

PROJECT DATA SHEET

1. TRANSACTION CODE A = Add C = Change D = Delete
 Amendment Number 1
 DOCUMENT CODE

2. COUNTRY/ENTITY BOLIVIA PDKAC 509
 3. PROJECT NUMBER 511-0499
 4. BUREAU/OFFICE LAC 05
 5. PROJECT TITLE (maximum 40 characters) Village Development

6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY
08 23 83
 7. ESTIMATED DATE OF OBLIGATION (Under "B." below, enter 1, 2, 3, or 4)
 A. Initial FY 78 B. Quarter 3 C. Final FY 78

B. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total				1,100	7,500	8,600
(Grant)				300	-	300
(Loan)				800	7,500	8,300
Other U.S.						
Host Country				-	9,452	9,452
Other Donor(s) <u>Communities</u>					3,511	3,511
TOTALS				1,100	20,463	21,563

9. SCHEDULE OF AID FUNDING (\$000)

A. APPRO. PRIORIT. (1-4)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) FN	B-243	242	240	300	10,300	-	(2,000)	300	8,300
(2)									
(3)									
(4)									
TOTALS				300	10,300	-	(2,000)	300	8,300

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
252 510 636
 11. SECONDARY PURPOSE CODE
 12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
 A. Code -
 B. Amount -

13. PROJECT PURPOSE (maximum 480 characters)
 1) To promote the construction of economic and social infrastructure projects through community action in rural villages; 2) to organize participating rural communities to implement and maintain these projects and to undertake continuing self-help activities; and 3) to improve the capability of the National Community Development Service (SNDC) which is responsible for community promotion and project supervision.

14. SCHEDULED EVALUATIONS
 Interim MM YY 03 80 Final MM YY 03 84
 15. SOURCE/ORIGIN OF GOODS AND SERVICES
 Grant 099 Loan 941 Local Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 22 page PP Amendment)
 This PP Amendment proposes a 16-month extension of the PACD to Dec. 31, 1984 and deobligation of an additional \$2 million (loan). The project was suspended in August 1980. This PP Amendment is submitted to reactivate the project. The project purpose remains the same, but the project's implementation strategy has been revised.

BEST AVAILABLE DOCUMENT

17. APPROVED BY Henry H. Bassford Mission Director
 Signature [Signature]
 Date Signed MM DD YY 19 13 84
 18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
MM DD YY

VILLAGE DEVELOPMENT

PP AMENDMENT

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ANNEX 1.

Exhibit I SNDC Subprojects, by type

Exhibit II Schematic Diagram of Nucleos, Sub-zones, Zones

Exhibit III Revised Implementation Schedule

Table I Area and Population of Seven Concentration Zones

Table II SNDC Staff Levels Within Seven Zones

Table III Infrastructure Subprojects: Sept. 1982 - Mar. 1983

I. Recommendations and Summary of Project Status

A. USAID/Bolivia recommends that the Village Development Project be reactivated in accordance with the reprogramming plan presented in this PP Amendment. Included in the plan is a 16-month extension of the PACD from August 23, 1983 to December 31, 1984 and the deobligation of \$2 million. This PP Amendment includes a short review of the accomplishments and problems encountered to date in the implementation of the project, a description of the measures the implementing agency (Servicio Nacional de Desarrollo de la Comunidad - SNDC) and USAID/Bolivia plan to take to improve the project, and a revised budget and implementation plan. Rather than reiterate the project analyses presented in the original PP, any necessary comments to update those analyses are also included.

The project agreement for the Village Development Project was signed on August 23, 1978 in the amount of \$15.6 million (\$15.3 million Loan and \$300,000 Grant). The goal of the project is to increase per capita income and improve the standard of living in the rural areas in which it operates. The project purpose is threefold: 1) to promote the construction of economic and social infrastructure projects through community action in rural villages; 2) to organize participating rural communities to implement and maintain these projects and to undertake continuing self-help activities; and 3) to improve the capability of the National Community Development Service (SNDC) which is responsible for community promotion and project supervision. The project was intended to be carried out in some of Bolivia's most isolated regions, where GOB activities were virtually non-existent, and thus to spearhead GOB services in those areas.

The project was suspended* in August 1980 for political reasons and because of serious implementation problems SNDC was experiencing. During the two-year period prior to suspension, 311 infrastructure subprojects were initiated, of which 195 (63%) were completed. Eighty-nine percent, or 276, of these subprojects consisted of social infrastructure: schools (213); health posts (42); potable water facilities (13); and other projects (8). Although the construction of social infrastructure projects responded to communities' felt needs, and SNDC and participating communities were successful in obtaining cooperation from the ministries of health and education in operating them, the heavy emphasis on these types of projects did very little to encourage self-sustaining community development. SNDC's efforts in assisting rural communities to organize themselves for sustained community development activities had limited success, and SNDC did not develop its outreach capacity as well as expected, primarily due to a lack of operating funds. Lastly, SNDC's administration of the project, especially with regard to project records and management of funds, was poor. By August 1980, only \$1,487,581 of project funds had been disbursed (9.7%).

The August 28, 1980 letter suspending the project cited the above problems and indicated that if corrective actions were not taken within

* The suspension provided that only minimal activities necessary to maintain the project's viability would be financed, with a view towards eventual reactivation once bilateral relations improved.

60 days, \$5 million would be deobligated. The deobligation took place on November 21, 1980.

During the period of suspension, SNDC has taken measures to improve its implementation of the project, most notably the creation of a Project Coordination Office. Since its creation, the Coordination Office has successfully reorganized project records on subproject status and disbursements and cleared outstanding advances of over \$200,000. New procedures also have been devised for subproject disbursements, supervision and record keeping. As a result of these administrative improvements, USAID disbursed \$361,000 to SNDC during the second half of 1981 for the completion of 96 of the 116 approved subprojects which remained to be completed at the time of project suspension, plus \$139,000 for 8 new subprojects. Forty-five of these subprojects were completed by June 1982, and the rest are scheduled for completion by early 1983. (See Annex Exhibit I.)

Based on this progress and USAID's analysis of the feasibility of re-initiating project activities, the Mission outlined a plan for re-activating the project in La Paz 0080* (Jan. 7, 1982) which later was accepted by AID/W. The cable identified six problems to be addressed in the course of the reprogramming exercise:

1. the geographical dispersion of subprojects;
2. SNDC's concentration on social infrastructure;
3. slow subproject implementation;
4. weak community development efforts;
5. insufficient counterpart funds; and
6. organizational weaknesses within SNDC.

The 310 subprojects SNDC has initiated so far are located in 51 different provinces in all 9 Bolivian departments. Within these provinces, subprojects are scattered among a number of small, often isolated, villages. Because they are widely dispersed, their impact also is diluted, the project's momentum is difused, and country-wide progress is difficult to assess. Furthermore, these widespread subprojects are more difficult for SNDC to implement because logistical support and supervision are complicated.

The social infrastructure subprojects SNDC has implemented do have valuable social welfare benefits and, properly managed, can be expected to impact positively on the long-term economic prospects of the villages in which they are located. On the other hand, they have no immediate effect on incomes or productive capacity, as would markets, slaughter-houses, produce storage facilities, roads, bridges or irrigation systems.

SNDC's slow project implementation is reflected by the fact that only \$1.5 million was disbursed during the first two years of the project.

* This cable is attached in Annex II and should be read for a full description of the project's history.

Subproject implementation has been hampered by the fact that projects are scattered in several locations and SNDC's lack of adequate operating funds; however, poor planning and inadequate coordination between SNDC headquarters and field offices has been primarily responsible for the slow implementation rate.

The Village Development Project aims to promote a community development process through which community members are motivated to organize, plan and carry out activities which improve their economic and social welfare and more fully integrate their communities into the national economy. This process must be promoted in order to help ensure the maintenance of infrastructure completed under the project and to provide for continuity of development activities after the project ends. So far, SNDC has devoted much more effort to construction activities than to community organization and training. Village organizations created specifically for the construction of subprojects have tended to disband once the structures are completed.

One of the SNDC's most pressing problems has been a severe lack of budget resources for operating costs, especially travel and per diem. For example, often the only way supervisory personnel have been able to travel to project sites has been to accompany USAID engineers in USAID vehicles. Promotor turnover has been a problem because promotors have been expected to finance field trips with their meager part-time salaries.

On the organizational side, the creation of the Coordination Office has improved SNDC administration significantly. When the project resumes full implementation status, however, continued improvements will be required. The capabilities of field personnel will need to be evaluated, and in-service training will be required to reorient SNDC personnel. Due to the early departure of the first administrative advisor and the delay in locating and contracting a replacement, technical assistance in the past has not been fully adequate. Lastly, aging SNDC training equipment and vehicles have become worn and outdated and need to be repaired or replaced.

The following section outlines the measures SNDC and the Mission have agreed to take to address these problems.

II. Project Revisions in Response to Outstanding Problems

A. Geographical Dispersion of Subprojects/Emphasis on Social Infrastructure

Three significant program modifications have been agreed to by SNDC: (1) project activities will be concentrated in seven defined development zones*; (2) subprojects will be implemented in nucleos, or groups of villages, which comprise regional growth poles, rather than in isolated communities; and (3) economic infrastructure activities will be actively promoted.

Before the project was suspended, subprojects were being carried out in 51 provinces supervised by 20 zonal offices. The estimated

* SNDC's operational zones include portions of contiguous provinces.

population in the area being served was over three million, spread out over 366,000 square kilometers. The project will now be implemented from seven zonal offices serving 29 provinces in the departments of La Paz, Cochabamba, Santa Cruz, Oruro and Potosí (see Exhibit I) with a rural population of 900,000 people living in an area of a little over 133,000 square kilometers. By concentrating its activities, SNDC will enhance the impact of the project and facilitate project administration. The zones selected by SNDC largely coincide with the geographic area of concentration for USAID/Bolivia's Long-Term Strategy: the La Paz-Cochabamba-Santa Cruz Corridor. In addition, zone 4 includes the Chapare, the focus of the Mission's Short-Term Strategy and an area where SNDC activity will be increased significantly. These zones were selected because (a) they have a relatively high population density, (b) they include parts of the three major geographic regions of Bolivia - the Altiplano, the inter-Andean valleys and the sub-tropics - and will enable SNDC to continue to develop its expertise in designing projects for specific climatological zones, (c) SNDC already has had successful experiences in these areas, and (d) the zones are close to existing SNDC offices and training centers, and are more accessible from the La Paz headquarters.

This concentration of activities represents a significant change from the original project design which envisaged subprojects being carried out in relatively isolated areas throughout the country. The original plan, however, did not adequately take into account SNDC's limited budgetary and administrative capability, nor the need to seek to maximize the project's impact.

SNDC will not ignore other regions where it has been working. To enable SNDC to continue activities in regions where it has already had some success and there is local demand for its service, \$900,000 has been reserved from remaining funds budgeted for infrastructure development (13% of the total). Since current GOB budgetary support for SNDC is limited and primarily directed toward salaries, without project assistance to finance subprojects outside of the seven concentration zones, an active SNDC presence in other areas of the country could not be maintained. A maximum of \$25,000 will be allowed per subproject in these areas and preference will be given to economic infrastructure where possible.

In addition to limiting the geographic scope of its activities, SNDC will attempt to promote interrelated activities which benefit groups of neighboring villages, or nucleos, rather than continue implementing isolated projects in individual villages. Activities will be undertaken with a view towards developing nucleos as rural growth poles which provide basic infrastructure to their inhabitants as well as to nearby villages. Examples of such activities include rural roads between villages or which link nucleos to larger growth centers, irrigation facilities to serve more than one community, markets, crop collection centers, and schools or health posts which provide centralized services to several communities. While subprojects which benefit the nucleo will be given priority, activities which are essential to the development of single villages within the zone will also be eligible for funding under the project.

The rationale behind this change in project strategy is to decrease the number of small subprojects with limited impact, and concentrate scarce SNDC community development talent, while easing project administration

and reducing SNDC operating expense requirements. Nucleos will be selected with the participation of villagers living in the project's seven zones. Selection criteria will include location relative to zonal population, accessibility to larger population areas and other villages in the zone, existence of active community organizations and the presence of some facilities of use to other villages. A schematic diagram of the relationship between nucleos and zones is shown in Exhibit II.

During a transitional period following the reinitiation of the project (September through December 1982), SNDC will complete previously initiated activities in the project concentration areas and other parts of the country, along with a number of transitional subprojects from the backlog of those previously requested by villagers. Simultaneously, in the project concentration zones, SNDC will carry out field investigations and consultations with villagers to select sub-zones and nucleos. Within the Chapare, these subzones will be established within the nine micro-regions already delimited by the Project for the Development of the Chapare and Yungas (PRODES). In 1983, new subprojects in the project's priority areas will be designed to strengthen or promote the growth of nucleos. In the Chapare, these subprojects will be implemented according to a coordinated plan for infrastructure development which envisages community development, rural sanitation and road improvement being implemented simultaneously in different geographic regions of the Chapare.

