (IPPF) affiliate in Bolivia. A major contraceptive social marketing effort will be launched in FY 1995, taking advantage of several years of experience, and mass media campaigns will be expanded.

The Center for Research, Education, and Services (CIES), Bolivia's most important private sector family planning provider (and future IPPF affiliate), has a highly effective adolescent health program underway in El Alto. With the expansion of CIES, the adolescent health program will be replicated in other cities. The Fundacion San Gabriel, a local NGO, also will be expanding its health program for adolescents in La Paz.

The CCH project and P.L.480 Title III local currency generations continue to support the government's immunization program, which has increased coverage rates from 50% in 1989 to rates exceeding 80% currently, according to GOB data³. While sources vary, the overall indication is that immunization coverage from all sources has been successful partly due to an active and effective Interagency Coordinating Committee (ICC), which includes all the donor agencies. Between 1989 and 1994, USAID provided 50% of the total donor support to the program, including financing from P.L.480 Title III-generated local currency. In 1994 the GOB, with multi-donor support, vaccinated nearly three million children from nine months to 15 years of age against measles, a

³ The 1994 DHS recalculated 1989 DHS data to compare with the 1994 survey. This data showed that among children 12-23 months, the rate of children completely vaccinated doubled from 20% in 1989 to 40% in 1994. For technical reasons USAID believes that the GOB data cited above are probably overestimated, while the DHS data are probably underestimated.

remarkable effort during a three month period. Work is proceeding with the ICC to certify the eradication of polio in Bolivia.

CCH support for the National Secretariat of Health's diarrheal disease and cholera prevention program has helped lower infant and child mortality and helped prevent any serious cholera outbreaks. Timely provisions of oral rehydration salts (ORS) provided by USAID enabled the GOB to limit cholera and diarrhea deaths in 1994 and a joint USAID/UNICEF effort to promote local commercial production and distribution of ORS is proceeding smoothly. Continued vigilance in program management, personnel training, and public health education is warranted, however, and the CCH success in this area will enable it to continue to exert a strong policy-making influence with the SNS and amongst other donors.

USAID has been working with UNICEF on developing a project to fortify commercially available sugar with vitamin A to combat this micronutrient deficiency among children. An agreement with the commercial sector sugar industry is anticipated in the near future. USAID has provided technical assistance and will continue to provide support with negotiations and implementation of the program. The Opportunities for Micronutrient Interventions (OMNI) project has provided valuable assistance in marketing and study protocols for this effort.

The Interactive Radio Learning (IRL) program continues to contribute strongly to the health of children and families. The program has exceeded all its purpose indicators. It has achieved a 34% improvement in mastery of mathematics, an understanding of health concepts 34% greater than control groups, and a national infrastructure of over 11,000 trained school teachers, directors, and supervisors. The project has reached over 300,000 children. USAID will capitalize on this infrastructure and distance learning experience to expand the use of interactive radio learning outside the classroom. Radio programs aimed at teaching literacy and life skills to adult women and girls outside the school system will be broadcast to these individuals and groups in their own homes and in listening forums.

Recently, the National Secretary of Education (SNE), allocated twenty-five (25) positions exclusively dedicated to the implementation and supervision of the IRL mathematics and health programs and requested continued USAID support. This unprecedented vote of confidence in the project and tremendous commitment on the part of the SNE -- coming at a time of major educational reform and uncertainty about personnel requirements - is a major step toward the institutionalization and sustainability of this vital activity.

Under the expanded Reproductive Health Project, USAID plans to build on its successful experience with the Interactive Radio Learning Project by targeting girls and women for increased

literacy. Worldwide research has shown that the level of female education is the single most important correlate with use of modern contraceptives and health and survival of children. With the technical and human infrastructure developed under the IRL project, USAID will design a female literacy program based on family planning and health messages added to the math curriculum already developed. Improved literacy and numeracy skills will address USAID/Bolivia's economic growth and democracy, as well as the family health strategic objectives.

The 1994 DHS confirmed that the national average for Bolivia's maternal mortality at 390 deaths per 100,000 live births remains unacceptably high. In the altiplano, maternal deaths are above 600 per 100,000 live births -- two to four times higher than in the valleys and lowlands. USAID-supported reproductive health and child survival programs are redoubling efforts to promote safer pregnancy and birthing. Maternal survival curriculum development and technical assistance are being provided to Bolivia's five nursing colleges. USAID is providing technical assistance to adapt methods learned under the Mothercare-Save the Children project in the Inquisivi district for peri-urban areas and to teach them to all the PROCOSI PVOs and the National Secretariat of Health.

The USAID-supported AIDS/STDs Prevention project, authorized in July 1988, is being extended to 1998. Although HIV infection rates were low at the start of the project, early studies found that 57% of brothel commercial sex workers were infected with one or more STDs. These rates, comparable with Uganda and other East African countries, demonstrate an alarming potential for the spread of the AIDS virus.

The project has been successful in reducing this STD prevalence among commercial sex workers in La Paz brothels down to 30% and has increased use of condoms. Similar success has been achieved among homosexual men, the other target group of the project. Due to this early intervention, the rate of spread of the HIV virus has been slow as shown by the number of cases. In 1991, Bolivia had 50 reported cases of AIDS, while in 1994 there were 176. While these data may reflect some under-reporting, the trend clearly shows that it is not too late to save lives and avoid economic upheaval in Bolivia from the spread of AIDS.

The extended AIDS/STD project will retain the successful focus on the two main target groups and will expand operations into Cochabamba. Considerable emphasis will be placed on institutionalizing the model laboratories and clinics into the SNS system and on achieving financial sustainability for the program. Currently, the laboratories and clinics recover costs through client fees. An expanded national condom social marketing activity under the Reproductive Health Services Project will support the AIDS/STDs Prevention program.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

| Bolivia | | |
|---|--|--|
| AGENCY GOAL: Stabilizing Population Growth and Protecting Health | | |
| STRATEGIC OBJECTIVE: Improve Family Health Throughout Bolivia | | |
| PROGRAM OUTCOME: Increased Utilization of Health and Family Planning Interventions by Mothers and Children under five | | |
| Projects (Number\Title) | Projects (Number\Title) | Projects (Number\Title) |
| 0568 Reproductive Health | 0613 Drug Awareness Control | 0619 Interactive Radio Learning |
| 0594 Community and Child Health | 0618 Care Community Development | 936-5966 Mothercare/JSI |
| 0607 Self-Financing Primary Health II | 0620 PVO Child Survival II | 936-3041 FHI |
| 0608 HIV/STDs Prevention and Control | 936-3038 Family Planning Logistic Management | 936-3046 Demographic Data Initiatives (Rapid IV) |
| 0616 Technical Support for Policy Reform | 936-3055 Family Planning Management Development | 936-3052 Population Communications Services |
| 936-3023 Macro/DHS | 936-3060 Women's Students | 936-3057 Central Contraceptive Procurement |
| 936-3041 FHI | 936-3068 Association for Voluntary Surgical Contraception | 936-3061 Initiatives in Natural Family Planning |
| 936-3054 International Population Fellows Program | 936-3069 Training in Reproductive Health JHPIEGO | 936-5966 MotherCare/JSI |
| 936-3062 Pathfinder Int. | 936-3072 PRIME Health JHPIEGO | 936-3041 FHI |
| 936-3065 Expansion of Family Planning (IPPF/WHR) | 936-5122 Opportunities for Micronutrients Interventions (OMNI) | 936-3046 Demographic Data Initiatives (RAPID IV) |
| 936-3070 Western Consortium (Leadership Fellows) | 936-5944 Environmental Health Project | 936-3052 Population Communication Services |
| 936-3078 Policy Project | 936-600 Basic Support Inst. Child Survival (BASICS) | 936-3057 Central Contraceptive Procurement |
| 936-5991 Data for Decision Making/Harvard | | 936-3061 Initiatives in Natural Family Planning |
| 936-5972 AIDSCAP | | |

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

| | | | | |
|---|----------|------|---------|--------|
| Bolivia | | | | |
| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia. | | | | |
| Indicator: Infant Mortality rate. | | | | |
| Unit: Deaths of infants 0-12 months per thousand live births. | | Year | Planned | Actual |
| Source: Demographic Health Survey (DHS), 1989 and 1994. | Baseline | 1984 | -- | 105 |
| Comments: Actual baseline figure for 1984 is based on time series calculations made in the 1994 DHS and represents the infant mortality rate for the period 1979-1984. Planned figures are derived from time series analyses based on the DHS. The target of 52.5 for 1997 is the official GOB Plan de Vida target. Planned figures revised beginning 1995 based on 1994 DHS. | | 1994 | 72 | 75 |
| | | 1995 | 72 | |
| | | 1996 | 70 | |
| | | 1997 | 52.5 | |
| | | 1998 | 50 | |
| | Target | 1999 | 48 | |
| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia | | | | |
| Indicator: Child mortality rate. | | | | |
| Unit: Deaths of children 0-5 years per thousand live births. | | Year | Planned | Actual |
| Source: DHS, 1994 | Baseline | 1984 | -- | 142 |
| Comments: Actual baseline figure for 1984 is based on time series calculations made in the 1994 DHS; and represents the child mortality rate for the period 1979-1984. Planned figures are derived from time series analyses based on the DHS. The target of 78 for 1997 is the official GOB target. Planned figures revised based on 1994 DHS. | | 1994 | 96 | 116 |
| | | 1995 | 90 | |
| | | 1996 | 84 | |
| | | 1997 | 78 | |
| | | 1998 | 76 | |
| | Target | 1999 | 74 | |

| Bolivia | | | | |
|---|----------|------|---------|--------|
| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia. | | | | |
| Indicator: Maternal mortality | | | | |
| Unit: Maternal deaths per hundred thousand live births. | | Year | Planned | Actual |
| Source: DHS, 1989, 1994 | Baseline | 1982 | ----- | 480 |
| Comments: The 1994 DHS contained a nationwide representative maternal mortality survey, the first of its kind in Bolivia. There have been no yearly time-series planned data calculated since the results of the 1994 DHS. The 1997 target is the GOB Plan Vida target. The early 1982 baseline was taken from the 1989 DHS and was estimated from limited hospital data at the time. | | 1994 | | 390 |
| | | 1995 | | |
| | | 1996 | | |
| | | 1997 | 171 | |
| | | 1998 | | |
| | Target | 1999 | | |
| Indicator: Contraceptive prevalence - modern | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: DHS, 1989, 1994 | Baseline | 1989 | ----- | 12.2 |
| Comments: Actual baseline data for this indicator are from 1989 and 1994 DHS. Planned figures were derived through a time series analyses based on 1989/1994 DHS. Planned figures revised beginning 1995 based on 1994 DHS. | | 1994 | 20 | 18 |
| | | 1995 | 20 | |
| | | 1996 | 22 | |
| | | 1997 | 24 | |
| | | 1998 | 26 | |
| | Target | 1999 | 28 | |

| STRATEGIC OBJECTIVE: Improved Family Health Throughout Bolivia | | | | |
|---|----------|------|---------|--------|
| Indicator: Contraceptive prevalence - total | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: DHS, 1989, 1994 | Baseline | 1989 | --- | 30.3 |
| Comments: Actual baseline data for 1989 are from the 1989 DHS. Planned figures were derived through time series analysis based on 1989/1994 DHS. The 1997 target is the GOB Plan Vida target. Planned figures revised beginning 1995 based on 1994 DHS. | | 1994 | 42.9 | 45.0 |
| | | 1995 | 48.5 | |
| | | 1996 | 50.5 | |
| | | 1997 | 52.0 | |
| | | 1998 | 54.0 | |
| | Target | 1999 | 56.0 | |
| Indicator: New acceptors of modern methods of contraception at USAID-assisted facilities | | | | |
| Unit: Members | | Year | Planned | Actual |
| Source: Quipus Management Information System | Baseline | 1994 | --- | 76,188 |
| Comments: This indicator is being added for FY 1995. Information on this indicator was not available in previous years. Because the Quipus system (contraceptive distribution), was under development. Actual data for 1994 is based on 1994 Quipus data. Planned figures are estimated from that base. | | 1994 | 76,188 | 76,188 |
| | | 1995 | 78,000 | |
| | | 1996 | 80,000 | |
| | | 1997 | 82,000 | |
| | | 1998 | 84,000 | |
| | Target | 1999 | 85,000 | |

| STRATEGIC OBJECTIVE: Improved Family Health Throughout Bolivia | | | | |
|---|----------|------|---------|--------|
| Indicator: Couple years of protection at USAID-assisted facilities | | | | |
| Unit: Number | | Year | Planned | Actual |
| Source: Quipus Management Information System | Baseline | 1994 | --- | 89,587 |
| <p>Comments: This indicator is being added for FY 1995. Information on this indicator was not available in previous years, because the QUIPUS system was under development. Actual data for 1994 is based on the Quipus final quarter report for 1994. Planned is estimated from that base.</p> <p>Couple years of protection is away from measuring family planning impact based on statistics gathered on the distribution of modern contraceptive methods.</p> | | 1994 | 89,587 | 89,587 |
| | | 1995 | 94,962 | |
| | | 1996 | 100,660 | |
| | | 1997 | 106,700 | |
| | | 1998 | 113,102 | |
| | Target | 1999 | 119,888 | |
| Indicator: Adequate Nutritional Status. | | | | |
| Unit: Percent of 3-36 month olds with 2 or more standard deviations below median weight for age | | Year | Planned | Actual |
| Source: "Maternal & Child Health in Bolivia", a secondary analysis of 1989 DHS. | Baseline | 1989 | ----- | 13.3 |
| <p>Comments: Actual Baseline data for 1989 is from the 1989 DHS. The 1997 target value is the target adopted by the GOB.</p> | | 1994 | 10.6 | 15.7 |
| | | 1995 | 10.1 | |
| | | 1996 | 9.5 | |
| | | 1997 | 9.0 | |
| | | 1998 | --- | |
| | Target | 1999 | --- | |

| | | | | |
|---|-----------------|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia. | | | | |
| PROGRAM OUTCOME: Increased utilization of health and family planning interventions by mothers and children under five. | | | | |
| Indicator: Diarrheal disease cases appropriately treated by CRT. | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: DHS, 1989, 1994 | Baseline | 1989 | ----- | 23.4 |
| Comments: Baseline figure is from the 1989 DHS, the most reliable source for this indicator. The 1994 actual figure is based on the 1994 DHS. Planned figures were calculated based on program effort and baseline data. | | 1994 | 43 | 43.0 |
| | | 1995 | 46 | |
| | | 1996 | 49 | |
| | | 1997 | 52 | |
| | | 1998 | 54 | |
| | Target | 1999 | 56 | |
| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia. | | | | |
| PROGRAM OUTCOME: Increased utilization of health and family planning interventions by mothers and children under five. | | | | |
| Indicator: One year old children immunized against DPT. | | | | |
| Unit: Percent of one year olds receiving third dose | | Year | Planned | Actual |
| Source: Secretariat of Health (SNS); National EPI Program, 1994 DHS. | Baseline | 1989 | ----- | 23.4 |
| Comments: Actual data comes from SNS vaccination program yearly reports. Planned targets have been revised, and are reported in 1994 UNICEF publication "Mothers and Children in Bolivia, Situational Analysis". | | 1994 | 85 | 78.4 (42.8)* |
| | | 1995 | 90 | |
| | | 1996 | 90 | |
| | | 1997 | 90 | |
| | | 1998 | 90 | |
| | Target | 1999 | 90 | |
| * Figures in parenthesis are actual data from the 1994 DHS. The companion figure is from the National EPI Program. DHS data is thought to be low because it is based on viewing the health card and on mothers' recall. EPI data is estimated to be high because it used census data for the denominator which underestimated rural populations and probably reports as new vaccinations those children vaccinated during campaigns that may have already been vaccinated. | | | | |

| | | | | |
|---|-----------------|-------------|----------------|---------------|
| PROGRAM OUTCOME: Increased utilization of health and family planning interventions by mothers and children under five. | | | | |
| Indicator: One year old children immunized against measles. | | | | |
| Unit: Percent of one year olds | | Year | Planned | Actual |
| Source: See DPT source above | Baseline | 1987 | ----- | 17 |
| Comments: See DPT above. The GOB measles figure is probably close to correct this year due to a national effort in 1994 to vaccinate all children 9 months-15 years against measles. | | 1994 | 85 | 88.1 (55.7)* |
| | | 1995 | 90 | |
| | | 1996 | 90 | |
| | | 1997 | 90 | |
| | | 1998 | 90 | |
| | Target | 1999 | 90 | |
| PROGRAM OUTCOME: Increased utilization of health and family planning interventions by mothers and children under five. | | | | |
| Indicator: One year old children immunized against polio. | | | | |
| Unit: Percent of one year olds receiving third dose | | Year | Planned | Actual |
| Source: See DPT source above | Baseline | 1987 | ----- | 15 |
| Comments: See DPT comment above. | | 1994 | 85 | 81.9 (47.5)* |
| | | 1995 | 90 | |
| | | 1996 | 90 | |
| | | 1997 | 90 | |
| | | 1998 | 90 | |
| | Target | 1999 | 90 | |

| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia | | | | |
|---|----------|--------|---------|--------------|
| Indicator: Children immunized against TB. | | | | |
| Unit: Percent of one year olds | | Year | Planned | Actual |
| Source: See DPT source above | Baseline | 1987 | ----- | 30 |
| Comments: See DPT comment above. | | 1994 | 85 | 90.1 (76.9)* |
| | | 1995 | 90 | |
| | | 1996 | 90 | |
| | | 1997 | 90 | |
| | | 1998 | 90 | |
| | | Target | 1999 | 90 |
| PROGRAM OUTCOME: Increased utilization of health and family interventions by Bolivian mothers and children under five. | | | | |
| Indicator: Women of reproductive age immunized against tetanus. | | | | |
| Unit: Percent of women receiving second dose of TT | | Year | Planned | Actual |
| Source: UNICEF (1994), DHS, 1994 | Baseline | 1987 | ----- | 2 |
| Comments: Planned figures come from revised GOB plans published in 1994. Figure in parenthesis in actual data from 1994 DHS. | | 1994 | 90 | (21.5)* |
| | | 1995 | 95 | |
| | | 1996 | 95 | |
| | | 1997 | 95 | |
| | | 1998 | 95 | |
| | | Target | 1999 | 95 |

| | | | | |
|---|-----------------|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Improved family health throughout Bolivia | | | | |
| PROGRAM OUTCOME: Increased utilization of health and family planning interventions by mothers and children under five. | | | | |
| Indicator: Exclusive breastfeeding for two to three months | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: "Maternal and Child Health in Bolivia", a secondary analysis of 1989 DHS, 1994 DHS | Baseline | 1989 | ----- | 42.7 |
| | | 1994 | 53.0 | 47.8 |
| Comments: Baseline are based on analysis of 1989 DHS. The 1994 Data and planned figures are based on the 1994 DHS. Exclusive breastfeeding for four to five months drops to 27.3%. Bolivian children are breastfed an average of 17.5 months, but supplements are introduced at an early age, according to DHS data. | | 1995 | 50.0 | |
| | | 1996 | 52.0 | |
| | | 1997 | 53.0 | |
| | | 1998 | 54.0 | |
| | Target | 1999 | 55.0 | |

