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BOLIVIA DROUGHT 1983/1984

DROUGHT ASSESSMENT AND EVALUATION OF USAID FOOD-RELATED DISASTER ASSISTANCE

Robert Gersony
December 25, 1983

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INTRODUCTION

This report is the product of a four-week assessment of the drought in Bolivia and USAID's food-related responses to it. Most of its findings are based on an intensive 12-day (November 26 - December 7), 1200 mile field trip to the most severely affected areas of the Departments of Potosi, Oruro and Cochabamba. The field trip included visits to about thirty villages and interviews with about sixty herders and farmers as well as with numerous relief agency officials. Most of the fieldwork involved travel to isolated settlements on secondary and tertiary roads. Fieldwork for Potosi and Oruro was conducted jointly with USAID Assistant Program Officer William Garvelink, who is also Assistant Mission Disaster Relief Officer, who worked fulltime during the remainder of the four weeks as part of the assessment team. This report's findings and recommendations were developed, weighed and articulated in close cooperation with Mr. Garvelink.

The report begins with a "snapshot" assessment of nine elements: livestock, agriculture, water supplies, food supplies, market prices, mortality, migration, contraband and impact of the potential coming rains. The narrative description provided in this section tends to concern

the severely affected areas and population only. After describing some "general observations" in a subsequent section, the report ties these qualitative elements into a quantitative assessment of the number of disaster victims who fall into two different kinds of related but distinguishable impact categories: economic and humanitarian.

A summary description of the USAID disaster response "package" which follows includes both food-related and loan/grant-related drought assistance. But this report focuses its evaluation on the two major elements of AID's disaster package: the Title II and III rice sales program, and the Title II free distribution program. Each of these is assessed in separate sections. Finally, a series of forty-seven individual recommendations for action concludes the report.

Numerous findings and recommendations of the assessment, concerning internal USAID management and logistical issues, were provided separately to the USAID Mission prior to the departure of the report's author from Bolivia on December 20th, and are not included herewith.

Working with the USAID Mission's officials and with its able and dedicated contract staff was really a privilege. Every division and level of the Mission assisted with data, ideas, suggestions and critical feedback in the development of this report. The frankness of the evaluation responds to the Mission's desire to uncover any possible problems and to

solve them; its openness to discussion and recommendations of alternate ideas, and to the dedication to excellence of both its directors and staff. With such an attitude, and the makings of a very fine disaster response program already in place, it is certain that the Mission's disaster package will be an innovative and highly effective one.

The support and encouragement in Washington's Latin American Bureau for this activity, by Deputy Assistant Administrator Marshall Brown and Director of Development Resources Dwight Johnson; and of South American Affairs officials Frank Almaguer, Jerome Houlehan and Penny Farley, is very much appreciated.

Specific Findings: Rural Drought Assessment

(a) Livestock

Most of the severely affected areas tended to be dry ones in normal times and the drought has heightened this problem considerably. The Departments of Potosi and Oruro, and a few selected pockets of Cochabamba, particularly areas where herders depend for 90% of their income on livestock, have been severely affected. Herders in these areas usually do some small-scale farming for self-consumption, but in the last year the drought has made this almost impossible.

In the severely affected areas, about 50% of the livestock (principally sheep, llamas and alpacas) has already been depleted. This has been due to the disappearance of pasture, forage and/or water supplies and/or to the sales of animals by herders whose requirements for cash have increased rapidly.

When the animals have lost so much weight that their survival is placed in question, some herders -- especially those with easier access to markets -- have sold them for about 30% of their normal value. Some animals, however, cannot be marketed; they simply die in the fields and are burned or, just before death, are slaughtered for self-consumption by the herders.

As a rule, for the 50% of the animals which have disappeared (through sale or death), an average of 20 cents on the dollar has been recovered by the herders through the sale of some animals. The cash revenues have been used to pay for the transport of the herder and the animal to the nearest market, and for food staples, especially rice, the main substitute for potatoes and the key item required and desired by the herders.

For these severely affected herders, it is likely that in spite of possible increased rain during 1984 (and in some cases because of it) an additional 20% of the livestock by now in a weakened condition will be lost. The implication of such losses is and will continue to be devastating: the livestock represent the only source of income for the herder population and its only form of savings.

In areas where the population depends more on farming than on livestock for its income, families depend for up to 20% of their income on animals. Livestock losses have been in similar proportion for this sector of the population.

Aggravating the current situation and hopes for long-term recovery is the disproportionately high (85%) loss of offspring in all categories of livestock. The mothers cannot sustain the offspring and, to save the mothers, herders are often forced to slaughter the young. The survival of less than 15% of the normal number of offspring augurs negatively for the coming three to five year recovery period.

The surviving 50% of the adult livestock herds in the severely affected areas are, of course, at great risk. These animals have lost considerable weight, strength and resistance to disease, but have somehow survived. Vulnerable to starvation, disease and even to the effects of heavy rainfall, should it occur, the depletion rate will begin to increase in the near future. In addition, as the value of each animal diminishes, more must be sold by the herders to obtain amounts of cash which would have required fewer animal sales three months ago. Rapidly increasing prices for rice and other staples directly affect the rate of sale the herder must maintain to assure the survival of his family. This disaster will not end before 80% of the livestock of many small herders has been lost, leaving a small number of weakened animals and almost no new-born upon which to begin long-term recovery, a true catastrophe for the small herder.

(b) Agriculture

The families in the severely affected areas who do not depend on livestock, depend instead for 80% or more of their livelihood on agriculture. They salvaged virtually none of their potatoes, quinua and other basic products during the 1983 harvest.

This year the farmers in the severely affected areas have planted less than 20% of the usual number of hectares and have concentrated mainly on potatoes. Farmers have been very conservative in their planting because they feel it is

risky. They do not believe they will get adequate or timely rain this year, an assessment based on the behavior of insects, location of birds nests in trees, the behavior of the winds, and other local beliefs.

A lack of seeds also has been a constraint to planting, though not as important as the farmers' analysis of rain possibilities. In many instances, farmers have planted less than they wished because they did not have enough seeds and could not afford to purchase as much as they needed. The need for farmers to purchase additional seeds has contributed to the decapitalization of their savings.

Thus, whether their planting strategy was right or wrong, in 1984 the farmers in the most severely affected areas cannot harvest more than 20% of a normal year's crop even if conditions become ideal. This means two straight years of little or no harvest and little or no income.

At risk here are not only some basic food supplies for self-consumption, but also a further severe reduction in the national stock of local-variety potato seed. Such seed is to the farmer what livestock offspring is to the herder: the hope for a recovery in the long-term from this economic catastrophe.

(c) Water Supplies

Minimally adequate drinking, cooking, and some washing water supplies are available in almost all communities. In rural areas, farmers and herders have dug water wells

manually. Many report that the initial depth of such wells was eight meters; some have already deepened the wells to thirteen meters. The supply of water in these wells is not abundant, but it appears to be adequate for human needs and for some livestock requirements.

In provincial capitals and cantonal centers, water is being rationed. Towns which have piped water systems in normal times provide such service for one to two hours daily. Some communities have discontinued piped distribution to houses and have switched to using public standpipes instead. A general estimate of water consumption in such areas is 6 to 20 liters per day per person for all purposes, an amount which local residents feel is low but adequate. Light rains which occurred sporadically during and since the field trip may have helped to maintain current water levels at least for the time being.

(d) Food Supplies

Residents of the severely affected areas -- which are normally dry and which have difficulty sustaining human life in the best of times -- regularly take the precaution of storing up to a two-year supply of some food products. But as the second year since the last normal (Spring 1982) harvest approaches, food supplies have begun to run out. Farmers (using savings and what livestock they have) and herders (relying mainly on livestock sales) are now using

cash to purchase their basic food supplies. With substantial belt-tightening, these groups are surviving. But their cash is flowing out at too fast a rate because of high prices in the marketplace for the basic products they seek.

During the field survey, disaster victims indicated they had received external food assistance from two main sources:

-- 8,000 tons of European Economic Community (EEC) food aid which was distributed under the Acción Bolivia program of the Vice-President's office, had reached many communities, though the amount of assistance per family was very modest (about 25 pounds). Although plagued with corruption in some areas and managed in a rather haphazard political manner, much of this aid actually reached the affected campesinos and herders.

-- CARITAS food distribution, also in very modest quantities, has reached many of the communities which were visited. Food supplies were drawn mainly from its regular PL480 Title II supplies. (The 28,820 metric tons of food planned for the emergency program has been slow in being dispatched to Bolivia and further encumbered by strikes and other logistical problems; thus, they have not yet been available for distribution.) Although the targeting of the CARITAS food aid was not fine-tuned, it did provide some meaningful assistance to many drought victims. (A detailed assessment of the major PL480 program which is now underway

appears later in this report.)

In essence, the drought victims tend to be relying on their own resources -- food reserves, savings and sales of livestock and income earned through migration and other activities -- for their food supply. Their main problem at this time appears to be the availability and price of rice, the item that is being substituted most widely for their traditional diet of potatoes and quinua.

(e) Market Prices For Basic Commodities

The price of rice increased continually during the 12-day field survey and stabilized at 23,000 pesos (=US$19) per 100 pounds in almost all severely affected areas. The prices were higher in the most acutely affected areas. In one severely affected region of Cochabamba, rice prices per 100 pounds were as high as 40,000 pesos (=US$33).