A revised list of criteria for eligible types of infrastructure subprojects has been prepared which emphasizes economic infrastructure and sets higher maximum costs given the revised project's emphasis on nucleo development. In addition, because the cost of subprojects is likely to be higher, the formula for community contributions (in-kind labor, locally available materials, and cash) has been revised. In the future, a 40 percent community contribution (the previous norm) will be required only for projects costing less than \$100,000. For those between \$100,000 and \$150,000, a 30 percent contribution will be required, and those costing over \$150,000 will require a 20 percent community contribution. The percentage contribution from communities diminishes as subproject cost increases because the cost of the usual self-help contributions of sand, gravel, labor and lumber will not increase in the same proportion as that of loan-funded materials such as reinforcing bar, roofing sheets, metal windows and cement, which are often imported.

The revised list of eligible types of infrastructure and criteria which must be met is as follows:

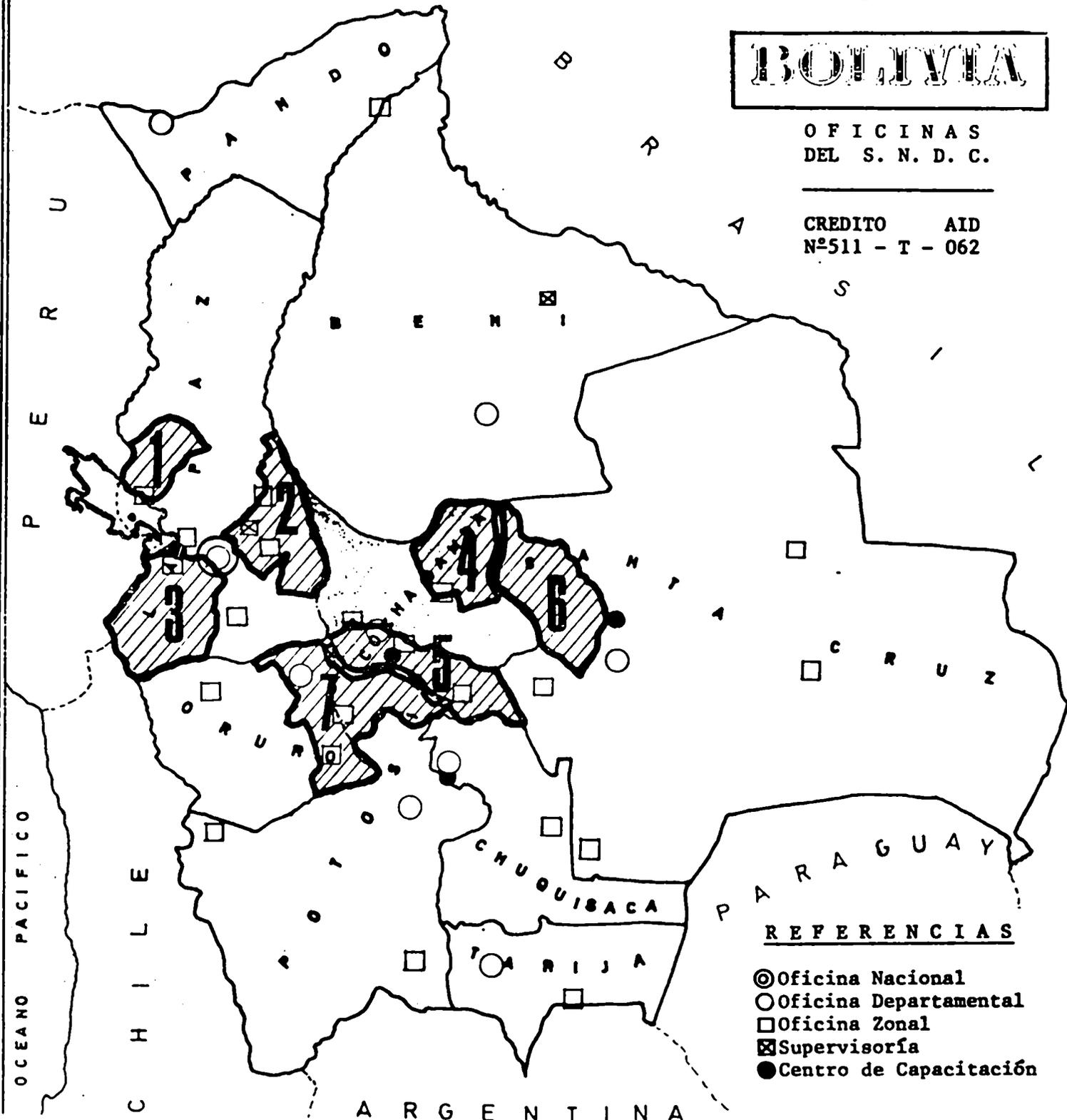
<u>Activity</u>	<u>Technical Criteria</u>	<u>Maximum Value</u>
Road	Must connect nucleo to another zonal village or larger population center, or connect villages within a nucleo.	\$200,000
Vehicle Bridge	Same criteria as for roads, but bridge span must not exceed 20 meters unless executed in conjunction with the National Road Service.	\$125,000 (for one-way bridge)

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Market	Must serve nucleo and zonal villages.	\$125,000
Agricultural Infrastructure	Must serve nucleo or more than one zonal village. (Includes cooperative facilities, agricultural service centers, silos, stables, disinfecting facilities, etc.)	\$ 50,000
Foot Bridge	Must provide at least one village with an important transportation link.	\$ 80,000
Irrigation System	Sufficient water resources must exist for agricultural use on a community-wide basis. Sufficient unused land must be available which is suitable for intensive cultivation. Communities must be willing to organize a maintenance system.	\$200,000
River Defense System	Project must be of benefit to numerous farmers within villages.	\$150,000
Potable Water System with Latrines	Project size must conform to potential user population. Preference will be given to projects for nucleo villages.	\$ 75,000
Health Post	Must serve nucleo and zonal villages. Community must agree to cooperate with the Ministry of Public Health in equipping and developing an outreach capability for the clinic.	\$ 75,000
Nuclear School	Must serve nucleo and other zonal villages. No similar facility should exist which is adequate and easily accessible. Teachers and materials must be available.	\$ 75,000
School	No adequate school exists in the village.	\$ 30,000
Agricultural Product Processing Center	Must serve nucleo and /or more than one zonal village.	\$200,000
Other Development Projects	To be established by direct consultation between SNDC and USAID.	\$150,000

B. Slow Subproject Implementation

The project's loan component originally was proposed at \$6.2 million, in accordance with USAID/Bolivia's judgement of SNDC's implementation capacity in 1978. During the AID/W review, this amount was raised to

\$15.3 million. Disbursements prior to suspension reached only \$1.5 million, and \$5 million was deobligated as a result of the project suspension. A revised implementation schedule for developing and implementing subprojects in the seven concentration zones and for completing unfinished subprojects has been elaborated (Section IV.A). As reflected in this schedule, the project will terminate in December 1984. This will require a 16-month extension of the PACD by the USAID/Bolivia Mission Director. In line with the reduced geographic scope of the project, the revised implementation schedule, and the Mission's assessment of SNDC's maximum implementation capacity for the revised project period, an additional \$2 million deobligation is proposed. This will reduce the LOP value of the project to \$8.6 million, and the amount remaining to be expended will be \$6.4 million.

To help improve subproject implementation, revised procedures for project selection and approval have been elaborated. The project selection and design process, which is described more fully in Section III C, will begin with and build upon community development efforts, rather than assume community interest and capability as in the past. USAID and SNDC have agreed to revised procedures for subproject approval. Previously, a large list of subprojects was approved at the beginning of the project. As the project proceeded, revisions in the subproject list and in cost estimates naturally were required. In the future, projects will be approved as they are prepared and when they are ready to be implemented. Model construction plans for schools and health posts have been revised and approved by USAID; specific plans for other types of infrastructure subprojects will be approved by USAID on a case-by-case basis. After subproject proposals are prepared and accepted at the zonal level, they will be forwarded through SNDC departmental offices to SNDC headquarters. Following SNDC clearance, proposals or groups of proposals will be sent to USAID for approval. USAID will examine specific construction plans (when applicable), budgets, costs per beneficiary, feasibility studies (for productive activities), and implementation schedules before approving subprojects.

Loan disbursement procedures have also been modified. Disbursements will be made each quarter on a pari-passu advance basis to special accounts to be managed by the SNDC Coordination Unit*. In turn, the Coordination Unit will release funds to zonal offices on an as-needed basis for subproject procurements. This revised disbursement system, which is being implemented in several of USAID/Bolivia's projects, is described in Section IV C.

Some procurement procedures have already been streamlined, and a procurement manual has been prepared for field personnel. Community representatives will maintain a log of all subproject transactions, supervise delivery of all construction materials, and monitor sub-project implementation.

Progress report formats for various types of infrastructure projects have been developed by SNDC with USAID assistance. They will be used for monthly reports from the field to SNDC headquarters and quarterly reports from SNDC headquarters to USAID. USAID engineers and the USAID Project Manager will continue to inspect completed subprojects with SNDC and departmental personnel.

* During the reprogramming exercise, the Coordination Office was expanded to a Coordination Unit comprised of SNDC personnel from more than one office.

As an additional measure to improve project implementation, SNDC will contract with a long-term technical advisor in administration. Although SNDC procedures have been modified and a reorganization has taken place, given the project's uneven track record and the intensive implementation period coming up, continued long-term administrative assistance is required.

C. Weak Community Development Efforts

A major focus of the revised project will be the initiation of a sustainable community development process in selected concentration areas. This process will involve identifying and working with local community organizations in selected growth poles within each zone of concentration. To initiate the process of selecting nucleos and their sub-zonal boundaries, SNDC has begun to establish several nucleo selection committees comprised of departmental and headquarters representatives of the Training, Cooperative Development and Indigenous Studies Divisions of SNDC, as well as zonal level promoters. Community development efforts will be carried out in four phases: investigation; community organization and identification of subprojects; training and implementation of subprojects; and evaluation and follow-up.

The investigation phase in each zone will begin with a review by a nucleo selection committee of existing socio-economic studies compiled by SNDC, Departmental Development Corporations, or other organizations. This will be followed by committee visits to possible nucleo areas for consultation with community leaders and additional data gathering. Principal development constraints and possible projects will be jointly identified.

Following the tentative selection of sub-zones and their nucleos by community representatives and SNDC, phase 2 will begin with the establishment of sub-zonal development committees. These committees will be based on already existing community organizations where possible, such as syndicates* which SNDC has found are broadly representative and can serve as a permanent basis for organizing community development activities. In villages where viable community development organizations do not exist, SNDC promoters will organize such groups. These community-level groups will be responsible, with the assistance of SNDC personnel, for the planning and implementation of project activities in their communities. Individuals from each community organization will be selected to represent their communities in their respective sub-zonal development committees. These intercommunal committees will ratify the selection of the nucleo and the boundaries of its sub-zone. They will meet with promoters and zonal SNDC staff to discuss individual village priorities as well as the needs of the nucleo and its sub-zone in greater detail. Priorities for training and infrastructure construction activities will be agreed upon, and project proposals will be developed and submitted to the zonal SNDC office for review and forwarding to La Paz.

Phase three of the process involves the actual implementation of subprojects. Training will be an integral part of this phase. Three types of training will be carried out: organizational; leadership and technical. Organizational and leadership training will actually begin in phase two. Concentration will be on project planning and evaluation, accounting and community organization techniques. Technical training, linked to particular subprojects being carried out, will be undertaken to teach basic skills necessary for subproject construction and maintenance.

* Multi-purpose civic-political organizations.

Phase four will begin with an evaluation of the initial organizational and training activities undertaken and the subprojects constructed. The evaluation will guide continual and systematic follow-up by SNDC in its training activities and in subproject operation and maintenance. This follow-up will be facilitated by the fact that the project will continue operating in the same geographic areas.

D. Insufficient Counterpart Funds

To address this very fundamental and key constraint to project implementation, SNDC and the Mission developed a detailed counterpart budget for the remainder of the project carefully, paying special attention to operating expense requirements such as travel and per diem and vehicle operation and maintenance. Operating expense requirements in the revised counterpart budget are significantly higher than the levels SNDC has received from the National Treasury for such expenses in the past. This revised counterpart budget was fully discussed and accepted at senior levels within the Ministry of Finance. In these meetings, it was pointed out that the counterpart budget represented the minimum necessary to carry out the project. Prior to these discussions and the Ministry of Finance's acceptance of the budget, USAID had discussed and obtained the Ministry's agreement to a revised pari-passu disbursement system to be used in all reprogrammed projects. One of the main objectives of the revised system is to ensure the provision of counterpart funds when they are needed. This will be accomplished by making AID disbursements of project funds contingent upon disbursement by the National Treasury of required counterpart funds to SNDC in line with agreed implementation plans and the already approved counterpart budget. The revised disbursement system also has other advantages which are explained in Section IV C.

