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MICROENTERPRISE INNOVATION PROJECT (MICROSERVE)

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**EVALUATION TO SUPPORT THE DEVELOPMENT OF
NON-FINANCIAL SERVICES FOR THE RURAL POOR IN BOLIVIA**

Delivery Order No. 3

Task Order No. 28

by:

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Submitted to:

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by:

Chemonics International Inc.

with

Agriculture Cooperative Development International (ACDI)

Asociación para el Desarrollo de Microempresas, Inc. (ADEMI)

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ACRONYMS

ACDI	Agricultural Cooperative Development International
ACLO	Acción Cultural Loyola
ADRA	Adventist Development Relief Agency
ANDEC	Asociación Nacional de Exportadores de Cafe
ANAPO	Asociación Nacional de Productores de Olgenocias
APT	Asociación de Productores de Trigo
CAO	Camara Agropecuario del Oriente
CAT	Camara Agropecuario de Tarija
CEDEAGRO	Centro de Desarrollo Agropecuario
CIMMYT	Centro de Investigación y Mejoramiento de Maiz y Trigo
COBOLCA	comire Boliviano del Cafe
CRACH	Camara Regional Agropecuaria de Chuquisaca
EMCOS	Empresa Comercializadora del Sur
EO	Economic Opportunities Office
EOSOT	Economic Opportunities Strategic Objectives Team
FHI	Food for the Hungry International
GIS	Geographic Information System
GOB	Government of Bolivia
IDB	Inter-American Development Bank
NGO	Non-Governmental Organization
PAO	Private Agricultural Organizations Project
PCI	Project Concern International
PDAR	Programa de Desarrollo Alternativo Regional
PRODIZAVAT	Programa de Desarrollo Integral en la Zona Andina y el Valle Alto de Tarija
PROAGRO	Promotores Agropecuarios
PADER	Proyecto de Promoción al Desarrollo Economico Rural
PROSEMPA	Proyecto Nacional de Semilla de Papa
PVO	Private and Voluntary Organization
RENACC	Red Nacional de Comercialización Comunitaria

RFA	Request for Applications
RFP	Request for Proposals
SAI	Servicio Agrícola Integral
SID	Strategies for International Development
SOT	Strategic Objective Team
UDAPE	Unidad de Análisis de Políticas Económicas
VOCA	Voluntary Overseas Cooperation Agency

Executive Summary

The following study was completed under the auspices of the Economic Opportunities Strategic Objective Team (EOSOT) of the USAID Mission to Bolivia. Its intention is to answer three critical questions as a means of assisting the EOSOT in fine tuning two of its Intermediate Results, namely IR2 “Increased Access to Technology and Marketing Services”, and IR3 “Improved Productive Infrastructure in Rural Areas, “ as well as providing the basis for designing activities to address the currently perceived constraints to broad-based economic growth in Bolivia’s *altiplano*, valleys, and other priority poverty zones.

The three critical questions include:

- Have past investments in rural development been a success?
- Has USAID correctly identified the principal constraints to broad-based economic growth?
- What specific activities should USAID design to address the current constraints to broad-based economic growth?

The first question is answered through an analysis of the lessons learned from past rural development projects implemented by the Mission, other donors, and the GOB. A summary of the most salient lessons learned includes:

Any future EOSOT activity should be designed and implemented with the full support of the intended beneficiaries, would cover a multitude of needs identified by the intended beneficiaries, be of at least medium term in duration (8-10 years), and be based on strategic alliances set forth in a formal agreement signed by the target beneficiaries (community or producer groups), the assistance organization (NGO, donor, etc.), possibly the municipality , and others. Furthermore, it should recognize the natural resource endowment of a target community and the potential of that community, and place marketing issues ahead of production issues. Women should be considered part of the intended beneficiary group and subsidies should be discouraged whenever possible. Last, strong leadership in a community should be counted on heavily and included as a “potential “ characteristic in community selection, and sustainability should be considered as an activity target from the beginning, possibly including it in the “Strategic Alliances” agreement signed at the outset of each activity.

The second question requests an analysis of the mission-identified constraints to economic growth which include:

- Limited access to financial services for small borrowers
- Limited access to markets and technology

- Lack of productive infrastructure
- Insufficient levels of education and training

The results of the study indicated that these constraints were correctly identified, but added several others including:

- The severe limitations to the potential for economic growth due to the harsh climatic and other environmental conditions in the *altiplano* and valleys of the country
- A reliance on secondary producer organizations to promote economic growth rather than primary ones
- A reliance on popular participation funding which is not, and will most likely not be, available to all communities and even municipalities, especially for productive purposes
- The relative high cost of new production technologies which the vast majority of farmers cannot afford
- The severe impact of contraband agricultural commodities on the ability of poor Bolivian farmers to produce for the market

The third question is answered in a Request for Proposals document prepared as a final deliverable under the work order, which included this study. In brief, the set of activities includes:

- Marketing services for existing and new crops, and livestock
- Technology transfer services for existing and new crops, and livestock
- Design and supervision of the construction of productive infrastructure
- Institutional strengthening of farmer or community organizations

SECTION I

Introduction

The following study was undertaken September through December 1998, under the auspices of the Economic Opportunities Strategic Objective Team (EOSOT) of the USAID Mission to Bolivia. Its intention is to answer three critical questions to help the EOSOT fine-tune two of its Intermediate Results, namely IR2 "Increased Access to Technology and Marketing Services," and IR3 "Improved Productive Infrastructure in Rural Areas," as well as providing the basis for designing activities to address the currently perceived constraints to broad-based economic growth in Bolivia's altiplano, valleys, and other priority poverty zones. This set of activities then became the basis for a mission-generated Request for Proposals (RFP) which deal specifically with IR2 and IR3 constraints.

The three critical questions include:

- Have past investments in rural development been a success?
- Has USAID correctly identified the principal constraints to broad-based economic growth?
- What specific activities should USAID design to address the current constraints to broad-based economic growth?

A companion study related specifically to the EOSOT IR1, "Increased Access to Financial Services in Urban and Rural Areas," was carried out by a second consultant and two other members of the EOSOT simultaneously and in coordination with this study.

SECTION II

Methodology

This study was carried out by an institutional contractor with the assistance of two EOSOT members and representatives from the Ministry of Labor and the Ministry of Agriculture. The first week of the consultancy involved an orientation by members of the SOT as to the intentions and objectives of the EO Office and the purposes of the consultancy, as well as a reading of pertinent documentation available at the mission. This was followed by four weeks of field visits and interviews in the departments of La Paz, Chuquisaca, Tarija, Santa Cruz, and Cochabamba. During this phase more than 50 organizations and 150 individuals were interviewed. (See Annex A for a listing of organizations and persons interviewed.) Additional documentation collected during this phase was also analyzed and digested (see Annex B for a bibliography of documents consulted). The opinions throughout the report are the direct result of these interviews combined with the consultant's experience in Bolivia and elsewhere.

The preparation of this document was followed by the preparation of a concept paper and ultimately an RFP concerning access to technology transfer, marketing services, organizational strengthening, and support for productive rural infrastructure. Throughout this process drafts were shared, or presented verbally to the EGSGT, the mission's front office, colleagues from the ministries of Labor and Agriculture, and the minister of Agriculture for their comments, corrections, and fine-tuning.

The original Scope of Work for Phase 1: "Have past investments in rural development been a success?" was altered in the methodological sense, although not the intention of its final output or deliverable. As such, a broad overview of USAID assistance regarding the expansion of non-financial services in rural areas over the past 20 years was not conducted because only two projects of this kind were implemented over the pertinent time frame: Agricultural Sector II 1979-1986 (511-T-059) and Private Agricultural Organizations 1986-1992 (511-0589). Furthermore, adequate documentation concerning these projects was available at the mission, obviating the necessity for a document search through the Center for Development Information and Education.