Potato prices range from 3,800 pesos (=US$3) per 25 pounds in southern Potosi (reflecting availability of Argentina potatoes) and in many areas of Cochabamba (reflecting less acute drought condition in some areas of that department) to a high of 4,500 - 5,000 pesos (=US$3.75/4.15) per 25 pounds in Oruro. The supply of potatoes is very limited reflecting a national production loss of about 600,000 tons last year.

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* For purposes of converting peso prices to U.S. dollars in this report, the shadow rate of 1200:1 is used. In projecting costs of potential AID projects, a projected rate of 500:1 -- the current official rate -- is used, as AID programs in Bolivia are bound to convert dollars at this rate.

Fieldwork focused on potatoes and its main substitute, rice, which are viewed as the most essential items among the drought victims. Wheat and wheat-products were of greater interest to urban classes not directly affected by the drought.

A day's cash employment is renumerated at the following rates:

Cochabamba	500 - 800 pesos (=US$0.42/0.67) per day plus 2-3 meals	
Oruro	500 - 700 pesos (=US$0.42/0.58) per day with no meals	
Potosi	420 - 450 pesos (=US$0.35/0.38) per day with no meals	

These wage rates appeared not to have increased as a result of the November 17 devaluation of the official rate of the peso from 200:1 to 500:1.

Cash employment opportunities have diminished considerably as a result of the drought. Processing, handling and occasional labor appear to have declined significantly. Demand for cash employment has increased throughout the affected areas — both in urban and rural communities. The desire for cash employment was stressed by disaster victims throughout the three departments.

(f) Mortality

Farmers and herders assert unanimously that the drought has occasioned no increase in infant or adult mortality. They claimed that although the nutritional status of children has declined, there has been no increase in mortality due

to the drought or to childhood diseases that sometimes cause death.

In-depth discussions with medical doctors at two health centers in acutely affected areas, and with a knowledgeable CARITAS representative, sustained this assertion. The doctors and the CARITAS official believe an increase of 3%/10% over normal infant mortality may have occurred, but they emphasized that this increase is not alarming. These impressions were difficult to confirm since no national or international institution currently collects and monitors such statistics in a timely manner.

Medical personnel interviewed during the survey indicated a shift in the incidence of certain diseases and attributed these changes to the drought. They reported a 60% decline in respiratory diseases and a 120% increase in gastro-intestinal diseases.

Notwithstanding all of the foregoing, it is suspected that, at least in some areas, pre-natal and immediate post-natal deaths, in part a function of poorer nutrition among mothers must be increasing in disproportion to normal rates. An increase of 50% in some categories of infant mortality would not be surprising. (Recommendations concerning the urgent need to synthesize data which is readily available at primary sources throughout the rural areas but which remains uncollected appear later in this report.)

(g) Migration

As noted earlier, the most acutely affected areas are arid even in the best of times. For farmers and herders, these are traditional, but difficult areas in which to live and survive. A 1980 Government of Bolivia demographic publication indicates that in normal years Potosi and Oruro each experience a net out-migration of population of about six persons per thousand. Seasonal migration, moreover, is a common phenomenon. Young males (ages 16 - 25) migrate to Argentina, Chile, Bolivian cities, and to tropical zones such as the Chapare, Yungas and Santa Cruz in search of cash employement to supplement their agricultural/livestock earnings.

This year, however, residents of the severely affected areas report an unprecedented level and length of migration from their regions. In some acute pockets of Cochabamba, about 75% of adult males (16+) had migrated to the Chapare and Santa Cruz; their degree of mobility appears to be a function of their proximity to these two destinations.

About 30% of the adult males in Oruro appeared to have migrated (about 20% to the cities, 10% to the tropical areas, and a few to other countries) in search of cash employment. In general, these males left spouses, children and older people behind to care for the animals. They periodically send some cash back to them for food and other needs.

Between 25/35% of the adult males in eastern Potosi (and perhaps 50% or more in southern Potosi) have migrated. The difference in migration patterns between Potosi and Oruro was that those who left Potosi tended to travel to Argentina in greater numbers; tended to take their families with them in greater proportion; and will remain permanently in their destination sites in greater proportion.

Between December 15 and January 15, community leaders, farmers and herders indicated that they will carefully monitor the prospects for rain, and evaluate agricultural/ livestock prospects for the coming year. Although farmers have planted little, they will know by January 15 what the prospects are for their crop. Observing rainfall and the development of pasture and water supplies for their animals and themselves, livestock herders will carefully weigh their joint chances for survival in their current regions. Rainfall patterns, frost conditions, and other factors will be combined with assessments of their remaining reserves (cash, animals, food, etc.). By January 15 many communities may decide to undertake group migration which could double overall out-migration to 60/70% in some acutely affected areas. Though the international press and Governments are relieved that the Niño distortions in South America appear to have ended, the relief may come too slowly and too late to make a difference in this agricultural year in much of Bolivia. Local residents have their own sort

of survival index upon which further migration decisions will be based.

The absorption capacity of some migration destinations within Bolivia has probably already been surpassed:

— Cash employment opportunities in these areas are probably inadequate to support the population which has already migrated.

— Even in normal times, mortality and disease rates increase dramatically among the migrating populations whose origin is in the Highlands and whose destination is in the tropics. But this year -- even with current migration levels -- the health of the migrant and the host populations may be placed at risk because of new density levels and the strain on health services.

— One side-effect of the migration has been to increase new settlements in the Chapare area where one USAID official reports that absorption capacity is "bumping up against its upper limits."

(h) Contraband

Failing to find cash employment nearby, a number of farmers and herders have been forced to try to generate income through petty contraband. The focus of this contraband appears to be gasoline, which sells for 60 pesos (=US$0.05) per liter (a liter of PEPSI sells for 200 pesos = US$0.17) and wheat-flour and processed products like noodles. Returning from the Chilean border to Oruro late one night

after a field trip, the assessment team estimated that about forty trucks were passing us on the same road. It seemed likely that these trucks were carrying contraband bound for Chile.

Small farmers and herders are not professionals in the contraband business and usually are not very good at it. They are getting caught in disproportion to the professional smugglers. This is an illegal and dangerous activity and an unproductive one for Bolivia. It appears however, to be one of the only activities to which local residents concerned about their families' survival can turn in the absence of alternative local cash employment opportunities and reasonable prices for rice.

(i) Impact of Rain

Although the return of normal levels of rain is highly desirable, it is likely that, if it comes, it will be too late to have a significant impact on the 1984 spring harvest in the severely affected areas or on saving the next 20% of the livestock which appears to be irretrievably lost. It would, nevertheless, recharge the water table and assure drinking water for the people and animals who reside side-by-side in the ecology of the pampa.

Given the weakened state of livestock and humans, the rain and humidity may bring some immediate negative consequences. Moreover, rains tend to wash out roads in rural areas even in normal years. Should this occur in 1984, it would impede

the marketing of saleable livestock and the delivery of commercial products like rice and even relief supplies, just at a time when this exchange of goods is most vital. Thus, the earliest benefit of the disappearance of the Niño distortions will be felt in April, 1985.

General Observations

(a) Beware of Snapshot

The preceding section attempted to provide, in a snapshot profile, a sense of what is happening in the severely affected rural areas of Bolivia. The danger of such a snapshot is that it may not sufficiently convey the momentum of the disaster. The situation could deteriorate much further if, for example, the rains were to stop; if the national economic crisis were somehow to further aggravate the problems of the drought victims; or if the current optimistic forecasts for rice production in Santa Cruz (discussed later) were to be reversed.

The foregoing narrative did not attempt to relate the qualitative assessment to the estimated number of victims in each category, to national food production forecasts, and to the numbers of animals lost, etc. Before coming to those quantitative applications, this section on general observations will attempt to provide some useful elements of analysis in assessing this particular disaster and in identifying the most appropriate types of assistance which USAID might provide to the victims.

(b) The Economic Catastrophe

The economic magnitude of this disaster for the small farmers and herders who are its chief victims has been catastrophic. Their capital resources -- whether local-variety seeds, normal crops, livestock, savings, subsistence food reserves, etc. -- have been substantially depleted and an additional portion of their resources will be lost before this disaster is over.

Cash employment opportunities, the substitute which these families normally seek through local jobs, migration, and even contraband, have shrunk significantly in relation to demand, while the price of rice, the main substitute for the lost commodities, is very high.

Efforts of the disaster victims themselves appear to be geared toward an economic solution of their problem (i.e., migration, contraband, sale of livestock, etc.). When asked what type of assistance would be most welcome, they stressed those which would retard the outflow of their capital -- such as readily available cheap rice; a chance to earn an income with which to buy it; and alternative sources of water for livestock and crops.

From a humanitarian viewpoint, the impact of the disaster has been moderated to date because, in the process of decapitalization of the resources, they have not yet hit absolute zero. When they do, impacts such as those which characterize severe droughts in Africa may emerge. For

the moment, subject to confirmation through systematic collection of data (a measure strongly recommended later in this report), surface indications are that human mortality has not been affected and that although nutritional levels have dropped, severe malnutrition has not yet occurred among large numbers of population.

This disaster needs to be attacked vigorously, effectively and promptly on an economic level. Measures need to be taken to slow down the outflow of capital from the affected rural areas and to provide employment opportunities to the disaster victims. It will serve no purpose for large numbers of Highland migrants to migrate to the tropical lowlands, where their mortality and disease rates will threaten them and their host communities and where the employment opportunities they seek will most likely not be found.

