

**Quarterly**

**Report**

**January through March**

**2000**

Prepared for the U. S. Agency for International Development under AID Contract No. 511-C-00-99-00114-00

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April 2000  
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## **CHAPTER I: SUMMARY OF PROJECT OBJECTIVES AND RESULTS**

This report describes the progress made during the first quarter of Year 2000 in establishing a sustainable, licit agricultural economy in the Cochabamba tropics through training, technical assistance, marketing support, investment promotion and the development of a results-oriented information system.

The report has a new format that focuses more tightly on the fulfillment of results, outputs and deliverables set forth in the performance-based contract between USAID and Development Alternatives, Inc.

### **A. PROJECT OBJECTIVES**

The Counter-Narcotics Consolidation of Alternative Development Efforts in Bolivia (CONCADE) is a four-year project based in the Department of Cochabamba, Bolivia. The contract naming Development Alternatives, Inc. (DAI) as the principal contractor for this project was signed in La Paz, Bolivia, on May 27, 1999 with an effective start date of June 1, 1999. The project began with the arrival of the expatriate advisors on June 19, 1999 and is scheduled for completion no later than May 31, 2003.

The purpose, as stated in the contract, is to support the USAID Counter-Narcotics Strategic Objective and the Bolivian Government *Plan Dignidad* to eliminate the growing and trafficking of illegal coca in the Cochabamba Tropics and to establish a sustainable economy for licit crops in its place. Specific Objectives include:

- 1) Establishing sustainable farm-level production capacity for licit crops
- 2) Establishing sustainable market linkages for licit crops
- 3) Strengthening alternative development organizations
- 4) Stimulating private sector investment and agriculturally-based industries
- 5) Putting in place a results-oriented management, geographic information system for PDAR, which supports policy and implementation actions and decisions made by AMU, GOB and USAID.

DAI manages CONCADE activities in consultation with the Bolivian Vice-Ministry for Alternative Development through the Activity Management Unit and with the participation of USAID through the Activity Implementation Committee. The over-arching policy decisions and priorities are set by the Counter-Narcotics Strategic Objectives Team (CN-SOT) during periodic reviews of project work plans and results.

### **B. OVERVIEW AT END OF FIRST QUARTER 2000**

The DAI contract provides for project management, administrative and financial activities to support the five Specific Objectives (SOs). To fulfill these SOs the DAI contract cites twenty-three (23) Results designed to measure DAI's achievement of the SOs over the four-year life of the project. While Results and Critical Tasks will not change without modification to

the USAID contract, activities at the field level are dynamic and subject to on-going refinement and improvement as determined by the AMU.

Achievement of contracted outputs are tracked and reported in a quarterly and cumulative fashion. Beginning in September 2000 this information will be available on demand from the Project Management Information System (PMIS), which will track results of all the CONCADE partners.

The CONCADE Project is designed to fit seamlessly with the Results Framework of both USAID and the GOB'S *Plan Dignidad*. Our commitment is to direct all our work toward the ultimate strategic objective of eliminating the illegal trafficking of coca in Bolivia by achieving the Project's Intermediate Result of establishing a viable, self-supporting agricultural economy for licit products from coca-free zones in the Chapare.

Chapter II reports on the status of the twenty-three (23) Result or Performance Indicators. Each indicator is provided in a separate table, comparing targeted with actual results, indicating the source of the data used in the analysis, comments about the terms and data, and a statement of progress. These Results serve as our principal contract management barometer of effectiveness.

As of the end of the first quarter of 2000, the project has moved squarely into the implementation phase. Notable indications of progress include the following:

- ▶ Farmers recently agreeing to halt the cultivation of coca leaves are receiving emergency technical assistance in the form of a partial donation of licit planting material, as well as guidance in planting and crop management. These farmers are also being provided technical support services by DAI field technicians and the four agricultural extension groups working in the zone.
- ▶ The combined team of DAI and the four extension groups put more than one hundred farmer-contact technicians in the field. The extensionists are working with more advanced (Codelca) and with less advanced (Winrock, Ciaprot and Indasa) farmer organizations. This extension work directly impacts the productivity and commercial success of approximately 75 different farmer organizations in the Chapare.
- ▶ More sustainable market linkages are being established for farmer organizations and private agribusinesses. Work has begun to open new institutional channels for licit crops to customers in the school lunch market. A study is nearing completion to establish a model sales organization in the German Busch community in the Chapare to consolidate the warehousing, sales and distribution of diverse licit crops under one roof. Despite prices at record three-year lows, bananas have demonstrated their commercial viability by being exported at the rate of nearly 10,000 boxes per week to markets in Argentina and northern Chile.
- ▶ Farmer organizations are being strengthened through greater business focus and entrepreneurial initiatives. The CEPPAL association is offering Chapare-grown

palmito planting material from its four commercial nurseries. UNABANA is more deeply engaged in coordinating banana production and prices. A federation of passion fruit associations recently has been formed.

- ▶ Despite economic constraints and civil unrest, local agribusinesses are investing in plantation and plant expansions in the region. A new investor (Pacutec) is making an important investment in a fresh-water shrimp and telapia hatchery in Mariposas and several existing agribusinesses have received financial assistance in the form incentives to strengthen their operations. Another large investor is close to concluding negotiations for the purchase of a fifty-hectare plantation for growing and processing black pepper in the Chapare. Examples of agribusiness groups receiving assistance are the Ingavi B banana producers and Andean Group, both of whom fulfilled their export commitments this quarter. The women's marmalade processing group in Mariposas received DAI assistance in acquiring appropriate technology for their operations.
- ▶ DAI's Market Reporting System is fully functional, providing weekly reports on market conditions, wholesale prices and shipping point information for use by Chapare farmers and the extension groups. These reports are being disseminated to serve as a real-time guide for directing products and services to markets of opportunity both within and external to Bolivia.
- ▶ DAI resolved several technical design problems in the PMP information system and is advancing rapidly through the development (i.e. programming) stage. We are now testing suitable formats and programs for implementing core components of the system for CONCADE users, including the incorporation of financial data management.
- ▶ Analysis began of the CONCADE Indicators for the definitive elimination of ambiguities that have undermined measurability and impeded data collection.
- ▶ DAI submitted both its Grants Manual and Year 2000 Work Plan in final form to USAID.

In Chapter III we indicate how funds were expended during the quarter by CLIN and how these expenditures compare to budgeted estimates. In Chapter IV we describe DAI's fulfillment of deliverables and outputs as called for in the USAID/DAI contract. In Chapter V we provide brief narrative highlights of activities and advances for each specific objective. In Chapter VI we provide a table showing the level of effort expended by DAI and its subcontractors during the quarter. The report concludes with an Appendix providing glossaries of acronyms, terms and phrases used in the body of the report.

## **CHAPTER II: PROGRESS TO DATE BASED ON RESULTS INDICATORS (AS OF MARCH 31, 2000)**

### **A. SUSTAINABLE FARM-LEVEL PRODUCTION CAPACITY FOR LICIT CROPS ESTABLISHED (SO1)**

DAI's strategy for **SO1** focuses on providing an overall framework to increase the likelihood that farmers in Coca-Free Areas (CFAs) will successfully make the transition to licit and profitable agricultural activities. Our integrated approach is to simultaneously:

- ◆ Improve policies that affect agriculture and agribusinesses operating in the Chapare;
- ◆ Re-direct research and extension systems so that they respond more precisely to client needs; and
- ◆ Remove financial supports that inhibit farmer groups from becoming self-directed and sustainable in the competitive marketplace.

In the policy area (SO 1 Critical Task A), our staff made significant progress in the quarter in the following areas:

- ◆ **Survey and Seminar on Policy Priorities.** Tabulated December 1999 survey of more than 50 government and private sector actors in Alternative Development. The policy issues identified were prioritized in rank order. DAI presented these findings to the respondent group for further discussion and prioritization of actions needed at the USAID policy seminar held on February 14 and 15.
- ◆ **Policy Priority Document.** The document, which summarizes the policy seminar results, entitled "Prioritization of Alternative Development Policies", was distributed in February and includes action needed, by whom, to eliminate bottlenecks to business and agriculture in the Chapare.
- ◆ **Institutional Banana Market Study.** In response to a proposal from a banana shipper, and in coordination with the Marketing Unit, a study of the domestic institutional banana market was designed, and a multi-disciplinary team was ready to begin work in April.
- ◆ **Marketing Policy Committee.** In response to the overall priority given by Chapare businesses, the first Policy Committee dealing with marketing and exports of Chapare agricultural products held its follow-up session to work on the plan-of-attack for solving marketing bottlenecks. This committee includes five major Chapare exporters.

Under SO 1 Critical Task B, Support for Coca Free Area Agreements, we did the following:

- ◆ **Conditionality** was strictly observed in all DAI activities in coordination with PDAR, DIRECO, and VIMDESAL. We recommended speeding up the certification process by DIRECO, which has only 1,500 eradicators this year compared to 3,000 last year.
- ◆ **Conditionality Orientation.** Instructed potential new client organizations that requested help how to apply for DIRECO designation of their area as Coca Free.
- ◆ **Outreach to Coca Producers and their leaders.** The COP and the Director of PDAR met with Evo Morales and the cocalero municipal leaders, at their request, to explain the activities of CONCADE and how conditionality works. We invited them to accept conditionality and participate in CONCADE. The reception revealed some interest in doing so as eradication moves into the final phase.
- ◆ **Coordination with Other Donors and GOB.** Close coordination was carried out with C-23 and PRAEDAC. Example: a shared farmer productive grants policy was worked out between C-23 and CONCADE, with PDAR giving key input.
- ◆ **Gender and Food Security** activities were increased as important ways of building conditionality compliance in the former coca farmer groups.

All activities programmed in the first quarter under SO 1, Critical Task C, Agricultural Technology Transfer and Training, have been completed or are underway:

- ◆ **Strengthening IBTA.** IBTA's POA for the year 2000 is being restructured to ensure that the research and validation program is more responsive to the needs of clients in the agricultural sector in the Chapare. This restructuring will continue into the second quarter and will be further elaborated during the preparation of IBTA's POA for the year 2001. Memoranda of understanding with EARTH University and the University of San Simon were drafted and will be signed soon, and steps are underway to include IBTA as partner in international consortia such as INIBAP (bananas) and CLAYUCA (yuca). Numerous technical documents from the DAI library were transferred on compact disk to the IBTA library.
- ◆ **Diagnosis and Monitoring.** IBTA stakeholder committee meetings are guiding the the reformulation of IBTA's POA for the year 2000. IBTA IPM specialists have received initial training in the implementation of a pest and disease monitoring system for major crops in the Chapare.
- ◆ **Applied Research and Validation.** Experimental trials planned by IBTA for the year 2000 are being reviewed as part of the reformulation of IBTA's POA. Experiences with farmer research and technology transfer networks are being

reviewed. Experimental protocols for Chapare-wide on-farm fertilization trials have been designed and will be jointly implemented with PRAEDAC during the second quarter. An analysis of the state of yuca (cassava, a new crop priority) in the Chapare is being performed.

