

PROJECT APPRAISAL REPORT (PAR)

PAGE :

1. PROJECT NO. I-098; I-099; 364.3 Title II	2. PAR FOR PERIOD 6/30/72 TO 6/30/75	3. COUNTRY Bolivia	4. PAR SERIAL NO. 150 FY 1976-1
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5. PROJECT TITLE
Community Development 511-11-190-364.3

6. PROJECT DURATION: Began FY 1967 Ends FY 1976	7. DATE LATEST PIB CAP 1973	8. DATE LATEST PIP	9. DATE PRIOR PAR 1971
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10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: \$ 4,770,000	b. Current FY Estimated Budget: \$ 288,000+*	c. Estimated Budget to completion After Current FY: \$
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11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)	
a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
Michigan State University	Regional Contract
International Development Foundation	Host Country Contract
Arthur Young	Host Country Contract

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X)			B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
USAID	AID/W	HOST		
			<p>I. <u>INTRODUCTION</u></p> <p>The GOB established the NCDS in 1964. The organization was dedicated to the principle of self-help community development. It has pursued this objective through the training of leaders in self-help techniques, and the provision of technical assistance and building materials on a grant basis to communities who were willing to assume the major portion of the cost of a project desired by the members of the community.</p> <p>USAID has assisted in the development of the NCDS mostly through our loan, grant and Title II programs. The purpose of this evaluation is to determine what lessons have been learned from these joint experiences which may be considered by the GOB and USAID in the process of developing and implementing a new assistance program for small farmers for which the GOB has requested AID support. (Continues on Page 1a)</p> <p>Major Contributors: LA/DP/ES: Cam Wickam NCDS: Gonzalo Frias</p> <p>Clearances: USAID: OJLustig NCDS: Waliaga USAID: PDMassey</p>	

D. REPLANNING REQUIRES	PP	E. DATE OF MISSION REVIEW
REVISED OR NEW:	<input checked="" type="checkbox"/> PROP <input type="checkbox"/> PIP <input type="checkbox"/> PRO AG <input type="checkbox"/> PIO/T <input type="checkbox"/> PIO/C <input type="checkbox"/> PIO/P	

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE D. Bathrick, M. Williams <i>David Bathrick</i>	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE John R. Oleson <i>John R. Oleson</i>
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* Undisbursed balance as of 6/30/75 10-23-75

USAID began providing the institution with technical assistance and financial support through grants and local currency loans beginning in 1966. In July 1968, USAID authorized a loan for \$1.7 million to the organization (Community Development Loan 511-L-038), but for a variety of reasons, mostly political, the loan agreement was not signed until August 1970. In its final form, the loan provided \$915,000, most of which was designated to finance technical assistance and the acquisition of materials to be used in the construction of projects in rural communities. Disbursements began in July 1971, and were nearly exhausted when funds from the second community development loan, L-044, which is the subject of the present evaluation, became available in September 1972.

Loan L-044 was for \$3,000,000, most of which was for the purchase of building materials to be used in the construction of self-help community projects. An additional \$3,100,000 was to be contributed by the local communities whose projects were approved by the NCDS, and an additional \$1,200,000 was provided by the GOB to cover the cost of the organization's salaries and some administrative expenses as well. In most respects, L-044 represented a continuation of L-038. The objectives of both loans, together with the means for achieving them, were similar.

II. SUMMARY AND RECOMMENDATIONS

A. Summary

1. The projects completed with AID assistance have promoted a growing understanding and acceptance of the NCDS self-help community development concept which in turn has contributed in a positive way to the integration of the campesinos into the nation's development process. The lack of hard data makes it impossible to determine the extent to which this is true.

2. There is an increasing backlog of community requests for projects and increasing willingness of the poor campesinos to contribute time and money to community development projects. The number of project requests from the poor communities is greater than is NCDS's technical and administrative ability to attend them. Using these data as surrogate measures for the acceptance of the NCDS in the field would suggest progress toward the NCDS objective of reinforcing the self-help community development concept in rural areas.

3. The training of rural Bolivians in self-help community development concepts continues under the L-044 loan and the GOB's regular budget. Specialized technical/administrative training for the institutional development of the NCDS has tended to be somewhat overly

centralized for the La Paz office.

4. There are indications that the NCDS system needs to give stronger impetus to the decentralization of some of its functions if it is to improve its ability to provide administrative and technical support to the 1,000 pre-coop and/or cooperative organizations in remote rural areas.

5. Low salaries and working conditions that are unattractive to the great majority of Bolivia's professional workers have prevented the NCDS from strengthening some of its administrative activities to any significant degree outside the La Paz office.

