

**Bolivia Democratic Decentralization
and
Citizen Participation Project Phase III**

**Quarterly Report III
April 1-June 30, 2004**

Prepared for:

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Prepared by:

**International City/County Management Association
and**

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I. Introduction

The International City/County Management Association (ICMA) and its partner subcontractors, Berthin Consultoria, DevTech Systems, Inc., the Nur University, and the QED Group entered into a contract with the USAID Mission in Bolivia on August 26, 2003, to implement the third phase of the Mission's Democratic Development and Citizen Participation Project (DDPC III). The ICMA team has designed a strategy that will contribute to more effective and efficient administration of local government in responding to the needs of their populations, increase participation of the citizenry including women and indigenous populations in municipal decisions, assist local governments to promote their economic development, and support municipal associations to better represent and respond to the needs of their membership.

This report covers project implementation from April 1 through June 30, 2004. The report focuses on activities presented in the first year work plan approved by the Mission on December 22, 2003.

II. Major Accomplishments

A) Program Management Tasks:

During the reporting period the following activities took place:

- Fernando Vilaseca filled the position of Yungas Coordinator;
- Enrique Torres was contracted for the position of Municipal Finance Specialist;
- Manuel Quintero was hired as driver/messenger and
- Ebert Miranda was contracted as concierge.
- The project's Grants Administration Manual was revised per Mission suggestions and submitted for final approval (Annex 1).
- ICMA's Local Employees' Manual was adopted and distributed to staff.
- Financial audits were conducted for the bridge-grants to departmental municipal associations and ACOBOL covering the period from January 1 to June 30, 2004.
- An audit was also conducted in April for the DDPC III grant to the Yungas Mancomunidad covering the period from October 1, 2003 through March 31, 2004.
- At the end of the reporting period, work was in progress to link the Municipal Development Scale (Índice de Desarrollo Municipal--IDM) to the monitoring and evaluation system.
- The first issue of the DDPC III bulletin, *Informe Local*, was approved by the Mission and prepared for an early-July distribution.
- In mid-April, ICMA's Director of the International Programs, Dennis Taylor, and home office project director, Isabelle Bully-Omictin arrived to consider a Mission issued scope of work to provide technical assistance to the Government Of Bolivia (GOB) and realign the original project budget to take in to account this and other changes made due to recent change in the political climate of the country. In early June, ICMA responded with a proposal and realigned budget.

B) Partner Municipalities and Mancomunidades:

At the close of the last reporting period 57 municipalities were invited by DDPC III and the Vice Ministry of Popular Participation to apply for project participation. Thirty-seven expressed interest of which 20 were selected to be final candidates and of these 15 were chosen by an inter-institutional committee (Ministry of Popular Participation/ICMA/USAID) to be DDPC III client municipalities. These are:

Municipality	Mancomunidad	Department
1. El Alto	Sin Mancomunidad	La Paz
2. Santiago de Callapa	AYMARAS SIN FRONTERAS	La Paz
3. Curaguara de Carangas	AYMARAS SIN FRONTERAS	Oruro
4. Turco	AYMARAS SIN FRONTERAS	Oruro
5. Reyes	MANRIBE	Beni
6. Rurrenabaque	MANRIBE	Beni
7. Yacuiba	GRAN CHACO	Tarija
8. Carapari	GRAN CHACO	Tarija
9. San Javier	GRAN CHIQUITANIA	Santa Cruz
10. San Antonio del Lomerío	GRAN CHIQUITANIA	Santa Cruz
11. Ascensión de Guarayos	GRAN CHIQUITANIA	Santa Cruz
12. San Juan	Sin Mancomunidad	Santa Cruz
13. Cliza	VALLE ALTO	Cochabamba
14. Santivañez	VALLE ALTO	Cochabamba
15. Punata	VALLE ALTO	Cochabamba

Due to resource reallocations in the original project budget, ICMA proposed to reduce the number of client municipalities from 15 to 11. The municipalities of Rurrenabaque and Reyes in the Beni and Yacuiba and Carapari in Tarija were proposed as municipalities to be eliminated due to the high cost in travel-time and money to serve these communities.