- ◆ **Technical Support to Extension Program.** A series of indicators for monitoring and evaluation the extension program has been designed and incorporated into the POAs of the extension service providers. Extensionists were trained in rapid rural appraisals, extension techniques, basic accounting, and gender sensitivity.
- ◆ **Agricultural Services.** A policy for subsidies for plant material was jointly formulated and implemented with C23 and PDAR. IBTA certified plant material imported by C23 and materials produced by INDATROP and COFRUT. IBTA has also worked with CEPPAL in the implementation of 4 palm heart nurseries throughout the Chapare, with the goal of planting 1,000 new hectares each year. IBTA also is continuing to produce planting material of improved varieties of banana, black pepper, and pineapple.
- ◆ **Implementing the Extension System:** The extension agencies executed farmer participatory diagnoses of approximately 80 farmer organizations and developed results-oriented work plans for those groups. C23, PROLECHE, and DAI are sharing responsibilities for providing technical assistance, under the leadership of one of the three projects, to groups where clients are shared. DAI and C23 are also working jointly to prepare rapid rural appraisals of new farmer groups that may potentially receive alternative development and food security assistance. These appraisals will form the basis for channeling the groups to one or more of the projects and for formulating work plans.
- ◆ **Women's Productive Activities.** The extension groups have received training in gender sensitivity and have included gender-related goals in their work plans. Activities are underway to identify economic activities for women's groups, including papaya and vegetable production for several hundred women, which will start in the next quarter.

Under SO 1, Critical Task D, subsidy reduction for planting material and productive infrastructure, we achieved the following progress:

- ◆ **Reduction Strategy.** In numerous meetings with GOB partners, the private sector and other donors, we evaluated the current economic situation of farmers in the Chapare. Prices for almost all licit products have fallen in the past year. Important crop diseases, such as Sigatoka in bananas and Cancrosis in citrus, persist. The Bolivian economy is in a recession and Cochabamba has suffered a crisis in investor confidence due to recent civic disturbances. The overall strategy is to require farmer contributions for all subsidies, in accord with the CONCADE subsidy reduction targets, while recognizing the value of the farmer's in-kind contribution and using

contract farming, where possible, to provide indirect credit. Flexibility and case-by-case analysis are required in this context.

- ◆ **Setting Subsidy Levels.** Three parameters are being used to set levels in coordination with C23: 1) Length of time in alternative development, expressed in the productivity and management strength of the farmer group, 2) Cost of the alternative development crop compared to other crops, and 3) How much subsidy has been previously received.
- ◆ **Contract Farming.** Formal cooperation between farmers and exporters is resulting in new contracts by which the farmer can pay the contribution to match a subsidy over time, through deduction of crop proceeds by the exporter. A new export contract with Banabol and a farmer group was started this quarter and four more are in development with Chapare Exporta.

Under SO 1, Critical Task E, reduction of subsidies for road maintenance and improvement, the following progress took place:

- ◆ **Municipal Contributions.** The Municipality of Villa Tunari included US\$ 120,000 in their Year 2000 POA for improvement and maintenance of roads. Other municipalities are expected to assign similar amounts to their POAs. Recent meetings with community leaders suggest that there is increasing acceptance of co-participation in infrastructure projects.
- ◆ **Field Trips.** A second trip to the Costa Rican Sustainable Road Maintenance Association is planned for early June 2000. The distribution of the network analysis results from December 1999 and the consolidation of the Ad Hoc Committee will take place immediately after this trip by SNC, PDAR, the Vice Ministry of Alternative Development and grassroots leaders.
- ◆ **Planning sessions** were conducted as scheduled and included representatives of DAI, PDAR, Caminos Vecinales and Chapare communities. The formation of Road Maintenance Association (RMA) organizing committees (preliminary boards of directors) will begin immediately after the second visit to Costa Rica.
- ◆ **Geographical and Organizational Options.** DAI's RMA consultants made advances in defining geographical work areas, tasks and organizational format. This is the result of workshops conducted between Caminos Vecinales and DAI.

Result Indicator for Sustainable Farm-Level Licit Production				
<b>Result 1.1: Increasing number of farm families participating in coca-free areas and/or agreements and receiving alternative development assistance</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	10,000 farm families	15,000 farm families	20,000 farm families	25,000 farm families
<b>Actual results</b>	763 farm families <sup>a</sup>	4,363 farm families <sup>b</sup> (As of March 31)		
<p><b>Source/Methodology</b> Cumulative number of families receiving food security assistance plus number of families in new farmer groups with completed rapid rural appraisals (DRPs).  <sup>a</sup> 763 families receiving food security assistance.  <sup>b</sup> 811 families receiving food security assistance <u>plus</u> 3,600 families in new farmer groups with completed rapid rural appraisals who are participating in DAI's extension program of technical assistance.  Does not include families assisted by the UNDCP/FAO or UNAGRODI.</p>				

**Statement of progress.** The actual results reported above are based on a subset of those farmers in coca-free areas receiving direct technical assistance from the four extension groups and the DAI food security team. We can precisely measure the number of Chapare farm families in this subset.

DAI is developing mechanisms for capturing additional data for this indicator from other alternative development institutions, including UNDCP/FAO, UNAGRODI, TAC and PRAEDAC. The inclusion of these data would substantially increase the results reported above.

The suspension of previously participating families in violation of coca-free agreements and the slowness of DIRECO in responding to extension agency requests to certify farmer groups has made it difficult to establish eligibility for new farm families in the alternative development program.

Result Indicator for Sustainable Farm-Level Licit Production				
<b>Result 1.2: Increasing number of hectares of licit crops sustainably planted in the Chapare</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>				
<b>Annual increase</b>	7,000 Has.	7,700 Has.	5,300 Has.	4,350 Has.
<b>Cumulative</b>	101,650 Has.	109,350 Has.	114,700 Has.	119,000 Has.
<b>Actual results</b>				
<b>Annual increase</b>	3,500 Has.	To be measured July		
<b>Cumulative</b>		2000 by satellite		
<b>Source/Methodology</b> Increase in hectares planted in licit crops, as reported in PMP database and cross-referenced with annual sample or satellite survey. For 1999 the measurement is the net change in the number of hectares of licit crops based on the difference between the area estimated in the 1998 agricultural survey and the area estimated by satellite imagery analysis in 1999. Estimates for year 2000 will be obtained from satellite images to be taken in July of this year. The number of hectares belonging to families currently receiving technical assistance from the four extension groups is 3,900.				

**Statement of progress.** In July 2000 we expect to have a satellite image analysis from Digital Earth Consulting which will provide information on all hectares planted to licit crops. In addition, negotiations with private survey organizations are underway to begin a new agricultural survey which will provide ground-truthing of the satellite analysis, as well as new data on population and migration.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
<b>Result 1.3.1: Increasing percentage of farmer organizations graduated from CONCADE assistance</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Percentage of existing farmer organizations currently receiving USAID-funded assistance graduated</b>	0%	15%	25%	50%
<b>Actual results</b>	0%	0% (As of March 31)  4 farmer organizations is anticipated for Year 2000		
<b>Source/Methodology</b> Percentage of existing farmer organizations receiving USAID-funded assistance graduated, as reported by farmer organizations providing information to NGOs and private firms. Note that due to the uncertainty in the number of participating farmer organizations actually present (due to the lack of a timely response from DIRECO), the goal for Year 2000 is expressed as a discrete number, not a percentage. As the list of coca free associations grows, the percentage creates a moving target.				

**Statement of progress.** An increasing number of farmer organizations are paying for substantial portions of their own technical assistance, plant material, agricultural inputs and/or fumigation (in the case of banana producers). We expect that a minimum of four farmer organizations will have so advanced in their self-sufficiency during the year 2000 that they will be considered graduated.

The lack of movement on the indicator is due to the absence of an effective extension presence for nearly eighteen months, which resulted in the deterioration of many aspects of farmer organizations, thus setting back progress. All farmer organizations have undergone participatory diagnostics with their assigned extension groups.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
<b>R1.3.2: Overall subsidies on productive infrastructure reduced</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	85%	55%	25%	0%
<b>Actual results</b>	---	To be measured in third quarter 2000  (As of March 31)		
<b>Source/Methodology</b> Percentage of overall subsidy provided by CONCADE, as reported in the PMP data base. This is measured by dividing the investments made in productive infrastructure by the amount contributed by farmer organizations, expressed as a percentage. Productive infrastructure includes packing sheds, cableways, wells, fences/walls and improved water systems.				

**Statement of progress.** DAI, in coordination with the four extension groups, completed the assessment of eight banana producers' associations, which were submitted to PDAR. We are currently making an assessment of the productive infrastructure needs of the more advanced farmers' organizations. USAID approved the DAI grants manual in May, 2000.

Farmers appear willing to co-participate in the costs of productive infrastructure, especially through the provision of manual labor and locally available construction materials.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
<b>R1.3.3: Local capacity for sustainable <u>maintenance</u> of road infrastructure enhanced</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	10% Municipality 5% Community	15% Municipality 10% Community	35% Municipality 20% Community	55% Municipality 30% Community
<b>Actual results</b>	10% Municipality 5% Community	0% Municipality 3.9% Community  (As of March 31)		
<b>Source/Methodology</b> Percentage of costs covered by non-activity resources, as reported in the PMP database. Municipalities and communities have made contributions in labor (“jornales”), in-kind (for example, locally available materials), and cash (for example, funds from beneficiaries deposited in bank account of Caminos Vecinales).				

**Statement of progress** Villa Tunari is cooperating well with the CONCADE team and setting an example for the other municipalities. Nevertheless, there were few advances in this indicator during the quarter, due largely to factors beyond DAI’s control. Heavy rains in January and February slowed all road maintenance activities. The municipalities halted all road activities pending completion and approval of their annual operating plans. In addition and possibly most importantly, conditionality constraints preclude working with three of the four Chapare municipalities. In this latter case, DAI and Caminos Vecinales are organizing coca-free local organizations to get involved in road maintenance.

Result Indicator for Alternative Development Subsidies Increasingly Reduced				
<b>R1.3.4: Local capacity for sustainable <u>improvement</u> of road infrastructure enhanced</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	5% Community and others	10% Community and others	20% Community and others	30% Community and others
<b>Actual results</b>	5% Community and others	2.1% Community (As of March 31)		
<b>Source/Methodology</b> Percentage of costs covered by non-activity resources, as reported in CONCADE PMP database. Municipalities and communities are contributing with labor (“jornales”), locally available materials (for example, logs and wood beams for gavion-wood bridges), and cash.				

**Statement of progress.** The narrative comment in this indicator is the same as the Statement of progress under R1.3.3.

## B. SUSTAINABLE MARKET LINKAGES ESTABLISHED (SO2)

The objective of Special Objective 2 is to establish access to year-round markets for products grown and/or processed in the Chapare to generate increased income, crop value, export value, and jobs in the region. These year-round markets are comprised broadly of the local market segment, the industrial processing segment, and the export market segment. Specific strategies include:

- ◆ Undertake marketing-related actions leading to sustainable markets for licit crops in the Chapare;
- ◆ Take an aggressive, market-driven approach which uses market research to identify new local, regional and export markets and buyers for existing and new Chapare products;
- ◆ Attract investors to establish agro-processing facilities which will buy Chapare products in a way in which both the farming and processing operations are sustainable; and
- ◆ Create new farm, off-farm and non-farm jobs, while expanding the marketing of licit Chapare fresh and processed products.

