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FY 2009 FOREIGN ASSISTANCE GOALS

United States Government (USG) assistance continues to focus on efforts that support the Government of Bolivia's (GOB) National Development Plan (NDP), and advance its goal of helping nations become peaceful, stable, socially inclusive, and economically prosperous. USG assistance continues to be welcomed by the civil society, private sector, municipal, departmental, and national institutions with which the USG works, but official United States-Bolivian relations remain challenging. In FY 2009, the GOB requested the termination of all democracy programs, but renewed the bilateral agreement for the Integrated Alternative Development Program. The GOB and the USG started an ongoing dialogue process in May 2009, aimed at improving bilateral ties. The expectation is that this process will produce a framework agreement that will improve bilateral political relations, establish better communication channels, and improve foreign assistance and counternarcotics cooperation.

HIGHLIGHTS BY PROGRAM OBJECTIVE

Peace and Security

The International Military Education and Training program is one of the few remaining areas of engagement with GOB security forces. As such, it is an important tool for maintaining basic military-to-military relationships.

In FY 2009, the Law Enforcement and Development Program almost doubled the number of GOB police officers, prosecutors, and judges that attended training on basic and advanced investigative procedures, drug identification, interviewing techniques, clandestine laboratory investigations, basic and advanced paramedics, human rights, polygraph examination, and the use of force.

In FY 2009, the USG also supported a one-year GOB initiative to provide better legal tools for police and justice officers, thereby increasing their capacity to successfully investigate and prosecute transnational crime, especially trafficking in persons, money laundering, and financial crimes. New legislation, which is now working its way through the Bolivian Congress, would greatly improve law enforcement's ability to conduct and prosecute narcotics, money laundering, terrorism, and

corruption cases in Bolivia. In FY 2009, the GOB pursued 10 money-laundering cases, a 50 percent increase over the previous year. These operations seized over \$18 million. The USG also provided advanced money laundering and financial investigation and prosecution training courses to more than 120 police personnel, prosecutors, and judges.

Bolivia remains the world's third-largest producer of coca leaf after Colombia and Peru. The USG believes that the illegal narcotics trade stands as a serious threat to national and international stability. Although the GOB expelled the U.S. Drug Enforcement Administration in 2008, the USG continues to cooperate with the GOB to pursue bilateral counternarcotics objectives including coca eradication, interdiction, alternative development, and demand reduction. The programs operate within the context of the GOB's "coca leaf yes, cocaine no" policy, which presents challenges. For example, GOB policy limits the application of forced eradication to the country's national parks. In other areas, the GOB policy is one of consensual eradication of the plots of up to 2,500 square meters that registered coca farmers are allowed to grow in authorized areas. Social control of excess and illicit coca plantings by individual coca growers and federations remains difficult. In spite of this, in FY 2009, the GOB's NAS-sponsored Joint Eradication Task Force eradicated 5,581 hectares of coca. This represents a 12 percent increase over last year. U.S. technical assistance, training, financial, and logistical support helped GOB security forces seize larger amounts of chemical precursors to cocaine and sizable quantities of marijuana. Still, cocaine seizures fell by seven percent over the year.

The USG's Alternative Development Program encourages viable alternatives to coca production. With USG assistance, 4,047 hectares of crops such as bananas, cocoa, palm hearts, and coffee were introduced or rehabilitated. An additional 614 hectares were placed under forest management plans. Over 12,660 families participated, 5,866 new jobs were created, and the value of USG-promoted exports totaled nearly \$39.5 million, an increase of 11 percent over last year. A large part of this increase is due to the rising export value of alternative crops. Banana and coffee exports grew 14 percent and 31 percent, respectively. There is evidence that the integrated approach of economic development and social investments (e.g., potable water and sanitation) that the USG and others have made over the years contributed to improved living and social conditions in the Yungas, a traditional coca-growing region. Based on data from an Unmet Basic Needs survey conducted in 2008, poverty in the area dropped from 64 percent in 2004 to 52 percent in 2008.

