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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
Washington, D. C. 20523

BOLIVIA

PROJECT PAPER

POLICY REFORM

AID/LAC/P-137

Project Number:511-0571

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AGENCY FOR INTERNATIONAL DEVELOPMENT <b>PROJECT DATA SHEET</b>		1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number	DOCUMENT CODE 3
2. COUNTRY/ENTITY BOLIVIA		3. PROJECT NUMBER 511-0571		
4. BUREAU/OFFICE LAC		5. PROJECT TITLE (maximum 40 characters) POLICY REFORM		

6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 06 30 85	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY 83 B. Quarter 3 C. Final FY 85
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8. COSTS (\$000 OR EQUIVALENT \$1 = )						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	( 400 )	( )	( 400 )	( 1,200 )	( )	( 1,200 )
(Loan)	( - )	( )	( - )	( - )	( )	( - )
Other U.S.						
1. Host Country		133	133		750	750
2. Other Donor(s)						
<b>TOTALS</b>	<b>400</b>	<b>133</b>	<b>533</b>	<b>1,200</b>	<b>750</b>	<b>1,950</b>

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPRO. PRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) SDA	901	980	-			1,200	-	1,200	-
(2)									
(3)									
(4)									
<b>TOTALS</b>						<b>1,200</b>		<b>1,200</b>	<b>-</b>

10. SECONDARY TECHNICAL CODES (maximum 5 codes of 3 positions each)	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)	
A. Code	INTP
B. Amount	

13. PROJECT PURPOSE (maximum 480 characters)

To develop a permanent capability within the Government of Bolivia to conduct policy analysis studies and to formulate policy options necessary to address macro-economic and sectoral development constraints.

14. SCHEDULED EVALUATIONS	15. SOURCE/ORIGIN OF GOODS AND SERVICES
Interim MM YY 05 84 MM YY 05 85 Final MM YY 06 86	<input checked="" type="checkbox"/> 000 <input checked="" type="checkbox"/> 941 <input type="checkbox"/> Local <input type="checkbox"/> Other (Specify)

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a \_\_\_\_\_ page PP Amendment.)

17. APPROVED BY	Signature	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION
	Title	
	Henry H. Bassford Mission Director	
	Date Signed	
	MM DD YY	MM DD YY
	04 28 83	

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PROJECT AUTHORIZATION

Name of Country: Bolivia  
Name of Project: Policy Reform  
Project Number: 511-0571

1. Pursuant to Part I, Chapter 1, Section 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Policy Reform Project for Bolivia (the Cooperating Country), involving planned obligations of not to exceed One million, Two Hundred Thousand United States Dollars (\$1,200,000) in grant funds over a three-year period from date of authorization subject to the availability of funds in accordance with the A.I.D. OYB allotment process, to help in financing foreign exchange and local currency costs for the project. The planned life of the project is three years and two months from the date of initial obligation.
2. The Project will improve the statistical and analytical information available to Bolivian policy makers to permit more responsive and effective formulation of national economic development policy. The purpose of the Project is to develop a permanent capability ("The Economic Policy Analysis Unit") within the Government of Bolivia (GOB) to conduct policy analyses and formulate policy options to address macro-economic and sectoral development constraints.
3. The Project Agreement, which may be negotiated and executed by the officers to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

a. Source and Origin of Commodities, Nationality of Services

Except as A.I.D. may otherwise agree in writing, commodities financed by AID under the project shall have their source and origin in the United States or Bolivia. Except for ocean shipping, the suppliers of commodities or services shall have the United States or Bolivia as their place of nationality, except as AID may otherwise agree in writing. Ocean shipping financed by AID under the project shall, except as AID may otherwise agree in writing, be financed only on flag vessels of the United States.

b. Conditions Precedent - Prior to any disbursement or the issuance of any commitment documents under the Project Agreement, except for the

contracting of technical assistance, Bolivia shall furnish in form and substance satisfactory to AID:

(i) a statement of the names and a specimen of the signature of the person holding, or acting in, the office of the Minister of Planning and Coordination of Bolivia. If an additional project representative is also desired, the identification and signature of this person is also required.

(ii) evidence that Bolivia has officially established the Economic Policy Analysis Unit and has selected its Director and the members of the Executive Advisory Coordination Group.

(iii) evidence that Bolivia has finalized arrangements for renting office space for the Unit.

(iv) evidence that Bolivia has passed a Supreme Decree establishing the modified matrix system by which the Unit will have the authority to draft professionals from GOB institutions to help carry out specific studies.

(v) evidence that Bolivia has formalized an agreement between the Unit and the Title III Executive Secretariat delineating their respective administrative and financial responsibilities.

c. Bolivia shall covenant (i) to establish an evaluation program as part of the Project. Except as the Parties may otherwise agree in writing, evaluations will take place annually during the implementation of the Project and will include:

(a) evaluation of progress toward attainment of the objectives of the Project;

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment;

(c) assessment of how such problems may be overcome; and

(d) evaluation of the development impact of the Project.

(ii) to complete the selection of individual long-term advisors for the Project, following AID procurement regulations, within 30 days of the notice that the conditions precedent have been met, except as AID may otherwise agree in writing.

(iii) to finance the Economic Policy Analysis Unit fully after its third year of operation with funding from the National Treasury and/or the Title III Program, should the Unit be successful in assisting Govern-

ment leaders in developing sound economic development policies.

Acting Mission Director  
USAID/Bolivia

PD&I: MHLofstrom,RJAsselin:va

Clearances:

RLA:TGeiger \_\_\_\_\_

CON:JOHill (in draft)

DP:WGarvelink (in draft)

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L I S T O F A C R O N Y M S

BCB	Bolivian Central Bank
CBF	GOB Development Corporation
COMIBOL	GOB Mining Corporation
GOB	Government of Bolivia
IBRD	World Bank
IDB	International Development Bank
IMF	International Monetary Fund
INE	National Statistics Institute
MIC	Ministry of Industry and Commerce
MPC	Ministry of Planning and Coordination
MOF	Ministry of Finance
MOT	Ministry of Transport
SYFNID	National System and Repository for Development Information
UN	United Nations
YPFB	GOB Petroleum Company

## I. SUMMARY AND RECOMMENDATIONS

### A. Description of the Project

This project will provide \$1.2 million in DA funds supplemented by Government of Bolivia (GOB) local currency Title III and Treasury funds to improve the statistical and analytical information available to Bolivian policymakers to permit more responsive and effective formulation of public policy. The specific purpose of the project is to develop a permanent capability within the GOB to conduct policy analysis studies and to formulate economic policy options necessary to address both macro-economic and sectoral development constraints.

The project is one of USAID/Bolivia's highest priorities in that, in addition to supporting the policy reform goals of the revised PL 480 Title III Program in the short-term, it will be instrumental in assisting the GOB to adopt policy reforms necessary to strengthen the economy and to establish the conditions required to permit the public and private sectors to successfully carry out productive development efforts, one of USAID/Bolivia long-term strategy's principal areas of emphasis as fully described in the FY 1985 CDSS.

The project will support the development of the "Economic Policy Analysis Unit" (hereinafter referred to as "the Unit") created by Supreme Decree No. 19222 dated October 5, 1982. The executing agency charged with the overall responsibility of the implementation of the project, in accordance with a formal request made on November 23, 1982 to the U.S. Ambassador and the A.I.D. Director by President Siles and follow-on written request for assistance (see Annex A.1.), will be the Ministry of Planning and Coordination (MPC).

Specifically, the Unit will complete approximately 25 analytical studies during the life-of-project related to short and medium term economic and sectoral development policies in the areas of international macro-economics, domestic macro-economics, marketing and price policies, industrial development and agro-industry, and agriculture and rural development. Initial efforts will be concentrated on macro-economic policies dealing with pricing, currency exchange, salary and compensation, monetary control and fiscal management. A secondary but important responsibility of the Unit will be to prepare special analyses and policy recommendations needed by the GOB on a day-by-day basis. To achieve these outputs, the project will establish within the Unit an Analysis Division and an Information Division. These Divisions, in turn, will be managed by the Office of the Director whose functions will be to assure that they receive continuous inputs from the major GOB economic policy formulation institutions-- e.g. the MPC, the Ministry of Finance (MOF), and the Bolivian Central Bank (BCB). The project will establish an Executive Advisory Coordination Group (hereinafter referred to as the "Advisory Group") composed of nominated representatives from the MPC, the MOF and the BCB to assist the Unit's Director with the inter-ministerial coordination necessary to carry out policy studies. The Unit will also work under the direct responsibility of the GOB Economic Council's Under-secretaries Group which will have the responsibility of analyzing the policy options presented by the Unit and making its recommendations to the Council.

As the implementing entity of the project, the Unit will be responsible for receiving and administering the DA, Title III and Bolivian Treasury inputs to the project in accordance with USAID/Bolivia's newly established pari-passu disbursement system described in Section VI.C. USAID/Bolivia will directly disburse DA project funds for international consultants and commodity procurement as well as short-term training in the U.S. or third countries.

## B. Financial Plan

The total direct A.I.D., Title III and GOB input to the project is \$1,950,000, the breakdown for which is described as follows:

	<u>A.I.D.<sup>1/</sup></u>	<u>G O Title III</u>	<u>B Other</u>	<u>Total</u>
FY 1983	421,000	112,000	21,000	554,000
FY 1984	545,000	199,000	52,000	796,000
FY 1985	211,500	194,000	52,000	457,500
FY 1986	<u>22,500</u>	<u>95,000</u>	<u>25,000</u>	<u>142,500</u>
	1,200,000	600,000	150,000	1,950,000

1/ A.I.D. obligations include:

FY 1983 - \$400,000  
FY 1984 - \$600,000  
FY 1985 - \$200,000

These funds will be used as follows: (1) A.I.D. funds (\$1,200,000) for 90 person months (pm) of short and 42 pm long-term assistance to provide advice to the Unit in carrying out its functions, office and computer equipment to permit the Unit to carry out its analysis and information functions, and short-term participant training in the U.S. and third countries; (2) Title III funds (\$600,000) to pay for salaries of professional personnel and support staff of the Unit, short-term technical assistance, pay incentive bonuses of public sector institutions' technical personnel assigned to the Unit to work on specific studies, contract Bolivian consultants outside of the public sector, and defray operating and in-country training costs of the Unit; and (3) GOB inputs (\$150,000) to help to pay for operating costs and office space.

## C. Issues

### 1. Inter-institutional Coordination

The key constraints to achieving sound policies and development plans in the past have included: the lack of inter-institutional coordination, in part resulting from institutional jealousies; the lack of a strong coordination mechanism to direct and take advantage of the human resources of different GOB entities; and the lack of continuity in policy strategies and measures as a result of political instability.

In recognition of these traditional constraints, President Siles has endorsed the creation of the Unit and has placed it under the general direction

of the Chief of his Economic Council, the Minister of Planning and Coordination. In this context, the Unit will receive administrative support from the MPC. In view of the emphasis that the Unit will give to economic and development issues, it will be supported by an inter-ministerial Advisory Group composed of representatives of the three major policymaking GOB institutions (i.e. MOF, MPC, BCB) charged with assisting the Unit's Director and acting as a liaison between the Unit and their ministries. The Unit Director, in turn, will be supervised directly by the Economic Council's Undersecretaries Group, also representing the MPC, MOF, and BCB. This organizational structure is expected to ensure the Unit's permanence should governments change, while at the same time greatly improving inter-institutional coordination.

Functionally, the organizational structure also recognizes that one of the most important factors affecting the long-term performance of the Unit is the coordination to be realized between it and public sector entities during the process of carrying out specific analyses. To this effect, the inter-ministerial Advisory Group will assist the Unit's Director to obtain the cooperation of other governmental institutions in selecting personnel to participate in specific studies and supporting the studies as they are carried out. Lastly, the Advisory Group and the Unit's Director will be responsible for developing a close working relationship with the private sector on all those matters of interest to that sector or where it is able to provide relevant inputs. This relationship will mainly be achieved through the Chambers and Associations already established within the private sector including: the Confederation of Private Sector Institutions, the Chamber of Commerce, the Chamber of Industry, the Medium Size Miners Association, the Santa Cruz Chamber of Agriculture, and the Chamber of Exporting Companies.

Also helping to address the traditional constraints affecting GOB inter-institutional coordination is the endorsement of the creation of the Unit by the local major international donor representatives. In this regard, the UNDP has agreed to collaborate closely in order to assure the compatibility of its program to establish long-term information systems with the Unit's proposed Information Division. In addition, preliminary plans call for the coordination of technical assistance and training inputs by other international donors during the life-of-project activities, such as through the IDB's proposed technical cooperation program for industrial development. Both the long-term UNDP and anticipated short-term other donor assistance will complement USAID/Bolivia's effort to strengthen the institutional capacity of the Unit, as well as to carry out specific policy studies affecting GOB economic and development plans, international donor projects, and USAID/Bolivia's long-term program strategy.

## 2. GOB Commitment

This issue concerns the depth of the GOB's commitment to the Policy Reform project, particularly the creation of a partially U.S. Government financed permanent Unit to assist it in carrying out analyses and formulate economic policy options.

President Siles formally requested assistance in establishing a policy analysis unit to assist GOB policymakers in analyzing economic and development issues and in formulating immediate and long-term policies. The President's formal request was made to the U. S. Ambassador and the A.I.D. Director on November 23, 1982.

Attending the meeting were: Siles, the Minister of Planning and Coordination, Mr. Arturo Nuñez del Prado, and Mr. Horacio Torres Guzmán, the Minister Secretary. In this meeting, Siles stated that he wanted the Unit to be organizationally housed in the MPC and under the administrative direction of the MPC Minister. A follow-on meeting was held on November 24, 1982 and was attended by the U. S. Ambassador, the A.I.D. Director, and the Ministers of Finance, Planning and Coordination and Industry and Commerce. This meeting (1) formalized the organizational structure of the Unit, (2) defined its inter-institutional relationships, and (3) identified the direct assistance to be provided by USAID/Bolivia and indirect assistance to be provided by the other international donors. The Siles Cabinet subsequently (March 1, 1983) appointed a three-person GOB team from the MPC and the MOF to work with USAID/Bolivia in developing the final project proposal which has served as the basis for the Policy Reform PP. In the course of designing the project with this team, the GOB's commitment to and interest in the establishment of the Unit was clearly reconfirmed, and the GOB is anxious that it begin functioning as soon as possible.

#### D. Recommendations

The GOB-AID project committee has determined that the proposed activities are technically, administratively and financially feasible within the three-year life-of-project period.

During the project design, close consultation prevailed between USAID/Bolivia, the GOB, as well as with the Bolivian private sector and other international donors. Special mention must be made of the quality of the participation of the GOB working group (i.e. MPC, MOF) which worked with the USAID/Bolivia project committee in developing both the PID and the PP.

The specific analyses carried out during the project design did not identify any serious obstacles to project implementation and indicated that the project can achieve its purpose and objectives. Special attention was paid to the institutional and administrative issues identified in the PID review cable (see Annex A.3.).

#### E. Project Committee

##### 1. USAID/Bolivia

David A. Cohen, Deputy Director, Project Advisor.  
Roberto León de Vivero, Office of Development, Planning and Evaluation,  
Coordinator of the Project.  
Robert Asselin, Jr., Project Development and Implementation Office.  
Lloyd C. Brown, Office of Rural Development.  
Marcelo Miranda, Private Sector Office.  
Raul Pinto, Controller Office

##### 2. Government of Bolivia

Alfonso Criales, Undersecretary of Coordination, Ministry of Planning  
and Coordination, Project Advisor.  
Luis Guereca, Ministry of Finance.  
Javier Martinez, Ministry of Planning and Coordination.  
Ministry of Planning and Coordination.

## II. BACKGROUND

Historically, the base of the Bolivian economy has been the exploitation of non-renewable natural resources, primarily tin and hydrocarbons. During the late 1960's and early 1970's, as production levels of tin and petroleum increased, real GDP grew at an average annual rate of 5.6 percent. In the early 1970's, based on expectations of continued increases in production, exports and revenues resulting from world oil and metal price increases, the GOB expanded public sector spending significantly, further contributing to high growth rates through the mid 1970's. Bolivia's economic base was subsequently broadened through increases in the production and export of natural gas, accelerated industrialization of mineral resources, the expansion of commercial agriculture, and the achievement of self-sufficiency in certain food products. This economic diversification, complemented by an expansion and improvement of Bolivia's primitive transportation network and the construction of large hydroelectric plants to serve urban centers and nearby rural areas, propelled the growth of real GDP to an average annual rate of 6 percent during the 1973-1977 period.

