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EVALUATION

OF

BOLIVIAN NATIONAL

COMMUNITY DEVELOPMENT SERVICE

Loan 511-L-038
Proj. 511-13-810-482

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I. INTRODUCTION

The purpose of this report is to present our evaluation of the National Community Development Program in Bolivia. The evaluation covered four man-weeks, five area operations centers, and visits to over thirty project sites. The evaluation was not as thorough as the authors would have liked--due to time limitations, but we believe the report nevertheless presents an objective assessment of a program which the GOB believes is essential to Bolivia's future development. We have reviewed the program in some depth and have concluded that it merits continued AID support. We have also made some observations to strengthen the program. First, however, in order to present the complete picture, the paper will review the history of the program.

II. HISTORY AND BACKGROUND

The rural population of Bolivia which constitutes about 75% of the total population is handicapped by many interrelated developmental problems: illiteracy, diversity of languages, primitive production practices, inadequate educational systems, poor communications and transportation, poor sanitation and health, economic insecurity and traditional isolation. As a result, the rural per capita income has been estimated at less than \$50 per year. Complicating the rural problem is Bolivia's continued political turmoil which forces Bolivian governments to attempt to satisfy demands of the urban and/or mining interests before attacking rural problems. Given the limited resources available to any Bolivian government, not much is left over for the rural sector.

The Revolution of 1952 found Bolivia characterized by a feudalistic system of land tenure, two cultural worlds composed of a Spanish-speaking minority and a campesino majority, locked in a system of class and caste with social and economic immobility. Although the Agrarian Reform has given the campesino his land since 1952, the campesino remains essentially outside the nation-building process in Bolivia. Although the task is massive, and the resources limited, integration of the campesino into the social and economic development of the country has been a key objective of several Bolivian governments.

The first practical step in the integration process was the establishment of an institutional structure and operational process. The National Community Development Service (NCDS) was set up in early 1965 to formulate a plan of action for a community development program based on the concept of self-help. The Community Development Program was set up with two basic objectives: (1) the establishment of local representative government through the creation, or strengthening of local institutions, and (2) the establishment of an institutional structure which will allow the rural communities to communicate their needs, aspirations, and available resources for development to the central government.

By mid-1966, 197 Village Level Workers had been selected, trained and assigned to villages and 10 Area Operations Offices had been established and equipped. It was estimated the program was then operating in 1,418 communities, involving approximately 959,320 people, or about 29% of the rural population. AID provided technical assistance and financial support

through local currency loans. In July, 1966 the IDB provided a \$1.1 million loan to NCDS for agricultural production loans to communities or groups of farmers administered through the Agricultural Bank (BAB). By April, 1967, 255 Village Level Workers had been trained and 17 Area Operational Support offices set up, which reached about 1,259,820 people in 1,848 communities. 893 of 1,103 project requests had been approved, with an average local cost contribution of 60%. Most requests were for schools (28%), potable water (9%), and short training courses in agricultural methods, credit cooperatives, etc. (47%). The principal problem faced in mid-1967 was the inadequacy of sufficient technical and financial support to meet community demands.

III. AID LOAN 511-L-038

In early 1967, the USAID began considering capital assistance to the NCDS, principally because of their need for additional resources. In addition, however, it became apparent that the community development projects under the other external donors, the IDB and UN, has only limited effectiveness. The principal reason for this was the paternalistic approach with the planning and guidance provided mainly by foreign experts. Projects were presented to communities rather than originating in the communities and were often beyond the capabilities of the local people concerned, from the point of view of continued operation and maintenance. Often the project cost was beyond the GOB's ability to finance. The UN Andean Program which consisted of several advisors was not effective because it did not directly address community development objectives.

The IDB program also did not take into account the campesino's ideas of his own needs and there was only minimal involvement of the local residents in the formation of permanent groups to guarantee project operation and maintenance. Here also, projects were often beyond the communities' support capabilities.

On July 25, 1968 the Community Development loan was authorized for \$1.7 million, including funds for project costs, support equipment, technical assistance in accounting, and agrarian reform methods, a contract study of local institutions, and an evaluation of the community development program. However, the GOB would not accept the loan until March, 1969 when some objectionable additionality provisions were removed. The signing of the loan agreement was further delayed for three reasons: (1) Recommendations from Audit Report 68-11, dated April 19, 1968, had to be cleared by the USAID/B Controller; (2) A corrective government decree was required to return to the program its administrative autonomy and its original objectives; and (3) Concurrence by the USAID/B Controller that management practices of the program were acceptable. After each of these conditions had been met, the loan was signed on August 24, 1970 for \$915,000, including \$450,000 in pesos for local project costs, \$100,000 for NCDS support equipment, and \$365,000 for project materials. Difficulties were then encountered in meeting several conditions precedent, principally: (1) Ratification of the loan by the National Development Council; and (2) Assurance from the Treasury that GOB contributions would be met. Disbursements began in July, 1971 and due to increased project activity

are now expected to be completed by June, 1972. After a very slow start, loan implementation appears to be proceeding rapidly.