Under Critical Task A, Market Analysis, the following progress was made:

- ◆ **Marketing studies for bananas and pineapples in the national market** were completed and circulated to CONCADE partner institutions and extension groups during the quarter. These studies complement the ones done for palm hearts, passion fruit and black pepper in the prior quarter.
- ◆ **International Banana Market Study.** An international banana market study was begun, in coordination with the Policy Unit, with emphasis on the Southern Cone markets. This is urgent given the low prices caused by Ecuador dumping bananas in the Argentine market.
- ◆ **Institutional Banana Market Study.** In response to a proposal from a banana shipper, and in coordination with the Policy Unit, a study of the domestic institutional banana market was designed, and a multi-disciplinary team was ready to begin work in early April. The concept is to persuade government agencies such as schools and the military to buy Chapare bananas.
- ◆ **Major New Initiative: Cattle Production and Marketing Study.** This AMU-approved study was nearing completion at quarter's end, and shows an excellent opportunity for small Chapare producers to raise dual purpose meat/milk cattle for the Cochabamba market. In the next quarter the project will take shape along the lines recommended, involving hundreds of new families and thousands of hectares of former coca lands. This will be a major new category of production for CONCADE. The GOB partners are very enthusiastic.

- ◆ **Marketing Policy Committee.** In response to the overall priority given by Chapare businesses, this Policy Committee formed at the Policy Workshop deals with marketing and exports of Chapare agricultural products. It began follow-up work on the plan of attack for solving marketing bottlenecks. This committee includes five major Chapare exporter firms.
- ◆ **Marketing Information System.** The Market Information Specialist is compiling and distributing weekly reports on national and export market conditions and prices; these reports are distributed to all CONCADE partner institutions, extension groups and farmers organizations. There has been an immediate impact on prices to Chapare farmers, as in the case of limes, where buyers were forced to pay prices 20-30% higher and stop claiming Chapare limes are really from Peru.

In the area of Critical Task B, Market-driven Technical Assistance, the following progress was made:

- ◆ **Refrigerated Trucking Feasibility Study.** A major bottleneck for regional exports is the high cost and scarcity of refrigerated trucking. A consultant who is the financial adviser to a successful refrigerated trucking company began this study and we obtained the cooperation of the major trucker in the area, Chapare Exporta. The goal is to interest new investors in entering this business, which presents good investor opportunities, while also solving the trucking availability and cost bottleneck for producers. Key to this initiative is keeping the Abapo-Camiri section of the road open starting in October of each year, as we successfully did this past year.
- ◆ **Banana Field Practices/Quality Control.** In coordination with the Agriculture Unit and NC State, a high level production/packing/logistics manager for Chiquita Banana gave recommendations for a complete overhaul of banana growing and quality control practices, including sigatoka control and packing procedures. This is considered a highly important consultancy for the success of Chapare farmers, and has influenced the kind of training and technical assistance we are providing. As a result, we are designing a banana technical training module to be led by this consultant.
- ◆ **Quality Control.** In coordination with the field extension groups, DAI Marketing Advisors participated in task forces to address issues related to raw material supply, quality control and effective process management. These task forces include one for Bananas (participants included Codelca and the eight UNABANA associations) and one for Palm Hearts (participants included Fabopal, Cooperación Española and Bebidas S.A.).
- ◆ **Training courses** were provided in the areas of processing marmalade, preserving yuca and market-driven management to four producers' associations. A total of 135 farmers, including twenty-two women, participated in the training sessions.

In the area of Critical Task C, Market Linkages, the following progress was made:

- ◆ **Banana Export Company Feasibility Study.** A high level Chiquita Banana financial planner was hired to perform a feasibility study for a properly scaled and equipped banana export company, as a way of attracting investors by giving them parameters for success. This consultant has also teamed on the trucking feasibility study.
- ◆ **Partnering by Banana Exporters and Small Farmer Groups.** December 1999 negotiations were substantially complete to repeat and spread the innovative use of small local subcontracts to get exporters and small farmers working together. As a result, by April 2000 the number of associations exporting bananas via an exporter firm will have increased from one to six. Underutilized association packing plants will be put back in use and upgraded with our help, while the exporters teach better quality control. Most importantly, the main exporter will provide Sigatoka control at reasonable prices, making available the only suitable spray plane in the Chapare.
- ◆ **Market Tours.** DAI conducted a market tour to Uruguay and Argentina for eight Chapare leaders of producers associations in January. This trip resulted in valuable contacts with buyers in Buenos Aires, Cordoba and Salta (all in Argentina); first deliveries to new customers in Buenos Aires have commenced.
- ◆ **An Agro-Industrial Interest Group** was formed in January to review obstacles in the food processing chain and provide recommendations to Marketing Management Unit.
- ◆ **Trade Fairs.** DAI assisted Chapare producers in exhibiting their product offerings in the Tarija Trade Fair in March.
- ◆ **Credit Needs Assessment.** The Unit has also contributed to the Credit Needs Assessment that was submitted to USAID in April.

<b>Result Indicator for Sustainable Market Linkages Established</b>				
<b>RESULT 2.1: Net income from CONCADE-assisted crops increasing by 3-4 percent annually</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	\$1,780	\$1,850	\$1,900	\$1,960
<b>Actual results</b>	N/A*	N/A*		
<b>Source/Methodology</b> Average annual income per capita in U.S. dollars, as reported in the CONCADE PMP database. This will be measured by an on-the-ground agricultural survey. *Data not available.				

**Statement of progress.** From the Transport Survey, we can observe progressive increases in the volume and, by calculation, increases in farm-gate values. As the advanced farmer organizations improve product quality and as less advanced associations improve crop yields, steady increases in farm family incomes can be expected.

Result Indicator for Sustainable Market Linkages Established				
<b>R2.2: Domestic agribusinesses purchasing Chapare produce and/or supplying agro-inputs on a regular basis</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	55 agribusinesses	65 agribusinesses	75 agribusinesses	80 agribusinesses
<b>Actual results</b>	46 agribusinesses	54 agribusinesses (83% of target) (As of March 31)		
<b>Source/Methodology</b> The 48 agribusinesses are:				
Agricanto	Cofrut	Emprofrut	Palm Heart Asocs. (10)	
Agripac	Coin Gek	Fabopal	Passion Fruit Asoc. (1)	
Agro-Te	Coop "Hospicio"	Hacienda Norita	Pentagro	
Alesa	Coop "San Antonio"	Indatrop	Pepper Asoc. (1)	
Andean Group	Del Valle	La Granja	Perregon	
Banabol	Dillmann	La Khochalita	Pineapple Asocs. (3)	
Banana Asocs.(6)	Eco Chapare	Maitec	Sisam	
Bebidas S.A.	Ecovir	Naturaleza	Tropi-Miel	
Chapare Exporta	Emcopaivi	OCS	Truchas-Paracti	
	Emnacan	Pacutec	Truchas-Tablas Montes	

**Statement of progress.** We see a steady trend of more Bolivian agribusinesses buying licit products from Chapare farmers and supplying agro-inputs to Chapare farming communities. Despite the difficulties attendant to operating in the Chapare, nearly all of the agribusinesses cited above are operating steadily and generating profits. New companies recently added to our list include Agripac (agrochemicals and farm tools), Maitec (agrochemicals), and Pentagro (agrochemicals).

Result Indicator for Sustainable Market Linkages Established						
<b>R2.3: Agribusinesses exporting Chapare fresh and processed products on a regular basis</b>						
	CY1999	CY2000	CY2001	CY2002		
<b>Targets in USAID/DAI contract:</b>	12 agribusinesses	13 agribusinesses	14 agribusinesses	15 agribusinesses		
<b>Actual results</b>	8 agribusinesses	8 agribusinesses (As of March 31)				
<p><b>Source/Methodology</b> Number of agribusinesses (cumulative), as reported in CONCADE PMP database. The eight companies regularly exporting are:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;">           Andean Group            Banabol            Chapare Exporta            Ecovir         </td> <td style="width: 50%; vertical-align: top;">           Fabopal            Indatrop            La Khochalita            Naturaleza         </td> </tr> </table>					Andean Group Banabol Chapare Exporta Ecovir	Fabopal Indatrop La Khochalita Naturaleza
Andean Group Banabol Chapare Exporta Ecovir	Fabopal Indatrop La Khochalita Naturaleza					

**Statement of progress.** The eight companies cited above continue to export Chapare fresh and processed licit products at a steady pace. Both Cofrut and Pacutec are gearing up for exporting and we expect them to appear shortly on the list as new additions. Obstacles to more rapid increases include:

- the economic crisis in Ecuador (forcing a sell-off of bananas and palm hearts at sharply reduced prices);
- the devaluation of Brazilian currency (allowing Brazil to compete strongly for the first time in Argentine markets); and
- the general recession in the Southern Cone countries (slowing demand across the board).

Result Indicator for Sustainable Market Linkages Established				
<b>R2.4: Marketed value of licit crops increasing by 20-30 percent annually</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	\$52 million	\$64 million	\$74 million	\$91 million
<b>Actual results</b>	\$58.2 million	\$15.2 million (As of March 31)		
<b>Source/Methodology</b> Value of licit produce in U.S. dollars, as reported by CONCADE PMP database. This calculation multiplies the volume of licit crops reported leaving the Chapare in the Transport Survey by their respective average wholesale value during the quarter to arrive at a grand total value. Note wholesale value excludes the value of logs.				

**Statement of progress.** There was a significant increase in product movement in the first quarter 2000 compared to the same quarter in 1999, and we expect these volumes and associated marketed values to steadily increase during the year. The value this quarter would have been greater but for heavy rains in January and February which caused mudslides and roadbed collapses, slowing product movement out of Chapare for several weeks. This indicator is moving progressively toward the target of \$64 million in the year 2000.

Result Indicator for Sustainable Market Linkages Established				
<b>R2.5: Exports of Chapare licit fresh and processed produce increasing annually</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	\$3 million	\$5 million	\$6 million	\$7 million
<b>Actual Results</b>	\$2.4 million	\$1.3 million (As of March 31)		
<b>Source/Methodology</b> Value of Chapare fresh and processed produce exported measured in U.S. dollars (non-cumulative), as reported in the CONCADE PMP database. These numbers were reported by each of the exporting companies.				
\$ 600,000 Chapare Exporta 360,000 Banabol 189,000 Indatrop 76,800 Fabopal		\$ 54,000 Andean Group 10,000 La Khochalita 8,600 Naturaleza 5,000 Ecovir		

**Statement of progress.** We are on a steady pace towards the target for year 2000. As cited above in Result 2.3, several macro-economic forces are driving down delivered prices for Chapare-based (and all Bolivian) exporters. One year ago, the price of a 12-count case of canned palm hearts was \$26 delivered Buenos Aires. The price for the same case today is \$16 due to intense price competition from Ecuador. Bananas which were worth \$12 per box are now worth \$8.50. We are working on assistance to increase yields and reduce costs to combat this situation.

Result Indicator for Sustainable Market Linkages Established				
<b>R2.6: Licit agricultural-based employment</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	2,000 jobs	4,000 jobs	5,000 jobs	6,000 jobs
<b>Actual results</b>	N/A*	N/A*		
<b>Source/Methodology</b> Number of full-time licit jobs created, as reported in CONCADE PMP database. *Data not available.				

**Statement of progress.** This data will be gathered in the Annual Agricultural Survey due to commence in the second quarter of 2000. Anecdotal evidence suggests new job creation occurring in the plantation expansions of Indatrop, Chapare Exporta and Banabol. The processing plants of Fabopal, Indatrop and Bebidas S.A. are working eight-hour shifts five days a week and have created employment for an as yet unmeasured number of new employees.

Result Indicator for Sustainable Market Linkages Established				
<b>R2.7: Licit non-agricultural-based jobs created</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	300 jobs	350 jobs	400 jobs	450 jobs
<b>Actual results</b>	N/A*	N/A*		
<b>Source/Methodology</b> Number of full-time licit jobs created, as reported by the CONCADE PMP database. *Data not available.				