This is a long-term economic disaster brought on by a two-year natural disaster. If effective economic assistance measures, targeted at the victim population directly, are not taken quickly, a humanitarian disaster of great magnitude and severity may follow.

(c) January 1984 Threshhold

Careful monitoring of the perceptions and plans of the drought victims during the coming thirty days is essential. A large proportion of them indicated during the field survey that, as a result of factors described earlier,

large numbers -- in fact entire communities -- may decide to abandon their current areas of residence. These communities express the certainty that once weather conditions permit, they will return. They express this same view concerning members of the community who have already abandoned these villages.

(d) Micro-Impact/Micro-Assessment/Micro-Response

Despite the fairly homogeneous type of drought impact described in the narrative, each of the departments -- and in fact almost each of the provinces which were visited -- contained numerous micro-ecological zones. In some areas of a severely affected province, farmers salvaged a considerable proportion of last year's crops, while others, only a few kilometers away, lost 100% of the harvest.

Some communities were obviously more economically prosperous than others and assistance measures must be tailored accordingly. One constraining or perhaps facilitating factor in different areas within each department is the variation in effectiveness of social organizations, a reality to which the assistance program must also adapt. Complicating the scene, over 50% of the disaster victims reside in communities of less than 200 people (about 35 families). There may be between 3,000 and 5,000 geographically disbursed small settlements requiring some type of assistance and road access to most of these is very tenuous.

(e) Emergency-Preventive/Emergency/Recovery Continuum

Another variable in the affected areas is that different geographical areas find themselves in different stages of need. For most of the disaster victims, the economic emergency dictates measures designed to protect (or at least retard) the decapitalization which could lead to severe humanitarian consequences. Some communities, however, find themselves in what could better be described as a humanitarian emergency, when there is no food and no hope for cheap supplies or employment opportunities. Moreover, the chronically dependent sector of the population (including abandoned families, the handicapped, the elderly, etc. with no outside source of support) which cannot avail itself of most assistance opportunities, must be kept in mind in this emergency category as well.

For some others, and eventually for the whole population, assistance aimed at recovery is required. For the majority of the severely affected disaster victims, recovery will be a three to six year process. Assistance agencies need to think in terms of an emergency-preventive, emergency, and recovery continuum to conceptualize and implement effective assistance efforts.

Quantitative Data: Affected Population and Macro-Economic Impact

In order to quantify the number of disaster victims, it was useful to consider two types of drought impacts: the economic and the humanitarian. To arrive at the numbers, the results of the field survey were applied to the population in the three departments (Potosi, Oruro, Cochabamba) which were visited. Two of these three are considered the most acutely affected in the country. To extrapolate from the three-department estimates to reach a seven-department national estimate, two methods were used. The first required simply the doubling of the three-department totals; this system appeared to distort the results by slightly exaggerating them. A second method took as a base an older Civil Defense Study conducted in cooperation with the local Departmental Development Corporations: the proportionate differences for the first three departments between that older study and this assessment were applied to the earlier national estimates. This latter system appeared to produce balanced figures. All total population data are based on Government of Bolivia 1983 estimates.

The charts at the following page provide summary data for the total estimated rural population of the six affected

departments (Potosi, Oruro, La Paz, Chuquisaca, Cochabamba, Tarija) and one province of Santa Cruz department.

In macro economic terms, the US$417 million losses estimated on June 30, 1983, in the Summary Fact Sheets prepared by the USAID Mission and LAC Bureau, continue to appear to have been appropriate for that time. In April, 1984, a similar economic review should be performed and will probably increase this estimate by a considerable amount.

Chart I

CATEGORIES OF DROUGHT VICTIMS

DECEMBER 1983

ECONOMIC IMPACT

Category	Number of Victims (% of Total)		Description of Category
Category I	1,034,000	(35%)	Lost 50% livestock, 20% further loss inevitable; lost 80% 1983 harvest, planted 20% or less for 1984 harvest. Recovery period: min. 4-5 years.
Category II	260,000	(9%)	Lost 30% livestock, 15% further loss inevitable; lost 60% 1983 harvest, planted 40% or less for 1984 harvest. Recovery period: min. 3 years.
Category III	247,000	(8%)	Lost 20% livestock, some additional loss possible; lost 40% 1983 harvest, planted 60% or less 1984 crop. Recovery period: min. 1-2 years.
Category IV	1,414,311	(48%)	Minimally affected.
	2,955,311	(100%)	

HUMANITARIAN IMPACT

Category	Number of Victims (% of Total)		Description of Category
Category A	0	(0%)	Very severe increase in infant mortality, drinking/cooking water inadequate. Severe (famine magnitude) malnutrition.
Category B	223,000	(10%)	Increase in infant mortality, 30%. Drinking/cooking water adequate for humans, inadequate for animals. 50% of children drop one degree in malnutrition status.
Category C	990,000	(33%)	Infant mortality stable, possible increase up to 15% above normal; deterioration in human nutrition, 30% of children have dropped one degree in nutritional status. Drinking/cooking water for humans and animals adequate but considerably below normal.
Category D	1,742,311	(57%)	Unaffected.
	2,955,311	(100%)	

Note: The field survey detected no Category B humanitarian victims. The 10% included here is nominal: the team refuses to rule out the possibility that there are communities in this category until survey data, recommended later in this report, is systematically collected and reviewed.

Description of USAID Disaster Assistance

USAID is assisting Bolivia with a combination of food, cash grants, and concessional loan resources, which are summarized as follows:

(a) Rice and Wheat for Monetization

Under PL480 Titles II and III the USAID will provide 44,000 metric tons of rice. Of this, 15,000 metric tons of rice, valued at US$8.7 million delivered to Bolivia, are provided under Title II. An additional 29,000 metric tons of rice, valued at US$8.8 million FOB New Orleans (the GOB must absorb all transportation and handling costs thereafter), are provided under Title III. The 44,000 metric tons of rice (whose combined U.S. donation value is US$17.5 million) are to be sold by the National Rice Institute (known by its local acronym, ENA) at a subsidized, controlled price. The sales price for the rice is currently 6,500 pesos (US$5.40) per 100 pound bag, equal to US$119 per ton. About US$5.2 million in revenues will be generated by the sales.*

These sales revenues are deposited to the account of a highly regarded Bolivian organization known as the PL480

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* Based on possible increases in the sales price of rice from 6,500 pesos to 10,500 pesos per 100 pounds, this amount could increase considerably.

Title III Secretariat, which works collaboratively with USAID/Bolivia in the disbursement of these funds for development projects. In the case of these 44,000 metric tons all proceeds are destined for emergency-related projects.

A second part of this program provides 31,000 metric tons of wheat, at an FOB New Orleans value of US$5 million (the GOB absorbs all transportation and handling costs). This wheat is commercialized through the wheat millers; prices are established by the Ministry of Industry and Commerce. Once again, the sales revenues (estimated by AID at US$5 million) will be deposited to the account of the Title III Secretariat.

Because the value of the rice contribution is about 75% of this overall program, and its strategic importance for drought relief is in similar proportion, this assessment concentrated on the rice portion of the program. The wheat portion still requires evaluation.

(b) Food Commodities for Free Distribution

Under PL480 Title II, a number of commodities (rice, lentils, cooking oil, flour and milk powder) are being provided for distribution at no cost to drought victims. Within the overall Title II free distribution program, food is drawn from two sources.

-- First, about 28,820 metric tons of food, valued at $15 million delivered to Bolivia, are being provided as a grant for drought relief. These commodities have just arrived

in Bolivia or are about to arrive.

-- Second, about 12,000 tons on an annual basis (or about 1,000 tons monthly valued at about US$0.5 million) from a regular, long-term U.S. PL480 food assistance program to Bolivia are being diverted to drought victims.

-- Both types of assistance are distributed at virtually no cost to the Government of Bolivia or to the disaster victims.*

These commodities are being channeled in roughly equal proportion through three agencies: first, through Catholic Relief Services (CRS) via its local counterpart organization, CARITAS; second, through Food for the Hungry International (FHI) which is just organizing for the first time in Bolivia to handle a commodity distribution program of this type and magnitude; and third, through the National Community Development Service (NCDS), a branch of the GOB which until recently handled a program of about 1,000 tons per year and, like FHI, is gearing up for the larger emergency program.

Note: Roughly US$700,000 in cash will be provided to CRS/Caritas, FHI and NCDS to cover transport and overhead costs for free distribution of food. These funds will be drawn from the sales revenues of the Title II rice which is to be monetized and which was described in the previous section (a).

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* Some local costs -- representing a very small proportion of the overall costs of the commodities and their handling -- are absorbed by these groups. For example, some CARITAS employee salaries are paid by the Government of Bolivia; and program beneficiaries may share some local transport costs of food from a regional warehouse to their villages.

This assessment report includes a review of the three relief agencies' Title II free distribution programs.

(c) Diversion of Cash from Regular Program

Approximately US$1.2 million in pesos was diverted from the regular Title III (not emergency related) program to provide agricultural inputs to the disaster victims.

(d) Disaster Recovery Project

Approximately US$17 million in grant and loan funds are being provided to the Government of Bolivia for a variety of purposes which can be roughly divided into two parts: first, for infrastructure construction and water development activities and second for importation of drought relief commodities such as fertilizers and medicines. An additional US$10 million under this project has been requested by USAID and have been tentatively approved. This additional amendment is pending formal approval.