The relatively strong economic expansion in the mid 1970's, however, was achieved at the expense of increasing internal and external imbalances. When the expected high earnings and revenue growth from the export of minerals and oil ultimately failed to materialize, Bolivia found itself faced with excessive public sector deficits, mounting external debt servicing requirements, and a precariously low level of international reserves. The fact that the country still had an easy access to the international money market, however, permitted the GOB to delay hard decisions aimed at controlling public spending, eliminating subsidies of domestic prices, and reducing the reliance on state capitalism as the country's principal engine of growth.

The economy continued to deteriorate from 1979 to 1981, particularly during the July 1980-September 1981 García Meza military regime, which resulted in a decrease in the rate of growth of real GDP from 4.2 percent in 1977 to a negative -0.6 percent in 1981. This decreasing rate of growth reflected a deterioration of all aspects of the economy. In production, the share of minerals in real GDP fell from 6.9 percent in 1977 to 6.2 percent in 1981, with petroleum falling to 54 percent of the 1977 level of output. The rate of growth of agricultural output decelerated from 3 percent in 1978-1979 to 2 percent in 1980-1981. Manufacturing activities experienced a negative rate of growth in 1980-1981, partly as a result of contraband imports from neighboring countries. The construction sector registered declines of 5 and 7 percent in 1980 and 1981, respectively, resulting in the layoffs of approximately 16 percent of the sector's workers. In aggregate demand, consumption rose from 65 percent of aggregate in 1977 to 77 percent in 1981 at the expense of investment, resulting in a decline of fixed capital formation from 15.5 percent of aggregate demand in 1977 to 11.5 percent in 1981. In intersectoral flows of financial resources, the gap between domestic savings and investment grew to approximately 5 percent of GDP in 1981, which was financed by the use of general purpose foreign loans and a drawdown of the BCB's net international reserves. In public sector operations, the fiscal deficit was largely responsible for the widening gap between domestic expenditures and the total output of goods and services, as well as for the deterioration of the balance of payments. These factors, led to the devaluation of the peso in 1979 from 20 to 25 pesos to the U.S. dollar, the deferment of payments of foreign loans in 1980, and the imposition of exchange controls in 1981. The official GOB deficit expanded

from 2.5 to 7.0 percent of GDP between 1977 and 1981 owing to a combination of declining revenues and expanded current outlays and public investment. In non-financial public enterprises, the most important state enterprises (i.e. the oil company, YPFB; the mining corporation, COMIBOL; and the development corporation, CBF) experienced financial difficulties. Lastly, in the external sector, the balance of payments deficit rose from \$144 million in 1980 to more than \$300 million in 1981. Bolivia's foreign debt service payments increased from 25.9 percent of export earnings in 1980 to 44 percent in late 1981.

In sum, the ever-increasing role of the state in the economic life of Bolivia, the absence of political stability, and the adoption of economic policies based on short-term political expediency instead of sustained development and growth with equity, have resulted in an internally inconsistent policy structure inhibiting economic expansion, increased productivity and a broader distribution of income. These factors, coupled with the decreasing world prices of hydrocarbons and mineral products, Bolivia's chief providers of foreign exchange, have caused the economy to deteriorate to a crisis level in which real GDP is estimated to have declined an additional 12 percent in 1982.

During the past 20 years, the GOB has not placed sufficient emphasis on the quality of policy and institutional reform measures necessary to address the macro-economic and development constraints plaguing the country. Because of the serious deterioration of the economic situation, particularly since the July 1980 coup, (with encouragement from the International Monetary Fund and international donors) the GOB has re-examined a number of basic policy premises during the last year. As a result, four major interrelated steps were taken during the Torrelio and Vildoso governments: the preparation of a 1982-1984 Triennial Plan in October 1981; the establishment of the National Stabilization Commission in July 1982; the development of the Emergency Economic Plan in September 1982; and the issuance of a Supreme Decree calling for the creation of an "Economic Policy Analysis Unit for the Formulation of National and Sectorial Policies" in October 1982.

In October 1981, the Torrelio Government published the 1982-1984 Triennial Plan, a three-year policy statement which defined macro-economic and sectoral development goals and specific GOB actions and project plans. Some of the more relevant macro-economic policies included: the partial removal of controls on foreign exchange transactions through establishment of a two-tiered (official and free) exchange market (achieved in March 1982); the removal of interest rate controls on bank loans (except for state development banks) combined with a minimum interest rates on savings deposits (achieved in March 1982); the reduction of government intervention in domestic marketing in order to permit supply and demand forces to determine prices and availability of goods and services (price controls have been removed from a limited number of traditionally controlled commodities while prices have been raised for others); the gradual reduction of government participation in productive sectors through the transfer or liquidation of selected state enterprises with a concomitant promotion of private sector expansion; and the re-orientation of public and private investment to profitable shorter term maturity projects. (Note: These last two objectives remain to be addressed.) At the project level, the Triennial Plan emphasized the need to reorganize and re-orient a series of existing state and private enterprises (e.g. sugar refining, oilseed production and processing, textiles and cotton production, flour milling).

The GOB found it difficult to implement many of the Triennial Plan's intended policy reforms, in part because of a lack of capacity within the public sector to objectively analyze the potential impact of the adoption or non-adoption of such changes. This lack of analytical capability also limited the ability of the GOB to defend the Plan's potentially effective economic reforms against criticisms by political opposition, as well as to inform the public of the reasons for establishing given policies.

In July 1982, the Torrelio government established a National Stabilization Commission by its Supreme Decree No. 19034. The Commission was charged with the responsibility for simplifying and accelerating the implementation of the economic and fiscal policies originally defined in the Triennial Plan. Based on the Commission's work to define the most pressing macro-economic and development constraints, in September 1982, the Vildoso government developed an Emergency Economic Plan, which, although not issued, formed the basis for many of the measures in the economic package issued by the Siles administration on November 6, 1982. The National Stabilization Commission, however, did not improve the GOB's capability to conduct policy analysis studies and to formulate necessary policy recommendations. Having recognized the GOB's deficiency in policy analysis during the elaboration of the Emergency Economic Plan, the Vildoso government issued Supreme Decree No. 19222 on October 5, 1981 which called for the establishment of an "Economic Policy Analysis Unit for the Formulation of National and Sectoral Policies".

The work leading to the establishment of the Unit was formally started on August 27, 1982 at the initiative of a high-level GOB team established by the MPC, the MOF and the BCB. In early September 1982, the team, in which representatives of USAID/Bolivia also participated, identified alternative means for the GOB to acquire the capacity to analyze policy issues so as to determine potential impacts of policy alternatives. Its findings were formally reported to the participating institutions on September 15, 1982 in a document entitled "Proyecto: Análisis para la Formulación de Políticas Nacionales y Sectoriales en Bolivia", proposing the establishment of a policy analysis unit which included the participation of the GOB's leading economic entities (i.e. MPC, MOF, BCB), as well as other ministries and public sector institutions, as appropriate. After consultation with other international donors (i.e. UN, IBRD, IDB), the Vildoso government concluded that the concept was viable and essential for Bolivia's immediate and long-term policy planning and development decisions, and consequently granted approval to the high-level team to proceed with the development of a full project proposal. The GOB and USAID/Bolivia personnel completed the initial project design on September 29, 1982. The Vildoso government's acceptance of the project design led to the official creation of the Unit in the Supreme Decree No. 19222 on October 5, 1982.

On October 10, 1982, the military, after three regimes since the July 1980 García Meza coup, turned over the country's leadership to an elected civilian government committed to undertake critically needed economic and social reform measures. In recognition of the seriousness of the economic situation and of the need for reform on broad front, the Siles government indicated it would address the country's most immediate economic problems early in its administration, and subsequently seek to remedy the development constraints which have traditionally restrained economic and social progress in Bolivia. The first major action taken

in this respect was the November 6, 1982 announcement of some thirty economic measures, most of which followed IMF suggestions. They were taken, however, with the full realization that the GOB presently lacked the necessary analytical base to determine their probable impact. The economic measures, although falling short of what was required to restore economic stability and meet IMF requirements for an Extended Fund Facility agreement, principally with respect to reducing the budget deficit, included a series of supreme decrees which sought to reverse the progressive deterioration of the economy and to set the stage for future growth. The Siles government also announced that it would adopt follow-on measures to reduce the fiscal deficit and to obtain a positive growth rate in the major production sectors (i.e. agriculture, mining and hydrocarbons, industry) in the near future.

The second major action was the formal request made on November 23, 1982, to the U.S. Ambassador and the A.I.D. Director by President Siles and the MPC Minister for assistance to develop a permanent capability within the GOB to conduct policy analysis studies and to formulate policy recommendations. This request carried with it the endorsement of the concept developed under the Vildoso government for the establishment of an "Economic Policy Analysis Unit" composed of experienced professionals who could provide sound advice on the expected effects of alternative policy modifications on the economy, many of which the IMF or the development banks were urging the country to make.

In response to the Siles administration's request, USAID/Bolivia's PID modified and expanded the original Policy Reform project design to include up the \$1,200,000 in Development Assistance (DA) and \$500,000 in PL 480 Title III funds. The final PP has been developed by a joint GOB-AID project committee, in which the GOB representatives consisting of MPC and MOF officials were nominated by a Siles cabinet resolution.

### III. RELATION TO USAID ASSISTANCE STRATEGY

The USAID/Bolivia long-term strategy, beginning in FY 1984, supports the fundamental goal of A.I.D. assistance to promote economic growth with equity to achieve an improved standard of living for Bolivia's poor. The strategy for achieving this goal represents a significant change in direction from the previous pre-July 1980 coup all-encompassing nationwide approach to a more focussed effort designed to accelerate socio-economic growth and development in a specific geographic region, the La Paz-Cochabamba-Santa Cruz Corridor. The Corridor was selected for program concentration, in part, for its growth pole and high value agricultural and agro-industrial potential which, compared to the other regions in Bolivia, can be developed more easily due to the existence of a limited marketing and infrastructure base, as well as other favorable developmental factors (e.g. available land and water resources, adequate soils and climate, and a skilled and relatively progressive labor force). These combined elements offer promising investment opportunities to the private sector, a principal focus of the A.I.D. long-term strategy for the 1984-1989 planning period.

The Policy Reform project is one of USAID/Bolivia's highest priority projects in that it will be instrumental in assisting the GOB to adopt short and medium term policy reforms necessary to strengthen the economy, and establish the conditions required to permit the public and private sectors to successfully carry out productive development efforts. This is particularly important because, as part of the long-term strategy, USAID/Bolivia will support projects in specific areas such as private sector agribusiness, diversified agricultural production, farmer cooperatives, provision of improved marketing services and export promotion, and technology transfer, which can only be successful in a conducive economic policy environment. Furthermore, the project will directly support A.I.D.'s overall policy goals of using its program to engage in policy dialogue with cooperating countries. The establishment of a technically competent, high-level policy analysis capability within the GOB will enable USAID/Bolivia and other international donors to assist the GOB in an ongoing fashion to develop appropriate economic and development policies.

Specifically, the Policy Reform project will initially support the GOB's immediate efforts to adopt difficult macro-economic and development policy measures including: monetary and fiscal reforms necessary to insure greater economic stability; the reform and expansion of the tax system; the reduction of consumer subsidies; the adoption of realistic interest rates; the development of institutional alternatives for savings mobilization; the removal of agricultural price controls on crop production; the rationalization of currency exchange restrictions; the redefinition of the role of state enterprises in industrial development; the adoption of measures to promote internal capital formation, improved markets and broader access to external capital; and the expansion of development efforts in agriculture, energy and mining.

#### IV. PROJECT DESCRIPTION

##### A. Goal, Purpose and Outputs

The overall goal of the project is to increase Bolivia's economic stability and growth through an improved policy framework in order to assure sound public investments and encourage new and expanded private productive enterprises.

The purpose of the project is to develop a permanent capability within the GOB to conduct policy analysis studies and to formulate policy options necessary to address macro-economic and sectoral development constraints. The Unit will undertake thorough analyses of policy alternatives which can address problems identified by the GOB's Economic Council. Its staff will also be capable of providing GOB economic decision makers with information and analyses required to support decisions which must be made on a day to day basis.

The end-of-project status will include the achievement of the following principal outputs:

1. The establishment of a government Economic Policy Analysis Unit.
2. The completion of at least 25 analytical studies on short to medium term policies relating but not limited to the following areas: international macro-economics, domestic macro-economics, marketing and price policies, industrial development and agro-industry, and agriculture and rural development.
3. The institutionalization of the Unit's information gathering, storage and distribution system in coordination with the government's more comprehensive information systems.
4. The establishment of a mechanism for disseminating analytical findings of completed analyses to policy making officials and relevant private sector groups.

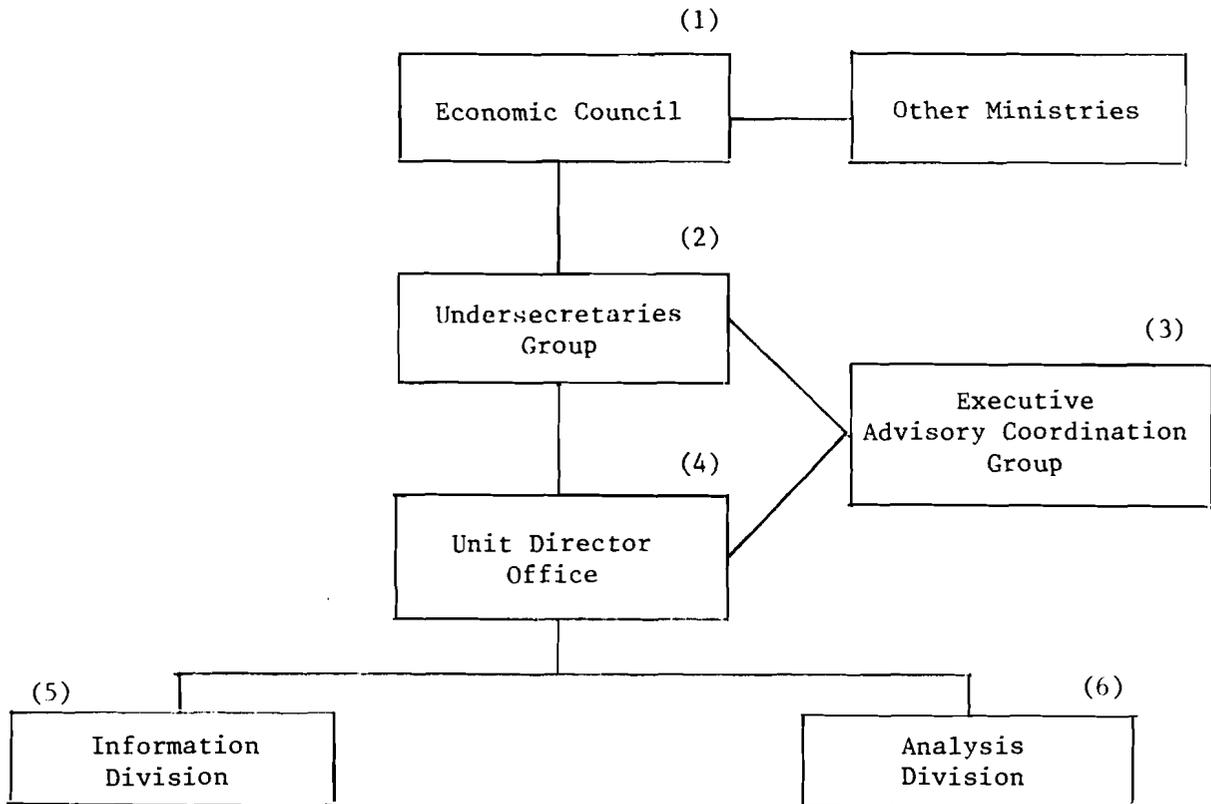
##### B. Economic Policy Analysis Unit Organization

The Unit will have a close relationship with the GOB's Economic Council and Undersecretaries Group, and will receive advice from a GOB Executive Advisory Coordination Group representing the principal government economic institutions (i.e. MPC, MOF, and BCB). The Unit itself will be composed of an Office of the Director, an Analysis Division and an Information Division. The functions of each of these groups is described below and diagramed in Figure No. 1 - Unit Organization Structure.