6. A relatively large number of small farmer cooperatives created during the life of the project failed to prosper. The indications are that the causes for these farmer cooperative dropouts differ from the periods prior to 1972 when one of the most common causes was the misuse of the cooperatives by ambitious local politicians as stepping stones to political success. Causes of the recent failures have been attributed to the lack of managerial capabilities in the cooperatives; the need for more coherent and comprehensive government programs at the base level, and a lack of income producing activities.

7. Until the \$20,000,000 peso extraordinary appropriation to the NCDS by the Bolivian Treasury in 1975, USAID/Bolivia assumptions concerning the willingness of the GOB to assume increasing financial responsibility for the organization, had not been born out by experience. It may be still too early to ascertain whether or not this recent development portends greater budget support in the future. There is strong evidence, however, such as the more recent 250% increase in the 1976 budget over the 1975 budget and the GOB's willingness to restructure the entire salary scale of the NCDS, which suggests that this is in fact the case.

8. Owing in part to inflation, the late arrival of equipment purchased under the loan and a significant increase in the interest of communities in income producing projects, the NCDS was required to replan and construct fewer projects than anticipated in the Capital Assistance Paper. As a result, the NCDS markedly reduced its participation in the construction of rural schools, while simultaneously increasing investments in broader and more costly income generating engineering and agro-industrial projects. Again, as a result of inflation, and somewhat overambitious planning, fewer silos as well as fewer dams and kilometers of roads were built than originally planned. In comparison with the organization's past performance, however, the number of projects constructed with the funds available was far better than the average for the 1970-1972 period. (See Page 3A).

9. Installation of an evaluation capability within the NCDS was unavoidably delayed by the late arrival of the TA contracted to design and install the system. Measures which were initiated in mid-1974 to install an evaluation system were recently evaluated by an AITEC consultant. In his debriefing at USAID, it was obvious that the NCDS had significantly improved its ability to monitor inputs and outputs and to make improved benefit cost analyses. It still lacks the system to make judgments about the impact of the NCDS' efforts. For example, the NCDS is able to determine the number and the cost of many projects constructed through the self-help mechanisms which they created. They are unable, however, to determine the impact of these projects on the economic or social well-being of the small farmer.

B. Recommendations

1. The NCDS should accelerate the decentralization of its project approval procedures and technical assistance support activities from the central office in La Paz to regional and local offices.

2. The GOB should contract assistance to conduct a personnel management audit of its personnel system including salary ranges, which are generally low, and make immediate arrangements to improve the level of the agency's salary structure. It should insure that the NCDS employ stricter criteria in qualifying prospective employees. (The Ministry of Planning has agreed to this recommendation and it is being implemented as of 10/1/75).

3. In the future, assistance programs to the NCDS should concentrate more participant training including in-service training in technical and administrative subjects at the regional and local levels.

4. The NCDS should increase the promotion of income producing activities among the rural communities.

5. The NCDS should foster new relationships between the Ministries of Education and Health to encourage these Ministries' participation in community self-help social development projects.

6. The NCDS should consider providing credit to community groups and small farmer organizations. This effort should be designed to foster more relations between rural communities and the commercial financial system over the longer run.

7. The NCDS should assist base level cooperative organizations to develop local and regional federations capable of providing assistance to individual cooperatives. As these federations become effective community development instruments in the rural areas, the NCDS should shift its efforts to newer federations in unattended areas.

8. To improve the NCDS's planning and evaluation capabilities, it is recommended that the newly formed evaluation unit undertake as quickly as possible a survey of project files in order to gather base line data that will permit the determination of such basic matters as: (a) how many communities the NCDS has operated in; (b) what their populations were; (c) how many communities have succeeded in obtaining two or more projects; (d) the percentage of total project requests denied, and so forth. For future reference, this material could easily be stored on computer cards or tape. Keeping such a system current would also require a minimum of manpower if stored in this fashion.

9. It is recommended also that USAID fund continued short-term assistance to the NCDS to continue refining their nascent evaluation system.

10. It was to have been recommended that the GOB increase its budget support of the NCDS. After completing the evaluation, the Ministry of Agriculture and CONEPLAN recommended a 250% increase in the NCDS budget for 1976 (as of 10/1/75).

Loan 014 - \$217,842.94 June 1975. About 2/3 of \$700,000 grant used for Technical Assistance. Only \$71,000 remaining as of June 1975.