(e) Recapitulation

U.S. disaster assistance to Bolivia, principally for drought relief, is summarized on Chart II, page 31.

Consideration of a USAID request for 20,000 additional tons of mixed food commodities for free distribution similar to (b), above, and valued at about $10 million, is pending in AID/Washington.

Note: All of the resources listed on the chart are one-time grants or loans, and not a part of longer-term

programs, except the Title II Mixed Commodities for free distribution which is the second component of (b).

The foregoing summary does not include some small grants, whose value is about US$154,000, which were provided by OFDA to USAID/Bolivia for emergency disaster flood and drought disaster assistance activities.

This report focuses its attention on items (a) and (b) of Chart II.

Chart II

USAID DISASTER ASSISTANCE PACKAGE

DECEMBER 1983

Type of Aid	Donation/Loan Value (US$ millions)		Metric Tons	Sales Revenues If Any
(a) Title II/III Rice/Wheat for monetization	Rice	17.5	44,000	5.2
	Wheat	5.2	31,000	5.0
(b) Title II				
Mixed Commodities Free Distribution				
- Emergency Shipment	Mixed	15.0	28,820	None
- Diverted from Regular Long Term Program	Mixed	6.2	12,000 pa.	None
(c) Cash from Sales Revenues of the Regular (non-disaster related) Title III program		1.2	N/A	None
(d) Loan/Grant for Recovery Program		27.0	N/A	None
Total		US$72.1 million	115,820 metric tons	US$10.2 million

Evaluation of the USAID/National Rice Institute (ENA) Rice Sales Program

This section will set forth the team's assessment of the ENA rice sales program. The monetization scheme involves 44,000 metric tons of PL480 Title II and Title III rice valued at $17.5 million. Under this program, the National Rice Institute, through outlets in the capitals of the affected departments, is selling rice at 6,500 pesos per 100 pound bag, a unit known as a quintal.

Below are the team's findings concerning the ENA program.

(a) Up to the time of the field assessment, 90% or more of the highly subsidized rice (6,500 pesos per quintal versus 23,000 pesos per quintal in the market) was being sold in departmental capitals. In some cases, however, small proportions of the rice had been distributed to peripheral areas of the departmental capitals.

Entitlements for the subsidized rice within the departmental capitals were given first to individuals who had full-time, salaried employment and later extended to neighborhood groups. Interest groups such as the mining union, public employee unions, factor workers, and other such associations were permitted to purchase up to 100 pounds of rice per member per time. The average income of these individuals is between 20,000

and 50,000 pesos per month. While ENA acted affirmatively to reach salaried employees in the departmental capital, it had made no affirmative effort up to the time of the survey to reach the rural disaster victims themselves.

(b) The rural disaster victims, who are largely unsalaried and self-employed, were almost completely excluded from this program. On a national level, 86% of all small farmers and herders are self-employed and the proportion is higher in the affected areas. The affected families (for example, Category I families) have had little income since the April, 1982 harvest. Since that time farmers and herders have lost approximately 50% of their capital resources and now suffer from negative incomes. These farmers and herders purchase rice in the markets at the rate of 23,000 pesos per 100 pounds.

(c) Because ENA distribution is targeted to urban work-related affiliations (unions, employment, membership on committees or in cooperatives) as well as to geographic place of residence, and because the control system is weak, there is considerable duplication in the food sales. For example, if both a man and wife are employed (or if two or three persons in the same family are employed -- not an unusual situation), each is entitled to purchase 100 pounds of rice at the subsidized price. One individual interviewed during the assessment had purchased three 100 pound bags of rice. Newspaper articles insisted that this has become commonplace. ENA has, on occasion, sold rice to the public

on an open basis (people waiting in line at the ENA offices). Despite some efforts at control, this operation also resulted in families purchasing more than their prescribed share of rice. In many instances, several members of the same families stood in line and each purchased a quintal of rice. This duplication in distribution again heightened the difference between the economic subsidy provided to departmental capital residents and the lack of economic assistance being supplied to the harder hit rural residents.

(d) The current difference in rights and entitlements between urban and rural residents of the affected departments is summarized in the chart on the following page.

The relative inequity of the current sales policies are evident. Clearly, urban residents -- at this time probably better able to take care of themselves than their rural counterparts -- are getting a considerable benefit from which the most directly affected disaster victims are excluded.

But this is not to say that the urban residents are not necessarily in need of any assistance. The average urban family incomes which are listed -- 20,000 - 50,000 pesos per month -- are equal to US$16.60 to $41.60 per month, which are very low. The point of the chart is to demonstrate that a possible affirmative action to direct subsidized sales to rural areas first, where the needs are greatest, would offer a disaster victim who is even worse off than the urban resident a valuable opportunity to help himself.

Chart III

RICE ENTITLEMENTS VERSUS INCOME

UNDER THE ENA PROGRAM

	Departmental Capital Resident	Rural Drought Victim
Incomes	20,000 - 50,000 pesos/month	Zero pesos/month, plus depletion within past 12 months of 50% or more of all savings (cash, livestock, food reserves)
Entitlement under ENA	Minimum 100 pounds (in practice, a maximum of 300 pounds due to duplication)	- 0 -
ENA Sales Price	6,500 pesos/100 pounds	Market Price: 23,000 pesos/ 100 pounds

(e) One of the assumptions governing the ENA policy of directing rice to the department capitals was that the rural population had no cash to purchase the rice. This assumption is false. There is considerable demand for rice sales among the affected rural population and there is growing resentment among the rural population toward ENA because of what is viewed as its discriminatory policy.

An increase in the sales price of rice and a reduction in the entitlement per family, both measures which will be recommended, may increase some of this resentment in the short-term because these policies will be implemented only after the urban dwellers have already stocked up quantitites of rice at the lower price. The ENA policy of distributing rice--in departmental capitals responds to currently perceived political realities rather than to the actual needs of the classes competing for the food.

(f) Up to 20% of the subsidized rice sold by ENA is resold by its buyers within Bolivia and most likely in the same departmental capital. In many cases, the resold rice appears on the market at 23,000 pesos per 100 pounds and is for sale to rural disaster victims.

Of the 80% or more of the rice which is not re-sold, it seems likely that about half is being consumed and half is being held by the purchasing family as a protection against future food shortages, price rises, and other contingencies.

(g) Each ENA outlet has a different system for bookkeeping

and administration. Some of these systems have little control and accounting value.

(h) The ENA rice sales are, in great part, addressing the traditional clients as the national (Santa Cruz) produced rice. Following the Santa Cruz rice harvest in Spring, 1984, the USAID/ENA program may be competing with national production for the same market. Depending on the degree to which ENA clients are holding or storing rice, the future market for Santa Cruz-produced rice may already have been diminished.

The drought victims, however, are not traditional clients of the Santa Cruz rice producers. Their purchase of rice has been caused by the projected combined two-year failed production of over one million tons of potatoes. Consequently, it is difficult to characterize external assistance to rural drought victims as competing with national production.*

(i) Some campesinos are becoming angry about the ENA program and its orientation. The assessment team was physically detained in Oruro outside the ENA warehouses by angry campesinos from a province neighboring the departmental capital. They complained of what they perceived to be the

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* It appears likely that while farmers in the severely affected areas are headed for a second year of very limited harvest (20% or less), the rice farmers in the Santa Cruz area will produce a normal, or ever greater than normal, harvest in Spring, 1984. This projected production is a variable which will be quantified in the Spring and which needs to be factored into consideration of both possible food importation <u>and</u> of <u>targeting</u> of relief supplies.

inequity of the program. They stress the complexity for them of trying to get the necessary paperwork and approvals required to purchase rice, the disproportionate difficulty in transport which they suffer in comparison with residents of the departmental capital, and other prejudicial aspects of the effort.

Residents of rural areas, especially those living outside the provincial capitals, seemed quite perplexed about the ENA program. Though some ENA offices -- particularly the Potosi office -- appeared concerned, once the urban demand had been satisfied, to reach the rural areas, the program still seemed remote to the drought victims and unlikely to reach them.

--(j) Given the type of books and accounts which are kept in some ENA offices, and the magnitude of losses reported by one office, it seems likely that petty corruption may be taking place in the ENA program. An audit* by representatives of the Rural Development and Comprtoller's Offices of USAID documents some of these problems. In general, the assessment team concurs with the RD/Comptroller's audit findings. Though the audit is more negative than this assessment report, it was based on a more in-depth study of the accounting, bookkeeping, and in some respects repacking methods employed by

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* See Evalucaión del Problema de Distribución de Arroz, Calvo, Pinto and Noda, Memorandum Report dated about December 16, 1983.

most ENA offices.

(k) In some departmental capitals, it appears likely that partisan political considerations play a central role in eligibility certification. Within the ENA program itself, politics played a more direct role when members of one national political party who were hired as staff members of the ENA outlet were suddenly replaced by members of another party which had gained dominance in the ENA process.

(l) Almost all ENA outlets have been accepting payments for rice faster than they can deliver it. As a result, there are substantial numbers of undelivered orders. This system appears to complicate an already fragile system of control, accounting and reporting.