E. Organizational Weaknesses Within SNDC

As mentioned above, a Coordination Office was created within SNDC in April 1981 to improve the administration of the project. During discussions to reprogram this project, it was decided to expand the Office into a Coordination Unit composed of personnel from different SNDC divisions working exclusively on the project under the general supervision of the Project Coordinator rather than continue segregating all project personnel in a separate office. The new Coordination Unit is composed of 15 members:

SNDC Headquarters

1. Project Coordinator
2. Assistant Coordinator
3. Project Administrator
4. Project Controller
5. Assistant Controller
6. Assistant Controller
7. Secretary
8. Secretary
9. Messenger

Departmental Level

10. Departmental Coordinator - La Paz
11. Departmental Coordinator - Cochabamba
12. Departmental Coordinator - Oruro
13. Departmental Coordinator - Santa Cruz
14. Departmental Coordinator - Pando, Beni
15. Departmental Coordinator - Potosí, Sucre, Tarija

The project will be carried out under the general supervision of the Project Coordinator. He will work closely with the SNDC Departments of Planning, Administration, Training and Research to ensure that they carry out their responsibilities. He will approve all subproject proposals and vouchers submitted to AID and disbursements of project funds to SNDC zonal offices. He will also coordinate the preparation of quarterly reports on project progress and disbursements submitted to USAID and maintain continual contact with the departmental coordinators. The Assistant Coordinator will assist the Coordinator in carrying out these duties, especially in field coordination.

The Administrator, Controller and Assistant Controllers will work as a team in the Administration Department, and be in charge of all financial transactions and reporting under the guidance of the Project Coordinator. The departmental coordinators will supervise all project activities within their geographic areas of responsibility. They will work under the authority of the departmental directors of SNDC but will also report directly to the Project Coordinator on project-related matters. Each departmental coordinator's office will be provided with a project-funded vehicle to assist in subproject monitoring.

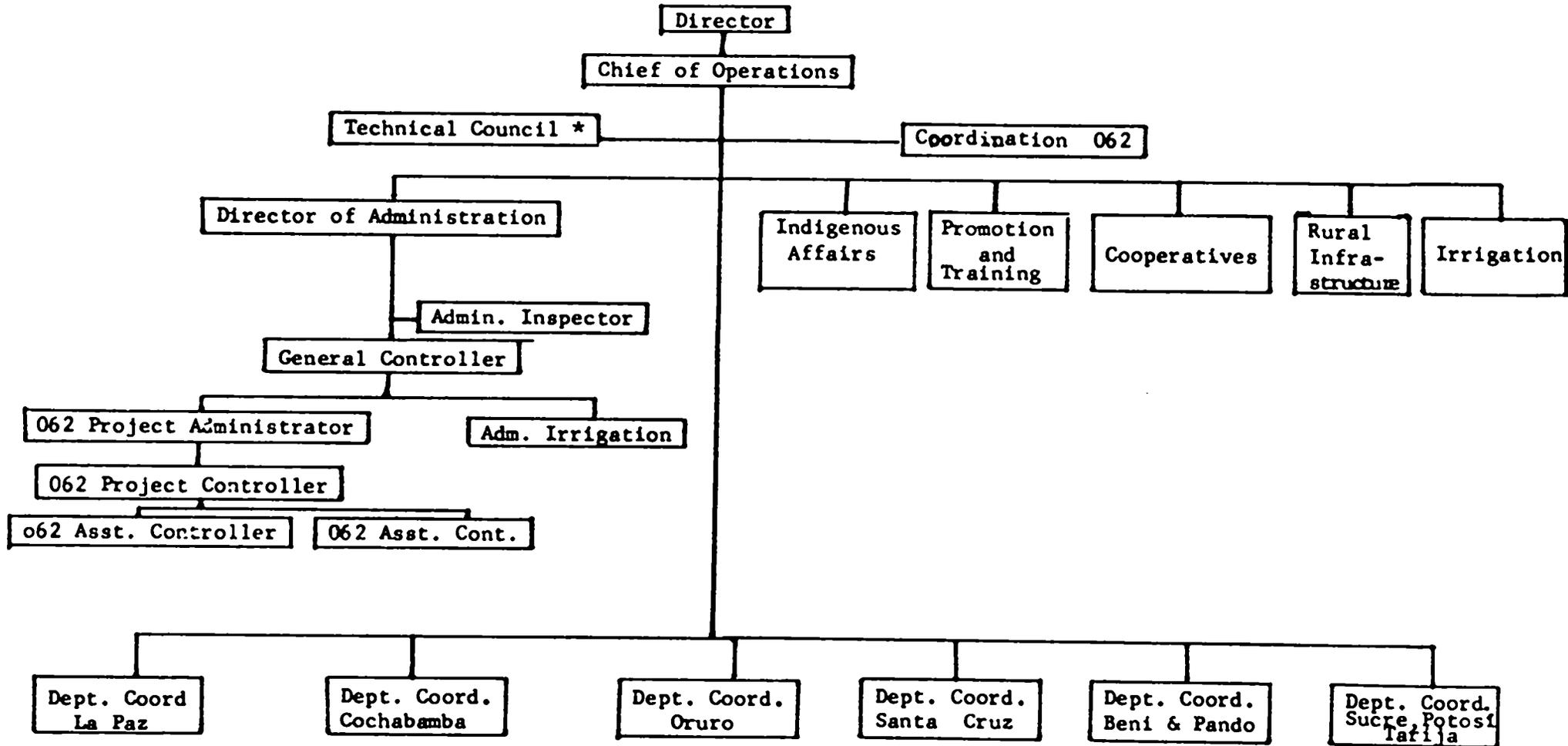
The relation of the Project Coordinator's Office to the other offices involved in the project is shown in Exhibit II. The Coordinator will work directly under the authority of the Chief of Operations, at an organizational level one step above the SNDC department heads. SNDC has agreed that any necessary change in the project coordinator position will only be made in consultation with USAID. In turn, changes in personnel working in the Coordination Unit can only be made in consultation with the Project Coordinator.

The Mission believes the above organizational changes in SNDC have laid the groundwork for improved project administration. The Mission's project implementation requirements are well understood by the leadership and core staff of SNDC, and the administrative advisor to be hired under the project will help improve project administration as the project proceeds.

The original project agreement called for an increase in the number of promoters to help administer the project throughout the country. SNDC and the Mission re-examined staff levels in the seven concentration zones (Annex Table II) and found them adequate. A total of 332 SNDC employees work in the project's concentration areas. There are 83 promoters, 15 promotor supervisors and 195 technical and administrative personnel working out of departmental and zonal offices in these areas, in addition to 14 instructors and 25 support staff in three training centers. During the first

EXHIBIT II

SNDC ORGANOGRAM (PARTIAL)



* All SNDC department heads

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three months of project implementation, the capabilities of these employees will be evaluated, and any transfers and increases in personnel deemed necessary will be made to ensure that sufficiently qualified personnel are assigned to support project activities. Because of the changes made in the project's emphasis and procedures, regional workshops have also been planned by SNDC's Training Division to introduce promoters and supervisory personnel to new techniques of community organization, and to explain revised implementation procedures.

The original ProAg provided for renovation of SNDC regional offices and training centers. No construction was carried out because of SNDC administrative delays; however, suitable facilities were rented with counterpart funds, and it is proposed to continue this practice.

Vehicles were not purchased when the project was initiated in 1978 since most SNDC vehicles were in good condition at that time. Now, after an additional four years of wear, many of SNDC's vehicles are in need of repair or replacement. The revised budget for the remainder of the project therefore includes \$120,000 in loan funds and \$b 10.8 million (\$ 64,000) in GOB funds for the purchase of spare parts. Loan funds will be used to purchase an initial stock of parts to put existing vehicles in good working condition, and GOB purchased parts will be used to keep SNDC's fleet running. Twelve new four-wheel drive vehicles also will be purchased for use in the project concentration areas. Each of the departmental coordinators will be assigned one of these vehicles to ensure constant field supervision and coordination of activities in his region. The other new vehicles will be assigned to zonal offices in the project priority areas to replace old SNDC vehicles.

At present, zonal supervisors travel within their zones by hitching rides on passing trucks. Thus, promotor supervision has been infrequent and subject to the availability of local transport. In order to increase the mobility of supervisors, seventeen motorcycles will be purchased with loan funds. In addition, 44 bicycles will be purchased for SNDC promoters who possess no other means of transportation.

The following equipment also will be purchased: sleeping bags for promoters; basic equipment for field engineers; audio-visual equipment and training aids for SNDC training centers and mobile training units; two-way radios to improve communication between zonal and departmental offices and with La Paz headquarters; and various spare parts.

Technical assistance also will be provided to strengthen SNDC. As mentioned above, an administrative advisor will be contracted for two years using loan funds. This consultant will be essential to the continued monitoring and improvement of SNDC administrative procedures. Short-term consultants will also be hired in regional planning, project evaluation, non-formal adult education, and other specialized technical fields as necessary. Host-country contracts will be used at the preference of SNDC. Grant funds (\$ 101,000) will be available for short term experts; although loan funds may be reprogrammed for short-term consultants if necessary.

Lastly, it should be mentioned that SNDC's agreements with other GOB institutions, such as the National Road Service and the ministries of health and education, have been reviewed and found adequate to help prevent duplication of efforts and provide personnel to operate and maintain completed subprojects. Other inter-institutional agreements will be entered into or revised as necessary. A new agreement with PRODES (Project for the Development of the Chapare and Yungas) has been negotiated to cover activities in the Chapare.

III. Comments on Project Analyses, and Revised Financial Plan

The project analyses included in the original PP, in general, still remain valid. As a result of implementation experience, however, changes have been made on the project's infrastructure development strategy, SNDC's community organization approach, project implementation procedures and SNDC administration. As a result, additional comments regarding the project analysis presented in the PP are included below.

A. Technical Analysis

The PP's conclusion that SNDC possesses the technical capability to carry out subproject activities remains valid. Reducing the geographic scope of project activities will help overcome previous logistical support obstacles and make the project easier to implement. By concentrating construction and training activities around growth poles, a greater variety of mutually reinforcing activities can be undertaken with the result that the project's impact will be enhanced. SNDC's revised community organization and project selection procedures should help overcome prior difficulties of concentrating mainly on social infrastructure and failing to sustain community involvement once subprojects were completed. Community training activities will be significantly strengthened. Several community development and technical courses designed to increase productivity and incomes have already been developed.

SNDC procedures for design and construction of various types of subprojects have been reviewed and approved by the Mission. Model designs and cost estimates for schools and health posts have been revised and approved by USAID. Construction plans for other, more specialized facilities will be developed by SNDC and approved by USAID on a case-by-case basis prior to the initiation of construction. Based on past experience, the Mission has confidence in SNDC's ability to design and to supervise the simple construction activities which the project will finance.

Procedures for SNDC and USAID approval of subprojects have been tightened, and the revised reporting and disbursement procedures will help ensure better subproject monitoring. In addition, because project activities will not be so spread out, SNDC supervisors and USAID engineers will be able to undertake more regular field inspection.

B. Institutional Analysis

It is the Mission's judgement that SNDC has come a long way in improving its administrative capacity and broadening its community

development focus. Previously, SNDC did not have a specific office responsible for coordinating the activities carried out under this project, and project management was very weak. Implementation was characterized by delays in requesting funds from USAID and making disbursements to field offices, lax supervision of field activities, and construction delays due to material shortages. SNDC was frequently unable to account adequately to USAID for funds received. Consequently, disbursements were delayed.

To alleviate these difficulties, the Coordinating Office was formed, and field coordinators were assigned to regional offices. As noted above, project administration improved markedly. During the reprogramming exercise, the Coordination Office has been expanded into a Coordination Unit. Within the Administrative Department, a special section has been created to work exclusively on this project. The personnel of that section, who form part of the Coordination Unit, will prepare disbursement requests for forwarding to USAID, arrange for the transfer of funds to field offices, and account to USAID for project expenditures. The Project Coordinator will also now be assisted by an Assistant Coordinator who will spend most of his time trouble-shooting in the field.

Resumed assistance from an administrative advisor will also be a key means of strengthening SNDC's administration of the project, and the pari-passu disbursement system will help ensure a more dependable flow of operating funds from the National Treasury. Equipment support, especially vehicles and spare parts for SNDC's aging fleet, will also help significantly.

While these steps are important and should result in improved project implementation, it must still be recognized that SNDC is a relatively weak organization. Continual efforts will be required during the remainder of the project to improve SNDC's implementation capacity. The institutional objective of the project is to improve SNDC's community organization and administrative capabilities by the end of the project to the point where other donors and the GOB will be willing and able to continue the financing of community development activities. While the Mission is confident this objective can be reached, at the same time it has been decided to recommend the deobligation of an additional \$2 million recognizing SNDC's current institutional problems and the relatively short time remaining (27 months) until the revised PACD.

C. Social Soundness Analysis

The PP's social soundness analysis concluded that SNDC had successfully worked with different ethnic groups and should be able to continue to do so. This has proved to be the case. While the geographic scope of the project has been reduced, SNDC will continue to work in three distinct socio-cultural areas: the high plains and inter-Andean valleys of the Department of La Paz; the subtropical valleys of the Chapare and plains of Yapacaní; and the temperate valleys and plains of Cochabamba. SNDC has worked in each of these areas, and villager interest in continuing to work with SNDC remains high, as is evident from the large backlog of pending subproject proposals on hand.