IV. ORGANIZATION

The National Community Development Service is organized along the following lines. a central office in La Paz which provides engineering, accounting, personnel and administrative services. For field operations, the country is divided into 17 areas of operation (Oficina de Operaciones de Area or OCAs) with a small staff at each area operations office generally consisting of an area chief, an oficial de campo (a field worker), and oficial de proyectos (project planner and supervisor), an administrative assistant and a driver. Assigned to each of these area operations offices are a total of 210 village level workers (known as Trabajadores de Desarrollo de Comunidades or TDCs), 30 female social workers, and 28 TDC supervisors.

Under a new organizational plan, recently promulgated in a Ministerial Resolution of the Ministry of Agriculture, the National Community Development Service will be reorganized into 8 regional areas. The purpose of this reorganization is to decentralize technical services, which were formerly available primarily in the Central Office, to the regional level to expedite the preparation of project designs and materials estimates. This, hopefully, will lead to the reduction of the amount of time required between the original project request, final approval and funding.

V. PROCEDURES

The first step in initiating a project is the preparation of a socio-economic study of the community. This report (Forms No. 1-4) is prepared by the village level worker (TDC) in cooperation with interested members of the community. As social and economic needs are identified, the TDC leads the community to establishment of priorities and then helps them to organize a committee to undertake the project which the community has identified as its most urgent need. The committee, which is composed of an elected president, vice-president, secretary, treasurer and directors, then prepares a project request which is forwarded to the Area Operations Office (Oficina de Operaciones de Area or OOA) for review and approval. The next step is the visit of a technician from the OOA or the Central Office in La Paz to prepare a Technical Assistance Report (Informe de Asistencia Tecnica or IAT) which includes the project design and estimate of materials and labor required. The IAT is then reviewed by the OOA for feasibility and consistency and returned to the community to work out the relative contributions of the community and NCDS to the project. The community generally provides skilled and unskilled labor, locally available materials, e.g. adobe, wood, sand, gravel, etc., transportation of all materials and a cash contribution for materials. This community contribution averages 65% of project cost. The NCDS contribution is generally for materials only. This information is included in the Request for Financial Assistance (Form No. 6) which is forwarded to the OOA and the Central Office in La Paz for review and approval. Before the project is

approved by the Central Office, the community cash contribution must be deposited in a bank account established for the project. When approved, funds for the NCDS portion of the project are transferred from the Central Bank in La Paz to the bank nearest the OOA. Purchase orders are prepared for the materials required, in accordance with Bolivian regulations, and the community arranges for transportation of the materials to the project site. NCDS provides technical assistance as required during project implementation. Upon completion of the project an appropriate inauguration ceremony is held and a termination report (Form 8) is forwarded to La Paz.

VI. SCOPE AND METHOD OF EVALUATION

The team concentrated its efforts on the field operations of the NCDS in an attempt to assess their success in achieving their stated institutional objectives and in carrying out project activities.

Members of the team visited area operations offices in Pillapi, Patacamaya, Cochabamba, Santa Cruz, and Tarija and visited over thirty projects in the surrounding areas. Interviews were held at project sites with local campesino leaders, citizens, NCDS field personnel, and local governmental officials. At each project site, a detailed questionnaire was used to record data on document processing time; available and desired community facilities such as schools and sanitary posts; local political organizations; community experience with the project committees; and frequency of visits of various GOB personnel to the area. These questionnaires are used to support some of the general observations included in Section VII.

The operations of the central office in La Paz were reviewed with top level NCDS officials and in depth with AID controller and area auditor general personnel who closely monitor its procedures. Discussions were also held with knowledgeable Embassy and USAID personnel. These visits and discussions were then used as a basis for the team's general observations concerning the program. While an attempt was made whenever possible to develop supporting statistical data, some of the observations must of course be based upon subjective factors.

VII. GENERAL OBSERVATIONS

1. The National Community Development Service provides the most practical vehicle for meeting the physical infrastructure needs of Bolivia's rural communities at present, and probably for some time to come. The Ministries of Education, Health, Public Works and Agriculture, which would normally be called upon to provide schools, health facilities, potable water, roads and irrigation infrastructure, are not able to attend to the many pressing needs and political demands of the cities and towns and easily accessible agricultural areas. In our opinion, the line ministries cannot, for the foreseeable future, be reasonably expected to cope in addition with the massive needs in the widely dispersed rural sector.

A review of the GOB budget situation in recent years supports this observation. Of the total budget expenditures devoted to social services in 1971 (see Table I, ^{p. 12} Central Government Budget and Cash Expenditures by Economic Function 1969-1971), over 74% was devoted to the payment of salaries with only 5% available for capital expenditures, largely in the urban areas. In 1969 the relative percentages were 69% and 11%

whereas in 1970 the relative imbalance has increased to 71% and 7%. As can be seen in Table II/^{p. 13}(1971 Central Government Total Budget Expenditures by Economic Functions and Activity), this imbalance was particularly noticeable in certain ministries. For example, of the total budget of 450 million pesos of the Ministry of Education, 414 million or 92% was devoted to the payment of salaries and only 2.9 million or less than 1% was devoted to capital expenditures. This situation was repeated somewhat less dramatically in other ministries operating in the social area. The one notable exception is the Community Development Service where, of a total budget of 12.6 million, only 4.8 million or 38% was devoted to salaries, with 6.3 million or 50% devoted to capital expenditures, composed largely of materials used in construction projects.