Given the paucity of mission-funded projects directed at the delivery of non-financial services to rural areas, the team placed far greater emphasis on the activities of other donors, NGOs, and the GOB in this area. Furthermore, and most important, the data from both sources (mission and non-mission) contained little useable impact information on the one hand, while containing a wealth of information concerning lessons learned, on the other. Because the EGSGT originally desired to concentrate on lessons learned as the end product of the analysis, the Scope of Work was altered to reflect this reality.

Furthermore, the Scope of Work's original intent was to identify specific projects, to turn the information available on these projects into case studies (a minimum of eight), and then to extract lessons learned from these case studies. Nevertheless, as the field visits and data collection proceeded, it soon became obvious that the ultimate goal of lessons learned could be

achieved, and a far greater number of lessons learned could be obtained, without going through the case study phase. Rather, the study results stem from the interviews and the consultant's analysis and categorization.

The IR2 and IR3 sub-group of the EOSGT therefore agreed to allow the consultant to forgo the case-study stage and to spend more time on the lessons learned and the remaining two phases of the study; an analysis of the constraints to poverty alleviation mentioned in the EOSOT Strategic Plan; and the development of specific activities to address the currently perceived constraints to broad-based economic growth in rural areas of the country.

SECTION III

Lessons Learned

The consultant extracted the following lessons learned from two sources: the team's interviews with more than 150 people representing more than 50 development organizations in both the public and private sectors; and pertinent documentation collected within the mission and elsewhere. They are divided into five categories: methodologies, technical, organizational, credit, and sustainability. Nevertheless, several of the lessons learned could easily be placed in more than one category. Furthermore, the lessons learned have been rank-ordered within each category based on their appropriateness for inclusion in any new activity to be designed by the EOSOT. The discussion of each lesson learned is followed by the acronyms of several of the organizations that mentioned them. Last, the most important lessons learned are brought together based on their potential impact on developing the new EOSOT activities.

A. Methodologies

A1. Bottom-up Development

Beneficiary-identified needs, involvement in program planning, implementation, and evaluation have led to greater success. (FHI, SID, ADRA, PROAGRO, World Bank) However, too much democracy has led to chaos in some cases. (RENACC, Punata) Build on existing technologies, organizational structures, and comparative advantages. (Sill, FHI)

The essence of this lesson learned is that the intended beneficiaries almost always know what they need better than outside planners. They most probably also know how assistance should best be provided. As a result, intended beneficiaries should be involved from the start with problem identification, program planning, implementation, and evaluation. The use of open meetings, or *cabildos abiertos* is strongly suggested.

Pure democracy, however, where everyone is involved with every decision and can speak as long as he or she desires, can be counterproductive. In cases where this has occurred, the solution has been to form "base" groups which send elected representatives to a larger group or organization. Also, and in the case of formal organizations with hired staff, the day-to-day decision making should be left to the staff, with member decision making applying to the setting of the general parameters of the organization's activities and to overseeing the progress and results of the staff's work.

In much the same manner, project planners should not only take beneficiary opinions into consideration, but should also consider the existing technologies, organizational structures, and comparative advantages they possess. Many of the organizations interviewed mentioned building on what already exists, rather than importing exotic strategies and practices as a key factor of success.

A2. Program Synergy

Program activities should be directed at several priority beneficiary-identified needs. Focus on several developmental needs of a community in an integrated, sequential way rather than one at a time; i.e., a multi-pronged/phased approach. (ADRA, World Bank, SID, FHI, PROAGRO, CEDEAGRO)

Following from the first point, most target populations have a multitude of needs. These needs should be prioritized by the target populations themselves so as to ensure their involvement in the process, as well as an aid toward sustainability. Furthermore, this prioritized listing of felt needs should be considered in its entirety (within reason) if any real impact on a community, organization, or other entity is to be expected. In other words according to organizations interviewed, the development process needs to be supported on several fronts, responding to several needs at the same time, or in a definite sequenced process, if measurable impact is to be expected. For example, the availability of water for crops might be the highest priority. However, once water is supplied, agricultural inputs and technical assistance will most likely be required and the crop will have to be taken to market. These constraints will most likely require credit and the construction of a road. With the ability to get the produce out of a community, markets will have to be found (this would ideally have been done before the crops are planted). Once the community has begun to realize greater incomes through increased production, this surplus can then be used as a community contribution toward other priorities such as potable water, sewerage, and others.

This will necessarily require a longer term outlook than most donors have been willing to accept in the past. It will most likely also mean that any given donor will have to limit its geographical focus to a smaller number of communities or organizations rather than the broadly focused approach being favored at present.

A3. Program Duration

The life of projects/interventions is often too short. In many cases results cannot be obtained for 10, or more years. (PAO, EMCOS, CARITAS, ANAPO, Sill)

The average life of a donor-financed activity is from three to five years. In the case of USAID, these activities can normally be extended for two additional years, with the rare exception reaching up to 10 years. In cases where projects work with various communities or organizations at different times over the life of a project, these periods can be even shorter. Many of the organizations interviewed stated that these protracted periods were simply too short for benefits or impact to be realized, let alone measured. In some cases this is because many donors feel (albeit wrongly) that if a methodology or intervention is going to work, it will begin to show results within these protracted time frames. Other reasons for these relatively short gestation periods include changing donor priorities and or methodologies discussed below (5), and the relatively short (three to five years) tenure of donor expatriate staff; i.e., each new staff member brings with him/her other experiences/methodologies which he/she wants to implement.

A4. Strategic Alliances

Working in coordination between and among the community, local authorities, the private sector, and other donors/NGOs often based on a signed agreement, has led to greater success. (IAF, Sill, ADRA, GTZ, ANDEC, ACLO, CEDEAGRO)

This can sometimes have a negative side where local authorities are not production-oriented, have a high turnover rate, or are politically motivated. (Sill, ADRA, GTZ, CRACH). Also, prefecture planning (top down) often clashes with municipal (Popular Participation) planning (bottom up). A combination of public and private sector efforts can often be successful, although staffing (high turnover) still remains an issue within GOB institutions. (Semillas, IBD, CARE)

Organizations that have made progress in addressing Lesson 3 above have often done so through the use of what they call “strategic alliances” between the target community/organization, themselves, local governmental agencies, private sector entities, and other donors or NGOs. Furthermore, these alliances seem to work better when an agreement is signed between the various parties specifying the responsibilities of each.

As an example, an ideal alliance would include the community, which normally agrees to provide unskilled labor and local building materials; the municipality, which provides “popular participation” funding; an NGO, which provides technical assistance and sometimes construction materials and additional funding; and perhaps the private sector, which agrees to purchase certain commodities from the community based on pre-specified quality conditions.

Nevertheless, there are several potentially negative aspects to these alliances. For example, the municipalities which can be a key element in this process are often not production-oriented, but are rather oriented toward more highly visible activities which can be seen in towns rather than in rural areas. Municipal councils can also be politically motivated which, among other things, can lead to a high turnover -especially in the position of mayor -resulting in changes in municipal priorities regardless of signed agreements specifying otherwise.

Last, the prefectures, which are in charge of entire departments and are appointed by the party in power at the national level, tend to plan their development activities in a top-down fashion with little regard to productive purposes or the felt needs of the department’s inhabitants. This can, and often does, conflict with municipal priorities and those of rural communities.

A5. Donor Priorities

Changing donor priorities/methodologies can run counter to developmental change. (PDAR, Planning Assistance, SID, PCI, CEDEAGRO)

Closely linked to the lesson learned concerning the length of a project or development intervention, changing donor priorities, often based on political ideologies — and which take place before a particular methodology has had an impact — can result in goals not being achieved and outcomes never materializing. Considering only development programs which were intended to raise incomes over the past 20 years, we have had land reform, cooperatives, integrated rural development, small-scale enterprise development, the poorest of the poor,

women in development, the private sector, NGOs, microenterprise development, and structural adjustment to name some of the most salient ones.