D. DEMOCRACY AND GOVERNANCE

GOAL: Building Democracy

Strategic Objective: Improved Effectiveness and Accessibility of Key Democratic Institutions and Practices

Linkages Between Goal and Strategic Objective: Democratic governance and democratic civil societies are ultimately based on effective, transparent, and accountable public institutions, which are established and consolidated through widespread open debate, compromise, consensus, and participation of grassroots organizations in government. USAID/Bolivia is supporting the efforts of the Bolivian government and society to modernize and democratize key public sector institutions and to make them more accessible to all citizens. Efforts center on the justice system, the legislature, the electoral system, and the newly created and empowered municipalities and their local representative organizations. Our programs target improvements in the effectiveness of official government entities as well as of non-government organizations.

Accomplishments

Improved Effectiveness and Accessibility of Democratic Institutions and Practices

-- Public defenders secured release of 3,190 of 5,602 retained persons, and expanded to include office in El Alto, Chimore, Sucre, while the number of defenders increased to 65.

-- The capacity of Congress to perform its fiscal oversight function was significantly increased through the establishment of the Budget Office, which regularly publishes independent data and analyses on the state of the economy and the implementation of the national budget.

-- Regulatory framework established for the Constitutional Tribunal, essential to controlling the constitutionality of laws.

-- Prison for Debt law abolished.

-- Establishment of two commercial arbitration centers in Cochabamba and Santa Cruz, consolidation of the La Paz center.

-- Production and delivery of the operational/investigative and administrative work manuals for the Judicial Technical Police and for Prosecutors, adapting them to Bolivia's new accusatorial system.

Performance Summary: Progress and achievements in this period have been considerable. During FY 1994, activities under the Bolivia Administration of Justice Project (BAOJ) were reviewed and consolidated and implementation accelerated. The refocused project responds largely to the emergence of a new and dynamic Ministry of

Justice (MOJ), strongly committed to reform, and increasingly recognized as an important promotor of citizens' rights. Project components are now more solidly defined and aligned with GOB Executive Branch priorities. At the same time, on the Judiciary Branch front, three major pilot projects in judicial training, court administration, and automated case tracking are now well underway.

A central mission of the new MOJ is the drafting of urgent reform legislation to modernize the Judicial Branch and improve human rights protections. The BAOJ project currently supports three important legislative drafting efforts: 1) a law to establish a Constitutional Tribunal; 2) a law to establish a Judicature Council to administer the judicial budget and personnel, and to screen all judicial appointments; and, 3) a law to establish a new Code of Criminal Procedures, to bring better human rights protection provisions into Bolivian criminal law. The recent passage of the MOJ-originated Law to Abolish Prison for Debt, for which the BAOJ provided research and technical help, is a major human rights advance, with several hundred prisoners gaining their freedom.

A late 1994 external evaluation of the Democratic Institutions Project (DI) confirmed the solid achievements in consolidation of the Bolivian electoral system, and noted the growing impact of the Congressional assistance program, which, through the State University of New York (SUNY), has succeeded in setting up the Center for Research of the National Congress (CICON), presently containing three non-partisan staff offices serving members of the upper and the lower houses. This year, the DI Project is focusing major efforts on the institutionalization, via a law or a congressional resolution, of the CICON, provisionally established under the Presidency of the Congress. This would assure the permanence and continuity of the congressional staff offices (Technical Budget Office, Bill Drafting Unit, and Information Unit) created under the DI project.

Projecting ahead in the Justice area, the strategic decision to build a close relationship with the recently created Ministry of Justice has boosted the project notably. This relationship has brought considerable advances during 1994-95 in jointly identified priority areas, and will produce several major law reform steps in 1995 and 1996. After the expected passage of project-assisted enabling legislation toward the end of 1995, USAID will support the start-up of the Constitutional Tribunal and the Judicature Council with technical advisors. Correctly implemented, these two new entities will revolutionize the Bolivian justice system.

The MOJ-USAID plan to reform the criminal procedure code began with an important seminar on procedural reforms in Latin America, bringing Argentine, Uruguayan, and Costa Rican experts to meet with nearly 100 Bolivian legal experts, judges, prosecutors, and defense attorneys. The well-publicized event, organized under MOJ auspices, created a Drafting Committee for a new Criminal Procedure Code, now working with BAOJ technical support from Costa Rican and Argentine experts. During the seminar, President Sanchez de Lozada met with the Minister, the committee, and the experts, and committed

personally to press for Congressional passage as soon as he has a final draft. A successful outcome will ensure greater respect for due process of law and protection of human rights.

Institutional reforms in the judiciary are being pursued through a pilot project in court administration designed in 1994, now being implemented in the Tarija Judicial District pilot area by leading Argentine experts and local counterparts. A second pilot to set up an automated criminal case tracking and statistical system in the Santa Cruz District through an experienced Bolivian computer systems company begins in March 1995. The Universidad Privada de Santa Cruz (UPSA) will provide local technical assistance and training for the case tracking system, and create the capacity in its computer sciences department to assist in the nationwide replication of the pilot project before the year 2000.

In the judicial training area, the project completed a nationwide training needs assessment and held a Seminar on Comparative Judicial Training Structures in Sucre, with 80 participating judges and several international experts from Brazil, Argentina, Costa Rica and the United States. The event set working guidelines for an 18 month pilot judicial training program to begin in mid-1995. A resolution by the Supreme Court announced the judiciary's public support.

Another BAOJ element is advancing via the U.S. Department of Justice Office of Professional Development and Training (DOJ/OPDAT), which, under a PASA, is upgrading a key justice sector institution, the Bolivian Attorney General's Office. OPDAT conducted several Public Ministry (prosecutors) Law Seminars throughout the country, training 600 justice officials on the new law's accusatorial functions. The first two volumes of the Bolivian Prosecutor's Manual are nearly completed. This manual will establish administrative, policy, and supervisory structures to allow all prosecutors to apply the new accusatory functions of the Public Ministry uniformly. Though the new law gives the Attorney General strong prosecutorial functions, the institution remains organizationally weak. In response, USAID and OPDAT are reorienting the prosecutors support program more toward institutional development, and OPDAT has designed a program to establish a Model District Prosecutor's Office in Santa Cruz during 1995, using TDY teams of experienced Spanish-speaking U.S. Attorneys. The purpose is to adapt each District Prosecutors Office to the pro-active role required by the new legislation.

The International Criminal Investigative Training Assistance Program (ICITAP) is the second USDOJ unit supporting the BAOJ. ICITAP, through its Bolivia office, has backed the Bolivian National Police (BNP) in strengthening the recently created Technical Judicial Police (PTJ), now established in eight of nine Bolivian departments. In addition to several specialized training courses, ICITAP/Bolivia sponsored and guided the Multidisciplinary Commission on Police Educational Reform, and secured inclusion of the BNP's Educational and Training System in Bolivia's Educational Reform Law. Two degree programs in Police Sciences and Administration will change the content of the present militarized training system toward technical and investigative skills and the role of the police in a democratic

society.

While moving to fortify government institutional actors in the justice system, the BAOJ has not neglected the civil society users and potential victims of a system that historically has been poorly and capriciously applied. Seeking to assure a balanced project, we have increased USAID support for citizen access to justice. Significant improvement in the fairness of the criminal justice process are reflected in the increasingly high quality work of the MOJ Office of Public Defense, established with USAID assistance.

In just two years of institutional existence, the Office of Public Defense has grown steadily and been strengthened by several rounds of project-funded training, acquiring more experience and expanding coverage since its 1993 incorporation into the MOJ. Offices are now open in La Paz, Cochabamba, Santa Cruz, El Alto, Sucre and in the Chapare drug-trafficking region, where at times allegations of human rights violations by anti-narcotics police have arisen. The dedicated young public defenders obtained the release of 3,190 detainees out of 5,602 cases they handled in 1994, several hundred of these in the Chapare-Chimoré area. However, the reaction by other law enforcement officials to the more effective defender presence was not uniformly positive. Accordingly USAID helped to organize an Interagency Coordination Workshop where 120 judges, prosecutors, public defenders, and narcotics police officials were trained on the legitimacy of the role of the public defenders. The most important result was a new interagency committee under MOJ auspices to analyze and solve problems in the criminal process, particularly the need for early defender access to detainees. The results have been smoother and more productive defender-police and defender-prosecutor relations, favorable to defendants' rights.

Also in the area of access to justice, in the form of alternative dispute resolution (ADR), USAID/Bolivia, through the Interamerican Bar Foundation (IABF), has continued to assist the Cochabamba, Santa Cruz, and La Paz Chambers of Commerce to consolidate the three commercial arbitration and conciliation centers established in 1992 and 1993 with project assistance. Over 200 people were trained in ADR. Eight commercial arbitrators made a study trip to Colombian mediation centers and then directed a workshop in La Paz. A growing numbers of cases (nearly 100 matters to date) are being handled by the three Bolivian centers, with a high degree of user satisfaction and consequent avoidance of the backlogged civil courts. The creation and consolidation of an entirely new means of conflict resolution by direct USAID action is a signal accomplishment, and the three centers have become virtually self-sufficient and self-perpetuating in less than three years.

Under the same ADR rubric, the BAOJ has also stepped up activity in neighborhood conflict resolution, supporting an important six-month study in El Alto, a huge low income city formed by campesino and ex-miner in-migrations. The study, commissioned by IABF and carried out by PROA, a social service NGO, confirmed the high degree of usage of several informal ADR centers, established by the migrants and following traditional indigenous justice forms. Working with

NGO's, the BAOJ in 1995-1996 will focus on training and promotion of uniform criteria for case disposition in the existing informal centers, and the establishment of new centers.

The BAOJ will also join with UNESCO and the Ministry of Justice to begin to carry out a new Bolivian Constitutional provision requiring the GOB to incorporate the traditional indigenous justice systems into the ordinary legal system. A co-sponsored International Conference on Traditional Indigenous Justice Systems bringing together Peruvian, Mexican, Colombian, Guatemalan, and U.S. experts will review experiences with Bolivian experts. The Chief Justice of the Navajo Nation will review the U.S. experience.

USAID/Bolivia has supported the program of the grassroots civic legal education NGO, CDC (Capacitacion y Derechos Ciudadanos), which has provided legal aid and education to approximately 2,400 poor persons in La Paz. CDC consists of law students and professors who focus on poor women, high school students, and prisoners in the two La Paz jails. A recent evaluation by a U.S. legal aid expert gave CDC high marks for effectiveness, and set out an institutional strengthening program, which the BAOJ project will help CDC to implement.

The GOB promulgated the landmark Popular Participation Law (PP) Law, in April 1994 and requested donor assistance to implement its mandates. A legal and social breakthrough, the law confers political and economic power upon plain people at the grassroots by: (1) dividing all Bolivian territory into 305 municipal districts; (2) transferring twenty percent of national tax revenues on a per capita basis to the new municipalities; and (3) empowering grassroots organizations and citizen oversight committees to participate effectively in the works and services decisions and budgetary monitoring of these municipalities.

USAID/Bolivia worked closely in the new DDCP project design with GOB officials, particularly Bolivian Vice President Víctor Hugo Cárdenas, who is also the President of the Congress. Cárdenas met twice with Vice President Albert Gore, in La Paz in December 1993 and in Washington in March 1994. The two discussed USAID's legislative assistance program, and USAID assistance for increased popular participation. Cárdenas, one Senator and two Deputies from the Bolivian Congress, also met in July, 1994 with DA Carol Lancaster, AA/LAC Mark Schneider, and DAA/LAC Ramon Daubon. Cárdenas explained the PP Law and expressed support for the Mission's response.

The eight year, \$14 million Democratic Development and Citizen Participation (DDCP) Project incorporates elements of municipal development, legislative modernization, and electoral assistance, all directed at grassroots participation. Obligated on January 11, 1995 with AA/LAC Mark Schneider signing for USAID, DDCP is the first USAID action to implement the Summit of the Americas decision in popular participation.

In the coming years, the effects of the PP Law will radically alter

Bolivia's political map and open new economic opportunities for the disadvantaged rural populace. The three DDCP Project components will work as follows: 1. **Municipal Governance** will help municipal governments and civil society to work together to validate the PP Law, and to avoid municipal governance breakdown; 2. **Effective Citizenship** will promote the minimal local citizen education and voter participation preconditions necessary for the December 1995 election of legitimate municipal democratic governments to enact the mandates of the PP Law; and 3. **Representative Congress** will help grassroots organizations and municipal governments gain effective access to Congress, tying this key branch of government directly into Bolivia's local socio-economic realities.

Once DDCP is fully functioning, it is hoped that the interrelation of local and national democratic institutions in meeting local needs will progressively be felt, at first in the twenty pilot municipalities in which the DDCP will work directly, and eventually throughout all of the new municipalities.

In sum, USAID/Bolivia's democracy program is functioning well, focused on key institutions of government and civil society, and closely consulted with the GOB. Our actions are well-suited to carry out the commitments of the Summit of the Americas in the strengthening of democratic governance and popular participation.

Nevertheless, the one element that could interfere with the achievement of plans jointly conceived with our Bolivian counterparts is the specter of a continuation and worsening of the endemic corruption, both petty and large, in many of the institutions that our projects focus upon. Should this happen, the value of our investments and those of the GOB will be cheapened, and the promise of real fundamental change for Bolivians will be thwarted. While our BAOJ project contains technical and organizational anti-corruption assistance, this is a small contribution, which presupposes the political will of Bolivians in and out of government to progressively reduce the field of action now open to these influences so corrosive to democracy. Accordingly, the need to combat corruption is a constant issue in all policy dialogue on democracy and governance. This is another key conclusion of the Summit of the Americas that the Mission takes as a serious call to action.