(m) The decision to import U.S. rice into Bolivia this year was a very wise one. Its purpose was to fill the gap created by the drought, helping to stabilize supply and prices. In this purpose the program has certainly been successful in that it has contributed to that stability. The rice was channeled through ENA to urban areas in the system described above in part because of some additional assumptions which may not have proven accurate: (1) that the rural drought victims were not in the cash market for rice and therefore need not be considered as beneficiaries; (2) that there was no potential distribution mechanism in the rural areas for the rice. Moreover, it was felt that the thrust of the program for the rural areas would be not the rice sales but, instead, the channeling of the sales revenues

into emergency projects designed to benefit these areas.

Thus, the program has succeeded in the original objectives which were set for it. The point of the foregoing analysis and the recommendations which follow later in this report is that even greater benefits could accrue to the directly affected victim population through the addition of other objectives which are still seen to be timely and feasible.

Evaluation of Title II Free Distribution

A single grant of 28,820 metric tons of mixed commodities has been provided by USAID for free distribution. Distribution of these commodities commenced in December, 1983. In addition, approximately 1,000 metric tons monthly have been diverted from the regular Title II food distribution program for use in the emergency. This section describes the team's evaluation of this program, whose food assets value close to US$20 million.

(a) The Government of Bolivia and the relief agencies have chosen a food-for-work strategy for distribution of the food relief commodities. These commodities will be distributed to rural communities affected by the drought. More than 50% of the affected population reside in communities with populations of 200 persons or less. This means that there are at least 5,000 small affected target communities. The relief agencies responsible for the distribution of relief food do not have the capability of organizing and implementing 25% of projects which would be required for an effective food-for-work program of this magnitude.

(b) Despite claims to the contrary, food does not appear to be distributed in a food-for-work program.

Instead, the program could be more aptly described as food-and-work, as follows:

-- Conscious that their individual and joint survival depends on initiating actions to assure a supply of drinking water for themselves, their animals and for some crops, local farmers and herders, at times joining together in small multi-family groups, have taken numerous actions. These actions include the digging by hand of water wells, cleaning out of irrigation ditches and drainage lines, and building simple earthen dams to collect the small amounts of rainfall. These projects have been designed and implemented by the people themselves, with no external prompting, intervention or guidance. The people have had no expectation of remuneration for these actions.

-- On the other hand, the relief agencies have a considerable quantity of food to distribute -- many times more than they have ever had before. The free distribution of relief resources is incompatible with their philosophy of development. This philosophy requires a minimum self-help effort on the part of the recipient as a condition for the receipt of externally provided food aid.

In some cases, relief agencies canvass the rural areas and draw up lists of projects which have generally been initiated or even completed by the communities themselves, as described above. A careful list of "participants" is drawn up, with an alleged number of days worked by each on a

"project". The agencies sometimes give the impression that these are projects which would not have been undertaken were it not for their leadership. This is not always true. What is truer is that the food would have been distributed whether or not any projects existed and whether or not they had intervened in the community. Some development workers report that projects completed years ago under food-for-work are being listed as current projects for distribution of food aid.

(c) Because there are so many thousands of small rural settlements, the food-for-work projects, as they are known, tend to be conducted in areas of greater concentration of population, often closer, rather than farther, from departmental capitals. It appears likely that residents of provincial capitals and those closer to departmental capitals -- again those who need some assistance but not as urgently as many others -- will receive a disproportionate amount of food assistance.

(d) Food-for-work project lists contain information which appears to be conflicting. For example, about 240 projects were administratively reviewed by the team in one department. The projects varied considerably in magnitude. Some projects required only 20 days of work while others required up to 180 days of work by village beneficiaries. Some projects required four hours work per day while others

required full days. But regardless of the number of work days (20 to 180), or number of hours per day, each family was budgeted to receive the same amount of 50 kilos of "food" for their "work". For the worker who devoted 20 half-days to the project, his renumeration was exorbitant. For the unfortunate villager whose luck brought him a 180-day project, his pay in food was miserly. It is uncertain how many of these projects are active, purposeful projects.

In the short-term, for programmatic as well as logistical reasons, the free distribution of food aid where absolutely essential is fully justifiable and warranted. The requirement (and conviction) of some relief agencies about the importance of the food-for-work approach is inappropriate to speedy delivery of free food to the number of families who genuinely need it. The current volume of free food aid exceeds both the real need for free assistance and the logistical capability of several of the relief agencies responsible for its distribution.

(e) Free food distribution may also not be the most efficient and appropriate method for reaching the disaster victims. The delivery of free food with any reasonable controls (not to mention food-for-work) requires an organizational and delivery capability which some relief agencies do not

possess. A system better adapted to the economic needs of the disaster victims, and one which serves them through the market mechanisms to which they are more accustomed, would transfer more of the responsibility for participation in their own self-help efforts to the intended beneficiaries.

(f) Free food tends to be required by populations living in the most remote sections of their departments. For example, some residents of North and South Lipez in Potosi, and of the Eastern part of Cochabamba, may require free food assistance at this time. The delivery of a truckload of food to some areas of the Lipeces could take six days roundtrip. These are the most remote communities, and they have rural Bolivia's least developed social infrastructure. The free food assistance should be designed to reach these truly needy populations. At the present time, however, the relief agencies are not equipped for such targeted, pinpoint distribution.

(g) The logistical capabilities of the voluntary agencies vary greatly. CARITAS, which has been involved in free food distribution for 20 years or more in these areas, is the best equipped to move food speedily. It has the greatest expertise in warehousing, accounting and transporting food assistance. It can handle the quantity of food assigned to it with the least problems among the three agencies.

CARITAS has less concern about the developmental

nature of food-for-work. In fact, USAID and CARITAS have had conflicts in the past because USAID has felt that CARITAS is too charity-oriented and not sufficiently concerned with the developmental aspects of food-for-work. The reported CARITAS disposition to free food distribution may work to its advantage in the current situation.

The National Community Development Services (NCDS) has very limited experience in handling the logistics of food management. The NCDS food assistance program, carefully nurtured over many years, had reached the point in the Department of La Paz (where it worked exclusively) with food programs where it could handle 1,000 tons per year without significant difficulties.

Under the current emergency program, 10,000 metric tons of food has been assigned to NCDS for distribution during a three-month period, increasing the management load by 40 times its track record. The NCDS program has been expanded from La Paz into all affected departments.

Already, significant problems have arisen. For example, in logistics, NCDS is currently faced with demurrage bills of US$30,000 - $50,000 and delays in simple unloading operations in several departments. These are probably only the beginning of a series of costly logistical problems and delays in food distribution which will emerge. USAID has initiated measures to temporarily reduce NCDS's allotment of emergency food from 10,000 to 5,000 metric tons by

transferring the difference to FHI.

Food for the Hungry International (FHI) is yet unknown in terms of performance. It has no experience or track-record in food assistance program outside a few feeding centers in Bolivia. In this emergency program, it is being given an opportunity to show what it can do and has been assigned a full 10,000 metric tons with which to work (CARITAS accepted only 8,820 tons).

FHI has the moral support of the USAID Mission which, for a variety of short and long-term goals, is anxious for it to succeed. FHI has hired some Bolivian staff members who are described as experienced personnel. To complement this national staff, FHI is bringing 42 U.S. volunteers to Bolivia. Most of these are in the country at present.

The assessment of the capabilities and experience of these volunteers varies considerably. At the time of the field assessment, FHI had no departmental offices. All of its staff was in La Paz for training programs. Consequently, the team could not make its own judgment about the capabilities of FHI or evaluate the conflicting assessments of FHI which it received from many individuals interviewed.

Bolivian public officials, relief staff of other agencies, and some USAID personnel, for example, were skeptical about the abilities of FHI and its senior U.S. volunteers, as well as the newer ones. They were variously described as unable to communicate in Spanish and inexperienced in

this type of work. Several people suggested that despite their limited experience and ability, they had considerable authority over vital resources.

An FHI representative, on the other hand, while conceding that half or less of the full 42 volunteer complement had previous overseas experience and some had language problems, indicated that the senior staff among the volunteers were considerably better. He noted, however, that the volunteers would not actually be working on the disaster but were there to learn how such a program works. This would prepare the volunteers for participation in the regular, on-going development program of the group. A supplementary allowance for the volunteers is being paid for by USAID out of disaster-related Title II sales revenue funds.

Introducing FHI to the USAID food programs procedures does not appear to be an undesirable aim. Similarly, the involvement of NCDS in the emergency food aid program appears desirable and key USAID personnel believe a strong, honest effort is being made to gear up quickly under difficult circumstances. However, the quantities of food aid assigned to these new agencies is unrealistic in terms of their current capabilities. This is particularly true when these proportions are compared with those of CARITAS, the oldest and most capable agency. Each of the newer agencies has been allotted 10,000 tons; CARITAS was assigned 8,820 tons, the maximum quantity it was prepared to accept. All three agencies appeared to require

more coordination, particularly in pinpointing the target populations.

(h) The transportation and administrative costs of all three relief agencies (totaling about US$750,000) are to be covered from the sales revenues from the monetizing of Title II rice under the ENA (subsidized sales) approach. Some of these budgets were hastily reviewed because of the press of time. They may be deficient in some items and excessive in others. They have not been reviewed with the Mission's overall targeting strategy in mind.

(i) None of the above should be construed to diminish the efforts which all of the agencies are making in support of the disaster program. Instead, they suggest the need for careful management, increased supervision, improved targeting, and budget review consistent with the above, in order to strengthen their ability to administer a vital and costly program. Recommendations concerning the refinement of the disaster program appear in a subsequent section of this report.