With the bleak revenue picture facing the Government of Bolivia there is little likelihood that increased national budget funds will be made available for infrastructure projects in the near future. Whatever funds which may become available from foreign sources would likely be used to meet the infrastructure needs of the cities and towns and commercialized agriculture areas. Thus, despite the GOB's stated priority for the integration of the campesino, it is not realistic to expect that the line ministries will be able to undertake any kind of meaningful program in the rural communities. If assistance is not forthcoming from the NCDS, it is almost certain that little or no action will be taken to meet infrastructure needs in the rural areas.

2. The present defacto division of responsibilities between the regular line ministries which concentrate on larger population groupings and the NCDS which concentrates on small rural communities may well be the most practical approach to infrastructure development and extending the tax base in Bolivia for the next few years. It can be argued that the residents of the cities and towns pay property and income taxes and thus have first claim upon infrastructure projects developed by the government ministries. The people living in the rural areas, on the other hand, pay little or nothing in taxes and thus should be required (as they are under the CD program) to fund a major part of the cost of local infrastructure development through their contributions of labor, materials and money, which in effect represent a self-tax. (In addition, it should be noted that the administrative structure required for rural tax collection and allocation does not exist and would be an overwhelming task for any Bolivian government.) As the infrastructure needs of the larger population centers are met over time, it may make sense to extend the concept of total government funding of infrastructure projects to communities adjacent to towns and cities as they are incorporated into the property and income tax paying segment of the population. Such an expansion would have a proper psychological base in that people living near larger populations centers are well acquainted with the relationship between payment of taxes and receipt (or non-receipt) of government benefits. In addition, they are accessible to the municipal organizations which provide and collect fees for services, e.g. electricity, potable water, sewage disposal, etc. (Note: This approach might also fit well

with current planning which calls for increased role for the National Service for Urban Development.)

The rural communities on the other hand, have almost no basis in experience to equate payment of taxes with receipt of government services from which they have generally not benefited, with the exception of activities undertaken by the NCDS and the limited services described in Observation 3. Thus, there is great resistance to any form of property or income tax on the part of the campesinos.

In addition, as a practical matter, it is much easier to convince communities far from towns and cities of the need for community contribution of labor, materials and money. There is a tradition of community cooperation, plus the campesinos in outlying areas generally have more free time to devote to manual labor on projects. This willingness to contribute to projects is amply demonstrated by the \$b.12.5 million provided by communities to the CD program. (See Table III.)/ ^{Page 14} People living near urban centers are more sophisticated, less willing to contribute manual labor and more inclined to believe that it is the government's responsibility to do something for them.

As Table IV points out, the focus of the National Community Development Program has been on communities with populations of 500 or less. The team would even suggest that, based on the above arguments, the NCDS should not undertake projects in towns over 1,000 population and should refer all such requests for assistance to the line ministry concerned.

TABLE I

BOLIVIA: CENTRAL GOVERNMENT BUDGET AND CASH EXPENDITURES BY ECONOMIC FUNCTION

(In millions of Pesos)

	1 9 6 9			1 9 7 0			1 9 7 1		
	<u>BUDGET</u>	<u>TREASURY</u>		<u>BUDGET</u>	<u>TREASURY</u>		<u>BUDGET</u>	<u>TREASURY</u>	
	<u>Total</u> ^{1/}	From <u>Treasury Funds</u>	Cash <u>Actual</u>	<u>Total</u> ^{1/}	From <u>Treasury Funds</u>	Cash <u>Actual</u>	<u>Total</u> ^{1/}	From <u>Treasury Funds</u>	Cash ² <u>Actual</u>
I. <u>SELECTED SOCIAL AREA</u>	<u>533.8</u>	<u>459.9</u>	<u>482.3</u>	<u>647.6</u>	<u>565.0</u>	<u>521.2</u>	<u>694.7</u>	<u>627.5</u>	<u>573.0</u>
1. Personal Services	369.4	363.1	384.5	462.3	450.2	413.2	514.6	499.0	481.0
2. Non-personal Servic.	17.1	8.6	5.3	24.2	12.2	8.9	21.4	7.4	5.6
3. Commodities & Supplies	15.3	10.6	8.9	20.0	13.1	11.4	18.5	8.2	7.3
4. Fixed Assets	54.7	3.1	0.8	39.3	4.1	3.9	15.5	4.3	2.9
5. Capital Transfers	2.3	2.3	0.5	8.8	7.2	5.2	11.3	11.3	5.0
6. Other	75.0	72.2	82.3	93.0	78.2	78.6	103.4	97.3	71.2
II. <u>OTHER AREAS</u>	<u>731.5</u> ^{3/}	<u>668.1</u> ^{3/}	<u>725.6</u>	<u>1,862.2</u>	<u>841.2</u>	<u>727.6</u>	<u>1,983.5</u>	<u>970.2</u>	<u>811.1</u>
III. <u>TOTAL</u>	<u>1,265.3</u> ^{3/}	<u>1,128.0</u> ^{3/}	<u>1,207.9</u>	<u>2,509.8</u>	<u>1,406.2</u>	<u>1,248.8</u>	<u>2,668.2</u>	<u>1,597.7</u>	<u>1,384.1</u>

^{1/} Includes also expenditures financed with: a) Ministries own resources; b) local and foreign borrowing; c) transfers; and d) other revenues.