TABLE 1: STRATEGIC OBJECTIVE PROGRAM "TREE"

| Bolivia | | |
|--|---|---|
| AGENCY GOAL: Building Democracy | | |
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | |
| PROGRAM OUTCOME: Improved quality and speed of the conflict resolution process | PROGRAM OUTCOME: Upgraded legislative functions and enhanced accountability in national and local government | PROGRAM OUTCOME: Increased citizen participation in local government and civil society |
| Projects (Number\Title) | Projects (Number\Title) | Project (Number\Title) |
| 0626 Administration of Justice | 0610 Democratic Institutions | 0611 Bolivian Peace Scholarship Program |
| 0634 Democratic Development and Citizen Participation | 0634 Democratic Development and Citizen Participation | 0634 Democratic Development and Citizen Participation |
| 0610 Democratic Institutions | 0631 Human Resources Development | 0623 Special Development Activities 0633 |
| 0611 Bolivian Peace Scholarship Program | 0626 Administration of Justice | American Institute for Free Labor Development (AIFLD) |
| | Administration System for Financial and Governmental Control (SAFCO) | 0610 Democratic Institutions |

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

| Bolivia | | | | |
|--|----------|------|--------------------------|--------|
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| Indicator: Percent of cases completed within legally prescribed time periods in first level criminal courts (Santa Cruz, Tarija, national). | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: Court records, MSD reports | Baseline | 1994 | SC: 0 T: 0 N: 0 | |
| <p>Comments: Report will be by district. National report expected in 1996.</p> <p>SC= Santa Cruz T= Tarija N= National</p> <p>The implementation of the automated case tracking system for our pilot program in the Superior District Court in Santa Cruz will commence design and installation in March 1995 and will end in March 1996. The project will be able to provide partial results for this judicial district for the October 1995 SAR reporting period, and real results for the April 1996 SAR reporting period.</p> <p>* Current PACD for BAOJ project is December 1998.</p> | | 1994 | SC: 0 T: 0 N: 0 | |
| | | 1995 | SC: 30 T: 30 N: 10 | |
| | | 1996 | SC: 50 T: 50 N: 20 | |
| | | 1997 | SC: 75 T: 75 N: 40 | |
| | | 1998 | | |
| | Target | 1999 | N/A | |

| | | | | |
|--|-----------------|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| Indicator: Number of alternative dispute resolution (ADR) centers established | | | | |
| Unit: Number of ADR centers (cumulative) | | Year | Planned | Actual |
| Source: ODI | Baseline | 1992 | 0 | 0 |
| Comments: A new strategy is being designed based on a six month study of the communal justice system of El Alto. The project focus may therefore change to consolidate existing less formal ADR systems, and reduce emphasis in the creation of new centers. PACD for BAOJ project is December 1998. | | 1994 | 5 | 3 |
| | | 1995 | 10 | |
| | | 1996 | 15 | |
| | | 1997 | 20 | |
| | | 1998 | 25 | |
| | Target | 1999 | N/A | |
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| Indicator: Percent of significant laws originating in Congress | | | | |
| Unit: Percent (cumulative) | | Year | Planned | Actual |
| Source: Official Gazette and Congress Records | Baseline | 1994 | 2% | 14% |
| Comments: Most laws will continue to originate with the Executive. Over time, legislators will be able to turn their own or their constituents' ideas into legislative proposals with the assistance of the new legislative support services. This indicator will only be applied to "significant" laws as determined by USAID/Bolivia, ODI and SUNY/B. | | 1994 | 2% | 14% |
| | | 1995 | 4% | |
| | | 1996 | 6% | |
| | | 1997 | 6% | |
| | | 1998 | 8% | |
| | Target | 1999 | 10% | |

| | | | | |
|---|-----------------|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| Indicator: Percent of functioning municipalities complying with Popular Participation Law mandates | | | | |
| Unit: Percent (cumulative) | | Year | Planned | Actual |
| Source: National Secretary of Popular Participation, National Secretary of Finance, Congress Budget Office | Baseline | 1996 | 20% | |
| Comments: The first municipal governments elected under the new Popular Participation Law will be sworn in January 1996. Complying with PP Law mandates is defined for the purposes of this indicator as developing annual workplans and budgets with full participation from legally recognized grassroots organizations (OTBs) and vigilance committees (VCs). | | 1994 | N/A | |
| | | 1995 | N/A | |
| | | 1996 | 20% | |
| | | 1997 | 25% | |
| | | 1998 | 30% | |
| | Target | 1999 | 35% | |
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| Indicator: Percent nationally aggregated municipal income spent per year | | | | |
| Unit: Percent | | Year | Planned | Actual |
| Source: Congress Budget Office, National Secretary of Popular Participation, Secretary of Finance, USAID/ODI | Baseline | 1997 | 40% | |
| Comments: Data will be initially collected from a representative sample of 30 out of 300 municipalities. After 1997 the number of municipalities providing data will gradually increase until most of the country is covered. This indicator will measure the national impact of our support for popular participation at the national level. | | 1994 | N/A | |
| | | 1995 | N/A | |
| | | 1996 | N/A | |
| | | 1997 | 40% | |
| | | 1998 | 45% | |
| | Target | 1999 | 50% | |

| | | | | |
|--|----------|-------------|-----------------|---------------|
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| PROGRAM OUTCOME: Improved quality and speed of the conflict resolution process | | | | |
| Indicator: District court case tracking and/or judicial planning statistical systems | | | | |
| Unit: Number (cumulative) | | Year | Planned | Actual |
| Source: Court records, MSD reports | Baseline | 1993 | 1 | 1 |
| Comments: During 1994, for financial and technical reasons, the project changed contractors to implement a system in Santa Cruz. As of February 1995, a contract was signed with a qualified Bolivian systems contractor. A twelve-month program will commence in March 1995 which includes the system's design, functioning, and user training. * Current PACD for BAOJ project is December 1998. | | 1994 | 2 | 1 |
| | | 1995 | 3 | |
| | | 1996 | 4 | |
| | | 1997 | 5 | |
| | | 1998 | 4 | |
| | | 1999 | N/A | |
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| PROGRAM OUTCOME: Improved quality and speed of the resolution process | | | | |
| Indicator: Number of courts presided by judges (J) and managed by court administrators (A) trained under project-assisted training program. | | | | |
| Unit: Number (cumulative) | | Year | Planned | Actual |
| Source: Court records, MSD reports | Baseline | 1994 | J: 40 A: 2 | |
| Comments: An 18-month Tarija Administration of Courts pilot program commences in February 1995, and results will be available for the October 1996 SAR reporting period. | | 1994 | J: 40 A: 2 | J: 75 A: 0 |
| | | 1995 | J: 80 A: 4 | |
| | | 1996 | J: 120 A: 6 | |
| | | 1997 | J: 160 A: 10 | |
| | | 1998 | | |
| | | Target | 1999 | |

| | | | | |
|---|-----------------|-------------|----------------|---------------|
| STRATEGIC OBJECTIVE: Improved effectiveness and accessibility of key democratic institutions and practices | | | | |
| PROGRAM OUTCOME: Upgraded legislative functions and enhanced accountability in national and local government | | | | |
| Indicator: Congressional committees using new legislative support services | | | | |
| Unit: Number of committees (cumulative) | | Year | Planned | Actual |
| Source: Legislative support service records | Baseline | 1993 | 4 | 3 |
| Comments: The new legislative support services include budget analysis, bill drafting, legislative research and constituency outreach. Assistance will center on Upper and Lower House Finance and Justice Committees, but other committees will require fiscal, legal and constitutional support for their own work. Although effective legislative work is best measured at the committee level, an attempt will be made to keep records of individual members requesting and receiving assistance from the legislative support services. | | 1994 | 4 | 6 |
| | | 1995 | 6 | |
| | | 1996 | 8 | |
| | | 1997 | 10 | |
| | | 1998 | 10 | |
| | Target | 1999 | 10 | |
| PROGRAM OUTCOME: Increased citizen participation in local government and civil society | | | | |
| Indicator: Eligible voters registered for general and municipal elections | | | | |
| Unit: Millions | | Year | Planned | Actual |
| Source: National Electoral Court | Baseline | 1991 M | --- | 1.7 |
| Comments: This indicator was retained because assistance under the new DDCP Project will shift focus to popular participation mechanisms at the local level. G. General M: Municipal Traditionally, registration for general elections has been greater than for municipal elections. Given the new permanent voter registry system and the emphasis on municipal government with popular participation, it is expected that this trend will be reversed starting in the 1999 municipal election. | | 1992 | No elections | |
| | | 1994 | No elections | |
| | | 1995 M | 2.0 | |
| | | 1996 | No elections | |
| | | 1997 G | 2.4 | |
| | | 1998 | No elections | |
| | Target | 1999 M | 2.4 | |

III. PROGRAM PLANS AND RESOURCE REQUIREMENTS

A. Program/Activity Overview:

USAID/Bolivia continues to consolidate its portfolio in accordance with Agency budget realities and reengineering efforts.

At the end of FY 1994 our portfolio consisted of thirty one activities (twenty seven projects and four programs) under four strategic objectives which mirror the four Agency goals. This is down from a high of thirty seven activities in FY 1989 and fifteen objectives in FY 1988. The Mission anticipates further reductions in the number of activities, resulting in a drop from thirty one in FY 1994 to nineteen in FY 1997.

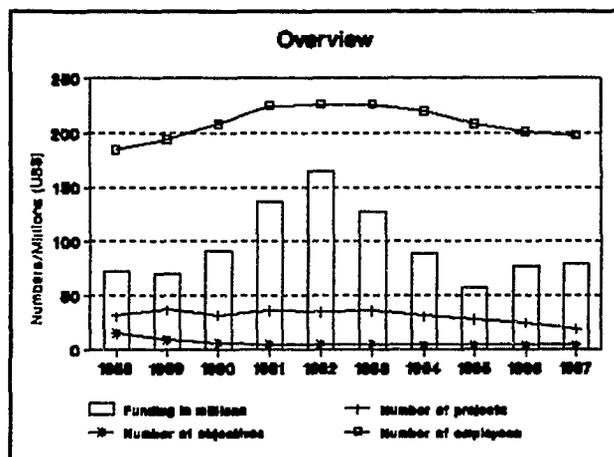


Figure 7

As the program budget, including P.L. 480, continues to decline -- from \$127 million in FY 1993, to \$94 million in FY 1994, to a projected \$57 million in FY 1995 -- USAID has greatly limited the number of new starts and amendments contemplated over the Action Plan period.

USAID contemplates only one new project start in FY 1996: the Indigenous Resource Management and Biodiversity Protection project in the South America Chaco (previously approved in the DAEC review of USAID Bolivia's FY 1995-1996 Action Plan per State 162533); and two new program starts: the FY 1996 Economic Recovery Program, and P.L. 480 Title II (both also approved in last years Action Plan review). Two successful ongoing projects: Administration of Justice and Self-Financing Primary Health Care, will be amended in FY 1996. The only new start contemplated for FY 1997 is the FY 1997 Economic Recovery Program. One project, the Child Survival PVO Network II, will be amended.

Despite budget reductions and uncertainties, the Mission believes it essential to move forward with these initiatives if USAID is to continue being a significant player in helping one of the poorest and malnourished nations in the hemisphere address the sustainable development needs of its people.

A summary table of new activities/amendments proposed follows.

| FY Start Date | New or Amend | Project Number | Project Title | Amount Proposed (\$000s) |
|---------------|------------------|----------------|---|---------------------------------|
| 1996 | New ¹ | 511-0638 | Indigenous Resource Mgt & Biodiversity Protection | 5,000 |
| 1996 | New ² | 511-0639 | FY96 Economic Recovery BOP | 15,000 |
| 1996 | New ² | P.L.480 | Title II | 60,000 |
| 1996 | Amend | 511-0626 | Administration of Justice | Amend: 4,000 New LOP: 14,000 |
| 1996 | Amend | 511-0607 | Self Financing Primary Health Care | Amend: 4,000 New LOP: 10,500 |
| 1997 | New | 511-0640 | FY97 Economic Recovery BOP | 23,000 |
| 1997 | Amend | 511-0620 | Child Survival PVO Network II | Amend: 4,000 New LOP: 12,000 |

¹ Approved and delegated at last year's Action Plan Review.

² Approved at last year's Action Plan Review, with USAID/W authorization.

FY 1996: NEW AND AMENDED ACTIVITY DESCRIPTIONS:

- INDIGENOUS RESOURCE MANAGEMENT AND BIODIVERSITY PROTECTION, SOUTH AMERICAN CHACO
- FY 1996 ECONOMIC RECOVERY BALANCE OF PAYMENTS
- P.L.480 TITLE II
- ADMINISTRATION OF JUSTICE AMENDMENT
- SELF-FINANCING PRIMARY HEALTH CARE AMENDMENT

NEW ACTIVITY DESCRIPTION

1. Basic Data

- (a) Project Title: Indigenous Resource Management and Biodiversity Protection, South American Chaco¹
- (b) Project Number: 511-0638
- (c) Funding Source: To be determined
- (d) Duration: FY 1996-2000
- (e) LOA Funding: \$5 million

2. Strategic Fit with Agency/Bureau Goals

This project is **strongly** consistent with Agency and Bureau goals for Environment and Democracy, and follows the Implementation Guidelines in seeking to "create or exploit synergies" among focus areas. It directly addresses Agency priorities for **protection of biological diversity and popular participation and local empowerment**. The new Agency Strategy for the Environment gives highest priority to "reducing long-term threats to the global environment, particularly loss of biological diversity and climate change," and this project focuses on conserving "what may well be the largest remaining tract of relatively undisturbed tall dry forest in the Neotropics, if not in the entire world."

3. Consistency with Mission Strategy

(a) **Project Goal:** The project goal is to protect the Chaco's unique biological diversity through sustainable resource management and use. This is consistent with USAID/Bolivia's environmental strategic objective ("reduced degradation of forest, soil and water resources and biological diversity protected"). With a critical emphasis on local empowerment and increasing the participation of the rural poor in environmental decision-making, the goal also supports USAID/Bolivia's strategic objective for "improved effectiveness and accessibility of key democratic institutions and practices," and in particular supports program output 3, "increased opportunities for collective decision-making and consensus-building among professional and grassroots organizations."

(b) **Project Purpose:** The project purpose is to increase the capabilities of the Chaco's indigenous peoples to manage this area sustainably. This purpose supports all three of the environmental strategic objective program outcomes, and in particular Outcome 2, "Improved public and private institutional capacity for sustainable use and environmental protection". It will also complement the Sustainable Forestry Management (BOLFOP) project, the Wetlands for the Americas grant activity, and the Enterprise for the Americas Environmental Account.

¹This NAD was submitted with last year's Action Plan, and approved through State 162533.

Preliminary verifiable indicators for achieving the project purpose include: 1) 1 sustainable management plan developed with full indigenous participation, approved by the Chaco indigenous peoples (e.g., the Izozog Guarani Federation) and the GOB, for the 1.5 million hectare buffer zone West of the planned Park boundary; 2) 4 baseline inventories of the area's flora and fauna completed, with assessments of the commercial potential of selected species; 3) 18 indigenous technicians trained in project management and administration, wildlife management and conservation, and environmental education; and 4) 2 new, sustainable sources of income identified (e.g., ecotourism, peccary management) for the area's indigenous residents.

(c) Project description: In order to achieve these objectives, the project will work with both public and private sector institutions, and be implemented in two distinct phases:

Phase 1) Laying the legal foundations for indigenous sustainable development. This will involve assessment of the legal status of land holdings (currently clouded by conflicting claims and titles) in the Chaco's four key ethnic groups. Territorial boundaries and group juridical status will be clearly defined, as will resource access rights of individuals within these different groups, through a process of negotiated rule-making. Formal consultative structures between indigenous peoples groups and the GOB will be established and functioning.

Phase 2) Income generation and biodiversity protection. A comprehensive sustainable management plan will be developed for the Chaco Park buffer zone, identifying appropriate areas for protection and production activities. It will build on baseline inventories of the area's resource endowment (e.g., flora, fauna, soils, water), and identify selected species for possible population management, for both protection (e.g., guanacos) and production (e.g., collared peccary, quebracho blanco) purposes. It will also assist local populations with small-scale enterprise development. The emphasis on biodiversity protection through sustainable resources use is consistent with the objectives of the new GOB.

(d) Anticipated impact on poverty alleviation, access, and participation, including gender level impact: It is anticipated that the project's impact on poverty alleviation and on increasing access to economic opportunities for the Chaco's indigenous people will be significant (see preliminary indicator 5), and related gender analysis will be an integral part of project design, implementation, and evaluation.

(e) Dialogue Agenda: The dialogue agenda will be ambitious, and is now being developed. For example, the GOB is in the process of developing a new Land Law, and will later draft regulations to define specifically the rights and obligations of indigenous peoples with respect to the resource base. This project could play a key role in supporting this process. The GOB is also nearing completion of terms of reference for a study

to define a protected area for the Chaco (within the context of the National System for Protected Areas program), and this project would strongly complement that initiative.

(f) **Donor Coordination:** The project will support efforts of other multilateral (e.g., UNDP, FAO, World Bank) and bilateral (e.g., the Dutch and Swiss) donors in this area and complement the work of several major NGOs now active in this field (in particular the Missouri Botanical Garden, Wildlife Conservation Society, and Conservation International). Donor coordination would be assured through the donor working group sponsored by the National Environmental Fund (FONAMA).

