

USAID/OTI Bolivia Field Report

July - September 2006

Program Description

In March 2004, USAID's Office of Transition Initiatives (OTI) launched its Bolivia program to help reduce tensions in areas prone to social conflict and to assist the country in preparing for key electoral events. At the time, Bolivia was experiencing heightened political unrest following the resignation of President Gonzales Sánchez de Lozada, in addition to increasing demands for regional autonomy from several departments. OTI's activities sought to improve access to balanced information on issues of national importance; promote peaceful participation and economic opportunity in marginalized areas; and conduct civic education and leadership training in support of Bolivia's emerging indigenous leadership.

For the first time, the general elections in December 2005 included the popular election of prefects (i.e. governors), making decentralization one of the key transition issues now facing the country. In response to the new political dynamic, OTI retargeted its program to reflect the needs of a country engaged in a process of expanding regional authority. OTI activities are aimed at building the capacity of prefect-led departmental governments to help them better respond to the constituencies they govern. OTI will also continue to work closely with indigenous groups to increase access to, and participation in, Bolivia's political system. Through September 2006, OTI committed just under \$11 million to 315 projects through our partner Casals and Associates, which were implemented in collaboration with civil society organizations, indigenous groups, and local and national government bodies.

Country Situation

Election Update - On July 2, Bolivians participated in their second major election process in less than eight months, this time to elect the Constituent Assembly (CA), which will rewrite the country's constitution, and to participate in a national referendum on departmental Autonomy. Deemed free, fair, and peaceful, according to domestic and international observers, the elections resulted in ruling Movement Toward Socialism (MAS) party obtaining nearly 55% of votes cast. The split is on par with the results of December 2005 elections where the MAS won 54% of the vote. Leading opposition party, Poder Democrático y Social (PODEMOS), won 24% of the vote. The remaining seats were split between 14 political groups representing a range of ideologies and interests.

The referendum consisted of a single YES/NO question regarding autonomy for each of Bolivia's nine departments (states). Five of nine Departments opted for the NO, including La Paz, Oruro, Potosi, Chuquisaca and Cochabamba. In contrast, Santa Cruz, Beni, Pando and Tarija strongly voted YES for increased regional autonomy. Unofficial cumulative nationwide results show more than 58% of the population voted for "NO," which supports the MAS party's position explicitly communicated during the weeks leading up to the election.

Constituent Assembly Inauguration - On August 6, Bolivia's Independence Day, President Morales officially inaugurated the Constituent Assembly (CA) in Sucre. Approximately 15,000 members of various Bolivian indigenous groups attended the inaugural festivities. During his speech, President Morales suggested that the Assembly be given the power to supersede all other democratic institutions in Bolivia, and also argued that CA decisions should be ratified by a "50% + one vote" instead of the previously agreed-upon two-thirds majority. Nearly two months after the assembly inauguration, delegates had yet to agree upon any basic procedural rules governing assembly operations, including the two-thirds vs. absolute majority concern.

Conflict in Santa Cruz - Assembly-related disagreements have increased national polarization and social conflict, especially in the country's eastern low-land departments. This is where MAS has encountered relatively strong political opposition and is often characterized as the base of the "elite" pro-business oligarchy. A succession of strikes and blockades in September threatened to bring Santa Cruz, Bolivia's strongest economic center, to a standstill. Indigenous and social sector groups from the western highlands recently threatened to block the important yearly business fair - ExpoCruz - from taking place. Vice-President Alvaro García Linera was also criticized in the press for urging indigenous communities in the altiplano to take up arms to ensure that the Assembly meets their political and social demands.

Morales Government & Prefects Strive for better Relationships - The executive branch continued to clash with departmental prefects (governors) during the July - September period. The Morales government announced in August that it would assign departmental liaisons to work with each prefecture, a move that was decried by eight of the nine prefects as either unnecessary or an attempt to more closely control their departmental government administrations. Despite the central government's continued accusations that the prefects are attempting to destabilize his government, the Morales Administration appears more willing than ever to engage in dialogue with the prefects. All nine prefects met with the Vice President this month to try and resolve the Assembly-related political crisis.