Governing Justly and Democratically

The USG 2009 Democracy Program funding worked to strengthen the democratic system of government in Bolivia and assisted the GOB, in accordance with the NDP, in meeting its citizens' needs. Still, in FY 2009, the GOB asked the USG to terminate all programs in this area, and the USG is in the process of closing the affected programs.

During FY 2009, the USG supported the "Participation and Justice Network." This group of civil society groups convinced 235 judges to participate in a "Voluntary Transparent Courts Program." Participating judges posted sentences on a website (www.juzgadostransparentes.org). During FY 2009, 6,235 sentences were published, and 6,400 citizens consulted the website. Nine hundred law students attended training sessions that showed the future lawyers and judges how such an activity can strengthen judicial administration, promote transparency, and increase predictability. As the country prepared for national elections, the USG and other donors supported Bolivia Transparente, a consortium of non-governmental organizations, in observing the National Electoral Court's effort to register every voter in a new biometric system.

Other projects included an initiative to strengthen the criminal justice system by increasing case processing efficiency, effectiveness, and transparency at 17 USG-supported justice service platforms for citizens. The USG supported the use of an electronic information and case management system that contributed greatly to transparency and efficiency by limiting the discretion of public officials in their dealings with the public.

Finally, in FY 2009, United States assistance helped seven of Bolivia's nine departmental governments, four prefectures (similar to U.S. states), and 25 municipal governments strengthen their institutional capacity and improve regional economic development. More than 800 department and municipal government staff received training in design, management, and evaluation of public infrastructure projects; strategic planning; budgeting; and project management. The USG helped four prefects implement regional economic development centers that assist producers to identify markets, gather and disseminate information on commodity prices and export-import requirements, tap into sources of public and private sector financial support, and facilitate open competition for government contracts.

Investing in People

In Bolivia, funding in this area is largely focused on health programs. This year, three external events affected health sector results. First, over 82,190 suspected cases of dengue fever stretched the capacity of the health system. Second, H1N1 caused a major shift of human and financial resources as both public and private health services grappled with the global pandemic. To date in Bolivia, H1N1 has claimed 56 lives out of over 19,000 suspected cases nationwide. Lastly, the launch in April of a new incentive program, intended to cut maternal-child mortality by offering cash to women who give birth and attend pre- and post-natal visits in public health centers, affected the national health system.

While these events impacted the Ministry of Health's efforts to transform the health system from a facility-based, curative care model to one centered on prevention in communities and families, the USG program focused its support on the new service delivery model. USG-funded projects introduced mechanisms to promote community participation in local health planning and implementation. In addition, maternal and child health (MCH) initiatives and family planning and reproductive health services continued to incorporate community mobilization and participation strategies to increase the expected benefits of USG assistance. For example, to ensure full community participation in training for mothers to prevent child illness and to promote better health, U.S.-funded MCH programs used culturally sensitive curricula tailored for the communities where programs were implemented. As a result, community members learned about the GOB's public health insurance program, which offers free services and medicines to mothers and children under five. This knowledge has been critical to increasing the use of health services, thereby contributing to reductions in maternal mortality.

The USG also continued to fund efforts to reduce the prevalence of and improve treatment of infectious diseases, including HIV and Tuberculosis (TB). For nearly 17 years, U.S. assistance has been instrumental in maintaining HIV prevalence below 1 percent in Bolivia. U.S. assistance supports the development of the GOB's and non-governmental organizations' capacity to implement strategies targeting high-risk groups. Bolivia ranks third highest in the Western Hemisphere in total number of TB cases. One of the country's long-term goals is to increase TB case detection and achieve an 85 percent treatment cure rate. U.S. support for activities – including implementing the Community Directly Observed Treatment-Short Course program in rural and

isolated areas, improving Bolivia's TB laboratory network, and strengthening the drug logistics system – is helping the country move closer to this target.