##### 1. Economic Council

The Economic Council is a subgroup of the full GOB Cabinet, composed of the Ministers of Planning and Coordination, Finance, and the Bolivian Central Bank Manager. It is responsible for discussing policy options and making recommendations to the full Cabinet. It is chaired by the Ministry of Planning and Coordination, under whose aegis the Policy Analysis Unit will function.

Figure No. 1 - Unit Organizational Structure



- (1) Ministers of Planning and Coordination (MPC), Finance (MOF), and Bolivian Central Bank (BCB) Manager.
- (2) Undersecretaries of MPC, MOF and Ministry of Industry and Commerce (MIC), and BCB Manager.
- (3) MPC, MOF, BCB and other representatives of the Undersecretaries Group.
- (4) Unit Director and support staff (Operations Assistant, Accountant, 3 secretaries).
- (5) Division Chief (principal Statistician Analyst), Statistical Analysts (2), Systems Analyst, Assistant Statistician, Librarian, Information Specialist and Computer Operator.
- (6) Division Chief (macro-economist) and Area Specialists (4) i.e. business administration/marketing-price analysis; production/marketing/financing; resource economics/agricultural economics; banking/monetary.

## 2. The Undersecretaries Group

The Undersecretaries Group is made up of undersecretaries from the key economic entities (i.e. MPC, MOF, BCB). It functions as a working committee for the Economic Council. With regard to the project, its functions will be to: transmit the Council's requests for studies to the Unit; approve the schedules, scopes of work and personnel recommendations made by the Unit's Director in coordination with representatives of the MPC, the MOF and the BCB regarding the assignments it is given; and consider the policy options presented by the Unit in order to make policy recommendations to the Economic Council.

## 3. Executive Advisory Coordination Group

The Advisory Group, composed of high level representatives from the MPC, the MOF, and the BCB, plus representatives of other ministries concerned with particular studies on an ad hoc basis, will be charged with assisting the Unit's Director with the inter-ministerial coordination necessary to carry out policy studies.

## 4. Office of the Director

The function of the Director will be to ensure that the operation of the Unit receives continuous inputs from the Undersecretaries and the Advisory Groups which represent the major GOB macro-economic policy formulation institutions (i.e. MPC, MOF, BCB). This Office will also seek suggestions and participation from the private sector and the international donors. The Office will be responsible for overseeing the Unit's operations including: monitoring progress of assigned work tasks; assuring adequate support from appropriate institutions and agencies in terms of supply of information, personnel and funding; and coordinating the feedback of information and analytical results to appropriate institutions.

The Director's Office will include a Director, an Operations Assistant, an Accountant and a three-person secretarial pool to serve the entire Unit. The Director will be responsible for: establishing the Unit, maintaining working relations with policymakers in the GOB, chairing meetings of the members of the ministerial Advisory Group, and coordinating the analyses of the policies to be addressed. The Director must possess both administrative and research skills, preferably a Ph.D. in Economics with additional training in political science or public administration, and have significant experience working in or with the Bolivian public sector. He will be assisted by an Operations Assistant who will carry out the day to day administrative operations of the Unit. The Operations Assistant should possess skills in personnel management, contracting, commodity procurement and accounting.

## 5. The Analysis Division

The function of the Analysis Division will be to provide an objective analytical service to policymakers for the purpose of identifying and assessing the consequences of alternative economic and sectoral policies. The Analysis Division will be composed of five area specialists, one of which will serve as the Division Chief. The Division Chief will report to the Unit's Director, and all five of the area specialists will be responsible for managing analytical studies in accordance with priorities requested by the Economic Council and defined by the Undersecretaries Group and the inter-ministerial Advisory Group.

The area specialist positions will include the following: a macro-economist requiring Ph. D. or M.A. level training in economics; a position requiring an M.S. in marketing or agricultural economics, or an M.B.A. with a concentration in marketing and price analysis; a position requiring M.B.A. level training in production, finance or marketing; a position requiring an M.A. in agricultural economics or, alternatively, in resource economics; and a position requiring M. A. level training in banking and financing. The area specialists, including the Division Chief, will be assisted by a long-term technical advisor in the organization of the Analysis Division. A fuller description of the Division's staff requirements is provided in Section V.A., Administrative Feasibility, and the full scope of work of the advisor is detailed in Annex B.2.

The Division will be responsible for carrying out analyses in five key areas: international macro-economics, domestic macro-economics, marketing and pricing, industrial and agro-industrial development, and agriculture and rural development. During the first year, it will concentrate on fiscal, monetary and pricing problems, given the need to assist the GOB in adopting policies to address the current economic crisis. Accordingly, the first year studies will address issues in: (a) agriculture pricing, (b) currency exchange rates, (c) salary and compensation standards, (d) monetary control, and (e) fiscal management. The initial areas have been selected based on the current macro-economic and development priorities identified by the Siles administration. A list of possible additional analyses to be carried out during the first year of the project is described in Sections VII A. and B. In addition, the Division will have a quick response capability to carry out special ad hoc short term analyses, requested by the Economic Council which may fall outside of the original five areas of concentration.

An important element in the organization of the Analysis Division is the utilization of a functional "matrix" system. The small five person permanent staff of selected professionals managing the Analysis Division's work will supervise the staff required to carry out particular studies, specifically short-term consultants and specialists from relevant public agencies, seconded temporarily to the Unit. The Division's specialists initially to be assisted by a long-term macro-economic advisor, will direct the analysis process in terms of the design, execution and resolution of problems encountered. Short-term specialists will be drawn primarily from the three public institutions represented on the ministerial Economic Council, which have 344 full-time professionals with undergraduate level studies (i.e. MOF, 89; MPC, 83; BCB, 172), as well as from other ministries when required (e.g. Agriculture, Industry and Commerce, Transport). The aspect of being able to utilize personnel from different GOB entities is considered important for the political acceptability of the Division's findings. When the expertise required for a particular study cannot be drawn from public sector institutions, the Analysis Division will utilize private sector groups and/or contracted advisors. The functional "matrix" system was chosen as the implementing mechanism of the Analysis Division in lieu of a large, fully staffed institution for cost, scheduling and performance standard considerations, including the IMF's recommendation that the GOB make every effort not to increase institutional expenditures over the next two years. A more detailed description of the "matrix" system is included in Section V.A. Administrative Feasibility.

## 6. The Information Division

The functions of the Information Division are three-fold: to collect and/or catalogue available, relevant information from secondary sources and synthesize it for use in policy analysis and formulation; to disseminate policy related information to policymakers; and to establish a compatible coordination mechanism with other GOB information systems currently in existence or being developed. A spin-off activity based on the findings of the Unit will be the establishment of publication and seminar mechanisms to service private sector institutions, universities and the public in general. The specific functions of the Division include: (1) the provision of information needed by the Analysis Division and, as time permits, other public sector institutions with policy formulation and decision making functions; (2) support of the Analysis Division in the application of research methods; and (3) the maintenance of a data bank including an automated library capable of making socio-economic information available in areas requiring continuous analysis. In addition, the Information Division's system will be designed in such a way as to support the GOB's ongoing information projects and its planned National System and Repository for Development Information (SYFNID).

The Information Division will be composed of a Division Chief, two statistical analysts, a systems analyst, an information specialist, an assistant statistician, a librarian and a computer operator. The Division Chief will report to the Unit Director, be responsible for the operations of the Division and its coordination with the Analysis Division, and fill the principal statistical analyst position. The staff will be responsible for developing and maintaining an inventory of information available from all sources organized by subject matter and/or by code.

Since the data acquisition and processing requirements of the Analysis Unit will be provided by the Information Division, its staff will be expected to ascertain the availability of relevant secondary information, as well as to participate in the collection of primary data when such is required on an exceptional basis. In this role, the Division will not attempt to collect primary data or become a general repository of information, functions which will continue to be performed by the agencies charged with those responsibilities. The Division will, however, provide a useful service to information gathering entities by (1) identifying both gaps and overlaps in the information available; (2) suggesting changes in the form in which data is collected, compiled and published, to correspond more closely with use needs; and (3) providing, on an ad hoc basis, interpretations, critiques, summaries, and graphic or tabular displays of information maintained on discs in a computer data bank for rapid access.

The Information Division's work will be coordinated with the large existing and/or planned GOB information systems being developed by the three GOB institutions participating in the project (i.e. MPC, MOF, BCB) and the National Institute of Statistics (INE), with the support of the UN's BOL/81/001 "Análisis Económico, Evaluación de Inversiones y Capacitación Económica" project. To permit the Information Division to adequately serve the Analysis Division and to properly coordinate its functions with the GOB information system, the acquisition of high-capacity data processing equipment with word processor capability to permit the receipt and transmission of printed information from other GOB information systems will be required.

## C. Inputs

### 1. Technical Assistance

Technical Assistance will be contracted to complement personnel drawn from pertinent public sector institutions on a short-term basis. The technical assistance must be of the highest analytical quality in view of (1) the nature of the work to be performed (i.e. advice and recommendations with respect to national economic policies); (2) the need to establish the legitimacy and utility of the work of the Unit with public sector policy making officials; (3) the limited availability of post-graduate professionals in the different GOB institutions; and (4) the need to coordinate the project's activities with international donor organizations.

The project contemplates 140 person-months of short-term specialists (AID 90 pm, Title III 50 pm) to be provided for carrying out specific studies on an as needed basis. Approximately half of these will be provided from non-U.S. sources (i.e. Bolivia and third countries) for which source waivers will be approved where necessary. For assistance with macro-economic policy analysis, the GOB intends to establish a cooperative relationship with a U.S. university through a basic ordering agreement under which the university will make members of its economic or other relevant faculties available on an as needed basis. Other short-term assistance will be recruited from Bolivia, other Latin American countries and the U.S.

In addition to the short-term expertise necessary to carry out studies, the project contemplates the provision of 42 person-months of long-term technical assistance to assist in setting up the Unit: a macro economic policy analyst to assist the Analysis Division (AID 24 pm), and an information and systems advisor to assist in the organization of the Information Division (AID 18 pm).

The technical advisor for the Analysis Division will (1) advise the Division Chief in the selection and assignment of the initial analytical studies to be accomplished, (2) assist assigned economists in the definition and preparation of specifications for initial analytical tasks, (3) provide guidance in focussing on option analysis and on options consistent with a national strategy of stability and economic growth, and (4) assist in coordination with the Information Division in the acquisition of information and data processing techniques necessary to accomplish initial analysis. The technical advisor for the Information Division will (1) assist the Division Chief and Systems Analyst in the selection, installation and testing of software, (2) assist the Information Specialist and Systems Analyst in the design, installation and initial operation of the data banks, (3) assist the Information Specialist and Systems Analyst in the development of specifications for response to initial information and data processing requests, (4) assist the Librarian in the organization of the automated library reference system, and (5) provide technical assistance to the member organizations of SYFNID to reinforce the functionality of ongoing programs within the national information system. The full scope of work and selection criteria for both technical advisors is detailed in Annex B.2.

## 2. Training

In order to assure the technical capability of the Unit, the project will place special emphasis on short-term training.

Although training needs will, by necessity, be defined once the permanent staff composition is determined, the training component calls for the provision of up to 32 person months of U.S. and third country short-term training for the Unit's technical personnel. The training will be provided during the second and third years of the project consisting of specialized courses of approximately 2 months duration. In addition, the Unit's permanent professional staff members and the contracted technical advisors will carry out in-country workshops and short courses for public and private sector individuals by making use of their expertise and the findings resulting from the specific analytical studies.

Per the DAEC PID guidance cable and subsequent exchanges (see Annex A.3.), the seven proposed long-term training slots for the project were eliminated.

## 3. Commodity Support

In addition to standard office equipment, the project calls for the purchase of a micro-computer to enhance the data gathering capability of the Unit. The micro-computer will be utilized as follows: to retrieve specialized stored data required by the area specialists in carrying out studies; to store the statistical data supporting completed studies; and to coordinate the short to medium-term functions of the Information Division with other long-term existing or planned GOB information systems being developed by international institutions.

A micro-computer with word processing capacity is also expected to greatly enhance the ability of the Information Division to provide services to section specialists in the Analysis Division and to outside clients. This is particularly relevant to the Division's coordination with the UN's BOL/81/001 "Análisis Económico, Evaluación de Inversiones y Capacitación Económica" project, which will assist the GOB to establish a data processing and storage bank in coordination with INE and the BCB for GOB national accounts, socio-economic indicators, the national budget, public investment, project financing, and the national debt. A complete breakdown of commodity procurements to be made under the project is detailed in Annex C.1. Material Procurement.

## V. PROJECT SPECIFIC ANALYSES

### A. Administrative Feasibility

#### 1. Rationale for Organizational Structure

A key element to the success of the project is the legitimacy and utility of the work of the Unit to the various public sector, policymaking officials. In Bolivia, as in many developing countries, public sector officials tend to accept as valid only analyses performed by their own institutions and tend not to share these with other institutions.

To address this problem, the project will utilize a functional "matrix" system whereby personnel of the three public institutions represented on the ministerial Economic Council (i.e. MOF, MPC, BCB), as well as from other ministries (e.g. MIC, MACA, MOT), when required, will jointly work on specific analyses to assure the inter-ministerial acceptability of the findings. Also as a means of addressing this problem, the Unit will receive its overall direction from the GOB Economic Council and the Undersecretaries Group, both of which represent the three major policymaking institutions of the GOB (i.e., MPC, MOF, BCB). Its work will be facilitated by an Advisory Group composed of high level representatives of these institutions and chaired by the Director of the Unit. Great care will be taken to staff the Unit with high quality, experienced professionals (see Section V.A.1.a-b, below). In addition, appropriate short and long-term external technical assistance will be acquired to facilitate the organization and the operation of the Unit to assure that analytical results are of high quality.

#### a. Analysis Division Staff

The Division will include five principal positions:

i) The Division Chief/Macro-Economist will have the responsibility for the overall day-to-day administrative and technical aspects of the Division and will provide macro-economic advice service to those studies which require them. Requirement will be at least an M.A. level training in economics and related experience.

ii) The Business Administration/Marketing-Price Analysis Specialist will have an M.S. in marketing or agricultural economics, or an M.B.A. in business administration with concentration on marketing and price analysis.

iii) The Production/Marketing/Finance Specialist will have an M.B.A. level training in production, finance, or marketing.

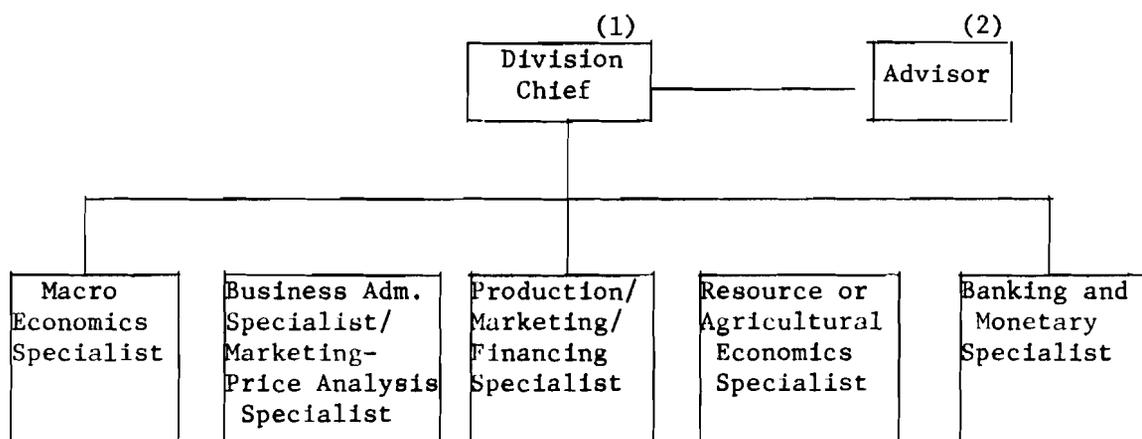
iv) The Resource Economics/Agricultural Economics Specialist will possess an M.A. degree in resource economics or an M.A. in agricultural economics.

v) The Banking and Monetary Specialist will have an M. A. in banking and finance, preferably with extensive work experience in domestic and/or international banking institutions.