The social soundness analysis also predicted that the use of promoters recruited locally would help overcome community distrust of outside organizations, and this also has proven to be true. In implementing the revised project, SNDC will put much more emphasis on community development and training activities and not concentrate solely on construction. Given SNDC's prior successes in infrastructure activities, beneficiary receptivity to broader community development activities should be high.

An integral part of SNDC's revised community development approach will be the promotion of activities for nucleos rather than individual villages. In implementing its revised promotional procedures, SNDC will select nucleos and form sub-zonal development committees in close collaboration with community leaders. Formation of these units will be based on existing alliances or cultural affinity among villages. Factors that determine such alliances include ethnic and language homogeneity kinship bonds, community shared territory (e.g. grazing land or woodlands) and commercial (trading) ties. Care will be taken to avoid forcing creation of artificial alliances among villages where cultural differences or previous antagonisms could preclude cooperation. In establishing the nucleos and implementing subprojects, SNDC will work through existing village level organizations (farmer syndicates, minkas (informal work groups) and traditional leadership structures (curacas)) that are familiar to the campesinos and with which they identify. The approach of grafting onto existing structures notwithstanding, achieving the inter-village cooperation needed by the nucleo development approach will be difficult and will require close collaboration between SNDC field staff and campesino leaders.

D. Economic Analysis

The revised emphasis of the project on the promotion of economic infrastructure will augment the project's beneficial impact on incomes and employment.

The PP's benefit-cost analysis of various types of infrastructure the project could finance was not very useful because of the wide-ranging assumptions that had to be made regarding "model" projects. The project finances the construction of infrastructure which will support directly remunerative activities, with either an immediate or a delayed impact on productivity and incomes depending on the nature of the infrastructure. Accordingly, the Mission will examine subproject costs per beneficiary very closely to avoid overly costly solutions to community infrastructure requirements, but will not attempt to estimate benefit-cost ratios for infrastructure subprojects prior to their approval.

E. Environmental Analysis

The PP's environmental analysis concluded that the project would have no effect, or a negligible effect, on land use, water quality,

the atmosphere, natural resources, cultural symbols, and population patterns. It also predicted beneficial effects on the target group's education, access to social services and agricultural inputs, and its health status. These conclusions remain valid.

F. Revised Financial Plan

The PP's financial analysis concluded that incremental expenditures by SNDC necessary to support the project would not have a significant impact on SNDC's budget. Nevertheless, the current economic situation has prevented the GOB from providing program funds to SNDC; i.e. almost all of SNDC's current budget is devoted to salaries and other operating costs. Without the project, these expenditures currently represent a clear loss to Bolivia, with little beneficial impact on the country. At the same time, to be successful the project will require more counterpart funds for operating expenses than are currently being provided to SNDC. This fact has been fully explained to the Ministry of Finance, which has agreed to provide the required budgetary increases. It should be noted that although the revised LOP budget shows a higher GOB contribution in dollar terms, it is actually overstated due to the Mission's use of the official exchange rate in converting pesos to dollars (44/1 versus the floating rate of 200 /1). The GOB's revised LOP contribution to the project in dollar equivalent terms will actually be very close to the amount originally projected (approximately \$4.5 million).

Tables I to IV present the original and revised budgets for the project and a revised disbursement schedule for the remainder of the project. Annex Table III includes a breakdown of infrastructure expenditures by subproject for the fourth quarter of CY 1982 and the first quarter of 1983.

TABLE I

ORIGINAL PROJECT BUDGET (\$000)

	<u>AID</u>	<u>GOB*</u>	<u>Community</u>	<u>Total</u>
1. Infrastructure	13,780	-	9,170	22,950
2. Promotor Training	287	530	-	817
3. Equipment & Supplies	515	82	-	597
4. Technical Assistance	200(L) 300(G)	-	-	500
5. Zonal Office Construction	518	-	-	518
6. SNDC Salaries and Operating Expense	-	3,597	-	3,597
TOTALS	15,600	4,209	9,170	28,979

*/ Does not include \$3,571 million shown previously for teacher and medical personnel salaries.

TABLE II
REVISED PROJECT PIPELINE BUDGET
(\$ 000)

	<u>AID</u>	<u>GOB **</u>	<u>COMMUNITY</u>	<u>TOTAL</u>
1. Community Investigation	-	51	-	51
2. Community Organization Training	80	77	-	157
3. Infrastructure	5,333	-	2,286	7,619
4. Promotor Training	39	23	-	62
5. Equipment & Supplies	461	246	-	707
6. Technical Assistance	199 (L) 101 (G)	-	-	300
7. Operational Support and Contingencies	182*	5,979	-	6,161
TOTAL	<u>6,395</u>	<u>6,376</u>	<u>2,286</u>	<u>15,057</u>

* Includes funds for audits, contract for project coordinator, inflation and contingencies. Cost escalation in GOB-funded items is difficult to determine at this time. At the beginning of each year, and prior to each quarter, the required GOB contribution will be revised to reflect current prices in line with the pari-passu disbursement system.

** The GOB contribution for the remainder of the project has been converted to dollars at the official rate of \$b44/US\$1. The current floating rate is \$b 200/US\$1.

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TABLE III
DISBURSEMENT SCHEDULE
(\$ 000)

I T E M	4th Quarter 1982		1983		1984		T O T A L	
	AID (2)	GOB (1)	AID	GOB	AID	GOB	AID	GOB
1. Community Investigation	-	17	=	34	-	-	-	51
2. Community Organization/ Training	12	18	34	33	34	26	80	77
3. Infrastructure	948	-	2,605	-	1,780	-	5,333	-
4. Promotor Training	8	5	16	9	15	9	39	23
5. Equipment & Supplies	150	27	311	110	-	109	461	246
6. Technical Assistance	28(G)	-	100(L) 36(G)	-	99(L) 37(G)	-	199(L) 101(G)	-
7. Operational Support & Contingencies	<u>14</u>	<u>897</u>	<u>85</u>	<u>2,541</u>	<u>83</u>	<u>2,541</u>	<u>182</u>	<u>5,979</u>
TOTAL	1,160	964	3,187	2,727	2,048	2,685	6,395	6,376

- (1) GOB cash counterpart is calculated at pesos bolivianos 44 to one dollar, which is the rate for official obligations as established by a Government Supreme Decree.
- (2) The Bolivian peso portion of AID funds will be disbursed at the floating rate of exchange on the day the disbursement is made. The current rate is approximately \$1 = \$b 200.

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TABLE IV

REVISED LIFE OF PROJECT BUDGET

(\$ 000)

	<u>Previously Disbursed</u>		<u>Reprogrammed Budget</u>		<u>Totals</u>	
	<u>AID</u>	<u>GOB</u>	<u>AID</u>	<u>GOB</u>	<u>AID</u>	<u>GOB</u>
1. Community Investigation	-	-	-	51	-	51
2. Community Organization & Training	-	23	80	77	80	100
3. Infrastructure	1,838	-	5,333	-	7,171	-
4. Promotor Training	70	14	39	23	109	37
5. Equipment & Supplies	80	65	461	246	541	311
6. Technical Assistance	18(L) 199(G)	-	199(L) 101(G)	-	217(L) 300(G)	-
7. Operational Support and Contingencies	-	2,974	182	5,979	182	8,953
TOTALS	2,205	3,076	6,395	6,376	8,600	9,452

Total LOP community contributions is \$3,511.

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IV. Revised Implementation Plan

A. Implementation Schedule (Sept. 1982 - Dec. 1984)

A revised implementation schedule for the remainder of the project has been prepared by SNDC (Annex Exhibit III). It presents the scheduling of community investigation, training and organization activities, infrastructure construction, equipment purchases, technical assistance, SNDC training, audits and evaluations. (Some GOB-funded activities have already started.) Annex Table III includes lists of already approved and transitional* subprojects to be carried out from September 1982 through March 1983. Four categories of infrastructure projects are included: 19 already approved subprojects to be completed in 1982 costing an additional \$89,000; 45 transitional subprojects to be carried out in the project's seven concentration zones costing \$944,000 (\$459,000 Loan); 11 subprojects tentatively planned for the Chapare costing approximately \$220,000; and 21 subprojects costing \$491,000 (\$249,000 loan) in other areas of the country.

Over the life of the project, \$1.5 million dollars has been reserved for subprojects in the Chapare. In order to initiate activities there as soon as possible, it has been agreed that a plan for SNDC activities in the Chapare will be prepared in cooperation with PRODES not later than six months following reinitiation of project activities.

B. Procurement Plan

AID funded equipment procurements are scheduled to be made as soon as the project is reactivated. Specifications for all commodities to be imported have been completed. The Mission will assist SNDC in preparing IFBs. The following commodities will be imported:

- Utility vehicles (12)
- Motorcycles (17)
- Bicycles (44)
- Audio-visual equipment
- Promotor equipment (camping supplies, etc.)
- Tools
- Training equipment
- Vehicles
- Spare parts

SNDC's guidelines for local procurement have been revised to bring them up to date. Local procurement was often slow in the past. One factor accounting for this was the mandatory use of payment orders rather than checks for the purchase of subproject materials. These orders had to be signed by both SNDC and community representatives and then presented by suppliers to the Banco del Estado for payment - a process that took several days or weeks, during which prices often changed. It now has been decided that checks will be used on a six-month trial basis. Community oversight will be ensured by having community representatives sign both receiving reports and invoices.

* Backlogged SNDC projects which communities are prepared to implement while the project's revised community development activities are initiated.

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Local procurement procedures will require continual attention as the project is implemented. One of the administrative advisor's first tasks will be to examine current procurement practices and recommend streamlining measures.

C. Pari-Pasu Disbursement System

As noted above, a revised disbursement system will be used for this and other reprogrammed projects. The revised system is designed: (a) to improve the administration of GOB counterpart funds and help ensure their timely receipt by implementing agencies; (b) to shift more responsibility for project disbursements and accounting to implementing agencies while retaining adequate USAID control, without the necessity of prior review of every transaction; and (c) to provide a simpler, more systematic means of monitoring project progress.

The revised system will provide for quarterly advances of both project and counterpart funds to separate project accounts to be managed by the project implementing agency, in this case SNDC. Advances will be based on detailed line item budgets (by project component and activity) prepared by the implementing agency and approved by USAID prior to each quarter. The revised LOP budget prepared for this project includes a detailed allocation of AID and GOB funds for the last quarter of 1982 and revised totals by project component for 1983 and 1984. Prior to the beginning of each calendar year, annual project budgets will be revised and broken down by quarter.

The quarterly cash requirement estimates will not include counterpart salary payments made directly by the GOB; they will only include the operating cash requirements of the project*. Similarly, dollar paymentes to be made directly by USAID to contractors or suppliers will not be included.

Quarterly advances of AID funds will be made on a pari-passu basis; that is, if GOB counterpart funds due in any quarter are not deposited by the National Treasury in the special project account during that quarter when required by the implementing agency, USAID will not deposit project funds the following quarter.

The implementing agency will be responsible for the disbursement, accounting and reporting of special account funds. USAID has developed a simple, but comprehensive, accounting system for implementing agencies designed to provide the information required for the new disbursement procedures. Representatives of the USAID Controller's Office will assist SNDC in adapting its present accounting system to meet the needs of the new disbursement system.

* Funds budgeted for gas and oil will be paid by the National Treasury directly to the national oil company and credited to the implementing agency's account.

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Prior to the start of each quarter, the implementing agency will submit reports on the use of special account funds and upcoming requirements, along with quarterly implementation reports. The following reports will be required under the new disbursement procedures: a) a detailed project budget by quarters as described above; b) a quarterly report of actual disbursements for the first two months and estimated disbursements for the third month, including a reconciliation of bank balances to determine the needs for the coming quarter; and c) a quarterly report of actual disbursements for the previous quarter, which will also provide the means to maintain a budgetary control system. The implementing agency will maintain all vouchers and supporting documents for the disbursements shown in the financial quarterly reports available for inspection by USAID representatives.