^{2/} Estimated on basis of 11 month expenditures.

^{3/} Totals are not comparable with equivalents in 1970 and 1971 due to the different administrative structure of the Government before 1970.

TABLE II

BOLIVIA: 1971 CENTRAL GOVERNMENT TOTAL BUDGET EXPENDITURES BY ECONOMIC FUNCTION AND ACTIVITY

(In Millions of Pesos)

	<u>Personal Services</u>	<u>Non-Personal Services</u>	<u>Commod. and Supplies</u>	<u>Capital Expend.</u>	<u>Other Expend.</u>	<u>Total 1971</u>	<u>% Share</u>
I. <u>SELECTED SOCIAL AREA</u>	<u>514.6</u>	<u>21.4</u>	<u>18.5</u>	<u>36.8</u>	<u>103.4</u>	<u>694.7</u>	<u>25.9</u>
1. Min. of Education	413.7	1.7	0.4	2.9	31.6	450.3	16.8
2. Min. of Rural Affairs	19.8	3.5	3.0	9.7	2.4	38.4	1.4
3. Min. of Health & S.C.	56.9	8.8	12.7	8.8	67.4	154.6	5.7
4. Min. of Housing	6.7	2.1	0.2	6.2	-	15.2	0.6
5. Min. of Labor B.U.A.	4.2	0.3	0.1	-	-	4.6	0.2
6. Land Reform Service	7.2	2.7	1.0	-	1.8	12.7	0.5
7. Community Development	4.8	0.7	0.8	6.3	-	12.6	0.5
8. Rural Dev. Avgm.	0.9	1.5	0.3	0.1	0.1	2.9	0.1
9. Civic Action	0.4	0.1	-	2.8	0.1	3.4	0.1
II. <u>OTHER AREAS</u>	<u>547.6</u>	<u>220.1</u>	<u>140.9</u>	<u>364.7</u>	<u>710.2</u>	<u>1,983.5</u>	<u>74.1</u>
III. <u>TOTAL</u>	<u>1,062.2</u>	<u>241.5</u>	<u>159.4</u>	<u>401.5</u>	<u>813.6</u>	<u>2,678.2</u>	<u>100.0</u>
IV. <u>SELECTED SOCIAL AREA (I)% SHARE</u>	74.1	3.1	2.7	5.3	14.8	100.0	

TABLE III

RESUMEN GENERAL PROYECTOS TERMINADOS CON FINANCIAMIENTO
AL 31 de DICIEMBRE 1971
(In Pesos Bolivianos)

<u>Total Proyectos</u>	<u>Actividad</u>	<u>Aporte Comunal</u>		<u>Total</u>	<u>Aporte Programa</u>	<u>Total</u>
		<u>Mater. y Ot.</u>	<u>Efectivo</u>			
440	Educacion	3,740,040.58	951,336.43	4,691,377.01	3,493,780.24	8,185,157.25
101	Salud	1,098,130.59	188,938.73	1,287,069.32	735,899.62	2,022,968.94
221	Ingenieria	5,652,589.32	664,315.94	6,316,905.26	2,430,527.08	8,747,432.34
<u>153</u>	Agropecuaria	<u>209,555.85</u>	<u>57,616.27</u>	<u>267,172.12</u>	<u>83,534.25</u>	<u>350,706.37</u>
915	Gran Total	10,700,316.34	1,862,207.37	12,562,523.71	6,743,741.19	19,306,264.90

NCDS PROJECTS COMPLETED 1966-1970, BY AREA OF OPERATIONS AND SIZE OF COMMUNITY

<u>Area of Operation</u>	<u>Population</u>						
	<u>0-200</u>	<u>201-500</u>	<u>501-1000</u>	<u>1001-3000</u>	<u>3001-5000</u>	<u>5001-over</u>	
Yupampa	23	25	4	3	-	1	56
Patacamaya	16	36	10	15	-	-	77
Calacoto	33	51	14	-	-	-	98
Carabuco	14	28	20	-	-	-	62
Chirapaca	7	11	2	-	-	-	20
Pillapi	22	30	27	7	-	-	86
Belen	10	24	27	2	-	-	63
Caranavi	14	14	7	1	-	1	37
Tarija	18	32	19	3	-	-	72
Paracaya	3	17	6	7	-	-	33
Aiquile	3	13	2	-	-	-	18
Llica	55	23	3	3	-	-	84
Betanzos	3	4	5	-	-	-	12
Sucre	3	9	7	2	1	-	22
Santa Cruz	1	-	4	-	-	-	5
Beni	-	1	2	4	-	-	7
Challapata	1	3	-	1	1	-	6
Villa Tunari	6	8	1	-	-	-	15
Capinota	-	-	1	-	-	-	1
Varios	<u>2</u>	<u>6</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>14</u>
	234	335	163	49	2	5	788

3. NCDS can continue to perform an essential catalytic role in stimulating the extension of government services to the rural communities.