**Statement of progress.** As with the previous Indicator (R2.6), this data will be gathered in the Annual Agricultural Survey due to commence in the second quarter of 2000. Anecdotal evidence suggests new job creation occurring in the sectors of automobile/truck/motorcycle repair, recreation and entertainment, and utility services. The opening of the Chapare Tropical Resort scheduled for July-August will create much new non-agriculture based employment in the hotel service sector.

### C. ALTERNATIVE DEVELOPMENT ORGANIZATIONS STRENGTHENED (SO3)

The objective of **SO3** is to work in conjunction with the extension service providers and IBTA to build their capacity to provide assistance to farmer organizations located in verified Coca-Free Areas (CFAs). The types of assistance offered in the Chapare are:

- ◆ Agricultural and business management technical assistance and training support
- ◆ Organizational strengthening
- ◆ Assistance in improving the management of revolving funds and other mechanisms for cost recovery and financial self sufficiency

Under Critical Task A, Technical Assistance and Training for Institutional Strengthening, the following progress was made:

- ◆ **Strengthening Farmer Organizations and Donor Coordination.** All extension service providers have completed an analysis of farmer organizational needs and have incorporated a series of activities and indicators related to organizational strengthening in their POAs. C23, PROLECHE, and DAI have collaborated in the division or sharing of responsibilities for providing assistance to farmer groups. This informal inter-institutional technical committee will be formalized in the near future.
- ◆ **A Series of Training Sessions** have been held with farmer associations related to basic bookkeeping, farm level food processing, and productive activities for women. A training course on the development of business plans for farmer organizations and extensionists is being developed. A training coordinator has been hired to develop a coordinated set of training modules linking production, marketing and business management.
- ◆ **Strengthening Second-Level Agricultural Organizations.** A number of second level producer commodity organizations are being established or reorganized. New groups include: CEPPAL (palmito producers association), a pineapple commodity group, and a passion fruit commodity group. UNABANA (banana producers association) is an important revived commodity association. CEPPAL has implemented, with financial and technical assistance of DAI and IBTA, 4 regional nurseries that will produce approximately 1 million seedlings. Income from the sale of plants should result in CEPPAL achieving financial self-sufficiency within 2 years and will drastically reduce the cost of importing plant material. UNABANA and the pineapple and passion fruit groups are in the process of setting up a decision making structure and setting an agenda for group activities such as training, purchasing, and marketing.
- ◆ **Agriculture Chamber.** A proposal for increasing the activities of the Agricultural Chamber has been prepared; the contract is under study by DAI. The proposal seeks to increase Chamber activities in the areas of: promotion, restructuring the governing board, aid to second level producer organizations, and increasing the member base.

- ◆ **Training Resources:** A draft global memorandum of understanding with the University of San Simon, aimed at increasing the University's participation in research, training, and formal education programs relevant to alternative development in the Chapare, has been formulated and is waiting approval by the interested parties. A review of the needs and opportunities, and the formulation of a concrete work plan with other education institutions such as TAC and Colegio Fe y Alegria have been planned for the second quarter.

Under Critical Task B, Mechanisms to Improve the Management of Revolving Funds and other means of cost recovery and self-sufficiency, the following progress was made:

- ◆ **Revolving Funds:** a coordinated policy for the use of revolving funds for the purchase of planting material has been agreed upon and implemented by C23, DAI, and PDAR. Policies related to the use of revolving funds for other inputs, infrastructure, etc. are being evaluated.

Result Indicator for Alternative Development Organizations Strengthened				
<b>R3.1: Increased capacity for sustainability in farmer organizations</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	12 organizations	24 organizations	36 organizations	50 organizations
<b>Actual results</b>	16 organizations	16 organizations <sup>a</sup> (As of March 31)		
<b>Source/Methodology</b> Number of legally registered farmer organizations being funded with fees for services paid by their members, as reported by farmer organizations providing information to NGOs and private firms. This information is currently being reported by the four extension groups working in the Chapare.				
<sup>a</sup> Sixteen farmer organizations are currently generating income.				

**Statement of progress.** Each farmer association that begins exporting also begins charging members simultaneously to fund centrally managed activities such as packing, spraying, purchasing of materials, etc. Those paying for extension promoters also charge fees to members. Both activities (exporting and self-financed extension) are on the increase as part of the associations' plans to increase income and crop yields, in response to our technical assistance.

Result Indicator for Alternative Development Organizations Strengthened				
<b>R3.2: Number of farmer organizations paying for their own technical assistance</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	2 organizations	10 organizations	25 organizations	40 organizations
<b>Actual results</b>	12 organizations	12 organizations <sup>a</sup> (As of March 31)		
<b>Source/Methodology</b> Number of farmer organizations capable of paying for their own technical assistance.				
<sup>a</sup> Currently, there are twelve farmer organizations at least partially paying for technical assistance.				

**Statement of progress.** Increasing numbers of farmer groups pay at least partially for community extension promoters. Those involved in contract farming are paying for technical assistance along with spraying and cultivation programs, and this activity is growing.

Result Indicator for Alternative Development Organizations Strengthened				
<b>R3.3: Increased capacity for technological transfer in GOB organization (IBTA/Chapare)</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Target set forth in USAID/DAI contract</b>	25%	35%	50%	75%
<b>Actual results</b>	0%	N/A*		
<b>Source/Methodology</b> Percent of individual research activities completed in any given calendar year positively validated and adopted by farmers. Extensionists will be responsible for gathering data on agricultural technology used by farmers. IBTA will provide a list of completed individual research activities.				
*Data not available.				

**Statement of progress** IBTA did not complete any new individual research activities in the quarter, although some are currently being validated for release. In 1999, IBTA had no extensionists through whom they could disseminate technology, as CORDEP wound up such activities early in the year and CONCADE extensionists started in mid-December. Lists of “good” management techniques are being compiled for the major crops. IBTA must reformulate its research activities to be more relevant and timely. We are encouraging IBTA to import some ready-made technologies rather than develop them all on-site.

Result Indicator for Alternative Development Organizations Strengthened				
<b>R3.4: Increased average annual yield of promoted crops</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract:</b>				
<b>Bananas</b>	70 mt/ha	90 mt/ha	110 mt/ha	135 mt/ha
<b>Pineapples</b>	11.5 mt/ha	12 mt/ha	13 mt/ha	13.5 mt/ha
<b>Passion Fruit</b>	10 mt/ha	10 mt/ha	10 mt/ha	10 mt/ha
<b>Palm Hearts</b>	675 kg/ha	750 kg/ha	815 kg/ha	900 kg/ha
<b>Black Pepper</b>	3 mt/ha	3 mt/ha	3 mt/ha	3 mt/ha
<b>Actual results</b>				
<b>Bananas</b>	20-30 mt/ha	20-30 mt/ha		
<b>Pineapples</b>	11.5 mt/ha	11.5 mt/ha		
<b>Passion Fruit</b>	6-7 mt/ha	6-7 mt/ha		
<b>Palm Hearts</b>	500 kg/ha	500 kg/ha		
<b>Black Pepper</b>	1.5 mt/ha	1.5 mt/ha		
		(As of March 31)		
<b>Source/Methodology</b> Increased average annual yield of promoted crops, as reported by CONCADE PMP database. Yields from 1999 are based on consultant estimates and some field measurements. Yields in future years will be based on field estimates taken by extensionists as well as results from the agricultural survey.				

**Statement of progress.** Yields for Year 2000 have yet to change compared to 1999 due to the installation of the extension system late in calendar year 1999. Yields have not gone down compared to the baseline. Our estimates are more realistic.

#### **D. PRIVATE SECTOR AND AGRICULTURALLY-BASED INDUSTRIES STIMULATED**

The objective of **Special Objective 4** is to stimulate the growth of an agribusiness sector in the Chapare that is competitive and self-sustaining in the long term, giving initial attention to the five under-performing, community-run processing plants. The primary means for supporting agribusiness development and private investment include a combination of:

- ◆ feasibility studies for existing Chapare agribusinesses, leading to the reformulation of their management, financial and operating structure, especially the five under-performing community processing plants.
- ◆ specific production and marketing technical assistance.
- ◆ Financial incentives designed to enhance the availability of critical working capital to high-potential Chapare investors and businesses, attracting new investors to expand economic activity.
- ◆ Promoting agricultural input supply businesses, agricultural processing and food-related manufacturing companies.
- ◆ Establishing and managing capital access programs (e.g. grants, loans and performance incentive mechanisms) to assist selected private or farmer groups in attaining CONCADE objectives.

Under Critical Task A, Assessment of Production and Investment Capital Requirements in the Chapare, the following progress was made:

- ◆ Investment capital requirements and financial support options for the agribusiness sector are set forth in the Credit Needs Assessment (Magill report) which was completed this quarter (submitted for USAID's review and approval in April 2000). A number of innovative investment strategies are contained in this report. Once implemented these will have a major impact on investment.

Under Critical Task B, Assistance in Feasibility Studies, Investment Support, and Joint Ventures, we achieved the following:

- ◆ DAI has prepared restructuring plans for two under-performing plants in the Chapare: Agro-Té and Emcopaivi. A central obstacle to the restructuring of these plants is their unclear legal status as entities currently pertaining to Chapare prefectures and now in the process of transfer to Chapare farmer organizations. This matter is under review by the GOB and PDAR.

- ◆ Despite a climate of economic uncertainty and risk aversion, the Investment Promotion Unit has worked with three new investor groups which came to the Chapare during this quarter -- the new owners of Milka, who have spent approximately \$300,000 on the remodeled milk plant, and two black pepper investor groups, which are investing \$75,000 each. A fourth investor (Pacutec) is making an important investment in a fresh-water shrimp and telapia hatchery in Mariposas.
- ◆ The Investment Promotion Plan has been drafted and will be submitted to USAID and partner institutions in the next quarter, in coordination with the Policy Unit.
- ◆ Five groups of potential investors have been taken on promotional tours of the Chapare during the quarter, including the two black pepper groups, two Santa Cruz cattle groups, and a savings and loan cooperative.
- ◆ Two groups received ongoing payments under Investment Incentive Subcontracts, Andean Group and ABIB/Ingavi B. Two additional subcontracts involving six more groups were negotiated for signing in the next quarter.
- ◆ Two presentations to exporter Chambers were made: CADEXCO of Cochabamba and the Camara de Industrias de Cochabamba.
- ◆ A demonstration project to develop Banana paper manufacturing was started, using Bolivian consultants trained at EARTH in Costa Rica.

Result Indicator for Private Sector Investment and Agriculturally-Based Industries Stimulated				
<b>R4.1: Investment credit needs identified</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	5 credit applications	10 credit applications		
<b>Actual results</b>	2 credit applications <sup>a</sup>	4 credit applications <sup>b</sup>  (As of March 31)		
<b>Source/Methodology</b> Credit applications including feasibility studies received from prospective investors favorably reviewed by USAID/GOB, as reported in the CONCADE PMP database. <sup>a</sup> Ingavi B and Andean Group <sup>b</sup> Chapare Exporta, Banabol and APAMI				

**Statement of progress.** The complexity and restrictions under Bolivian law added to the multi-faceted nature of the credit needs in the Chapare have slowed the preparation of credit applications. The Credit Needs Assessment was submitted in April, 2000.