These five positions will be complemented by the services of one long-term advisor, specialized in macro-economics, during the first two years of the project.

The organizational structure of the Analysis Division is given in Figure No. 2.

Figure No. 2 - Analysis Division Organizational Structure



(1) Division Chief and Macro-Economics Specialist fill same position.

(2) Long-term macro-economics international advisor (24 pm).

b. Information Division Staff

The Division will include seven principal positions:

1) The Division Chief will be responsible for the day-to-day administrative and technical operations, the coordination of activities between the Division and other Unit sub-divisions, and for the carrying out the function of the principal Statistician. Requirements will be an M. A. in economics with emphasis on Statistics, at least five years' experience in the field of specialization, and at least two years' experience in administration.

ii) The Information Specialist/Librarian will be responsible for maintaining the automated library system to efficiently meet the information requirements of the Analysis Division and for providing support to non-statistical institutions. Requirements will be technical training in library and information science, with at least three years' experience in the field of specialization, including two years' experience in automated library operations.

iii)-iv) The two Statistical Analysts and the Statistical Assistant will be responsible for providing technical support to existing statistical information centers (e.g. INE) and for coordinating institutional activities, in order to fill existing information data gaps and avoid duplication of efforts within the information system. This person will also prepare statistical information in usable formats for input to problem analysis. Requirements for the Statistical Analyst position are a B. A. in Economics with emphasis on statistical analysis and at least two years' related experience. Requirements for the Statistical Assistant position are a B. A. in the Social sciences with at least two years' experience in statistics.

v) The Systems Analyst will be responsible for the design and maintenance of the data processing data bank system and for providing assistance to the Analysis Division in the data analyses related to individual studies. Requirements are academic training in systems analysis, at least two years' experience in the field of specialization and at least one year's experience in data banks.

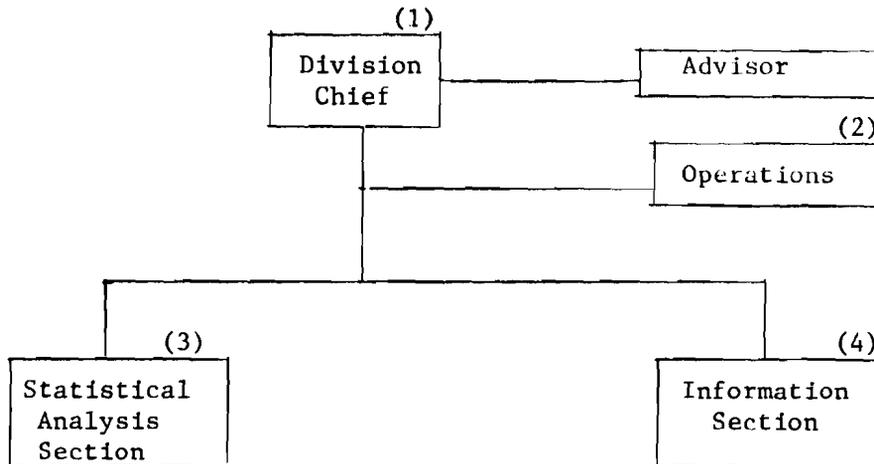
vi) The Computer Operator will be responsible for the operation and maintenance of the data processing system and equipment. Requirements are: technical training in computer operations, with at least three years' experience as an operator.

The seven positions will be complemented by the services of one long-term advisor specialized in information and data systems during the first eighteen months of the project. During the initial organization period, the advisor will provide support to the Division Chief and, when necessary, will work directly with the various technicians in the development of an adequate functional system. Additionally, the advisor will work with SYFNID in order to assure coordination of the Division's activities. Finally, the advisor will assist in the identification of specialized technical assistance in specific problem areas.

In defining the organization and staffing for the Information Division, the joint GOB-AID project design team carefully took into consideration the concerns expressed in the DAEC PID review and guidance cable (see Annex A.3). Specifically, the staffing mix of the Information Division was arrived at after the study of the GOB's capability in the information and data systems area, as well as the analysis of the national GOB information system being developed with the support of the UN's BOL/81/001 project.

The organizational structure of the Information Division is given in Figure No. 3.

Figure No. 3 - Information Division Organizational Structure



- (1) Division Chief and principal Statistical Analyst fill same position.
- (2) Computer Operator, Systems Analyst.
- (3) Statistical Analysts (2), Statistical Assistant.
- (4) Information Specialist/Librarian

## 2. Implementation of Studies

The Analysis Division will carry out short and medium-term studies in five principal areas: international and domestic macro-economics, marketing and pricing, industrial development and agro-industry, and agriculture and rural development. During the first year of implementation, it will concentrate efforts on agricultural pricing, currency exchange rates, salary and compensation standards, monetary control and fiscal management. A description of specific studies to be carried out in each of these areas is provided in Sections VII.A. and B. The procedure for selecting and carrying out specific studies is as follows:

(a) The need for each study will be identified by the GOB Economic Council and further refined by the Undersecretaries Group.

(b) Study design and the identification of related personnel needs, including both national and external technical assistance, will be defined by the Unit Director with the help of the Advisory Group and the long-term advisor. Specifically, the advisor will advise the Division Chief in the selection and assignment of initial analytical studies, as well as assist assigned economists in preparing specifications for initial analytical tasks.

(c) For each study, an analysis team will be formed in the Analysis Division. This team will be composed of an area specialist(s) to act as the team's manager, national and/or external consultants, as required, and GOB ministerial personnel drafted through the functional "matrix" system. Private sector representatives will be asked to participate in relevant analysis exercises. Where more than one GOB institution has a direct interest in a study, their joint participation will be required in the management and conduct of the study. The team, with the assistance of the Division's long-term advisor, will design the study, define the analytical tasks of each of the team members, and resolve day-to-day problems in carrying out the work.

(d) Once completed and reviewed/approved by the Unit Director, the study will be sent to the Undersecretaries Group which, in turn, will analyze the study's options and make recommendations to the GOB's Economic Council.

The administrative organization of the Analysis Division will be structured so as to contribute to the following three major objectives: (1) the purposes of the Division should be achieved in a cost effective manner, (2) the services provided should be of high quality, (3) the products should be perceived as legitimate and useful by GOB policymakers, and (4) the work of the Unit should be used by decision makers.

To satisfy these needs, the project will utilize a modified "matrix" organizational structure. With the modified "matrix" organization, the Analysis Division will maintain a permanent, small, highly qualified staff. For each study, it will draw additional specialized personnel from the various public or private sector institutions interested in that study and, if needed, hire consultants.

Many of the specialists required to carry out a particular study can be expected to exist within the various institutions interested in the study. To assure the feasibility of the modified "matrix" organization, the project calls for the passage of a GOB Supreme Decree authorizing the Unit Director, in coordination with the Advisory Group, to request specialized personnel from other institutions through the Undersecretaries Group to work on specific studies. In addition to their normal institutional salaries, an incentive bonus will be given to "secunded" personnel during the time they provide services to the Analysis Division from Title III funds. This incentive bonus has been fixed at \$b. 12,000 (approximately US\$ 60) per month by the joint GOB-AID project design team.

The advantages of the functional "matrix" organization are that: scarce human resources will be better used as the result of drawing on the reservoir of specialists in the participating "functional" institutions; secunded specialists will return to their permanent positions in their own institutions when they are no longer required by the Unit; inter-ministerial participation in the studies will help ensure broader usage of them; and traditional competition between ministries can be minimized with broad scale participation.

## B. Technical Feasibility

### 1. Availability of Bolivian Personnel

The project will utilize three types of Bolivian personnel: (1) permanent professionals filling the key positions of the Unit financed by Title III funds, (2) short-term voluntary and compensated private sector Bolivian advisors, and (3) GOB personnel assigned temporarily to the Unit to carry out specific studies. The joint GOB-AID team has surveyed the availability of these three types of personnel and has concluded that sufficient human resources exist in-country to permit the adequate implementation of the project.

In terms of recruiting permanent professionals for the Unit, although the number of Ph. D. Bolivian in-country is limited, sufficient M. S. and M. A. Bolivians with practical work experience are present and can fill the needs of the Unit. In addition, it should be noted that the long-term international advisors and short-term training courses proposed by the project will serve to complement the permanent personnel's education and experience.

In terms of acquiring short-term private sector advisors for the Unit, the GOB-AID design team considers that a sufficient number of potential consultants exist with both public and private sector experience. This group of individual consultants will be complemented by short-term experts identified by private sector institutions such as the Confederation of Private Sector Institutions, the Chamber of Commerce, Chamber of Industry, Medium Size Miners Association, Chamber of Agriculture and Chamber of Exporter Companies. In addition, this cadre of Bolivian private sector individuals will be further complemented by the project's utilization of specialized short-term U. S. and third-country advisors, as appropriate.

In determining the availability of GOB personnel to be assigned temporarily to the Analysis Division to carry out studies, a November 1982 survey carried out by the USAID/Bolivia financed consultants Fred L. Mann, University of Missouri and Lloyd Fisher, University of Nebraska identified 344 full-time professionals with undergraduate level studies in the three principal GOB entities to participate in the project (i. e. MOF, 89; MPC, 83; BCB, 172). Additional specialized professionals and semi-professionals and also exist in the other key GOB ministries and dependencies. It has been agreed that a Supreme Decree will be issued by the GOB to provide for the secundment of such personnel to the Unit as needed.

### 2. Timeliness of Contracting

A critical element to the success of the Analysis Division will be its ability to quickly initiate and carry out priority studies requested by the GOB Economic Council. To do this, it will have to

quickly bring required short-term Bolivian, U. S. and third-country contractors on board rapidly. To address this implementation issue, the joint GOB-AID design team has defined and agreed on two contracting mechanisms, the first for contracting Bolivian expertise, and the second for contracting international (U. S. and third-country) advisors.

The services of short-term Bolivian individuals or consulting groups will be contracted by the GOB through contracts negotiated between the Unit and the contractors, and financed under the Title III program. In view of the priority of the project and the need for quickly carrying out priority studies, the GOB project design team members have determined that it will not be necessary to follow the standard lengthy advertising and bidding process required by the GOB's existing legislation (i. e. Ley de Consultoría, Ley de Licitación de Obras, Ley de Adquisiciones). The process to be utilized will be the review of curricula vitae of a previously prepared listing of qualified Bolivian specialists by the Unit Director and the subsequent issuance of the contracts in coordination with the Advisory Group. The process should reduce normal GOB contracting time of 30-45 days to less than a week.

The contracting mechanism for U. S. and third-country advisors will utilize the direct A.I.D. advertising and contracting modes. Inquiries on the identification of or the availability of specific candidates recommended by A.I.D. or the GOB will be done through USAID/Bolivia's cable mechanisms, and the contracts with specific individuals and consulting firms will be negotiated directly by USAID/Bolivia. A basic ordering agreement with a U. S. University to provide macro-economic advisory services, as well as A.I.D.'s IQC mechanism will also be used when convenient. The joint GOB-AID project design team considered that USAID/Bolivia's experience and expertise in contracting would accelerate the contracting of all international advisors.

In both of the contracting mechanisms described above, it has been agreed that the final selection of the advisors will be done jointly by the Unit Director, the Advisory Group and a USAID/Bolivia representative.

### 3. Complementarity to GOB Medium and Long-Term Development Plans

During the design of the PP, considerable attention was given by the joint GOB-AID design team to the issue of assuring that a close inter-relationship existed between the shorter-term emphasis of the work to be carried out by the Analysis Division and the GOB's medium and long-term planning and development efforts supported, in part, by international donors.

To assure this complementarity, staffing of the Analysis Division was specifically defined to include professional generalists oriented to planning and development. The intent was to have at least one of these economic and development oriented professionals participate in each of the short-term studies as a means of orienting the study teams

to the GOB's principal concerns in the areas of economic stabilization and increased production. This mix of personnel will also ensure that all of the individual studies to be carried out addressing policy decision areas will interrelate. The specific positions and qualifications of these generalist professionals are described in Sections IV.B.5.

#### 4. Complementarity to Other GOB Information Systems

The organization and functions of the Information Division were carefully defined by the GOB-AID design team which clarified the project's relationship with (1) UN Project BOL/81/001 "Análisis Económico, Evaluación de Inversiones y Capacitación Económica" which will help to consolidate development resource information from the GOB and external donors, and (2) the projected consolidated GOB national information system, Sistema y Fondo Nacional de Información para el Desarrollo (SYFNID). The complementarity of the project's Information Division with SYFNID and the UN project will be further assured in that both of these efforts fall under the direct responsibility of the MPC.

#### 5. Unit's Electronic Data Processing Equipment

The basic functions of the Economic Policy Analysis Unit, as mentioned in Sections IV.A. and B., are to: (1) complete requested analytical tasks, (2) perform processing of data and information in support of ongoing analyses, and (3) provide technical assistance to the SYFNID member organizations related to their acquisition, processing, storage and dissemination of information. Therefore, the Information Division will be provided with basic electronic data processing (EDP) equipment with which it can effectively support the accomplishment of these functions.

The equipment must be capable of handling a variety of tasks. These include: (1) the maintenance of a small data base, (2) the processing of medium-sized files for economic and social analysis using BASIC, COBOL, or FORTRAN, (3) the maintenance of an automated library index system which will contain information on available socio-economic data, its source, its quality and the year acquired, (4) word processing, utilizing two remote terminals, to handle the anticipated large volume of reports generated by the Analysis Division, and (5) graphics equipment to support the preparation of the reports in the Analysis Division.

Since the Unit will be required to access data from and provide technical assistance to SYFNID (of which INE is the central entity), it would be ideal that the EDP equipment of the two groups be operationally compatible. INE operates with DIGITAL equipment (i.e. a DEC-20 mainframe supported by a number of DEC-VT100 terminals) and possesses an ONTEL miniprocessor with hard disc, two built-in floppy disc units, and a daisy wheel printer. The ONTEL is also connected to the DEC-20 mainframe and, therefore, may utilize the additional capacity of that machine when required.

The types of EDP equipment recommended for the Information Division's Operations Section is the following:

- (1) One micro-processor with the following characteristics:
  - (a) Video display (minimum 80 x 24 characters)
  - (b) Hard disc compatibility
  - (c) COBOL, FORTRAN and BASIC capability
  - (d) Operating System compatibility for future integration with the DEC-20 mainframe of INE
  - (e) Data bank, word processing and graphics software
  - (f) Capable of handling a number of peripherals including printer, graphics plotter, disc unit, and two word processing terminals.
  
- (2) One printer with the following characteristics:
  - (a) High quality, dot-matrix format
  - (b) 132 column, bidirectional, logic-seeking, operations
  - (c) Friction and pin feed, adjustable with tractors from 9.5 to 15 inches
  - (d) Minimum 120 CPS
  - (e) Lower case letters
  - (f) Variable character size, spacing and fonts.
  
- (3) Two word processing terminals
  
- (4) One hard disc unit with three discs
  
- (5) One flat-bed, 6-color graphics plotter

All equipment must be capable of operation on 50-cycle current.

The equipment recommendations herein will be submitted to M/SER/PM for review and approval before any purchase is authorized.

#### C. Other Analyses

##### 1. Environmental Concerns

The PID's "Recommended Environmental Threshold Decision" stated that the project does not include any components, such as construction, which require an environmental examination. As such, it recommended that, based on the purpose of the project and the guidance provided in Handbook 3, Appendix 2D, Section 216.2(c), the Assistant Administrator, AA/LAC, find that the project fell within the parameters of those categorically excluded from following the environmental procedures outlined in 22 CFR Part 216. The recommendation was based on the Mission's assessment that the project was "intended to develop the capacity of the recipient country to engage in development planning" -- (reg. 22 CFR, Part 216-2(c)(2)(XIV).