4. Policy and Design Issues

This project takes an innovative approach to resource conservation, building on synergies between Environment and Democracy. It fully embraces the biogeographic area concept proposed in the draft Implementation Guidelines for the Environment, and recognizes that **effective resource management is as much a social as a biological issue**. It builds on the capacities of local indigenous peoples to better manage the resource base, and on their commitment to the long-term sustainability of these resources. Finally, it focuses on the Chaco, the second largest ecosystem in the hemisphere (classified in the highest priority category in USAID's Biodiversity Support Program's 1994 Priority Setting exercise), yet one with only 1% of its total area protected (in contrast to the donor community's rush to fund conservation efforts in "tropical rain forests"). Important policy and design issues are discussed below.

(a) **Sustainability:** This project aims at the most fundamental of indigenous peoples needs, legal establishment of community resource tenure rights and the right to maintain their own social organization. It lays the foundations for greater opportunities to participate in the economic and political life of the nation, without sacrificing cultural identity. Further, the Izozog Guarani communities constitute the country's first indigenous Sub-Municipality established under the new Popular Participation Law, and their existing social organization provides an essential foundation on which to build a program for sustainable resource use.

(b) **Potential Issues:**

(1) **Conflictive Theme:** As with many natural resource management issues, sustainable use of this area will require careful compromise between competing interests. The agricultural and ranching interests in the Bolivian lowlands are economically and politically powerful, and may not welcome establishment and protection of indigenous resource rights. These groups must also be effectively accommodated for this initiative to succeed, and here good conflict resolution and negotiation skills will be critical. Similarly, some resist the idea of indigenous territories, especially if these "special" rights imply reduced

national sovereignty or a potential brake on economic development. However, the political will in Bolivia to accommodate the needs of indigenous groups has apparently never been stronger, though formal ratification of the Chaco Park is behind schedule. Close design collaboration with the GOB and indigenous and other interest groups will test the real strength of this political will.

(2) New GOB Institutions: The two GOB Ministries responsible for these issues (the ministries for Human Resources and for Sustainable Development and the Environment) are both newly created, with relatively weak institutional capabilities, yet the new institutional structure accommodates this project exceptionally well.

(3) Coordination with USAID/Paraguay: Since a biogeographic unit perspective is the most effective way to work with Chaco's indigenous peoples to protect this area's fragile resource base, this project would clearly benefit from close coordination with USID/Paraguay and the GOP. Informal contacts have already been made, and have been highly positive.

(4) Experience with Similar Initiatives: Many indigenous peoples organizations have successful natural resource management programs. These offer invaluable experience that should be carefully analyzed for "lessons learned".

(5) Local Participation: The direct and active participation of the Chaco's indigenous peoples in project design, implementation, and evaluation will be a cornerstone of this project. Since the decision-making processes of indigenous groups are often highly democratic and participatory, the additional time spent in careful, culturally sensitive collaboration will be time very well spent.

(c) Linkages to Global and Regional Programs: At the present time there is no global or regional program with the capacity to implement this project. However, several projects in the GFR as well as the Forest Resources Management (FRM II) Project and LAC's Parks in Peril (PIP) Project could provide some targeted assistance.

(d) Management and Support Requirements: USAID/Bolivia's ARD Office and the Strategic Objective Committee for the Environment will work in close coordination with the GOB, NGO, and indigenous peoples representatives to develop a Project Paper. Support would be needed from a multidisciplinary team with a strong level of effort. USAID/Bolivia's ARD Office is capable of managing the project, and a PSC will not be required.

(e) Timetable and Resource Requirements: Subject to the availability of additional funds for this activity, a Project Paper team could be in place by mid-1995, with a final PP approved by early 1995. The Mission estimates the cost of PP development at approximately \$100,000.

(f) Recommendations on Delegation of Authority for Further Review and Approval: This NAD was submitted with last year's Action Plan, and approved through State 162533 (dated June 17, 1994). Only minor changes have been made in this resubmission, to reflect new knowledge gained.

NEW ACTIVITY DESCRIPTION

1. Basic Data

- | | |
|---------------------------|--|
| (a) Activity Title: | FY 1996 Balance of Payments Support |
| (b) Activity Number | 511-0639 |
| (c) Funding Source: | ESF/CN |
| (d) Duration: | FY 1996-1997 |
| (e) Proposed LOA Funding: | \$15 million |

2. Strategic Fit with Agency/Bureau Goal

The ESF Balance of Payments program supports the Agency Sustainable Development objective of Encouraging Broad-Based Economic Growth by providing balance of payments assistance in support of the GOB's sustainable development and counternarcotics programs. The program also supports the Agency's Strategic Objective of Building Democracy through improved effectiveness and accessibility of key democratic institutions and practices, particularly improved quality and speed of judicial and extra-judicial processes. The program specifically supports a range of USG counternarcotics objectives in Bolivia.

3. Consistency with Mission Strategy

(a) **Activity Goal:** The FY 1996 ESF Balance of Payments Assistance Program will directly support the same three areas of critical USG policy interest in Bolivia as the recently completed FY 1993-94 Program: counternarcotics, broad-based economic growth and democracy. The Program will support the USAID/Bolivia goals of Expanded Economic Opportunity and Access and Building Democracy. Verifiable indicators will include progress on counternarcotics and economic policies through tracking of the illegal coca economy as a percent of the legal economy, GDP growth rate and other indicators.

(b) **Activity Purpose:** The purpose of the program is to offset foreign exchange losses from reduction in the cocaine trade and to help finance the GOB's social and economic development programs, particularly in activities alternative to coca growing and processing, consistent with the USAID program outcomes of Increased Non-Coca Economic Opportunities in the Chapare and associated areas and Increased Competitiveness of the Non-Coca Export Sector. Verifiable indicators will be developed in terms of progress on a negotiated "basket" of counternarcotics, institutional, social and economic program implementation.

(c) **Activity Description:** Consistent with the goals of counternarcotics, democracy and broad-based economic growth, the FY 1996 ESF Program will be designed to: (i) provide balance of payments support needed to sustain implementation of the GOB's programs; (ii) provide offsetting foreign exchange to compensate for losses of foreign exchange resulting from the suppression of

illicit coca products; (iii) assist in financing projects and investment to develop viable alternatives to employment and income generation now provided by the coca sub-economy; and, (iv) strengthen Bolivia's democratic institutions, particularly those involved in the administration of justice.

The ESF dollars will be used to contribute to Bolivia's external debt reduction objectives. Counterpart local currencies will be provided by the GOB and jointly programmed by USAID/Bolivia and the GOB to: (i) contribute to the USAID/Bolivia local currency Trust Fund; (ii) provide counterpart to key USAID/Bolivia development projects, particularly alternative development projects in the Chapare transitional areas and the high valleys; and (iii) finance GOB counterpart requirements for selected multilateral donor projects.

(d) Anticipated impact on poverty alleviation, access and participation: The impacts of the GOB social and economic program implementation supported by FY 1995 resources are expected to be consolidated and reinforced by continued balance of payments support.

(e) Dialogue agenda: The major focus of the dialogue agenda and conditions precedent to tranching disbursement will relate to coca eradication targets, effective narcotics interdiction, enforcement of Bolivia counternarcotics Law 1008 and the maintenance of an appropriate social and economic development program. In addition, key sectoral issues associated with USAID/Bolivia's strategic objectives will be identified and included in the CP and Covenant Sections of the Agreement, as appropriate.

(f) Donor coordination: Program components may complement the stabilization and structural adjustment objectives of ongoing GOB programs with the World Bank and the IMF. Program components will be determined jointly by USAID/Bolivia and the GOB. There will not be any cross conditionality. ESF program compliance will not be directly linked to any program or policy condition of any other donor.

4. Policy and Design Issues

(a) Sustainability: The thrust of the policy focus of the program is to support sustainable development frameworks in counternarcotics and associated structural adjustment. The program directly supports the GOB's social and economic programs and implementation of the Counternarcotics Law 1008.

(b) Potential issues: The GOB has substantially complied with economic and sectoral conditionality in the past, but has had difficulty with fully complying with coca eradication targets. This resulted in reduced disbursements in the recent Programs.

(c) Linkages to Global Bureau resources and LAC regional

programs: Directly supports LAC's response to PDD-14.

(d) Management and Support Requirements: Monitoring of compliance with economic and counternarcotics programming will be done by the permanent staff of the Office of Economics, and will not require additional OE or project financing. USAID management of local currency programming and use is done by a permanent unit established in the Project Development and Implementation Office. Since 1988, USAID has worked closely with the GOB in establishing a separate GOB unit devoted exclusively to monitoring and accounting for both the local currencies and the dollars. This unit is financed from local currency counterpart and is usually staffed by about 25 persons. The system works well. No PSC support will be needed.

(e) Timetable and Resource Requirements for Developing the Assistance Proposal: A Concept Paper and PAAD will be developed early in FY 1996. These documents will be developed by the permanent staff of USAID/Bolivia.

(f) Recommendations on Delegation of Authority for Further Review and Approval: Development of the Concept Paper and PAAD will be an interagency exercise coordinated in La Paz. The Concept Paper and PAAD will be reviewed and approved in USAID/W.

New Activity Description

1. Basic Data

- (a) Project Title: P.L.480 Title II (Regular Program and Monetization)
- (b) Project Number: N/A
- (c) Funding Source: P.L.480
- (d) Fiscal Years: 1996-2000
- (e) LOP Funding: \$60.0 million (CCC value and transport.)

2. Strategic Fit with Agency Food Aid Policy

Under the Title II regular program, including monetized proceeds, USAID/Bolivia will give priority to increasing agricultural productivity, as well as improving the household nutrition of the rural and urban poor.

3. Consistency with Mission Strategy

(a) **Activity Goal:** The goal of the Title II program is to support Bolivian food security through programs promoting agricultural productivity (including infrastructure construction) and household nutrition (including food for work, school feeding and humanitarian assistance). Additionally, the Title II program directly supports three of the Mission's strategic objectives: expanded economic opportunity and access; improved family health; and improved effectiveness of democratic institutions. Under the food for work program, creation of temporary employment acts as a "safety net" for the very poorest migrants from rural areas. The food for work program also supports the Mission's family health strategic objective by construction of potable water, sewage, drainage and paving in poor neighborhoods. Title II also supports a wide range of other health-related activities such as school feeding, ORT, vaccinations, and other child survival activities. Finally, the food for work program is unique in that it supports the growth of grassroots democratic institutions in the very poor barrios of the country's major cities.

(b) **Impact on poverty alleviation:** Anticipated impact is considerable. On any given day of the year, the program feeds almost 400,000 poor people.

(c) **Activity description:** Under the Title II program, USAID/Bolivia will support agricultural productivity by using: monetization funds to increase agricultural productivity in the most food insecure regions of the country, especially in the Altiplano and Inter-Andean Valleys; food for work rations to construct irrigation systems, improve pastures, conserve soils, and forestation; monetization funds to purchase local commodities to supplement Title II food rations. The program will support improved household nutrition by using: food for work rations to improve food security for families which have recently migrated to the peri-urban areas of major cities and in rural towns; school feeding rations for school children ages

five to 12, primarily in rural areas of severe malnutrition; monetization funds for child survival programs in areas where health services do not exist; and food for humanitarian assistance, primarily for orphanages and old age homes. Implementation of the program is entirely carried out by private voluntary agencies.

(d) Policy agenda: Mission has embarked on major policy dialogue with the four implementing PVOs and the GOB on full incorporation of food security concerns into the food for work program, by far the largest component of the Title II program. This dialogue is being extended to the school feeding program.

(e) Donor coordination: The Title II program will be carefully coordinated with the World Food Program, bilateral food assistance programs

4. Design Issues

(a) Sustainability: In conjunction with Section 202e support grants, the program promotes the institutional strengthening of the four Cooperating Sponsors to undertake development and humanitarian assistance programs for the poor which will be sustained once the Title II program is phased out in Bolivia.

(b) Innovative program approaches: Mission intends to improve the food security impact monitoring system for this program.

(c) Linkages to AID/W resources and programs: Because this is a local currency program, anticipated use of dollar resources from the Global and other bureaus will be limited to ocean and inland transport, and periodic evaluations.

(d) Management requirements: Management of the Title II program will not require increased workforce but will reduce OE requirements through use of the Title III P.L.480 Trust Fund. Any additional USPSC requirements after FY 1995 will be met through the use of this fund.

(e) Design requirements: No increased OE or PD&S funds required to develop the FY 1996-2000 five-year operating plans. Anticipated submission date to USAID/W is May 1, 1994.

(f) Recommendations for delegation of authority: None.

NEW ACTIVITY DESCRIPTION (AMENDMENT)

1. Basic Data

| | |
|--------------------------------|--|
| (a) Project Title: | Bolivia Administration of Justice |
| (b) Project Number: | 511-0626 |
| (c) Funding Source Identified: | ESF |
| (d) Duration: | Currently Authorized: FY 1992-1998 Proposed Amendment: FY 1998-1999 |
| (e) Proposed LOP Funding: | Currently Authorized: \$10 million Proposed Amendment: \$ 4 million |

Proposed New LOP: \$14 million

2. Introduction

The project was originally approved for five years and \$10 Million. The original LOP budget was set at \$13 million, including \$10 million in USAID funding and \$3 million in GOB funding, whose source has been the ESF Balance of Payment programs. At present, the Project is being systematically and effectively implemented, within the added positive atmosphere towards reform created by the GOB's establishment in late 1993 of an independent Ministry of Justice. The current Minister, a highly qualified and vigorous advocate of reform, has become the project's lead counterpart, and has frequent and direct access to the President. The GOB has assigned the lead in promotion and legislation of justice sector reform to the MOJ.

This amendment will:

- 1) refinance the program to: a) replace non available local currency, and b) provide for additional LOP funding.
- 2) extend the LOP to December 31, 1998.

The fact that expected ESF Balance of Payment-generated local currency is no longer available as of January 1, 1995, has forced project management to immediately seek to amend all procurement instruments to absorb all project costs, including those that were budgeted with local currency, i.e. seminars, salaries of local hire staff and consultants, travel originated in Bolivia, and other. This was absolutely necessary, because otherwise the implementation of activities as well as achievement of the Project purpose would have been jeopardized.

Fortunately, the current pipeline allowed these immediate budgeting shifts to take place, but dollar funding will now be

drawn down faster than anticipated, presenting a shortfall problem in the out years, and creating a funding gap for completion of planned activities before the present PACD. But even before the local currency withdrawal, project management had already determined that the project was underfunded through the LOP. This is the case with respect to: ICITAP, which needs additional funds to operate through present LOP; DOJ/OPDAT, whose original PASA runs for only three years and must be extended and refinanced to run through LOP; and with respect to IABF, whose original grant runs for only two years and must also be made coextensive with the rest of the project elements. Without these extensions and refinancings the BAOJ project would cease to be a balanced and integrated effort, and important elements in access to justice through neighborhood mediation centers, and in institutional development of the prosecutorial function would shut down just as they are up and running.

In addition, as a separate consideration, other new circumstances external to the project now present new opportunities for significant near term USAID impact on justice reform. There has been a major increase in receptivity to justice reform assistance, political will, and the attendant expansion of appropriate opportunities for effective project contributions to real institutional reforms presented through the new Ministry of Justice. This situation has lead project management to seek an additional LOP amount of \$1.5 million for new activities.

Therefore we now seek a total of \$4 million in additional LOP dollar funding (\$2.5 to replace non available local currency, and \$1.5 for new activities). Thus, the Mission resubmits this NAD to amend the BAOJ project for LAC approval at a new LOP level of \$14 million.

The additional \$4 million will finance the following:

- a. \$1,250,000 to fully fund ICITAP at \$4,000,000 LOP as originally planned. At the current level, ICITAP will receive only \$2,750,000.
- b. \$1,000,000 to extend the DOJ/OPDAT PASA from March 96 through PACD.
- c. \$500,000 to extend the IABF Grant from December 95 through PACD.
- d. \$1,250,000 to extend the MSD Contract from December 97 through PACD.

Finally, since the next change of administration in Bolivia will

occur on August 6, 1997, and the current PACD is December 31, 1997, the Mission seeks an additional one year extension of the LOP. The departure of key GOB counterparts in the MOJ, the Ministry of Government, and the general uncertainty leading up to the 1997 election is likely to disrupt the final consolidation of some project activities. The new GOB will require several months to name its key counterparts and determine operational priorities in the justice sector. As a practical matter, this would not permit enough time to conduct policy dialogue with the next GOB in order to assure sustainability and continuity of reforms and advances under the present administration, and to respond to new priorities. The additional LOP funding would also allow us to respond to new GOB priorities in the final project year and to assure the permanence of reforms achieved.

3. Strategic Fit With Agency/Bureau Goals

The Bolivia Administration of Justice Project directly supports the Agency's "Building Democracy" goal through improved effectiveness and accessibility of key democratic institutions and practices, particularly of the Bolivian Justice system. There now exists a clear opportunity to make important progress in reform of this sector in the near term under the present GOB, whose term expires in August 1997.

4. Consistency With Mission Strategy

(a) **Project Goal:** The goal of the project is to improve the effectiveness, efficiency and accessibility of the Bolivian Justice system.