This also extends to the individual project level where methodological changes can cause similar problems. For example, with money currently available for micro-enterprise activities, small farmers and cattle producers have suddenly become micro-entrepreneurs. More seriously, the Dutch government for the past six years has been funding the quite successful National Potato Seed Program. In spite of a positive mid-term evaluation recommending a continuation of the program, the Dutch have decided to abandon it, citing the lack of a GOB development strategy for rural areas. Closer to home, the CORDEP project initially worked in both the Chapari and the high valleys (expulsion zones) surrounding it. Through CEDEAGRO, a local NGO working in the Misque area, the project encouraged the planting of garlic and wine grapes. Markets were to have been sought by the project staff. Just as both crops reached harvest, however, two things happened. The first was a decision to cease working in the valleys, and the second was the contractor being notified of USAID's prohibition from working with alcohol-related crops, specifically wine grapes. The result was that no market contacts were made for either crop and both were left to rot unharvested.

A6. Community Work Ethic

The "Tragedy of the Commons," communal work versus individual benefits, communal versus individual land exploitation are all important issues. Strong individualism versus collective work ethic occur side-by-side. The work ethic of the intended partners should be taken into consideration. (Sill)

Throughout the target poverty areas of Bolivia, one often hears of two seemingly divergent opinions concerning the way in which people do, or do not, work together. Virtually anyone who has studied the pre-Columbian history of the Incas and their predecessors has heard the terms *ayni*, *allu*, *minga*, and *mita* to connote various forms of communal or collective labor. In some cases they might mean all working together for a public or community good, such as a road or dam, while in other cases it might mean the sequential group harvesting of the potato crop of all farmers in an area. In essence, working together is an important ethic in many cases within the target population.

In other cases, however, one hears of a fiercely independent population, very proud of individual acts. In this case one must distinguish between a public, or communal, and a private commodity and design projects which are sensitive to these differences and which take advantage of them. This is a direct tie-in to the first lesson learned (Meth. 1) concerning building on what already exists and lesson learned (Tech. 9) below, concerning the fact that farmer-to-farmer competitions can sometimes work better to spread technologies than do demonstration plots.

A7. Food for Work Versus Monetized Food Commodities

Foodstuffs are not as successful as is the provision of construction materials and skilled labor. Also, in some cases food for work has created dependencies or an unwillingness to work without it. (ADRA, FHI, PCI)

The consultant realizes that a significant portion of mission funds come in the form of food aid, and that the degree to which this aid can be monetized is regulated by forces outside of the mission's control. Nevertheless, "cash versus food" was mentioned as an issue by all of the mission's Title II Food Aid "partners" qualifying it for inclusion in any list of lessons learned. Essentially, the message from the three entities is an unequivocal desire to work with monetized foodstuffs rather than with the foodstuffs themselves. Bartering food for work continues to be a valid concept, but cash turned into productive inputs such as bags of cement, iron bars, and salaries for skilled labor have a greater attraction and motivational force in the communities. To quote a member of the PCI Cochabamba staff, "Offering food rations to potential workers in a community does work, but people are more impressed when they see the bags of cement and a professional mason at work."

In addition to this there is circumstantial evidence that once foodstuffs are offered in exchange for manual labor that this process evolves into a dependency where volunteer labor will not be offered without the *quid pro quo*, of remuneration with foodstuffs. The conclusion to this is that foodstuffs should be monetized whenever possible because cash, or purchased inputs act as a more effective incentive than the foodstuffs alone.

A8. Structural Adjustment

Structural adjustment programs have not led to increased domestic and foreign investment, nor have they led to broad-based economic growth. Rather the reverse has most likely taken place in the deterioration of many socioeconomic indicators. (IBD, World Bank)

Ten to fifteen years ago structural adjustment became the watchword of the larger development agencies including the IMF, the World Bank, and USAID. It was thought that if only the governments of the Third World were to get the macro-economic indicators of their economy in line with those of developed economies that investment (both domestic and foreign) would flow and with it increased employment, incomes, and productivity.

Now, several years later, these institutions have realized that these policies, which were conditions precedent to the disbursement of funds under many donor programs, and which Bolivia followed to their successful fruition, were short-sighted as to their effect on the poorer segments of society. While many of Bolivia's macro-economic indicators have improved in recent years, most non-economic indicators of socioeconomic progress have declined. In an effort to "Get the numbers right," the social side to development was forgotten.

B. Technical Issues

B1. Natural Environment

The natural resource endowment of an area is critical to its economic success. Scale of operation is also a factor, as in Santa Cruz. Natural phenomena can negate most development assistance; *El Niño*, prolonged drought conditions, hail, frost, etc. (SAI) The availability of adequate water is an overwhelming priority; higher than markets or production inputs and technical assistance. (CARITAS, PHI, PCI)

Bolivia is a country of contrasts and the differences between the natural resource endowments of its eastern and western portions especially demonstrate that characteristic. Whereas the eastern portion of the country has a hospitable climate, deep soils, relatively dependable rainfall, and large extensions of flat land, the western portion is characterized by a short growing season, shallow, eroded, and rocky soils, unpredictable and diminishing rainfall, and, with the exception of the *altiplano*, highly fragmented small parcels of land which further make agriculture inefficient. A general lack of water and water management for agriculture is the most pronounced limiting factor. On one field trip to the *altiplano*, the consultant observed 'moonscapes' as far as the eye could see with the exception of a few green patches where proper water management practices were being attempted.

The western portion is also much more susceptible to natural phenomena such as frost, hail, and drought. Additionally, *El Niño* appears to have caused recent drought conditions in the western portion of the country to a far greater degree than in the east. This is especially onerous because the country as a whole, but especially in the western portion, has lived under drought conditions for at least the last 15 years.

These facts lead to the determination that in the *altiplano* and valleys of the western portion of the country, where the lion's share of the EOSOT's new activity will be directed, access to water is the critical bottleneck to further development, and is far more critical than an emphasis on production technologies and even marketing.

B2. Agronomic Potential

The selection of target communities should be based on the potential of their natural resource endowments to produce commodities demanded in the marketplace. The poorest of the poor, without potential, cannot result in development. (FHI, GTZ, PAO, CEDEAGRO) In some cases, however, working with the better off can serve as an example for the poorest of the poor. (CARE, CEDEAGRO) Satellite production/marketing systems might provide a good model. (SORPRASUR)

Much has been written and debated concerning target populations and their proper relationship to the "poorest of the poor" as a selection criteria for inclusion in a particular project. Based on field data collection for this study, it appears that project success relies more on the word "potential" than the word "poverty." Where there is potential in the form of existing markets, a micro-climate, the availability of water, or a well organized community with dynamic leaders, projects tend to be more successful.

A community that has a demonstrated potential will most likely be ahead of the poorest of the poor while still retaining many of the indicators of a poor community. Additionally, communities that are slightly better off than the poorest of the poor not only achieve results more easily, but can be a model for those less fortunate.

A more sophisticated model of this concept involves "satellite farming," a practice that is about to be tested in the Tarija area by a garlic-producing entrepreneur who is beginning to establish relationships with farmers in surrounding areas. The entrepreneur currently grows garlic on approximately 50 hectares of land, part of which is owned and part rented. Through hard work

and good market intelligence, the entrepreneur has been able to identify market demand outside Bolivia which is far greater than he can produce on the 50 hectares. The solution to this excess demand has been to strike deals (later to become formal contracts) with surrounding farmers to supply the “mother farm” with garlic, which will be sold through the identified market channels if it meets specific quality standards. The satellite farmers in turn will receive quality seed from the mother farm as well as the opportunity to observe the modern technology being used.