General Comments

The conditions under which the USAID Mission in Bolivia labors are extremely complex. Chief among its concerns is the economic chaos in which the country finds itself. Official reports indicate that the rate of inflation approaches 300% (unofficial estimates are as high as 600%) and the peso has fallen in less than two years from 25:1 to 1200:1 in relation to the U.S. dollar. The U.S. Embassy reports a drop in Bolivian GDP of 7.5% in 1982. Not a week of this assessment task passed without at least one major national strike involving airlines, communications, telex service, banks, gas stations, taxis, buses, and even drought relief workers. Frequent turnovers in senior Government of Bolivia officials, weaknesses in accountability and lack of organization in some ministerial sectors further complicate AID's operations. Last week, the entire Cabinet was forced to resign, leaving the Mission in doubt about the tenure and policies of its counterparts and further encumbering Government operations, which are difficult in the best of times.

Despite its limited experience in disasters of this type, the Mission has made a strong and honest effort to do its best under these difficult circumstances. On the conceptual level, it has succeeded solidly. For example, the strategy

of importing Title II and III rice which is sold, has helped considerably to stabilize the price of essential food items in the country. The use of the sales revenues for relief-related projects offers significant advantages to relief operations. Complementing the commercialized rice with some free mixed commodities is also a sound idea. Finally, the $25 million Disaster Recovery project has been earmarked for such essential items as road and bridge construction, water and irrigation projects, agricultural inputs and medicines. In short, the makings are here for an exceptionally effective disaster program.

Droughts are not common in Latin America, and the number of cases of drought of this severity and magnitude is limited. The Mission's learning curve has been steep and speedy. Though distribution of Title II and III commodities has been conducted for only six weeks, the Mission is already aware of significant potential improvements at a relatively early stage.

Moreover, the Bolivia drought was, at first, looked upon as a relatively short-term problem. Recent assessments augur poorly for the acutely affected drought areas and indicate that a long-term -- perhaps five to six year -- recovery period is on the horizon. This, too, urges changes in concept and strategy in some of the elements of the Mission program.

Perhaps the Mission's strongest asset is its willingness

-- in fact, desire -- to thoroughly assess the program, clearly uncover weaknesses, bring them into the open, and improve upon them. It is this attitude, more than any other, that has prevailed during the current disaster assessment and is the chief reason for the frankness and directness of this report. With such dedication and commitment, an exceptional disaster effort may well take shape in Bolivia, one of which the agency as a whole can be proud.

Evolving Conceptions

The current Mission strategy for addressing the drought was based on a belief that there was a serious hunger problem, a humanitarian disaster, in the rural areas. This view also assumes that the primary disaster victims do not have at their disposal the means for their own continued survival (cash savings, livestock sales, extensive food reserves, temporary employment through migration and contraband, etc.). In other words, it was assumed that the drought victim in rural areas is largely dependent on external resources and that, moreover, external advice, organization and incentives are necessary to mobilize the affected communities to take actions which would tend to ameliorate the problems which threaten their survival. This also assumes that the humanitarian and economic consequences of the drought -- both in rural and urban areas -- would be felt within months of the April, 1983 crop failure. Such problems could have serious social and political impacts as well,

particularly in the context of Bolivia's new and fragile democratic, constitutional government.

Some of the assumptions which were applied to the rural areas were also applied to the urban areas. The Mission scenario foresaw severe food shortages and urban residents unable to acquire at any reasonable price their essential food requirements, all occurring within a very compressed time period after the first failed harvest (April 1983). In the urban context, these problems were seen to be severely affected by loss of employment in industries dependent upon the products which the drought destroyed. Finally, the economic and political crises described earlier were believed to have the potential to exacerbate the impact of the drought more in the urban than in the rural areas.

Part of the perception of need in the urban areas was based on the impact of the national economic crisis on urban families. Most urban families depend on steady, salaried employment for their livelihood. But though their salaries have remained constant, their purchasing power has been gravely eroded by spiraling prices. During the period of this assessment, the Government of Bolivia devalued the official exchange rate of the peso from 200:1 (US$) to 500:1. The prices of almost all products increased immediately in reaction to the change; but salaries remained constant. In addition, although urban residents are much

better off than drought victims, the monthly family income in most departmental capitals ranges from $16.60 to $41.60 monthly, hardly the definition of middle or upper class.

Some of the assumptions about the drought tended to revolve around the idea that it was, in essence, a short-term (about one-year) problem. Food distribution in particular was seen as a one-time effort, and a quick gearing up of some local relief agencies for a rapid one-time distribution was the operational strategy for non-monetized food resources. The type of management, logistical and distribution preparation which a longer-term program of greater magnitude would require was overlooked.

One of the Mission's key assumptions -- the size of the projected food deficits and need for imported food supplies -- was based on a rigorous, quantitative crop forecasting survey which the Mission itself undertook and which provided the first significant indication of the problems which were to develop. Based on these assumptions, the Mission developed its plan to import Title II and III food commodities, in order to help stabilize the supply and price structures. In fact, this study helped to galvanize many elements of the national community into drought relief actions.

Most of the assumptions and plans governing the amounts of food to be used in each program, the distribution strategies and other elements of execution for the program do not appear

to have been informed by rigorous qualitative field assessments or by the institution of systematic collection of data (mortality, prices, family food reserves, migration, and so on). Instead, the rush to import and distribute food commodities based on the assumed humanitarian impact of the disaster and food shortage in urban areas, coupled with the sense that this was a very short-term problem propelled the Mission into actions based upon data and assessments made by others including the Government of Bolivia and its rather understaffed Civil Defense organization and the United Nations. Many of these same assumptions tended to argue against the hiring of disaster management experts and in favor of persons who could simply accelerate the distribution of relief food supplies. Finally, the complexity and magnitude of such disaster operations was not fully appreciated by the Mission at the outset. But within six weeks of the beginning (in November 1983) of distribution of Title II and III commodities, the need for enhanced and specialized disaster management assistance became apparent and this report is the first step in the Mission's effort to strengthen and finetune its disaster response.

PROGRAM-SPECIFIC RECOMMENDATIONS

This section will set forth 47 recommendations to USAID for revisions in its current programs and new programmatic initiatives.

1. Title III Rice/ENA: The ENA sales program should be suspended immediately until adequate controls and accounting procedures have been established in each of the seven ENA outlets (estimated implementation period: 30-40 days). Technical assistance from USAID will be required for this purpose.

2. Title III Rice/ENA: The USAID must decide whether to honor the large number of buyers who have already paid for the rice but have not yet received it. If USAID honors this system, delivery should be made to all such buyers immediately, during the period of suspended sales and, obviously, before further sales are resumed.

3. Title III Rice/ENA: If USAID wishes, it may choose not to honor advance purchases of rice, in which case funds on deposit should be returned to prospective buyers. As an option, USAID may adopt an alternative "delivery price" -- i.e., a new sales price applicable only to purchasers who have already paid for rice at 6,500 pesos per quintal. The recommended "delivery price" for the coming month of

January, 1984, during which new sales would remain suspended, is 15,000 pesos per quintal.

As an additional option for still undelivered rice, the USAID should -- with or without raising the sales price -- reduce the entitlement per family from 100 pounds to 25 pounds.

4. Title III Rice/ENA: After all current commitments are dispatched, a detailed, rapid audit, reconciling receipts of rice and cash, and dispatch of rice, should be conducted. All accounts should be reconciled. This audit can be conducted simultaneous with the development of a new system (see 1, above).

5. Title III Rice/ENA: In the future, a detailed weekly report of ENA operations should be submitted to and reviewed by USAID. Each outlet should be audited twice monthly.

6. Title III Rice/ENA: In the future, rice should be delivered on the same date on which payment is made. No advance orders should be accepted.

7. Title III Rice/ENA: Future distribution entitlements should be targeted exclusively by household and based on geographical residence only. Potential buyers would qualify, under this policy, only by virtue of their residence in an identified target area.

Under the current system, some beneficiaries qualify under a geographically targeted system. At the same time, many families qualify for additional double or triple entitlements on the basis of their membership in unions, employment in

Government or factory jobs, and through other affiliations (whose use as criteria again tend to favor the urban employed over the urban drought victims who have lost their employment). These problems would be eliminated by adopting geographical targeting by household.

Identification of eligible target areas within the urban centers -- if ENA distribution is to continue there -- should be based on economic level and degree of drought impact.

Given the danger of competing with the Santa Cruz rice production for many of these urban clients, the difficulty of organizing such a program in an urban area, and the greater need in the rural areas, it would appear prudent to limit the proportion of each departmental capital which would be eligible for subsidized rice purchases to the absolute minimum. Such steps should become effective immediately, particularly with the Spring, 1984, Santa Cruz rice crop in mind.

Urban households have much greater access to cash than rural households. Continuation of sales in urban areas will result in urban households stocking up (hoarding) AID rice so that they will not need to buy it when the Santa Cruz crop comes in.

8. Title III Rice/ENA: ENA's distribution, upon recommencement of sales, should be restricted to the departmental capitals. Within these capitals, a system for adequate identification and control of such sales, consistent with

the provisions of (7), above, should be designed and instituted.

9. Title III Rice/ENA: Upon resumption of sales in low-income urban neighborhoods for February/March, 1984, a new sales price should be established based on the commercial market price minus a maximum discount of 25%. The one-time entitlement for each family for the two-month period would be 25 pounds.