Unsure Trade Relations with U.S. Government - Trade relations between the Bolivian Government and the U.S. continue to be uncertain, characterized by mixed signals from the Morales government. After publicly requesting in June that the U.S. continue trade preferences to Bolivia under the Andean Trade Preference and Drug Eradication Act (ATPDEA), set to expire at year's end, President Morales twice sent Vice President Álvaro García Linera to the U.S. to lobby for continued trade preferences for Bolivia. During both trips, Morales stated publicly his disagreement with U.S. drug eradication policy and said that the ATPDEA would likely never be renewed.

OTI Highlights

A. Narrative Summary

During the third quarter, OTI has continued to build on its activities designed to enhance the capacity of departmental governments. OTI is implementing projects in coordination with all nine departmental governments, most recently collaborating with the prefectures of Beni, Pando, and Oruro. The projects provide technical support and training for prefecture staff in the areas of strategic planning, budgeting and project management. They also build institutional capacity related to financial and administrative systems, transparency mechanisms, communications and outreach. In addition, OTI approved new projects designed to help prefectures more efficiently and strategically approach their responsibilities in regional economic development, departmental infrastructure and social services.

OTI continues to carry out activities supporting the efforts of indigenous groups to build a new generation of Aymara, Quechua, and Guaraní leaders that is well-versed in democratic values. Fostering community participation and supporting information diffusion activities on national issues in El Alto, the altiplano, and other rural areas are also key objectives of OTI.

B. Grants Activity Summary

During the third quarter, OTI approved a total of 24 projects for \$913,000. Thirteen of the new projects, totaling \$465,800, are being implemented in support of the decentralization process through strengthened departmental governments. One newly-approved set of activities in the departments of Pando, Tarija, Potosí and Santa Cruz will facilitate the transparent, efficient flow of information between the various offices and divisions within prefectures. Its goal is to improve communication between departmental governments and stakeholders at the local government and community levels.



USAID Mission Director Mike Yates samples

Through OTI/prefecture collaboration, new projects are being implemented in Cochabamba and Santa Cruz which are providing skills training and productive activities to marginalized Bolivians living at centers for orphaned and at-risk youth. In Cochabamba, Prefect Manfred Reyes Villa identified six social service organizations serving over 200 youth that will benefit from OTI-funded vocational training in the fields of metal-working, carpentry, and sewing.

Based on agreements between the prefecture, the Cochabamba Chamber of Commerce, the regional Federation of Private Enterprise, and other private sector organizations, the youth will receive internships in area businesses with the possibility of a full-time employment. This next step will be dependent upon their performance and completion of their residencies at the social service organizations. Its purpose is to encourage the prefecture away from a traditionally assistance-dependent mentality and lead

traditional foods prepared by 5 of 1200 La Paz youth, who received job training through an OTI-funded collaboration with the prefecture of La Paz. to more sustainable programs to connect youth with labor markets. In coordination with international donor agencies from Spain, Germany and Holland, the Bolivian National Archives, and central, regional and local government representatives, OTI approved two

new grants supporting efforts by a Bolivian public university to establish a technical information center in Sucre, Chuquisaca. OTI is providing technical assistance, computers, and related equipment to the University San Francisco Xavier, which will be managed by students and professors. The center will provide Constituent Assembly delegates and their assistants with access to an extensive, systemized library of legislative and technical information.

The center's objective is to enrich delegates' understanding of analogous democratic processes and experiences around the world, and address key topics through a combination of printed materials and access to a computer database. The center will also provide the services of both Bolivian and international specialists with expertise in core areas to be addressed, including administration of land and natural resources, system of government, the economic system, and citizen's rights and responsibilities.