B3. Marketing as a Priority

Market identification needs to be addressed before production activities commence. (PAO, CRACH, RENACC) However, institutional strengthening is equally important and needs to be provided along with production and marketing assistance. (Tarija Prefecture, Punata) A business formed to assist in marketing crops of small producers might be a better mechanism than a non-profit NGO. (EMCOS, Bolinvest, Coronilla)

The need to emphasize markets, their seasonality, standards, and other requirements as almost a precursor to an emphasis on production has been understood by most donors and implementing agencies for at least the past decade. What has not received sufficient emphasis, however, is institutional strengthening when dealing with organized groups such as cooperatives, associations, *sindicatos*, federations, or others. Too frequently, it is assumed that producers' organizations are able to manage providing technical assistance, supplying inputs or credit, marketing member produce, or in providing other services. (The bankruptcy rate for businesses receiving technical assistance from the Small Business Administration of the United States after five years of operation is more than 85 percent. The main cause of this is a lack of market experience. If this is the case in the U. S. with much higher levels of education, and all sorts of assistance and safety nets available, can anything more be expected of producer groups in Bolivia?)

The question then becomes one of who is the best suited to provide this type of institutional strengthening, as well as production and marketing support, and how this assistance should be provided. Over the past several decades, governments have not proven to be an efficient source of this support. As a result, the development community has turned to NGOs as more efficient service providers. Nevertheless, in some cases, NGOs do not necessarily have the skills required to implement many types of development assistance.

There is not much information regarding the relative success of “for profit” firms versus “not for profit” ones in delivering services to producers. However, it is a well known fact that profit, or the lack of it, is a very strong stimulus to action and several donors/implementors are attempting to work with “for profit” companies to test the difference. For example, EMCOS, which is owned by several producer associations, as well as several local and international NGOs is the newest and most innovative example. Others, however, include Bolinvest working with Fideos Coronilla to stimulate the production of amaranth, quinoa, and cañwa; SOPRASUR beginning to work with satellite farms in the production of garlic; and the Asociación de Productores de Trigo (APT) which has recently signed a technical assistance contract with the private consulting firm Servicio Agrícola Integral (SAI).

B4. Market Constraints

In some cases the competition from contraband, adulterated products, and dumping practices by neighboring countries is a significant constraint which makes local production unprofitable. (CAT, CAO, CRACH, SOPRASUR)

The consultant realizes that the amount of funding and the scope of the activities currently being planned by the EOSOT can have little impact on the issues of contraband, adulterated products, and dumping. Nevertheless, a sufficient number of persons interviewed identified these problems as serious constraints to profitability and increased incomes, qualifying their inclusion as an important lesson learned.

For a series of reasons too complex to be dealt with in this study, Bolivia's borders currently serve no purpose in controlling or regulating trade between it and its neighbors. There is also significant evidence that Bolivia's neighbors exercise the practice of dumping products onto the Bolivian market whenever there is a local surplus. Whether it is Argentinean wheat, Chilean grapes, or Brazilian rice, this practice is highly detrimental to Bolivia's attempts to develop its own industries in these products. Given the country's low labor productivity and relatively high production costs, it, in most cases, cannot compete under the current circumstances.

Likewise, the fairly common practice of adulterating agricultural inputs, be they fertilizers or pesticides, raises production costs and again makes Bolivia's products noncompetitive in either the domestic or export markets. Both of these issues would normally fall under the GOB's area of influence, but in this case the government appears to be powerless to act. Small farmers, even through their organizations, are also powerless to act on the issue of dumping, although they have been able to make some strides in the area of adulterated production inputs. By acting as providers of inputs, either in cash or in kind, farmer organizations are in a better position to guarantee the quality of necessary inputs sold to their members.

B5. Information Systems

Donors are reluctant to finance information systems, and this makes monitoring and evaluation difficult, especially ex-post. (ACLO, CARITAS) Donors are also often unwilling to finance pre-feasibility studies. A possible solution is for a community or group to self-finance studies by hiring local expertise. (APT -SAI)

Throughout the course of field data collection for this study, it became obvious that the in-depth data required to measure the impact of a project or intervention, not to mention the lessons learned that could be quantified, was simply not available, not reliable, or incomplete. In general, donors show a marked tendency to avoid the often complex information systems required to properly monitor the progress or impact of their projects. Furthermore, where data does exist it is in quantitative form, for example, the number of training courses given or the number of participants, without regard to the qualitative impact of the beneficiaries. Even in the case of USAID/Bolivia, which has the tendency to document its activities better than most donors, all project files older than three years were purged from the record a year before this study was commissioned. This lack of hard, reliable data makes the study of lessons learned particularly difficult.

Another area where donors are often loath to tread concerns the financing of pre-feasibility studies that would help identify areas of potential for a given community or organization. One possible solution to this latter constraint could be the hiring of local consultants to carry out such studies. While this might be a plausible solution, the problems of funding and quality control still need to be resolved.

B6. Women's Issues

Women make many of the production and marketing decisions and therefore must be trained in the same areas as men; although the training methodologies may often be different. (CARE, SID)

As the lesson learned states, women take part in many of the on-farm decisions related to agriculture, as well as providing much of the labor. This has been known by the donor and NGO community for at least the past two decades and has gradually become incorporated into the design of most projects. Nevertheless, the need to provide technical assistance to women in ways different to that of men has not been addressed in many cases. For example, women generally have lower levels of literacy than men. This would imply that training women should necessarily involve greater emphasis on audio-visual techniques and less on written materials. Additionally, women's responsibilities to family, farm, and community are thought to be less flexible than those of men. This necessarily leads to the conclusion that training programs for women need to be more carefully thought out and more aware of the particular constraints women confront.

B7. Application of Subsidies

Programs/projects/interventions that avoid the use of subsidies, especially for provided inputs, have been more successful in the long run. Projects that require that the target communities provide unskilled labor, local materials, or cash are also more successful. Well intentioned NGOs offering free or subsidized services are counterproductive to the development process. (SID, FHI, development corporations, Tarija Prefecture)

Subsidies can be attractive to donors and implementors when promoting new crops or technologies, when dealing with very poor populations, when dealing with items that cannot easily be quantified (research, technical assistance, etc.), or simply when attempting to get things done quickly. This, however, can cause problems in the longer term when the subsidies are taken off and a dependency has been created. Once recipients have become accustomed to subsidies it is very difficult to reverse the process. Subsidies can also skew the technological packages being promoted by encouraging the overuse of certain elements of the packages since they are cheaper or in some cases free.

Rather than subsidies, more long-term success has been achieved through requiring aid recipients to provide something to the development process. In many cases this is in the form of unskilled labor, local building materials, or both. Nevertheless, several of the organizations interviewed felt that even more important than these items was some form of cash payment which often represents a greater sacrifice than labor or local materials and therefore creates a heightened sense of ownership in the activity.

Some well-intentioned donors and NGOs utilize subsidies and free goods as a social welfare mechanism. This has the tendency to ‘spoil’ potential beneficiaries for other donors with a longer term view of development and creates dependencies that are hard to overcome.

B8. External Advisors

A lack of both Spanish-speaking ability and an understanding of the socioeconomic context on the part of expatriate advisors, especially short-term consultants, can often be a problem. (VOCA, PAO, Bolinvest) Local experts are often better suited to the tasks than expatriate ones. (CAO) Use of local, Quechua/Aymara-speaking extension agents (Kamanas and Irpiris) is essential in areas where these languages predominate. (SID, FHI, PCI)

The effectiveness of outside consultants is generally a function of three things: an ability to communicate, an understanding of the local socioeconomic context, and possession of a required technical skill or ability. All three are necessary and if the consultant or advisor is lacking in any one area then the success of the hoped for technology transfer will be greatly diminished. Several of the organizations interviewed stated that while expatriate advisors almost always had something to offer technologically, they at times lack Spanish-speaking ability and a knowledge of the socioeconomic context. A preference for local experts, or at least native Spanish speakers from other Latin American countries was also mentioned.

To a certain degree, this observation also extends to working with indigenous populations in the poverty-stricken target areas of the country where Quechua and Aymara are the principal languages. As a response to this situation, all interviewed organizations working in indigenous selected their extension agents based on their ability to converse in the local language.