(b) **Project Purpose:** The purpose of the project is to improve the effectiveness of the judicial system, focusing principally on efforts in three pilot zones, including the Departments of Santa Cruz, Tarija, and La Paz.

The Mission strategy for Administration of Justice, as part of the Strengthening Democracy strategic objective, is to focus on improved access to and efficiency of the Bolivian justice system.

(c) **Project Description:** The project has three components critical to achieving the project purpose:

1) Improved Judicial System Efficiency and Accountability through:

- a) a modern administrative infrastructure, transparent, efficient case processing, and legal reform;

- b) institutional support for the mission of the newly created Ministry of Justice (MOJ), assisting in the creation of a functional organizational structure, a strategic plan, information systems, a database of all national legislation, and drafting of reform legislation;
- c) criminal case tracking systems for the police, prosecutors and judiciary to reduce bottlenecks and processing time and insure greater respect for due process and protection of human rights.

2) Effective Criminal Prosecution and Investigation through:

- a) improved investigation, preparation and presentation of criminal cases, principally through the institutional strengthening of the prosecutorial, police investigative, and public defense functions nationwide;
- b) creation of an anti-corruption task force through technical assistance to establish interagency cooperation in the investigation and prosecution of public sector corruption;
- c) support for the establishment of a one year graduate criminal law diploma program at the Universidad Privada de Santa Cruz (UPSA).

3) Alternative Dispute Resolution and Access to Justice through:

- a) the rapid expansion of the public defense nationally through technical assistance and training provided to the MOJ.
- b) alternative dispute resolution and modernized judicial process to reduce procedural delay;
- c) grassroots civic legal education and training activities for prisoners, students and marginalized groups.

(d) Anticipated Impact on Poverty Alleviation, Access and Participation Including Gender Level Impact: The project is already having positive impact on the access of the poor, especially poor women, to justice and to legal services. The steady expansion of the Public Defense system, supported by this Mission since 1992, has provided the first ever effective defense for an increasing number of indigent defendants and arrestees, and secured the release from detention of more than 3500 such persons, thus far. The activities of CDC, the project supported legal education and services NGO, are centered on poor working women, prisoners, and high schools in low income areas.

(e) Dialogue Agenda: In developing and implementing this project, USAID/Bolivia has maintained close consultation the Ministry of Justice, Attorney General and District Attorney officials, Supreme and District Court judges, the Ministry of Government, the National Police, and other justice sector actors. A central element of policy dialogue and project strategy supports MOJ efforts to assure adequate budget resources for its programs, especially the Public Defense, and to assure GOB assignment of adequate resources to operate important new elements of the judicial system mandated by recent constitutional reforms. We are also urging the full assignment of the legally required 3% of the national budget to the judicial branch, and once the draft laws for Criminal Code reform, the Judicature Council, and the Constitutional Tribunal are before the Congress in the latter half of 1995, we will be strong advocates for their passage and effective implementation. The continued commitment of the GOB to support institutional reforms in the National Police, including the newly created Judicial Technical Police, and the new curricula for the police academies is another important focus for dialogue. The project also supports the continuation of the constitutional autonomy of the Attorney General. The need for close and active coordination of donors through the Ministry of Justice is of growing importance and our position on this is fully supported by the present Minister.

(f) Donor Coordination: Coordination with other bilateral and international donors funding justice reforms in Bolivia, including the World Bank and IDB, is a central element of project strategic and tactical planning. We have promoted donor coordination through the Ministry of Justice with growing success. Due to our particularly close coordination with the IDB, we expect that our efforts and theirs will dovetail well. They have shown specific interest in our several pilot projects in court administration and case tracking, and are receptive to funding an acceleration of the replication process in the remaining judicial districts.

5. Policy and Design Issues

(a) Sustainability of Proposed Activities: The sustainability of the activities and the proposed reforms supported by the project are almost entirely dependant on the future assignment of adequate budget resources by the Government of Bolivia. Resources assigned under the present GOB have grown, especially in the support for the Public Defense system, but the financing of the justice sector remains far from adequate. We will continue to urge the reordering of priorities needed to meet future needs.

(b) Potential Issues or Innovative Program Approaches: The project is focused on the establishment of modern mechanisms and institutional structures, and on support for necessary legislative reforms to assure a more modern and efficient use of resources by the justice system. We have deliberately resisted directly subsidizing the payment of salaries for new permanent employees of justice institutions, preferring to cover short or medium term consultants of working groups, so as to avoid dilemmas when the GOB will be unable to finance the continuation of expanded staffing. In effect, we are promoting better outcomes through better use of existing or slowly increasing public sector resources, and better training of present human resources, in the recognition that Bolivia cannot afford to massively increase investment in its justice system in the near term. We are encouraging the same approach by the other main donors, whose programs will not come on line until late 1995 and early 1996. We hope to have a well coordinated set of programs, especially with the IDB, that will avoid overlap and, in certain cases, allow more rapid installation of the results and systems produced in our pilot programs.

(c) Linkages to and Utilization of Global Resources and LAC Regional Programs: This mission will utilize all appropriate resources of G/DG once those programs are established. G/DG has reserved \$100,000 for USAID/Bolivia use for buy-ins to their upcoming IQC's.

(d) Management and Support Requirements: The project will continue to be managed by the USAID/Bolivia Office of Democratic Initiatives (ODI). The Regional Democratic Initiatives Officer/Director, ODI continues to have direct management responsibility over the project. He will be assisted by an FSN PSC Project Coordinator and a FSN PSC Financial Analyst. The implementing agencies for portions of this project are: (1) the United States Department of Justice Office of Professional Development and Training (DOJ/OPDAT); and (2) the United States Department of Justice International Criminal Investigation Training Assistance Program (DOJ/ICITAP), both of which are now elements of the DOJ Criminal Division. The major contractors and Grantees are: (1) Management Sciences for Development (MSD) for activities supporting the Judicial System Efficiency and Accountability component and certain activities supporting the other components; and (2) the Inter-American Bar Foundation (IABF), for alternative dispute resolution activities under the Access to Justice component.

(e) Timetable and Resource Requirements for Developing the Assistance Proposal: The activities are ongoing and require no additional development assistance.

(f) Recommendations on Delegation of Authority for Further Review and Approval: Mission recommends that the AA/LAC delegate authorization authority for the proposed amendment to the USAID/Bolivia Director. This recommendation is consistent with Delegation of Authority Number 752, dated September 14, 1992.

NEW ACTIVITY DESCRIPTION(Project Amendment)1. Basic Data

| | |
|---------------------------|--|
| (a) Project Title: | Self-Financing Primary Health Care II |
| (b) Project Number: | 511-0607 |
| (c) Funding Source: | DA, Population |
| (d) Duration: | Currently Authorized: FY 1991-1996 Proposed Amendment: FY 1996-2000 |
| (e) Proposed LOP Funding: | Currently Authorized: \$6.5 million Proposed Amendment: \$4.0 million Proposed New LOP: \$10.5 million |

2. Strategic Fit with Agency/Bureau Goals

The Self-Financing Primary Health Care II Project (PROSALUD) supports the Agency's and LAC Bureau's goals of stabilizing population growth and protecting health. The current PROSALUD project was authorized in 1991 and was designed to replicate in El Alto and La Paz the successful Santa Cruz experience of Self-Financing Primary Health Care, Phase I. The proposed extension will expand PROSALUD's primary health care and family planning services into new regions of the country as health services are privatized by municipalities under the Popular Participation Law. It will firmly establish PROSALUD as a major participant at the national level in the provision of high quality, sustainable primary health and family planning services. The extension will include development of new reference clinics to serve as centers for patient referral from the networks of PROSALUD's primary health care centers. Although PROSALUD will increasingly reach out to rural areas, its primary impact will continue to be in the urban and peri-urban areas. Through a complementary grant to PROCOSI, a federation of PVOs, USAID is supporting the municipalities to privatize health services in rural areas.

3. Consistency with Mission Strategy

(a) **Project Goal:** The project's goal is to improve the health status of populations within poor urban and peri-urban areas of Bolivia, with particular emphasis in reducing maternal, infant, and child mortality rates within project areas. Besides contributing directly to USAID's Family Health Strategic Objective of improving family health throughout Bolivia with special emphasis on mothers and children under five, the project will improve health status among employable people with marginal incomes, thus reinforcing the Mission's efforts to expand economic access and opportunity. The program outcome is increased utilization of health and family

planning interventions by Bolivian mothers and children under five. Expansion of the PROSALUD network is increase access and use of health and family planning interventions. Through a complementary grant under the Reproductive Health Services Project, PROSALUD is expanding its family planning and Contraceptive Social Marketing (CSM) programs, making it one of Bolivia's most important contributors to the Agency's goal of stabilizing population growth.

(b) Project Purpose: The project's purpose will be expanded to improve the access, quality, coverage, and sustainability of health care services to underserved populations throughout Bolivia. The project extension will expand PROSALUD into a truly national institution with primary health care and reference clinics spread throughout the country. This will have a national impact on the health of Bolivian families and greatly enhance the impact of PROSALUD as a primary health care financing model and leader in quality of health care. This project has an important secondary purpose of supporting the Summit of the Americas initiative to promote health reforms. The project extension will help PROSALUD take over former Secretariat of Health service provision responsibilities under the groundbreaking Popular Participation Law. It will help the Secretariat to change its role from a service provider to a policy-making, norm-setting, and regulating institution.

Project goal indicators include reduced maternal and child mortality and morbidity. Tangible project purpose indicators (e.g., percent of total number of rural municipalities contracting out their health care to a PROSALUD member, percent of population receiving health care through PROSALUD members, percentage of community with access to PROSALUD primary health care facilities, and percent cost recovery) and output indicators (e.g. percent use of PROSALUD public health and reference clinics, and percent use of PROSALUD franchised centers) will be measured, documented, and reviewed semi-annually. Outside consultants will be employed to review and adapt current indicators to reflect the national scope of the project.

(c) Project Description: This project will build on PROSALUD's internationally recognized success to date. The 13 primary health care clinics in Santa Cruz are now 100% self-financing. The Santa Cruz reference clinic, after 16 months of operation, has achieved 66% cost recovery. Levels of cost recovery for the El Alto/La Paz centers range from 45% to 61%. The opening of five new centers in La Paz will assist the rapidly accelerating rate of cost recovery by expanding coverage and moving into areas with the potential of cross-subsidizing more marginal areas.

PROSALUD's coverage, or population that regularly receive services as a percent of the population that has access to the services, has

continued to improve and has exceeded life-of-project targets. Quality of care, as measured by the percentage of patients that return for additional check-ups within a single illness episode, is also at 100% of life-of-project targets.

Under the extension, PROSALUD will take advantage of Bolivia's revolutionary Popular Participation Law to expand into new areas of the country. Under the Popular Participation Law, the country is divided into 305 municipalities. The municipalities receive a per capita allowance that can be used for expenditures on health care and are allowed to contract for those services as appropriate. PROSALUD has already been approached by several of the newly constituted municipalities to provide services. As further support for the PROSALUD model, the mayor of Santa Cruz (where PROSALUD began) has asked that PROSALUD expand to take over all the health centers under his jurisdiction. Co-participation Revenue from the municipalities will greatly assist PROSALUD's cost recovery ability and offers a strong guarantee of project sustainability.

The extension will help PROSALUD finance the capital costs of renovating facilities inherited by municipalities from the National Secretariat of Health and provided to PROSALUD by municipalities. While municipalities will retain ownership of the facilities, it is anticipated that they will provide them to PROSALUD to operate. The extension will help to build and equip new primary health care centers, where necessary. It will also provide a fund for the care and treatment of medically indigent patients. This project represents an important opportunity for Bolivia to privatize its primary health care delivery system and provide a quality of care unparalleled in the region. PROSALUD is increasingly providing international technical assistance to replicate its model not only to its Bolivian, Peruvian, and Brazilian neighbors, but to African countries as well.

(d) Anticipated Impact on Poverty Alleviation, Access, and Participation: Currently Secretariat of Health services are estimated to reach 35% of the Bolivian population and are theoretically targeted to the poorest segments of society. Studies have shown, however, that because of very poor quality of care and inhospitable treatment, the services are severely underutilized. Studies have also shown that PROSALUD treats as many or more poor people than the Secretariat of Health in areas where both have facilities. PROSALUD data show that already nearly 65% of total service provision is for preventative primary health care services which are provided without charge to all clients. Sustainability is assured by cross subsidies for curative care. Nearly 15% of all curative services are provided free to indigent patients. This project has an important potential for expanding PROSALUD's benefits of reduced maternal/infant mortality and morbidity, increased use of family planning, and

community participation with dignity from two regions to all areas of Bolivia.

(e) **Dialogue Agenda:** Although essentially a private sector project, the extension will form an essential and important part of USAID's dialogue agenda with the Government of Bolivia. PROSALUD represents a demonstrated, proven, and workable alternative to public provision of services, which has failed miserably. The Popular Participation Law has created a means for the people of Bolivia to make their demands for high-quality health services heard. Expansion of PROSALUD is in effect a health sector reform taking place from the municipal grassroots upward. It offers a powerful incentive for reform to the Secretariat of Health. The Secretariat has already requested additional technical assistance support from PROSALUD at regional and district levels to improve administrative and financial systems.

(f) **Donor Coordination:** USAID will coordinate implementation of this project with other donors to avoid duplication of effort and maximize benefits and impact. With approval of this Action Plan, USAID will seek co-sponsors for the project. The Inter-American Development Bank has already expressed an interest and USAID will seek additional funding from this source.

4. Policy and Design Issues

(a) **Sustainability:** Achieving complete technical and financial sustainability in primary health care has been the purpose of this project since Phase I. PROSALUD has not only accomplished this purpose -- long regarded as impossible to achieve by conventional wisdom -- but has set unprecedented standards for quality of care. Chances for continued financial sustainability are even greater under this proposed extension than earlier phases because of municipal support made possible by the Popular Participation Law. It is anticipated that by the end of this extension, operating costs will be all or nearly all covered by PROSALUD's income. As with previous phases, initial capital expenses are covered by the project.

(b) **Potential Issues:** Resistance to change by stakeholders in the public sector health services is an issue that may postpone the expansion of PROSALUD into some areas of the country. It is unlikely to prevent that expansion permanently, however, because the forces for reform unleashed under the Popular Participation Law are believed by policy analysts to be irreversible. USAID will work closely with the Secretariat of Health, providing technical and policy assistance wherever possible to help them shift to a new role.

(c) **Linkages or Utilization of LAC Regional Programs:** LAC/RSD/EHR expertise will be requested in the development and refinement of

indicators and for other technical assistance for this project.

(d) Management and Support Requirements: The project will be managed by USAID/Bolivia's Health and Human Resource (HHR) Office, which has a long history with PROSALUD. Through the cooperative agreement mechanism, HHR has developed an excellent working relationship with PROSALUD. The project is managed by a local hire PSC who will continue that responsibility.

(e) Timetable/Resources Required to Develop the Project Paper: Mission staff will develop the project documentation in accordance with new Agency procedures.

(f) Delegation of Authority: USAID/Bolivia recommends that the Assistant Administrator for Latin America and the Caribbean delegate authority to authorize this Amendment to the USAID/Bolivia Mission Director.

FY 1997: NEW AND AMENDED ACTIVITY DESCRIPTIONS

- FY 1997 ECONOMIC RECOVERY BALANCE OF PAYMENTS
- CHILD SURVIVAL PVO NETWORK II AMENDMENT

NEW ACTIVITY DESCRIPTION

1. Basic Data

| | |
|--------------------------------|--|
| (a) Activity/Project: | FY 1997 Balance of Payments Support |
| (b) Activity/Project Number: | 511-0640 |
| (c) Funding Source Identified: | ESF/CN |
| (d) Duration (Fiscal Years): | FY 1997-1998 |
| (e) Proposed LOA Funding: | \$23 million |

2. Strategic Fit with Agency/Bureau Goal

The ESF Balance of Payments program supports the Agency Sustainable Development objective of Encouraging Broad-Based Economic Growth by providing balance of payments assistance in support of the GOB's sustainable development and counternarcotics programs. The program also supports the Agency's Strategic objective of Building Democracy through improved effectiveness and accessibility of key democratic institutions and practices, particularly improved quality and speed of judicial and extra-judicial processes. The program specifically supports a range of USG counternarcotics objectives in Bolivia.

3. Consistency with Mission Strategy

(a) **Activity Goal:** The FY 1997 ESF Balance of Payments Assistance Program will directly support the same three areas of critical USG policy interest in Bolivia as the FY 1996 Program: counternarcotics, broad-based economic growth and democracy. The Program will support the USAID/Bolivia goals of Expanded Economic Opportunity and Access and Building Democracy. Verifiable indicators will include progress on counternarcotics and economic policies through tracking of the illegal coca economy as a percent of the legal economy, GDP growth rate and other indicators.