Based on the Mission's recommendation, the LAC Bureau's Chief Environmental Officer recommended and the LAC Bureau concurred that the "Environmental Threshold Decision" consist of a "Categorical Exclusion". This LAC Bureau Threshold Decision is attached to the PP as Annex A.4. Environmental Threshold Decision.

## 2. Recurrent Cost Concerns

The issue of the institutionalization of the Unit after the termination of A.I.D. financing will be determined on the basis of its demonstrated capability. This will be fully tested during the final year of implementation, during which time the Analysis and Information Divisions will be functioning without their long-term international advisors.

If the Unit proves itself to be effective in providing policymakers with sound alternatives for making policy decisions and the GOB decides to proceed with institutionalization, GOB provision will have to be made to assure funds to finance the Unit's recurring costs as of July 1986. The estimated cost outlay required will be about \$204,000 per year in local currency and limited amounts of foreign exchange for foreign consultants. This is a nominal amount in relation to the economic benefits the GOB is expected to receive from the Grant's improved policy analysis. In addition, if the project is successful, the GOB can expect other international donors to channel increasing levels of technical assistance resources through the Unit.

VI. FINANCIAL PLAN

A. LOP Financial Plan

The cost of activities to be financed under this project is \$1,950,000. The A.I.D. grant contribution will be \$1,200,000 and the GOB will provide \$750,000 (National Treasury and in-kind \$150,000, Title III \$ 600,000). Project grant funds will be used to finance: (a) long and short-term international technical assistance; (b) purchase of a micro-computer, a limited amount of office equipment, furnishings and materials; (c) short-term training; and (d) evaluation.

The GOB contribution will be mainly for salaries of participating professionals. The MPC will provide funds for operating costs and facilities. Title III funds will finance: (a) short-term technical assistance of local professionals; (b) salaries for technical staff; (c) administrative and secretarial support, and (d) incentive bonuses.

Table No. 1 shows the LOP financial plan followed by general and specific notes detailing the content of each budgetary line item.

B. A.I.D. Disbursement Schedule

The disbursement schedule for the project for the combined A.I.D. GOB, and Title III funds is \$554,000 for 1983, \$ 796,000 for 1984, \$457,000 for 1985, and \$142,000 for 1986.

Table No. 2 shows the disbursement schedule by entity, line item and calendary year.

Table No. 1 - LOP Cost Estimate and Financial Plan (US Dollars)

	A.I.D. Grant		GOB	Other Title III	<u>TOTAL</u>
	<u>FX</u>	<u>LC</u>	<u>LC</u>	<u>LC</u>	
<u>A.I.D.</u>					
1. Technical Assistance					
a) Long Term	388,000				388,000
b) Short Term	593,000				593,000
2. Equipment					
a) Micro-computer	50,000				50,000
b) Office equipment, furnishing, & materials	18,000				18,000
3. Training					
a) Short Term	80,000				80,000
4. Publications and Workshops					
a) Dissemination workshop & publishing			56,000		56,000
5. Evaluations	15,000				15,000
<u>GOB</u>					
1. Personnel			100,000		100,000
2. Operating Costs			50,000		50,000
<u>TITLE III</u>					
1. Office Equipment, Furnishing Materials				30,000	30,000
2. Publications and Workshops				14,000	14,000
3. Technical Assistance					
a) Short Term				235,000	235,000
4. Economic Policy Unit Analysis					
a) Technical staff				251,000	251,000
b) Administrative & Secretarial Support				50,000	50,000
c) Matrix system incentive bonuses				20,000	20,000
	1,144,000	56,000	150,000	600,000	1,950,000

Notes to Table No. 1 - LOP Cost Estimate and Financial Plan

General Notes:

GOB and Title III counterpart contribution is calculated at Bolivian Pesos (\$b.) 196 to one dollar, which is the official rate for obligations as established by Government Decree and Bolivian Central Bank regulations.

Specific Notes:

A. A.I.D. Funds

1. Technical Assistance - \$981,000 will be provided for host-country contracts as follows: a long-term (24 months) Analysis Division advisor (U.S.), a long-term (18 months) Information Division advisor (U. S.) and thirty short-term (90 p.m.) technicians (U. S. and third country nationals).

2. Equipment - \$68,000 will be used to purchase a micro-computer and part of the office equipment. USAID/Bolivia will also grant in aid miscellaneous office furniture necessary to install the Unit. A detailed listing of office equipment, furniture and materials is included in Annex C. 1.

3. Training - \$80,000 will be expended on short-term training courses for the Unit's personnel; specifically, four 2-month training courses in the U. S. or third countries for the second and third years of the project (two participants per course).

4. Publications and Workshops - \$56,000 for carrying out 15 in-country workshops to disseminate the findings of the studies and/or the expertise of the short and long-term consultants, as well as the preparation of publications on materials produced by the Unit. The total amount of this activity comes to \$70,000, the difference to be financed by Title III.

5. Evaluations - \$15,000 will be employed to carry out two interim and one final project evaluations. The second interim and final evaluations will include the services of outside evaluators.

B. GOB Contribution

1. Personnel - \$100,000 will be provided in-kind (salaries) for MPC and other GOB technicians participating in the project under the modified matrix system.

2. Operating Costs - \$50,000 will be provided by the MPC for office rent, utility services and office supplies.

C. Title III Contribution

1. Equipment, furnishing and materials - \$30,000 will be used to purchase the rest of office equipment, furniture and some materials needed by the Unit during the life-of-project.

2. Publications and Workshops - \$14,000 to cover the difference of funds needed for carrying out 15 in-country workshops as stated in AID funds, 4, above.

3. Technical Assistance - \$235,000 will be provided for host-country contracts of short-term Bolivian (approximately 50 p.m.) technicians.

4. Economic Policy Analysis Unit - \$321,000 includes in-cash contribution for: (a) technical staff (\$251,000) (b) administrative and secretarial support staff (\$50,000), and (c) matrix system incentive bonuses for host-country participating technicians (\$20,000).

Table No. 2 - Disbursement Schedule (US Dollars)

	1983		1984		1985		1986		<u>TOTAL</u>
	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	<u>FX</u>	<u>LC</u>	
<u>I.D. GRANT</u>									
Technical Assistance									
a) Long Term	194,000		194,000						388,000
b) Short Term	148,000		296,000		149,000				593,000
Equipment									
a) Micro-computer	50,000								50,000
b) Office equipment, furnishing, materials	18,000								18,000
Training									
a) Short Term	5,000		35,000		35,000		5,000		80,000
Publications & Workshops									
a) Dissemination workshops & publishing		6,000		20,000		20,000		10,000	56,000
Evaluations					7,500		7,500		15,000
<u>B</u>									
Personnel		15,000		34,000		34,000		17,000	100,000
Operating Costs		6,000		18,000		18,000		8,000	50,000
<u>MLE III</u>									
Office Equipment, Furnishing & Materials		25,000		5,000					30,000
Publications & Workshops		2,000		5,000		5,000		2,000	14,000
Technical assistance									
a) Short Term		39,000		78,000		78,000		40,000	235,000
Economic Policy Analysis Unit									
a) Technical staff		35,000		88,000		88,000		40,000	251,000
b) Administrative & secretarial support		8,000		16,000		16,000		10,000	50,000
c) Matrix systems incentive bonus		3,000		7,000		7,000		3,000	20,000
	415,000	139,000	525,000	271,000	191,500	266,000	12,500	130,000	1,950,000

### C. Project Accounting and Disbursement System

The proposed project includes special measures to overcome constraints in the administration of project funds which have oftentimes led to implementation setbacks. These have included delays in the disbursement of GOB funds, reductions in the amount of disbursements from levels previously agreed to by the Government, and the untimely availability of funds for operating costs necessary for project execution.

To avoid such difficulties, pari-passu disbursement procedures for project funds and GOB counterpart have been negotiated. The system will provide for advances of project and counterpart local currency funds on a quarterly basis to two special project bank accounts. The Policy Unit will be responsible for disbursing funds from the special accounts in accordance with procedures already developed for other projects. USAID/Bolivia dollar payments for technical assistance and commodity procurement will not be made through the special accounts. In order to implement the new disbursement system, USAID/Bolivia, the MPC and the MOF have agreed on a detailed budget for the GOB counterpart contribution. The MOF has already agreed to implement the revised disbursement system for all reactivated and new projects, where applicable, and examined the budget for the present project in detail before committing itself to provide the counterpart requested.

The most important feature of the new system is that it will operate on a pari-passu basis. Each quarter, MPC will prepare an estimated budget for the upcoming three-month period along with reports on the use of special account funds already advanced. USAID/Bolivia's disbursement of funds for each quarter to the project's special account will be contingent upon the MOF's disbursement of funds to the counterpart special account during the quarter. If GOB funds are not deposited in the amounts agreed as required by MPC, USAID/Bolivia will withhold further disbursements until the GOB's contribution is brought up to date. This disbursement system is intended to improve administration of project funds. It will shift more project implementation responsibility to the GOB and retain adequate USAID/Bolivia control without the necessity of prior review of every transaction. It will also help ensure that counterpart funds are made available in the amounts required when needed; and it will provide a more systematic means of monitoring project implementation. The MPC will maintain separate accounting books and records for the project.

## VII. IMPLEMENTATION PLAN

### A. First, Second and Third Year Activities

The principal first-year project activities related to the Unit include: (1) the immediate creation of a fully operational Analysis Division to enable the completion of a minimum of 5 in-depth analyses related to priority macro-economic constraints; and (2) the establishment of a specialized Information Division capable of servicing the Analysis Division's needs, as well as reinforcing SYFNID as the national information system.

The implementation plan calls for the initiation of the project in May 1983.

The principal out-year activities related to the Unit include: (1) the completion of at least 20 in-depth analyses (10 analyses/year); (2) the provision of 2 months of short-term training to 16 of the Unit's full-time personnel in the U. S. or third countries (8 participants/year); (3) the completion of 15 in-country workshops for public and private sector personnel (2 workshops/year); (4) the establishment of an implementation system for disseminating the findings of the Unit through publications; and (5) the institutionalization of the Unit, should this be determined feasible based on impact evaluations carried out during the second and third years of the project.

The overall implementation schedule and principal actions for the life-of-project are provided in Annex B. 1. - Performance Tracking Network Chart.

### B. Macro-Economic Areas of Study

Although the particular studies to be carried out during the first year of operations will be determined by direct requests from the GOB Economic Council, the GOB-AID project committee has obtained the concurrence from the MPC and the MOF on a listing of priority studies which should be addressed within each of the five specific macro-economic areas on which effort will be concentrated during the first year of the project. This listing of policy areas and studies is structured around the need to develop coherent options that will permit the formulation of cohesive policies that can lead to stable and sustained economic growth. To be included among the first year studies are the following:

#### (1) Pricing

- This study will provide an analysis of the impact of various agricultural pricing policy alternatives on specific commodities (e. g. rice, milk, beef, wheat) including: total area planted, the use of inputs (e. g. fertilizer, pesticides, improved seeds), the demand for

credit, the need for and cost of foreign exchange spent on food imports, rural-urban migration, the utilization of marketing and storage infrastructure, the activity of related agribusinesses, and the returns on agricultural exports, etc.

## (2) Foreign Exchange

- This study will investigate the consequences of alternative policy means of managing foreign exchange within Bolivia. Alternatives include: (a) strict Central Bank control of foreign exchange, intolerance of all parallel market activity, and an exchange rate determined by government formula and policy; (b) a fully floating exchange rate determined by market forces; (c) an exchange rate established by the government, a strong Central Bank control of foreign exchange, and a limited tolerance of a parallel market (i. e. the current situation); and (d) strict Central Bank control of foreign exchange, no tolerance of a parallel market; and an exchange rate determined by market forces.

## (3) Monetary Control

- This study will analyze policy options concerning interest rates for savings and lending activities of private banks. It will particularly consider the impact of such alternatives on investment, production, mobilization of savings, and employment generation. It will also determine the effects of related non-interest mechanisms, such as minimum deposit requirements and bank commissions, on the same variables. In addition, the study will evaluate the influence of interest rate policy alternatives on inflation and foreign (hard) currency speculation.

## (4) Fiscal Management

- This study will review the way the Government of Bolivia's budget historically has been developed. It will identify the strengths and weaknesses of the process. It will evaluate the effectiveness of the budgetary process both as a planning and a management tool. Upon completing this assessment, options for the development of future budgets will be elaborated. Factors to be considered include: timing of the process, the role of the various involved elements (e. g. MOF, MPC, BCB), the role of the legislature, private/public sector participation, and the relationship to existing national development plans.

## (5) Salary and Compensation Standards

- This study will analyze policy options with regard to the establishment of public sector wages. Elements to be considered include: the government's ability to attract and retain highly qualified and experienced managers and technicians, the impact of incremental wage improvements on the national budget/fiscal deficit, the differing wage requirements of the traditional public sector versus the productive public

sector (i. e. the state enterprises), and the role of public labor unions in the establishment of wage scales.

First year studies will not be limited to the above. As considered necessary by the Economic Council, other priority policy areas may also be identified and studies carried out. In addition, it is also expected that there will be the relatively more numerous short-term requests for quick response analyses for use in resolving more immediate policy formulation requirements.

During the second and third years of the project, specific study requirements will flow from the Economic Council. Potential topics include: taxation policy (private sector and individuals), the relative efficacy of the state enterprise system, the foreign exchange allocation system (public versus private sector), mineral and hydrocarbon policy (incentives, taxes, exploration rights, domestic prices of petroleum products), electricity rates (impact on development and fiscal deficit), foreign debt management, foreign and domestic investment policies, and policies which can stimulate domestic and foreign capital formation.

### VIII. EVALUATION PLAN

The value derived from the Unit is threefold: (1) the completion of sound studies providing informed alternatives for GOB policy makers, (2) the adoption and implementation of improved policies by the GOB, and (3) the impact of the adopted policies on the improved functioning of the Bolivian economy and development.

As the impact of improved policies will be difficult to evaluate, the performance of the Unit will be measured in terms of its performance of its assigned functions and the legitimacy accorded to analysis results. The assigned functions to be evaluated include: (1) the provision of information services to GOB policy makers, (2) the analysis of existing and proposed GOB policies to ascertain their negative or positive contribution to the Bolivian economy, and (3) the investigation of problems confronting the Bolivian economy. One measure of performance will be the number of times the staff of the Unit is called upon to provide services or to provide council on public policy issues.

The Evaluation Plan calls for three evaluations to be carried out during the life-of-project: in May 1984, May 1985 and June 1986. The May 1984 evaluation will ascertain the success of the Unit in getting established as an ongoing and functioning entity, specifically the acquisition of qualified staff members and a measure of the acceptance of the Unit by potential clientele. The evaluation will be prepared by a joint GOB-AID team consisting of personnel representing the principal GOB economic institutions (i. e. MOF, MPC, BCB, MIC) and USAID/Bolivia. The evaluation findings will be reported to the Undersecretaries Group and the GOB Economic Council on the following aspects: (1) a quantitative measure in terms of services performed, (2) an assessment of the quality of the studies and their respective option recommendations, as well as their effect in assisting the Economic Council and the GOB in recommending and adopting policy measures, (3) identified implementation problems, (4) adopted measures to resolve these problems, and (5) a projection of objectives and outputs for the second and third years of the project.

The May 1985 evaluation will be similar to the first evaluation, stressing (1) the quality of the studies performed, and (2) the degree to which policy makers have adopted and implemented policy alternatives analyzed by the Unit. The final evaluation in June 1986 will attempt to determine the extent to which the services of the Unit have influenced Bolivian public policy. This evaluation is important in that it will recommend whether the Unit should be institutionalized after the life-of-project. The evaluation team for both of these evaluations will include GOB and AID personnel, as well as external consultants experienced in implementing and evaluating public administration programs.

IX. CONDITIONS, COVENANTS AND NEGOTIATING STATUS

A. Conditions

The following conditions precedent to first disbursement will be included in the Grant Agreement:

1. The GOB will formally establish the Unit, nominate representatives to the Advisory Group and select the Unit's Director.