B9. Extension Methodology

The use of competitions rather than demonstration plots has proven to be more successful. (SID)

A local, for-profit firm working in the *altiplano* has developed a technology-transfer mechanism which is at the same time innovative and successful. This organization has tried to capitalize on the seemingly contradictory social phenomenon mentioned above (Methodology 6) concerning the fierce independence of indigenous peoples compared to their traditional communal work ethic for some activities. Rather than relying on demonstration plots, on farmers’ fields or elsewhere, they rely on competitions to get the technology across to its target population. These competitions take place within and between communities and are centered around the successful adoption of a given technology. The judges in these competitions are farmers from other communities and the prizes offered are usually alfalfa seed to be used in the next cropping cycle. (Surprisingly, this is the same methodology used by the U.S. Extension Service for more than 100 years through county agricultural fairs.)

This methodology has the advantage of showing actual results on the land of neighbors using very subtle, yet very important, technological innovations. Farmers are also free to take the recommendations of the organization’s extension agents and change them slightly according to their own experience. According to SID staff, the beneficiaries take great pride in attempting to out do their neighbors, as well as the residents of surrounding communities. Furthermore, the

reward of the alfalfa seed is not seen as a subsidy by the farmers because it is the result of succeed in adopting a technology.

B10. Training Activities

The most successful training activities have involved tours to other countries and within the country. (PAO, CAO, Bolinvest)

This fairly straightforward lesson was mentioned by several organizations interviewed whose members had received or provided training. It is one thing to hear or receive information from a trainer, but it is a much more lasting and memorable experience if a trainee actually sees and experiences the issues contained in a training program. This lesson would therefore support the usefulness of further study tours within Bolivia, or to destinations in surrounding countries and elsewhere.

B11. U.S. Vehicles

U.S. manufactured vehicles are not suitable for Bolivian conditions. The best solution is to use USAID funding for other activities and to use non-U.S. funds to purchase vehicles. (PCI, ADRA, PHI, etc.)

This is another of the lessons learned which was mentioned by virtually every organization interviewed that had received USAID support for vehicles. Durability is not the only issue, although it is an important one. Other issues include the availability of spare parts and mechanics familiar with the sophisticated nature of U.S. vehicles. Additionally, there appears to be an unexplainable tendency for USAID-funded, U.S.-manufactured vehicles to arrive fully loaded with all sorts of accessories (i.e., power windows, power door locks, sound systems, etc.) which are inappropriate for Bolivian conditions, rather than more cost-effective basic models.

Realizing that policies to “buy American” cannot be changed and that waivers are very difficult to obtain, several of the respondents interviewed suggested that vehicles be purchased with non-USAID funds and the USAID funds that would have been used to purchase vehicles be used for other purposes.

C. Organization

C1. Leadership

There is no substitute for capable, honest leadership. The problem is how to identify and replicate natural leaders. (PL-480, Punata, PAO, most others)

Of all the elements possible in a development project, honest, dynamic, and effective leadership is the most critical, not only for project success, but for the development of an organization and its members.

C2. Selection of Services/Activities

Cooperatives, associations, and other local organizations should consolidate one activity/service before attempting to undertake others. Temporary specialization might be the key; (i.e. , conducting production and marketing activities at the same time has led to failure). On the other hand, donors/implementors can and should address multiple services/activities, especially in the production/marketing chain. (Most organizations)

As a farmer organization grows and matures, a planned progression of services must be offered to its members. Organizations that attempt to be all things to all members have a far lower success rate than those that offer one service, gain experience and competence in that service, and then begin to offer a second service. This does not conflict with Methodology 2 above, which refers to the activities of donors and NGOs using a multi-pronged approach to help communities develop.

C3. Tenure of Elected and Hired Officials

Cooperatives, associations, and other types of local organizations are officially required, or at least tend, to change directors every one to two years. In many cases, as directors change the paid managers hired by them also change. The solution is to retain hired management in the face of changing directors, and to change only some of the directors at anyone time. (IAF)

Well intentioned cooperative laws in the past have required a fairly regular turnover of elected officials in an attempt to avoid an entrenched leadership. In many cases, this turnover also extends to hired management which often tends to serve at the will of one group of directors, but not another. In many cases, each group of elected leaders prefers to bring in its own staff. For both elected leaders and staff, this often leads to changes in organizational priorities, rules, and regulations on a semi-permanent basis. Much institutional strengthening effort can be wasted because each new officer and staff member must be retrained on a periodic basis.

The answer to this dilemma is to change only two at most of the directors at any given election and give the staff contracts of fixed duration is fixed to cover periods longer than the period of any given directorate.

C4. Municipal Councils and the Right of Censure

The right of censure at the municipal council level has led to a great deal of turnover in the mayor's position, as well as changes in the development orientation of municipalities. (All organizations)

This lesson learned is tied directly to many implementation problems of the GOB's "popular participation" program, and at times runs counter to the concept of strategic alliances mentioned above in Methodology 4.

At the municipal level voters elect the municipal council of six to eight council members from whom a mayor is chosen. However, this person is not necessarily elected for the normal six-year period and his/her tenure in office depends on the alliances between the various political parties

represented on the municipal council. As these alliances change, even at the national level, another mayor can be chosen through a “right of censure,” which is part of the popular participation legislation. As with cooperative legislation described above, this most often leads to changing municipal priorities and, at times, the responsibilities of the municipalities regarding agreements signed with communities and NGOs. Changes in the law to correct this practice are currently being discussed, but until this is accomplished, the right of censure will continue to be a problem.

D. Credit

D1. Credit Recovery

Successful credit programs for small farmers have tended to require up-front forced savings to provide for bad crop years or lack of payment. (CARITAS, Punata) The provision of credit through solidarity groups is another mechanism which has assisted credit recovery. (Punata) In dealing with new members, small amounts of credit are best for the borrower to establish a repayment record. (APIS, Punata) The control of irrigation water is yet another successful method to ensure payment. (Tiraque)

Although credit is the topic of a companion study to this document, a sufficient number of specific issues were mentioned in the interviews to merit their inclusion here. The first has to do with attempts/mechanisms to assure the repayment of loans. For example, the Punata Cooperative and CARITAS use a type of “forced savings” in granting credit. This mechanism is longstanding with some credit unions and involves placing a fixed percentage of each member’s loan in his or her share account at the time of loan disbursement. These amounts, while still belonging to the member, are frozen as a partial guarantee until the loan is paid off. (In the first few years of using this mechanism the cooperative is still at risk because the amount of share capital will normally be less than the amount of the loan. Nevertheless, over time a member’s share capital will grow to the point where it is greater than his or her loan amounts.) The mechanism also serves as a savings mechanism for the member and a capital-formation mechanism for the cooperative or other local organization employing the technique.

The Punata Cooperative, which is one of the best managed agricultural cooperatives ever visited by this consultant, goes two steps further in guaranteeing that its loans get paid back. The first is that new members are only allowed to borrow small amounts of credit to establish a repayment history, as well as a repayment mentality. The second is that the cooperative in essence lends to pre-formed groups (solidarity groups), all of whom promise to pay off the loans of any group member who defaults.

Another group, the Irrigation Association of Tiraque, uses an even more draconian measure to assure credit repayment. The association over the years has built up a substantial credit fund through the capitalization of users’ fees for irrigation water provided. (The fact that the money was generated by, and belongs to, the association might be another important factor.) In the case of non-payment, the association simply shuts off the member’s water supply — a strong incentive to repayment in this very dry highland community.

D2. Separation of Responsibilities

The separation of credit services from those of technical assistance strengthens both, especially at the extension/credit agent level. (ACLO)

This lesson learned has been learned by other countries, as well as Bolivia. It involves the separation of technical assistance staff from credit collection staff. In many cases involving financial institution credit for production purposes, often referred to as “supervised credit,” the extension agent has the joint responsibility of providing technical assistance and acting as a collection agent for the financial institution. This practice has proven to be counterproductive, especially in terms of gaining the trust of farmers in convincing them to adopt new technologies, which is vital to the technology transfer process.

D3. Lack of Collateral

The principal obstacle to the availability of private sector banking credit is a general lack of collateral. In cases where collateral does exist, the problem becomes a lack of mechanisms for foreclosure in case of non-payment. (CAT, and most other organizations involved with credit.)