Result Indicator for Private Sector Investment and Agriculturally-Based Industries Stimulated				
<b>R4.2: Investment credit fund established and operational</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract</b>	0 firms	3 firms	5 firms	5 firms
<b>Actual results</b>	2 firms	1 firm (As of March 31)		
<p><b>Source/Methodology</b> Number of firms established in the Chapare receiving loans from Investment Fund, as reported in CONCADE PMP database. The three firms receiving financial assistance from the Investment Promotion Fund are:</p> <p style="text-align: center;">Ingavi B Andean group Apami</p>				

**Statement of progress.** Cumulative progress to date is ahead of contract targets.

## **E. RESULTS-ORIENTED MANAGEMENT AND GEOGRAPHIC INFORMATION FOR PDAR IN PLACE**

### **SO 5: Results-Oriented Management, Geographic Information System for PDAR in Place**

SO5 is designed to provide PDAR, the key Alternative Development institution, assistance in planning, monitoring and evaluating results at the implementation level. The key to the DAI strategy for developing the Project Management Information System (PMIS) is assistance from the premier relational database expertise available, ORACLE Corporation. PDAR will own and run the PMIS, which will be a results-oriented management information system and will include a geographic information module. The system will be used for reaching decisions regarding CONCADE policy, budgeting and implementation issues, and for monitoring the achievement of CONCADE results. The system is open to other donors and projects which wish to request PDAR permission to use it for their own project management. This quarter DAI and PDAR have been discussing the possible integration into the system with other donors.

ORACLE is conducting the system analysis, design, development, and testing, all in Spanish. Additionally, ORACLE will make possible the integration of a complete financial accounting system for the government implementing entities of CONCADE. The Design Phase began in January and was completed on April 14. Work on the Geographic Information System (GIS) began in February, is progressing well and is scheduled for completion in mid-August. System development (programming) began in April, with completion targeted for mid-August.

On February 17, 2000, the CN-SOT PMP sub-team held its first meeting to review progress and comment on the system design. Since this initial meeting the sub-team, comprised of representatives from DAI and its CONCADE partner institutions, has been holding meetings every two weeks.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
<b>R5.1: Performance Monitoring Plan (PMP) completed and operational</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract:</b>  <b>Developed and approved</b> <b>Established</b> <b>Fully operational</b>	By 9/99	By 3/2000 By 7/2000		
Actual results  <b>Developed and approved</b>          <b>Established</b> <b>Fully operational</b>	PMP document submitted Oct 6, 1999; Implementation Plan submitted Feb 17, 2000	Both pending approval          In progress In progress  (As of March 31)		
<b>Source/Methodology</b> PMP system operational to monitor progress towards CONCADE results, as evaluated by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

**Statement of progress.** The Design Phase began in January and is scheduled for completion in April. Work on the Geographic Information System (GIS) began in February and is scheduled for completion in mid-August. System development will commence in April with completion targeted for mid-August.

On February 17, 2000, the CN-SOT PMP sub-team held its first meeting to review progress and comment on the system's design. Since this initial meeting the sub-team, comprised of representatives from DAI and its CONCADE partner institutions, has been holding meetings every two weeks.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
<b>R5.2: Integration and dissemination of a PMP completed for performance monitoring and results tracking</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract:</b>				
<b>Marketing/infrastructure systems</b> <b>PDAR/DIRECO systems</b> <b>IBTA/NGO/private firms systems</b> <b>Full PMP system</b>	By 12/99	By 3/2000 By 7/2000 By 9/2000		
Actual results		For all components system design is nearly complete and system development is about to begin.  (As of March 31)		
<b>Source/Methodology</b> Performance data fully integrated and operational between implementing entities using improved databases, as evaluated by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

**Statement of progress.** The Entity Relationship Diagram (ERD) is nearly complete for Marketing/Infrastructure, PDAR, IBTA, NGOs and private firms' systems. Only DIRECO is pending. The ERD defines the system's information requirements and how these requirements relate to one another.

An intensive training program for six staff members from PDAR, IBTA, Caminos Vecinales and DAI was organized during the quarter. Each staff member will receive twenty-seven days of training between May 3 and July 15, 2000.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
<b>R5.3: Integration of a PMP completed for financial and administrative decision-making</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract:</b>				
<b>Consolidated quarterly reports  IBTA-NGO/private firms  PDAR-IBTA-SNC/CCVV  Operating plans consolidated</b>		By 3/2000 By 7/2000 By 7/2000 By 9/2000		
Actual results				
<b>Consolidated quarterly reports  IBTA-NGO/private firms  PDAR-IBTA-SNC/CCVV  Operating plans consolidated</b>		Awaiting PDAR approval of terms of reference for subcontract award  (As of March 31)		
<b>Source/Methodology</b> Should be measured by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

**Statement of progress.** In early March, the GOB agreed to the terms of reference for subcontracting the programming of the financial and administrative component. PDAR is expected to approve the terms of reference in April. Once the terms of reference are complete, DAI will make a public offering seeking bids for this service.

DAI made a pre-evaluation of several financial software options during the quarter. This pre-evaluation was essential for drafting the terms of reference cited above.

Result Indicator for Results-Oriented Management and Geographic Information System for PDAR				
<b>R5.4: PDAR managing the integrated PMP</b>				
	CY1999	CY2000	CY2001	CY2002
<b>Targets in USAID/DAI contract:</b>  PDAR has staff to start training PDAR staff fully trained in PMP PDAR staff managing consolidated PMP		By 9/2000 By 9/2000	By 3/2001	
<b>Actual results</b> PDAR has staff to start training PDAR staff fully trained in PMP PDAR staff managing consolidated PMP		In progress In progress  (As of March 31)	Yet to commence	
<b>Source/Methodology</b> PDAR fully capable of managing PMP developed by contractor, as evaluated by Performance Monitoring Team of CN/SOT. Currently measured by DAI Information Management Team.				

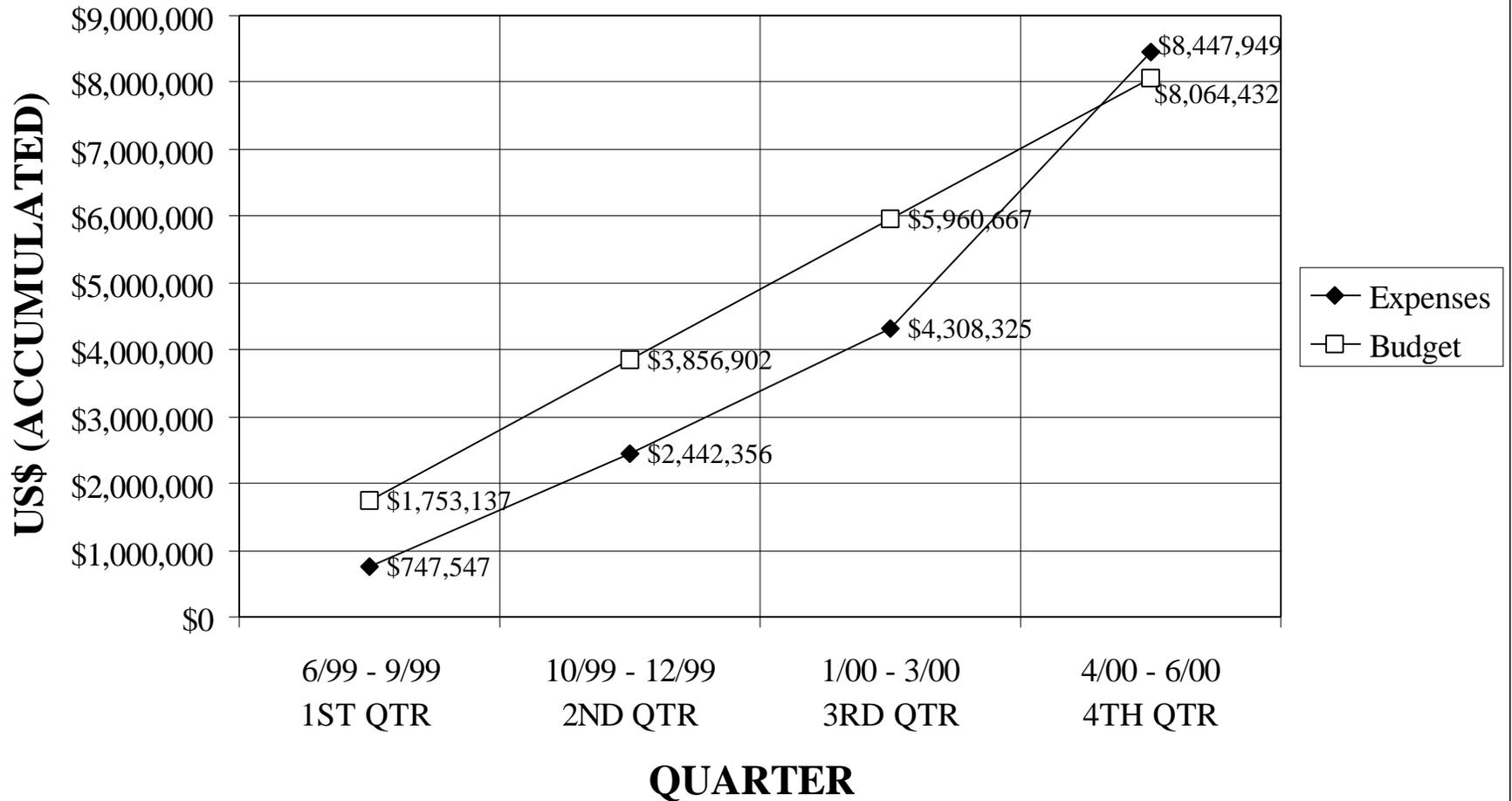
**Statement of progress.** PDAR is actively co-managing system development with DAI. In December 1999, PDAR hired Lisete Solis to work as counterpart to DAI's Eduardo Velarde and to participate as a member of the Information Management Unit. Ms. Solis is involved in all aspects of system design and development. In March 2000 DAI provided her with extensive training in Oracle Web Application Server Administration in La Paz. Intensive training of PDAR's staff is planned for May through July. In addition to PDAR, DAI is also training members of Caminos Vecinales (Gonzalo Echeverria, Carlos Canedo) and IBTA (Juan Carlos Trujillo, Andres Quiroga) in Oracle programming and report generation. The training of these staff members will total 162 days.

PDAR is a regular participant in the bi-weekly PMP sub-team meeting begun in February.