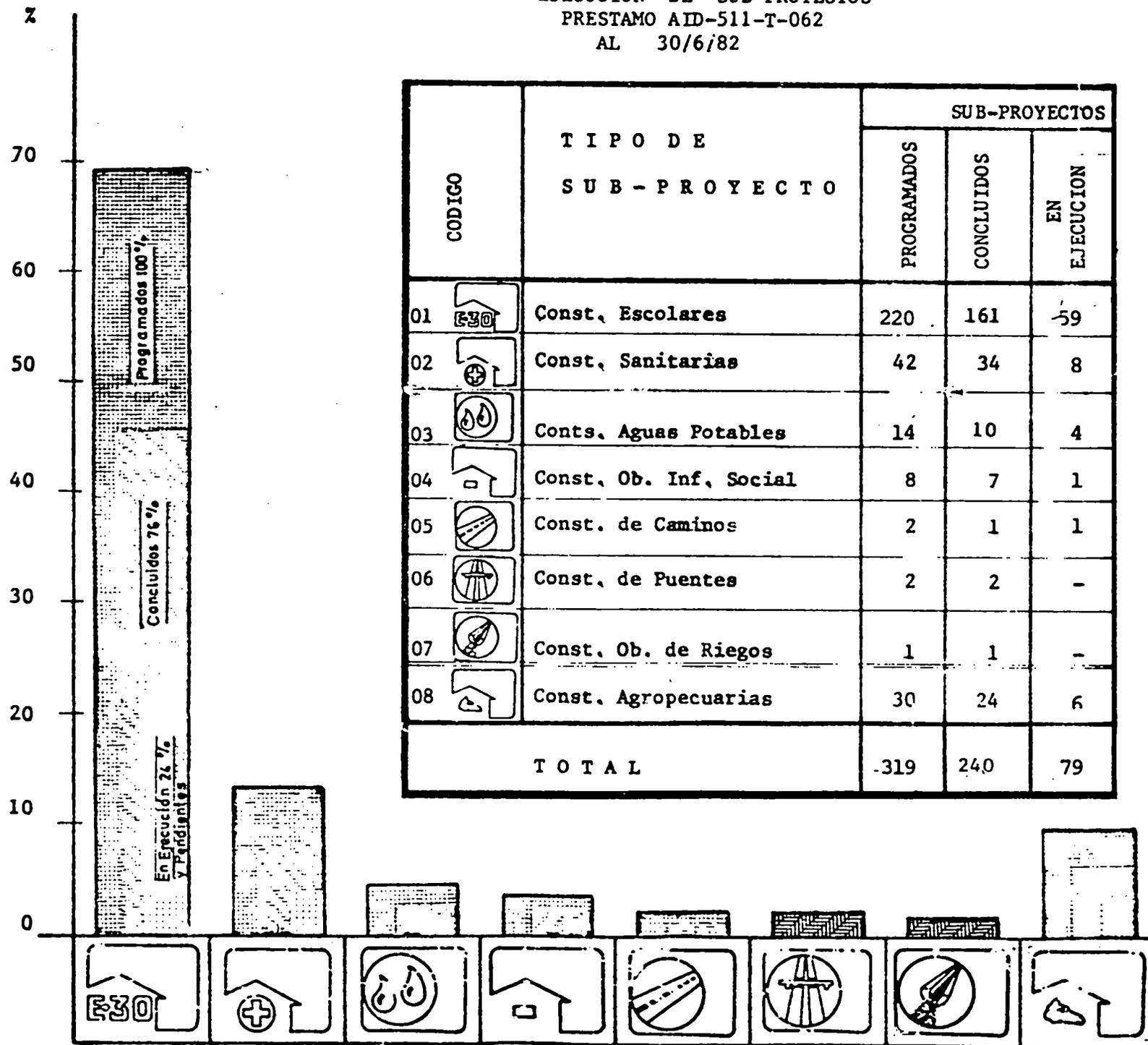
D. Evaluation Plan

A significant amount of baseline data already has been generated under the project, but regular project impact evaluations have never been carried out. (The May 1980 evaluation concentrated on the project's administrative failings.) Short-term technical assistance is planned to help SNDC elaborate evaluation techniques and methodologies. The first short-term consultant, who will concentrate on improving baseline data collection techniques, is scheduled for November 1982. An impact evaluation is scheduled in early 1984 using grant funds.

V. Negotiating Status

The reprogramming plan presented in this PP amendment was developed in full collaboration with SNDC. A PIL to reactivate the project has been prepared. It will be countersigned by the Ministers of Agriculture and Finance and the Director of SNDC, and will formalize the decision to deobligate an additional \$2 million and extend the PACD to December 31, 1984. Attached to the PIL will be a revised project description and details regarding the pari-passu disbursement system. The revised project description has already been discussed at great length with the leadership of SNDC. In addition, a separate PIL has already been countersigned by the Director of SNDC which specifies the functions of the Coordination Unit and its personnel. The revised project budget has been officially approved by the Ministry of Finance. Therefore, the Mission is prepared to reactivate the project immediately upon authorization to do so.

EJECUCION DE SUB-PROYECTOS
 PRESTAMO AID-511-T-062
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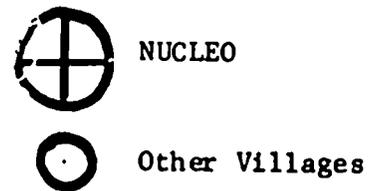
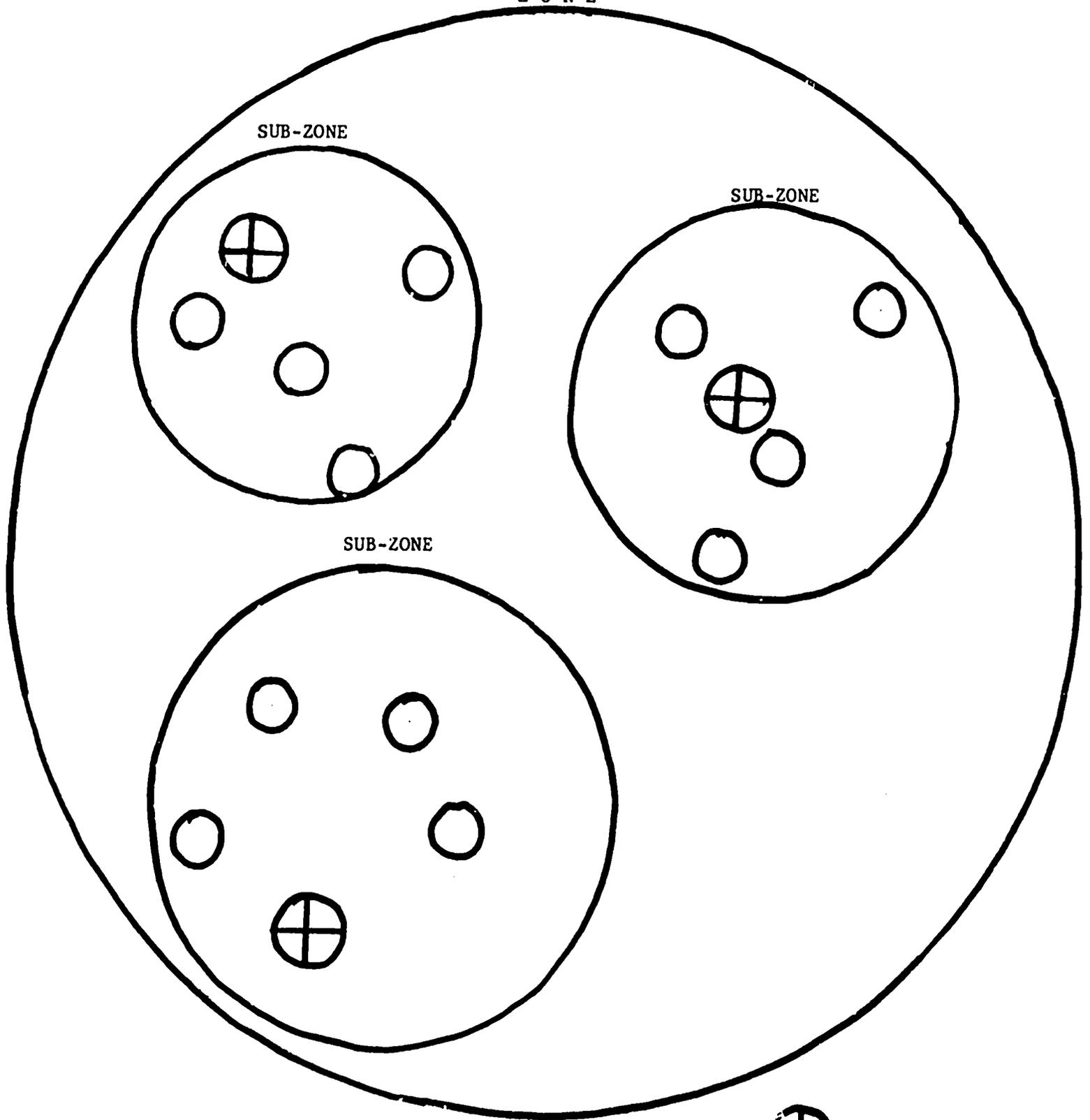


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ANNEX I
EXHIBIT II

ZONES, SUB-ZONES AND NUCLEOS

Z O N E



ANNEX I
EXHIBIT III

IMPLEMENTATION SCHEDULE
VILLAGE DEVELOPMENT PROJECT

I T E M	ACTIVITIES	RESPONSIBLE OFFICE	T I M E																			
			1982					1983					1984									
			M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
I	PHASE I																					
	1. Reprogramming	RD/USAID Coordinating Unit																				
	1.1 Contracting of short-term advisor																					
	1.2 Work plan and terms of reference for SNDC field commissions	SNDC Technical Committee																				
	1.3 Preliminary technical committee reports																					
	1.4 Formal review of technical reports																					
	1.5 Joint session with USAID																					
	1.6 Preparation of final document (Annex I to Project Agreement)																					
	1.7 Approval of Annex I by SNDC and USAID																					
	1.8 Presentation of Annex I to USAID																					
	1.9 Approval by USAID																					
	1.10 Forwarding to AID/W for approval																					
1.11 Approval by AID/W																						
1.12 Contracting of Adm. Advisor																						
II	PHASE II																					
	1. INVESTIGATION/IMPLEMENTATION																					
	1.1 Presentation and approval of work plan.	Bolivian Indigenous Institute																				

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SUPERFICIE Y POBLACION EN ZONAS SELECCIONADAS

ZONA	DEPARTAMENTO	PROVINCIA	POBLACION URBANA + de 2.000 hab.	POBLACION RURAL - de 2.000 hab.	POBLACION TOTAL	SUPERFICIE Km ²
1	La Paz	Saavedra	— . —	10.119.-	10.119.-	2.525.-
		Muñecas	— . —	21.645.-	21.645.-	4.965.-
		Camacho	— . —	70.974.-	70.974.-	2.080.-
2	La Paz	Nor Yungas	5.805.-	48.198.-	54.003.-	5.120.-
		Sud Yungas	6.241.-	39.256.-	45.497.-	5.770.-
		Inquisivi	18.168.-	57.986.-	76.154.-	6.430.-
3	La Paz	Ingavi	9.878.-	76.965.-	86.843.-	5.410.-
		Pacajes	6.277.-	59.533.-	65.810.-	12.560.-
4	Cochabamba	Chapare	5.554.-	52.285.-	57.839.-	12.445.-
		Carrasco	— . —	46.461.-	46.461.-	15.045.-
5	Cochabamba	Mizque	— . —	27.920.-	27.920.-	2.730.-
		Campero	4.867.-	26.920.-	31.787.-	5.550.-
		Arque	— . —	28.049.-	29.206.-	1.490.-
		Jordán	— . —	25.646.-	25.646.-	305.-
		Tapacari	— . —	22.285.-	22.285.-	1.500.-
		Quillacollo	23.852.-	52.859.-	76.711.-	720.-
		Capinota	— . —	22.974.-	22.974.-	1.495.-
		Cercado	205.002.-	16.854.-	221.856.-	355.-
		Arce	— . —	27.914.-	27.914.-	1.245.-

ZONA	DEPARTAMENTO	PROVINCIA	POBLACION URBANA + de 2.000 hab.	POBLACION RURAL - de 2.000 hab.	POBLACION TOTAL	SUPERFICIE Km ²
6	Santa Cruz	Ichilo	5.120.-	32.673.-	37.793.-	14.232.-
		Gutierrez	13.943.-	14.576.-	28.519.-	6.886.-
7	Potosí	A. Ibañes	— . —	11.811.-	11.811.-	2.170.-
		Charcas	— . —	16.032.-	16.032.-	2.964.-
		Bustillos	23.728.-	21.743.-	45.471.-	2.235.-
		Bilbao	— . —	4.774.-	4.774.-	640.-
	Oruro	Cercado	62.188.-	14.923.-	77.110.-	6.112.50
		Dalence	11.858.-	4.612.-	16.470.-	1.210.-
		Poopo	— . —	9.485.-	9.485.-	3.061.-
	Avaroa	8.529.-	25.479.-	34.008.-	5.987.-	
TOTALES GENERALES			411.010.-	891.251.-	1.303.117.-	133.237.50

ANNEX I
TABLE II

SNDC STAFF IN THE SEVEN CONCENTRATION ZONES

ZONE	Departmental Office	Zonal Office	Supervisory Office	Training Center	Field Staff			Training Staff	
					Supervisors	Promoters	Others	Instructors	Others
1	La Paz	Carabuco Huarina			2	14	18		
2	La Paz	Caranavi Chulumani	Coroico	Pillapi	2	15 3	12 2	2	3
3	La Paz	Tiwanacu Patacamaya		Pillapi	2	18	16	2	3
4	Cochabamba	Villa Tunari		Paracaya	1 1	7	38 6	3	10
5	Cochabamba	Aiquile Paracaya		Paracaya	1 1	8	39 12	3	4
6	Santa Cruz			Yapacani	2	7	19	4	5
7	Oruro	Uncía Challapata			1 2	11	19 14		
Sub Total					15	83	195	14	25
Total Field Staff in Concentration Zones:					332				