In most developed countries, as well as in many which are still developing, agricultural bank credit is essentially a mortgage with a farmer’s land, buildings, and equipment serving as collateral for the loan. In other cases where this is not possible, loans are often secured by the future crop. Nevertheless, in Bolivia neither of these mechanisms are available for the vast majority of farmers. The first, and most difficult constraint to overcome is an article in the Bolivian constitution which states that land received as a result of the Agrarian Reform Law of 1952 cannot be foreclosed upon, embargoed, nor used as collateral in any way. This, added to the fact that banks tend to be very conservative and will not accept buildings, equipment, or the crop as collateral, severely limits a farmer’s ability to obtain formal bank credit for any purpose, let alone production credit which is the most risky.

E. Sustainability

E1. The Definition of Sustainability

Sustainability is an often sought-after, but rarely achieved, goal in development projects. One reason for this is a fairly wide range of what is meant by sustainability. Some development organizations would define it as an organization’s (NGO, service cooperative, association, etc.) ability to perpetuate itself using its own resources while remaining independent of outside subsidies, grants, or donations. Others, on the other hand, would maintain that the organization is a transitory body and therefore the focus on sustainability should be in terms of an activity or service being available over time without subsidies, grants, or donations. Still others would maintain that people (i.e., targeted beneficiaries), and their ability to continue a development process should be the measure of successful sustainability.

Whether it is organizations, activities, or people; the focus should depend on each specific case, and while extremely important, the definition of sustainability should be flexible enough to cover a multitude of development results. It is no small surprise that the EOSOT Results Package does

not include a single reference to sustainability no matter how it is defined. Evidently CARANA, the contractor involved in precursor activities to the current Bolinvest was not required to be concerned about issues of sustainability either.

E2. Development Agreements

The signing of an agreement between the community, the development agency, and other players (i.e. . municipalities, etc.) can assist with sustainability; especially when an end date for assistance is specified. (ACLO)

This lesson learned was mentioned briefly above in Methodologies A4 as a way of promoting compliance and confidence in an agreed upon development activity involving the community, and potentially the municipality, an NGO, and others. These types of agreements can also further the cause of sustainability by specifying continuing relationships and responsibilities such as the future maintenance of an irrigation canal or road, financial charges and fees for the use of a service built under the agreement, as well as other future responsibilities and/or benefits.

E3. Type of Extension Agent

Training local extension agents who will remain in the community after project activities cease can aid sustainability. (SID)

As part of the extension methodology partially described in Technical 9, the organization's extension agents also use an innovative technology-transfer mechanism involving *Kamanas* (usually a pair of local farmers, a man and a woman, who are hired as half-time extension agents), who are supported by *Irpiris* (usually the best, or most technologically advanced farmer in a community). *Irpiris* serve as examples for surrounding farmers to copy when the *Kamanas* are not present. This methodology tends to make sustainable both the activity and the people involved.

E4. Impact of Migration

High levels of temporary and permanent out-migration greatly slow the development process. This not only reduces labor availability but crop volumes as well. Development activities in a community can slow this process down. (Most organizations)

This lesson learned could have been placed in anyone of several categories in this study but has been placed here because of its lasting impact on the development process. In many of the areas visited during field data collection, abandoned homes and farms were a common sight that indicated the poverty in these areas and the out-migration it has caused.

Development agencies and NGOs implementing projects in these areas are well aware of the temporary and permanent problems out-migration can cause. As people leave they take the training and any technology transferred with them. In other cases, when the husband temporarily migrates and leaves the family behind, farming decisions must wait until his return. In still others, some communities that were once productive and could supply marketable quantities of produce are now left with more subsistence levels of production due to an absence of sufficient

labor. Under these circumstances, the sustainability of organizations, activities, and people becomes precarious.

F. Summary of Lessons Learned Leading to the Design of Activities for the EOSOT

The following table classifies the lessons learned into three categories: as being critical to activity success and therefore must be contained in the activity design; those which should be contained in the activity design whenever possible; and lessons that might be included if the particular activity requires them.

Table III-1. Lessons Learned

		Must Contain	Should Contain	Might Contain
Methodology	1. Bottom-up development 2. Multi-pronged approach 3. Longer-life of activity 4. Strategic alliances 5. Consistent donor priorities 6. Communal vs. individual work 7. Monetized food aid	X X X X	X X	X
Technical Issues	1. Natural resource endowment 2. Selection based on potential 3. Markets before production 4. Contraband constraint 5. Impact information system 6. Involvement of women as farmers 7. Few or no subsidies 8. Appropriateness of STTA 9. Competitions vs. demonstrations 10. Training tours 11. Use of non-U.S. vehicles	X X X X X X	X X X X	X X X
Organization	1. Leadership 2. Consolidation of activities 3. Less turnover of directors 4. Less turnover of mayors	X	X X X	
Credit	1. Forced savings, solidarity groups, credit experience 2. Separation of credit and extension services 3. Problems of collateral		X X	X
Sustainability	1. Proper Definition of sustainability 2. Agreements assuring sustainability 3. Use of local extension agents	X X	X	

Explained textually using only lessons learned from the first category, any future EOSOT activity:

- Should be designed and implemented with the full support of the intended beneficiaries
- Would cover a multitude of “felt needs” identified by the intended beneficiaries
- Would be at least medium-term in duration (8-10 years)

- Would be based on “strategic alliances” set forth in formal agreements signed by the target beneficiaries, the assistance organization (NGO, donor, etc.), possibly the municipality, and others
- Should recognize the natural resource endowment of a target community and the potential of that community
- Should place marketing issues ahead of production issues
- Should consider women as part of the intended beneficiary group .Should discourage subsidies wherever possible
- Count strong leadership in a community heavily and include it as a potential characteristic in community selection
- Consider sustainability as an activity target from the beginning, possibly including it in the strategic alliances agreement signed at the outset of each activity

SECTION IV

USAID Identification of Principal Constraints to Broad-Based Economic Growth

A. The Strategic Plan and the Constraints to Poverty Alleviation

The 1998-2002 Strategic Plan for the EOSOT identifies four principal constraints to poverty alleviation, three are represented as Intermediate Results, and the fourth as a cross cutting result. They are:

1. *Limited access to financial services for small borrowers.* While the situation is improving, a vast majority of rural dwellers still do not have access to formal financial services. Most Bolivian financial institutions are extremely conservative, offer limited services, have a limited geographical coverage, and are weak themselves. Legal and self-imposed collateral restrictions further preclude the poor in rural areas from accessing financial services. (Credit 3)
2. *Limited access to markets and technology.* Regardless of the macro-economic reforms of the 1980s resulting from structural adjustment policies, the vast majority of people living in the altiplano, valleys, and other poor zones of the country remain at the mercy of market forces beyond their control, have little or no market information (price, location, seasonality, quality standards, varieties, etc.), and often incur extremely high transaction costs that makes their produce noncompetitive and unprofitable. These factors also make the introduction of new, higher value, crops extremely difficult. (Tech. 3)

Additionally, the technology utilized by most farmers in the EOSOT's target areas is based on subsistence survival needs and not oriented toward the production of surpluses for the market. Without improved technology, farmers are mired in a cycle of low productivity, low earnings, and limited on-farm investments which perpetuate poverty.

3. *Lack of productive infrastructure.* Following closely behind inefficient markets and unproductive technologies is a general lack of productive infrastructure. In terms of constraints, the types of infrastructure most lacking are access roads and water-management systems. The former greatly increases the costs of production, either in terms of getting inputs into a community, or getting produce out in marketable condition, while the latter severely limits the duration of growing seasons or precludes them entirely. The poor, isolated, and marginalized communities of the altiplano and valleys are simply incapable of generating the necessary resources to resolve these problems by themselves.

The recent approval of "popular participation" legislation and the resulting potential availability of significant financial resources to municipal governments represents a possible solution to this constraint, especially in terms of feeder road construction.