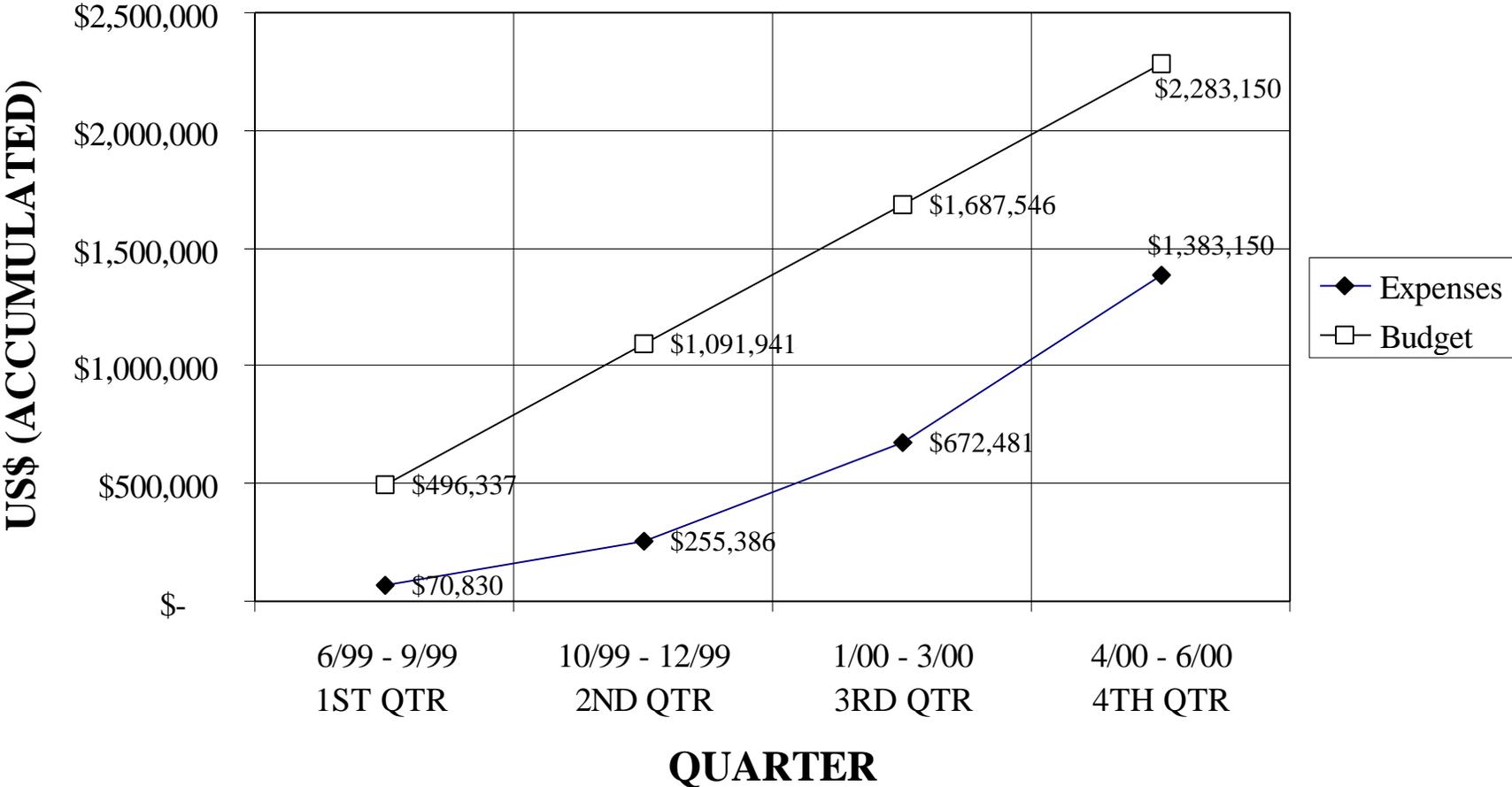
In addition, DAI has stressed to PDAR the importance of hiring a Systems Specialist to oversee the PMP upon completion. PDAR has agreed to fill this currently vacant position.

**CHAPTER III: USE OF FUNDS DURING THE QUARTER**

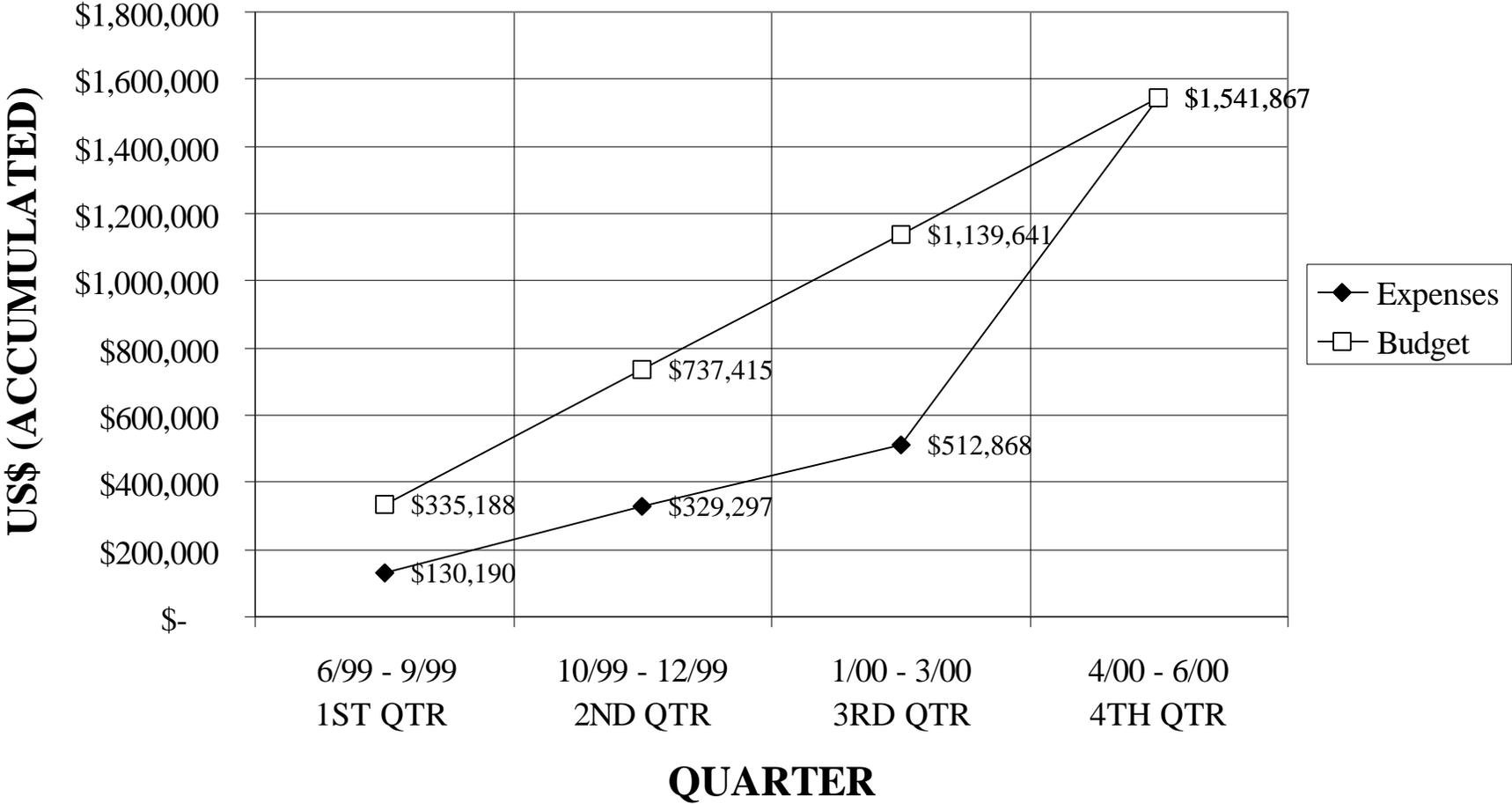
**Comparison of Budget vs. Expenditures  
Five CLINS - Accumulated**



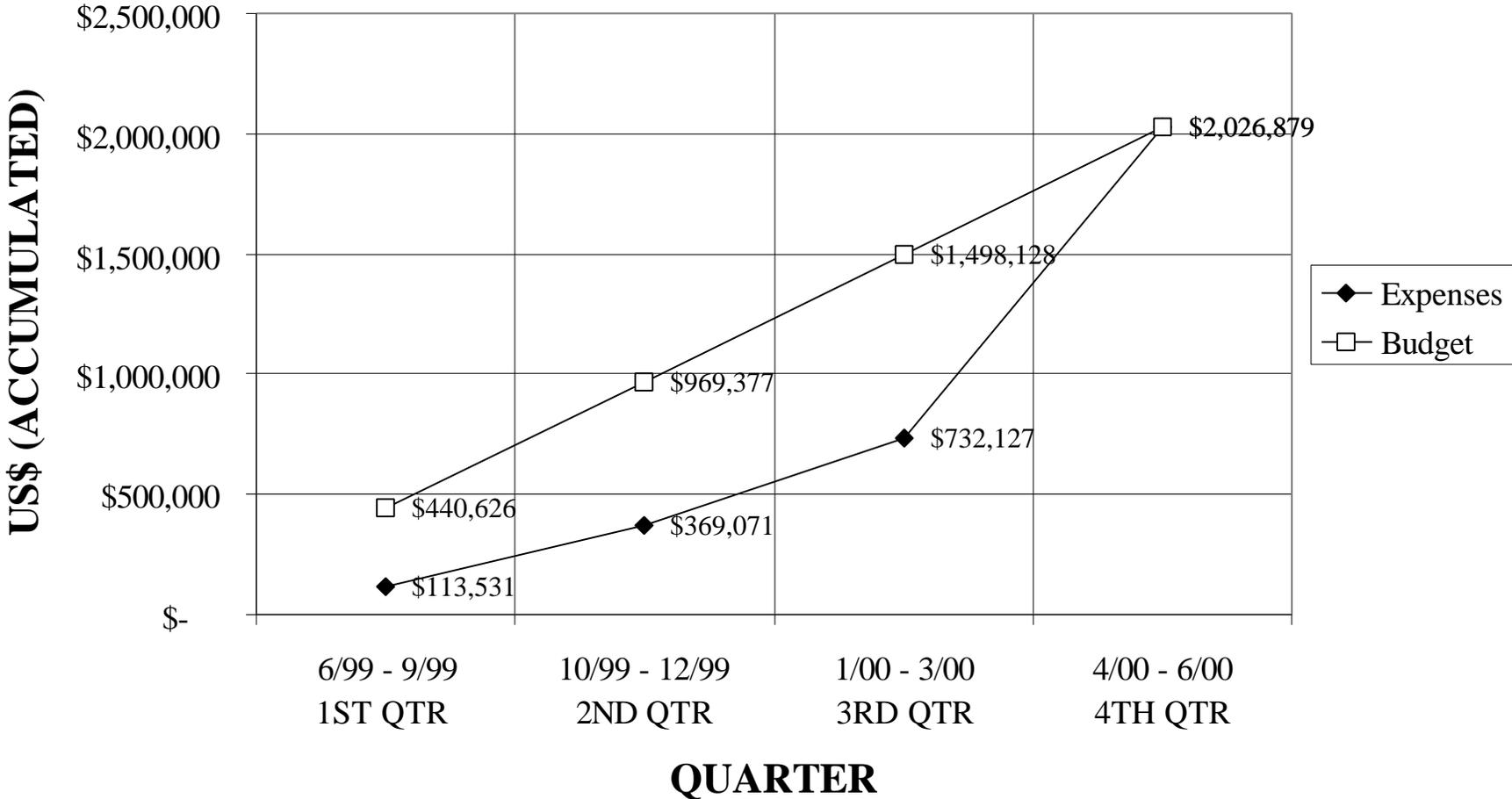
# Comparison of Budget vs. Expenditures CLIN 1 - Accumulated