While, as was explained earlier, it is not reasonable to expect the line ministries to be able to meet physical infrastructure needs in the outlying rural areas, it is certainly well within their ability to provide more services and technical assistance in agriculture, health, education, feeder road, bridge, dam and canal construction projects in small communities. The degree of activity and cooperation is poor to fair and what little collaboration has taken place has been largely at the initiative of NCDS.

In 18 of the NCDS-assisted communities visited by the team, the only GOB representatives aside from CD personnel and the local teachers provided by the Ministry of Education, present in every community, that had worked with the communities were agents from the Agricultural Extension Service. In the other 12 communities we were told that no government representatives had assisted the community in any way. Health officials had worked with only 6 communities and the cooperative service with 3 communities.

The visits of the agriculture extension agents were usually limited to communities close to departmental or provincial capitals or government experiment stations and were sporadic at best. As one community leader in Melga, Cochabamba (45 minutes by car from the city) commented: "An Agricultural Extension Agent came here two years ago to organize a 4-H Club. He made two or three visits over a two-month period and then never came back." Or as another community leader in La Angustura, Santa Cruz

(1 hour by car from the province capital) said: "Once a man from the Agricultural Extension Service came to take a look at what we were growing. He never came again." Although the Agricultural Extension Service appears to have capable staff and to be willing, their basic problem is the lack of sufficient vehicles in good condition to be able to visit distant rural communities. (We were told that the recent Agricultural Production and Marketing loan includes funds to provide vehicles to deal with this problem.)

Six of the communities visited had health stations. Three of the health stations, located in fairly large communities, had a full time doctor and nurse, two had full time nurses and were visited once a week by the province doctor. One health station had been converted to classrooms for the community school. Only three (two in Santa Cruz and one in Cochabamba) of the communities visited by the team had been visited by an agent from the Cooperative Service, although there was a great deal of interest expressed in cooperatives by many of the people interviewed.

Often NCDS serves as the catalyst to prod other ministries and foreign agencies to provide some assistance to the rural sector. In Tarija, for example, a health center built by Community Development was staffed by a Ministry of Health doctor and serviced with a UNICEF vehicle and UNICEF medical supplies. In all the areas visited, schools built by Community Development were staffed by Ministry of Education teachers. The mechanism Community Development uses to assure coordination in these situations is a contract between NCDS and the Ministry in which NCDS agrees to support the building of the facility and the Ministry agrees to provide the

personnel. For example, one community visited was in the process of constructing a health station and had obtained written agreement from the Department of Health Office that equipment and supplies would be provided by the Ministry of Health. The question of assignment of full time health worker was still under discussion although the Ministry had verbally agreed to visits once a week by the province doctor.

With the switch in emphasis under the new three year plan, there will be an increased need for technical assistance, particularly on irrigation projects. Perhaps, with increased mobility provided under the Agricultural loan, Ministry of Agriculture personnel can play a more active role in collaborating on CD projects.

4. While the process of establishing village level institutions has been slow and has taken a variety of forms, the concept of organization, self-help and cooperation is taking hold in communities involved in the CD program.

Although a standard, permanent village level organization envisioned in the loan paper has not materialized, a variety of local organizations have been developed as a result of the Community Development Program. These organizations usually take the form of a committee for the construction or completion of a specific project. If the community decides to undertake a second project, another committee for that specific project is organized which may or may not include members of the previous committee. In at least one area, Cochabamba, it was evident that the concept of community cooperation, self-help and the need for organization had taken

This trend is apparently occurring in other areas of the country. As Table V/^(p. 22) shows, about 20% of the communities which had completed CD projects in the Departments of La Paz and Cochabamba completed a second project within a five-year time span. In addition, NCDS estimates additional 25% of the communities which had completed one CD project in the two departments had either submitted requests for second projects or had projects underway. (Table V also demonstrates the wide range of CI activities reaching some 40% of the communities in the two departments

In addition to the community organizations sponsored by CD, there are other types of local organizations and institutions which are active to various degrees. Perhaps the closest approach to a nation-wide, permanent community level organization is the sindicato, originally franchised in 1952 to provide a means for the farmers who had received land under the agrarian reform to defend their rights of ownership against former hacendados and others, and also to settle land disputes in the community. The sindicatos have since become highly political organizations, but primarily at the sub-central (province) and central (department) levels. The degree of interest and activity at community level is very much the function of the personality and aggressiveness of the local leader (usually the Secretary General). In the 30 interviews conducted, the local sindicato (leaders and members) was quite strong and actively involved in 13 : of the projects visited. In 7 communities the sindicato was weak or disinterested and played little or no role in the project planning and execution. The other communities fell somewhere in between. Another fairly standard type of organization

is the local FTA, usually known as the Junta de Auxilio Escolar which collects money from parents for maintenance of the school and purchase of benches, blackboards and supplies. In addition, most of the communities visited had a corregidor (a local dispute settler), while only a few had a jilacata (respected elder in traditional communities) or a community registrar. The role and degree of interest and activity of these organizations and leaders in CD projects varied widely from region to region and even between neighboring communities.