Economic Growth

Bolivia remains one of the region's poorest countries, with 37 percent of its 9.5 million citizens living in extreme poverty. The fall in world commodity prices in late 2008, declines in foreign direct investment, and the suspension of U.S. trade benefits created economic challenges for Bolivia in 2009. After three years of record budget surpluses, the GOB is projecting a budget deficit of 4.5 percent in 2010. Economic growth has slowed from over 6 percent in 2008 to a projection of around 3 percent in 2009.

The Bolivian economy is characterized by a high degree of informality. The GOB estimates that 83 percent of the population derives its income from self-employment, and 95 percent of the business enterprises in Bolivia are either small or microenterprises. In FY 2009, the USG-supported trade and investment program began shifting its assistance to meet the GOB's new policy of helping to strengthen small businesses and boost production for the domestic market. Consequently, sales in the domestic market doubled to \$1.4 million. The USG also trained 2,084 people --nearly half of whom were women-- in practical courses on how small and medium-sized businesses could respond to market challenges and business needs.

Bolivia's self-employed entrepreneurs require financial services to start their businesses and help them grow. This year, more than 80 U.S.-assisted training events were held for the financial sector, covering topics including risk assessment and management, customer service, accounting, and management information systems. The program also developed training events with Pro-Mujer, a microfinance institution with more than 80,000 clients, almost all of whom are women, to help the clients improve their financial management and better understand how financial institutions operate.

The achievements of the Financial Services Program occurred in an environment where the host country government has increasingly supported the direct provision of subsidized credit by state-owned financial institutions. The United States helped local financial sector associations fulfill their crucial role in economic growth through consumer financial education campaigns and improved advocacy coordination.

Entrepreneurship has grown throughout Bolivia in the last decade, but a significant portion of the population remains employed in subsistence agriculture. Overall, 40 percent of Bolivia's labor force is dedicated to agricultural activities. Bolivia faces significant challenges in promoting broad-based agricultural development and modernization. Average yields and productivity are among the lowest in Latin America, and productivity of land and labor is inhibited by fragile soils, water scarcity, climate change, technological weaknesses, and difficult access to markets. The provision of technology and technical assistance to enable small farmers to produce quality, market-driven products can bring dramatic changes in rural incomes.

U.S. assistance programs work with small farmers in the valleys and high Andean plains, the poorest regions in the country, to improve producer access to technology and markets, promote the formation and strengthening of enterprises, reduce production and transaction costs, and increase competitiveness along selected commodity chains. The programs are designed to ensure that both women and men have equal access to farming associations and other aspects of economic life. In the past year, U.S.-financed activities provided technical assistance in 75 municipalities, with 49,529 rural poor families improving their agricultural production. Also during the year, 236 new technologies or management practices were developed and transferred to farmers, and another 73

were under research as a result of U.S. assistance. In FY 2009, U.S. assistance programs helped Bolivia export 100 metric tons of peanuts, 30 metric tons of red chilies, 120 metric tons of fava beans, 20 metric tons of dehydrated potatoes, and 119 metric tons of dried oregano to markets such as Spain, Holland, and Canada.

Through its Bolivian Forestry II (Bolfor) and Landscape Conservation Programs (LCP), the USG contributed to expanding markets and improving environmental management. The Bolfor Program helped create internal and external markets for wood and wood products, increase efficiencies in wood processing, improve forest management to maintain biodiversity, increase family income from forest-based enterprises by 50 percent, resolve land tenure issues on over 4 million hectares, support public policy formulation, and advance community forestry management and administration. The LCP assisted seven municipalities and two indigenous territories in the biodiverse Amboro-Madidi Corridor, which includes 12 percent of the total territory of Bolivia, with strategic land use planning. This planning, and other interventions in livelihood creation and education, served as the basis for conservation and sustainable use efforts in this region.