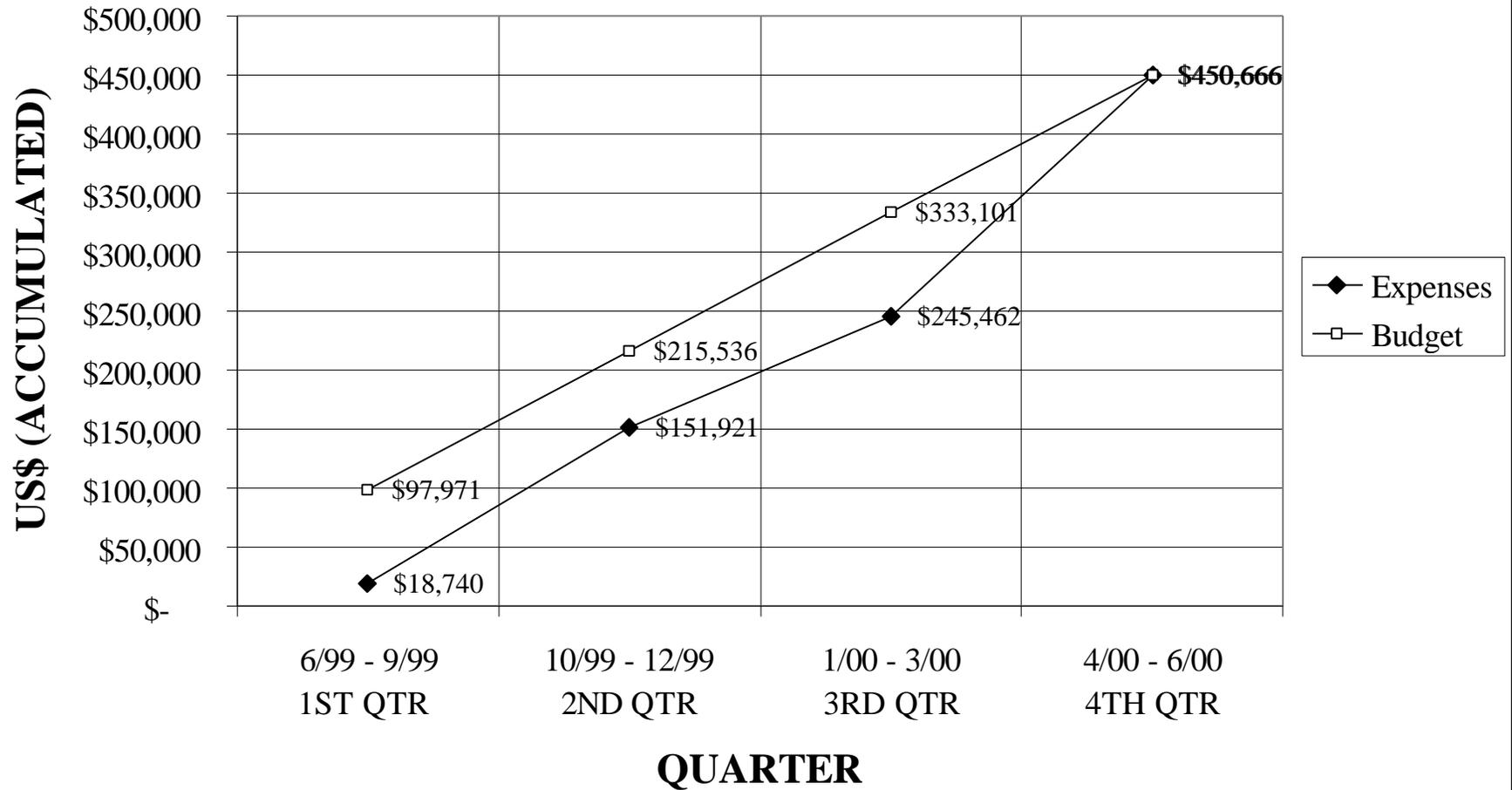
## Comparison of Budget vs. Expenditures CLIN 2 - Accumulated



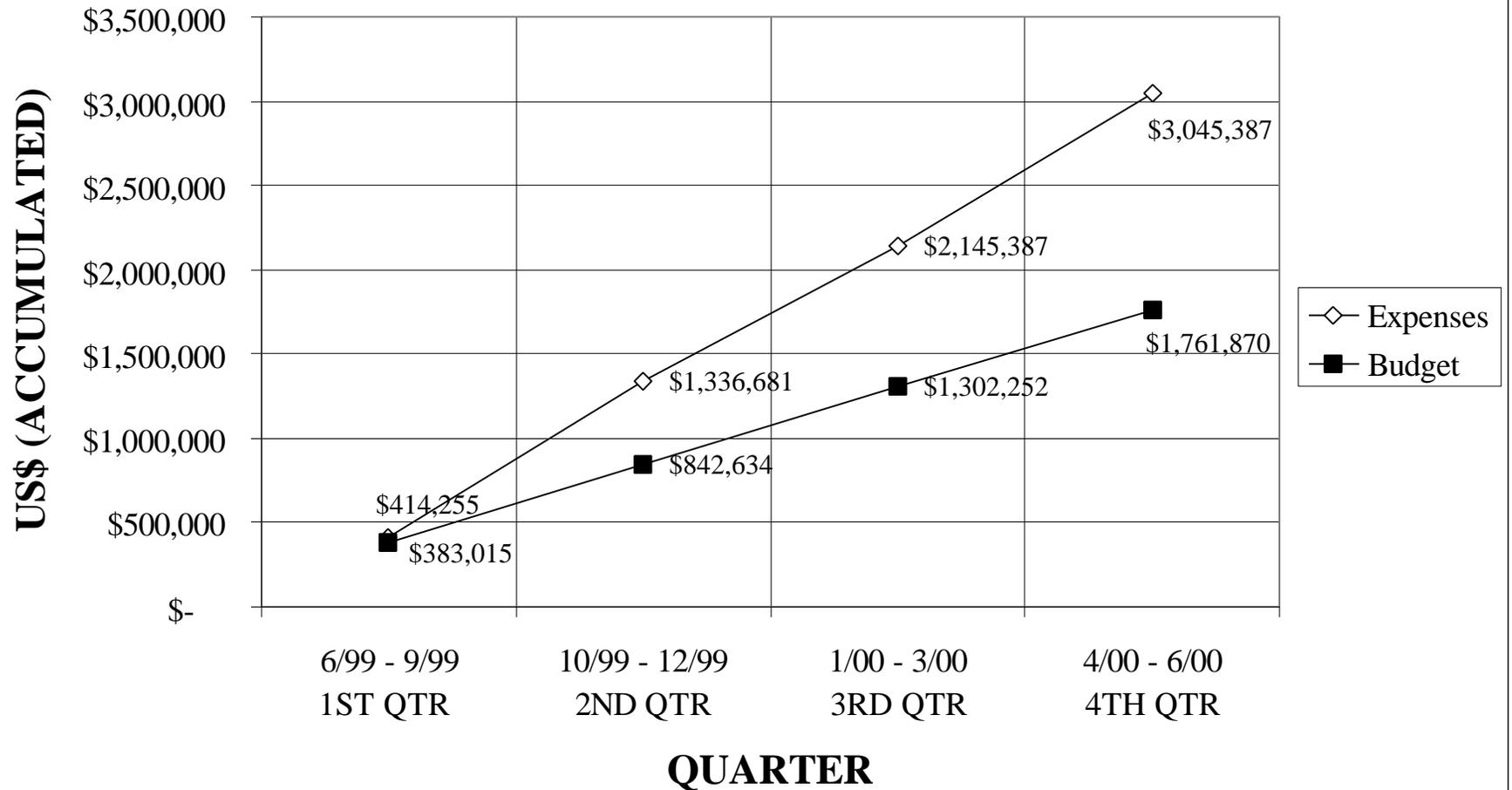
# Comparison of Budget vs. Expenditures CLIN 3 - Accumulated



## Comparison of Budget vs. Expenditures CLIN 4 - Accumulated



## Comparison of Budget vs. Expenditures CLIN 5 - Accumulated





**DAI YEAR ONE BUDGET - JULY 1999****THRU JUNE 2000****IN U.S. DOLLARS**

LINE BUDGET ITEM	CLIN 1	CLIN 2	CLIN 3	CLIN 4	CLIN 5	TOTAL
<b>A. Salaries and Wages</b>	392,804	313,141	107,587	135,994	226,156	1,175,682
						-
<b>B. Fringe Benefits</b>	23,880	19,604	4,190	10,080	14,922	72,676
						-
<b>C. Overhead</b>	179,759	156,237	49,160	64,399	94,072	543,627
						-
<b>D. Travel, Transportation and Per Diem</b>	35,736	173,579	25,666	21,991	37,776	294,748
						-
<b>E. Allowances</b>	107,287	82,368	1,063	6,136	2,125	198,979
						-
<b>F. Other Direct Costs</b>	912,677	70,637	248,445	30,410	1,038,861	2,301,030
						-
<b>G. Subcontractors</b>	720,544	626,359	477,829	125,000	1,634,838	3,584,570
						-
<b>SUBTOTAL PROJECT COSTS</b>	<b>2,372,687</b>	<b>1,441,925</b>	<b>913,940</b>	<b>394,010</b>	<b>3,048,750</b>	<b>8,191,312</b>
General and Administrative Costs	194,560	118,228	74,943	32,309	249,998	670,038
<b>SUBTOTAL ESTIMATED COSTS</b>	<b>2,567,247</b>	<b>1,560,163</b>	<b>988,883</b>	<b>426,319</b>	<b>3,298,748</b>	<b>8,841,360</b>
						-
Base Fee	192,544	39,004	24,722	10,658	82,469	349,397
						-
Award Fee	-	78,008	49,444	21,316	164,937	313,705
						-
<b>ESTIMATED COST PLUS FEE</b>	<b>2,759,791</b>	<b>1,677,175</b>	<b>1,063,049</b>	<b>458,293</b>	<b>3,546,154</b>	<b>9,504,462</b>
						-
Grants						-
Fee on Grants						-
						-
<b>TOTAL ESTIMATED COST PLUS FEE</b>	<b>2,759,791</b>	<b>1,677,175</b>	<b>1,063,049</b>	<b>458,293</b>	<b>3,546,154</b>	<b>9,504,462</b>

EXPENSES (QUARTER)						
			First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	CLIN	Budget	Jun - Sept. 99	Oct - Dec 99	Jan - Mar 00	Apr - Jun 00
						(projected)
	CLIN 1	2,759,791	70,830	184,556	416,760	710,670
	CLIN 2	1,677,175	130,190	199,106	179,993	1,029,000
	CLIN 3	1,063,049	113,532	255,540	391,561	1,294,752
	CLIN 4	458,319	18,740	133,182	94,832	205,203
	CLIN 5	3,546,154	414,256	922,425	838,631	900,000
	<b>TOTAL</b>	<b>9,529,669</b>	<b>747,548</b>	<b>1,694,809</b>	<b>1,921,777</b>	<b>3,798,806</b>
BUDGET (QUARTER)						
	CLIN 1		496,337	595,604	595,605	595,604
	CLIN 2		335,188	402,227	402,226	402,226
	CLIN 3		440,626	528,751	528,751	528,751
	CLIN 4		97,971	117,565	117,565	117,565
	CLIN 5		383,015	459,619	459,618	459,618
		<b>TOTAL</b>	<b>1,753,137</b>	<b>2,103,766</b>	<b>2,103,765</b>	<b>2,103,764</b>
EXPENSES (ACCUMULATED)						
	CLIN 1		70,830	255,386	672,146	1,382,816
	CLIN 2		130,190	329,296	509,290	1,538,290
	CLIN 3		113,532	369,072	760,632	2,055,384
	CLIN 4		18,740	151,922	246,753	451,956
	CLIN 5		414,256	1,336,681	2,175,312	3,075,312
		<b>TOTAL</b>	<b>747,548</b>	<b>2,442,357</b>	<b>4,364,134</b>	<b>8,503,759</b>
BUDGET (ACCUMULATED)						
	CLIN 1		496,337	1,091,941	1,687,546	2,283,150
	CLIN 2		335,188	737,415	1,139,641	1,541,687
	CLIN 3		440,626	969,377	1,498,128	2,026,879
	CLIN 4		97,971	215,536	333,101	456,666
	CLIN 5		383,015	842,634	1,302,252	1,761,870
		<b>TOTAL</b>	<b>1,753,137</b>	<b>3,856,902</b>	<b>5,960,667</b>	<b>8,064,432</b>