(b) **Activity Purpose:** The purpose of the program is to offset foreign exchange losses from reduction in the cocaine trade and to help finance the GOB's social and economic development programs, particularly in activities alternative to coca growing and processing, consistent with the USAID program outcomes of Increased Non-Coca Economic Opportunities in the Chapare and associated areas and Increased Competitiveness of the Non-Coca Export Sector. Verifiable indicators will be developed in terms of progress on a negotiated "basket" of counternarcotics, institutional, social and economic program implementation.

(c) **Activity Description:** Consistent with the goals of

counternarcotics, democracy and broad-based economic growth, the FY 1997 ESF Program will be designed to: (i) provide balance of payments support needed to sustain implementation of the GOB's programs; (ii) provide offsetting foreign exchange to compensate for losses of foreign exchange resulting from the suppression of illicit coca products; (iii) assist in financing projects and investment to develop viable alternatives to employment and income generation now provided by the coca sub-economy; and, (iv) strengthen Bolivia's democratic institutions, particularly those involved in the administration of justice.

The ESF dollars will be used to contribute to Bolivia's external debt reduction objectives. Counterpart local currencies will be provided by the GOB and jointly programmed by USAID/Bolivia and the GOB to: (i) contribute to the USAID/Bolivia local currency Trust Fund, (ii) provide counterpart to key USAID/Bolivia development projects, particularly alternative development projects in the Chapare transitional areas and the high valleys, and (iii) finance GOB counterpart requirements for selected multilateral donor projects.

(d) Anticipated impact on poverty alleviation, access and participation: The impacts of the GOB social and economic program implementation supported by FY 1995 resources are expected to be consolidated and reinforced by continued balance of payments support.

(e) Dialogue agenda: The major focus of the dialogue agenda and conditions precedent to tranching disbursement will relate to effective narcotics interdiction, enforcement of Bolivia counternarcotics Law 1008 and the maintenance of an appropriate social and economic development program. In addition, key sectoral issues associated with USAID/Bolivia's strategic objectives will be identified and included in the CP and Covenant Sections of the Agreement, as appropriate.

(f) Donor coordination: Program components may complement the stabilization and structural adjustment objectives of ongoing GOB programs with the World Bank and the IMF. Program components will be determined jointly by USAID/Bolivia and the GOB. There will not be any cross conditionality. ESF program compliance will not be directly linked to any program or policy condition of any other donor.

4. Policy and Design Issues

(a) Sustainability: The thrust of the policy focus of the program is to support sustainable development frameworks in counternarcotics and associated structural adjustment. The

program directly supports the GOB's social and economic programs and implementation of the Counternarcotics Law 1008.

(b) Potential issues: The GOB has substantially complied with economic and sectoral conditionality in the past, but has had difficulty with fully complying with coca eradication targets. This resulted in reduced disbursements in recent Programs.

(c) Linkages to Global Bureau resources and LAC regional programs: Directly supports LAC's response to PDD-14.

(d) Management and Support Requirements: Monitoring of compliance with economic and counternarcotics programming will be done by the permanent staff of the Office of Economics, and will not require additional OE or project financing. USAID management of local currency programming and use is done by a permanent unit established in the Project Development and Implementation Office. Since 1988, USAID has worked closely with the GOB in establishing a separate GOB unit devoted exclusively to monitoring and accounting for both the local currencies and the dollars. This unit is financed from local currency counterpart and is usually staffed by about 25 persons. The system works well. No PSC support will be needed.

(e) Timetable and Resource Requirements for Developing the Assistance Proposal: A Concept Paper and PAAD will be developed early in FY 1997. These documents will be developed by the permanent staff of USAID/Bolivia.

(f) Recommendations on Delegation of Authority for Further Review and Approval: Development of the Concept Paper and PAAD will be an interagency exercise coordinated in La Paz. The Concept Paper and PAAD will be reviewed and approved in USAID/W.

NEW ACTIVITY DESCRIPTION(Project Amendment)1. Basic Data

| | |
|---------------------------|--|
| (a) Project Title: | Child Survival PVO Network II |
| (b) Project Number: | 511-0620 |
| (c) Funding Source: | DA |
| (d) Duration: | Currently Authorized: FY 1991-1996 Proposed Amendment: FY 1997-2000 |
| (e) Proposed LOP Funding: | Currently Authorized: \$ 8.0 million Proposed Amendment: \$ 4.0 million Proposed New LOP: \$12.0 million |

2. Strategic Fit with Agency/Bureau Goals

The Child Survival PVO Network II (PROCOSI) Project supports the Agency's and LAC Bureau's goals of stabilizing population growth and protecting health. The strategic objective is improved family health throughout Bolivia. The program outcome is increased utilization of health and family planning interventions by Bolivian mothers and children under five. The current PROCOSI project was authorized in 1991 and a debt swap has made the PVO federation largely self-sustaining. By the end of the current project, PROCOSI will have 25 PVO members providing essential health care, family planning, and economic growth services and projects to rural Bolivia.

The FY 1997-2000 Amendment will provide PROCOSI with funds for a very specific type of sub-grant to its PVO members beyond the scope of the current agreement. Bolivia's new Popular Participation Law has created the possibility of privatizing the provision of health services. The law created 305 municipalities and allocated each a per capita allowance that can be used for health expenditures as they see fit. It is unlikely, however, that many rural communities will have private sector alternatives to National Secretariat of Health services because of the lack of private sector providers in the rural areas.

The new amendment to PROCOSI will address that need by providing grants to member PVOs willing to set up primary health care clinics and services in rural areas. Grants will be used to refurbish former Secretariat of Health facilities, equip and supply the facilities, train personnel, and provide other essential inputs. Through a complementary grant to PROSALUD, the Mission is facilitating the privatization of health services in urban and peri-urban areas.

3. Consistency with Mission Strategy

(a) **Project Goal:** The project goal is the same as the Family Health Strategic Objective, i.e., to improve family health throughout Bolivia. By expanding the PROCOSI PVOs' ability to deliver child survival, family planning, and maternal health services focused in rural areas, PROCOSI members directly and substantially support the project goal.

(b) **Project Purpose:** The current project has two purposes: 1) to strengthen the technical, management, and service delivery capacity of the network's PVOs in the development of high-impact child survival, maternal health and community development programs and projects, and (2) to establish PROCOSI as a financially sustainable organization that will be able to continue providing services aimed at institutional strengthening and coordination after the project's completion date. It is anticipated that these purposes will be achieved by 9/30/96, the PACD, and that the debt swap will continue to finance important child survival and family planning programs by the member PVOs. The purpose of the FY 1997-2000 Amendment will be to enhance PROCOSI member PVO's provision of primary health care services in rural areas. The extension will facilitate PROCOSI member PVO's ability to take over provision of primary health care services, under agreements with municipalities, for rural areas.

This second purpose supports the Summit of the Americas initiative to promote health sector reforms. The Amendment will help PROCOSI PVO members take over former Secretariat of Health service provision in rural areas under the Popular Participation Law. It will assist the Secretariat to change its role from a service provider to a policy, normative, and regulating function.

Project goal indicators include impacts on maternal and child mortality and morbidity. Tangible project purpose indicators (e.g. percent of total number of rural municipalities contracting out their health care to PROCOSI members, percent of rural population receiving health care through PROCOSI members, numbers of patients treated by PROCOSI members, immunizations and family planning services provided by PROCOSI members, and other primary health care services) will be measured, documented, and reviewed semi-annually. Input measures will include numbers of public health clinics established in rural areas and number of rural health promoters.

(c) **Project Description:** This project will build on PROCOSI's established success in supporting its member PVOs and, through its sub-grants mechanism, leading them into new technical areas and enterprises. For example, under a new grant from the

Reproductive Health Services Project, PROCOSI members will be introducing family planning services and referrals to their existing and new projects. Because of the successful debt swap, PROCOSI is now a self-sustaining institution and in position to give child survival grants to its PVO members. Successes of the PROCOSI member PVOs have been well documented in individual project evaluations. The PVOs, many with independent financing from contributions and other donors, represent a powerful force in the health sector and certainly offer a viable alternative to public service provision. Some PVOs already provide health care to entire health districts and vast, hard-to-reach rural areas.

The Amendment will take advantage of Bolivia's revolutionary Popular Participation Law to help PROCOSI PVOs expand into new areas of the country. Under the Popular Participation Law, the country is divided into 305 municipalities. The municipalities receive a per capita allowance that can be used for expenditures on health care. Municipalities are allowed to contract for those services in accord with their own choice. Some urban municipalities have already begun the process of selecting private sector health providers. By the beginning of this project extension, PROCOSI members will have ample experience with the Popular Participation Law in their designated areas of responsibility.

(d) Anticipated Impact on Poverty Alleviation, Access, and Participation: The expanding PROCOSI network of PVOs have a catchment area of responsibility that includes approximately 30% of Bolivia's population. While only a small part of this population are currently direct project beneficiaries, the network is increasingly creating sustainable health infrastructure. Under the new Popular Participation Law, the private sector role in health care is anticipated to expand rapidly. Because of its vast experience in working in rural Bolivia, the PROCOSI network is the most likely private sector health provider to meet the demand of municipalities for the care of their rural citizens. This project will facilitate that transition, and is expected to have a very significant impact on poverty alleviation, access, and participation of Bolivia's most deprived population.

(e) Dialogue Agenda: Together with the PROSALUD grant for privatizing health services in the urban areas, the PROCOSI Amendment will form an essential and important part of USAID's dialogue agenda with the Government of Bolivia. PROCOSI offers a real alternative to public provision of services in the rural areas. The Popular Participation Law will for the first time allow rural people, through their municipal representatives, a voice to articulate the kind of health services they want.

Expansion of the PROCOSI network health services will facilitate reform by replacing Secretariat health outposts with real services at the village level. These changes will make reform at the national level mandatory for the Secretariat of Health.

(f) Donor Coordination: By its very nature, a project with PROCOSI involves other donors. PROCOSI members are supported by Catholic and Protestant Churches; the governments and private agencies of Germany, Canada, the Netherlands, Norway, and Great Britain; by UNICEF and European Economic Community; and by their own fundraising campaigns. USAID will coordinate closely with the many donor organizations supporting PROCOSI members.

4. Policy and Design Issues

(a) Sustainability: The Amendment sub-grants will help PROCOSI members finance the capital costs of renovating facilities inherited by municipalities from the National Secretariat of Health and provided to PVOs by municipalities. While the facilities will likely remain the property of the municipalities, it is anticipated that they will be made available to PVOs to operate. The project extension will also help to build, equip, and supply new primary health care centers. It will finance training and other start-up costs. It is anticipated that the municipal per capita health care grants to the PVOs, fee for services, the PVOs own operating budgets will make the provision of health services sustainable.

(b) Potential Issues: Resistance to change by stakeholders in the public sector health services is an issue that may postpone the provision of health care by PROCOSI members in some areas of the country. This may be less of an issue than with the PROSALUD grant, as the Secretariat has traditionally given responsibility for the health care of large rural areas to the PROCOSI PVOs. In any case, the Popular Participation Law clearly gives the municipalities the right and -- more important -- the financial power to choose their own health care providers. USAID will work closely with the Secretariat of Health, providing technical and policy assistance wherever possible to help them shift to a new role. A separate policy activity maintains an open dialogue with the Secretariat on these issues.

(c) Linkages or Utilization of LAC Regional Programs: LAC/RSD/EHR's technical assistance and expertise will be requested in the development and implementation of this project.

(d) Management and Support Requirements: The project will be managed by USAID/Bolivia's Health and Human Resources (HHR) Office, which has a long history with PROCOSI. The project is

currently managed by a local hire personal services contractor. It is anticipated that this arrangement will be continued.

(e) Timetable/Resources Required to Develop the Project Paper: Mission staff will develop the project documentation in accord with new Agency procedures.

(f) Delegation of Authority: USAID/Bolivia recommends that the Assistant Administrator for Latin America and the Caribbean delegate authority to authorize this Amendment to the USAID/Bolivia Mission Director.

B. Resource Requirements Narrative:

The Summary Program Funding Table (Table 3a) shows USAID/Bolivia's funding levels for FY 1995 and FY 1996 per LAC/DPD control levels provided via Email on February 14, 1995. For FY 1997, we straightlined totals from the FY 1996 control level.

The Summary Program Funding Table Global Field Support (Table 3b) shows Global Field Support funding levels for FY 1995 and FY 1996 per LAC/DPD guidance above. However, pending G Bureau control levels for FY 1997, we left the FY 1997 column blank.

The Development Assistance totals for FY 1995 and FY 1996 differ slightly from the control levels. As discussed previously (see Strategic Overview: Reengineering), we were unable to program some of the budgeted Global Field Support Funds into G projects. Rather than program scarce democracy and discretionary funds into G projects for which we saw no need, we opted to include these resources under USAID/Bolivia projects with very identifiable needs.

For FY 1995 we reprogrammed \$138,000 of unprogrammable G funds (\$100,000 G Democracy and \$38,000 G Discretionary Growth) into our Democratic Development and Citizen Participation (DDCP) project. As a result, our FY 1995 LAC-funded Mission budget totals \$23.667 million instead of the \$23.529 million control level; and G Field Support Fund budget totals \$7.002 million instead of the \$7.140 million control level.

For FY 1996 we reprogrammed \$200,000 (G Democracy) into DDCP and \$250,000 (\$150,000 G Growth Education and \$100,000 G Health) into our Human Resources for Development project. As a result, our FY 1996 LAC-funded Mission budget totals \$29.100 million instead of the \$28.650 million control level; and G Field Support Fund budget totals \$7.545 million instead of the \$7.995 million control.

ESF totals for both FY 1995 and FY 1996 mirror control levels of \$12.75 million and \$30.0 million respectively. FY 1997 ESF is straightlined from the FY 1996 control level at \$30.0 million.

P.L.480 Title II is estimated at \$19.885 million for FY 1995, \$17.898 million for FY 1996, and \$20.000 million for FY 1997.

TABLE 3a
 USAID/Bolivia
 SUMMARY PROGRAM FUNDING TABLE
 Dollar Program
 (\$000)

| Funding Category | FY95 Estimated | FY96 Requested | FY97 Requested |
|---|-------------------|-------------------|-------------------|
| <i>USAID Strategy: Mission Strategic Objective</i> | | | |
| DEVELOPMENT ASSISTANCE | | | |
| <i>BUILDING DEMOCRACY: Improved effectiveness of key democratic institutions</i> | | | |
| 0000 Program Development and Support | | 15 | 25 |
| 0611 Bolivian Peace Scholarship | 500 | 589 | |
| 0631 Human Resources for Dev. | 1,000 | 1,750 | 1,800 |
| 0633 Special Development Activities | 100 | 120 | 120 |
| 0634 Democratic Development & Citizen Participation | 1,538 | 2,356 | 3,000 |
| AIFLD (OYB Transfer) | 68 | 100 | 100 |
| Peace Corps (OYB Transfer) | 50 | 50 | 50 |
| Subtotal | 3,256 | 4,980 | 5,095 |
| <i>ENCOURAGING BROAD-BASED ECONOMIC GROWTH: Expanded economic opportunities & access</i> | | | |
| 0000 PD&S | 67 | 20 | 25 |
| 0596 Micro and Small Enterprise Development | 1,101 | | |
| 0616 Technical Support for Policy Reform | | 1,000 | |
| 0637 Microfinance | 1,559 | 2,300 | 3,000 |
| Subtotal | 2,727 | 3,320 | 3,025 |
| <i>STABILIZING POP. GROWTH & PROTECTING HEALTH: Improved family health throughout Bolivia</i> | | | |
| 0000 PD&S | | 25 | 25 |
| 0568 Reproductive Health Services | 11,936 | 10,475 | 11,000 |
| 0594 Community & Child Health | 831 | 2,644 | 2,000 |
| 0607 Self Financing Primary Health Care | 2,186 | 2,000 | 1,500 |
| 0608 HIV/STDs Prevention and Control | 800 | 800 | |
| 0619 Interactive Radio Learning | 426 | 356 | |
| 0620 Child Survival PVO Network | 533 | | 1,600 |
| Subtotal | 16,712 | 16,300 | 16,125 |

| Funding Category | FY95 Estimated | FY96 Requested | FY97 Requested |
|--|---------------------------|---------------------------|---------------------------|
| USAID Strategy: Mission Strategic Objective | | | |
| PROTECTING THE ENVIRONMENT: Reduced degradation of nat. resources & protected | | | |
| 0000 PD&S | 500 | 25 | 25 |
| 0621 Sustainable Forestry Management | 472 | 2,500 | 2,500 |
| 0638 Indigenous Resource Management & Biodiversity Protection | | 1,975 | 1,880 |
| Subtotal | 972 | 4,500 | 4,405 |
| DEVELOPMENT ASSISTANCE TOTAL | 23,667 | 29,100 | 28,650 |
| ECONOMIC SUPPORT FUNDS | | | |
| BUILDING DEMOCRACY: Improved effectiveness of key democratic institutions | | | |
| 0626 Administration of Justice | 2,900 | 2,000 | 2,000 |
| Subtotal | 2,900 | 2,000 | 2,000 |
| ENCOURAGING BROAD-BASED ECONOMIC GROWTH: Expanded economic opportunities & access | | | |
| 0585 Export Promotion | | 3,000 | |
| 0613 Drug Awareness and Prevention | 1,000 | | |
| 0614 Alternative Dev. Electrification | 1,000 | | |
| 0617 Cochabamba Regional Development | 7,850 | 10,000 | 5,000 |
| 0639 Economic Recovery 1996 | | 15,000 | |
| 0640 Economic Recovery 1997 | | | 23,000 |
| Subtotal | 9,850 | 28,000 | 28,000 |
| ECONOMIC SUPPORT FUNDS TOTAL | 12,750 | 30,000 | 30,000 |
| PL-480 FUNDS | | | |
| Title II | 19,885 | 17,898 | 20,000 |
| Title III | | | |
| PL-480 FUNDS TOTAL | 19,885 | 17,898 | 20,000 |
| GRAND TOTAL | 56,302 | 76,998 | 78,650 |