\$400,000 T.A.
100,000 Participant Training
200,000 Commodities

Comments:

The action agents have made solid contributions to the development of the NCDS. IDF and Michigan State (the latter under a regional contract) are largely responsible for relevance of the training centers and their operations. Arthur Young prepared operations manuals and studies of the NCDS which are currently being used as the basis for both the administrative and technical improvements underway. Additionally, the following studies were helpful in the development of this project:

1. La Producción Agropecuaria y las Organizaciones Campesinas, by Carlos Chueca Sotomayor, former FAO Cooperative Credit Advisor, May 1974.
2. Creation of Pilot Loan for Economically Productive Projects, by Charles Owen, USAID/Peru Contract Community Development Advisor, June 1974.
3. Diagnóstico de los Proyectos Comunales Terminados durante el Año 1974, by NCDS Investigation Division, February 1975.
4. NCDS "Credit" Demand Study, conducted by 25 NCDS technicians, June 1975.
5. Evaluación de la División de Bienestar Social de la Mujer Campesina, by Hilda Marie de Arellano, USAID/Bolivia Contract, June 1975.
6. Campesino Cooperative Project Suggested Future Strategy, by Gene Ott, CLUSA; Daniel Chaij, LA/DR, and Jorge Baanante, CUMA, June 1975.
7. Evaluation of National Community Development Service, by John Hatch, Development Alternatives Incorporated, ID/DA Contract.
8. A Report on the National Community Development Service of Bolivia, by John Hatch and Aquiles Lanao of Development Alternatives Incorporated, USAID/Bolivia Contract, June 1975.
9. Evaluation of the Training Component of the Servicio Nacional de Desarrollo de la Comunidad, prepared by Mel Buschman and Manfred Thullen of Michigan State University, June 1975.

AID 1020-25(10-70)	PROJECT NO. L-038; L-044; 364.3 Title II	PAR FOR PERIOD: 6/30/72-6/30/75	COUNTRY: Bolivia	PAR SERIAL NO. FY 1976-1
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II. 7. Continued: Comment on key factors determining rating of Other Donors - The Interamerican Development Bank, FAO and the Argentine Government have provided limited (approximately \$1.5 million) funding for cooperative credit programs. It is estimated that these funds provided credit to only about 5% of the total number of cooperatives. These were important contributions, nonetheless, because they provided the only credit experience cooperatives have had in Bolivia.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMULATIVE PRIOR FY	CURRENT FY 75		FY ____	FY ____	
			TO DATE	TO END			
1. <u>NCDS</u> a. Administrative, training and support staff trained and on the job.	PLANNED	58					58
	ACTUAL PERFORMANCE	98					
	REPLANNED		40				98
b. Field Operations Offices opened.	PLANNED	17					17
	ACTUAL PERFORMANCE	16					
	REPLANNED		-1				16
c. Field Offices Staffed.	PLANNED	68					68
	ACTUAL PERFORMANCE	240	+172				
	REPLANNED						240
2. <u>Community Development</u> a. Community Leaders Trained - 1968 - 1970 (Continues on Page 3a)	PLANNED	5,880					5,880
	ACTUAL PERFORMANCE	6,795					
	REPLANNED						6,795

B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT
1. Audit System Established	NCDS has been unable to hire and keep a full staff of qualified auditors. The early audits were not quality reports, although there have been recent improvements.
2. Program Planning and Budgeting	COMMENT: There are indications that the NCDS has tended to "over" program (with USAID support). Recently, however, the NCDS prepared a four year plan which would realistically disengage the NCDS central office from number of functions & strengthen the system at the base.
3. Personnel Management System	COMMENT: Salaries are low and the turnover of personnel is high. The system has not employed adequate selection criteria. (See Summary).

II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY 75		FY ____	FY ____	
			TO DATE	TO END			
2. (Continued) b. Community Leaders Trained 1971-1975	PLANNED	10,000					10,000
	ACTUAL PERFORM- ANCE	7,352	1,136				
	REPLANNED			1,000			9,488
c. Cooperatives Organized	PLANNED	278					278
	ACTUAL PERFORM- ANCE	262	11				
	REPLANNED			6			279
d. Physical Projects L-038	PLANNED	--					230
	ACTUAL PERFORM- ANCE	230					
	REPLANNED						230
e. Physical Projects Title II, 1965-1973	PLANNED	615					615
	ACTUAL PERFORM- ANCE	433					
	REPLANNED						433
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1.							
2.		COMMENT:					
3.		COMMENT:					

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II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY		FY 75	FY ____	
			TO DATE	TO END			
Included in h Above (Cont'd) 2. Diversionary Dams	PLANNED	31					31
	ACTUAL PERFORM- ANCE	1					
	REPLANNED			5			6
3. Bridges	PLANNED	32					32
	ACTUAL PERFORM- ANCE	4					
	REPLANNED			9			13
4. Silos	PLANNED	500					500
	ACTUAL PERFORM- ANCE	3					
	REPLANNED			1			4
5. Roads	PLANNED	0					0
	ACTUAL PERFORM- ANCE	19					
	REPLANNED			38			57
(Continues on Page 3 "d")							
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS		COMMENT:					
1.							
2.		COMMENT:					
3.		COMMENT:					