## CHAPTER IV: CONTRACT DELIVERABLES

As defined in the USAID/DAI contract, deliverables refer to four outputs in four areas: a) work plans, b) quarterly reports, c) scopes of work and d) PMS. Deliverables provided in the first quarter of Year 2000 include the following:

<b>Work Plans and Documents</b>	
<b>Document</b>	<b>Submission date to USAID</b>
DAI Year 2000 Work Plan	March 2000
Credit Needs Assessment	March 2000
Grants manual	March 2000

<b>Quarterly Reports</b>	
<b>Document</b>	<b>Submission Date to USAID</b>
Quarterly Report Bilingual (Oct-Dec 1999)	March 15, 2000

<b>Scopes of Work</b>	
<b>Long-Term Experts</b>	<b>Date Submitted to USAID</b>
LTTA for core team	December 1999
LTTA for 2.5 NCSU positions	Action memo #7 (no objection)
LTTA for 2 DAI positions	Action Memo #8 (no objection)

<b>PMS</b>	
<b>Deliverable</b>	<b>Date Submitted to USAID</b>
PMP Plan	October 1999
Oracle Implementation Plan	February 17 (with periodic updates)

## CHAPTER V: LEVEL OF EFFORT IN PERSON-MONTHS

Level of Effort (Person-Months), First Quarter 2000						
	CLIN 1	CLIN2	CLIN3	CLIN 4	CLIN 5	Total
	Sustainable Farm-Level Production Capacity for Licit Crops Established	Sustainable Market Linkages Established	Alternative Development Organizations Strengthened	Private Sector Investment & Agriculturally-Based Industries Stimulated	Result-Oriented Management & Geographic Information System	
<b><i>I. DAI Long-Term Technical Assistance</i></b>						
Chief of Party	1.13	0.38	0.37	0.37	0.75	3.00
Marketing & Investment Promotion Advisor		2.27		0.73		3.00
Senior Policy Advisor	1.04					1.04
Information Unit Manager					3.00	3.00
Food Processing and Marketing Advisor		2.25		0.75		3.00
Marketing Advisor I	0.74	0.74	1.52			3.00
Marketing Advisor II		1.50	0.80	0.70		3.00
Alternative Development Org. Specialist	0.48	0.27	2.25			3.00
Investment Promotion Specialist				3.00		3.00
Marketing Information Specialist	0.25	2.50		0.25		3.00
Financial Analyst	0.97		1.01		1.02	3.00
Women's Economic Activities Coordinator			3.00			3.00
Raúl Morales (MIS Specialist)					3.00	3.00
Silvia Piérola (MIS Specialist)					3.00	3.00
Marcelo Suárez (MIS Specialist)					2.82	2.82
Maintenance and Equipment Engineer	3.00					3.00
Administrator	1.50				1.50	3.00
Finance Unit Manager	1.50				1.50	3.00
Financial Analyst (Chapare)			3.00			3.00
Financial Analyst (Infrastructure)	3.00					3.00
Sub-Tot: DAI Long-Term	<b>13.61</b>	<b>9.91</b>	<b>11.95</b>	<b>5.80</b>	<b>16.59</b>	<b>57.86</b>

**Level of Effort (Person-Months), First Quarter 2000**

- Continued -

	CLIN 1	CLIN 2	CLIN 3	CLIN 4	CLIN 5	Total
	Sustainable Farm-Level Production Capacity for Licit Crops Established	Sustainable Market Linkages Established	Alternative Development Organizations Strengthened	Private Sector Investment & Agriculturally-Based Industries Stimulated	Result-Oriented Management & Geographic Information System	
<b>2. DAI Short-Term Technical Assistance</b>						
Charles Foster (Project Design and Work Plan Expert)		1.83		0.55		2.38
Bill Greenwood (Technical Backstop)	0.22	0.03	0.16	0.03	0.22	0.66
James Chapman (Technical Backstop/Policy)	0.39				0.23	0.62
Samantha Akins	0.20	0.17	0.03	0.10	0.50	1.00
Luis Duchicela		0.28				0.28
Joseph Blubaugh			0.55			0.55
Enrique Rieger		1.38				1.38
Edwin Caceres (Field Survey Technician for Palm Hearts 4)		1.38				1.38
Rogelio Llanque (Field Survey Technician for Palm Hearts 1)		1.38				1.38
Oscar Antezana (Field Survey Technician for Palm Hearts 2)		1.43				1.43
John Magill				1.20		1.20
Steve Romanoff		0.28				0.28
Antonio Salgado	0.51					0.51
Edwin Villaroel				0.97		0.97
Beatriz Sainz					0.46	0.46
Benigno Ocampo	0.55					0.55
Vicente Eguez	0.55					0.55
Sergio Cassab		1.38				1.38
Manuel Carballo		0.65				0.65
<b>Sub-Total Months: DAI Short-Term</b>	<b>2.42</b>	<b>10.19</b>	<b>0.74</b>	<b>2.85</b>	<b>1.41</b>	<b>17.61</b>

**Level of Effort (Person-Months), First Quarter 2000**  
- Continued -

	CLIN 1	CLIN 2	CLIN 3	CLIN 4	CLIN 5	Total
	Sustainable Farm-Level Production Capacity for Licit Crops Established	Sustainable Market Linkages Established	Alternative Development Organizations Strengthened	Private Sector Investment & Agriculturally-Based Industries Stimulated	Result-Oriented Management & Geographic Information System	
<b>3. DAI Subcontractors</b>						
<b>Oracle</b>						
David Dees					0.69	0.69
Susana Llosa					1.50	1.50
Tony Lopez					0.56	0.56
Lydia Martin					2.36	2.36
Sergio Molieri					0.74	0.74
Maria Robles					0.91	0.91
Jose Troche					1.52	1.52
Dan Wallace					0.01	0.01
<b>Sub-Tot Months: Oracle</b>					<b>8.29</b>	<b>8.29</b>
<b>N. Carolina State Univ.</b>						
Larry Szott (Senior Agricultural Advisor)	3.00					3.00
Larry Nelson (Statistics/Experimental Design Specialist)	2.05					2.05
Shirley Baldwin (Administrative Coordinator NCSU)	2.25					2.25
Jorge Arce Portuguez (Agronomist from Earth)	0.55					0.55
Roland Bunch (Specialist in Participatory Extension Approaches)	0.60					0.60
Walter Gutierrez	0.51					0.51
Frank Smith (Monitoring and Evaluation Specialist)	0.51					0.51
Panfilo Tabora (Tropical Crops Specialist)	0.51					0.51
Mike Utley (Banana Specialist)	0.51					0.51
Pedro Valdiviezo (Extension Specialist)	1.38					1.38
<b>Sub-Total Months-NCSU</b>	<b>11.87</b>					<b>11.87</b>
<b>4. Grand Total - LOE in Person-Months</b>	<b>27.90</b>	<b>20.10</b>	<b>12.69</b>	<b>8.65</b>	<b>26.29</b>	<b>95.63</b>

## APPENDIX A: GLOSSARY OF ACRONYMS

(Spanish equivalent in parentheses)

AIC:	Activity Implementation Committee
AMU:	Activity Management Unit (DAI Chief of Party and PDAR Executive Director)
APHIS:	Animal and Plant Health Inspection Service (U.S. Dept. of Agriculture)
ASC:	Activity Steering Committee
CCVV:	Rural Roads Department ( <i>Caminos Vecinales</i> )
CLIN:	Contract Line Item Number
CN/SOT:	Counter Narcotics Strategic Objectives Team
CONCADE:	Counter Narcotics Consolidation of Alternative Development Efforts in Bolivia ( <i>Consolidación Antinarcóticos de los Esfuerzos del Desarrollo Alternativo</i> )
CORDEP:	Cochabamba Regional Development Program
CRDP:	Chapare Regional Development Project
DAI:	Development Alternatives, Inc.
DIRECO:	Bolivian Coca Eradication Agency ( <i>Dirección de Reconversión de la Coca</i> )
EMISBA:	Association of Municipalities in the Chapare ( <i>Empresa Intermunicipal de Saneamiento Básico</i> )
FCC:	Fertility Capability Classification
FHIA:	Honduran Foundation for Agricultural Research ( <i>Fundación Hondureña para Investigación Agropecuaria</i> )
FONADAL:	Bolivian National Fund for Alternative Development ( <i>Fondo Nacional de Desarrollo Alternativo</i> )
GIS:	Geographic Information System
GOB:	Government of Bolivia ( <i>Gobierno de Bolivia</i> )
HACCP:	Hazard Analysis Critical Control Points
IBTA:	Bolivian Institute for Agricultural Research ( <i>Instituto Boliviano de Investigación Agropecuaria</i> )
IPM:	Integrated Pest Management ( <i>Manejo Integral de Plagas</i> )
LTTA:	Long Term Technical Assistance
MERCOSUR:	Southern Cone Common Market -Chile, Brazil, Paraguay, Uruguay & Argentina ( <i>Mercado Común del Sur</i> )
MU:	Management Unit
NCSU:	North Carolina State University
NGO:	Non-Governmental Organization
PDAR:	Regional Alternative Development Program ( <i>Programa de Desarrollo Alternativo Regional</i> )
PLA:	Product Line Assessment
PMP:	Performance Monitoring Plan
PPL:	Bolivia's Popular Participation Law ( <i>Ley de Participación Popular</i> )
RFP:	Request for Proposal
RRA:	Rapid Rural Appraisal
SNC/CCVV:	National Road Service/Rural Roads Department ( <i>Servicio Nacional de Caminos</i> )
SO:	Strategic Objective
SOT:	USAID's Strategic Objectives Team
STTA:	Short Term Technical Assistance
TAMIS:	Technical and Administrative Management Information System
USAID:	U.S. Agency for International Development
VMDA:	Vice Ministry of Alternative Development
WIDTECH:	USAID's Women in Development Technical Assistance Project

## APPENDIX B: GLOSSARY OF TERMS AND PHRASES

(Spanish equivalent in parentheses)

Agricultural continuum:	The conceptual model for agriculturally-based economic growth which links Market Research, Applied Research, Agricultural Extension/Technology Transfer, Farm-Level Production, Postharvest Handling, Market Transport/Distribution, and Market Sales in a closed, sequential loop.
CORDEP priority crops:	Crops receiving targeted development assistance in the previous project. These crops were bananas, pineapples, palm hearts, passion fruit and black pepper.
Input:	The provision of goods, services and/or monies. First level inputs include: technical assistance, goods and training. Second level inputs include: contracts/agreements and consultants. Third level inputs consist of financing. ( <i>Insumo</i> )
Intermediate result:	A key result that needs to be completed to attain the strategic objective. ( <i>Resultado intermedio</i> )
Performance indicator:	A characteristic or unique dimension used to measure projected changes, as defined in the results framework.
Output:	The result of a specific action. For example: people trained, vaccinations administered. ( <i>Producto</i> )
Result:	A change in the client's situation or a change in the situation of the host country having a relationship with the client. ( <i>Resultado</i> )
Special objective:	( <i>Objetivo especial</i> )
Strategic objective:	The most ambitious result that USAID, the GOB and other cooperating agencies, together with their members, can achieve and for which they are willing to assume responsibility. ( <i>Objetivo estratégico</i> )