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ANNEX I

TABLE III

SUBPROJECTS TO BE CARRIED OUT SEP.1982-MAR.1983

SUB-PROYECTOS APROBADOS E INICIADOS

CODIGO	COMUNIDAD	TIPO DE OBRA	C O S T O S A P R O B A D O S 1981			REQUERIDO	SUS
			TOTAL	COMUNIDAD	062		
POT	<u>DEPARTAMENTAL POTOSI</u>						
1419	KONAPAYA	Defensivo	363,125.-	154,770.-	208,355.-	194,643.-	7,794.-
SUC	<u>DEPARTAMENTAL SUCRE</u>						
2014	POROMA	Defensivos	336,868.-	196,640.-	140,228.-	124,298.-	4,977.-
CCP	<u>DEPARTAMENTAL SANTA CRUZ</u>						
048	LOMERIO	Camino	1,208,950.-	550,000.-	658,950.-	523,950.-	20,979.-
TRI	<u>DEPARTAMENTAL BENI (*)</u>						
175	MONTE CRISTO	E-60-SD	373,478.-	152,083.-	221,395.-	74,030.-	2,965.-
180	ELVIRA	E-60-SD	312,458.-	125,143.-	187,315.-	4,400.-	177.-
206	PAMPITAS	E-60-SD	454,212.-	184,457.-	169,755.-	76,230.-	3,053.-
207	PEÑITAS	E-60-SD	454,682.-	184,457.-	270,225.-	76,700.-	3,072.-
212	VILLA BANZER	E-60-SD	478,182.-	190,100.-	288,082.-	99,742.-	3,994.-
213	EL PEÑON	Pto.Médico	542,660.-	223,844.-	318,816.-	186,450.-	7,466.-
238	MONTE GRANDE	E-60-SD	316,265.-	126,750.-	189,515.-	6,600.-	265.-
241	NARANJITOS	E-60-SD	414,795.-	170,500.-	244,295.-	61,380.-	2,458.-
269	BERMEO	Pto.Sanít.	355,016.-	150,600.-	204,416.-	72,050.-	2,885.-
COB	<u>DEPARTAMENTAL COBIJA (*)</u>						
16	MARAPANI	E-60-V	277,700.-	103,946.-	173,754.-	125,174.-	5,012.-
17	SANTA CRUZ	E-60-V	324,022.-	131,037.-	192,985.-	118,476.-	4,744.-
21	PROGRESO	E-30-VL	288,238.-	111,950.-	176,288.-	135,288.-	5,417.-
23	NAZARETH	E-60-V	326,606.-	132,070.-	194,536.-	118,476.-	4,744.-
26	BOYUYO	E-60-V	246,254.-	105,912.-	140,342.-	64,663.-	2,590.-
37	VILLA MARIETTA	E-60-V	220,329.-	106,590.-	113,739.-	36,677.-	1,469.-
25	REMANZO (Campo Ana)	E-60-V	330,765.-	132,037.-	198,728.-	118,476.-	4,744.-
			<u>7,624,605.-</u>	<u>3,232,886.-</u>	<u>4,391,719.-</u>	<u>2,217,703.-</u>	<u>88,805.-</u>

(*) Oficinas cuyos Sub-Proyectos se encuentran en etapa de verificación técnica.

SUB-PROYECTOS DE TRANSICION EN ZONAS DE CONCENTRACION

(En \$US.)

4to. TRIMESTRE 1982

ZONA	CODIGO	COMUNIDAD	PROVINCIA	DEPARTAMENTO	TIPO DE PROYECTO	APORTE COMUNAL SU\$.	APORTE SNDC AID - 062 SU\$.	COSTO TOTAL SU\$.
1	CARB-1004	Pasuya	Camacho	La Paz	Criadero de Truchas	5.051.-	5.051.-	10.102.-
2	CNA - 499	La Reserva	Nor Yungas	La Paz	E-180-SD	16.512.-	13.041.-	29.553.-
	CNA - 526	San Antonio de Bolinda	Nor Yungas	La Paz	Camino 6,54 Km.	30.044.-	27.002.-	57.046.-
	CNA - 585	El Progreso	Nor Yungas	La Paz	Centro Acopio de Café	8.585.-	5.656.-	14.241.-
	CNA - 636	Alto Chojña	Nor Yungas	La Paz	Camino 7 Km.	19.853.-	20.496.-	40.349.-
	CNA - 554	Alto Siem- pre U.	Nor Yungas	La Paz	Camino 5,6 Km.	19.047.-	19.256.-	38.303.-
	CNA - 610	Manco Kapac Chico	Nor Yungas	La Paz	Camino 7,5 Km.	27.311.-	22.336.-	49.647.-
	CNA - 559	Achiri	Nor Yungas	La Paz	Camino 5,5 Km.	20.462.-	30.692.-	51.154.-
	CNA - 471	Alto Lima	Nor Yungas	La Paz	Puente Fijo 18 mts.	21.502.-	13.907.-	35.409.-
	CNA - 448	Sto.Domingo	Nor Yungas	La Paz	Puente Fijo 18 mts.	21.502.-	13.907.-	35.409.-
	CHU - 148	La Calzada	Sud Yungas	La Paz	E-150-SDL	16.555.-	8.632.-	25.187.-
	CHU - 199	Ocobaya	Sud Yungas	La Paz	Puesto Médico	10.427.-	8.665.-	19.092.-
	CHU - 129	Sikiljara	Sud Yungas	La Paz	Agua Potable	2.496.-	3.276.-	5.772.-
	CHU - 138	Naranjani	Sud Yungas	La Paz	Agua Potable	5.596.-	4.040.-	9.636.-
	CHU - 104	Arce Banzer	Sud Yungas	La Paz	Puente Colgante	7.659.-	4.907.-	12.566.-
	COR - 508	Inca Pampa	Nor Yungas	La Paz	Agua Potable	6.776.-	4.931.-	11.707.-
	COR - 025	Chacón	Nor Yungas	La Paz	Agua Potable	4.895.-	3.792.-	8.687.-
	COR - 618	Moro	Nor Yungas	La Paz	Puente Fijo	5.453.-	3.302.-	8.755.-

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ZONA CODIGO	COMUNIDAD	PROVINCIA	DEPARTAMENTO	TIPO DE PROYECTO	APORTE COMUNAL SU\$.	APORTE SNDC AID - 062 SU\$.	COSTO TOTAL SU\$.	
3	PAT -1622	Mauro Pilar	Pacajes	La Paz	Agua Potable	8.895.-	8.579.-	17.474.-
	TIW - 118	San Antonio	Ingavi	La Paz	E-120-SD	19.115.-	15.841.-	34.956.-
	TIW - 168	Antaquira Belen	Pacajes	La Paz	E-120-SD	19.115.-	15.841.-	34.956.-
	TIW - 122	Taraco	Ingavi	La Paz	Puesto Médico 4/C.	10.363.-	7.186.-	17.549.-
	TIW - 158	Alto Achacana	Ingavi	La Paz	5 Baños Antisármicos	16.773.-	6.487.-	23.260.-
4	VTU - 226	Santa Maria	Chapare	Cochabamba	E-90-SD	19.310.-	22.273.-	41.583.-
	VTU - 256	Ibuelo	Carrasco	Cochabamba	Puente Fijo	5.274.-	7.905.-	13.179.-
5	PAR -2017	Kiscamogo	Chapare	Cochabamba	E-90-SD	8.844.-	13.299.-	22.143.-
	PU -2023	Puente Pampa	Campero	Cochabamba	E-90-SD	10.774.-	16.161.-	26.935.-
	PU -2048	Arumani	Cercado	Cochabamba	Puente Suspendido	4.049.-	4.049.-	8.098.-
	PU -2115	Aiquile	Campero	Cochabamba	Centro Agropecuario	14.695.-	22.022.-	36.717.-
6	SC -1260	A. Porongo	A. Ibañés	Santa Cruz	Micro Hospital	17.974.-	18.887.-	36.861.-
	SC -1339	La Porfia	A. Ibañés	Santa Cruz	Puesto Médico	5.555.-	5.628.-	11.183.-
7	UNC -1136	Tocopalca	Bustillos	Oruro	Puente Colgante	8.953.-	13.429.-	22.382.-
TOTALES 1982					419.415.-	390.476.-	809.891.-	

SUB-PROYECTOS DE TRANSICION EN ZONAS DE CONCENTRACION

(EN \$US\$)

1er. TRIMESTRE 1983

ZONA	CODIGO	COMUNIDAD	PROVINCIA	DEPARTAMENTO	TIPO DE PROYECTO	APORTE COMUNAL \$US\$	APORTE SNDC AID-062 \$US\$	COSTO TOTAL \$US\$
1	CARB-1079	Soylaya	Camacho	La Paz	Presa Derivadora	14.128,-	17.673,-	31.801,-
2	CNA-516	Unión Camacho	Nor Yungas	La Paz	E-30-V.	5.268,-	3.747,-	9.015,-
	CNA-625	Aguas Turbias	Nor Yungas	La Paz	E-30-V.	5.268,-	3.747,-	9.015,-
	CNA-587	18 de Mayo	Nor Yungas	La Paz	Agua Potable	4.254,-	4.779,-	9.033,-
3	TIW-002	Villa Asunción	Ingavi	La Paz	Agua Potable	7.432,-	4.945,-	12.377,-
	TIW-098	Copajira	Ingavi	La Paz	Tajamar Estanque	5.224,-	3.959,-	9.183,-
	TIW-137	Chusicani	Ingavi	La Paz	Derivadora Est. Canal	4.631,-	3.617,-	8.248,-
	TIW-138	Sullkata V. 3 de Mayo.	Ingavi	La Paz	Tajamar Est. Canal	6.080,-	5.900,-	11.980,-
5	PU-2019	Linde	Jordán	Cochabamba	Puente Fijo	2.339,-	3.509,-	5.848,-
	PU-2054	Valle Hermoso	Jordán	Cochabamba	Acueducto	875,-	1.313,-	2.188,-
	PU-2037	Puca Puca	Campero	Cochabamba	Galeria Filtrante	3.877,-	5.815,-	9.692,-
	PU-2026	Loro Mayu	Campero	Cochabamba	Galeria Filtrante	4.681,-	7.021,-	11.702,-
	PU-2052	Pili Kocha	Jordán	Cochabamba	Acueducto	1.762,-	2.642,-	4.404,-
TOTALES 1er. TRIMESTRE 1983						65.819,-	68.667,-	134.486,-

SUB-PROYECTOS EN CHAPARE

(En US\$)

SUB-ZONA	COMUNIDAD	TIPO DE OBRA
2	Cristal Mayu Parateto Belen Villa Tunari Villa Barrientos Putiriteri — . —	Construcción Club de Madres Rehabilitación Posta Sanitaria Construcción Posta Sanitaria Centro Acopio Plátanos Nucleo Escolar Nucleo Escolar Centro Acopio
	SUB-TOTAL	\$US. 110.000.-
5	Villa Jordán Santa María Central Todos Santos Puesto Todos Santos	Nucleo Escolar Nucleo Escolar Puesto Sanitario Defensivos
	SUB-TOTAL	\$US. 110.000.-
	TOTAL AÑO 1982	\$US. 220.000.-

1/1

PROYECTOS EN OTRAS AREAS

(EN \$US.)