Table 3b
USAID/Bolivia
SUMMARY PROGRAM FUNDING TABLE
Global Field Support
Dollar Program
(\$000)

| USAID STRATEGY: Mission Strategic Objective | FY-95 Estimated | FY-96 Requested | FY-97 Requested |
|--|--------------------|--------------------|--------------------|
| Project No. and Title | | | |
| BUILDING DEMOCRACY: Improved effectiveness of key democratic institutions | | | |
| Regional Democracy Funding | | | |
| Subtotal | 0 | 0 | 0 |
| ENCOURAGING BROAD BASED ECONOMIC GROWTH: Expanded Economic opportunity and access | | | |
| Subtotal | 0 | 0 | 0 |
| STABILIZING POP GROWTH & PROTECTING HEALTH: Improved family health throughout Bolivia | | | |
| 936-3023 Demographic and Health Surveys | 100 | 50 | |
| 936-3038 Family Planning Logistics Management | 150 | 200 | |
| 936-3041 Family Health International | 200 | 445 | |
| 936-3052 Population Communication Services (PCS II) | 914 | 900 | |
| 936-3054 International Fellows Population Program | 300 | 300 | |
| 936-3055 Family Planning Mgmt. Development (FPMD) | 600 | 400 | |
| 936-3057 Central Contraceptive Procurement | 500 | 400 | |
| 936-3060 Family Planning Women's Studies Proj. | 200 | 100 | |
| 936-3061 Initiatives in Natural Family Plan. (NFP) | 200 | 200 | |
| 936-3062 Family Planning Services (PATHFINDER) | 900 | 900 | |
| 936-3065 Expansion of Family Plan. IPPF/WHO | | 100 | |
| 936-3068 Association of Voluntary Surgical Contracep. | 164 | 100 | |
| 936-3069 JPHIEGO | 800 | 500 | |
| 936-3070 Population Leadership Fellow | 200 | 200 | |
| 936-3072 PRIME | 300 | 300 | |
| 936-3078 Policy Project | 500 | 600 | |
| 936-5122 Program to Eradicate Micronutrient OMNI | 300 | | |
| 936-5944 Environmental Health | 25 | 50 | |
| 936-5832 ABEL II | 24 | 200 | |
| 936-5966 MOTHERCARE/JSI | | 300 | |
| 936-5991.01 DDM Harvard | | 50 | |
| 936-5991.02 DDM CDC (Info Tech.) | 200 | 150 | |

| USAID STRATEGY: Mission Strategic Objective | FY-95 Estimated | FY-96 Requested | FY-97 Requested |
|---|--------------------|--------------------|--------------------|
| Project No. and Title | | | |
| 936-6006 Basic Sup. Instit. Child Surv. (BASICS) | 425 | 300 | |
| Subtotal | 7,002 | 6,745 | 0 |
| PROTECTING THE ENVIRONMENT: Reduced degradation of nat. resources & protected biodiversity | | | |
| 936-5559 Environmental Pollution Prevention EP3 | | 250 | |
| 936-5730 Renewable Energy Applications & Training | | 200 | |
| 936-5737 Biomass Energy Systems & Technology (BEST) | | 100 | |
| 936-5839 Environmental Education & Comm. (GREENCOM) | | 250 | |
| Subtotal | 0 | 800 | 0 |
| TOTAL | 7,002 | 7,545 | 0 |

C. Other Donors -- Resource Issues:

USAID/W assistance is required in urging other donors to become more engaged in supporting Bolivia's counternarcotics effort. Donor support could be provided through financing infrastructure development and other alternative development activities, supporting alternative development campaigns at international fora, and supporting GOB eradication and interdiction efforts.

D. Performance Measurement

USAID's performance measurement systems are in place and operational consistent with Chapter IX of Directives, p. 15-16.

E. Alternative Programming Scenarios

Not applicable. USAID/Bolivia does not anticipate employing alternative programming scenarios during the Action Plan Period.

TABLE V
USAID/BOLIVIA PORTFOLIO
PROJECT TIMELINE BY STRATEGIC OBJECTIVE

| Project No. | Project Title | FY93 | | | | FY94 | | | | FY95 | | | | FY96 | | | | FY97 | | | | FY98 | | | | FY99 | | | | PACD |
|--|--|-----------|---|---|---|-----------|---|---|---|-----------|---|---|---|-----------|---|---|---|-----------|---|---|---|-----------|---|---|---|----------|---|---|----------|------|
| | | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | 1 | 2 | 3 | 4 | |
| Improved Effectiveness of Key Democratic Institutions & Practices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 511-0810 | Democratic Institutions | | | | | | | | | | | | | | | | | | | | | | | | | | | | 12/31/95 | |
| 511-0811 | Bolivian Peace Scholarship | | | | | | | | | | | | | | | | | | | | | | | | | | | | 06/30/97 | |
| 511-0623 | Special Development Activities | | | | | | | | | | | | | | | | | | | | | | | | | | | | 03/30/95 | |
| 511-0626 | Bolivia Administration of Justice | | | | | | | | | | | | | | | | | | | | | | | | | | | | 12/31/98 | |
| 511-0631 | Human Resources for Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | 03/31/99 | |
| 511-0633 | Special Development Activities III | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/99 | |
| 511-0634 | Democratic Development & Citizen Participation | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/02 | |
| Sub-Total Project (Number at end of 4th quarter) | | 5 | | | | 6 | | | | 7 | | | | 5 | | | | 4 | | | | 4 | | | | 2 | | | | |
| Improved Family Health | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 511-0568 | Reproductive Health Services | | | | | | | | | | | | | | | | | | | | | | | | | | | | 12/31/97 | |
| 511-0594 | Community and Child Health | | | | | | | | | | | | | | | | | | | | | | | | | | | | 07/26/98 | |
| 511-0607 | Self Financing Primary Health Care II | | | | | | | | | | | | | | | | | | | | | | | | | | | | 06/01/00 | |
| 511-0608 | AIDS/STD Prevention and Control | | | | | | | | | | | | | | | | | | | | | | | | | | | | 03/30/98 | |
| 511-0613 | Drug Awareness and Prevention | | | | | | | | | | | | | | | | | | | | | | | | | | | | 10/31/96 | |
| 511-0818 | CARE Community Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | 12/31/95 | |
| 511-0819 | Interactive Radio Learning | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/96 | |
| 511-0820 | Child Survival PVO Network II | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/00 | |
| 511-0824 | Displaced Children Earmark | | | | | | | | | | | | | | | | | | | | | | | | | | | | 06/01/97 | |
| Sub-Total Projects (Number at end of 4th quarter) | | 9 | | | | 9 | | | | 9 | | | | 5 | | | | 5 | | | | 2 | | | | 2 | | | | |
| Expanded Economic Opportunity and Access | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 511-0577 | Industrial Transition | | | | | | | | | | | | | | | | | | | | | | | | | | | | 08/31/95 | |
| 511-0580 | Management Training | | | | | | | | | | | | | | | | | | | | | | | | | | | | 07/31/95 | |
| 511-0584 | Training for Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | 06/30/95 | |
| 511-0585 | Export Promotion | | | | | | | | | | | | | | | | | | | | | | | | | | | | 03/31/98 | |
| 511-0596 | Micro & Small Enterprise | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/97 | |
| 511-0598 | Strengthening Financial Markets | | | | | | | | | | | | | | | | | | | | | | | | | | | | 12/31/98 | |
| 511-0605 | FY 93 Economic Recovery Program BOP | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/94 | |
| 511-0614 | Electrification for Sustainable Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/96 | |
| 511-0616 | Technical Support for Policy Reform | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/97 | |
| 511-0617 | Cochabamba Regional Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/97 | |
| 511-0637 | Microfinance | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/99 | |
| 511-0639 | FY96 Economic Recovery BOP | | | | | | | | | | | | | | | | | | | | | | | | | | | | 06/01/97 | |
| 511-0640 | FY97 Economic Recovery BOP | | | | | | | | | | | | | | | | | | | | | | | | | | | | 06/01/98 | |
| | PL-480 Title III | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/94 | |
| | PL-480 Title II Regular Program and Monetization | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/96 | |
| Sub-Total Projects (Number at end of 4th quarter) | | 12 | | | | 12 | | | | 10 | | | | 9 | | | | 7 | | | | 2 | | | | 1 | | | | |
| Reduced Degradation of Natural Resources and Protected Biodiversity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 511-0621 | Sustainable Forestry Management | | | | | | | | | | | | | | | | | | | | | | | | | | | | 09/30/00 | |
| 596-0780 | Environment Support | | | | | | | | | | | | | | | | | | | | | | | | | | | | 12/30/94 | |
| 596-0780 | Wetland for the Americas | | | | | | | | | | | | | | | | | | | | | | | | | | | | 03/31/95 | |
| | Enterprise for the Americas Envir. Account | | | | | | | | | | | | | | | | | | | | | | | | | | | | 11/01/05 | |
| 511-0638 | Indigenous Resource Management & Biodiversity Protection | | | | | | | | | | | | | | | | | | | | | | | | | | | | 03/00 | |
| Sub-Total Projects (Number at end of 4th quarter) | | 4 | | | | 4 | | | | 2 | | | | 3 | | | | 3 | | | | 3 | | | | 3 | | | | |
| TOTAL PORTFOLIO | | 36 | | | | 31 | | | | 28 | | | | 25 | | | | 18 | | | | 11 | | | | 8 | | | | |

IV. FY 1996 - 1997 PROGRAM MANAGEMENT REQUIREMENTS-WORKFORCE AND OE

USAID/Bolivia is confident that the present management structure and workforce are well suited to carrying out the development program described in this Action Plan. Portfolio consolidation and emphasis on a manageable number of strategic objectives have allowed the Mission to gradually downsize on the personnel side and adjust to reduced program and operational resources, while simultaneously expanding and improving upon its regional support role. The success of these efforts has allowed USAID/Bolivia to absorb an operating expense reduction of \$840,000 (13%) over the past two years, from \$6,400,000 in FY 1993 to \$5,559,000 in FY 1995. That said, maintaining the present OE funding level through FY 1997 will require further personnel reductions, while placing a severe limitation on discretionary activities and the Mission's ability to respond to its strategic objectives.

The scope and efficiency of regional financial and administrative management and contracting support to the USAID missions in Chile, Brazil, Paraguay, and Uruguay/Argentina have improved steadily, while full legal services have been expanded to include all of South America. We believe USAID/Bolivia has demonstrated that a regional center can successfully provide full-service support comparable to what would be expected of a resident staff, in a highly cost-beneficial manner. Many of the costs associated with the Regional Support Service Center (RSSC) operation such as office space, utilities, maintenance, supplies, and support staff, are absorbed by USAID/Bolivia, representing significant economies of scale. Those support activities which go beyond USAID/Bolivia's absorptive capacity have been funded through an additional RSSC-specific OE allowance, which is accounted for separately in order to track the cost of this activity. An annual level of \$250,000 is currently being provided for this purpose. Unfortunately, this level will be insufficient in FY 1996 for the Mission to continue providing a full range of services in addition to mission close-out activities. At a minimum, an additional \$30,000 will be required in FY 1996.

In addition, the proposed establishment of a RIG in La Paz would require additional personnel and OE. However, since those costs would be covered by the IG office no funding is projected in this Action Plan. (The United States Ambassador to Bolivia is opposed to this proposal).

Table 4 presents USAID/Bolivia's bilateral workforce and funding requirements; table 4-A provides the RSSC requirements, and; table 4-B presents consolidated figures. The RSSC table includes the cost of dedicated support staff, including two USDHs, and direct service-related communications and travel. Most indirect costs are absorbed within the USAID/Bolivia bilateral budget.

A. Workforce

With respect to the USAID/Bolivia bilateral mission, the overall workforce level has gone down by 18 employees including USDH, USPSC, FSNDH, and FSNPSC personnel, or 8% from FY 1993 to FY 1995 (from 226 FTEs to 208 FTEs), with 15 of these employees being OE funded. In order to comply with the Action Plan requirement that OE be straight-lined in FYs 1996 and 1997, the Mission has budgeted for the release of an additional yet unidentified six OE funded employees in FY 1996, followed by two more in FY 1997. USAID/Bolivia continues to make every effort to adjust to the reality of increasingly diminished OE resources. We anticipate further workforce reductions by the year 2000 to between 190 and 200 employees.

The USDH level of 25 positions reflects our current USDH staff of 23 (two dedicated to RSSC) and the planned addition of two IDIs (one for PD&I and one for ODI). This number takes into account deletion of our Deputy EXO position. On the RSSC side, minimal staff were brought on-board with the FY 1993 expansion of regional services and the addition of the USAID offices in Chile and Brazil. These levels have increased slightly to date, with the addition of a spousal position in the Regional Contracting Office and a second USDH Regional Legal Advisor. At present, the RSSC is comprised of two USDHs, one spousal position, and four FSN PSCs working in the Controller's Office and the Regional Contracting Office. All of these positions are directly related to the RSSC. In FY 1996, these positions will be stretched thin in order to continue existing services while assisting in close-out activities related to Uruguay/Argentina and Chile. In FY 1997, if the RSSC does not take on any new missions, and if activities related to the remaining supported missions (Brazil and Paraguay) do not significantly increase, we plan to delete one FSN in the Controller's Office and the spousal position in the Regional Contracting Office. Once the mission closings are finalized, the reduced workload should make this possible. Further reductions beyond this "skeleton crew" will not be possible. In reality, the total person-years required to maintain the RSSC substantially exceeds these numbers, when one considers the ongoing contributions of USAID/Bolivia bilateral personnel.

One significant workforce issue which will have a major impact on OE funding requirements after FY 1995 relates to FSN retirement. At present, the Mission is operating under an interim program which will be substituted by a comprehensive retirement package some time in FY 1996. We have budgeted a 7% contribution for all FSN PSCs and those FSNDHs not covered under the CSR system in FYs 1996 and 1997. The proposed staff reductions have made room for this additional funding requirement. However, although still in the conceptual stage, the Embassy believes the new retirement plan will require that all participating agencies retroactively contribute for each employee's service to date. This would probably require a phased-in contribution over a number of years,

and, while the percentages and a possible retroactive maximum have yet to be determined, the potential liability to the USG could run into the hundreds of thousands of dollars. We can do little at this stage beyond advising USAID/W that this exceptional funding requirement will be upon us in FY 1996, and continue until the cost of the prior employment contributions are fully funded.

B. Operating Expenses

USAID/Bolivia has complied with the Action Plan requirement that operating expense funding requirements be straight-lined for FYs 1995, 1996, and 1997. Although feasible, maintaining a quality Mission at these levels will require significant operational adjustments. In FY 1995, the Mission was able to reduce projected requirements from \$6,144,500 in FY 1994 to the \$5,559,300 FY 1995 level as a result of significant forward funding of personnel costs in FY 1994. Nonetheless, the FY 1995 level, which includes \$231,000 specifically earmarked for ADP equipment, is insufficient to fund our current workforce for 12 full months. Again, the FY 1994 forward funding makes it possible to traverse the current fiscal year at this reduced level.

In FY 1996, the Mission will be forced to reduce the FSN PSC workforce by five positions, and discontinue the employment of one U.S. PSC. In addition, the NXP budget will have to be cut back to emergency procurement, abandoning plans for the orderly replacement and/or upgrading of existing NXP. Funding for nearly all discretionary items also has been eliminated from this budget submission. A 5% inflation factor has been retained for recurring costs such as utilities and communications, and for potential FSN salary increases. This may fall short in the case of FSN salaries, as inflation is running closer to 9-10% annually. In FY 1997, the Mission is contemplating the need to reduce two additional FSN positions, while continuing the same hold on NXP and other discretionary spending in order to meet the required straight-line OE level. Fortunately, the USDH replacement cycle is less active in FY 1997, which allows us to compensate for a 5% inflation and FSN salary increase without exceeding the straight-line level. It should be noted that the Mission is assuming that the FY 1995 funding level earmarked for ADP equipment will be available for alternate non-discretionary items in FYs 1996 and 1997.