10. Title III Rice/ENA: During March 1984, estimates of Santa Cruz rice production for the Spring 1984 crop will be available. Based on this data, current market prices, and general economic information, USAID should decide whether or not to continue the subsidized sale of rice through ENA in the departmental capitals and, if so, at what price.

It is likely that some Title III rice stocks will still remain in the ENA warehouses in March 1984. If at that time rice sales in departmental capitals are to be diminished or discontinued -- as appears prudent -- the remainder of the rice stock should be transferred to the rural sales program.

The balance of these recommendations assumes that the remainder of Title III rice has been transferred to the rural program and will be considered part of the Title II monetized rice stocks. All policies and systems governing the Title II stocks will also apply to the transferred Title II stock.

11. Title II Rice/Sales: The 15,000 metric tons of monetized Title II rice will not be distributed by ENA.

For the current Title II rice shipment, the logistical arrangements for transport and for storage in a central location will continue under the auspices of ENA. However, 100% of this rice should be commercialized in the severely affected rural areas under the policies described below.

12. Title II Rice/Sales: Title II sales will be directed exclusively to the rural areas (complementing ENA's Title III rice sales in departmental capitals).

13. Title II Rice/Sales: The sales price for rice in urban and rural areas should be about the same. The Title II program will absorb the transportation differentials, allowing for such equalization of prices.

14. Title II Rice/Sales: Title II rice sales in rural areas will be made on the basis of an entitlement of 25 pounds per month per family (with the possibility of increasing the amount to 50 pounds per household per month should conditions so suggest), for the duration of the program. Additional Title II Rice for monetization, beyond the 15,000 tons currently scheduled, should be requested if necessary.

15. Title II Rice/Sales: The sale of Title II rice should begin on February 15, 1984 in some areas and should rapidly expand to other areas thereafter. Only the severely affected areas of Bolivia should receive this benefit.

16. Title II Rice/Sales: Eligibility to purchase rice will be based exclusively on geographic area of residence. Local village representatives as a small committee will be

mobilized to help insure equitable and effective distribution. Such local representatives may include elected officials, local sindicato representatives, clergymen, and others. But no single official or single affiliation-based group will be mobilized or authorized to serve its own, limited constituencies: sales must be conducted on an open basis to all residents of given communities. Eligible households may purchase 25 (or 50, if so decided) pounds of rice per month at a subsidized price.

17. Title II Rice/Sales: The institutions responsible for rice sales in affected areas will be individual co-operatives and credit unions identified by USAID-contracted disaster specialists. Such institutions will serve all residents in their areas of geographic responsibility -- not only their own members. These organizations may be contracted to serve a part of a province, an entire province, or several provinces, depending on the requirements of the area and the capability of the local institutions. (Note: In the three departments visited in the field survey, FENCARE alone had 56 affiliated cooperatives with 75,000 members among them.)

18. Title II Rice/Sales: The cooperatives and credit unions (hereafter referred to as Service Agencies) will receive intensive technical training, supervision, modest budgets to augment their staff with locally hired individuals familiar with their individual areas, and a fixed price consideration equivalent to one percent of sales as a

commission for their services. Each institution will be held fiscally responsible for its own losses and accounting errors.

19. Title II Rice/Sales: The sales revenues will be deposited in bank accounts in private, commercial banks and segregated by province of origin. These sales revenues will be used to finance labor-intensive infrastructure projects, where feasible, in the provinces of origin. At least 70% of the funds must be used for payment of manual, unskilled labor. Up to 30% of the funds may be used for materials required for the projects.

20. Title II Rice/Sales: Individual labor-intensive projects to be undertaken with the sales revenues will be developed by committees established at no higher than the cantonal (sub-province) level. Service agency staffs will be upgraded to be able to provide limited technical guidance for the development of a simple, labor-intensive projects. The Service Agencies will be responsible for assuring that the criteria established for such projects are met. A departmental supervisor working as part of the USAID departmental staff will provide final authorization for the projects.

21. Title II Rice/Sales: Once projects have been approved, the Service Agencies will disburse funds for labor and materials in accordance with procedures specified in their individual agreements with the USAID and its representatives.

22. Title II Rice/Sales: Unskilled manual labor opportunities

on projects financed through the sales revenues will be offered exclusively to drought victims. The cantonal committees will be encouraged to establish wage systems based on a by-the-job (tarea) rate which is based, in turn, on a daily wage approach. Wage rates will be determined locally, based on prevailing local rates for similar work, and not by externally imposed minimum wage or other standards. The Committees will be encouraged to rotate employment opportunities among the affected families in periods of approximately two weeks. Each canton may propose one or more labor-intensive projects, depending on the availability of projects and the population in need of cash employment.

23. Title II Free Distribution: The strategy for the distribution of Title II resources which are to be distributed at no cost to the beneficiaries (free distribution) should be revised from generalized distribution to all drought victims to targeted distribution to the 10% of the disaster victims who require such assistance. There are two problems related to this change in strategy:

(a) The amount of Title II resources just arriving in Bolivia (28,820 metric tons) exceeds by several times the amount of food which can be used in a short period through a targeted approach.

(b) The orientation of the relief agencies involved in the distribution of these resources would require modifications.

The recommendations which follow seek to accomplish the aim of this revised strategy in a speedy but prudent manner.

24. Title II Free Distribution: Approximately 11,600 of the 28,820 metric tons are presently on the high seas or will shortly be unloaded at the port. Most of this shipment is destined for FHI and a small amount for NCDS.* These 11,600 metric tons should be held at the port for at least 40 days. This would reduce the amount of food in Bolivia which requires redeployment to 17,720 metric tons. While this amount still exceeds present distribution capacities and immediate (60-day) needs, it is more manageable.

25. Title II Free Distribution: The maximum amount of food commodities required for free distribution on a monthly basis is 2,000 metric tons, assuming that cash sales of rice at subsidized prices begin by February 15, 1984.

If the rural sale of Title II rice is accepted, it will not succeed if the same target areas -- those where the families basically have a capacity to purchase the rice -- are saturated at the same time, as is now likely, with free Title II food distribution. Therefore, the Title II free distribution must be restricted to precisely targeted areas of genuine need.

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* A 16,000 metric ton donation from the Canadian Government of the same types of commodities is also about to arrive at port.

26. Title II Free Distribution: To implement an orderly transition from the generalized free food distribution approach to a generalized sales approach with well targeted free distribution in acutely affected areas, the coming months should be divided into two periods:

(a) Transition Period through January 30: During this period, the limited free distribution of food to severely affected areas, such as southern and western Potosi, western Oruro and parts of eastern Cochabamba, should proceed. USAID and its participating relief agencies should agree on the key areas for concentration of this distribution. 75% of the commodities should be delivered to areas which would be difficult to reach should rainfall approach normal levels.

(b) Revised Approach Beginning February 1, 1984, a maximum of 2,000 tons of food per month should be distributed under the free distribution approach.

27. Title II Free Distribution: Based upon a review of the Title II free commodities already in-country, a maximum tonnage for distribution by January 31 should be established. In order to reach such a figure, the number of tons already distributed must be reported, the number of tons about to be distributed (by December 31) must be calculated, the number of tons which can be reasonably held back must be projected and other estimates must be made bearing on the proposed maximum distribution figure for this period.

28. Title II Free Distribution: In order to achieve the

strategy outlined in the foregoing paragraphs, shifts among the three main executing agencies will be required. NCDS should, at least temporarily, shift the largest amount of food stocks to the other agencies. CARITAS ought to receive the majority of the shifted commodities and FHI should receive a smaller share.

29. Title II Free Distribution: Coordination with OFINAAL with respect to the 16,000 tons of Canadian food about to be received should be undertaken to insure that duplication between the USAID and Canadian resources is avoided.

30. Title II Free Distribution: A detailed review of the budgets proposed by CRS/CARITAS, FHI, NCDS and OFINAAL should be undertaken by a management specialist and a fiscal specialist from the USAID Controller's office. These budgets should be revised and increased or decreased to reflect the more targeted distribution approach and the more gradual rate of deliveries which the new approach will require.

31. Title II Free Distribution: Between the 11,600 tons to be held at port (see 24 above), and the amount of food which will not be distributed as a result of the establishment of a maximum distribution rate (see 27 above), a minimum of 16,000 tons will remain as of January 31. This amount would be adequate to cover targeted free distribution through September, 1984. It would also be available as a safety valve should the situation deteriorate.

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32. Title II Free Distribution: From September 1984 through April 1985 additional quantities of Title II commodities may be required. Until the revised overall approach is implemented, however, it is difficult to estimate the exact amount of resources required. It would be wise to attempt to administratively reserve 5,000 tons of Title II mixed commodities for gradual arrival in Bolivia between September and March, 1985 for contingencies.

33. Title II Rice Sales: During 1984 30,000 tons of Title II rice, packed in 50 pound bags for monetization, may be required to continue the rural rice sales program. This rice would arrive in 7,500 ton shipments every three months beginning April 1984.

34. Total Additional Food Assistance Requirements: 1984 -- In addition to the Title II and III free and monetized foods in the pipeline for Bolivia, the Mission has requested an additional 20,000 metric tons of Title II commodities. To adjust this order to the revised program, and to begin a longer-term planning process (at least through the 1985 harvest in November), a different mixture of commodities and purposes as well as arrival schedules must be designed. In the meantime, the 20,000 ton order should be held in abeyance.