2. The GOB will finalize arrangements for renting office space for the Unit and deposit the counterpart funds necessary to initiate the Unit's operations as defined in the financial plan described in the PP.

3. The GOB will pass a Supreme Decree establishing the modified matrix system by which the Policy Unit will have the authority to draft professionals from public institutions to carry out specific studies.

4. The GOB will formalize an agreement between the Unit and the GOB's P. L. 480 Title III Executive Secretariat, delineating their interinstitutional, administrative and financial responsibilities.

B. Covenants

The Grant Agreement will contain the following covenants:

1. The GOB agrees to complete the selection process of the long-term advisors for both the Analysis and Information Divisions no later than July 1983, following AID procurement regulations.

2. The GOB agrees that, should the Unit be successful in assisting key government leaders in developing sound monetary and development policies, the Unit will be institutionalized after its third year of operations with funding from either or both the National Treasury and Title III generations.

3. The GOB agrees to conduct periodic evaluations of the project in conjunction with AID and outside consultants and will take the necessary steps to implement the resulting recommendations.

C. Negotiating Status

Meetings have been held with the Ministry of Planning and Coordination, the Ministry of Finance, the Bolivian Central Bank and the Title III Secretariat. The purposes, objectives and conditions of the program have been discussed extensively and agreed upon by the joint GOB-AID team developing the project. The official GOB request for the assistance to AID is included in Annex A. 1.



Presidencia de la República  
 MINISTERIO DE PLANEAMIENTO  
 Y COORDINACION  
 BOLIVIA

USAID  
 17 DIC. 1982

SUBPLAN: 4866

ANNEX A. 1.  
 page 1 of 2

La Paz, 16 DIC. 1982

Señor  
 Henry H. Bassford  
 Director de USAID en Bolivia  
 Presente

Señor Director:

En relación al Proyecto de Información y Análisis de Políticas ratifico a usted nuestro acuerdo con este Proyecto. Sin embargo, deseo manifestarle que el Gobierno de Bolivia considera que el apoyo propuesto debería prestarse exclusivamente a través del Ministerio de Planeamiento y Coordinación. También deseáramos tener la posibilidad de efectuar algunas modificaciones menores en relación a las necesidades y objetivos del Gobierno Constitucional.

Aprovecho la oportunidad para agradecer por su intermedio al Gobierno y pueblo de los Estados Unidos de Norte América por el eficiente apoyo que su misión está prestando al país.

Con este motivo, reitero a usted las seguridades de mi consideración más distinguida,

*[Signature]*  
 Lic. Arturo Muñoz del Prado B.  
 MINISTRO DE PLANEAMIENTO Y COORDINACION  
 DE LA PRESIDENCIA DE LA REPUBLICA

USAID/BOLIVIA  
 Received  
 20 DIC. 1982  
 Hour: 1400  
 LA PAZ  
 D.P.E. Office

FILE	PD41	
DIV	ACTION	INFO
DIR		✓
DD		
EXO		
DP	✓	
PD&I		✓
CONT		
RD		
HR		
HHA		
PS		✓
RIG/A		
REPLY DUE	11/3/83	
ACTION TRK	na n 12/21/82	

10 de enero de 1983.  
DP-59/83-L

Señor  
Lic. Arturo Nuñez del Prado  
Ministro de Planeamiento y Coordinación  
Presente

Excelentísimo señor Ministro:

Por la presente acuso recibo de su atenta carta SUBPLAN 4866 de fecha 16 de diciembre de 1982, en la cual manifiesta el interés del Gobierno de Bolivia y del Despacho de su digno cargo, en el Proyecto de Información y Análisis de Políticas.

Al respecto, nos complace comunicarle que el ante-proyecto para dicha actividad que fué presentado a nuestra oficina en Washington, fué aprobado, lo cual permite iniciar el trabajo necesario para elaborar el documento final del proyecto. Asimismo, me permito indicarle que el ante-proyecto presentado a nuestra oficina central reflejaba las observaciones contenidas en su carta, incluyendo su institucionalización bajo el Despacho a su cargo.

Para la elaboración del diseño final del proyecto, me permito sugerir que se conforme un grupo de trabajo conjunto compuesto por representantes de las entidades apropiadas del Gobierno de Bolivia, USAID/Bolivia y otras entidades internacionales, si fuera necesario.

Por consiguiente, en caso de estar de acuerdo con esta sugerencia, le agradeceré hacernos conocer los nombres de los representantes de su gobierno para que posteriormente podamos iniciar la elaboración del diseño final del proyecto.

Aprovecho la oportunidad para reiterarle mi más alta consideración.

Henry H. Bassford,  
Director

DP:RLeón de Vivero:msb

5C(1) - COUNTRY CHECKLIST

Listed below are statutory criteria applicable generally to FAA funds, and criteria applicable to individual fund sources: Development Assistance and Economic Support Fund.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FAA Sec. 481. Has it been determined that the government of the recipient country has failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?

No.

2. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government?

No.

3. FAA Sec. 620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

No.

4. FAA Sec. 532(c), 620(a), 620(f), 620D; FY 1982 Appropriation Act Secs. 512 and 513. Is recipient country a Communist country? Will assistance be provided to Angola, Cambodia, Cuba, Laos, Vietnam, Syria, Libya, Iraq, or South Yemen? Will assistance be provided to Afghanistan or Mozambique without a waiver?

No.

5. ISDCA of 1981 Secs. 724, 727 and 730. For specific restrictions on assistance to Nicaragua, see Sec. 724 of the ISDCA of 1981. For specific restrictions on assistance to El Salvador, see Secs. 727 and 730 of the ISDCA of 1981.

N/A.

6. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction by mob action of U.S. property?

No.

7. FAA Sec. 620(l). Has the country failed to enter into an agreement with OPIC? Yes. Members of Andean Pact.
8. FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing activities in international waters? No.
- (b) If so, has any deduction required by the Fishermen's Protective Act been made?
9. FAA Sec. 620(g); FY 1982 Appropriation Act Sec. 517. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any AID loan to the country? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the appropriation bill appropriates funds? (a) Yes, waiver obtained to allow new assistance. No.  
(b) No.
10. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the amount of foreign exchange or other resources which the country has spent on military equipment? (Reference may be made to the annual "Taking into N/A.

Consideration" memo:  
"Yes, taken into account  
by the Administrator at  
time of approval of  
Agency OYB." This  
approval by the  
Administrator of the  
Operational Year Budget  
can be the basis for an  
affirmative answer during  
the fiscal year unless  
significant changes in  
circumstances occur.)

11. FAA Sec. 620(t). Has the  
country severed  
diplomatic relations with  
the United States? If  
so, have they been  
resumed and have new  
bilateral assistance  
agreements been  
negotiated and entered  
into since such  
resumption?

No.

12. FAA Sec. 620(u). What is  
the payment status of the  
country's U.N.  
obligations? If the  
country is in arrears,  
were such arrearages  
taken into account by the  
AID Administrator in  
determining the current  
AID Operational Year  
Budget? (Reference may  
be made to the Taking  
into Consideration memo.)

No arrearages.

13. FAA Sec. 620A; FY 1982  
Appropriation Act Sec.  
520. Has the country  
aided or abetted, by  
granting sanctuary from  
prosecution to, any  
individual or group which  
has committed an act of  
international terrorism?  
Has the country aided or

Not during the administration  
of the current democratically  
elected constitutional govern-  
ment.

abetted, by granting sanctuary from prosecution to, any individual or group which has committed a war crime?

14. FAA Sec. 666. Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?
15. FAA Sec. 669, 670. Has the country, after August 3, 1977, delivered or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device, after August 3, 1977? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)
16. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the U.N. of Sept. 25 and 28, 1981, and failed

No.

No.

No.

Bolivia was represented at the Meeting of Ministers by the Torrelio government. It did not formally disassociate itself from the communique issued.

to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.)

17. ISDCA of 1981 Sec. 721.  
See special requirements for assistance to Haiti.

N/A.

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria.

a. FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

No.

2. Economic Support Fund Country Criteria

a. FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the country made such significant improvements in its human rights record that furnishing such assistance is in the national interest?

N/A.

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b. ISDCA of 1981, Sec. 725(b). If ESF is to be furnished to Argentina, has the President certified that (1) the Govt. of Argentina has made significant progress in human rights; and (2) that the provision of such assistance is in the national interests of the U.S.?

N/A.

c. ISDCA of 1981, Sec. 726(b). If ESF assistance is to be furnished to Chile, has the President certified that (1) the Govt. of Chile has made significant progress in human rights; (2) it is in the national interest of the U.S.; and (3) the Govt. of Chile is not aiding international terrorism and has taken steps to bring to justice those indicted in connection with the murder of Orlando Letelier?

N/A.

STANDARD ITEM CHECKLIST

A. Procurement

1. FAA Sec. 602. Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? Yes.
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? Bolivia does not so discriminate.
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement, when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A.
5. FAA Sec. 604(g). Will construction of engineering services be procured from firms of countries otherwise eligible under Code 941, but which have attained a competitive capability in international markets in one of these areas? N/A.
6. FAA Sec. 603. Is the shipping excluded from compliance with requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. No.
7. FAA Sec. 621. If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? If the facilities of other Federal agencies will be utilized, are they particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? Yes.

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8. International Air Transport. Fair Competitive Practices. Act. 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? Yes.
9. FY-1982 Appropriation Act Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? Yes.

B. Construction

1. FAA Sec. 601(d). If capital (e.g. construction) project, will U.S. engineering and professional services to be used? N/A.
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable. N/A.
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP)? N/A.

C. Other Restrictions

1. FAA Sec. 122(b). If development loan, is interest rate at least 2% per annum during grace period and at least 3% per annum thereafter? N/A.
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? N/A.
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of Communist-bloc countries? Yes.
4. Will arrangements preclude use of financing:
- a. FAA Sec. 104(f); FY 1982 Appropriation Act Sec. 525: (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to
- Yes.

practice abortions; (2) to pay for involuntary sterilization as method of family planning, or coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; (4) to lobby for abortion?

- b. FAA Sec. 620(g). To compensate owners for expropriated nationalized property? Yes.
- c. FAA Sec. 660. To provide training or advice or provide any financial support for police, prisons, or other law enforcement forces, except for narcotic programs? Yes.
- d. FAA Sec. 662. For CIA activities? Yes.
- e. FAA Sec. 636(1). For purchases, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes.
- f. FY 1982 Appropriation Act, Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? Yes.
- g. FY 1982 Appropriation Act, Sec. 505. To pay U.S. assessments, arrearages or dues? Yes.
- h. FY 1982 Appropriation Act, Sec. 506. To carry out provisions of FAA section 209(d) (Transfer of FAA funds to multilateral organizations for lending)? Yes.
- i. FY 1982 Appropriation Act, Sec. 510. To finance the export of nuclear equipment, fuel, or technology or to train foreign nationals in nuclear fields? Yes.
- j. FY 1982 Appropriation Act, Sec. 511. Will assistance be provided for the purpose of aiding the efforts of the No

government of such country to repress  
the legitimate rights of the population  
of such country contrary to the Universal  
Declaration of Human Rights.

- k. FY 1982 Appropriation Act, Sec. 515. To Yes  
be used for publicity or propaganda pur-  
poses within U.S. not authorized by Con-  
gress?

PROJECT CHECKLIST

A. General Criteria for Project

1. FY 1982 Appropriation Act, Sec. 523; FAA Sec. 634A; Sec. 653(b).
  - (a) Describe how authorizing and appropriations committees of Senate and House have been or will be notified concerning the project; Committees will be notified using normal congressional notification procedures.
  - (b) Is assistance within (Operational Year Budget) country or international organization allocation reported to Congress (or not more than \$1 million over that amount)? No.
2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$100,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? Yes.
3. FAA Sec. 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectations that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? GOB has agreed to issue required Supreme Decree as scheduled.
4. FAA Sec. 611(b); FY 1981 Appropriation Act, Sec. 501. If for water or water-related land resource construction, has project met the standards and criteria as set forth in the Principles and Standards for Planning Water and Related Land Resources, dated October 25, 1973? (See AID Handbook 3 for new guidelines.) N/A.
5. FAA Sec. 611(e). If project is capital assistance (e.g. construction), and all U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project? N/A.
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multi-lateral project? If so, why is project not so executed? Information and conclu- Could be. GOB requested U.S. assistance only for project. Project will cooperate in

- conclusion whether assistance will encourage regional development programs.
7. FAA Sec. 601(a). Information and conclusions whether project will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, and credit unions, and savings and loan associations; (d) discourage monopolistic practices, (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).
9. FAA Sec. 612(b), 636(h); FY 1982 Appropriation Act, Sec. 507. Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars:
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?
11. FAA Sec. 601(e). Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?
12. FY 1982 Appropriation Act, Sec. 521. If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
- improving GOB statistical capabilities.
- Specific analyses addressing economic stabilization and production incentives will touch on a-f. In addition, studies may provide expanded opportunities for foreign investment.
- Project will have limited effect in this area except for sales of goods by private U.S. suppliers.
- Bolivia will meet minimum 25% contribution requirement with Title III and Treasury funds (see Financial Plan).
- N/A.
- Yes.
- N/A.

13. FAA 118(c) and (d). Does the project comply with the environmental procedures set forth in AID Regulation 16? Does the project or program take into consideration the problem of the destruction of tropical forests? Yes. See I.E.E. which has been approved by AID/W.
14. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (dollars or local currency generated therefrom)? N/A.

B. Funding Criteria for Project

1. Development Assistance Project Criteria

- a. FAA Sec. 102(b), 111, 113, 281(a). Extent to which activity will (a) effectively involve the poor in development, by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (b) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries? Will not directly impact on items a, b, d, and e; however, adoption of policies resulting from project sponsored research will have direct impact on these items. Improved policies will support c.
- b. FAA Sec. 103, 103A, 104, 105, 106. Does the project fit the criteria for the type of funds (functional account) being used? Yes.
- c. FAA Sec. 107. Is emphasis on use of appropriate technology (relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? N/A.

- d. FAA Sec. 110(a). Will the recipient country provide at least 25% of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?
- Thirty-eight percent will be provided. See Financial Plan.
- e. FAA Sec. 110(b). Will grant capital assistance be disbursed for project over more than 3 years? If so, has justification satisfactory to Congress been made, and efforts for other financing, or is the recipient country "relatively least developed"? (M.O. 1232.1 defined a capital project as "the construction", expansion, equipping or alteration of a physical facility or facilities financed by AID dollar assistance of not less than \$100,000, including related advisory managerial and training services, and not undertaken as part of a project of a predominantly technical assistance character.
- No.
- f. FAA Sec. 122(b). Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?
- Yes.
- g. FAA Sec. 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development, and supports civil education and training in skills required for effective participation in governmental processes essential to self-government.
- Use of local consultants and improvement of interministerial coordination.

2. Development Assistance Project Criteria  
(Loans Only)

- a. FAA Sec. 122(b). Information and conclusions on capacity of the country to repay the loan, at a reasonable rate of interest.
- N/A.

b. FAA Sec. 620(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20% of the enterprise's annual production during the life of the loan? N/A.

c. ISDCA of 1981, Sec. 724 (c) and (d). If for Nicaragua, does the loan agreement require that the funds be used to the maximum extent possible for the private sector? Does the project provide for monitoring under FAA Sec. 624(g)? N/A.

3. Economic Support Fund Project Criteria

a. FAA Sec. 531(a). Will this assistance promote economic or political stability? To the extent possible, does it reflect the policy directions of FAA Section 102? N/A.

b. FAA Sec. 531(c). Will assistance under this chapter be used for military, or paramilitary activities. N/A.

c. FAA Sec. 534. Will ESP funds be used to finance the construction of the operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such use of funds is indispensable to non-proliferation objectives? N/A.

d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? N/A.

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ANNEX A. 3.  
page 1 of 6

File: PD&I

UNCLAS SECTION 01 OF 02 STATE 360309

Action: DP 2

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Reply due 1/5

E.O. 12356: N/A Action tka \_\_\_\_\_

TAGS:

SUBJECT: POLICY REFORM PID GUIDANCE CABLE

REF: STATE 324246

AT A DAEC MEETING ON DECEMBER 14, 1982, THE POLICY REFORM PID WAS REVIEWED AND APPROVED. THE MISSION MAY PROCEED WITH INTENSIVE REVIEW, APPROVE THE PP AND AUTHORIZE THE PROJECT, SUBJECT TO THE CONDITIONS AND GUIDANCE PROVIDED HEREUNDER.