The community leaders and CD officials interviewed, including Tcnl. Ramirez, Director of NCDS, seemed to be content with this ad hoc arrangement and seemed to be functioning well within it. It may be that the acceptance of this ad hoc arrangement is the most practical way to proceed with working with communities in the rural areas. An attempt to impose a standard village level organization would require a great deal of time and effort and, in the opinion of the evaluation team, would not produce significantly improved results.

TABLE V

LA PAZ 1966 - 1971 COMPLETED PROJECTS

<u>Total Communities</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>TOTAL</u>
161 Belen	54	14	1	1	1	71
118 Carabuco	65	12	4	-	-	81
160 Calacoto	81	25	2	2	2	112
54 Yupampa	27	9	4	-	-	57
142 Pillapi	85	16	6	1	-	98
80 Caranavi	38	4	1	-	-	43
195 Patacamaya	71	16	1	-	-	88
- Chirapaca	<u>20</u>	<u>Office closed in 1969</u>				
910	441	96	19	4	3	570

COCHABAMBA - COMPLETED PROJECTS

1966-1971

<u>Total Communities</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>TOTAL</u>
282 Paracaya	65	15	1	-	-	81
82 Aiguile	18	3	-	-	-	21
56 Villa Tunari	17	3	1	-	-	21
<u>40</u> Capinota	<u>4</u>	<u>-</u>	<u>New Office</u>			<u>4</u>
460	104	21	2	-	-	127

5. The document processing time within the NCDS, particularly the time required for approval of financing by the Central Office, appears to be excessively long and suggests that the NCDS needs an information system - either manual or electronic - that will provide upper management with a tool which can pinpoint the bottlenecks that occur during the process of project approval and implementation.

A frequent field criticism was that project approvals were delayed for many months because of the slowness of the NCDS Central Office.

In an attempt to define this problem, the team employed two approaches. First, information on document processing time was obtained on field visits. This information is included in Table VI,^(page 26) which shows that NCDS processing time from the original community request to final Central Office approval of financing averaged 13 months. Sufficient data on time from final financing approval to project completion was not available as many of the projects visited were under construction.

The team also requested the USAID Controller's Office to perform a random sampling of all CD projects completed between 1967 and 1972. The sample covered 73 projects, included all geographic regions and the three most frequent CD projects i.e. schools, health stations and potable water projects. The sample showed that the average processing time from original community request to final Central Office financing approval averaged about 10 months. Based on these two studies, we estimate that average processing time is on the order of one year.

Average time from financial approval to project completion was taken from the larger sample and appears on Table VII. ^(p. 27) Based on these figures, construction time averages seven months.

Taken together, these figures suggest that the overall process from the original community request for assistance to the completion of the project has averaged 19 months. While this is a relatively long period of time, a brief review of individual projects suggested that other factors besides project administration helped to explain these delays in some projects e.g. the communities inability to make their local contribution on time, unavailability of funds, the extremely complex nature of some projects and the rainy season. To make management aware of where the fault lies, an information system should be developed.

As of January, 1972, the NCDS had completed 915 projects worth 19.3 million pesos and had 242 in process. (See Table III). ^(p. 14) But the actual paperwork burden on NCDS was much greater. From 1965-January, 1972, the NCDS had received 6,000 requests from local communities, distributed as follows:

Projects Completed/In Process	1,200
Courses	1,000
Requests in Process	500
Technical Assistance Requests	1,000
Health Advisors	300
Requests cancelled because of community "falta"	800
Requests cancelled because of unfeasibility	<u>1,200</u>
	6,000

The feasibility of developing an electronic information system should be investigated. The GOB presently has data processing equipment and the technical expertise which could be utilized for this purpose. Such a data system could conceivably be expanded to include fiscal accountability systems. On the other/^{hand,} NCDS may decide its needs can be met through a manual information system.

An additional improvement of the document approval process, ^{made by} should be/the planned decentralization of the NCDS. According to Col. Ramirez, the head of CD, the NCDS plans to have more tecnicos stationed in the area offices to minimize the travel time now required to and from La Paz. In addition, tecnicos from La Paz only go to areas when several projects are awaiting their attention. They will not travel to an area office for a single project, so projects are often held up awaiting tecnicos. In Tarija the team saw an example of a strengthened technical staff which did save considerable processing time.

Some field personnel strongly urged that some financing authority and funds be decentralized to the regional offices to further reduce processing time. It appears that this might be possible in the future for certain standard projects, but should await completion of the decentralization of technical assistance. Further, the application of management review to project processing may reduce the financial approval and funding bottleneck to the point that it will no longer be a significant problem.