During the reporting period, DDPC III staff with the guidance of Senior Technical Advisor, Oscar Rodriguez, finished adapting ICMA's Municipal Development Scale (MDS or Índice de Desarrollo Municipal- IDM) to Bolivian conditions and fixed characteristics for each of the scale's 20 indicators (Annex 2). The MDS was then applied in 10 municipalities and the results were being analyzed at quarter's end to determine appropriate technical assistance and training packages for each client. The MDS was not applied in El Alto due to the special needs of that city's government and is on hold for the Tarija and Beni municipalities pending a decision from the Mission on the realigned budget. Please note that the Santiago de Callapa municipal government withdrew from the project.

Luis Alberto Arias, under the coordination of DevTech's Senior Technical Advisor, Carlos Loría, and participation by DDPC III municipal finance staff, conducted a study of the Bolivian municipal tax system (Annex 3). A study on local municipal income generation through a simplified cadastre by Dr. Robert Kent and Urban and Infrastructure Coordinator, Guillermo Marin, was translated into Spanish for distribution to interested organizations (Annex 4).

At the request of the Mission and Vice Ministry of Alternative Development the project staff prepared an institutional analysis of the Mancomunidad de los Yungas de La Paz, an evaluation of the Mancomunidad's work during the period of the DDPC III bridge-grant, October '03 – March '04, and a strategy to support the institutional development and project management capabilities of the organization. At the close of the reporting period the project was waiting for a determination from the Mission on a request to fund the mancomunidad's proposal to support its member municipalities in applying the GOB's popular participation model and in promoting and coordinating the Yungas development strategy (Annex 5).

The project's inaugural conference scheduled for the end of June was postponed at the request of the Mission pending review and approval of the realigned budget.

C) Legal Framework:

To develop an approach to support the independence of municipal governments and promote their financial sustainability DDPC III formed a committee of interested parties: FAM, USAID, AMB, president of the Senate's Committee on Local Governments, and president of the Chamber of Deputies Commission on Decentralization and Participation Popular. The decision to focus on a reform of laws governing local taxation was based on Mission concerns as expressed in its RFP for DDPC III that the inability to generate local revenue was a deterrent to municipal development coupled with ICMA's proposed activities to address the issue. Meetings were held with committee members in Santa Cruz and La Paz to develop a final, refined proposal that was submitted to the Mission in early June for comment and approval (Annex 6). On June 22 the Mission rejected the proposal and at the close of the reporting period the contractor was awaiting further guidance from the Mission to adjust the project's Legal Framework component.

In related matters, the project supported ACOBOL in its quest for a law to prevent violence against elected women municipal officials (Annex 7), by providing technical assistance to: 1) ACOBOL, the FAM and the Ministry of Decentralization and Popular Participation in their efforts to write and promote a bill to permit the inclusion of candidates from local groups and indigenous communities in municipal elections (Annex 8); 2) the FAM and Ministry of D&PP on the National Dialogue by promoting the "Compro Boliviano" as the main theme of the dialogue; and 3) the FAM in its work to promote national fiscal, financial and institutional policies favorable to its member municipalities and its efforts to include Indian communities in the political life of their local governments.

D) Citizens:

The project staff continues to refine the Popular Participation Model to assure positive interaction among municipal councils, vigilance committees and mayors and to incorporate the

concerns of women, private sector producers and indigenous communities in the cycle of municipal management. The Municipal Development Scale contains eleven indicators that evaluate citizen participation. These indicators will point to project activities to strengthen participation through training and technical assistance that will be defined with the participation of municipal governments and their vigilance committees. The DDPC team is working to assure that the governance process supports a smooth transparent transition between current and newly elected municipal governments.