2. AS PRESENTED, THE PID APPEARS TO HAVE DUAL OBJECTIVES, I.E., IMPROVING POLICY ANALYSIS IN THE CRITICAL PERIOD AHEAD, AND THE LONGER TERM OBJECTIVE OF INSTITUTIONALIZING POLICY ANALYSIS IN BOLIVIA. THE FORMER OBJECTIVE WAS CONSIDERED TO HAVE A HIGHER PRIORITY AND TO BE MORE FEASIBLE. THUS WHILE THE SECOND OBJECTIVE SHOULD NOT BE ABANDONED AND THE MISSION SHOULD ENCOURAGE THE GOB TO INSTITUTIONALIZE THE POLICY ANALYSIS UNIT, THE FINAL PROJECT DESIGN SHOULD FOCUS ON NEAR-TERM ACHIEVEMENT IN THE POLICY ANALYSIS AND FORMULATION AREA.

3. IN KEEPING WITH THE ABOVE, THE LONG-TERM TRAINING ELEMENT IS TO BE DROPPED FROM THE PROJECT. THIS ELEMENT

WAS CONSIDERED TO HAVE MARGINAL BENEFIT IN TERMS OF ACHIEVEMENT OF THE POLICY ANALYSIS OBJECTIVE IN THE NEAR TERM AND IT POTENTIALLY COULD DETRACT FROM THIS OBJECTIVE BY HAVING MEMBERS OF THE POLICY ANALYSIS UNIT OUTSIDE THE COUNTRY FOR EXTENDED PERIODS OF TIME. IF THE GOB DOES NOT HAVE INDIVIDUALS WITH THE NECESSARY SKILLS TO STAFF THE OFFICE, INDIVIDUALS SHOULD BE HIRED FROM THE PRIVATE SECTOR WITH ADEQUATE BUT NOT EXCESSIVE COMPENSATION BEING OFFERED. TO THE EXTENT SOME SPECIFIC SHORT-TERM TRAINING COURSES AND SPECIAL SHORT TERM PROGRAMS CAN BE IDENTIFIED TO FILL AN IDENTIFIED GAP (E.G. OF THE TYPE SPONSORED BY THE IMF) THE MISSION MAY INCLUDE FUNDING IN THE PROJECT FOR THIS PURPOSE.

4. WITH REGARD TO THE OUTPUTS OF THE POLICY ANALYSIS UNIT, IT IS RECOMMENDED THAT THE UNIT NOT BE LIMITED TO

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PRODUCING IN-DEPTH POLICY STUDIES AND THAT SUFFICIENT FLEXIBILITY SHOULD BE PROGRAMMED TO ALLOW FOR THE UNIT TO PROVIDE QUICK RESPONSES TO POLICY ISSUE QUESTIONS THAT ARE OF IMMEDIATE CONCERN TO THE MEMBERS OF THE ECONOMIC COUNCIL. (THIS QUICK RESPONSE FUNCTION COULD ENTAIL THE PREPARATION OF BRIEF POSITION MEMORANDA THAT INCORPORATE AND ASSESS THE POSITIONS TAKEN BY THE VARIOUS INTERESTED GOVERNMENT OFFICES OR PRIVATE SECTOR GROUPS.) THE CONCENTRATION OF CAPABLE BOLIVIANS AND FOREIGN TECHNICAL ASSISTANCE IN THE POLICY ANALYSIS UNIT AND THE INDEPENDENT NATURE OF THE UNIT SHOULD MAKE IT UNIQUELY QUALIFIED TO SERVE THIS FUNCTION. CLEARLY A CAREFUL BALANCE BETWEEN THE TWO TYPES OF ACTIVITIES WOULD HAVE TO BE MAINTAINED. THE UNIT SHOULD BE RESPONSIVE TO THE DECISION MAKERS' NEEDS, BUT NOT BECOME JUST AN ALTERNATE STAFF OFFICE WITH NO TIME TO CONCENTRATE ON MORE IN-DEPTH POLICY ANALYSIS.

52. WITH THE POLICY ANALYSIS UNIT ENGAGED IN BOTH TYPES OF ACTIVITY DESCRIBED ABOVE, THE ADEQUACY OF PROJECT COST ESTIMATES (SEC. 611(A)) WILL DEPEND ON ESTIMATES OF DEMAND FOR THE UNIT'S SERVICES AND ON THE QUANTIFICATION OF COSTS FOR SPECIFICALLY IDENTIFIED STUDIES.

53. THE INTERINSTITUTIONAL RELATIONSHIPS OF THE PROJECT SHOULD BE CAREFULLY ANALYZED AND DESCRIBED IN THE PP. IN THE DAEC REVIEW, THE POLICY ANALYSIS UNIT'S NEED FOR SECURED PERSONNEL FROM THE MINISTRY OF PLANNING, THE MINISTRY OF FINANCE AND THE CENTRAL BANK TO WORK ON POLICY STUDIES WAS DISCUSSED. THE PP SHOULD EXPLAIN HOW THIS WOULD WORK, PARTICULARLY WITH RESPECT TO GUARANTEEING THE RELEASE OF SECURED INDIVIDUALS FROM ALL OTHER

NORMAL RESPONSIBILITIES DURING PERIOD OF SECUREMENT. IT SHOULD ALSO EXPLORE HOW SECUREMENTS COULD BE ARRANGED WITH OTHER INSTITUTIONS NOT REPRESENTED IN THE ECONOMIC COUNCIL. A FAST TRACK ARRANGEMENT FOR SUCH SECUREMENTS SHOULD BE WORKED OUT PRIOR TO PROJECT OBLIGATION. THE PP SHOULD ALSO ADDRESS THE SEPARATE QUESTION OF WHAT LIAISON ARRANGEMENTS MUST BE ESTABLISHED BETWEEN THE UNIT AND THE MINISTRIES.

54. WITH REGARD TO THE PROPOSED BLANKET WAIVER TO OBTAIN TECHNICAL ASSISTANCE FROM CODE 941 COUNTRIES, IT WAS NOTED THAT EACH INDIVIDUAL CASE SHOULD BE JUSTIFIED AND JUDGED ON ITS MERITS IN ACCORDANCE WITH AGENCY PROCUREMENT POLICY, AND THAT IT IS UNLIKELY THAT ANY INDIVIDUAL CONTRACT WOULD EXCEED THE MISSION DIRECTOR'S WAIVER AUTHORITY. IT WAS ALSO NOTED THAT, TO THE EXTENT PROCUREMENT OF T.A. FROM OTHER THAN THE U.S. IS JUSTIFIED, PROCUREMENT OF SUCH T.A. FROM MIDDLE INCOME LATIN COUNTRIES (E.G. MEXICO, COLOMBIA AND BRAZIL) WOULD FIT

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UNCLAS SECTION 02 OF 02 STATE 360309

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IN WELL WITH THE AGENCY'S MIDDLE INCOME STRATEGY. IT SHOULD BE KEPT IN MIND, HOWEVER, THAT AGENCY POLICY FOR PROCUREMENT OF GRANT-FINANCED SERVICES FROM THE UNITED STATES ORIGINATED IN SECTION 604(A) OF THE FAA AND SUBSEQUENT PRESIDENTIAL DETERMINATIONS MADE IN THE EARLY 1960'S. THUS, DEVIATIONS FROM AID'S NATIONALITY POLICY SHOULD NOT BE MADE LIGHTLY, AND THE CRITERIA SET FORTH IN CHAPTER 5 OF HANDBOOK 1B SHOULD BE ADHERED TO CLOSELY.

8. DURING INTENSIVE REVIEW THE MISSION SHOULD ASSESS THE REFERENCED UNDP PROJECT TO IMPROVE THE INFORMATION SYSTEM, AND REACH AGREEMENT WITH THE UNDP AND THE GOE IF NECESSARY TO INSURE THAT THE INFORMATION SERVICES DIVISION AND THE RELATED PARTS OF THE UNDP PROJECT WILL BE RESPONSIVE TO THE INFORMATION NEEDS OF THE POLICY ANALYSIS UNIT.

9. IT WAS NOTED IN THE REVIEW THAT CONSIDERABLE EXCESS COMPUTER CAPACITY MAY BE AVAILABLE IN BOLIVIA, AND THAT PURCHASE OF A COMPUTER MAY NOT BE NECESSARY. M/SER/DM SHOULD BE CONSULTED REGARDING THE PROPER ANALYSIS TO DETERMINE WHETHER PURCHASE OF EQUIPMENT IS JUSTIFIED, AND IF SO WHAT EQUIPMENT SHOULD BE PURCHASED.

10. CONCERN WAS EXPRESSED IN THE REVIEW THAT THE PID MAY HAVE UNDERESTIMATED THE AMOUNT OF ADMINISTRATIVE SUPPORT THE PROJECT UNIT WILL REQUIRE. GIVEN THE NUMBER OF TECHNICAL ASSISTANCE CONTRACTS INVOLVED AND ALL THE INTERINSTITUTIONAL PERSONNEL ARRANGEMENTS CONTEMPLATED,

THE INTENSIVE REVIEW SHOULD CAREFULLY ANALYZE THE ADMINISTRATIVE SUPPORT REQUIREMENTS OF THE PROJECT.

11. WE UNDERSTAND MISSION INTENDS TO REQUEST INFORMATION FROM DIU REGARDING RELEVANT EXPERIENCE WITH POLICY ANALYSIS PROJECTS DURING INTENSIVE REVIEW.

12. AT THE MOMENT FUNDS FOR THIS PROJECT ARE NOT INCLUDED IN THE OYB FOR BOLIVIA. THE FACT THAT SECTION 106 FUNDS ARE REQUIRED PRESENTS A FURTHER PROBLEM. BY THE END OF JANUARY, WE WILL BE IN A BETTER POSITION TO DETERMINE WHETHER SECTION 106 FUNDS RESERVED FOR ANOTHER MISSION CAN BE FREED UP FOR THIS PROJECT. ASSUMING

THERE IS FALL OUT FROM ANOTHER MISSION, AND ASSUMING THE  
NOB HAS SATISFACTORILY RESOLVED THE BROOKE-ALEXANDER AND  
FAA SECTION 620(Q) PROBLEMS PREVENTING NEW OBLIGATIONS  
FOR BOLIVIA, WE WILL ENDEAVOR TO PROVIDE FY83 FUNDS FOR  
THE PROJECT.

13. SEPTEL WILL ADDRESS HOW THIS PROJECT AND PORTIONS  
OF OYB NOT COVERED BY REFTEL WILL FIT INTO THE THREE  
ASSISTANCE PACKAGES OUTLINED IN REFTEL. DAM

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OUTGOING TELEGRAM

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E.O. 12356: N7A  
SUBJECT: POLICY REFORM PID GUIDANCE CABLE

REF: A) 82 STATE 324246 B) 82 STATE 305746

1. MISSION IS APPRECIATIVE OF AID/W'S COMPREHENSIVE REVIEW OF SUBJECT PID. COMPLETION OF THE PP IS PRESENTLY SCHEDULED FOR MARCH.

PDI

2. AID/W OBSERVATIONS AND SUGGESTIONS PROVIDED IN REF A ARE QUITE HELPFUL; HOWEVER THERE IS ONE ELEMENT THAT THE MISSION FINDS SOMEWHAT DISCONCERTING. IT IS OUR OPINION THAT IT WOULD BE SHORTSIGHTED TO ELIMINATE ALL LONG-TERM PARTICIPANT TRAINING AS PER THE INSTRUCTION IN PARA 3 REF A. MISSION AGREES THAT THE SEVEN LONG-TERM TRAINING SLOTS PROPOSED IN THE PID WERE, PERHAPS, EXCESSIVE. NEVERTHELESS, TO EXCLUDE ALL SUCH TRAINING FROM THE PROJECT WOULD BE TO IGNORE ITS LONG-TERM INSTITUTIONAL OBJECTIVES.

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3. REF B (THE CDSS GUIDANCE CABLE) STATES SIX PRIORITY AREAS OR MEANS FOR DELIVERING AID. THREE OF THESE MEANS ARE POLICY REFORM, INSTITUTIONAL DEVELOPMENT AND TRAINING. THESE ELEMENTS, WE UNDERSTAND, ARE OF GREAT INTEREST AND CONCERN TO ADMINISTRATOR MCPHERSON.

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4. THE POLICY REFORM PROJECT, AS PROPOSED IN THE PID, WAS DESIGNED TO USE ALL THREE MECHANISMS. WHILE IT IS CONCEIVABLE THAT THE UNIT TO BE ESTABLISHED UNDER THE PROJECT WILL EMPLOY HIGHLY QUALIFIED AND EXPERIENCED INDIVIDUALS, THIS IS UNLIKELY TO BE THE CASE ACROSS THE BOARD. THE LONG-TERM TRAINING COMPONENT IN THE PROPOSED PROJECT (PERHAPS TWO OR THREE SLOTS) WOULD OFFER UPGRADED ANALYTICAL AND OTHER TECHNICAL SKILLS TO STAFF EXPECTED TO REMAIN WITHIN IN THE POLICY ANALYSIS UNIT. THE TRAINING THEY RECEIVE WOULD PROVIDE ESSENTIAL ADDED SUBSTANCE TO THE PRODUCT OF THE UNIT, I.E. IT WOULD SUBSTANTIALLY

5. MISSION STRONGLY URGES LAC TO RECONSIDER ITS PROSCRIPTION ON THE INCLUSION OF LONG-TERM TRAINING IN THE PROPOSED POLICY REFORM PROJECT. CORR##

ENHANCE THE UNIT'S LONG-TERM INSTITUTIONAL VIABILITY AND VALIDITY. IN THIS CONTEXT, LONG-TERM TRAINING IS AN INTEGRAL ELEMENT IN THE ACHIEVEMENT OF THE PROJECT'S GOAL LEVEL OBJECTIVE.

MISSION STRONGLY URGES LAC TO RECONSIDER ITS PROSCRIPTION ON THE INCLUSION OF LONG-TERM TRAINING IN THE PROPOSED POLICY REFORM PROJECT. CORR##

CLASSIFICATION

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ANNEX A. 3-  
page 6 of 6

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E.O. 12356: N/A

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SUBJECT: POLICY REFORM PID

RF

SF

REFS: A LA PAZ 0217 B) B2 - STATE 360309

Reply due 1/31

Action tkn

1. AS RECOGNIZED BY MISSION'S CABLE (REF A), THE DAEC REVIEW OF SUBJECT PID WAS COMPREHENSIVE. THE DECISION TO EXCLUDE LONG-TERM TRAINING WAS BASED ON A CONSIDERATION OF THE OBJECTIVE AND DESIGN OF THIS PARTICULAR PROJECT, NOTWITHSTANDING THE GENERAL IMPORTANCE OF TRAINING AS A DEVELOPMENT TOOL.

2. AS NOTED IN THE GUIDANCE CABLE (REF B), THE CONCLUSION OF THE PID REVIEW WAS THAT IMPROVING POLICY ANALYSIS IN THE CRITICAL PERIOD AHEAD SHOULD BE THE PRIORITY OBJECTIVE OF THE PROJECT. WITH REGARD TO THE LONGER TERM OBJECTIVE OF INSTITUTIONALIZING THE POLICY ANALYSIS UNIT THE CONSENSUS OF THE DAEC WAS THAT THE PERFORMANCE OF THE UNIT DURING ITS FIRST COUPLE OF YEARS WOULD BE THE PRIME DETERMINANT OF WHETHER OR NOT THE UNIT BECOMES INSTITUTIONALIZED. IN REF A THE MISSION STATES QUOTE IT IS CONCEIVABLE THAT THE UNIT TO BE ESTABLISHED UNDER THE PROJECT WILL EMPLOY HIGHLY QUALIFIED AND

EXPERIENCED INDIVIDUALS UNQUOTE. IN OUR VIEW, IT IS ABSOLUTELY NECESSARY THAT THE UNIT BE STAFFED BY SUCH PEOPLE AND THAT THE UNIT SHOULD HAVE THE SALARY INCENTIVES TO MAKE THIS POSSIBLE. THE INCLUSION OF LONG TERM TRAINING IN THIS PROJECT INVITES THE HIRING OF PEOPLE WHO ARE NOT SUFFICIENTLY QUALIFIED, AND, BY DECREASING THE EFFECTIVENESS OF THE UNIT DURING THE FORMATIVE PERIOD INCREASES THE POSSIBILITY THAT THE UNIT WOULD NO LONGER BE VIABLE BY THE TIME THE LONG-TERM TRAINEES RETURNED. THIS OBJECTION DOES NOT APPLY WITH REGARD TO SHORT-TERM TRAINING IN THIS PROJECT NOR SHOULD IT BE GENERALIZED TO OTHER PROJECTS OR OTHER SETTINGS.