OFICINA ZONAL	CODIGO	COMUNIDAD	PRCVINCIA	DEPARTAMENTO	TIPO DE PROYECTO	APORTE COMUNAL	APORTE SNDC AID-062	COSTO TOTAL
Huarina	HUAR-1486	Cheka Baja	Larecaja	La Paz	E-60-SD.	4.827.-	6.942.-	11.769.-
	HUAR-1488	Kerani	Omasuyos	La Paz	E-120-SD.	11.182.-	11.671.-	22.853.-
	HUAR-1569	Compi	Omasuyos	La Paz	Sala Multiple	9.814.-	13.197.-	23.011.-
	HUAR-1570	Kapilaya	Omasuyos	La Paz	Agua Potable	3.786.-	3.792.-	7.578.-
Pataca-maya.	PAT-1604	Anchacallani	Loayza	La Paz	E-120-SD.	11.576.-	11.948.-	23.524.-
Llica	LLI-2112	Santiago Agencha.	Nor Lipez	Potosí	Agua Potable	3.598.-	4.667.-	8.265.-
	LLI-2122	Colcha	Nor Lipez	Potosí	E-120	12.153.-	15.973.-	28.126.-
Turco	TUR-1037	Choyñuma	Carangas	Oruro	E-90-SD.	11.934.-	12.996.-	24.930.-
Challa pata.	CHA-018	Fuqui	L. Cabrera	Oruro	Puesto Médico	3.588.-	3.744.-	7.332.-
Potosí	POT-1421	La Puerta	Tomas Frias	Potosí	Puente	4.250.-	4.200.-	8.450.-
	POT-1422	Tamballilla	Nor Chichas	Potosí	E-60-V.	6.596.-	8.676.-	15.272.-
	POT-1410	Parantaca	Tomas Frias	Potosí	Puesto Médico 4 c.	6.803.-	8.913.-	15.716.-
Sucre	SUC-2101	Thaco Pampa	Tomina	Chuquisaca	E-180-SD.	17.926.-	21.741.-	39.667.-
	SUC-2131	Molle Sozcko	Luis Calvo	Chuquisaca	Camino	24.879.-	5.302.-	30.181.-
Padilla	PAD-028	Kara Kara	Luis Calvo	Chuquisaca	Camino	25.376.-	5.952.-	31.328.-

OFICINA ZONAL	CODIGO	COMUNIDAD	PROVINCIA	DEPARTAMENTO	TIPO DE PROYECTO	APORTE COMUNAL	APORTE SNDC AID-062	COSTO TOTAL
Camiri	CAM-018	Curaguagua	Cordillera	Santa Cruz	E-150-SDL.	19.769.-	19.937.-	39.706.-
Concepción.	CCP-034	San Ramón	Nuflo Chavez.	Santa Cruz	7 Badenes	7.007.-	8.086.-	15.093.-
Tarija	TAR-1203	Canasmoro	Méndez	Tarija	E-180-SD.	22.434.-	27.616.-	50.050.-
	TAR-1237	Moreta	O'Conor	Tarija	Puente Colgante	7.236.-	7.940.-	15.176.-
	TAR-1196	Ancon Grande	Avilés	Tarija	Puente Pasarela 46m.	5.347.-	7.047.-	12.394.-
Riberalta	RIB-060	Esperanza Sta. María.	Vaca Diez	Beni	Camino 6 km.	21.515.-	38.847.-	60.362.-
TOTALES 4^o TRIMESTRE						241.596.-	249.187.-	490.783.-

27

TELEGRAM

INDICATE
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CHARGE TO

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FROM	LA PAZ	CLASSIFICATION	UNCLASSIFIED
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12065
E.O. 11652
TAGS:
SUBJECT:
ACTION:
USAID
AMB
ECON

N/A
N/A
Review of Category III Project: Village Development
(Loan 511-T-062, Grant 511-0499)
SECRETARY WASHDC TREATYATR
REF: (A) State 315302; (B) State 330991
81-2 81-2 SEE WASHDC memo TO A/C

1. As requested in ref tel (A), USAID/Bolivia has reviewed the Village Development loan/grant project to determine the continued priority and feasibility of its activities under current circumstances, particularly those affecting GOB institutional and financial support to the project. A summary of USAID/Bolivia's review, giving particular emphasis to existing constraints and reprogramming actions necessary in reactivating the project, follows.

2. Background. a) Project Data:

The project agreement was signed on August 23, 1978 with a five year LOP and a total funding level of dols. 15 million in loan capital and dols 300,000 in grant resources. Of this amount approximately dols 1.3 million in loan funds and dols. 200,000 in grant funds have been disbursed. In addition, dols 5 million in loan funds were deobligated as a result of

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DRAFTED BY: RD: GBayer/RThurston/DR: MDeal: obv	DRAFTING DATE: 1/5/82	TEL. EXT. 351	CONTENTS AND CLASSIFICATION: AD: Henry H. Bassford	PROVED BY: A/B/G/MR Core DR
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CLEARANCES:
DP: RLeondeVivere
DCM: nPryce
AMB: EOCorr

BEST AVAILABLE DOCUMENT

UNCLASSIFIED
CLASSIFICATION

OPTIONAL FORM 182(M)
Formerly PS-413(M)
January 1978
Dept. of State

the project's suspension after the July, 1990 coup. The current pipeline is ~~approximately~~ \$8.7 million in loan funds and \$100,000 in grant funds.

b) The settings:

The project was originally designed to address the basic socioeconomic infrastructure needs of Bolivia's widely dispersed rural population, which represents over sixty per cent of the total population. Compared to the urban areas, rural Bolivia suffers acute deficits with respect to basic public services. Only 36 per cent of the school-age population in rural areas is enrolled in school; 12.5 per cent of the rural population is served by potable water systems; and in rural health posts there exists only one bed per 2,100 inhabitants.

Government resources, both financial and human, cannot adequately meet the socio-economic infrastructure investments needed in Bolivia's most isolated regions, even on a gradual, long-term basis. Thus, the project identified the need for a large-scale mobilization of rural community resource contributions in the form of labor, local materials and cash donations on a continuing basis to share with the GOB the costs of providing and maintaining roads, bridges, small irrigation systems, river defenses, schools, health posts, potable water systems and other projects.

the Purpose and Objectives:

The purpose of the Village Development project was threefold: 1) to promote the construction of economic and social infrastructure projects through community action in some 700 rural villages located in severely disadvantaged and isolated regions; 2) to organize these rural communities to implement and maintain completed projects over time, and to undertake consecutive self-help development activities; and 3) to expand and improve the capability of the National Community Development Service (NCDS) paratechnical staff responsible for community promotion and project supervision responsibilities, and provide them with sufficient salaries and logistical support to do their work effectively.

The project design foresaw that income and welfare gains achieved from the infrastructure subprojects would represent ^{accrued} only the short term benefits to be ~~accrued~~ by the rural community. In the long run the creation of strong community organizations would insure that ~~the~~ subprojects ^{that were} ~~were~~ maintained in good repair so that they could continue to generate benefits over time. These community organizations would also identify and implement consecutive subprojects so that the community development process would continue to generate over increasing socio-economic benefit flows.

In order to develop viable community organizations, the

NCDS planned to maximize its use of para-technical staff

recruited from rural communities who were familiar with the terrain, problems and inhabitants of the local subproject areas. These para-technicians would be responsible for teaching community leaders the basic project management and decision-making skills required to carry out community action activities in an effective and honest fashion.

3. Pre-suspension: Progress and Constraints:

From the beginning of the project through its suspension in August, 1980, 311 subprojects had been initiated and of these 195 had been completed. Two different advisors were contracted to assist NCD3 in project administration, neither of whom completed a full year of service. NCD3 promoters were supplied with field equipment purchased with project funds and a limited amount of training was provided for NCD3 field staff.

A project evaluation, which was completed in May, 1980, identified a number of constraints hindering project implementation. These constraints included the following: 1) inability of the NCD3 to hire additional promoters and provide sufficient salaries, per diem and travel expenses for existing promoters; 2) a concentration of social versus economic infrastructure in subprojects undertaken (293 of the 311 subprojects initiated before the project suspension consisted of schools, health posts, potable water systems and cooperative centers); 3) heavy emphasis on subproject construction as opposed to the creation of viable community organizations;

and 4) inadequate supervision of project administration, especially with respect to maintaining adequate records.

In order to address these constraints, the project evaluation recommended that: 1) WCD3 establish a project management unit to coordinate all project activities; 2) an in-service training program be developed for WCD3 personnel at both the central office and field staff levels; 3) a review be made of WCD3 personnel distribution and technical requirements at the various levels of the institution in order to determine appropriate staffing for project implementation; 4) a survey of communities be conducted so as to determine priorities... productive future subproject interests with emphasis on/economic investments; and 5) a new training strategy be prepared so as to insure that rural communities broaden their perspectives on their long range organizational development.

4. Suspension:

The project was suspended for the various constraints identified in the evaluation report mentioned above, as well as for political considerations; the former were transmitted to the Minister of Campesino Affairs and Agriculture in a letter dated August 28, 1980. This letter also advised the GOB that unless the various causes for suspension were not corrected within sixty days, AID intended to cancel about five million of the loan. This amount was subsequently deobligated.

Since the project was suspended, no new subprojects have

been financed; however, dols 360,000 have been disbursed for completion of unfinished subprojects begun before the suspension. Direct Mission contact with NCD3 has been substantially reduced, as evidenced by the termination of the Mission's PIC with the administration advisor. Without any direct assistance to strengthen its institutional capacity, NCD3 has taken several measures to improve project implementation and respond to the evaluation recommendations.

The most significant of these measures has been the establishment of a project coordinating unit within NCD3. This unit is responsible for administering all activities carried out under the loan and is comprised of a coordinator, an administrator, one administrative assistant, a controller, an accountant, a programmer, four field supervisors and appropriate secretarial staff. The coordinating unit has assumed responsibility for updating NCD3 records on subproject status and expenditures and has cleared almost all outstanding advances, which amounted to more than dols 200,000 at the time of the suspension.

Based on the coordinating unit's success in bringing project documentation up to date, the Mission disbursed dols 200,000 to NCD3 in July, 1981 to complete 76 subprojects initiated prior to the project suspension. Close monitoring of the coordinating office by USAID since then has revealed that improved procedures have been established within NCD3 to

expedite the disbursement of funds; supervise field construction activities, maintain accurate subproject records; and provide vouchers to the Mission on a timely basis to liquidate outstanding advances. The coordinating unit has also been successful in motivating village organizations to resume their work on subprojects which had been suspended for over a year. As a result, another disbursement of dols 160,000 was authorized in November to complete an additional 20 subprojects. Progress has also been made in reorienting the departmental and zonal offices to give more consideration to economic development subprojects.

While the coordinating office has made significant advances, constraints to proper project implementation remain. NCD3 needs to refocus its attention away from simply implementing construction activities towards greater promotion and training of village organizations so that they will not only undertake self-help projects on their own in the future, but also maintain community projects after they have been constructed.

The GOB counterpart contribution remains a problem. While NCD3's inability to hire additional promoters as contemplated under the project agreement has been offset by the cancellation of dols 5 million from the loan; resources for adequate salaries, travel and per diem for NCD3's field staff are still inadequate. And finally, despite the coordinating unit's

efforts in reorienting field staff towards promoting economic development as opposed to social infrastructure subprojects, ICDS presently lacks the trained personnel required to identify and analyze the feasibility of economic development subprojects.

Addressing these constraints will be a necessary prerequisite to a reactivation of the project. Several of the project evaluation's recommendations remain valid, especially those concerning a new training strategy, a survey of communities to determine future subproject interests, a review of ICDS personnel distribution and technical requirements and an in-service training program.

5. USAID/Bolivia Strategies:

a) FY82 - 83 Short-term Strategy:

As requested in para 5, refel (A), USAID/Bolivia has reviewed the Village Development project to determine the feasibility of redirecting components to the Chapare in support of the Mission's short-term strategy (La Paz 6375 dated November 26, 1981). There presently exists no geographic limitation under the project which would prohibit community development activities in the Chapare. Therefore, to the degree possible, renewed activities will be actively promoted in that region. However the Mission feels that given the nationwide scope of ICDS, and the important role which it plays in the geographically remote and more depressed areas

of the country, a ~~major~~ reorientation of the project to the
to the exclusion of other areas
Chapare/would be inappropriate.

b) FY84 - 88 Long-term Strategy

The FY1984 CD33 to be submitted in the first part of
CY1982 will represent a significant departure from the past
comprehensive country-wide program under which the Village
Development project was developed. The new strategy will
emphasize accelerated growth and development within the La
Paz-Cochabamba-Santa Cruz corridor, which includes the
Chapare. In conjunction with the previously mentioned
priority of the Village Development project to refocus its
attention on economic development instead of social infrastructure
subjects, emphasis will be placed on identifying growth poles
within this corridor. A concentration of resources will be
targeted on those geographically defined areas where
production potential, marketing opportunities and complementary
service infrastructure favor economic growth. This does not
imply that the institutional mandate and capacity of MCD3 to
work in the more remote, neglected areas will be ignored; but
rather, that relatively more emphasis will be given to the
geographic area of future Mission program concentration. The
growth pole development concept will guide the selection of
subprojects in other areas as well. This concept has the
advantage of concentrating community development activities
in specific areas, thus cutting down travel and per diem

oftentimes
expenses for ICD's field personnel who/whom in the
past were responsible for addressing the needs of widely
dispersed communities.

6. Reprogramming:

a) USAID/Bolivia Determination

Based on the findings of its review, USAID/Bolivia has
determined that the reactivation of the Village Development
project is both desirable and feasible.

b) Basis for Determination

The review findings indicate that the reactivation of
the project would not require a major refocusing of activities,
thereby altering the goal and objectives as contained in the
project agreement. Several issues would have to be resolved,
however, through direct negotiations with the GOB during the
reprogramming exercise, including the following:

i) ICD's Personnel Structures: Based on a review of
ICD's personnel distribution and technical requirements at the
various levels of the institution, a determination will be made
as to how best to provide for appropriate staffing for project
implementation (e.g. moving staff from headquarters to field
offices, hiring new personnel with relevant technical
expertise, seeking out cooperative arrangements with other
institutions, increasing training and technical assistance).
etc.

ii) Counterpart Contributions: Based on the level of

GOB support determined necessary for proper implementation of the reactivated Village Development project, negotiations will be held to assure that NCD's portion of the national budget is sufficient to meet those support requirements. A provision will be included in the amended project agreement establishing a procedure whereby project loan/grant disbursements would be made on a pari passu basis to ensure the timely provision of GOB counterpart.

iii) Deobligation of Project Funds: Based on a review of NCD's personnel structure, as discussed in i) above; a reasonable estimate of GOB resources which can be made available as counterpart contribution through the project's termination; and the deemphasis of construction activities in favor of greater time and effort placed on developing strong community organizations; a decision will be reached regarding the level of project funding required. It is currently estimated that only 3.0 million of the 8.7 million remaining in loan funds will not be required and thus will be deobligated.

iv) Technical Assistance and Training: The reprogramming of project loan funds will include a long term advisor in community organization/training in addition to the grant-funded administration advisor. Also the budget will be revised to increase short-term T.A. and the training line items to reflect additional in-country courses for NCD's field staff.

v) PACD Extension: The PACD will be extended to December 31, 1984 to allow for the strengthening of NCD's capacity to carry out economic development as well as social infrastructure subprojects, and to concentrate its efforts on strengthening community organizations rather than on merely implementing construction activities.

vi) Training Plan Development: Prior to reactivation, agreement will be reached on the content and frequency of in-service training courses for all levels (technical as well as promotion) of NCD's personnel structure.