The RSSC budget is far less flexible than is the USAID/Bolivia bilateral budget. Funding in FY 1995 at \$250,000 essentially covers the cost of the present USDH and FSN workforce, plus a reasonable amount for support travel and communications. It should be recognized that these direct costs do not reflect the entire cost of providing these services, as the bilateral Mission absorbs substantial indirect costs. In FY 1996, we are contemplating the possible departure of the USDH RSSC financial management officer, which significantly increases USDH costs attributable to his replacement (a single employee without family

being replaced by a married employee with family). Given the lack of discretionary items in the RSSC budget, this necessitated cutting back the budget for travel and communications to approximately half of what we project to be the real cost of these items. There was simply no option within the \$250,000 straight-line requirement. As such, it will not be possible to carry out the full range of RSSC services in FY 1996 without approximately \$30,000 of additional funding, especially in light of close-out requirements. As discussed earlier, if no additional RSSC responsibilities are planned after the close-out of the missions in Uruguay/Argentina and Chile, the RSSC will be able to reduce staff in FY 1997, and operate at a reduced level. We are currently projecting FY 1997 requirements at \$215,000.

TABLE 4
USAID/Bolivia
Bilateral OE Funding Requirements
(\$000)

| OF/TRUST FUNDED LEVELS By Major Function Code: | <u>FY 95</u> | <u>FY 96</u> | <u>FY 97</u> |
|---|----------------|----------------|----------------|
| U100 U.S. Direct Hire | 549.0 | 561.6 | 361.6 |
| U200 F.N. Direct Hire | 902.6 | 1,146.0 | 1,280.4 |
| U300 Contract Personnel | 2,256.3 | 2,359.2 | 2,393.4 |
| U400 Housing | 610.0 | 589.5 | 603.8 |
| U500 Office Operations | 875.6 | 831.3 | 855.4 |
| U600 NXP Procurement | 366.1 | 72.0 | 65.0 |
| Total Mission Funded OE/TF Costs | 5,559.6 | 5,559.6 | 5,559.6 |
| Of which TF Funded | 1,200.0 | 1,200.0 | 1,200.0 |

| Mission Staffing Requirements | | | | | | | | | | | | | | | |
|--------------------------------------|-------------|--------------|---------------|------------|--------------|-------------|--------------|---------------|------------|--------------|-------------|--------------|---------------|------------|--------------|
| | FY95 | | | | | FY96 | | | | | FY97 | | | | |
| | USDH | USPSC | TCNPSC | FSN | Other | USDH | USPSC | TCNPSC | FSN | Other | USDH | USPSC | TCNPSC | FSN | Other |
| Total Authorized Positions | 23 | 12.2 (1) | 0 | 172.0 | 1.0 | 23 | 9.9 (2) | 0 | 167.0 | 1.0 | 23 | 8.6 (3) | 0 | 165.0 | 1.0 |
| of which Program funded | 0 | 6.5 | 0 | 31.0 | 1.0 | 0 | 5.0 | 0 | 30.0 | 1.0 | 0 | 4.0 | 0 | 30.0 | 1.0 |

NOTES: (1) Includes 2.9 spousal and 0.3 short-term employment.
(2) Includes 2.6 spousal employment.
(3) Includes 1.6 spousal employment.

TABLE 4-A
USAID/Bolivia-RSSC
OE Funding Requirements
(\$000)

| OE/TRUST FUNDED LEVELS By Major Function Code: | FY 95 | FY 96 | FY 97 |
|---|--------------|--------------|--------------|
| U100 U.S. Direct Hire | 9.2 | 23.2 | 20.1 |
| U200 F.N. Direct Hire | 0.0 | 0.0 | 0.0 |
| U300 Contract Personnel | 126.6 | 143.3 | 87.2 |
| U400 Housing | 34.3 | 43.5 | 47.7 |
| U500 Office Operations | 79.9 | 40.0 | 60.0 |
| U600 NXP Procurement | 0.0 | 0.0 | 0.0 |
| Total Mission Funded OE/TF Costs | 250.0 | 250.0 | 215.0 |
| Of which TF Funded | 0.0 | 0.0 | 0.0 |

| Mission Staffing Requirements | | | | | | | | | | | | | | | |
|--------------------------------------|-------------|--------------|---------------|------------|--------------|-------------|--------------|---------------|------------|--------------|-------------|--------------|---------------|------------|--------------|
| | FY95 | | | | | FY96 | | | | | FY97 | | | | |
| | USDH | USPSC | TCNPSC | FSN | Other | USDH | USPSC | TCNPSC | FSN | Other | USDH | USPSC | TCNPSC | FSN | Other |
| Total Authorized Positions | 2 | 0.7 (1) | 0 | 4.0 | 0 | 2 | 1.0 (1) | 0 | 4.0 | 0 | 2 | 0 | 0 | 3.0 | 0 |
| of which Program funded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

NOTE: (1) Spouse position.

TABLE 4-B
USAID/Bolivia and RSSC Consolidated
OE Funding Requirements
(\$000)

| OE/TRUST FUNDED LEVELS By Major Function Code: | FY 95 | FY 96 | FY 97 |
|--|----------------|----------------|----------------|
| U100 U.S. Direct Hire | 558.2 | 584.8 | 381.7 |
| U200 F.N. Direct Hire | 902.6 | 1,146.0 | 1,280.4 |
| U300 Contract Personnel | 2,382.9 | 2,502.5 | 2,480.6 |
| U400 Housing | 644.3 | 633.0 | 651.5 |
| U500 Office Operations | 955.5 | 871.3 | 915.4 |
| U600 NXP Procurement | 366.1 | 72.0 | 65.0 |
| Total Mission Funded OE/TF Costs | 5,809.6 | 5,809.6 | 5,774.6 |
| Of which TF Funded | 1,200.0 | 1,200.0 | 1,200.0 |

| Mission Staffing Requirements | | | | | | | | | | | | | | | |
|--------------------------------------|-------------|--------------|---------------|------------|--------------|-------------|--------------|---------------|------------|--------------|-------------|--------------|---------------|------------|--------------|
| | FY95 | | | | | FY96 | | | | | FY97 | | | | |
| | USDH | USPSC | TCNPSC | FSN | Other | USDH | USPSC | TCNPSC | FSN | Other | USDH | USPSC | TCNPSC | FSN | Other |
| Total Authorized Positions | 25 | 12.9 (1) | 0 | 176.0 | 1.0 | 25 | 10.9 (2) | 0 | 171.0 | 1.0 | 25 | 8.6 (3) | 0 | 168.0 | 1.0 |
| of which Program funded | 0 | 6.5 | 0 | 31.0 | 1.0 | 0 | 5.0 | 0 | 30.0 | 1.0 | 0 | 4.0 | 0 | 30.0 | 1.0 |

- NOTES:**
- (1) Includes 3.6 spousal and 0.3 short-term employment.**
 - (2) Includes 3.6 spousal employment.**
 - (3) Includes 1.6 spousal employment.**

V. MISSION-INITIATED ISSUES

1. ESF Narcotics Funding: ESF counternarcotics related funding has been dramatically reduced from a high of \$99 million in FY 1992 to \$11.8 in FY 1995. In addition to offsetting some of the economic impact of reducing the coca economy with cash transfer assistance, many counternarcotics activities have been supported from the local currency generated through that assistance which now has disappeared. We understand that future ESF counternarcotics funding will be budgeted to and flow from INL. Both the rules of the game for funding counternarcotics projects and funding availability are undefined.

Will funding levels through FY 1997 be sufficient to meet the mortgage on approved and ongoing counternarcotics related activities as well as compensate for the loss of local currency funding (about \$35 million over the next two years)?

2. Food Assistance: Bolivia has been a major recipient of P.L. 480 food assistance. The Title III program has been providing up to 25% of Bolivia's wheat requirements and has now been eliminated in FY 1995. The Title II Food for Work Program has had an important impact by reaching out to the poorest of the poor through direct feeding programs and the provision of basic social services. We consider these programs essential to advancing in food security needs of one of the most impoverished nations in LAC.

Should USAID/Bolivia abandon food security objectives or will food aid, at least Title II, continue through the Action Plan period?

3. Global-Mission Relations: This year has seen the beginning of new working arrangements with G through the use of "agreements" between the Mission and G Bureau Centers of Excellence. Experience to date has been uneven and there are several important issues which are not yet clearly addressed in the new agreement mechanism. We see four main issues which need to be addressed to make this new agreement mechanism work more effectively in delivering tangible results. We anticipate that other issues may arise in the course of working with this new mechanism. To ensure that they are addressed and that this mechanism gets fine tuned, we recommend that an evaluation be made in the course of this year and factored in to next year's guidance on G agreements.

a. Accountability for Results: Who is responsible for ensuring that funding for Bolivia is used in the most effective way possible to achieve results at the SO and PO levels? How can the Mission's role in this regard be strengthened with respect to G programming decisions?

b. **Financial Accountability:** If we are to be accountable for results, we need some kind of information flow on funding commitments, expenditure rates, and unspent balances for funds transferred to or programmed by G for Bolivia.

c. **Technical Control of Work Products:** The new agreement format sometimes only includes three or four sentences to describe fairly large scale activities in lieu of detailed scopes of work used in the past. If the Mission is not involved in drafting or clearing specific scopes of works for Bolivia activities, how can we ensure that contractors provided through these projects produce the right work products? How can a G project manager supervise and ensure quality control on work done in the field?

d. **Amendments to Agreements:** The continually fluctuating and unpredictable budget situation means that agreements signed just three weeks ago have to be amended, perhaps many times, before services are actually provided. This greatly diminishes the value and utility of these agreements. What can be done to increase predictability and reduce the amount of paper work necessary?

4. **Budget Fluctuations:** USAID/Bolivia recognizes LAC efforts to design real time systems such as the BPD budget software program. In the last eight months, however we have updated the BPD at least 16 times at Bureau request. We are concerned that the BPD has moved from a one-point-in-time exercise (the annual ABS) to a continuous task that demands more time and effort than ever to control, despite its automation and on-line features resulting in increasing confusion and uncertainty. Constant budget fluctuations coupled with unreasonable deadlines and unclear (or clearly contradictory) instructions kept our budget staff officers from doing little else but resubmitting budgets to Washington.

What are the prospects for a more orderly, and less time consuming, budgeting process in the coming years?

5. **Directives:** USAID/Bolivia realizes that the root problem of directive funding does not reside with the Agency. However, we must add our voices to the chorus that directive budgeting at current levels will soon prevent us from maintaining a balanced development portfolio that is both appropriate for Bolivia and in keeping with the Agency's priorities. Without relief from directives, we will soon have to begin amputation of successful programs that happen to fall outside the directed budget allocations. In FY 1995 after considerable Mission lobbying some of the directive barriers were broken down enough to permit start-up of the important new Democratic Development and Citizen Participation project, and save the Human Resources for Development project from a premature demise.

How can additional flexibility from directives be built into

the new reengineered USAID, in order for Missions to make programmatic decisions based on our strategic objectives and particular in-country priorities?

VI.

SPECIAL REPORTING REQUIREMENTS

A. Section 118 and 119 Tropical Forestry/Biodiversity

USAID's environmental portfolio strongly supports the provisions of Sections 118 and 119 of the FAA, placing high priority on conservation and sustainable management of Bolivia's tropical forests and their biological diversity. The Sustainable Forestry Management Project (BOLFOR) was in fact designed to address these concerns, emphasizing research and training for improved forest policy development and sustainable and more environmentally sound forest product harvesting (Section 118(c)). BOLFOR and other USAID-supported activities also aim at protecting endangered species, and stress the importance of conserving biological diversity for the long-term economic benefit of the Bolivian people (Section 119(g)). Nevertheless, progress in this area has been mixed, characterized by both notable accomplishments and unanticipated delays. Selected issues are presented below.

Legislation: The long-awaited forestry law met stiff resistance in the Bolivian Congress, and remains under debate. Among its more controversial provisions are a requirement for independent external audits of concessionaire compliance with the principles of sustainable forest management, and an area-based (rather than volume-based) forestry tax (intended to reduce corruption). The GOB now proposes calling for formal arbitration of these differences between forestry interest groups, and has asked USAID for assistance which will be provided under the Sustainable Forestry Management Project (BOLFOR). Passage of the new law (and its accompanying regulations) will be an important step in supporting sustainable forest use. Similarly, the important Conservation of Biological Diversity Law (drafted with P.L.480 support) has not yet passed, although the GOB recently held a workshop to revise it for resubmission to Congress. The National Director for the Conservation of Biological Diversity is optimistic that it will be approved in 1995, and is anxious to begin work on accompanying regulations.

These delays are disappointing, although they should be put in proper perspective: the new administration's legislative agenda in 1994 was exceptionally ambitious, and dealt with revolutionary new initiatives including Popular Participation, Capitalization and Education Reform. At the same time the country has made real progress in laying the groundwork for ecocertification and development of national standards for sustainable forest use (thanks in particular to the BOLFOR project), and late last year ratified Bolivia's participation in the Rio Convention on Biological Diversity. This will help the GOB meet its commitments to the Miami Summit's Partnership for Biodiversity.

Parks and Protected Areas: The Endowment Fund for the GOB's National System of Protected Areas now looks firmly established in Bolivia's National Environmental Fund (FONAMA), with the P.L.480 Executive Secretariat, Swiss, and Canadian contributions (approximately \$1 million each, and with the Dutch soon expected to make an even larger contribution) now official. Interest generated from this account will be used to pay recurrent costs for park administration, and the GOB hopes to eventually receive \$35 million for this Endowment. Nevertheless, FONAMA has suffered serious institutional instabilities in the new government, and its future remains unclear. This contributed to important delays in donor participation in the Fund (and in ratifying P.L.480 Executive Secretariat and Canadian participation), although it is hoped that this situation has stabilized.

At the same time the GOB made real progress in opening up administration of national parks to the private sector, and a local NGO, The Friends of Nature Foundation (FAN), is expected to be formally awarded the lead role in management of both Noel Kempff Mercado and Amboró National Parks. FAN's work in these two areas has received consistent support from the USG (e.g., through the Parks in Peril project, and through high-visibility USG/GOB visits to these areas) and these pending contracts are strong testimony to the effectiveness of this assistance. In addition, the important role for NGOs in national park management being granted by the GOB is a model other countries might consider. The GOB's plan to create two new national parks (Alto Madidi and the Chaco) have attracted international attention, although progress with both has been much slower than anticipated. USAID's new cooperative agreement with Conservation International for an expanded Rapid Assessment Program (RAP) will also help build Bolivian capacities to assess local biodiversity, and use this information for better land-use planning and policy development.

The recent designation of Alejandra Sanchez de Lozada (a highly-qualified ecologist, as well as the daughter of the President of Bolivia) as National Director for the Conservation of Biological Diversity is an exceptionally encouraging sign of the GOB's commitment to these issues. Nevertheless, progress with new environmental legislation -- for forestry, biological diversity, and in particular for the planned development of new Land Use Planning and Land Tenure laws -- should be watched carefully. Such legislation can have dramatic impacts on forest conversion, with potentially serious consequences for global climate change and biological diversity. Continued donor assistance will be required to help the Bolivian people better deal with these issues of global significance.

B. Food Security

The P.L.480 Program has improved food security in Bolivia. Food security has three central aspects: access, availability, and .

utilization.

Access.--On a monthly basis, the Title II program provides temporary employment and supplemental household nutrition for about 35,000 heads of families whose annual family incomes are less than \$250, compared to the national average of \$774. Another 200,000 primary school children participating in the school feeding program received nearly two-thirds of their daily requirements for calories and protein, compared to students outside the program who received less than half for calories and about one third for protein. In the elementary schools receiving Title II food, the drop-out rates decreased from 50 to 15 per cent. Both Title II and Title III programs supported increased employment opportunities for poor women through programs like Pro-Mujer.

Availability.--The Title III program has provided more than \$10.0 million in extension assistance, varietal development and production loans to wheat growers in the Santa Cruz region, with the direct result of reducing Bolivia's dependence on wheat imports by 25 per cent. In 1993-94, the Title II program supported the construction of over 150 greenhouses and 300 wells in the Altiplano, Bolivia's most food-insecure region.

Utilization.--Both the Title II and Title III programs supported the national children's immunization campaign, which reached 80% coverage of 0-1 year olds in 1993 and over 90% measles coverage of 0-15 year olds in 1994. The Title III program also financed the country's control programs for malaria, leishmaniasis, Chagas, rabies and other diseases, and supported increased access to health services and potable water for over a half a million people in remote rural areas. The Title II program supported improvement of sanitation conditions in very poor neighborhoods through construction of over \$80.0 million of public works (potable water, sewage, drainage and paving) in 1993-94.

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