3. AS SUGGESTED IN THE PID GUIDANCE CABLE, SHORT TERM TRAINING FROM THE IMF MIGHT BE APPROPRIATE. ANOTHER POSSIBILITY IS THE WORLD BANK'S ECONOMIC DEVELOPMENT INSTITUTE. A WELL DESIGNED PROGRAM OF ONE SEMESTER AT A UNIVERSITY MIGHT ALSO FILL A SPECIFIC GAP FOR ONE OF THE

PROFESSIONALS FROM THE POLICY ANALYSIS UNIT. SHULTZ

#4124

TO	ACT	INFO	UNIT
AMB			
DCM			
POLECOM			
CDNS			
ADMIN			
AID	X		
USICA			
DEA			
FILE			
ACTION TAKEN:			
DATE			
INITIALS			

27 JEN 1983  
Hour: LA PAZ  
D.P.E. Office

BEST AVAILABLE COPY

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

ANNEX A. 4.  
page 1 of 1

LAC/DR-IEE-83-9

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Bolivia

Project Title and Number : Policy Reform  
511-0571

Funding : \$1.2 million Grant

Life of Project : FY 1983-1986

IEE Prepared By : USAID/Bolivia

Recommended Threshold Decision : Categorical Exclusion

Bureau Threshold Decision : Concurrence with recommendation

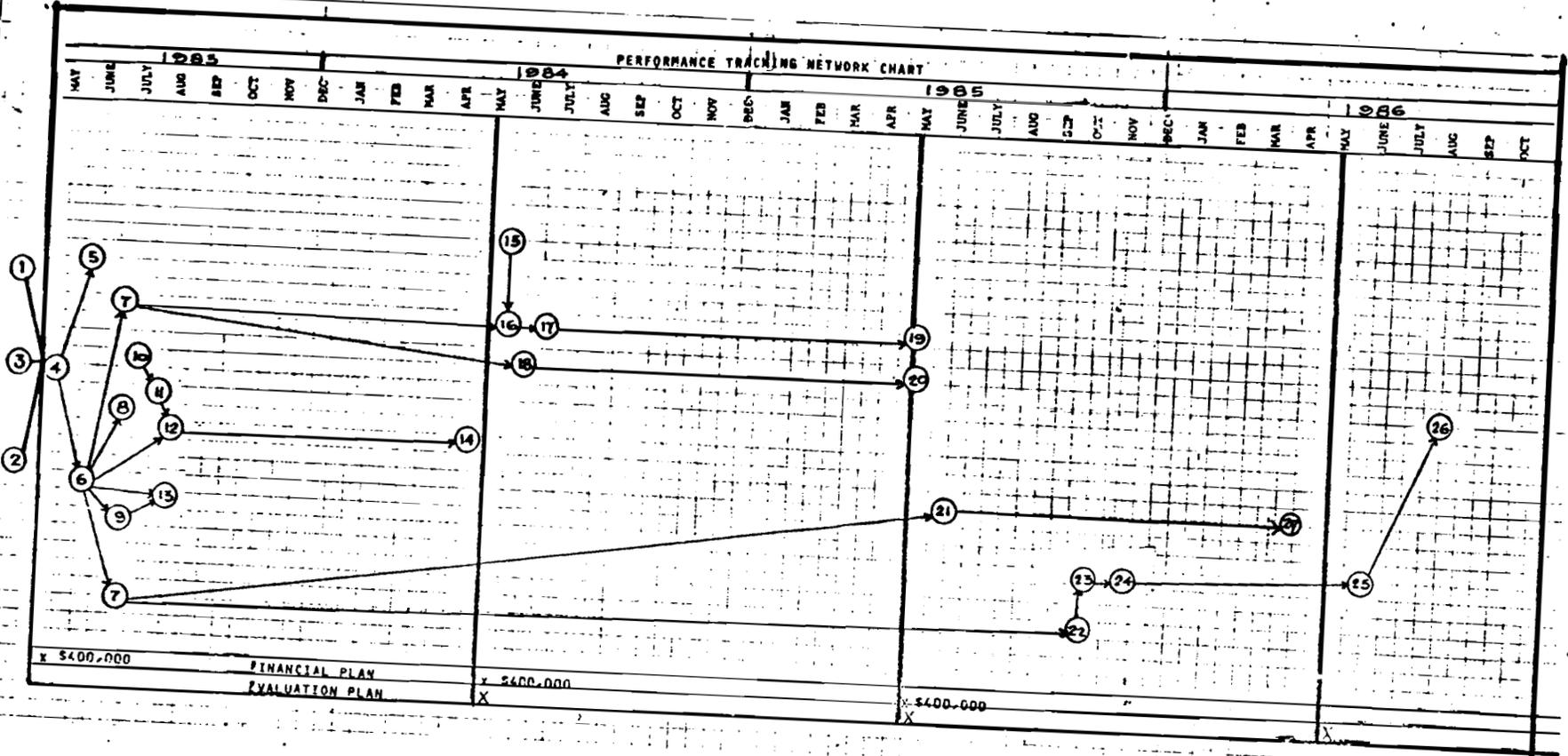
Action : Copy to Henry Bassford, Director  
USAID/Bolivia

: Copy to Peter Orr, LAC/DR

: Copy to IEE file

James S. Hester Date 17 December 1982

James S. Hester  
Chief Environmental Officer  
Bureau for Latin America  
and the Caribbean



PROJECT PERFORMANCE TRACKING: CPI DESCRIPTIONS

- |     |             |   |     |             |   |
|-----|-------------|---|-----|-------------|---|
| 1.  | 05/08/83    | Project Finally Approved by GOB.  | 18. | 06/84       | First cycles of short ter, training   |
| 2.  | 05/08/83    | USAID/Bolivia Project Authorization signed.   | 19. | 06/84-05/85 | Second 10 studies completed.  |
| 3.  | 05/22/83    | Budget Allowance received from AID/W.   | 20. | 05/85       | First cycle of short-term training completed.   |
| 4.  | 05/25/83    | ProAg Signed.   | 21. | 06/85       | Second cycle of short-term training.  |
| 5.  | 05/06/83    | Conditions Precedent to disbursement met.<br>Supreme Decree for matrix system passed.<br>Housing mechanism for Unit formalized. | 22. | 10/85       | Third 10 studies identified.  |
| 6.  | 05-06/83    | Director of Unit Selected.  | 23. | 05-06/85    | Short-term advisors contracted.   |
| 7.  | 05-07/84    | Analysis and Information Divisions staffed.   | 24. | 11/85       | Third 10 studies initiated.   |
| 8.  | 05-07/83    | Long-Term Advisors contracted.  | 25. | 05/85-06/86 | Third 10 studies completed.   |
| 9.  | 05-07/83    | PIO/Cs and Invitation-for-Bids on overseas procurement issued.  | 26. | 08/86       | Analysis and Information Unit institutionalized and financed by National Treasiru Title III generated fund. |
| 10. | 07/83       | First 5 studies identified.   | 27. | 04/86       | Second cycle of short-term training completed.  |
| 11. | 07-08/83    | Short-term advisors contracted.   |     |             |   |
| 12. | 01/84       | First 5 studies initiated.  |     |             |   |
| 13. | 05-07/83    | Issuance of PIO/Cs for local procurement.   |     |             |   |
| 14. | 08/83-04/84 | First studies completed.  |     |             |   |
| 15. | 05-06/84    | Second 10 studies identified.   |     |             |   |
| 16. | 05-06/84    | Short-term advisors contracted.   |     |             |   |
| 17. | 06/84       | Second 10 studies initiated.  |     |             |   |

SCOPE OF WORK: TECHNICAL ADVISOR FOR ANALYSIS DIVISION

General:

The technical advisor for the Analysis Division of the Policy Unit will have the primary responsibility of assisting the Division Chief in the organization of the functional analysis studies.

Specific Responsibilities:

- 1) Advise the Division Chief in the design and planning of the initial analytical studies to be accomplished within the Division;
- 2) Assist assigned economists in the definition and preparation of specifications for initial analytical tasks;
- 3) Assist in coordination with the Information Division for the acquisition of information and data processing tasks necessary to accomplish initial analyses;
- 4) Provide guidance to the Division Chief and other staff members in focussing on the development and analysis policy options;
- 5) Provide guidance to focus Division staff on options consistent with a national strategy of stability and economic growth.

Proposed Procurement Agent: USAID/Bolivia

Proposed Method of Procurement: University Contract

Cost Estimate: \$ 203,900.00. See attached estimated budget.

Waivers Required: To be determined.

Contract Start-Up: July 1983.

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Selection Criteria:

The individual contracted to fill the position as technical advisor to the Analysis Division of the Policy Unit should have the following qualifications:

- 1) Hold a doctorate degree in economics with specialization in macro-economics or national economic planning;
- 2) Have adequate relevant experience working in national economic planning, including resident field experience in developing countries;
- 3) Have or be able to attain at least an FSI 3/3 rating in the Spanish language.

ESTIMATED BUDGET

A. PASA Costs:

Salary - 24 person/months	\$100,000
Post differential 25% of salary	25,000
Personal benefits - 11.1% of salary	4,800
Storage of HHE - 24 months	
International travel - 4 round-trips, USA, Bolivia-USA plus limited excess baggage	4,000
Shipment of HHE - 4500 pounds, USA-Boli- via-USA	9,000
Transportation of POV	3,000
Miscellaneous - vaccine, passports, etc.	1,000
Overhead 15%	<u>22,020</u>
Sub-Total	168,820

B. Local Costs:

Housing - 24 months	\$ 18,400
Education - 24 months, 2 children	12,000
Local travel and per diem	3,000
Contingency	<u>1,680</u>
Sub-Total	\$ 35,080
TOTAL	<u><u>\$203,900</u></u>

SCOPE OF WORK: TECHNICAL ADVISOR FOR THE INFORMATION DIVISION

SCOPE OF WORK

General:

The technical advisor for the Information Division of the Policy Unit will have the primary responsibility of assisting the Division Chief for Information in organizing a functional division with the equipment and personnel capable of performing its assigned tasks. As required and/or requested by the Division Chief, the advisor will work directly with sub-units or individuals within the Division and with member organizations of the "Sistema y Fondo Nacional de Información para el Desarrollo" (SYFNID), in an effort to reinforce the technical capability of the Division. The advisor will assist, as necessary, in the acquisition of short term technical assistance for specific requirements outside his/her range of technical capabilities or time limitations.

Specific Responsibilities:

- 1) Assist the Division Chief in the functional organization of the Division.
- 2) Assist the Division Chief and Systems Analyst in the selection, installation and testing of software and hardware.
- 3) Provide assistance to the Division Chief in the initial contacts with the Analysis Division and other users in coordination of requested information and data processing services.
- 4) Assist Information Specialist and Systems Analyst in the design, installation and initial operation of the data banks.
- 5) Assist Operations Section with any problems which occur in the initial phase of equipment installation or operation.
- 6) Assist Information Specialist and Systems Analyst in development of specifications for response to initial information and data processing requests.
- 7) Assist Statistical Analyst in the development of specifications for response to initial analytical requests and continued assistance for specific problems which may arise.
- 8) Assist Librarian in the organization and initial layout of physical and automated library reference systems.

- 9) Assist the various participating members of the Division in developing specifications for the identification of gaps and/or overlaps in the national information system.
- 10) Provide technical assistance to the member organizations of SYFNID to reinforce the functionality of ongoing programs within the national information system and to respond to the results of the Divisions evaluation of system gaps and overlaps.

Proposed Procurement Agent: USAID/Bolivia

Proposed Method of Procurement: Participating Agency Service Agreement (PASA).

Estimated Costs: \$ 184,100. See attached budget.

Selection Criteria:

The individual selected to fill the position as technical advisor for the Information Division of the Policy Unit should have the following qualifications:

- 1) Hold a doctorate or master with specialization in statistical methods;
- 2) Have substantial experience working with national information and/or survey systems;
- 3) Have a minimum of two years experience working with information systems in developing countries;
- 4) Be able to obtain a minimum FSI 3/3 rating in the Spanish language.

ESTIMATED BUDGET

A. PASA Costs:

Salary - 18 person/months	\$ 76,500
Post differential - 25% of salary	19,125
Personal benefits - 11.1% of salary	8,495
Storage of HHE - 18 months	3,600
International Travel - 6 round trips, USA- Bolivia-USA plus limited excess baggage	6,000
Transportation of POV	3,000
Miscellaneous - vaccines, passports, etc.	1,500
Overhead - Division General 16%, Bureau General 8%	18,916 <u>10,970</u>
Sub-Total	148,106

B. LOCAL Costs:

Housing - 18 months	13,800
Education - 18 months, 4 children	18,000
Local travel and per diem	3,000
Contingency (15% of local costs)	<u>1,200</u>
Sub-Total	36,000
TOTAL	184,106
Rounded	<u>184,100</u>

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LIST OF EQUIPMENT, FURNITURE AND MATERIALS  
(in US\$ Dollars)

1. Micro-processor with video display, hard disc compatibility, COBOL, FORTRAM and BASIC capability, operating system compatibility for future integration with the DEC-20, data bank, word processing and graphics software, capable of handling a number of peripherals including printing, graphics plotter, disc unit and two word processing terminals.	1 unit
2. Printer with high quality data matrix format, 132 volumes, bi-directional, logic-seeking operations, friction and pin feed, adjustable with tractors from 9.5 to 15 inches, minimum 120 EPS, lower case letters variable character size spacing and fronts.	1 unit
3. Word processing terminals.	2 sets
4. Hard disc unit with three discs.	1 unit
5. Flat-bed, 6-color graphics plotter.	1 set
6. Floppy discs.	20 each
7. Storage boxes for discs.	4 each
8. Ribbons for printer.	10 each
9. Element for printer.	1 each
10. Magnetic tapes 1200 ft.	15 each
11. Stabilizer, manuals, stands and installation cost.	-
12. Scientific desk calculator, 110 v., 50 cy.	5 each
13. Calculators print/display, 110 v., 50 cy.	10 each
14. Typewriters, electric.	3 each
15. Telephone direct lines.	2 each
16. Telephone switchboard 15-20 inter lines capacity.	1 set
17. Telephone apparatus.	20 each
18. Armchairs.	7 each
19. Chairs for secretary.	3 each
20. Straight chairs.	25 each
21. Photocopy machine including installation cost plus materials and maintenance cost	1 unit

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22. Filing cabinet.	3 each
23. Storage cabinets.	3 each
24. Sofa and chairs for reception.	2 sets
25. Overhead projector.	1 each
26. Portable screen for above projector.	2 each
27. Blackboards and flipchart stand.	15 each
28. Continuous form paper.	120,000 sheets
29. Form paper, letter size.	6,000 sheets
30. Other office furniture, i. e. trash baskets, ash-trays, coat racks, etc.	-
Total estimated cost .....	<u>US\$ 98,000</u>

LIST OF ITEMS TO BE GRANTED BY USAID/BOLIVIA

1. Desk, executive type.	22 each
2. Desk, secretary type.	3 each
3. Armchairs.	15 each
4. Conference table.	2 each
5. Straight chairs.	23 each
6. Office tables.	4 each
7. Filing cabinets.	7 each
8. Storage cabinets.	2 each
9. Bookcases.	7 each
10. Table for typewriters.	3 each

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