Much attention has been focused on Santa Cruz rice production, whose harvest is expected in Spring, 1984. Rice production in Bolivia was 95,000 tons in 1981 and

101,000 tons in 1982. In 1983, in part because of the floods in the Santa Cruz Valley, production diminished to 61,000 tons. The 1984 crop was projected by USAID's Rural Development Division at the time of this assessment to be about 100,000 tons -- in other words, a return to the higher range of normal production. This rice is normally entirely absorbed within Bolivia. But its normal clients do not generally include the disaster victims, who tend to rely on their own production of potatoes and quinua for their subsistence. The potential for a disincentive impact of U.S. rice in Bolivia is a factor which needs to be considered in all discussions of the appropriateness of provision of U.S. commodities. But given the combined rice/potato deficits which are projected for 1984, it is difficult to imagine at this moment that the danger of disincentives if the program is properly targeted is very great.

But to the degree that disincentive analysis continues to be required, it should be applied to both Title II/III commodities imported for sale as well as for free distribution.

An alternate option in case the disincentive danger actually materializes (a possibility which, for 1984, seems a bit remote)is that Title III sales revenues could be used to purchase Bolivian-produced rice, and this rice could be used to continue the subsidized sales program in rural areas instead of USAID rice.

35. Title II Free Distribution: Free distribution versus food for work. If the concept of food-for-work is feasible for either the Transition Period (26a) or the Revised Approach (26b), it should be implemented. It seems unlikely that if the program is reaching the more remote and deprived population that this will be possible. To reach the most remote population, so much attention must be devoted to delivery systems that it is inconceivable that current relief agency staffing would permit a true food-for-work program. Food-for-work is more desirable than free distribution; but only if it is feasible.

Where true food-for-work programs are not possible in the 10% of the areas which are acutely affected, a system of free distribution on a few occasions during early 1984 is warranted and justified, especially if the deliveries can be made before possible rainfall washes out the access roads. Such delivery would insure that the most needy population would not be isolated without vital food supplies should the rains begin. This would be both an important emergency relief effort and a preventive measure.

36. Title II Free Distribution: The Transition Phase will be a difficult one for the USAID, requiring close attention to the activities of the relief agencies and a forceful leadership to implement the new system in the shortest possible time.

37. Systematic Collection of Data: The overall conceptualization, design, planning and implementation of all of the Mission's disaster program is handicapped by the absence of management information data. This data -- in some cases required weekly, bi-weekly, or monthly -- covers a wide range of subjects related to disaster management. In order to initiate such a program at this time, some research will be required to establish baseline information. Primary sources of this information are readily available. But a considerable amount of background digging will be required to establish this system. Primary sources only should be used for this system and the data should be collected by USAID-financed departmentally-based staff.

38. Type of Data Required: The type of minimal, basic data required for management of the Bolivia disaster, together with required periodicity and primary sources of information, are listed on Chart V which appears on the following page. The progress of crops and the factors affecting harvest should be collected monthly. This would not overlap with or conflict with the crop forecasting work which is already being conducted; it would be complementary.

39. Systematic Collection of Data: What this basic minimum initiative seeks to obtain is not quantitative data on large areas, but selected data -- sometimes subjective -- on representative sites. Its purpose is to identify and describe trends.

Chart IV

BASIC DATA REQUIRED FOR BOLIVIA DISASTER MANAGEMENT

Type	Periodicity	Source
Infant mortality Pre-Natal Post-Natal 6 months-6 years	Monthly	Registros Civiles Agentes Municipales Health centers Priests (burials)
Respiratory Diseases Gastro-Intenstinal Dis. Change in Nutritional Status	Monthly	Health centers
Rainfall Data	Weekly	Local rural meteorological stations
Market Prices Rice (Popular) Wheat flour Noodles Potatoes	Weekly	Departmental markets; Provincial capital markets
Daily Wage (Rate + meals)	Monthly	Selected communities outside departmental capitals
Livestock Depletion Llamas Alpacas Sheep Cattle Pigs Offspring of each	Monthly	Selected livestock farmers; livestock market records (Huari, for example)
Migration Data by destination with/without families	Monthly	Selected rural communities
Program of Crops Planting (no. of hectares) Effect of rain Plagues/insects Frost	Monthly	Selected farming communities
Seed Survival	Post-harvest	Selected farming communities Agricultural Organizatons
Water Supply Consumption of water in liters Depth of hand-dug wells	Monthly	Selected provincial capitals and rural sites
Delinquency patterns	Monthly	Credit unions, local banks
Victim Population	Quarterly	Revision of distribution of disaster victims among economic and humanitarian categories based on the data and periodic qualitative assessments.

40. Systematic Collection of Data: This data would most efficiently and economically be collected through the departmental management system proposed elsewhere. Collecting data would insure that the USAID staff is aware first-hand of important trends in their geographic areas of responsibility.

41. Periodic Qualitative Assessment: It would be desirable to have one USAID official -- always the same individual -- perform monthly field trips to make qualitative assessments of drought conditions. It is essential that the same individual conduct the assessment each time. In this way, a consistent relative appreciation of the evolving conditions can be obtained. Such an appreciation would complement the statistical data which is collected and help to provide objective, consistent feedback on rural conditions.

42. Program Statistics: A bi-weekly data and analysis report on the drought disaster would be a valuable information and management instrument for the Mission. In addition to statistical data and qualitative assessments, such a report could provide figures concerning sales of rice and progress of the work projects, targeted free distribution and other elements of the disaster response.

43. Health Services for Migrants: The migration of residents of acutely affected areas to the Chapare and Santa Cruz places a strain on health services and supplies in those areas. An epidemiological review of the potential for further

problems, together with recommendations of actions which might be initiated to mitigate such problems, should be undertaken by a professional epidemiologist.

44. Review of Medicine Provision: The provision of approximately $US1 million in basic medicines will be included as part of the Mission's $25 million Disaster Recovery project. The management, logistical and distribution capacities of the Ministry of Health appear to be too limited to respond quickly and effectively and must be externally reinforced. As in (43) above, technical advice by a professional epidemiologist with practical disaster management experience is essential to devise an alternate strategy for the selection and distribution of these medicines.

45. Information Initiative: There are a number of ways in which an information initiative could complement the overall Mission effort in disaster management:

(a) Information collected under the statistical data component of the revised program should be shared with all interested national and international parties, as appropriate.

(b) Once the revised program is in effect, a publicity campaign which would inform the Bolivian public in both urban and rural areas about the program should be begun. This is particularly important so that as the inevitable problems emerge and are publicized, they are offset in the public mind by the program's positive achievements.

(c) Briefings for the entire USAID Mission and for interested Embassy staff should be conducted by the program

staff each two months.

(d) Detailed periodic progress reports, highlighting quantitative data as well as qualitative impressions and program progress, should be cabled to the Latin American Bureau in Washington each four weeks.

46. Elements of the Disaster Recovery project which were not reviewed as a part of this study should receive a similar assessment. These include the wheat component of the Title III program (31,000 tons -- apparently destined exclusively for the urban areas) and the programming of the Title III sales revenues.

47. USAID Management Requirements: Chart V, on the following page, sets forth the most urgent management tasks required to implement the recommended changes in the USAID program. These tasks would need to be undertaken as part of the "Transition Period" of the program, which would take place between December, 1983 and February/March, 1984. Some estimated staffing requirements during this period, set forth for each task, are listed on the Chart.

Additional management requirements and suggestions related to USAID's internal management systems were provided prior to my departure from Bolivia.

Chart V

TRANSITION PERIOD TASKS/STAFFING REQUIREMENTS: USAID BOLIVIA DISASTER PROGRAM - DECEMBER 1983/FEBRUARY 1984

Task	Staffing Requirements In Addition to Current Staffing Levels	Recommendations Key	Comment
1. Revision of Title III Rice Sales/ENA Program	(a) 14 person-weeks audit/accounting team to rectify and reconcile bookkeeping and administration, insure dispatch of purchased rice, etc.	1 - 6	Technicians of USAID RD and CONT Divisions and Title III Secretariat, supplemented by contract auditors, as required
	(b) 6 person-weeks U.S. Technical Assistance (USTA). Design revised distribution policies and procedures; work with audit team above in design of recommended accounting and control procedures; set up better reporting system, standard for all seven outlets.	1, 2, 5, 6, 7, 8, 9, 13	
2. Revision of Title II Free Distribution	(a) 16 person-weeks of Management Technical Assistance, gradual but rapid transition to revised approach	23 - 29, 31, 34 (cable), 35, 36	
	(b) 5 days, U.S. technical assistance management personnel; 2 weeks, Financial Analyst	30	
3. Establishment of New Title II Sales/Cash Employment Program	10 weeks, experienced expert in management of this type of program. Identification, contracting, training of Service Agencies; establishment of controls, accounting and reporting.	11 - 21	
4. Updated assessment of requirements for medicines and health services in migrant host areas	4 weeks disaster-experienced epidemiologist. Develop list of required medical supplies, strategy for direct distribution to MOH and other health posts; development of assessment and strategy for migrant health services in host areas, if appropriate.	43 - 44	
5. Contracting of Mr. Salvatore Pinzino	[USAID Senior Officials]		
6. Identification of Long-Term Technical Assistance Personnel	Requires additional planning and assessment.		