4. *Insufficient levels of education and training.* Bolivia has lagged behind the rest of Latin America in terms of primary, secondary, and vocational education. This general lack of

education seriously constrains economic growth, especially in rural areas where educational opportunities are most limited and primary school drop-out rates are the highest. Without access to proper educational services, rural dwellers will continue to find themselves in a vicious cycle of poverty perpetuation from which it is almost impossible to escape. While the EOSOT will develop activities to address the first three constraints, the alleviation of this constraint will be provided through the Title II school feeding program which is supported by a joint IDB/World Bank effort.

B. Comments on the Strategic Plan and Cited Constraints

In general terms, the constraints cited above are correct and well selected. While Bolivia as a whole faces many other constraints, those facing poor farmers in the target areas of the EOSOT face the constraints described above. Nevertheless, several observations, amplifications, and modifications to the Strategic Plan are in order based on the field work performed for this study and the lessons learned that came out of it. The following additional issues are offered:

1. *Promotion of agricultural development in the target areas.* This a very difficult, although possible, task. The land and the natural environment in these areas is extremely harsh and inhospitable. Rain, snow, hail, and frost are unpredictable, unreliable, and in the case of water availability insufficient to raise one crop per year , let alone two or three which would be necessary to alleviate poverty .This is the number one constraint to increasing production, productivity , and incomes. To confront this constraint, mini-irrigation systems and water management are the only feasible answer. (Tech. 2) In the establishment of targets, this constraint must be taken into consideration. Given the lesson learned concerning the selection of communities based on the existence of some potential, it should also be pointed out that some communities will have no real potential.
2. *Using secondary organizations.* The strategy recommends using organizations whose members are organizations as a mechanism for providing services to farmers. Since it is recommended that specific farming communities be the target of future assistance, it is most likely that farmers will be reached through their primary (farmer) organizations rather than secondary ones.
3. *Making "Popular Participation" financial resources available through municipalities.* This is a pillar of the strategic plan. In cases where municipalities are well organized and well administered, and not necessarily politically motivated, the availability of Popular Participation funding for productive purposes will most likely not represent a problem. (Meth. 1 & 4) Nevertheless, in others are not well administered the availability of these funds is questionable. Linking the potential activities of the EOSOT with those of the Democracy SOT, which has already selected 19 'model' municipalities, might be appropriate.
4. *Developing a Geographic Information System (GIS).* The Mission is currently supporting a GIS by UDAPE which will show ecological characteristics, relative poverty , and areas where various donors, NGOs, and the GOB are working. Since one of the more important lessons learned in Phase 1 of this study concerned focusing on areas where potential exists, the GIS should also include these areas of potential wherever possible. (Tech. 2)

5. *Transferring "low cost, readily available agricultural technologies" to farmers in SOT target areas.* Aside from water and soil conservation measures, which must be precursors to any other activities, the adoption of other agricultural technologies will most likely not be low cost or readily available. At present most farmers in the target areas do not use chemical fertilizers and only use pesticides, often of the highly toxic variety, when problems are far advanced. Unless farmers are producing for the "organic/ecological" market, which usually requires somewhat sophisticated and often expensive technologies, increases in productivity and production will most likely require the use of chemical fertilizers and pesticides. While the proper application of these agro-chemicals is normally cost effective, they will cost the farmer money which he or she does not have. This will then require some sort of credit program. The transfer of new productive and income-generating technologies will therefore not be easy or low cost. These factors should also be recognized in setting targets for activity implementation in these areas.

6. *Stemming contraband.* One constraint which is not mentioned in the Strategy but which was mentioned repeatedly by many of the organizations interviewed included the vast amounts of contraband in agricultural products which seem to flow over Bolivia's borders with impunity. These products enter the marketplace at prices often far below the local costs of production and in many cases can be considered to be dumped. As long as these products continue flooding the Bolivian market, it will be difficult for local, relatively high cost producers, to compete in several products (i.e., wheat, grapes, and rice). (Tech. 4)

C. Partial Listing of Other Significant Donor Activity

The following list of other donor activity currently going on in the proposed target areas and dealing with similar community-development activities is provided as an aid to possible donor coordination and/or the leveraging of funding.

Table IV-1. Partial Listing of Donor Activity

Principal Donor	Purpose	Amount
Denmark	Milk Production in the Altiplano	
	DANIDA Funding	\$10.0 million
	Beneficiaries	2.7 million
	Total	12.7 million
	Rural Enterprise Support Program (PAER)	Total
		5.3 million
	Agricultural Sector Support Program for Chuquisaca (PASACH)	
	Total	8.0 million
	Agricultural Sectoral Support Program for Potosi (PASAP)	Total
		\$17.5 million
	Agricultural Training Program (PCA)	
		\$1.3 million
European Union	Cattle Improvement and Artificial Insemination	
	EU Funding	\$396,000
	SNAG Funding	94,000
	CMGB Funding	5,000
	Producers' Assoc.	167,000
	Total	\$661,000
	National Plan for Food Security	Total
		\$135,000

Principal Donor	Purpose	Amount
	Integrated Seed Development Project (PRODISSE) EU Funding COSUDE Funding PL-480 Funding Total	\$3.3 million 5.0 million 7.8 million 16.1 million
	Irrigation: Uriondo and Padcaya Municipalities EU Funding Community Funding Other Funding Total	\$22,000 24,000 36,000 280,000
FAO	Special Program for Food Security (PESA) FAO Funding PL-480 Funding Total	\$205, 74,000 279,000
Inter-American Development Bank	National Irrigation Project (PRONAR) IDB Funding GTZ Funding National Treasury Funding PL-480 Funding Total	\$5.6 million 2.7 million 220,000 million 80,000 8.6 million
International Fund for Agricultural Development (IFAD)	Technical Assistance for Producers Project IFAD Funding National Treasury Funding Beneficiary Funding Total	\$8.1 million 1.3 million 3.9 million \$13.3 million
Japan	Horticultural Seed Promotion and Extension JICA funding Total	\$91,000
Netherlands	Support to Popular Participation and Administrative Decentralization Dutch Funding Total	\$100,000
PL-480	Fish Culture in the Altiplano (CIDPA) PI-490 Funding Total	\$100,000
	Five-year Barley Plan PL-480 Funding CABOFACE Funding FAO Funding Total	\$124,000 148,000 94,000 #366,000
Switzerland	Economic and Rural Development Support Project COSUDE Funding Total	\$1.7 million
World Bank	Participatory rural Investment Project World Bank Funding Total	\$87.3 million
World Food Program	World Food Program Integrated Rural Development in Depressed Areas WFP Funding National Treasury Funding Total	18.2 million 15.5 million \$33.7 million

D. USAID Comparative Advantages

The comparative advantages in overcoming the above mentioned constraints by USAID are relatively strong vis-a-vis other donors. These advantages, as mentioned by those interviewed for this study, include:

- The availability of PL-480 counterpart funding which allows projects/activities to be implemented with GOB involvement based on a relatively efficient mechanism. Some donors interviewed (EU, GTZ, IBD) mentioned that the lack of GOB

counterpart funding, or the slowness of its arrival, represents a major impediment to the implementation of their projects.