II. 7. Continued: Comment on key factors determining rating of Other Donors

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					END OF PROJECT
		CUMU- LATIVE PRIOR FY	CURRENT FY 75		FY ____	FY ____	
			TO DATE	TO END			
Included in h Above (Cont'd) 6. Irrigation Systems	PLANNED	0					0
	ACTUAL PERFORM- ANCE	20					
	REPLANNED			24			44
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
	PLANNED						
	ACTUAL PERFORM- ANCE						
	REPLANNED						
B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	COMMENT:						
1.							
2.	COMMENT:						
3.	COMMENT:						

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IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged.

2. Same as in PROP? YES

To stimulate self-help activities and leadership qualities in Bolivia's rural communities for the purpose of establishing community organizations capable of solving their local problems on a continuing basis.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
<p>1. A permanently established GOB community development agency made up of well trained community development specialists.</p> <p>2. Acceptance and support at the community level of the Community Development program.</p>	<p>1. The GOB Community Development was established by Supreme Decree and exists as an integral part of the Ministry of Agriculture. It has grown beyond the expectations at the outset of the project into an organization which has developed four major regional offices and over a half dozen field operations offices. The major weaknesses which circumscribe the Agency's ability to operate more effectively among rural communities are the need to: (a) further decentralize a major part of its functions, and (b) to improve its personnel systems including their salary scales in order to attract and hold higher quality administrators and technicians.</p> <p>2. Training has been useful in diffusing the community development concept among campesinos. The NCDS has been receiving a constantly increasing number of requests for self-help assistance from rural communities. As of 6/30/75 there was a backlog of 500 requests on hand from the rural communities. The NCDS' inability to process and support many of these requests may partially endanger the organizations' level of acceptance among the rural Bolivians.</p>

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To integrate the rural sector into the nation's development process.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Grant Project 364.3 was intended to fund technical assistance support for the activities occurring under Loan L-044, which was essentially a continuation of the activities undertaken under Loan L-038. The objectives of these projects at the purpose level were closely related. The Capital Assistance Papers for the loans and the logical framework matrix for the grant emphasized the promotion of self-help activities within Bolivia's rural communities and the strengthening of the institutional capabilities of the NCDS. The grant, at the same time, stressed the "establishment of democratic community organizations capable of directing group energies to solving their local problems on a continuing basis". In both projects, the basic objective was to increase the "participation of the rural sector in the nation's development process".

(Continues on Page 4a)

The NCDS sought to accomplish these objectives through the use of two different, but complementary approaches. Each had grown out of and had been reinforced by the organization's past experience. Finding that rural communities were more receptive to the NCDS program when one or more of their local leaders or leading citizens understood the concept of community development, the first approach was essentially educative in nature. It consisted of a broad-based training program designed to continue the NCDS efforts to acquaint local leaders within rural communities with the principles and advantages of self-help community development.

The second approach was based upon the organization's experience which had clearly demonstrated that results of community development projects were far more successful when rural communities had made a significant contribution to projects in the form of money, and/or labor and materials. The second approach thus consisted of a program designed to provide materials and technical expertise to communities that were willing to contribute more than fifty percent of the total cost of a project desired by its members. To accomplish the objectives set forth in the loan, officials of the NCDS initially contemplated the completion of 2,000 such projects between 1973 and 1975.

Although Loan L-044 in most respects simply continued NCDS funding of the types of activities undertaken under L-038, there was an important shift in emphasis in the new loan toward larger, more expensive engineering projects of an income generating nature. (See page 1, Summary and Output Indicators). It was not that there was anything wrong with the social infrastructure type projects per se, but simply that they were not directly productive--they did not put very much ready cash in the campesino's pocket. Given the limited resources of the NCDS and the needs and desires of Bolivia's rural communities, the organization decided to begin shifting its investment priorities toward engineering and agricultural projects that would result in a direct and more or less immediate economic return to the campesino. The new emphasis was reflected in the allocation of approximately \$2,000,000 (including 50+% contributed by local communities), or 30% of total project funding, to engineering projects--dams, bridges, feeder roads, etc.--and approximately \$800,000 to directly productive agricultural activities--principally silos for potato storage, etc. It was at this time that NCDS/USAID adjusted downward to 1,000 its initial plan to complete 2,000 projects and these were self-help type projects, intended to increase the participation of the rural poor in the nation's economic life.

Baseline data on the extent to which the self-help concept has been instilled throughout rural Bolivia as a result of these efforts do not exist. However, one indication of success in the promotion of the community development concept would be the reception that NCDS agents receive in the