TABLE VI: DOCUMENTATION PROCESSING TIME

<u>Project N°</u>	<u>Original Request</u>	<u>Final Approval</u>	<u>Documentation Processing Time in Mos.</u>
1 PAR 396	Sept. 70	July 71	10
2 PAR 430	Feb. 71	Nov. 71	9
3 PAR 339	July 69	July 70	12
4 PAR 356	April 70	Dec. 70	8
5 PAR 357	March 70	July 71	16
6 PAR 349	Sept. 69	Feb. 71	17
7 TAR 42	Nov. 67	Feb. 70	27
8 TAR 240	Sept. 70	July 71	10
9 TAR 261	Oct. 70	Dec. 71	14
10 TAR 194	July 69	March 71	20
11 TAR 275	July 71	Nov. 71	4
12 PAT 511	Feb. 70	Jan. 71	11
13 PAT 513	May 70	April 71	11

TABLE VII: PROJECT CONSTRUCTION TIME

<u>Project N°</u>	<u>Final Project Approval</u>	<u>Project Conclusion</u>	<u>Project Construction Time in Mos.</u>
1 BEL-575	Feb. 70	Octo. 70	8
2 PIL-026	May 68	Oct. 68	5
3 PIL-227	Aug. 68	March 69	7
4 PAT-320	Sept. 68	Oct. 69	13
5 PAT-380	Nov. 69	Jan. 71	13
6 CAR-023	Sept. 69	July 70	10
7 CHI-351	April 70	Sept. 70	5
8 SUC-036	Sept. 68	March 69	6
9 CAR-016	June 69	Oct. 69	4
10 CAR-029	July 68	Oct. 69	3
11 PAR-335	July 69	Oct. 69	3
12 AIQ-018	Nov. 68	June 68	3
13 TAR-224	Oct. 70	Oct. 71	12

6. Future funding needs of the CD program might best be met by increased community contributions and combined AID and IDB loan financing which would allow IDB to gradually replace AID as the primary donor.

Project delays have been encountered several times in the past because NCDS has not had sufficient funds available because external financing has been terminated for a variety of reasons. A basic concern of NCDS is how to insure a relatively smooth flow of funds.

Realistically, the GOB is now unlikely to be able to provide any additional funding for NCDS due to their fiscal difficulties, but can be expected to continue to provide the basic administrative/^{budget}for the NCDS. If the GOB fiscal situation should improve in the future, then their contribution should be increased to cover more of the costs of construction materials.

The communities are expected to contribute \$2.6 million to the program over the next three years in cash, materials, and labor. As the CD program continues to gain momentum, and enters more and more communities, the local people can be tapped for more of the project costs. Two factors should continue to make local funds available. The likelihood that any Bolivian government will assess and enforce a land tax is minimal which means that local communities remain virtually untaxed. Second, the shift of the CD program toward more directly productive developmental activities should help increase the cash incomes of the rural sector. Thus, one possible solution to the funding problem may be to slowly increase the local contribution portion, as the CD program expands.

In the short term, however, there is no realistic solution to the funding problem except continued external assistance. There are no available U.S. local currencies as PL 480 funds are over-committed. A follow-up AID dollar loan is necessary, assuming the observations raised herein are adequately dealt with during the intensive review. AID funding, however, cannot be expected to continue to finance this program indefinitely. Accordingly, we strongly recommend that other external assistance donors be found. Because of their previous experience in Bolivia and apparent interest based on recent conversations, the IDB and the UN appear to be the most likely candidates. The IDB has aided the program in the past and has informally indicated interest in providing further assistance. If IDB help can be arranged mas rapido, a split of a \$2 million AID loan and a \$1 million IDB loan for the NCDS would be ideal. In any case, the estimated \$3 million external financing for the NCDS over a three-year period should not be greatly increased because the NCDS now cannot handle much more than \$1 million per year. The important point is that the IDE be brought into the picture and gradually replace AID. A continued AID involvement is necessary to insure the CD program maintains its self-help focus. An immediate full-scale IDB involvement now would be likely to encourage a return to the paternalistic style of the IDB's earlier activities. The UN has informally suggested it would like to donate its World Food Program commodities to the NCDS if the PARR office were transferred to NCDS. (See Observation 10). Now that AID is gradually phasing out of its Food for Peace commodities in Food for Work projects under CD, the UN should take up the slack. In addition, the UN could help in the technical assistance area by providing volunteers to help break the tecnico bottleneck. The Intensive Review should explore this possibility.

7. Administration of the program in the field is generally quite good, however certain problems were observed e.g. missing project documentation, gaps in work scheduling procedures, late payment of salaries, and some lack of mobility, which should be corrected.