- The mission has almost 50 years of development-assistance experience in Bolivia. This gives it a substantial reputation and name recognition, and more than 20 years of institutional memory, primarily among its Bolivian staff, making it the most experienced player in the donor community.
- In attempting to convince the GOB of the necessity of implementing specific reforms or in committing resources to a certain activity, the Mission can count on the political support of the U.S. Embassy. This can be of significant importance, and is an element which some donors lack to support implementation of their programs.
- Other donors, especially the development banks, commented on the relative flexibility of project design and funding requirements which is allowed for in USAID programs relative to theirs. This allows for mid-course adjustments in project-design criteria and allows programs to change as conditions in the country change.
- The mission is allowed, and even encouraged, to work with the private sector, while many other donors are not. This can lead to more appropriate and stronger strategic alliances which at times can mean the difference between project success and failure. (Meth. 4)

ANNEX A

List of Persons and Organizations Contacted

Acción Cultural Loyola (ACLO)

Gloria Querejazu—National Director
Mario Torres—Director, Chuquisaca

Adventist Development Relief Agency (ADRA)

Dr. Paniagua—National Director for Health

Agricultural Cooperative Development International/Voluntary Overseas Cooperation Agency (ACDI/VOCA)

Glenn Blumhorst—Representative
Jorge Baracatt Sabat—Program Director

Alpaca Works

Margarita Lailme—President; Karen Lemon—Advisor

Asociación Nacional de Exportadores de Cafe (ANDEC)

Nestor Seguronado Schroder—Administrator

Asociación Nacional de Productores de Olgenocias (ANAPO)

Diego Montenegro—General Manager

Asociación de Productores de Trigo (APT)

Berto Zevallos—Treasurer

Asociación de Regantes de Tiraque

Luis Flores—President
Maximo Araoz—Past President
Filiberto Barrios—Manager

Cámara Agropecuaria del Oriente (CAO)

Guillermo Ribera Cuellar—General Manager
Roberto Marcelo Nufiez Rojas—Planning Manager

Cámara Agropecuaria de Tarija (CAT)

Esteban Miranda—General Manager
Jaime Castellanos—Past President
Ramon Castellanos—MILCAST
Jose Conzelman—AVIT (Broilers and Egg Producers)
Simon Palacios—FEGATAR (Cattle Producers)
Jorge del Castillo (Coffee Producers)

Oscar Lopez—APPROLT (Small Milk Producers)
Jose Sanchez (Garlic Producers)
Ivar Garzon (Garlic Producers)
Luis Marino Valdez—APRODUTA (Peach Producers)
Francisco Villarrubia—AFRUT AR (Fruit Producers)
Zulma de Ichazo (Milk Producers)
David Ortega (Milk Producers)
Luis Graniel—Casa Real (Singani and Wine Producers)
Jorge Alcoreza—Industrial Casa Real

Cámara Regional Agropecuaria de Chuquisaca (CRACH)

Julian Mansilla Sanchez—President
Fernando Villa Toro—Vice President
Benjamin Ribera Cespedes—Manager
Jaime Argandofia—Past President
Arturo Leyton—Laboratory Manager

CARE/Chuquisaca

Angel Ramos O.
Macro Antonio Zelada A.
Joel Alcócer Auza

CARITAS/Chuquisaca

Juan Torrico—Director

Centro de Desarrollo Agropecuario (CEDEAGRO)

Martha H. Garcia—Manager

Centro de Investigación para el Mejoramiento de Maiz y Trigo (CIMMYT)

Patrick Wall-Representative

Comire Boliviano del Cafe (COBOLCA)

Dennis Jaldin Daza—Marketing and Quality Control

Cooperativa Integral de Servicios (Punata)

Guido Delgaldillo—President
Emilio Cano Escobar—General Manager
Juana Pozo-Accountant

CORONILLA

Cristina Wille-Mejia—General Manager

COSV (Italian Volunteers)

Francesco Matteini—Coordinator for Bolivia

Dutch Embassy

Jorge Cortez—Decentralization Advisor

Empresa Comercializadora del Sur (EMCOS)

Eduardo Mercado—Manager

Damien van der Heyden

Leonardo Buiterdyk

Francisco Calavi

Jaime Gumiel

Sergio Martinez

Fondo de Desarrollo Campesino

Fernando Gamez C.—Technical Coordinator

Food for the Hungry International (FHI)

Alfredo Fernandez—Deputy National Director

Victor Cortes—Director, Chuquisaca

Oscar Montes—Director, Agricultural Programs, Chuquisaca

Fundación Bolinvest

Yvette Arancibia de Antezana—Executive Director

Juan Carlos Vacaflor—Assistant Executive Director

José Ribero C.—Manager, Agricultural Unit

Hugo Valdivia—Regional Manager, Cochabamba

Fundación Wifiay

Maria Elena Lozano

Cesar Rojas

GTZ (German Technical Assistance)

Eberhard Goll—Principal Advisor MAGDR

Instituto Boliviano de Tecnología Agropecuaria (IBTA)

Hugo Arce—Tarija

Interamerican Development Bank

Mario R. Mejia—Deputy Representative

René Murillo—Advisor

Inter-American Foundation/Semilla

José Pinelo—Director

Rosario Aquim Chavez—Training Coordinator

Marcal Consultores—Tarija

Sergio D. Martinez

Ministry of Agriculture

Walter Nufiez Rodriguez—Vice Minister for Agriculture
Waldo Talleria—Vice Minister for Rural Development
Humberto Gandarillas Antezana—Coordinator, National Irrigation Program
Gerardo Ramirez—Vice Ministry for Rural Development

Ministry of Labor

Nilo Robles—Cooperative Department

Mutual “La Plata” (Sucre)

Victor Pacheco Tavolara—Manager

Planning Assistance

Rene Marguez V.—Deputy Director
Ivonne Carvajal P.—Project Supervisor

Prefectura-Chuquisaca

Eduardo Arce Scott
Oscar Montero—Planning Department

Prefectura-Tarija

Oscar Zamora Medinacalli—Prefect Ivan Galarza-Sub Prefect
Ivan Bluske-National Director, Center for Grape Cultivation of Tarija
Carlos Torrico Aparicio, Director for Sustainable Development
Gerardo Aguirre Ulloa, Director for Economic Development
Eduardo Arce
Oscar Montero

Private Agricultural Organizations (PAO) Project

Gonzalo Salame—Ex-director for Chuquisaca

PL-480 Executive Secretariat

Carlos Brockmann—Executive Secretary
Carlos Pettz—Financial Manager
Gover Barja—Head, Agricultural Department
Luis Jordan

Programa de Desarrollo Alternativo Regional (PDAR)

Carlos Sarabia—Director
Enrique Jaldin—Administrator

Programa de Desarrollo Integral en la Zona Andina y el Valle Alto de Tarija (PRODIZAVAT)

Carlos Maldonado Zamora—Co-Director
Napolean Jurado—APIA
Francisco Villarubia—AFRUTAR

Programa Nacional de Semillas

Isabel Canedo—National Coordinator
 Jorge Rosales King—Director, Santa Cruz

Promotores Agropequarios (PROAGRO)

Aquiles Dávalos Saravia—Director

Project Concern International (PCI)

Dudley Conneely—National Director
 José Luis Saavedra S.—PL-480 Coordinator
 Alfonso Torrico—Representative, Cochabamba
 Jimmy Campos—Civil Engineer

Proyecto de Promoción al Desarrollo Economico Rural (PADER)

Edmundo Zelada S.—Chuquisaca Departmental Coordinator

Proyecto Nacional de Semilla de Papa (PROSEMPA)

Eduardo Alfaro—Director
 Jaime Clavijo

Red Nacional de Comercialización Comunitaria/Bolivia (RENACC)

Lucas Deconinck—Executive Director

Servicio Agrícola Integral (SAI)

Emilio Salgues Estrella—Manager
 Orlando Claros Rivero
 German Espinoza Guzman
 Mauricio A Larrea L.

Sistema de Riego, Chinguri

Serafm Zapata—Officer

Sistema de Riego, Juzgado

Teodoro Parra—Officer

Sistema de Riego, Kasa-Chinguri

Rafael Blanco—Officer

Sociedad de Productos Agrícolas del Sur

Carlos Bell Cabrera—General Manager
 Alejandro Paniagua

Strategies for International Development (SID)

José Baldivia Urdininea—National Director

United Nations Drug Control Program (UNDCP)

E. René Bastiaans—Representante

Universidad Andina “Simon Bolivar”

José Luis Aguirre—Ex-Unidad Crediticia; Francisco Dupleich—Ex PAO/Chuquisaca

World Bank

Judith S. McGuire—Senior Nutritionist

ANNEX B

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