SECTOR	New Grants in this Quarter (July-September 2006)		Total Grants Cleared (March 2004-September 2006)	
	Grants Cleared	Amount (\$)	Grants Cleared	Amount (\$)
Departmental Government Strengthening	13	\$465,800	41	\$1,500,080
Linkages between Indigenous Groups and Democratic Structures	1	\$35,200	6	\$301,400
Community Development and Economic Opportunity	4	\$104,500	98	\$3,263,129
Civic Education for Emerging Leaders	0	\$0	27	\$821,790
Information Diffusion and Dialogue	3	\$183,400	101	\$3,853,153
School Reconstruction and Education	3	\$124,100	42	\$1,200,512
Total	24	\$911,000	315	\$10,940,064

C. Indicators of Success

Benefiting rural areas through decentralization - Rural areas in the department of Santa Cruz celebrated an innovative new policy allowing local leaders to make investment decisions for their regions.

During a press conference on August 4th that received national media coverage, the Prefecture of Santa Cruz issued a resolution transferring income from taxes on natural resource extraction from the prefecture's treasury to the department's 15 provinces. Provincial leaders will now have significant resources of their own to devote to economic development, a longstanding demand of area leaders who felt that centralized planning did not respond to their needs. This initiative is likely to become a model for further decentralization efforts in Bolivia as departmental governments increasingly reach out to the under-represented.

This decentralized authority, created by the transfer of funds to local municipalities, will permit local leaders to respond directly to situations and to correct longstanding inequalities. In resource-rich Santa Cruz, the funds made available to rural communities will be significant.

USAID/OTI is working in eight of Bolivia's nine regions to build the capacity of these newly-elected departmental governments. With OTI support, sub-prefectures in Santa Cruz brought together 2000 local leaders resulting in inter-institutional accords on health and human services between the prefecture and leaders of the 15 provinces. Another OTI-funded project helped the prefecture strengthen the department's provincial councils to build consensus on local economic development issues. These provincial councils will now administer the funds the prefecture will transfer from its natural resource taxes and royalties.

Building bridges between Bolivian prefects and U.S. governors - In July, OTI participated in a coordinated USAID/Bolivia effort to bring Bolivia's prefects to the U.S. to meet with their American counterparts and other USG officials. The study tour was designed to help the prefects gain a broader understanding on how state executives organize and coordinate their efforts to establish policies and programs. Six of Bolivia's nine prefects accepted the offer to visit Washington, D.C. and the state of Virginia to participate in a number of activities including meetings with the National Governors Association, Virginia Governor Tim Kaine, and site visits to observe how public economic development initiatives are implemented in the U.S. The OTI/Bolivia country representative accompanied the prefects on the study tour, which provided ample opportunity to discuss on-going prefecture support initiatives and explore new ideas for technical assistance to departmental governments.

Prefecture support to municipal governments - The relationship between prefecture and municipality is a critical factor in determining the future of decentralization in Bolivia. This initiative will contribute to better service delivery for citizens as well as strengthen relations between the prefecture and La Paz municipalities. Many municipalities throughout the department of La Paz, indeed throughout the country, are unable to carry out responsibilities because their operational budgets are frozen, primarily due to poor financial systems and unresolved irregularities. With OTI funding, the Planning Division of the Prefecture of La Paz will organize mobile teams of two to three accountants/financial management experts who will travel to municipalities and provide technical assistance to their respective budget and finance offices. The teams will also train municipal staff on how to manage systems efficiently and resolve future problems themselves.

Program Aprasial

During its first two years, OTI/Bolivia has implemented dozens of public school infrastructure improvement activities in El Alto and the altiplano to help government authorities respond to long-standing demands and meet the basic needs of students living in marginalized communities. OTI continues rehabilitating classrooms and installing computer laboratories with internet access in technical institutes and schools in coordination with prefectures.

OTI is now providing technical assistance to prefecture staff working on educational services to build their capacity toward making better decisions and implementing local education policy. The program provides training and building mechanisms for consultation on policy development, monitoring, and evaluation between departmental officials, municipal education directors, and influential community parent-teacher associations in Santa Cruz. This first phase of OTI-funded pilot projects is designed to strengthen the link between departmental education policy and local realities. It is expected that future projects involving rehabilitation of educational institutions will also flow from the strengthened Departmental Education Units.

Next Steps/Immediate Priorities

OTI is developing a series of workshops for departmental government technical staff to share best-practices and receive technical assistance in the areas of administration and finance, decentralization of government services, economic development, and transparency.