During the field trips to the Altiplano, Cochabamba, Santa Cruz and Tarija, the team was impressed with the energy, project knowledge and rapport with the campesinos demonstrated by Community Development personnel. Project files were well maintained in most cases and the presence of a full time administrative assistant in some of the offices visited expedited the considerable flow of paper. While administration of the program in the field was surprisingly good, there remain several areas for improvement. Comments on a few of these areas are provided below:

a. Work Scheduling

Given the large number of projects and the travel time involved in monitoring and providing technical assistance, efficient allocation of time and manpower resources is essential. The management and work scheduling ability observed during field visits varied from fair in Pillapi to very good in Cochabamba. Preparation of weekly and monthly work schedules should be required for every area and regional office.

b. Late Payment of Salaries

Several comments were made by field personnel on the apparent lack of concern of the Central Office on the delay in payment of salaries. While the team realizes that this is not an uncommon occurrence in Bolivia, it poses a morale problem for Community Development field personnel. One field

official remarked that, "if the teachers don't get paid on time, they go on strike and the situation improves. If we don't get paid on time, nobody cares."

c. Project Documentation

Some of the files reviewed had documents missing such as the approved request for financial assistance (Form 6), written advice of approval and allotment of funds from the Central Office, completed termination reports (Form 8). This situation will hopefully improve with the assignment of one or more clerical/administrative personnel to the area offices.

d. Mobility

Each area office visited had some mobility problem. The roads used by the NCDS vehicles are in bad shape and the reasonable life expectancy of a vehicle is greatly reduced. TDC's have bicycles in most cases but could greatly increase their mobility if assigned motor-bikes. Thus, it appears to us that the vehicles and motor-bikes included in 1971-1973 plan budget are definitely justified.

8. Continued close monitoring of the administrative procedures and systems of the NCDS is necessary.

With USAID assistance, the administration of the Community Development program has improved markedly in recent years. It is reasonable to say it has reached a level which compares favorably with most other Bolivian agencies. Because of the widespread and increasingly decentralized nature of the program, there will be continuing opportunity for unethical and/or sloppy practices such as pricing violations, quality substitutions, ghost projects, etc. The cost of

preventing all possible violations through a new and tighter accounting system would be prohibitive. Therefore, the existing system which is adequate can be maintained, but continued close monitoring by DCCP and USAID auditors is advisable.

Similarly, a pending AAG report points out specific difficulties in the warehousing and purchasing systems. In warehousing, the principal problem seems to be the absence of documentation for upcoming purchases. In purchasing, the system is very poorly organized and very slow. Both these systems should be reviewed carefully to assure maximum efficiency.

Also, the NCDS has only two auditors and one administrative supervisor to monitor field activities. With the trend toward decentralization of Community Development activities with more autonomy for the area offices, the need for expanded internal monitoring and evaluation of project activities is increased. The NCDS should strengthen its own internal audit capability.

Finally, with the shift in emphasis to income generating projects of more complexity, there appears to be a need for additional technical advice to assure that the shift in emphasis is carried out successfully. Such technical advice might be provided in a variety of ways, for example an internal USAID committee composed of the CD advisor, Ag advisor, Public Administration Advisor and mission economist might be formed to periodically review program progress, ^{visits by} or/contractor or AID/W short term consultants to conduct periodic reviews, or some other appropriate mechanism.

9. National politics should play a smaller role in both the personnel system and project selection process.

On several occasions, the team met incompetent employees of the NCDS who had recently been appointed solely because of their relationship to high members of the Bolivian government. While this is a general problem in the entire GOB now, the NCDS should be gradually phased out of the patronage system. Similarly, in the project selection process, the team encountered a few notable exceptions wherein projects in Cochabamba, Santa Cruz and Tarija had by-passed regular CD procedures and requirements as a result of political pressure. For example, in the community of Concepción in the Department of Santa Cruz, a hospital was built with very little cooperation from the community. Also, in the community of Ucureña in Cochabamba, political pressure was applied to obtain NCDS financing for the construction of a center for training of health teachers. Community participation was minimal and it was very apparent that this was the project of a small special interest group.

If projects are desired to serve political purposes, they should be publicized after they have proceeded through the normal documentation process.

10. The Programa de Auxilio Rural de Rehabilitaciones (PARR) should be transferred to the NCDS.

PARR is a semi-autonomous office within the Ministry of Agriculture originally designed to provide emergency assistance to the rural sector. In practice it is a 12-man operation, which attempts to distribute UN-funded

World Food Program foodstuffs to communities in exchange for work projects. Since PARR has no technical capacity for initiating and developing projects on its own, as a practical matter, PARR waits for communities to begin their own projects and then brings foodstuffs to the site. The PARR administration, for this operation, received \$2.9 million in GOB budget expenditures in 1971--one-fifth as much as the NCDS received (\$12.6 million). These GOB funds could be better utilized if PARR were incorporated into the Community Development program where its administrative budget and UN foodstuffs could be channelled into a structured organization.

11. NCDS should evaluate its training program, particularly the training and subsequent activities of village leaders.

One area which the team was unable to investigate in any depth, was the NCDS training program for TDC's, village leaders, women, young campesinos, etc. We did visit the training center at Pillapi which had a good physical plant and appeared to be providing good training. Otherwise, there seemed to be little awareness by the NCDS personnel as to whether leadership training was having any significant impact on the villages.