As reported in previous quarterly reports ICMA has been collaborating with SUNY to improve the "Encuentro de Decisiones Concurrente" component of the Popular Participation Model. We have received a proposal for two pilot encounters from the Departmental Municipal Association of Potosí and after a requested revision is received SUNY/ICMA will present the project to the Mission for consideration in July.

The project has lead a joint effort including participation from the Vice Ministries of Popular Participation and Women and several international cooperation agencies to create standard Terms of Reference for a contractor to conduct workshops to promote the candidacies of women for municipal office in the 2004 elections (Annex 9). The project has prepared its gender strategy that is included in this report as a deliverable under the contract (Annex 10).

E) Associations:

During the quarter the project concluded the application of the ICMA Municipal Association Institutional Viability Milestone Index (Índice de Desarrollo Institucional - IDI) to the nine departmental municipal associations and ACOBOL. It must be noted that the FAM has yet to accept the application of the Milestone Index to the national federation. The results of the Milestone Index were presented to the FAM, its member associations and members of the international donor community (DFID, Holland, Sweden, GTZ, USAID) at a FAM meeting in Sucre (Annex 11).

The results of the index indicated that there is a general deficiency in the capacity of the associations to represent their member municipalities. The deficiency was readily recognized by eight of the nine departmental associations and the project received requests for technical assistance to develop and implement representational agendas. Other problems identified in applying the index were communication with prefectures, member participation in setting policies and defining projects, and financial and administrative weakness. Based on the results of the index, the project developed its institutional strengthening strategy that is included in this report as a deliverable under the contract (Annex 11).

As resources limit project technical assistance to the departmental associations and ACOBOL, and as the FAM will provide assistance to strengthen its member associations with international donor assistance, the project proposes to focus its assistance to strengthen the representational capacity of the associations requesting help. The Project has shared the results of its Milestone Index with the FAM and its financiers in the hope that it will serve as an instrument to assist them in determining their technical assistance to and with the associations.

III. Challenges and Issues:

In the first and second quarterly report the following appeared: “ICMA views as important a formal presentation by the Mission to appropriate GOB agencies and officials”. To date the project has been formally presented to the minister of Agriculture and the Vice Minister of Popular Participation. ICMA requests that introductions be arranged with the Ministers of Popular Participation, Hacienda, Indigenous Affairs, the yet to be appointed new Vice minister of Popular Participation and appropriate lesser officials important to project implementation.

On May 17, the then Vice Minister of Popular Participation, USAID, and DDPC III COP signed an agenda (Annex 12). The agenda covers the areas of: 1) Municipal Strengthening and Citizen Participation, 2) Municipal Elections, and 3) the National Dialogue and Constitutional Assembly and speaks of developing actions by which the project will support these areas. To date no formal meetings have been called to define DDPC III’s role in supporting the Ministry in each of these areas. We request that the Mission convene a session of the “Comisión de Seguimiento” to clarify DDPC’s support. This is especially important as municipal elections are upon us and the Ministry is preparing for an ordered and transparent municipal government transition.

As mentioned elsewhere in this report the inaugural event scheduled for late June was postponed until an agreement was reached between ICMA and the Mission on the realigned budget and the set of services to be provided therein. Considering that discussions have yet to be held on the new budget and that elected city officials seeking reelection will resign their offices in August leaving many municipal governments in the hands of interim mayors and councilors we feel that the inaugural event would be more effective if held after the new governments are installed in February 2005. This will not affect service delivery to client municipalities before and during the transition.

IV. Projected Activities, Third Quarter 2004:

- Sign agreements with client municipalities.
- Prepare training materials.
- Train trainers.
- Arrive at training and technical agendas with client municipalities and associations.
- Support the Ministry of Decentralization and Popular Participation in its efforts to provide for an orderly and transparent transition between municipal governments.
- Orient candidates and train newly elected municipal officials.
- Continue to support the national dialogue process.
- Prepare a project intervention plan for the Chapare.
- Fund and provide technical assistance to the Yungas Mancomunidad.