7. Technical, Economic and Social Feasibility:

USAID/Bolivia's determination that the project, with appropriate modifications, remains feasible and should be reactivated, is partially based on its initial findings from the review of the technical, economic and social analyses of the project paper. To this effect, a summary of USAID/Bolivia's findings follows:

a) Technical Feasibility:

The technical analysis of ^{the} project paper remains valid, with only the following modifications to be made during the reprogramming exercise:

-- of the community projects to be undertaken, a decided emphasis will be placed on financially self-generating activities versus social infrastructure construction. However, NCD's capacity to carry out these types of subprojects must be strengthened.

While the ECDS headquarters has qualified engineering and architectural staff and the departmental offices, in general, have qualified construction design and supervision personnel, ECDS in general lacks qualified personnel in the area of economic analysis to complement the project's refocused attention. Several options will be explored as discussed in para 6.b.1. above.

-- the number of subprojects per ECDS zonal office will be significantly reduced so that greater emphasis can be placed on forming strong community organizations. ECDS will then be able to more closely monitor activities and provide greater follow-up in each community assisted.

-- greater emphasis will be placed on maintaining the subprojects completed under the project. Inter-institutional agreements with such entities as the Ministries of Education and Health, the National Road Service, etc., which were signed as CPs originally, will be renegotiated so as to assure proper support for subprojects completed.

-- in the more remote and institutionally weaker ECDS zonal offices, where the construction tasks completely absorb promoter time and effort, a different approach will be utilized. Rather than burdening these offices with the responsibility for planning, administering and delivering three or four larger projects, to the detriment of village promotion and organizational work, a small locally managed

development fund, similar to the Mission's IDA fund, will be established. A maximum of approximately \$2,000 per project will be allowed, and will serve as a tool to leverage greater community contributions. While providing promoters with the wherewithal to assist villages willing to organize themselves for self-help purposes, this approach will allow promoters to deemphasize construction/~~infrastructure~~ in favor of ~~infrastructure~~ community training and organization.

b) Economic Feasibility

The simple cost-benefit analyses provided in the project paper for both economic and social infrastructure subprojects will be reviewed to determine current validity. Taking into consideration the project's refocus towards economic development subprojects in selected growth poles, the project's economic impact should improve considerably. NCD's investment in community development to date has been widely dispersed, with the impact being limited to the villages where subprojects are carried out, and with little planned long-term benefit to the surrounding region. The reactivated project will select growth poles which consist of villages or clusters of villages and which by virtue of their location, surrounding geography, crop production, human resources or a series of other factors, have a clear capacity for economic growth. These areas will receive proportionately more attention from NCD, thereby maximizing the development impact and complementarity of NCD.

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community organization and self-help infrastructure activities.

b) Social Feasibility

The project paper's analysis remains valid. In fact, the changes in the project to be effected during the reprogramming exercise will accentuate the original design which placed a critical role on the rural promoter, who is recruited from the same region in which he will work and shares similar language, occupational background, social aspirations, cultural preferences and possibly even family ties with the people he/she hopes to motivate for community action activities. Up until the time it was suspended, the project overemphasized the quantity of construction activities undertaken and, as a result, the promoters were stretched too thin over widely dispersed areas, and thus were unable to give proper attention to creating viable community organizations.

Under the reactivated project, NCDS will return to what it once best -- community development -- did/~~best community development~~ and place less emphasis on being a construction company.

8. Reprogramming Schedule

The steps and timing identified by the USAID/Bolivia Village Development project review follow:

a) Jan 20 - Feb 15, 1982: USAID/Bolivia and NCDS meet to discuss refocusing of project. This discussion will involve the participation of both NCDS central office and field staff. A

review will be conducted of NCDS personnel distribution and

technical requirements at the various levels of the institution.

b) Feb 15 - Mar 15, 1982: USAID/Bolivia and MCD3 meet to determine most rationale approach(es) to improve MCD3 capacity to implement reactivated project. Options such as hiring additional technical expertise, shifting personnel from central and regional offices to zonal offices, negotiating cooperative agreements with other institutions (such as the National Road Service and the Departmental Development Corporations) will be considered.

c) March 15 - 30, 1982: Based on the above and estimated GOB counterpart contributions, revised implementation and training plans will be prepared jointly by USAID/Bolivia and MCD3. A determination will also be made concerning the level of project financing required and the amount to be deobligated.

d) April 1 - 15, 1982: USAID/Bolivia prepares revised Project Agreement Annex I and Budget.

e) April 15 - 30, 1982: USAID/Bolivia finalizes reprogramming plan and submits to AID/ for approval.

9. Requested AID/ Action:

a) As discussed above, despite numerous implementation constraints, a somewhat modified and scaled down Village Development project remains viable. Recalling that this project was originally designed at a dols 6.2 million funding level, the subsequent increase to dols 15.3 million placed extreme

pressure on NCDS to construct as many subprojects as possible without giving adequate attention to the establishment of viable community organizations. Taking into account NCDS' institutional limitations and past and future GOB budgetary support to NCDS, dols 5.0 million were deobligated at the time of the project's suspension and an additional amount of up to dols 3.0 million will be deobligated based on the reprogramming exercise. Based on the refocusing of the project described herein and the progress demonstrated since the coordinating unit was established, it is believed that NCDS will be able to implement the project at this reduced level. Over the remainder of the project life, through the revised PACD of December 31, 1984, emphasis will be placed on strengthening NCDS' institutional capacity to promote self-help activities through the creation and fortification of community organizations in neglected rural areas throughout the country. Training and technical assistance components will be augmented and less pressure will be placed on the number of construction activities NCDS must undertake.

~~the structure of the program and the institutional capacity of NCDS to implement the program. The reprogramming exercise will be completed by the end of the project life. The results of the reprogramming exercise will be reported to the GOB and the donor. The reprogramming exercise will be completed by the end of the project life. The results of the reprogramming exercise will be reported to the GOB and the donor. The reprogramming exercise will be completed by the end of the project life. The results of the reprogramming exercise will be reported to the GOB and the donor.~~

END

b) Providing the Torrelío government continues to consolidate itself and to make progress in those areas of concern to the USG, we will want to be in a position to re-activate this project and wish to begin moving in that direction. Final approval will, of course, depend on Torrelío government performance and Washington approval as well as success in the re-programming schedule.

c) Based on the findings of the USAID/Bolivia's review, as well as the desirability to be in a position to re-activate this project when conditions are propitious, the Ambassador supports USAID/Bolivia's reprogramming plan. ~~Therefore~~ therefore USAID/Bolivia requests AID/W concurrence before proceeding with the reprogramming actions described in para 8 above. Please advise.

CORP

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

LAC/DR-IEE-83-1

ENVIRONMENTAL THRESHOLD DECISION
AMENDMENT

Project Location : Bolivia

Project Title and Numbers : Village Development and Rural Roads II
511-0499 and 511-0466

Funding : \$5,958,000 - Loan

Life of Project : Seven years

IEE Prepared by : William Kaschak, USAID/La Paz

Recommended Threshold Decision : Negative Determination

Bureau Threshold Decision : Concurrence with recommendation

Action : Copy to Henry Bassford
Director, USAID/Bolivia

: Copy to William Kaschak

: Copy to Norma Parker, LAC/DR/SA

: Copy to IEE file

James S. Hester Date 19 October 1982

James S. Hester
Environmental Officer
Bureau for Latin America
and the Caribbean

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ANNEX E

ENVIRONMENT STATEMENT

The objective of this project is to provide access to and egress from the Chapare region of Cochabamba -- a remote area that is inadequately connected to the country's transportation network. An improved road system that will enhance the two-way flow of people, goods and services, is essential for the region's growth.

From an environmental perspective the execution of this project must take into account both the natural and human ecology of the Chapare. The human side is treated in the social analysis. Accordingly, this analysis will be limited to the physical environment. Within this context, consideration must be given to possible negative impacts on altering the: (1) character of the land; (2) water quality; and (3) atmosphere.

The literature * relative to the environmental implications of rural road projects points out that because most roads established in developing countries have sparked, during the first few years of their existence, land development extending several kilometers from the road on each side, the ecological impacts of road upgrading rarely present serious problems. As all of the road work in this project will consist of upgrading and there is no construction of new roads envisioned, the environmental consequences of the project will be minimal. The upgrading activity itself has been designed to avoid any negative effect on the environment.

1. Changes in the Character of the Land

The earth-moving activities (e.g., widening, and elevating road beds, clearance of rights-of-ways, etc.) related to upgrading the secondary routes could have a negative effect on the environment. Eliminating all solid cover in the construction of road shoulders and the clearance of rights-of-ways could contribute to erosion. Careless construction of field camps and use of vehicle parking areas could result in a general fouling of the landscape.

In the redesign of this project, precautions have been taken to either eliminate any such negative fallout or reduce it to a minimum. First, earth movement will be limited to raising road beds, i.e., elevating the platform over an already existing base. The only exception will be widening the road bed from four and one-half to six meters on approximately 10 percent of the total mileage of roads to be upgraded. As a result, minimal amounts of "virgin" terrain will be disturbed. Moreover, SNC, in collaboration with PRODES and the beneficiaries, will re-seed the shoulders of all upgraded road sections to reduce run-off and erosion. PRODES will make recommendations on the type(s) of plant material to be used with the idea of providing a grazing "belt" for livestock. Second, right-of-way clearance will consist of removal

* Agency for International Development 1980. "Environmental Design Considerations for Rural Development Project." Washington D.C.

of secondary growth bushes to a distance of three meters from each side of the road. The entire task will be carried out by the village residents using hand tools. No chemicals will be used to reduce or eliminate vegetative cover. Consideration will be given to introducing forage grasses in these areas to increase the livestock "pasture belt". Third, SNC already has several field camps located in the Chapare, hence there will be no need to construct new ones. Moreover, no "off-track" or cross-country travel of road building equipment will occur. In addition, SNC will return, to the extent possible, burrow pits to natural contours and avoid upsetting river courses through the removal of gravel for road beds. Taken in conjunction, these precautions will limit spoilage to the environment through activities ancillary to actual road construction. Fourth, in some cases, cement and stone river defense works will be constructed. These structures will affect natural defense systems, however their impact will be positive. The need to build a defense work is because the natural system has broken down, resulting in severe damage, through flooding and erosion, to the surrounding areas. The man-made defense system will prevent such occurrences in the future, thereby contributing to the overall improvement of the environment.

Finally, the project will include some excavation work related to the installation of road drainage systems. However, the excavation strips will be extremely narrow and the benefit, in terms of water run-off and erosion control, provided by the drainage will more than offset any disturbance to natural contours caused by the excavation.

2. Physical State of Water Quality

The project has the potential to change the physical state/quality of the water. While this might appear prejudicial to the health of local residents, it must be emphasized that any change in water quality would be a temporary soiling limited to the actual construction period. To limit the soiling of the water and erosion, provisional berms (earthen shoulders) will be installed while bridge abutments are being built. Moreover, simultaneous to the road upgrading activities, a potable water project will be initiated in the Chapare. This project, through the installation of wells or gravity flow systems from uncontaminated sources, will provide local residents with an alternative to river water to satisfy domestic needs. With the exception of the first year of implementation, and in accordance with the rotating execution of infrastructure activities among geographic micro-regions in the Chapare, road upgrading will follow the installation of water systems in determined areas.

A second potential problem related to water quality and bridge installation is the threat of obstructing or changing the course of water flow, thereby disturbing the natural habitat marine life. To avoid this danger, all bridges will be built in such a fashion (arch construction principles supplemented in special cases with large diameter corrugated tubing) as to allow the free passage of water and maintain the balance of existing plant and animal ecosystems.

3. Change in Atmosphere

Potential negative changes in air quality as a result of the road project are much less critical than the possible impact on land character and water quality. However, there are two potential adverse effects on local inhabitants -- fugitive dust and, to a lesser extent, exhaust emissions. Road dust is more a nuisance than a serious health hazard for those living near the road. Rather than abet this problem, the RRII project, through the stabilization of road beds and gravel resurfacing, will alleviate it. As for exhaust emissions, the current and projected volumes of traffic are at a low enough level so as not to present a difficulty.